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

Consolidated Financial Statements
for the year ended
31 December 2023 and
Consolidated Directors' Report,
together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ACS, Actividades de Construcción y Servicios, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2023, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements 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 and of amounts to be billed for work performed	
Description	**Procedures applied in the audit**
In order to recognise revenue from its long-term construction contracts, the Group generally uses the percentage of completion method provided for in IFRS 15. This revenue recognition method was a key matter in our audit since it affects a significant amount of the total volume of consolidated revenue and the measurement of the amounts to be billed for work performed, which at 31 December 2023 amounted to EUR 2,878,917 thousand. The percentage of completion method requires the use of very significant estimates by Group management, relating mainly to the expected outcome of the contract, the amount of costs to be incurred at the end of the construction work, the measurement of work completed in the period and the accounting for modifications to the initial contract, all of which impact the revenue recognised in the year. It should be noted in this connection that, in accordance with the revenue recognition standard (IFRS 15), contract modifications are recognised when the Group has received approval for them from the customer. Also, if the parties are in the process of agreeing upon a modification or if it is being negotiated or is under dispute, the corresponding revenue is recognised for an amount in relation to which it is highly probable that a significant reversal therein will not occur when the uncertainty associated therewith is resolved.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls that mitigate the risks associated with the process of recognising revenue from long-term contracts. In order to perform substantive tests, we first selected a sample by applying quantitative and qualitative criteria, and then identified the contracts deemed to be significant either due to the total selling price of the contracts, or due to the revenue amount or contract margins or assets associated with the contracts. We performed an in-depth and itemised analysis of the selected projects in order to evaluate the reasonableness of the hypotheses and assumptions made by the Group, which included, among others, the determination of the transaction price, the recognition of the modifications approved by the customer and the treatment for accounting purposes of the variable consideration taken into account in the objective transaction price. As regards the amounts to be billed for work performed, we analysed whether the recognition of revenue from work in progress that had not been approved by the end customer was appropriate in light of the applicable accounting framework. To this end, and in order to obtain evidence about the recoverability of the collection rights arising from contract modifications and claims, we evaluated the internal and external evidence provided by Group management. With respect to a selection of contracts based on qualitative and quantitative factors, we analysed the reasonableness of the most significant positions.

Recognition of revenue from long-term contracts and of amounts to be billed for work performed	
Description	**Procedures applied in the audit**
These judgements and estimates are made by the persons in charge of the performance of the construction work, are subsequently reviewed at the various levels of the organisation and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied. In this connection, the construction project budgets, contract variations and claims must be very closely monitored.	In addition, in certain individually significant construction contracts, we involved our internal infrastructure project experts in order to assist us in the process of evaluating the reasonableness of the assumptions and hypotheses used by the Group to update the estimated budgeted costs, and to measure progress towards satisfaction of the performance obligations. Lastly, we evaluated whether Notes 03.16 and 12.01 to the accompanying consolidated financial statements were in conformity with those required by the applicable accounting regulations.

Measurement of the investment in Abertis	
Description	**Procedures applied in the audit**
As indicated in Note 09, the Group recognises its ownership interest in Abertis Holdco, S.A., amounting to EUR 3,523,574 thousand, under “Investments Accounted for Using the Equity Method”. At least once a year, and more often if there are indications of impairment, the Parent's directors review the fair value of this ownership interest by discounting the cash flows relating to the Abertis Holdco, S.A. and subsidiaries group. The measurement of the investment in Abertis is a key matter in our audit since it requires the use of judgement by the Parent's directors in relation to both the methodology used and the estimates considered as a basis for the measurement of the investment.	Our audit procedures included, among others, the review of the design and implementation of the relevant controls established to detect indications of impairment in relation to the investment. Also, we involved our valuation specialists to evaluate the reasonableness of the assumptions and data employed by management and the directors of the Parent to estimate fair value using the equity method. We also performed a sensitivity analysis of the key assumptions identified. Lastly, we checked that the disclosures furnished in Notes 02.02-e) and 09 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Sale of a controlling interest in Blueridge Transportation Group	
Description	**Procedures applied in the audit**
At the reporting date, the Group had completed the sale to Abertis Infraestructuras, S.A. of a 56.76% controlling interest owned by it in Blueridge Transportation Group, LLC. ("BTG"), the concession operator of State Highway 288 in Houston (United States), for EUR 1,423 million, as detailed in Notes 02.2.f) and 29 to the accompanying consolidated financial statements, which gave rise to the recognition of a gain, net of expenses and provisions for guarantees associated with the transaction, amounting to EUR 180 million. As a result of the aforementioned transaction, and pursuant to the standard on business combinations, after it had been determined that the Group had lost control of the business, the 43.24% ownership interest still held began to be accounted for using the equity method. In addition, the recognition at fair value of the net assets of the Group's previously held equity interest gave rise to a gain of EUR 262 million. We identified this matter as key in our audit because of the significance of the amounts involved and because the accounting treatment of transactions of this nature, which are unusual transactions, requires the use of significant judgements and estimates, including factors such as the determination of loss of control, the use of valuation techniques to determine the fair value of the assets and the quantification of any obligations that might arise from the sale agreement.	Our audit procedures consisted of, among others, the obtainment and analysis of the assessment of the Group's loss of control of BTG and the date on which this occurred, on the basis of the purchase and sale agreements entered into. We also recalculated the gain obtained on the sale of the 56.76% ownership interest in BTG taking into account every relevant aspect of the transaction, as well as the contractual obligations assumed, and we obtained evidence supporting the payment made to the Group. In addition, we evaluated the reasonableness of the amount recognised in profit or loss for the year as a consequence of the measurement at fair value of the previously held equity interest. We also reviewed the appropriateness and content of the disclosures relating to this transaction in Notes 02.02.f), 29.a) and 32 to the accompanying consolidated financial statements.

Emphasis of Matters

We draw attention to Note 02.01, which indicates that on 21 March 2024 the Parent's directors re-authorised for issue the Group's consolidated financial statements for 2023, on which we had issued, on 21 March 2024, our auditor's report in which we expressed an unmodified opinion. On 4 April 2024, the Parent’s directors reissued the aforementioned previously issued consolidated financial statements, in order to include in Note 32 “Events after the Reporting Period” in the accompanying consolidated financial statements additional information on the direct and indirect ownership interest in Blueridge Transportation Group, LLC. (SH-288), the future outcome of the matters indicated in which could affect the recoverable amount of that investment. This report supersedes that previously issued.

Our opinion is not modified in respect of this matter.

Other Matter

The Group's consolidated financial statements for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 23 March 2023.

Other Information: Consolidated Directors’ Report

The other information comprises only the consolidated directors’ report for 2023, the preparation of which is the responsibility of the Parent’s directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors’ report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors’ report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors’ report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors’ report was consistent with that contained in the consolidated financial statements for 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit Committee of the Parent for the Consolidated Financial Statements

The Parent’s directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group’s consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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 process involved in the preparation and presentation of the consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 the audit regulations in force 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 financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 10 and 11, forms part of our auditor’s report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of ACS, Actividades de Construcción y Servicios, S.A. and subsidiaries for 2023, which comprise the XHTML file including the consolidated financial statements for 2023 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of ACS, Actividades de Construcción y Servicios, S.A. are responsible for presenting the annual financial report for 2023 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report were included by reference in the consolidated directors' report.

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 21 March 2024 and the supplementary report dated 4 April 2024.

Engagement Period

The Annual General Meeting held on 5 May 2023 appointed us as auditors of the Group for a period of three years from the year ended 31 December 2022.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ignacio Alcaraz Elorrieta
Registered in ROAC under no. 20687

4 April 2024

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force 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 financial statements, 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 use by the Parent's directors 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 financial statements 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 financial statements. 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 Parent's audit committee 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 relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and 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.

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

Consolidated Annual Accounts for the year ended 31 December 2023, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Consolidated Directors' Report

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

ASSETS	Note	Thousands of Euros	
		31/12/2023	31/12/2022
NON-CURRENT ASSETS		**12,915,104**	**12,420,992**
Intangible assets	04	**3,281,559**	**3,283,899**
Goodwill		2,734,491	2,716,197
Other intangible assets		547,068	567,702
Tangible assets - property, plant and equipment	05	**1,591,932**	**1,572,180**
Non-current assets in projects	06	**224,232**	**281,746**
Investment property	07	**66,557**	**68,561**
Investments accounted for using the equity method	09	**5,788,910**	**4,828,089**
Non-current financial assets	10	**1,000,529**	**1,434,655**
Long term deposits	10	**25,695**	**405**
Derivative financial instruments	22	**84,269**	**112,190**
Deferred tax assets	26.05	**851,421**	**839,267**
CURRENT ASSETS		**23,583,166**	**25,159,308**
Inventories	11	**790,004**	**828,968**
Trade and other receivables	12	**9,444,991**	**8,564,653**
Trade receivables for sales and services	10	7,920,935	7,383,175
Other receivable	10	1,183,069	1,006,282
Current tax assets	12	340,987	175,196
Other current financial assets	10	**1,163,599**	**1,180,617**
Derivative financial instruments	22	**528,047**	**252,839**
Other current assets	13	**355,389**	**226,771**
Cash and cash equivalents	10 and 14	**9,087,289**	**9,419,987**
Non-current assets held for sale and discontinued operations	03.09	**2,213,847**	**4,685,473**
TOTAL ASSETS		**36,498,270**	**37,580,300**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2023.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

EQUITY AND LIABILITIES	Note	Thousands of Euros	
		31/12/2023	31/12/2022
EQUITY	15	**5,630,571**	**6,375,877**
SHAREHOLDERS' EQUITY		**5,008,354**	**5,166,439**
Share capital		**139,082**	**142,082**
Share premium		**366,379**	**366,379**
Reserves		**4,188,688**	**4,625,358**
(Treasury shares and equity interests)		**(465,918)**	**(622,170)**
Profit for the period of the parent		**780,123**	**668,227**
(Interim dividend)		**—**	**(13,437)**
ADJUSTMENTS FOR CHANGES IN VALUE		**321,065**	**380,957**
Financial assets with changes in other comprehensive income		**(76,079)**	**(60,016)**
Hedging instruments		**252,940**	**343,293**
Translation differences		**144,204**	**97,680**
EQUITY ATTRIBUTED TO THE PARENT		**5,329,419**	**5,547,396**
NON-CONTROLLING INTERESTS		**301,152**	**828,481**
NON-CURRENT LIABILITIES		**11,278,208**	**11,484,229**
Grants	16	**1,775**	**2,039**
Non-current provisions	20	**1,888,979**	**1,549,091**
Non-current financial liabilities	17	**8,301,487**	**8,878,681**
Bank borrowings, debt instruments and other marketable securities	17.01 and 17.02	8,030,443	8,565,069
Project finance with limited recourse	18	175,649	205,476
Other financial liabilities	19	95,395	108,136
Long term lease liabilities	05	**543,162**	**550,746**
Derivative financial instruments	22	**30,373**	**23,569**
Deferred tax liabilities	26.05	**331,991**	**294,346**
Other non-current liabilities		**180,441**	**185,757**
CURRENT LIABILITIES		**19,589,491**	**19,720,194**
Current provisions	20	**1,119,230**	**926,631**
Current financial liabilities	17	**1,574,900**	**1,498,323**
Bank borrowings, debt instruments and other marketable securities	17.01 and 17.02	1,420,031	1,445,417
Project finance with limited recourse	18	29,814	33,666
Other financial liabilities	19	125,055	19,240
Short term lease liabilities	05	**160,569**	**155,055**
Derivative financial instruments	22	**8,019**	**131,537**
Trade and other payables	23	**14,294,643**	**13,192,884**
Suppliers		7,251,923	7,126,000
Other payables		6,856,908	5,898,483
Current tax liabilities		185,812	168,401
Other current liabilities	24	**441,997**	**336,288**
Liabilities relating to non-current assets held for sale and discontinued operations	03.09	**1,990,133**	**3,479,476**
TOTAL EQUITY AND LIABILITIES		**36,498,270**	**37,580,300**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of financial position at 31 December 2023.

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Thousands of Euros	
		2023	2022
REVENUE	27	**35,737,759**	**33,615,234**
Changes in inventories of finished goods and work in progress		8,349	10,242
Capitalised expenses of in-house work on assets	27	1,405	250
Procurements	28.01	(24,461,939)	(23,375,215)
Other operating income	27	163,890	170,138
Personnel expenses	28.02	(7,835,264)	(7,249,882)
Other operating expenses		(2,224,849)	(2,272,551)
Depreciation and amortisation	04,05,06 and 07	(551,019)	(620,750)
Allocation of grants relating to non-financial assets and others	16	246	299
Impairment and gains or losses on the disposal of non-current assets	29	41,011	692,646
Other results	29	(155,192)	(277,597)
Ordinary results of companies accounted for using the equity method	09	411,880	380,918
Financial income		302,408	178,369
Financial costs	28.05	(659,141)	(484,152)
Changes in the fair value of financial instruments	22 and 28.04	422,436	219,220
Exchange differences		1,045	9,583
Impairment and gains or losses on the disposal of financial instruments	29	(79,165)	7,345
Non-ordinary results of companies accounted for using the equity method	09	3,369	4,554
PROFIT BEFORE TAX		**1,127,229**	**1,008,651**
Income tax	26.03	(199,084)	(201,200)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**928,145**	**807,451**
Profit after tax from discontinued operations	03.09	—	65,333
PROFIT FOR THE PERIOD		**928,145**	**872,784**
(Profit) / loss attributed to non-controlling interests	15.07	(148,022)	(204,557)
(Profit) / loss from discontinued operations attributable to non-controlling interests	15.07	—	—
PROFIT ATTRIBUTABLE TO THE PARENT		**780,123**	**668,227**

EARNINGS PER SHARE	Note	Euros per share	
		2023	2022
Basic earnings per share	31	3.00	2.50
Diluted earnings per share	31	3.00	2.50
Basic earnings per share from discontinued operations	31	—	0.24
Basic earnings per share from continuing operations	31	3.00	2.26
Diluted earnings per share from discontinued operations	31	—	0.24
Diluted earnings per share from continuing operations	31	3.00	2.26

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated income statement for the year ended 31 December 2023.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Thousands of Euros	
	2023	2022
(A) CONSOLIDATED RESULTS FOR THE PERIOD	**928,145**	**872,784**
(B) OTHER COMPREHENSIVE INCOME - ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS FOR THE PERIOD:	**(30,978)**	**150,204**
For actuarial gains and losses	(35,749)	197,747
Tax effect (Note 26.04)	4,771	(47,543)
(C) OTHER COMPREHENSIVE INCOME - ITEMS THAT MAY BE RECLASSIFIED AFTER THE INCOME FOR THE PERIOD:	**(73,503)**	**618,721**
1. Hedging transactions:	**(65,181)**	**130,225**
Valuation gains/(losses)	(33,189)	119,592
Amounts transferred to the profit and loss account	(31,992)	10,633
2. Conversion differences:	**106,201**	**93,478**
Valuation gains/(losses)	55,190	115,036
Amounts transferred to the profit and loss account	51,011	(21,558)
3. Share in other comprehensive income recognized for investments in joint ventures and associates:	**(120,743)**	**504,765**
Valuation gains/(losses)	(120,743)	504,765
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:	**(5,817)**	**(97,980)**
Valuation gains/(losses)	(5,817)	(97,980)
Amounts transferred to the profit and loss account	—	—
6. Tax effect (Note 26.04)	**12,037**	**(11,767)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	**823,664**	**1,641,709**
Attributed to the controlling entity	696,093	1,331,915
Attributed to non-controlling interests	127,571	309,794

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2023.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2022	**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**
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**
Income / (expenses) recognised in equity	—	—	(24,138)	—	(59,892)	780,123	—	127,571	**823,664**
Capital increases (Note 15)	4,849	—	(4,849)	—	—	—	—	—	**—**
Capital reductions (Note 15)	(3,000)	—	3,000	—	—	—	—	—	**—**
Stock options	—	—	6,785	—	—	—	—	161	**6,946**
Distribution of profit from the prior year:									
To reserves	—	—	654,790	—	—	(668,227)	13,437	—	**—**
Acquisition of free allocation rights against 2022 (Note 15)	—	—	(123,960)	—	—	—	—	—	**(123,960)**
Remaining allotment rights from 2022 accounts (Note 15)	—	—	64,918	—	—	—	—	—	**64,918**
Acquisition of additional free allocation rights 2022 (Note 15)	—	—	(382,278)	—	—	—	—	—	**(382,278)**
Remaining allotment rights from 2022 accounts (Note 15)	—	—	218,340	—	—	—	—	—	**218,340**
To dividends	—	—	—	—	—	—	—	(172,947)	**(172,947)**
Treasury shares (Note 15.04)	(4,849)	—	(380,012)	156,252	—	—	—	—	**(228,609)**
Treasury shares through investees	—	—	1,493	—	—	—	—	410	**1,903**
Changes in the ownership interest in controlled entities (Note 08.04)	—	—	(405,925)	—	—	—	—	(55,375)	**(461,300)**
Change in the consolidation perimeter and other effects of a lesser amount	—	—	(64,834)	—	—	—	—	(427,149)	**(491,983)**
Balance at 31 December 2023	**139,082**	**366,379**	**4,188,688**	**(465,918)**	**321,065**	**780,123**	**—**	**301,152**	**5,630,571**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2023.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

		Note	Thousands of Euros	
			2023	2022
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**		**1,502,337**	**1,743,338**
1	**Profit before tax**		**1,127,229**	**1,008,651**
2	**Adjustments for:**		**190,374**	**376,951**
	Depreciation and amortisation		551,019	620,750
	Other adjustments to profit (net)	03.23	(360,645)	(243,799)
3	**Changes in working capital**		**(72,652)**	**44,135**
4	**Other cash flows from operating activities:**		**257,386**	**313,601**
	Interest paid	17, 18 and 19	(650,564)	(470,524)
	Dividends received		929,358	640,225
	Interest received	03.23	284,555	169,947
	Income tax (paid) / received	26	(305,963)	(26,047)
B)	**CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES**	04, 05, 06 and 07	**(15,747)**	**(198,099)**
1	**Investment paid:**		**(1,965,357)**	**(772,986)**
	Group companies, associates and business units		(1,452,810)	(452,476)
	Property, plant and equipment, intangible assets, projects and property investments		(495,532)	(285,175)
	Other financial assets		(16,748)	(35,278)
	Other assets		(267)	(57)
2	**Divestment:**	03, 04, 05, 06, 07 and 09	**1,949,610**	**574,887**
	Group companies, associates and business units		1,869,757	484,327
	Property, plant and equipment, intangible assets, projects and investment property		68,914	76,062
	Other financial assets		10,939	14,498
C)	**CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES**		**(1,652,857)**	**(3,537,774)**
1	**Equity instrument proceeds / (and payment):**	02.02.f and 15	**(1,063,706)**	**(2,233,472)**
	Issue		—	60,932
	Acquisition		(1,081,954)	(2,294,674)
	Disposal		18,248	270
2	**Liability instrument proceeds / (and payment):**	17, 18 and 19	**228,047**	**(376,983)**
	Issue		3,776,770	3,703,193
	Refund and repayment		(3,548,723)	(4,080,176)
3	**Dividends paid and remuneration relating to other equity instruments:**	15.01	**(394,458)**	**(351,747)**
4	**Other cash flows from financing activities:**		**(422,740)**	**(575,572)**
	Payment of operating lease principal		(215,935)	(201,955)
	Other financing activity proceeds and payables	03.23	(206,805)	(373,617)
D)	**EFFECT OF CHANGES IN EXCHANGE RATES**		**(166,431)**	**159,103**
E)	**NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS**		**(332,698)**	**(1,833,432)**
F)	**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD**		**9,419,987**	**11,253,419**
G)	**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD**		**9,087,289**	**9,419,987**

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

Cash and banks		7,255,264	6,078,133
Other financial assets		1,832,025	3,341,854
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**9,087,289**	**9,419,987**

The accompanying notes 01 to 39 and Appendices I to III are an integral part of the consolidated statement of cash flows for the year ended 31 December 2023.

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

Notes to the Consolidated Annual Accounts for the year ended 31 December 2023

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 Corporate Enterprises Act (*Ley de Sociedades de Capital*) 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. Firefighting 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 its customers.

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 2023 were prepared:

– By the Parent Company's directors, at the Board meeting held on 21 March 2024, and reissued on April 4, 2024 exclusively to include certain additional information in the Note of Events after the reporting date.

– 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 2023 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 2023 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, it should be noted that, as a result of the macroeconomic environment in which the ACS Group operates, which 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.

Macroeconomic backdrop

The ACS Group is exposed to risks arising from the businesses and sectors in which it operates. In addition, given that the Group operates in different countries, it is exposed to various regulatory and macroeconomic environments and is therefore exposed to any risks stemming from the performance of the global economy. Current conflicts such as Russia's invasion of Ukraine (and the effects of sanctions and other actions by several countries on the Russian economy intended to isolate and weaken it), the conflict between Israel and Gaza, and the situation in the Red Sea, although they have not had a significant impact on the ACS Group's business activities as of the date of these Consolidated Annual Accounts, are causing inflationary pressure and supply chain problems and, in general, are significantly disrupting the global economy, and increasing economic uncertainty and asset value volatility. The ACS Group continues to monitor the situation's potential impact on operating and financial performance in the activities of its various divisions. Although the current situation caused by the various conflicts has given rise to uncertainty regarding the performance and development of the markets and the infrastructure industry, the Group is reducing the risk profile of its new contracts, is highly diversified by activities and is located in developed regions with stable political frameworks that allow any potential impacts that may arise in the future to be mitigated (see Note 27).

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 2022 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 explanatory notes to the Consolidated Annual Accounts for the year ended 31 December 2023.

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 2022.

The ACS Group’s Consolidated Annual Accounts for 2022, (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 5 May 2023.

The ACS Group’s Consolidated Annual Accounts for 2023 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 2023 of ACS, Actividades de Construcción y Servicios, S.A. and of the companies included in the scope of consolidation.

In preparing this Consolidated Annual Accounts for the ACS Group for the year ended 31 December 2023, 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) and goodwill (Note 03.01).
– 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 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 03.12.04).
– 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 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).
– Financial risk management (Note 21).

Although these estimates were made on the basis of the best information available at the date of reissued 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

Except for the above and the entry into force of new accounting standards, the bases of consolidation applied in 2023 are consistent with those applied in the Consolidated Annual Accounts for 2022 (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 scope of consolidation.

In 2023 and 2022 the reporting date of the annual accounts of all the companies included in the scope of consolidation 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 2023, 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 2022). 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 2023, 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 2022).

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 minority 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 scope of consolidation

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 scope of consolidation

The main changes in the scope of consolidation of the ACS Group (consisting of ACS, Actividades de Construcción y Servicios, S.A. and its Subsidiaries) in the year ended 31 December 2023 are detailed in Appendix III.

Acquisitions, sales, and other corporate transactions

SH288

In 2022, the Group entered into certain purchase and sale agreements with four partners of the US company Blueridge Transportation Group (BTG), which was the successful bidder on the operation of the concession of a 17-km. segment of the SH288 highway in Houston, Texas, for the purchase of an additional 56.76% of the highway. After the fulfilment of the conditions precedent on which this purchase depended, the acquisition was accounted for in December 2022.

The amount of this acquisition stood at EUR 1,063 million (USD 1,141 million). Following this acquisition, the Group's total interest in the project amounted to 78.38%, giving the Group a majority of the voting rights and, therefore, control of the company, given that it manages its relevant activities. As a result, the company became fully consolidated. Given that the Group previously held a 21.62% interest in this concession, with a carrying amount of approximately EUR 70 million, and considering the fair value resulting from the previous purchase transaction in accordance with accounting standards, so as to present the originally held interest at fair value, a positive impact of EUR 334.8 million was therefore recognised under "Impairment and gains or losses on disposal of non-current assets" in the consolidated income statement at year-end 2022.

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 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 at a market discount rate of 6.7% until the end of the concession (2068). The business combination resulted in allocated goodwill of EUR 388 million.

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 2022 reporting period, 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.

At year-end 2022, the assets and liabilities of the SH288 highway were classified under "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale" given that the Group had formally decided to sell this asset and a plan for its sale had been initiated (see Note 03.09).

Next, on 31 March 2023, Iridium entered into a sale and purchase agreement with Shikun & Binui Ltd. for the acquisition of the remaining 21.62% of the concession operator, giving it a 100% interest. On 12 September 2023, after fulfilment of the conditions precedent to carry out the purchase, Iridium executed the transaction, giving it a 100% interest in the concession operator. The acquisition price stood at EUR 383 million (USD 410.7 million). Pursuant to the standard on business combinations, the transaction was recognised for accounting purposes as an acquisition of the non-controlling interests by the parent. This transaction had practically no impact on reserves, as the acquisition price of the remaining 21.62% of the SH288 was in line with the valuation of the Group's ownership interest in the concession operator, which was the result of the acquisition price of the interest at year-end 2022.

Throughout 2023, the Group continued to work on the plan to sell the SH288 until an agreement was reached in July 2023. In September 2023, a sale and purchase agreement was entered into to transfer the 56.76% interest in the concession operator to Abertis Infraestructuras, S.A. Specifically, on 27 December 2023, once the required authorisations had been obtained, this interest was transferred for EUR 1,423 million (USD 1,533 million). This gave rise to a gain net of transaction-related expenses, and certain commitments and potential contingencies that could arise from the sale agreements, of EUR 180 million, which was recognised under "Impairment and gains or losses on disposal of non-current assets" in the consolidated income statement at year-end 2023. The Group will reassess these contingencies on a regular basis.

In accordance with the standard on business combinations, once the Group's loss of control of the business had been assessed, its 43.24% interest in the SH288 was accounted for using the equity method. The loss of control also made it necessary to recognise a positive impact of EUR 262 million under "Impairment and gains or losses on disposal of non-current assets" in the Group's income statement as a result of the difference between the previous carrying amount of the investment held (EUR 793 million) and its fair value. The fair value of the net assets acquired as a result of the loss of control was calculated — as was the case with the takeover in 2022 — by measuring the toll road concession asset based on the project's discounted cash flows (the most significant assumptions of which relate mainly to the performance of traffic, tolls and inflation throughout the concession period). This calculation was also the basis for setting the price of the investment that was sold.

At 31 December 2023, the Group had formally decided to sell 21.62% of its total interest in the SH288 operator. Therefore, at year-end 21.62% of the investment was classified as “Non-current assets held for sale” (see Note 03.09.01) and the remaining 21.62% as “Investments in companies accounted for using the equity method” (see Note 09).

Other transactions

On 6 July 2023, Cimic, through its investee Sedgman Pty Limited, acquired 100% of Novopro Projects Inc. for AUD 17 million (EUR 10.5 million). Novopro is a Canadian engineering and metallurgical company that provides services for projects carried out in North America, Europe, Africa, the Middle East and Australia. Its core business and area of specialisation is project development and operational optimisation in mineral processing for lithium, potash, salt, magnesium and soda ash projects.

In April 2022, Clece Care Services Ltd. (CCS) acquired 100% of the CSN Care Group in the United Kingdom for EUR 23,863 thousand. The first-time consolidation difference generated was negligible.

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).

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.

As a result, and in accordance with current accounting regulations, Cimic’s management considered that it had lost its significant influence over Ventia, since it no longer had decision-making powers over the financial 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 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 made an irrevocable election under IFRS 9 to recognise future changes in the value of the financial asset under “Other comprehensive income”. The shareholding at 31 December 2022 was 32.8%. In 2023, after reclassifying the shareholding as a non-current asset held for sale, the Company proceeded to sell all of Ventia’s shares for EUR 417 million (see Note 03.09.01).

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 balance sheets 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 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 balance sheets 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 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:

– The Group has technical studies that justify the viability of the production process;
– 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 2023 or 2022.

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.

The Group does not consider contracts with a lease term of less than one year and for low-value assets, with the main contracts being those associated with the lease of machinery, offices and transport equipment 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.

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 qualifying as financial assets are recognised at the fair value of the construction services or improvements provided and in which the operator has an unconditional contractual right to receive a specified amount of cash or another financial asset over the term of the arrangement. In accordance with the amortised cost method, the related revenue is allocated to profit or loss at the effective 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 relating to the provision of the operation and maintenance services is recognised in the income statement in accordance with IFRS 15 “Revenue from contracts with customers”. The expenses related to the concession are recognised in the accompanying consolidated income statement according to their nature.

The Group classifies the financial asset as non-current until it becomes due or the concession ends.

All actions taken in relation to the concession infrastructure, such as maintenance and replacements, give rise to revenue from services provided that is recognised in the income statement.

The operating expenses incurred by the companies are accounted for on an accrual basis in the income statement, giving rise to the recognition of revenue from services provided.

The value of the financial asset is increased by recognising the construction services and their performance, and reduced by the associated net proceeds.

If there are significant changes in the estimates that are indicative of a material change in the effective interest rate applicable to the concession arrangement, the Group assesses the carrying amount of the financial asset and adjusts it prospectively, recognising the corresponding impairment loss if the net present value of the cash flows to be received over the concession term is lower than the carrying amount of the financial asset.

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 cash-generating unit 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) 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

2023

At 31 December 2023, the non-current assets held for sale relate mainly to certain assets corresponding to the 21.62% of the SH288 highway in Houston (United States) purchased in 2023 (see Note 02.02.f), energy projects in the process of being sold, such as the off-shore Kinkardine wind farm in Scotland and the Ca-Ku-A natural gas compression facility in Mexico, and other renewable energy and water assets that the Group still holds after the sale in 2021 of most of the Industrial Services Division signed with Vinci (see Note 03.09.02).

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 2023, 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 2023 the total value of the non-current assets held for sale decreased to EUR 2,471,626 thousand and the liabilities related to these assets decreased to EUR 1,489,343 thousand. The reduction between 2022 and 2023 is mainly due to the sale of 56.76% of the SH288 highway in Houston, Texas, to Abertis Infraestructuras, S.A. in December 2023 (see Note 02.02.f), with the consequent loss of control over it and its exclusion from the scope of consolidation in the Group's statement of financial position. Another reason for the decrease was the derecognition of the Hydro Management, S.L. desalination plant given that the conditions required in the accounting standard to maintain this classification were no longer met.

The breakdown of the assets held for sale and liabilities related to these assets at 31 December 2023 is as follows:

	Thousands of Euros			
	31/12/2023			
	Renewable energy	Highways	Other	Total
Tangible assets - property, plant and equipment	9,693	—	1,298	10,991
Intangible assets	—	—	—	—
Non-current assets in projects	692,381	2	159,910	852,293
Financial Assets	30,883	528,341	525,692	1,084,916
Deferred tax assets	49,684	—	3,768	53,452
Current assets	76,824	3,255	132,116	212,195
Assets held for sale	**859,465**	**531,598**	**822,784**	**2,213,847**
Non-current liabilities	681,815	179,061	113,812	974,688
Current liabilities	149,271	318,805	547,369	1,015,445
Liabilities relating to assets held for sale	**831,086**	**497,866**	**661,181**	**1,990,133**
Non-controlling interests held for sale	**7,081**	**—**	**—**	**7,081**

"Other" mainly includes assets related to desalination plants, gas compression plants and transmission lines related to the Industrial business. In 2023, the entire interest in Ventia that had been reclassified as an asset held for sale at the beginning of 2023 was sold (see Note 02.02.f).

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 2023 totalled EUR 1,777,539 thousand (EUR 1,593,715 thousand at 31 December 2022), of which EUR 693,943 thousand (EUR 678,880 thousand at 31 December 2022) relates to renewable energies, EUR 494,607 thousand to highways (EUR 479,412 thousand at 31 December 2022) and EUR 588,989 thousand (EUR 435,423 thousand at 31 December 2022) to other assets. The total amount of this net debt includes EUR 215,920 thousand (EUR 741,236 thousand at 31 December 2022) 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.

2022

At 31 December 2022, the 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) in 2021, and the SH288 Highway in Houston (United States) of the Concessions business.

The breakdown of the assets held for sale and liabilities related to these assets at 31 December 2022 was 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	24,225	170,858	283,331
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” 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.

Worthy of note in 2022 was the incorporation of the SH288 highway in Houston (United States) (see Note 01.02.f) and 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 belong 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 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 2023 and 2022, are as follows:

	Thousands of Euros			
	31/12/2023			
	Renewable energy	Highways	Other	Total
Exchanges differences	3,135	1,433	5,447	10,015
Cash flow hedges	5,760	—	3,145	8,905
Adjustments for changes in value	**8,895**	**1,433**	**8,592**	**18,920**

	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**

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

Industrial

The ACS Group and the Vinci Group signed, effective on 31 December 2021, the public deed of sale for the majority of the Industrial business of the Group ACS, and given the size of the business being sold — basically all of ACS' operations and cash flows in this business that could be separated from the rest of the Group's operations — it was decided to recognise the Industrial business being sold to Vinci as a discontinued operation in 2021 under "Profit after tax from discontinued operations" in the ACS Group's income statement.

In addition to the ACS Group receiving EUR 4,902 million in cash as consideration, there was a maximum earn-out 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 the "ready to build" stage) between 31 March 2021, and up to 7 years following 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. At 31 December 2022, the ACS Group updated the valuation performed in 2021 based on the best information available, bringing the fair value of the earn-out to EUR 329 million (see Note 10.03). Along with other impacts relating to the sale, this gave rise to a profit of EUR 65.3 million under "Profit after tax from discontinued operations" given that, in accordance with IFRS 5.35, impacts related to the disposal of discontinued operations in a prior period are classified separately in the information on those discontinued operations. In 2023, EUR 40 million was received for the first GW generated, and an additional EUR 40 million were received for the second GW generated after the 2023 reporting date (see Note 10.03).

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 2023 and 2022 are summarised in Note 15.04. Treasury shares were deducted from equity in the accompanying consolidated statement of financial position as at 31 December 2023 and 2022.

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 shares and options on ACS, Actividades de Construcción y Servicios, S.A. shares to certain employees.

In accordance with IFRS 2, the shares and options granted are considered 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 shares and 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 taken 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.

“Trade payables” also includes the balances payable to suppliers through reverse factoring agreements with financial institutions, provided that the cost is borne by the Group and there is no possibility of recourse to the supplier in the event of non-payment. In addition, the payments related to these agreements are also classified as cash flows from operations 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.

In those reverse factoring transactions where the Group benefits from an additional deferral and does not bear any costs, the balances remitted are recognised under “Other current liabilities”.

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 likely 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 2023 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 fixed 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 taken to income when the hedged item materialises, and if ineffective, they are recognised in profit or loss.
- Fair value hedges: in this case, if ineffective, 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 also recognised in profit or loss, and if effective, they are recognised in equity.
- Hedge of a net investment in a foreign operation: the purpose of this type of hedging transaction 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.

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 assets, or of the ACS Group's own risk 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 SOFR (Secured Overnight Financing Rate) or the Euribor. These benchmark interest rates have been reformed and, therefore, the Group has assessed the potential impact on the financial statements and concluded that they will not have a material impact.

03.16. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the goods received and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

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.

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 likely amount. This consideration will only be recognised to the extent that it is considered highly likely that a significant reversal of recognised revenue will not occur when the associated uncertainty is resolved.

Certain particular features of the business activities carried on by the Group, such as revenue from the construction business, are detailed as follows:

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 taken to 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 fixed 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.

3.17. 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 (see Note 31.02).

The execution of the share plan and the ACS share option plan currently in force at 31 December 2023 (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 2023, 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 2023 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 2023 and 2022 are as follows:

	Average exchange rate		Closing exchange rate	
	2023	2022	2023	2022
1 U.S. Dollar (USD)	0.923	0.952	0.905	0.938
1 Australian Dollar (AUD)	0.612	0.660	0.615	0.637
1 Polish Zloty (PLN)	0.221	0.213	0.231	0.213
1 Canadian Dollar (CAD)	0.686	0.729	0.684	0.691
1 British Pound (GBP)	1.152	1.170	1.154	1.131

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 2023 and 2022, the Group did not carry out any relevant activities in countries with hyperinflationary economies, such as Argentina and Venezuela, and therefore the impact has not been significant for the ACS Group.

None of the functional currencies of the consolidated subsidiaries and associates located abroad relate to hyperinflationary economies as defined by International Financial Reporting Standards. Accordingly, at the 2023 and 2022 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 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Financial income	(302,408)	(178,369)
Financial costs	659,141	484,152
Ordinary results of companies accounted for using the equity method	(411,880)	(380,918)
Non-ordinary results of companies accounted for using the equity method	(3,369)	(4,554)
Impairment and gains or losses on disposal of financial instruments	79,165	(7,345)
Changes in the fair value of financial instruments	(422,436)	(219,220)
Impairment and gains or losses on the disposal of non-current assets and other items	41,142	62,455
Total	**(360,645)**	**(243,799)**

The breakdown of “Interest received” in the consolidated statement of cash flows for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Operative interest received	213,135	150,964
Interest received from bank accounts	70,977	15,914
Other non-operative	443	3,069
Total	**284,555**	**169,947**

In preparing the consolidated statement of cash flows for 2023 and 2022, 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 2023, cash outflows from the purchase of shares of Hochtief, A.G. amounting to EUR 462.3 million were considered as cash flows from financing activities. In 2022, these cash outflows included the amount of the Hochtief 10% capital increase and the subsequent purchases by Hochtief of EUR 543.1 million as well as the cash outflows resulting from Hochtief’s takeover bid to acquire the remaining shares of Cimic for AUD 1,500 million (EUR 985 million) (see Note 20.01).

The payments made in 2023 by Hochtief for the settlement of the CCPP project in Australia and the payments made to settle the litigation involving Radials 3 and 5 amounting to a total EUR 233 million were recognised under “Other financing activity proceeds and payables” in the statement of cash flows (see Note 20.01). This same heading included the payments made in 2022 by Hochtief in the amount of EUR 278 million for the settlement of the first instalment on the CCPP project in Australia, the final payment for the Chilean Alto Maipo project, and the legal costs and finance expenses arising from the litigation relating to the closure of the Seattle project (see Note 29.c).

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 2023 and 2022, is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Initial net cash (debt) (Note 21)	**224,005**	**2,008,640**
Cash flows		
Issue of financial assets / (liabilities)	(3,776,770)	(3,703,193)
Payments of financial liabilities	3,548,723	4,080,176
Cash and cash equivalents	(166,267)	(1,992,535)
No Impact of Flows		
Change in net debt held for sale (Note 03.09)	183,824	772
Exchange difference	(82,576)	119,335
Reclassifications	48,545	(506,339)
Change in the consolidation perimeter and others	420,712	217,149
Final net cash (debt) (Note 21)	**400,196**	**224,005**

The amount corresponding to reclassifications at 31 December 2022 mainly included the reclassification of the debt arising from the full consolidation of the SH288 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 scope of consolidation and others at 31 December 2023 include the impact of the deconsolidation of the SH288 following the sale of 56.76% to Abertis Infraestructuras, which was recognised as a non-current asset held for sale, and the debt corresponding to Hydro Management, S.L. (see Note 03.09.01). At 31 December 2022, this heading mainly included the change in net debt resulting from the sale of the non-current assets held for sale of the Industrial business.

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 2023 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 2023:

Approved for use in the European Union		**Mandatory application in the years beginning on or after:**
IFRS 17 Insurance contracts	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.	1 January 2023
Amendments to IAS 1 Disclosure of accounting policies	Amendments that require companies to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	
Amendments to IAS 8 Definition of accounting estimate	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	Clarifications on how companies should account for deferred tax assets and liabilities arising from a single transaction such as leases and decommissioning obligations.	
Amendments to IFRS 17 Insurance Contracts - Initial application of IFRS 17 and IFRS 9 Comparative information	Amendments to the transition requirements of IFRS 17 for insurers applying both IFRS 17 and IFRS 9 for the first time.	
Amendments to IAS 12 Tax Reform - Pillar Two Model Rules	This amendment introduces a mandatory temporary exemption from the recognition of deferred taxes under IAS 12 related to the entry into force of the international Pillar Two tax model. It also includes additional disclosure requirements.	

Due to the relationship with certain Hochtief Group companies, the new IFRS 17 “Insurance contracts” replaced the previous IFRS 4 “Insurance contracts” in its entirety as of 1 January 2023. The standard is relevant for these companies in relation to the non-life insurance business mainly due to their reinsurance activity for insured construction risks.

Insurance contracts are measured using the building block approach in which the estimated present value includes all expected discounted future cash flows, including an explicit risk adjustment and a contractual service margin. The contractual service margin represents the unearned profit that will be recognised in the future during the period in which the insurance contract services are provided. The measurement of insurance items, such as liabilities for insurance claims, typically takes into account all cash flows arising from the rights and obligations of an insurance contract. As a result, some items that were separately disclosed under IFRS 4 in our consolidated financial statements, such as deferred income comprising insurance premiums received in advance for subsequent periods, are omitted.

The Group has chosen the modified retrospective approach for the transition to IFRS 17. The initial application of IFRS 17 has not had a significant effect on the transition considering the ACS Group’s consolidated financial statements as a whole. Its effect on the consolidated income statement was EUR 12.5 million and EUR 17.3 million in the consolidated statement of comprehensive income in 2023. Under this approach, the figures presented for the comparative period remain unchanged as does the opening balance of the consolidated statement of financial position for the year.

The overlay approach applied to certain marketable securities held by our insurance companies, which previously allowed for fair value adjustments through other comprehensive income, ended with the introduction of IFRS 17. There were no significant effects on profit or loss as a result of the measurement of these marketable securities through profit or loss.

In relation to other previous standards, the ACS Group applied the standards in 2023 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 2023 (applicable from 2024 onwards):

At the date of preparation of these Consolidated Annual Accounts, the following standards and interpretations had been published by the IASB 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 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.	1 January 2023
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 and non-current and those subject to covenants	Clarifications regarding the presentation of liabilities as current or non-current, and in particular those whose maturity is subject to compliance with covenants.	1 January 2023
Amendments to IAS 7 and IFRS 7 Supplier finance arrangements	This amendment introduces requirements for disclosing information specific to finance arrangements with suppliers and their effects on the Company's liabilities and cash flows, including liquidity risk and associated risk management.	
Amendments to IAS 21 Lack of exchangeability	This amendment establishes an approach that specifies when one currency can be exchanged for another, and if it is not, the exchange rate to be used.	1 January 2023

The Parent's 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 2023 and 2022 is as follows:

Line of Business	Thousands of Euros							
	Balance at 31/12/2022	Change consolidation method	Additions	Disposals and allocations	Impairment	Exchange differences	Transfers to/ from other assets	**Balance at 31/12/2023**
Parent and others	**554,420**	3,829	—	—	—	—	—	**558,249**
Construction	**1,991,912**	—	17,602	—	—	(6,272)	—	**2,003,242**
Services	**169,865**	—	3,078	28	—	1,298	(1,269)	**173,000**
Total	**2,716,197**	**3,829**	**20,680**	**28**	**—**	**(4,974)**	**(1,269)**	**2,734,491**

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 and others	**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**

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 2023 (EUR 1,144,226 thousand at 31 December 2022), 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 2023 (EUR 554,420 thousand at 31 December 2022).

There were no significant changes in 2023. There were no significant changes in 2022, except for the addition and subsequent transfer to non-current assets held for sale of the goodwill relating to the SH288 highway explained in Note 03.09.01.

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 price of the holding in Hochtief (EUR 100.30 per share at 31 December 2023) 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 2022), while EUR 287 million is allocated to the Hochtief Americas business (EUR 287 million at 31 December 2022). In 2023 and 2022, 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 2.49% (2.53% in 2022).
- Weighted discount rate of 11.32% (11.99% in 2022). The discount rate used represents a premium of 662 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 2023.

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 15.15%, representing a range of approximately 383 basis points. Furthermore, it would withstand an annual drop in cash flows of approximately 43% 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 2.1% (2.3% in 2022).
- Discount rate of 9.29% (9.52% in 2022).

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 45%, and an annual drop in cash flows of more than 80% compared to the projected cash flows.

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 2022), 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 2023, 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.

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 2023, 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 2023 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 2028 based on the IMF's report of October 2023 (2.02%)

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 2.02% (1.95% in 2022).
- Weighted discount rate of 9.79% (10.12% in 2022).

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 734 basis points and significant negative deviations (over 1.7%) 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 2023 or 2022.

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 173,000 thousand (EUR 169,865 thousand at 31 December 2022), corresponding to 24 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 2022), with no indications of impairment having been identified.

In the Construction area, the goodwill most notably includes that related to the acquisitions of Pulice, John P. Picone and Schiavone amounting to EUR 172,058 thousand (EUR 178,251 thousand at 31 December 2022), and that from acquisitions by the Hochtief Group after 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 2023.

As indicated in IAS 36, as of 31 December 2023 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.

No impairment losses were recognised in 2023 or 2022 on the ACS Group’s goodwill.

04.02. Other intangible assets

The changes in this heading in the consolidated statement of financial position in 2023 and 2022 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 2022	**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**
Changes in the consolidation perimeter	—	24	1,757	2,272	**4,053**	—	—	**4,053**
Additions or charges for the year	—	830	20,616	4,159	**25,605**	(73,625)	(66)	**(48,086)**
Disposals or reductions	—	(1,387)	(137,757)	(2,509)	**(141,653)**	138,964	—	**(2,689)**
Exchange differences	—	12	(9,509)	(8,993)	**(18,490)**	13,659	1,236	**(3,595)**
Transfers to/from other assets	—	969	—	212,357	**213,326**	(168,950)	(14,693)	**29,683**
Balance at 31 December of 2023	**9,914**	**20,976**	**203,148**	**2,017,584**	**2,251,622**	**(1,655,467)**	**(49,087)**	**547,068**

The additions in 2023 amounted to EUR 25,605 thousand (EUR 13,752 thousand in 2022) relating mainly to Hochtief in the amount of EUR 20,623 thousand (EUR 11,653 thousand in 2022).

In 2023 impairment losses amounting to EUR 66 thousand were recognised under “Other intangible assets” (EUR 572 thousand in 2022). No impairment losses were reversed or recognised in the consolidated income statement in 2023. In 2022, a total of EUR 302 thousand in impairment losses were reversed in the consolidated income statements.

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), prior to amortisation and impairment, amounting to EUR 603,655 thousand (EUR 603,655 thousand at 31 December 2022), which is fully amortised; the various trademarks of the Hochtief Group amounting to EUR 221,096 thousand (EUR 221,096 thousand at 31 December 2022); and the contractual relationships with customers of the Hochtief Group amounting to EUR 598,189 thousand (EUR 598,189 thousand at 31 December 2022). The accumulated amortisation on the above assets amounted to EUR 1,119,492 thousand (EUR 1,078,499 thousand at 31 December 2022). The amortisation charge for the year amounted to EUR 40,994 thousand (EUR 40,994 thousand at 31 December 2022).

In 2023 and 2022, no development expenditure was recognised as an expense in the consolidated income statement for 2023 and 2022, respectively.

At 31 December 2023, 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 44,416 thousand (EUR 46,027 thousand at 31 December 2022). Indications of possible impairment is verified annually. There were no significant impairment losses on these assets in 2023 or 2022.

At the end of 2023, the ACS Group had fully amortised intangible assets still in use with a gross carrying amount of EUR 627,876 thousand (EUR 628,880 thousand at 31 December 2022).

There were no material intangible asset items whose title was restricted in 2023 or 2022.

05. Tangible assets - Property, plant and equipment

The changes in this heading in the consolidated statement of financial position in 2023 and 2022 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 2022	**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**
Changes in the consolidation perimeter	(10,010)	(41,135)	(2,112)	—	**(53,257)**	7,831	268	**(45,158)**
Additions or charges for the year	185,548	253,860	107,927	25,143	**572,478**	(447,378)	2,327	**127,427**
Disposals or reductions	(109,969)	(273,971)	(103,847)	(1,123)	**(488,910)**	456,652	55	**(32,203)**
Exchange differences	(22,900)	(45,953)	(11,229)	(1,575)	**(81,657)**	46,640	5,191	**(29,826)**
Transfers from / to other assets	(927)	404,465	31,578	(78,158)	**356,958**	(134,848)	(222,598)	**(488)**
Balance at 31 December of 2023	**1,396,894**	**1,828,973**	**695,358**	**89,305**	**4,010,530**	**(2,179,728)**	**(238,870)**	**1,591,932**

In 2023 and 2022, the additions of items of property, plant and equipment amounted to EUR 572,478 thousand and EUR 573,263 thousand, respectively. In accordance with IFRS 16, this heading includes the rights to use the leased assets.

In 2023, the most noteworthy acquisitions by division relate mainly to the Construction area for EUR 430,631 thousand (EUR 470,845 thousand in 2022), mainly in investments made by Hochtief for EUR 338,160 thousand (EUR 395,677 thousand in 2022), including purchases of tunnel boring machines, and by Dragados for EUR 92,471 thousand (EUR 75,168 thousand in 2022); the Concessions area for EUR 75,619 thousand for the acquisition of land for the construction of a data centre (EUR 3,324 thousand in 2022); and the Services area for EUR 65,137 thousand (EUR 92,956 thousand in 2022), relating mainly to the acquisition of machinery and industrial vehicles.

Similarly, assets were also sold in 2023 and 2022 for a total carrying amount of EUR 32,203 thousand and EUR 30,887 thousand, respectively, which had a residual effect on the Group's income statement. The most significant disposals in 2023 correspond mainly to the Construction area, in relation to Dragados, for EUR 11,777 thousand (EUR 5,955 thousand in 2022) and the sale of Hochtief machinery for EUR 13,603 thousand (EUR 20,867 thousand in 2022). The disposals relating to the Services area amounted to EUR 6,591 thousand (EUR 3,447 thousand in 2022).

At 31 December 2023, the Group had contractual commitments for the future acquisition of property, plant and equipment for a value of EUR 83,843 thousand (EUR 92,094 thousand at 31 December 2022), corresponding mainly to commitments to invest in machinery for Dragados amounting to EUR 7,625 thousand (EUR 20,422 thousand at 31 December 2022) and in technical installations for Hochtief amounting to EUR 75,465 thousand (EUR 71,570 thousand at 31 December 2022).

The impairment losses recognised in the consolidated income statement for 2023 amounted to EUR 126 thousand (EUR 349 thousand in 2022). In addition, the impairment losses reversed in the consolidated income statement for 2023 amounted to EUR 8,795 thousand (EUR 371 thousand in 2022).

Leases

In accordance with IFRS 16 "Leases", net right-of-use assets were recognised under "Property, plant and equipment" in the consolidated statement of financial position at 31 December 2023 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 01 January of 2022	**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**
Changes in the consolidation perimeter	(9,511)	(61)	120	**(9,452)**	292	268	**(8,892)**
Additions or charges for the year	110,485	50,049	77,693	**238,227**	(185,788)	(126)	**52,313**
Disposals or reductions	(107,492)	(65,445)	(58,897)	**(231,834)**	210,335	55	**(21,444)**
Exchange differences	(20,677)	(3,493)	(4,500)	**(28,670)**	15,800	(10)	**(12,880)**
Transfers from / to other assets	(669)	(10)	24	**(655)**	(26)	—	**(681)**
Balance at 31 December of 2023	**1,021,217**	**111,159**	**198,751**	**1,331,127**	**(717,882)**	**(203)**	**613,042**

The change in “Right-of-use assets” in 2023 for a gross amount of EUR 238,228 thousand (EUR 320,664 thousand in 2022) relates mainly to additions in the Construction area amounting to EUR 190,012 thousand (EUR 251,509 thousand in 2022), and most notably includes the investments made by Hochtief amounting to EUR 142,385 thousand (EUR 219,947 thousand in 2022).

The depreciation and amortisation relating to the right to use the assets recognised in accordance with IFRS 16 “Leases” in 2023 amounted to EUR 186,249 thousand (EUR 183,037 thousand in 2022) and the interest recognised arising from the lease obligation amounted to EUR 29,497 thousand in 2023 (EUR 23,926 thousand in 2022) included in the consolidated income statement.

“Non-current lease liabilities” and “Current lease liabilities” associated with these “Right-of-use assets” at 31 December 2023 amounted to EUR 543,162 and EUR 160,569 thousand, respectively (EUR 550,746 and EUR 155,055 thousand at 31 December 2022, respectively).

The detail of the lease liabilities, by maturity, at 31 December 2023 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Lease liabilities	**160,569**	328,305	38,568	24,606	151,683	**543,162**

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

	Thousands of Euros					
	Current	Non-current				
	2023	2024	2025	2026	2027 and subsequent years	Total non-current
Lease liabilities	**155,055**	341,414	40,136	32,154	137,042	**550,746**

Variable lease payments were not material at 31 December 2023 or 2022.

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 2023, the expenses accrued in the amount of EUR 513,284 thousand (EUR 442,781 thousand at 31 December 2022) 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.

At 31 December 2023 and 2022, 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 28,867 thousand (EUR 36,635 thousand in 2022) to secure banking facilities granted to the Group.

At 31 December 2023, the Group had recognised EUR 1,122,984 thousand, net of depreciation, relating to property, plant and equipment owned by foreign companies and branches of the Group (EUR 1,197,791 thousand at 31 December 2022).

06. Non-current assets in projects

The balance of "Non-current assets in projects" in the consolidated statement of financial position at 31 December 2023 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.

In 2023, there were no significant changes under this heading.

The most significant changes in this heading in 2022 were the solar thermal power plants associated with the Tonopah renewable energy plants in the United States and Manchasol 1 Central Termosolar Uno, S.L. (see Note 03.09.01).

All project investments made by the ACS Group at 31 December 2023 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	(140,960)	**40,970**
Solar thermal plants	2035 - 2040	357,584	(175,794)	**181,790**
Other infrastructures	—	1,865	(393)	**1,472**
Total		**541,379**	**(317,147)**	**224,232**

The changes in this heading in 2023 and 2022 were as follows:

	Thousands of Euros					
	2023			2022		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**932,263**	**(650,517)**	**281,746**	**188,052**	**(115,199)**	**72,853**
Changes in the consolidation perimeter	(2)	—	**(2)**	2,933,189	(22,816)	**2,910,373**
Additions or charges for the year	1,220	(41,614)	**(40,394)**	1,199	(152,167)	**(150,968)**
Exchange differences	(67)	14	**(53)**	379	(15)	**364**
Disposals or reductions	—	—	**—**	—	1	**1**
Transfers	(392,035)	374,970	**(17,065)**	(2,190,556)	(360,321)	**(2,550,877)**
Ending balance	**541,379**	**(317,147)**	**224,232**	**932,263**	**(650,517)**	**281,746**

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 2023, 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	(140,920)	**40,969**
Other infrastructures	-	1,865	(393)	**1,472**
Total		**183,754**	**(141,313)**	**42,441**

	Thousands of Euros					
	2023			2022		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**183,821**	**(128,126)**	**55,695**	**183,692**	**(115,160)**	**68,532**
Changes in the consolidation perimeter	—	—	**—**	2,933,189	(22,816)	**2,910,373**
Additions or charges for the year	—	(13,201)	**(13,201)**	16	(13,171)	**(13,155)**
Exchange differences	(67)	14	**(53)**	113	(15)	**98**
Transfers	—	—	**—**	(2,933,189)	23,036	**(2,910,153)**
Ending balance	**183,754**	**(141,313)**	**42,441**	**183,821**	**(128,126)**	**55,695**

– No concession assets were identified as financial assets as a result of the Group not assuming demand risk at 31 December 2023. The changes in 2023 and 2022 in the concession assets identified as financial assets are as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**—**	**4,317**
Investment	—	57
Finance income	1,145	1,791
Collections	—	(665)
Exchange differences	—	266
Transfers from/to other assets	(1,145)	(5,766)
Ending balance	**—**	**—**

In accordance with the measurement bases of IFRIC 12 and Note 03.04, the amount of financial remuneration included under "Revenue" amounted to EUR 1,145 thousand in 2023 (EUR 1,791 thousand in 2022), with no amounts in 2023 and 2022 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 2023 and 2022.

– 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 2023 and the changes in this heading in 2023 and 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	41	(40)	**1**
Solar thermal plants	2035 - 2040	357,584	(175,794)	**181,790**
Total		**357,625**	**(175,834)**	**181,791**

	Thousands of Euros					
	2023			2022		
	Investment	Accumulated depreciation	Net carrying amount	Investment	Accumulated depreciation	Net carrying amount
Beginning balance	**748,442**	**(522,391)**	**226,051**	**43**	**(39)**	**4**
Changes in the consolidation perimeter	(2)	—	**(2)**	—	—	**—**
Additions or charges for the year	75	(28,413)	**(28,338)**	—	(138,996)	**(138,996)**
Disposals or reductions	—	—	**—**	—	1	**1**
Transfers	(390,890)	374,970	**(15,920)**	748,399	(383,357)	**365,042**
Ending balance	**357,625**	**(175,834)**	**181,791**	**748,442**	**(522,391)**	**226,051**

Simultaneously, there are concession assets that are not financed under a project finance arrangement amounting to EUR 45,059 thousand (EUR 5,466 thousand at 31 December 2022) that are recognised as “Other intangible assets”.

No significant investments in projects were made in 2023 or 2022.

There were no significant impairment losses in 2023. 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. Similarly, no significant impairment losses were reversed or recognised in the consolidated income statements for 2023 or 2022.

At 31 December 2023 and 2022, 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. Concession operators are also required to hold restricted cash reserves, known as reserve accounts, included under “Cash and cash equivalents”.

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 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**68,561**	**41,003**
Additions	105	6,698
Sales / decreases	—	(113)
Charges for the year	(1,595)	(1,600)
Transfers from / to other assets	—	23,094
Exchange difference	(514)	(521)
Ending balance	**66,557**	**68,561**

The rental income earned from investment property amounted to EUR 7,845 thousand in 2023 (EUR 7,463 thousand in 2022). The average occupancy level of these assets was 53% (53% in 2022) with an average leased area of 167,936 square metres (168,767 square metres in 2022).

The direct operating expenses arising from investment properties included under "Other operating expenses" amounted to EUR 938 thousand in 2023 (EUR 967 thousand in 2022).

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 2023, the gross carrying amount was EUR 86,834 thousand and accumulated depreciation (increased by accumulated impairment losses) amounted to EUR 18,273 thousand. At year-end, the gross carrying amount and accumulated depreciation were EUR 86,426 thousand and EUR 19,869 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 2023 and 2022, in proportion to the percentage of ownership interest in the share capital of each joint venture, are as follows:

	Thousands of Euros	
	2023	2022
Net asset	2,912,501	2,505,827
Pre-tax profit or loss	(109,042)	(92,439)
Income tax expense (-) / income (+)	31,079	23,613
Post-tax profit or loss	(77,963)	(68,826)
Other comprehensive income	(5,976)	8,500
Total comprehensive income	(83,939)	(60,326)

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 2023 and 2022, is as follows:

	Thousands of Euros	
	2023	2022
Associates	4,292,279	3,217,808
Jointly controlled entities	1,496,631	1,610,281
Total	**5,788,910**	**4,828,089**

The changes in this heading in 2023 and 2022 were as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**4,828,089**	**4,524,229**
Additions	1,013,088	159,885
Disposals	(7,714)	(19,627)
Change in consolidation method	564,215	3,292
Profit for the year	405,477	370,012
Changes in the equity of associates		
Exchange differences/other	(40,388)	93,349
Cash flow hedges	(80,481)	390,063
Financial assets held for sale	(1,212)	1,139
Transfer to non-current assets held for sale/discontinued operations	171	5,254
Distribution of dividends	(957,105)	(613,138)
Others	64,770	(86,369)
Ending balance	**5,788,910**	**4,828,089**

"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 2023 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 9,772 thousand (EUR 15,460 thousand in 2022).

The detail, by division, of the investments in companies accounted for using the equity method at 31 December 2023 and 2022 is as follows:

Line of Business	Thousands of Euros					
	31/12/2023			31/12/2022		
	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	1,262,449	170,375	**1,432,824**	1,384,276	168,888	**1,553,164**
Concessions	4,120,566	235,224	**4,355,790**	3,073,514	201,001	**3,274,515**
Services	108	14	**122**	103	5	**108**
Corporation, other and adjustments	310	(136)	**174**	184	118	**302**
Total	**5,383,433**	**405,477**	**5,788,910**	**4,458,077**	**370,012**	**4,828,089**

– Construction

At 31 December 2023, the Construction area most notably included the investments from the Hochtief Group accounted for using the equity method in the amount of EUR 1,426,987 thousand (EUR 1,545,232 thousand at 31 December 2022). In this last case, it should be noted that Thiess is accounted for as a joint venture using the equity method for EUR 806 million (EUR 812 million at 31 December 2022).

In addition, the changes in investments accounted for using the equity method in 2022 most notably included Ventia's interest in Cimic, which after 31 March 2022 was recognised as a non-current financial asset instead of being accounted for using the equity method (see Notes 02.02.f and 10.01).

The carrying amount of investments accounted for using the equity method in the Construction Division has decreased due to both translation differences and distributed dividends, mainly relating to Hochtief.

– Concessions

At 31 December 2023, the Concessions area most notably included the ownership interest in Abertis amounting to EUR 3,523,574 thousand (EUR 2,971,045 thousand at 31 December 2022), relating to the ACS Group's 50% interest (through both Hochtief and ACS Actividades de Construcción y Servicios, S.A.). The net contribution by Abertis to the ACS Group's consolidated profit in 2023 amounted to a profit of EUR 179,229 thousand (a profit of EUR 142,964 thousand in 2022) once amortisation of the existing purchase price allocation had been taken into account.

In addition, the remaining 21.62% of the SH288 highway was recognised at 31 December 2023 (see Note 02.02.f).

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 2023 and 2022 are Abertis Holdco, S.A. and its Subsidiaries and Thiess Joint Venture, respectively.

Abertis

On 27 July 2023, the ACS Group and Mundys (formerly Atlantia) reached a new strategic collaboration agreement for Abertis with the main objective of strengthening its global leadership in transport infrastructure concessions, agreeing to promote an investment plan that will enable it to expand the portfolio of assets under management. The agreement also includes a new governance scheme that does not change Abertis's method of accounting.

At 31 December 2023, the ACS Group held a 50% interest in Abertis Holdco, S.A, giving the ACS Group significant influence in Abertis Holdco, S.A. within the meaning of IAS 28. 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	
	31/12/2023	31/12/2022
	100 %	100 %
Non-current assets	44,678,613	39,369,912
Current assets	7,117,217	5,597,077
Of which: Cash and cash equivalents	4,251,163	4,085,008
Asset held for sale	—	—
Non-current liabilities	34,752,133	30,636,521
Of which: Financial liabilities	28,925,137	25,018,447
Current liabilities	4,377,053	3,880,021
Of which: Financial liabilities	2,608,979	2,316,464
Liabilities associate to assets held for sale	—	—
Net assets	**12,666,644**	**10,450,447**
Minority interests	3,897,632	2,800,606
Equity attributable to the parent company	**8,769,012**	**7,649,841**
Hybrid bond	(1,974,204)	(1,960,091)
Equity attributable homogenized to owners of the Company	**6,794,808**	**5,689,750**
Group's share of net assets (50%)	3,397,404	2,844,875
Capitalized acquisition-related costs	126,170	126,170
Carrying amount of the investment	**3,523,574**	**2,971,045**

Abertis Holdco, S. A. and Subsidiaries	Thousands of Euros	
	2023	2022
	100 %	100 %
Turnover	5,532,094	5,101,815
Profit or loss from continuing operations	802,517	346,164
Post-tax profit/(loss) from discontinued operations	11,276	—
Profit / (loss) for the period	**813,793**	**346,164**
Non-controlling interest	416,500	12,844
Profit/(loss) for the year attributable to owners of the company	397,293	333,320
Other comprehensive income	**64,076**	**866,195**
Minority interests other comprehensive income	85,887	230,647
Other comprehensive income attributable to the parent company	(21,811)	635,548
Total comprehensive income	**877,869**	**1,212,359**
Minority interests total comprehensive income	502,387	243,491
Total comprehensive income attributable to the parent company	375,482	968,868
Group's share in total comprehensive income (50%)	**187,741**	**484,434**
in profit or loss	**198,646**	**166,660**
in other comprehensive income	**(10,905)**	**317,774**

In 2023, the ACS Group received dividends from Abertis Holdco, S.A. amounting to EUR 296,845 thousand (EUR 296,845 thousand in 2022). At 31 December 2023, the irrevocable commitment relating to the capital increase of EUR 650 million (50% of the total EUR 1,300 million commitment) approved by Abertis Holdco’s shareholders prior to the reporting date was recognised and it was paid on 15 February 2024.

In 2023, 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 2023 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 its 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 (2024-2028) 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 2023 was prepared based on:

- The cash projections obtained from the income and expense projection for the entire Abertis Group for the period (2024-2028) 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. 2028, 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 5.95% 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 2023 by the ACS Group can be recovered.

Based on the sensitivity analysis performed, the impairment test shows certain leeway as regards 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. According to the terms of the sale agreement, the ACS Group no longer controls Thiess, which is jointly controlled by Cimic and Elliott.

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

Thiess Joint Venture	Thousands of Euros	
	31/12/2023	31/12/2022
	100 %	100 %
Non-current assets	3,207,697	3,232,540
Current assets	1,077,103	1,024,156
Of which: Cash and cash equivalents	170,816	162,366
Non-current liabilities	1,475,675	1,449,316
Of which: Financial liabilities	1,284,382	1,270,382
Current liabilities	898,231	873,515
Of which: Financial liabilities	247,924	190,277
Net assets	**1,910,894**	**1,933,865**
Minority interests	10,515	10,769
Equity attributable to the parent company	**1,900,379**	**1,923,096**
Group's share of net assets (50%) (*)	**805,875**	**811,895**

(*) The carrying amount of the interest differs from a 50/50 stock split in Thiess owing to the preferred dividend for Elliott and the Class C preference shares issued by Thiess.

Thiess Joint Venture	Thousands of Euros	
	2023	2022
	100 %	100 %
Turnover	3,610,738	2,606,236
Other expenses	(2,711,204)	(1,846,702)
Depreciation and amortisation	(506,565)	(408,340)
Share of profits and losses of joint ventures	61	(66)
Financial income	2,447	1,056
Financial expenses	(133,600)	(97,466)
Profit / (loss) before tax	**261,877**	**254,718**
Income tax	(68,941)	(69,354)
Profit / (loss) for the period	**192,936**	**185,364**
Profit attributable to minority interests	(1,346)	(2,244)
Profit/(loss) attributable to parent company	191,590	183,120
Other comprehensive income	**(2,508)**	**41,441**
Minority interests other comprehensive income	(1,162)	20,721
Other comprehensive income attributable to the parent company	(1,346)	20,720
Total comprehensive income	**190,428**	**226,805**
Minority interests total comprehensive income	(2,508)	18,477
Total comprehensive income attributable to the parent company	190,244	208,328
Group's share in total comprehensive income (50%)	**52,302**	**78,593**
in profit or loss (*)	**53,464**	**57,872**
in other comprehensive income	**(1,162)**	**20,721**

(*) The Thiess shareholder agreement establishes a minimum distribution to each shareholder of AUD 180.0 million (EUR 110.1 million) per year during the first six years. In addition, Thiess issued Class C preference shares (see Note 11) providing a coupon yield above all other equity instruments in the amount of EUR 14.0 million (EUR 3.2 million in 2022) for the Group's shareholding. 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. The Group's share of the profit for the period thus amounted to EUR 53.5 million (EUR 57.9 million in 2022). The amounts of insufficient returns for the Group include protection rights, which would be recovered through future profits.

In 2023, the ACS Group received dividends from Thiess amounting to EUR 29,974 thousand (EUR 59,083 thousand in 2022).

Cimic and Elliott financed the acquisition of MACA Limited (Australia) in 2022 through Thiess by subscribing new Thiess Class C preference shares. Cimic invested AUD 191.3 million (EUR 126.2 million). The preference shares were issued to the two investors in equal proportions and under the same conditions, and offer a coupon yield above all other equity instruments. These Class C preference shares are considered to be a non-current investment in Thiess not accounted for using the equity method in accordance with IAS 28; therefore, the equity instrument measured at fair value through profit or loss in accordance with IFRS 9.4.1.4 is recognised under "Non-current financial assets - Non-current equity instruments" (see Note 10.01). The coupon, in the form of a dividend, is recognised as cash flows from operating activities.

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

	Thousands of Euros			
	Associates		Jointly controlled entities	
	2023	2022	2023	2022
Carrying amount	**768,705**	**246,763**	**690,756**	**798,386**
Profit before taxes	**31,420**	**46,534**	**142,186**	**99,978**
Income taxes	(4,122)	(9,061)	(16,117)	8,028
Profit after taxes	**27,298**	**37,473**	**126,069**	**108,007**
Other comprehensive income	(29,947)	60,039	(37,071)	29,002
Total comprehensive income	**(2,649)**	**97,512**	**88,998**	**137,008**

10. Financial assets

The classification of financial assets in accordance with IFRS 9 at 31 December 2023 and 2022 is as follows:

	Thousands of Euros			
	Value at 31/12/2023	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost
Non-current financial assets	**1,026,224**	**252,311**	**3,617**	**770,296**
Equity securities at long-term	227,061	223,444	3,617	—
Loans to group and associates companies at long-term	194,324	—	—	194,324
Loans to third parties at long-term	323,713	—	—	323,713
Debt securities at long-term	28,867	28,867	—	—
Long-term cash collateral deposits	25,695	—	—	25,695
Other financial assets at long-term	32,059	—	—	32,059
Non-current financial assets in operating receivables	194,505	—	—	194,505
Other current financial assets	**1,163,599**	**99,302**	**624,102**	**440,195**
Equity securities at short-term	157,486	—	157,486	—
Loans to group and associates companies to short-term	137,628	—	—	137,628
Loans to third parties at short-term	64,071	—	—	64,071
Debt securities at short-term	574,488	99,302	466,616	8,570
Other financial assets to group and associates companies at short-term	354	—	—	354
Other financial assets at short-term	229,572	—	—	229,572
Trade receivables for sales and services	**7,920,935**	**—**	**—**	**7,920,935**
Other receivable	**1,183,069**	**—**	**—**	**1,183,069**
Cash and cash equivalents	**9,087,289**	**—**	**—**	**9,087,289**

	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**

The derivative financial instruments are broken down in Note 22.

10.01. Equity instruments

The detail of the balance of this heading at 31 December 2023 and 2022 is as follows:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Non-Current	Current	Non-Current	Current
Constructions	190,693	155,969	576,326	163,639
Concessions	32,918	1,517	21,813	954
Services	19	—	19	—
Corporation, other and adjustments	3,431	—	3,430	—
Total	**227,061**	**157,486**	**601,588**	**164,593**

Non-current and current equity instruments most notably include those of Hochtief amounting to EUR 190,496 thousand and EUR 155,969 thousand, respectively, at 31 December 2023 (EUR 576,129 thousand and EUR 163,639 thousand at 31 December 2022). The decrease in the amount of non-current equity instruments with respect to 31 December 2022 is due to the reclassification in 2023 of Ventia's interest in Cimic as a non-current asset held for sale (see Note 02.02.f) and the subsequent sale of the entire interest this year. In addition, the Thiess Class C preference shares of EUR 131.7 million (AUD 214.2 million) at 31 December 2023 are recognised under this heading (see Note 09.02).

10.02. Loans to associates

The detail of the balances of "Loans to associates" and of the scheduled maturities as at 31 December 2023 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Loans to associates	**137,628**	112,576	5,614	—	76,134	**194,324**

The detail of the balances of "Loans to associates" and of the scheduled maturities as at 31 December 2022 was 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**

At 31 December 2023, this line item most notably included the loans granted by Hochtief to its associates in the amount of EUR 234,288 thousand (EUR 161,568 thousand at 31 December 2022). Of the long-term loans granted by Iridium, the most important include the subordinated loan granted to Road Management (A13) Plc. for an amount of EUR 51,116 thousand (EUR 47,779 thousand at 31 December 2022), the subordinated loan granted to Celtic Road Group (Portlaoise) in the amount of EUR 23,233 thousand (EUR 23,233 thousand at 31 December 2022), the subordinated loan granted to Gorey to Enniscorthy M11 PPP Limited in the amount of EUR 13,203 thousand (EUR 13,227 thousand at 31 December 2022), the subordinated loan granted to New Ross N25 By Pass Designity in the amount of EUR 8,343 thousand (EUR 8,385 thousand at 31 December 2022) and the subordinated loan granted to Iridium Hermes Road, S.L. in the amount of EUR 5,614 thousand (EUR 6,552 thousand at 31 December 2022).

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 2023 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Other loans	**64,071**	40,046	59,772	39,867	184,028	**323,713**

The detail of the balances of "Other loans" and of the scheduled maturities as at 31 December 2022 was 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**

At 31 December 2023, "Loans to third parties" under "Non-current financial assets" in the consolidated statement of financial position includes the earn-out relating to the sale of most of the Industrial business carried out in 2021, which amounts to EUR 295,596 thousand (EUR 328,936 thousand at 31 December 2022) after receiving EUR 40 million in 2023 for the first GW generated (see Note 03.09.02). After the 2023 reporting date, an additional EUR 40 million was received for the second GW generated.

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

10.04. Debt securities

At 31 December 2023, this heading included the investments in securities maturing in the short term relating mainly to 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 470,946 thousand (EUR 424,157 thousand at 31 December 2022) and from Dragados for EUR 94,971 thousand (EUR 62,706 thousand at 31 December 2022).

10.05. Other financial assets

At 31 December 2023, "Other financial assets" included short-term deposits amounting to EUR 218,123 thousand (EUR 296,552 thousand at 31 December 2022) and other deposits amounting to EUR 7,151 thousand (EUR 36,572 thousand) as a result of the cash available following the sale of the Industrial business.

In addition, at 31 December 2023, the amount mentioned in the previous paragraph includes EUR 163,406 thousand (EUR 218,139 thousand at 31 December 2022) 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 2023 or 2022. There were no significant reversals of impairment losses on financial assets in 2023 or 2022.

11. Inventories

The detail of “Inventories” at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Merchandise	163,680	163,692
Raw materials and other supplies	339,911	353,696
Work in progress	211,509	213,064
Finished goods	27,754	23,952
Others	47,150	74,564
Total	**790,004**	**828,968**

The balance of inventories at 31 December 2023 relates mainly to the Hochtief Group in the amount of EUR 370,287 thousand (EUR 369,900 thousand at 31 December 2022).

This heading of the statement of financial position includes property assets (land and buildings) in the amount of EUR 297,098 thousand at 31 December 2023, relating mainly to Comunidades Gestionadas, S.A. (Cogesa) in the amount of EUR 188,934 thousand (EUR 197,189 thousand at 31 December 2022) and to the Hochtief Group in the amount of EUR 85,248 thousand (EUR 120,342 thousand at 31 December 2022).

The Group had no inventories subject to restrictions at 31 December 2023 or 31 December 2022. In addition to the above restrictions, no inventories have been pledged and/or mortgaged as security for the repayment of debts at 31 December 2023 or at 31 December 2022.

Impairment losses on inventories recognised and reversed in the consolidated income statement, relating to the various ACS Group companies, amounted to EUR 55 thousand and EUR 61 thousand in 2023, respectively (EUR 410 thousand and EUR 180 thousand in 2022, respectively).

12. Trade and other receivables

The carrying amount of trade and other receivables is reflected in the following breakdown at 31 December 2023 and 2022:

	Thousands of Euros	
	Balance at 31/12/2023	Balance at 31/12/2022
Trade receivables for sales and services	7,885,807	7,348,898
Receivable from group companies and associates	35,128	34,277
Other receivables	1,183,069	1,006,282
Current tax assets	340,987	175,196
Total	**9,444,991**	**8,564,653**

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

The breakdown of "Trade receivables for sales and services" and the net trade receivables balance at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	Balance at 31/12/2023	Balance at 31/12/2022
Trade receivables and notes receivable	5,169,502	4,645,370
Completed work pending certification	2,878,917	2,871,361
Allowances for doubtful debts	(162,612)	(167,833)
Total assets from receivables	**7,885,807**	**7,348,898**
Advances received on orders	(3,095,157)	(2,892,282)
Total liabilities from receivables	**(3,095,157)**	**(2,892,282)**
Total net trade receivables balance	**4,790,650**	**4,456,616**

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 2023 and 2022 is as follows:

	Thousands of Euros				
	Balance at 31/12/2022	Changes in the consolidation perimeter	Exchange differences	Others	Balance at 31/12/2023
Trade receivables and notes receivable (net of provisions)	**4,477,537**	10,206	(122,766)	641,913	**5,006,890**
Completed work pending certification	**2,871,361**	(24,532)	(76,154)	108,242	**2,878,917**
Total Contract assets	**7,348,898**	**(14,326)**	**(198,920)**	**750,155**	**7,885,807**
Total Contract liabilities	**2,892,282**	**(12,793)**	**(98,355)**	**314,022**	**3,095,156**

	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**

"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.

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 2023 and 31 December 2022.

"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 2023 that was included in the balance of "Customer advances" (contract liabilities with customers) at the beginning of the year amounts to EUR 1,753 million (EUR 1,783 million in 2022), while the revenue recognised in 2023 resulting from performance obligations that were satisfied or partially satisfied in previous years amounts to a loss of EUR (75) million.

At 31 December 2023, retentions held by customers for contract work in progress amounted to EUR 1,513,956 thousand (EUR 1,337,461 thousand at 31 December 2022).

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 1,106,441 thousand at 31 December 2023 (EUR 1,063,190 thousand at 31 December 2022).

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 2023 and 2022, 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 2023 and 2022:

Movement in the impairment provision	Thousands of Euros
	Total
Balance at 1 January of 2022	**(192,824)**
Charges for the year	(3,226)
Reversals / Excesses	47,903
Changes in the consolidation perimeter and other	(19,686)
Balance at 31 December 2022	**(167,833)**
Charges for the year	(4,261)
Reversals / Excesses	3,521
Changes in the consolidation perimeter and other	5,961
Balance at 31 December 2023	**(162,612)**

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 2023 amounted to EUR 4,790,650 thousand (EUR 4,456,616 thousand at 31 December 2022), of which EUR 558,146 thousand (EUR 465,198 thousand at 31 December 2022) relate to domestic activity and EUR 4,232,504 thousand (EUR 3,991,418 thousand at 31 December 2022) to international activity.

As regards domestic activity, EUR 393,133 thousand (EUR 315,997 thousand at 31 December 2022), 70% of the balance (68% of the balance at 31 December 2022), 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.

Group management considers that the carrying amount of the trade receivables reflects their fair value. The Group companies are responsible for managing the accounts receivable and determining whether provisions need to be recognised, since each company best knows its exact position and the relationship with each of its customers. However, each business area establishes certain guidelines on the basis that each customer has their own peculiarities depending on the business activity performed. The accounts receivable from public authorities do not pose any significant problems regarding recoverability, and international activity mainly relates to work performed for public authorities in foreign countries, which reduces the possibility of experiencing significant insolvency.

Furthermore, a policy has been established for private customers where guarantees are provided before beginning construction work, which significantly reduces the risk of insolvency. Lastly, the existence of arrears and possible default are low since, besides the fact that the Group also has the right to request late payment interest from public authorities, its private customers are assigned a maximum risk level before contracting a service.

As regards foreign activities, the majority arises from the private sector amounting to EUR 3,833,417 thousand (EUR 3,243,749 thousand at 31 December 2022), the majority of which relate to the Hochtief Group. The status of customers that are past due but not impaired as at 31 December 2023 and 2022 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.

The carrying amount of these assets amounting to EUR 390,824 thousand at 31 December 2023 (EUR 484,221 thousand at 31 December 2022) reflects their fair value and there are no restrictions as to their use.

15. Equity

15.01. Share capital

As at 31 December 2023, the share capital of the Parent Company amounted to EUR 139,082 thousand (EUR 142,082 thousand at 31 December 2022) and was represented by 278,164,594 fully subscribed and paid shares (284,164,594 shares at 31 December 2022) with a par value of EUR 0.5 each, all with the same voting and dividend rights.

On 23 March 2023, 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 6 million of the Company’s treasury shares for a nominal amount of EUR 3 million, recognising a provision for the same amount with a charge to reserves as indicated in section 335.c) of the Corporate Enterprises Act (see Note 15.04).

In 2022, the Board of Directors of the Parent retired, on several occasions, 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 with a charge to profit or unrestricted reserves, recognising the corresponding provision with a charge to reserves as indicated in section 335.c) of the Corporate Enterprises Act (see Note 15.04).

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.

At the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 5 May 2023, 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 580 million with a charge to unrestricted reserves, whereby the first capital increase may not exceed EUR 450 million and the second increase may not exceed EUR 130 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 2023 and, in the case of the second increase, within the first quarter of 2024, 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).

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).

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 company included in the scope of consolidation whose shares are listed as of 31 December 2023 on stock exchanges is Hochtief, A.G., which is listed on the Frankfurt Stock Exchange (Germany).

At 31 December 2023, 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 14.16%.

15.02. Share premium

The share premium at 31 December 2023 and 2022 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 2023 and 2022 is as follows:

	Thousands of Euros	
	Balance at 31/12/2023	Balance at 31/12/2022
Legal reserve	35,287	35,287
Voluntary reserves	6,974,878	7,144,603
Capital redemption reserve fund	72,216	64,367
Reserve for actuarial gains and losses	(24,139)	111,816
Others reserves	653,226	410,051
Reserves at consolidated companies	(3,522,780)	(3,140,766)
Total	**4,188,688**	**4,625,358**

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 2023 and 2022.

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 2023 and 2022, 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 72,216 thousand (EUR 64,367 thousand at 31 December 2022), 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 2023 and 2022 were as follows:

	2023		2022	
	Number of shares	Thousands of Euros	Number of shares	Thousands of Euros
At beginning of the reporting period	**25,904,654**	**622,170**	**28,876,676**	**691,916**
Purchases	7,351,999	228,610	29,708,164	709,781
Depreciation and sales	(15,698,253)	(384,862)	(32,680,186)	(779,527)
At end of the reporting period	**17,558,400**	**465,918**	**25,904,654**	**622,170**

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 through the retirement of the necessary treasury shares. The definitive number of shares, subject to the capital increase, was 2,331,835 shares for a nominal amount of EUR 1,165,917.50, which were retired simultaneously for the same amount (see Note 15.05), and with an allocation to reserves for the same amount as the nominal value of the retired shares, i.e., EUR 1,165,917.50, as provided for in section 335.c) of the Corporate Enterprises Act.

On 21 June 2023, 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 5 May 2023, so that once the process was concluded in July 2023, the definitive number of ordinary shares, with a par value of EUR 0.5 each, to be issued was 7,366,418 shares, and the nominal amount of the related capital increase was EUR 3,683,209. On that same date, ACS, Actividades de Construcción y Servicios, S.A. reduced share capital by EUR 3,683,209 through the retirement of 7,366,418 treasury shares and allocated the same amount to reserves as the nominal value of the retired shares, i.e., EUR 3,683,209, as provided for in section 335.c) 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 (see Note 15.05), 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 23 March 2023, in accordance with the resolution passed at the Annual General Meeting held on 6 May 2022, the Board 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 (EUR 10,250,000 in 2022 in accordance with the resolutions passed at the Annual General Meeting) through the retirement of 6 million ACS treasury shares (20,500,000 shares in 2022), recognising the corresponding provision with a charge to reserves as indicated in section 335.c) of the Corporate Enterprises Act (see Note 15.01).

At 31 December 2023, the Group held 17,558,400 treasury shares of the Parent Company, with a par value of EUR 0.5 each, representing 6.3% of the share capital, with a consolidated carrying amount of EUR 465,918 thousand that is recognised in equity under "Treasury shares" in the consolidated statement of financial position. 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 was recognised in equity under "Treasury shares" in the consolidated statement of financial position.

In 2023, ACS notified the CNMV of the changes made to the treasury share buyback programme, which at year-end included a maximum of 18,450,000 shares to be acquired and a maximum investment of up to EUR 553.5 million, with a maximum term of up to 31 July 2024.

The average purchase price of ACS shares in 2023 was EUR 31.09 per share (EUR 23.89 per share in 2022).

15.05. Dividends

Dividends paid by the Parent Company

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 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.

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 43.29% 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.

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 5 May 2023, on 21 June 2023 it was resolved to carry out the first capital increase, establishing the maximum reference value at EUR 450 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. 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 39.8% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, the following events took place:

- The dividend was determined to be a total gross amount of EUR 163,937,784.82 (EUR 1.482 per share) and was paid on 19 July 2023.
- The number of final shares subject to the capital increase was 7,366,418 for a nominal amount of EUR 3,683,209, which were redeemed simultaneously for the same amount.

15.06. Valuation adjustments / translation differences

The net changes in the balance of this heading in 2023 and 2022 were as follows:

	Thousands of Euros	
	2023	**2022**
Beginning balance	**380,957**	**(170,918)**
Hedging Instruments	(90,352)	416,443
Available-for-sale financial assets	(16,062)	(53,170)
Exchange differences	46,522	188,602
Ending balance	**321,065**	**380,957**

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. They relate mainly to interest rate hedges and, to a lesser extent, foreign exchange rate hedges, tied to asset and liability items in the consolidated statement of financial position, and to future transaction commitments qualifying for hedge accounting mainly from the 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 2023 relates exclusively to the difference arising in the period from 2004 to 2023, 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 2023 and 2022 were as follows:

	Thousands of Euros	
	Balance at 31/12/2023	Balance at 31/12/2022
U.S. Dollar (USD)	24,757	40,230
Australian Dollar (AUD)	61,049	34,550
Canadian Dollar (CAD)	(10,402)	(7,161)
Other currencies	68,800	30,061
Total	**144,204**	**97,680**

15.07. Non-controlling interests

The detail of the balance of "Non-controlling interests" in the consolidated statement of financial position at 31 December 2023 and 2022 is as follows:

Thousands of Euros			
Balance at 31/12/2023		Balance at 31/12/2022	
Non-controlling interests	Profit attributed to non-controlling interests	Non-controlling interests	Profit attributed to non-controlling interests
153,130	**148,022**	**623,924**	**204,557**

At 31 December 2023, "Non-controlling interests" mainly related to the consolidation of Hochtief, which includes both the ownership interests of the minority shareholders of Hochtief and the non-controlling interests included in the statement of financial position of the German company, amounting to EUR 30,787 thousand at 31 December 2023 (EUR 95,674 thousand at 31 December 2022).

In 2023, a 7.29% interest in Hochtief, A.G. was acquired, amounting to EUR 461.3 million, at an average price of EUR 81.47 per share, which increased the interest in Hochtief, A.G. at the end of 2023 to 75.93% of the shares representing the share capital without discounting treasury shares, and to 78.48% when treasury shares are discounted.

On 8 June 2022, Hochtief, A.G. decided to increase its share capital by just under 10% through a monetary contribution using authorised capital, issuing 7,064,593 new shares at EUR 57.50 per share, excluding shareholders' subscription rights. ACS, Actividades de Construcción y Servicios, S.A. was 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 03.23).

In addition, in 2022 additional shares in Hochtief, A.G. were acquired for an amount of EUR 604 million, increasing the shareholding in this company at the end of 2022 to 68.64% of the shares representing the share capital, without discounting treasury shares, and to 70.94%, when treasury shares are discounted.

On 23 February 2022, Hochtief, Cimic's majority shareholder with a 78.6% interest, announced a tender offer to acquire the remaining shares of Cimic for AUD 22 per share, which gave Hochtief a 100% interest with the purchase of all Cimic shares held by third parties and led to its delisting from the stock exchange in 2022 (see Note 03.23).

Accordingly, the only significant non-controlling interest is that from Hochtief, with the following information:

	Thousands of Euros	
	31/12/2023	31/12/2022
Non-current assets	5,661,626	6,086,338
Current assets	13,344,558	12,213,320
Non-current liabilities	5,763,460	5,995,735
Current liabilities	11,976,459	11,074,474
Equity	**1,266,265**	**1,229,449**
Of which: Non-controlling interests Hochtief	30,787	95,674
Non-controlling interests of Hochtief included in equity of the ACS Group	**296,719**	**425,097**
Turnover	27,756,046	26,219,332
Profit before tax	**715,003**	**677,174**
Income tax	(170,977)	(162,165)
Profit for the period from continuing operations	**544,026**	**515,009**
Profit after tax from discontinued operations	—	—
Profit for the period	**544,026**	**515,009**
Of which: Non-controlling interests Hochtief	(21,277)	(33,235)
Profit attributable to the parent	**522,749**	**481,774**
Non-controlling interests included in profit or loss for the year	**(133,795)**	**(173,216)**
Cash flows from operating activities	1,335,264	1,050,816
Cash flows from investing activities	(249,671)	(484,588)
Cash flows from financing activities	(583,613)	(167,202)

“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 minority shareholders. The changes in 2023, by item, were as follows:

	Thousands of Euros
Balance at 31 December 2022	**828,481**
Profit for the year from continuing operations	148,022
Dividends received	(172,948)
Changes in shareholdings in controlled companies and others	(481,952)
Adjustments for changes in value	(20,451)
Balance at 31 December 2023	**301,152**

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 shareholdings in controlled companies in 2023 were mainly due to the exclusion of the SH288 highway from the scope of consolidation following the sale of the 56.76% interest in December 2023 (see Note 02.02.f). The changes in holdings in the controlled companies in 2022 were mainly due to Cimic's takeover bid (see Note 02.02.f).

At 31 December 2023, 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
Gasoductos y Redes Gisca, S.A.	47.50 %	Spie Capag, S.A.
Multiservicios Aeroportuarios, S.A.	49.00 %	Iberia, S.A.
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 2023 and 2022 were as follows:

	Thousands of Euros	
	2023	2022
Beginning balance	**2,039**	**2,099**
Exchange differences	6	(18)
Additions	64	429
Transfers	(88)	(172)
Recognition in income statement	(246)	(299)
Ending balance	**1,775**	**2,039**

The years in which the grants related to assets can be allocated are detailed below:

	Thousands of Euros					
	31/12/2023			31/12/2022		
	<1	2-5	>5	<1	2-5	>5
Grants related to assets	551	402	822	363	552	1,124

17. Bank borrowings, debentures and other marketable securities

The breakdown of the ACS Group's financial liabilities at 31 December 2023 and 2022, by nature and category for valuation purposes, is as follows:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Non-Current	Current	Non-Current	Current
Debt instruments and other marketable securities	3,933,655	37,914	3,920,911	107,740
Bank borrowings	4,272,437	1,411,931	4,849,634	1,371,343
- with limited recourse	175,649	29,814	205,476	33,666
- other	4,096,788	1,382,117	4,644,158	1,337,677
Other financial liabilities	95,395	125,055	108,136	19,240
Total	**8,301,487**	**1,574,900**	**8,878,681**	**1,498,323**

17.01. Debentures and other marketable securities

At 31 December 2023, the ACS Group had debentures and bonds issued amounting to EUR 3,933,655 thousand in non-current issues and EUR 37,914 thousand in current issues (EUR 3,920,911 thousand in non-current issues and EUR 107,740 thousand in current issues, respectively, at 31 December 2022) from Hochtief, Cimic, ACS, Actividades de Construcción y Servicios, S.A. and Dragados, S.A.

The most significant changes as at 31 December 2023 are as follows:

– In 2023, 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 2023, the issues outstanding under these programmes amounted to EUR 9,400 thousand (EUR 55,000 thousand at 31 December 2022).

– It 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.

– Furthermore, ACS, Actividades de Construcción y Servicios, S.A. renewed the Negotiable European Commercial Paper (NEU CP) programme in 2023 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) and listed on the Luxembourg Stock Exchange. At 31 December 2023, the issues outstanding under the above programmes amounted to EUR 4,984 thousand. At 31 December 2022, there were no outstanding issues under these programmes.

The detail, by maturity, of these debentures and bonds at 31 December 2023 is as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Debentures and bonds	**37,914**	1,301,481	636,018	497,501	1,498,655	**3,933,655**

The detail, by maturity, of these debentures and bonds at 31 December 2022 was 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 of ACS Group´s main bonds at 31 December 2022 and 2023 is as follows:

Bonds	Carrying amount 31/12/2023	Carrying amount 31/12/2022	Price 31/12/2023	Price 31/12/2022	Principal (Millions of Euros)	Coupon (%)	Initial term (in years)	Maturity
ACS 750	753,818	752,767	97.09 %	92.12 %	750	1.375 %	5	June 2025
ACS 50	50,230	37,051	n.a.	n.a.	50	4.750 %	4	November 2026
ACS 50	—	28,011	n.a.	n.a.	28	0.785 %	4.11	June 2023
DRAGADOS GREEN BOND 750	593,771	594,043	96.80 %	90.94 %	588	1.875 %	8	April 2026
HOCHTIEF 500	503,558	503,022	97.40 %	94.65 %	500	1.750 %	7	July 2025
HOCHTIEF 50 CHF	54,179	50,930	n.a.	n.a.	54	0.769 %	6	June 2025
HOCHTIEF 50	50,660	50,646	n.a.	n.a.	50	2.300 %	15	April 2034
HOCHTIEF 500	498,323	497,642	91.23 %	81.73 %	500	0.500 %	8	September 2027
HOCHTIEF 1000 NOK	89,579	95,743	n.a.	n.a.	90	1.700 %	10	July 2029
HOCHTIEF 250	249,747	249,580	83.89 %	65.83 %	250	1.250 %	12	September 2031
HOCHTIEF 500	497,331	496,415	86.84 %	74.92 %	500	0.625 %	8	April 2029
CIMIC 625	616,055	617,797	86.46 %	74.43 %	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 2023 and the repayment schedules are as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Bank loans in euros	**722,390**	399,735	1,916,923	156,934	76,268	**2,549,860**
Foreign currency loans	**654,779**	437,200	274,565	192,194	635,426	**1,539,385**
Other financial debs	**4,948**	2,854	1,992	1,678	1,019	**7,543**
Total	**1,382,117**	**839,789**	**2,193,480**	**350,806**	**712,713**	**4,096,788**

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**

In relation to bank loans, the most relevant matters during the period 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 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 2023 and 2022. 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 248,482 thousand), which was drawn down in full by Dragados Construction USA, Inc. 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 214,200 thousand) and a tranche B of USD 62,250 thousand (EUR 57,289 thousand). Dragados Construction USA, Inc. used USD 37,250 thousand (EUR 34,281 thousand) of tranche B to partially repay the initial amount. Both tranches had been drawn down in full at 31 December 2023. The total amount of the loan was USD 295,000 thousand (EUR 266,968 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. The principal of this loan accrues interest at a rate tied to the USD SOFR.
- 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. On 15 December 2022, an agreement was reached to roll over the financing agreement, extending its maturity date by one year to 20 December 2024. Finally, the agreement was rolled over on 30 November 2023, extending the final maturity date to 19 June 2026 and increasing the financing granted to EUR 465,000 thousand (EUR 232,500 thousand for tranche A and EUR 232,500 thousand for tranche B). After a new entity was included in the agreement in January 2024, the amount rose to EUR 470,000 thousand (EUR 235,000 thousand for each tranche). As at 31 December 2023, only EUR 232,500 thousand of tranche A had been drawn down. The principal of the loan and the credit facility will accrue interest tied to the Euribor.
- Hochtief refinanced, before maturity, the existing long-term syndicated loan of EUR 1,700 million maturing in 2024 and obtained another EUR 300 million for future corporate purposes, including the refinancing of existing credit facilities. Hochtief and an international bank syndicate reached an agreement for a credit facility with a five-year term from 30 March 2023 and options for an extension of up to two additional years. The total amount is divided into EUR 1,200 million in guarantee lines, EUR 500 million in credit facilities and EUR 300 million in loans.
- Cimic replaced the syndicated credit facility of AUD 1,000 million (EUR 612 million), maturing in July 2025, and repaid it in early October using two loan tranches of AUD 693 million (EUR 424 million) and USD 239 million (EUR 231 million), both maturing in five years.

– In early October 2023, Cimic also repaid its credit facility of AUD 950 million (EUR 581 million) ahead of schedule. In the process, Cimic entered into a new credit facility for AUD 625 million (EUR 383 million) with a three-year term and a credit facility for AUD 522 million (EUR 319 million) with a five-year term. Cimic was therefore able to increase its liquidity reserves on the whole by more than AUD 267 million (EUR 164 million).

– In November 2023, Cimic signed a three-year syndicated bonding facility for AUD 1,300 million (EUR 799 million). This facility replaces the credit facility of AUD 1,400 million (EUR 861 million) that matured in March 2024 and covers the Cimic Group's operational guarantee requirements in addition to the existing bilateral guarantee and bonding facilities.

The undrawn balances of the credit facilities granted to Group companies at 31 December 2023, by maturity, are as follows:

	Thousands of Euros					
	Current	Non-current				
	2024	2025	2026	2027	2028 and subsequent years	Total non-current
Credit lines in euros	**763,091**	1,892,314	1,367,606	—	517,297	**3,777,217**
Credit lines in foreign currency	**589,622**	282,912	384,308	100,336	327,320	**1,094,876**
Total	**1,352,713**	**2,175,226**	**1,751,914**	**100,336**	**844,617**	**4,872,093**

The undrawn balances of the credit facilities granted to Group companies at 31 December 2022, by maturity, were as follows:

	Thousands of Euros					
	Current	Non-current				
	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**

At 31 December 2023, current and non-current bank borrowings in foreign currencies amounted to EUR 2,194,165 thousand (EUR 2,634,071 thousand at 31 December 2022), of which mainly EUR 1,256,261 thousand are in Australian dollars (EUR 1,513,951 thousand at 31 December 2022), EUR 685,734 thousand are in US dollars (EUR 882,100 thousand at 31 December 2022) and EUR 206,625 thousand are in Canadian dollars (EUR 143,922 thousand at 31 December 2022).

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 2023 the Group's euro loans and credits bore average annual interest of 2.77% (1.91% in 2022). Foreign currency loans and credits bore average annual interest of 5.99% (4.28% in 2022).

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 2023 and 2022, 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 2023, 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 2023 and 2022 is as follows:

	Thousands of Euros			
	Value at 31/12/2023	Fair value through profit or loss	Fair value through other comprehensive income (equity)	Amortized cost
Long Term Financial Liabilities	**8,301,487**	**—**	**—**	**8,301,487**
Debentures and other negotiable securities	3,933,655	—	—	3,933,655
Payables to credit institutions	4,089,245	—	—	4,089,245
Payables on lease of goods	7,543	—	—	7,543
Project financing and debt with limited resources	175,649	—	—	175,649
Other long-term financial payables not in banks	74,473	—	—	74,473
Long-term payables to group and associated companies	20,922	—	—	20,922
Short Term Financial Liabilities	**1,574,900**	**—**	**—**	**1,574,900**
Debentures and other negotiable securities	37,914	—	—	37,914
Payables to credit institutions	1,377,169	—	—	1,377,169
Payables on lease of goods	4,948	—	—	4,948
Project financing and debt with limited resources	29,814	—	—	29,814
Other short-term financial payables not in banks	121,762	—	—	121,762
Short-term payables to group and associated companies	3,293	—	—	3,293

	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

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 (see Note 06).

The detail of this heading, by type of financed asset, at 31 December 2023 is as follows:

	Thousands of Euros		
	Current	Non-current	Total
Highways	16,643	7,842	**24,485**
Solar thermal plants	13,045	160,094	**173,139**
Other infrastructures	126	7,713	**7,839**
Total	**29,814**	**175,649**	**205,463**

The detail of this heading, by type of financial asset, at 31 December 2022 was 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, by maturity, of non-current financing at 31 December 2023 and 2022 is as follows:

	Thousands of Euros				
	Maturity in				
	2025	2026	2027	2028 and subsequent years	Total
Balance at 31 December 2023	30,737	15,596	15,804	113,512	**175,649**

	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**

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 4.68% in 2023 and 3.21% in 2022.

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 2023 and 2022.

In 2023 and 2022 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 2023 and 2022 is as follows:

	Thousands of Euros			
	Balance at 31/12/2023		Balance at 31/12/2022	
	Non-current	Current	Non-current	Current
Non-bank borrowings at a reduced interest rate	5,489	2,648	17,341	3,595
Payable to associates	20,922	3,282	17,651	2,594
Other	68,984	119,125	73,144	13,051
Total	**95,395**	**125,055**	**108,136**	**19,240**

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 2023 of EUR 52,498 thousand (EUR 52,498 thousand at 31 December 2022) 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 2023 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 2022	**258,631**	**113,866**	**648**	**1,169,567**	**6,379**	**1,549,091**
Additions or charges for the year	3,425	42,324	2,165	559,155	—	607,069
Amounts used	(7,807)	(9,882)	(93)	(55,056)	—	(72,838)
Reversals	(1)	(1)	—	(102,339)	—	(102,341)
Increases due to the passing of time and the effect of exchange rates on discount rates	42,878	33	—	3,257	—	46,168
Exchange differences	(1,589)	(4,466)	—	(6,249)	—	(12,304)
Transfers and changes in the consolidation perimeter	—	—	—	(116,828)	—	(116,828)
Transfers	—	—	—	(9,038)	—	(9,038)
Balance at 31 December 2023	**295,537**	**141,874**	**2,720**	**1,442,469**	**6,379**	**1,888,979**

The change in the provision for pensions and similar obligations was mainly due to the change in the discount rate used to measure Hochtief’s pension obligations in Germany, the United States and the United Kingdom to 3.51%, 5.50% and 4.80%, respectively, at 31 December 2023 (4.16%, 5.10% and 5.05%, respectively, at 31 December 2022).

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 2023 the amounts required to cover the obligations to current and retired employees amounted to EUR 3,985 thousand (EUR 4,002 thousand in 2022) and EUR 116,936 thousand (EUR 124,451 thousand in 2022), respectively. The actuarial assumptions used in the 2023 and 2022 valuations detailed above, are as follows:

Actuarial assunptions	2023	2022
Annual rate of increase of maximum social security pension deficit	2.00 %	8.50 %
Annual wage increase	2.35 %	2.35 %
Annual CPI growth rate	2.00 %	8.50 %
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 2023 was 2.43% (2.04% in 2022).

The amounts relating to the above pension obligations, recognised under "Personnel expenses" in the consolidated income statement for 2023, gave rise to income of EUR 417 thousand in 2023 (expense of EUR 179 thousand in 2022), 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 5,140 thousand in 2023 and was recognised under "Personnel expenses" in the consolidated statement of financial position for the year. In 2022, the contribution in this connection amounted to EUR 4,009 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 an annuity for five or six years.

Outside of Germany, there are defined benefit pension plans at Hochtief (UK) in the United Kingdom. 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 obligations at Turner include post-employment benefits in the form of health insurance for retired employees.

The detail of the Hochtief Group's defined benefit obligations as at 31 December 2023 and 2022 is as follows:

	Thousands of Euros		
	31/12/2023		
	Germany	USA	UK
Active members	72,525	—	6,334
Final salary	9,686	—	6,334
Not final salary	62,839	—	—
Vested benefits	95,596	—	12,738
Retirees	422,602	—	19,367
Similar obligations	75	46,996	—
Total	**590,798**	**46,996**	**38,439**
Duration in years (weighted)	**11.8**	**11.5**	**13.0**

	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**

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 to 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 2023 is around 53% (59% in 2022); the figure for Germany as a whole is around 61% (67% in 2022). The reduction in funding ratios is mainly due to lower interest rates in the capital markets and the resulting increase in the present value of pension liabilities.

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 81% (82% in 2022).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	46,996	—	51,010	—
Partially covered by plan assets	565,490	317,043	534,058	326,528
Not fully covered by plan assets	**612,486**	**317,043**	**585,068**	**326,528**
Fully covered by plan assets	63,747	74,302	57,817	73,813
Total	**676,233**	**391,345**	**642,885**	**400,341**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used in 2023 and 2022 are as follows:

	Percent					
	2023			2022		
	Germany	USA	UK	Germany	USA	UK
Discount factor*	3.51	5.50	4.80	4.16	5.10	5.05
Salary increases	2.75	—	2.50	2.75	—	2.45
Pension increases*	2,00 (1)	—	3.25	2,25 (1)	—	3.35

* Weighted average

(1) Assuming no guaranteed increase of 1,00% p.a. In 2023, a blanket 5,5% increase was incorporated for the next adjustment date (May 1, 2025).

The discount factors are obtained from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities.

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					
	2023			2022		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Defined benefit obligations at start of year	**556,010**	**86,875**	**642,885**	**781,272**	**121,523**	**902,795**
Current service costs	2,485	1,445	3,930	6,321	2,469	8,790
Interest expense	22,357	4,345	26,702	9,998	2,850	12,848
Remeasurements						
Actuarial gains / (losses) arising from changes in demographic assumptions	—	1,363	1,363	—	(47)	(47)
Actuarial gains / (losses) arising from changes in financial assumptions	44,124	(961)	43,163	(207,724)	(39,595)	(247,319)
Actuarial gains / (losses) arising from experience adjustments	2,249	(2,058)	191	1,857	2,164	4,021
Benefits paid from Company assets	(515)	(2,517)	(3,032)	(249)	(2,979)	(3,228)
Benefits paid from fund assets	(35,893)	(1,428)	(37,321)	(35,441)	(1,426)	(36,867)
Employee contributions	—	74	74	—	75	75
Effect of transfers	(19)	(714)	(733)	(24)	—	(24)
Currency adjustments	—	(989)	(989)	—	1,841	1,841
Defined benefit obligations at end of year	**590,798**	**85,435**	**676,233**	**556,010**	**86,875**	**642,885**

Changes in the market value of plan assets

	Thousands of Euros					
	2023			2022		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Plan assets at start of year	**371,098**	**29,243**	**400,341**	**413,613**	**48,222**	**461,835**
Interest on plan assets	15,345	1,528	16,873	5,392	861	6,253
Remeasurements						
Return on plan assets no included in net interest expense / income	5,452	(929)	4,523	(18,429)	(18,666)	(37,095)
Employer contributions	4,190	2,063	6,253	5,963	2,096	8,059
Employee contributions	—	74	74	—	75	75
Benefits paid	(35,893)	(1,428)	(37,321)	(35,441)	(1,426)	(36,867)
Currency adjustments	—	602	602	—	(1,919)	(1,919)
Plan assets at end of year	**360,192**	**31,153**	**391,345**	**371,098**	**29,243**	**400,341**

Investments in plan assets to cover future pension obligations gave rise to an effective return of EUR 21,396 thousand (an expense of EUR 30,842 thousand in 2022).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

	Thousands of Euros	
	31/12/2023	31/12/2022
Defined benefit obligations	676,233	642,885
Less plan assets	391,345	400,341
Funding status	**284,888**	**242,544**
Assets from overfunded pension plans	10,555	15,996
Provision for pensions and similar obligations	**295,443**	**258,540**

The fair value of the plan assets is divided among asset classes as follows:

Breakdown of plan assets

	Thousands of Euros			
	31/12/2023			
	Fair value		Total	%
	Quoted in an active market	Not quoted in an active market		
Stock				
U.S. equities	29,890	—	29,890	7.64
European equities	10,130	—	10,130	2.59
Emerging market equities	9,599	—	9,599	2.45
Other equities	5,918	—	5,918	1.51
Bonds				
U.S. government bonds	1,863	—	1,863	0.48
European government bonds	15,178	—	15,178	3.88
Emerging market government bonds	13,702	—	13,702	3.50
Corporate bonds	56,642	2,020	58,662	14.99
Other bonds	14,964	3,360	18,324	4.68
Secure loans				
Europe	3,580	—	3,580	0.92
Investment bonds	52,663	6,141	58,804	15.03
Real state	—	50,274	50,274	12.85
Infrastructure	—	31,518	31,518	8.05
Insurance policies	—	78,052	78,052	19.94
Cash	4,817	—	4,817	1.23
Other	513	521	1,034	0.26
Total	**219,459**	**171,886**	**391,345**	**100.00**

	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				
USA	—	—	—	—
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**

Pension expenses under defined benefit plans are broken down as follows:

	Thousands of Euros					
	2023			2022		
	Germany	Rest of the world	Total	Germany	Rest of the world	Total
Current service cost	2,485	1,445	3,930	6,321	2,469	8,790
Total personnel expense	**2,485**	**1,445**	**3,930**	**6,321**	**2,469**	**8,790**
Interest expense for accrued benefit obligations	22,357	4,345	26,702	9,998	2,850	12,848
Interest on plan assets	(15,345)	(1,528)	(16,873)	(5,392)	(861)	(6,253)
Net interest expense / income (net investment and interest income)	**7,012**	**2,817**	**9,829**	**4,606**	**1,989**	**6,595**
Total amount recognized in profit or loss	**9,497**	**4,262**	**13,759**	**10,927**	**4,458**	**15,385**

In addition to the expenses recognised in the income statement, the consolidated statement of comprehensive income includes a reduction of EUR 35,749 thousand (EUR 197,747 thousand in 2022) in adjustments to defined benefit plans in 2023 before deferred taxes and after changes in the scope of consolidation and exchange rate. Before deferred taxes, cumulative actuarial losses amounted to EUR 343,606 thousand (EUR 307,857 thousand in 2022).

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 2023, the defined benefit obligation came to EUR 46,996 thousand (EUR 50,285 thousand in 2022). Healthcare costs represented EUR 1,359 thousand

(EUR 2,235 thousand in 2022) of the current service cost and EUR 2,522 thousand (EUR 1,811 thousand in 2022) 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					
	31/12/2023					
	Germany		Rest of the world		Total	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0,50% / -0,50%	(32,125)	35,564	(4,899)	5,257	(37,024)	40,821
Discount rate +1,00% / -1,00%	(60,994)	74,733	(9,419)	11,574	(70,413)	86,307
Salary increases +0,50% / -0,50%	232	(226)	275	(260)	507	(486)
Pension increases +0,25% / -0,25%	11,299	(11,129)	821	(730)	12,120	(11,859)
Life expectancy +1 year	26,826	n/a	2,111	n/a	28,937	n/a

	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

Future cash flows

Benefit payments

At 31 December 2023, the future pension plan payments are as follows:

	Thousands of Euros
Due in 2024	41,373
Due in 2025	42,450
Due in 2026	43,614
Due in 2027	43,490
Due in 2028	43,778
Due in 2029 to 2033	210,012

Contributions to defined benefit plans

Contributions to defined benefit plans in 2024 are expected to amount to EUR 6,046 thousand.

Defined contribution plans

Under defined contribution plans, the Group 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 different defined contribution pension plans at Turner, Flatiron and E.E. Cruz in the US, and at Cimic in Australia. In the case of Turner, the employer matches the contribution at 2.5%, 3.75% or 5%, depending on the years of service. In addition, Turner makes an earnings-based employer contribution of between 3% and 9% of the employee's salary. The participant's 401k account is deposited in an external trust managed by the registrar, Fidelity. Turner employees have the option to defer a portion of their base salary up to the IRS annual limits in this plan. 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 made 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 401k 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 3.0% 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 11.00% (previously 10.50%) of the total wages and salary into the legal (retirement) pension plan since 1 July 2023. 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 2023 and 2022:

	Thousands of Euros	
	2023	**2022**
Amounts paid into defined contribution plans		
Cimic	131,156	117,126
Turner	68,900	65,270
Flatiron	10,922	10,673
Other	886	1,014
Total	**211,864**	**194,083**
Amounts paid into state pension schemes (employer share)	**26,792**	**24,268**

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 liabilities

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. It should be noted that the Group operates in different businesses and geographical areas with very specific sector regulations. Therefore, in the normal course of business, it is exposed to lawsuits arising from claims relating to defects or delays in construction work or discrepancies in costs and services provided. Some of these risks are covered by insurance policies, although the Group makes certain additional provisions to mitigate the risks of deviation for those risks where it considers its exposure to possible rulings other than those made locally to be high. 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 2023 is as follows:

Line of Business	Thousands of Euros
Construction	205,413
Concessions	159,311
Services	29,593
Corporation and others	1,048,152
Total	**1,442,469**

The most significant provisions in the Construction area relate to the Hochtief Group, for which period provisions were made at 31 December 2023 amounting to EUR 180,445 thousand (EUR 289,925 thousand at 31 December 2022). These provisions include those for insured claims amounting to EUR 153,409 thousand (EUR 259,091 thousand at 31 December 2022). Provisions for insurance claims consist of both liabilities for cover in the pre-claim phase and liabilities for claims incurred (claims phase after an insured event occurs). These provisions are measured based on a series of estimates and assumptions, in particular the estimate of future cash flows, and the procedures and data for determining both the discount rate and the adjustment for non-financial risk. At each reporting date, the estimated cash flows for provisions are remeasured using current discount rates. IFRS 17 provides for the option, applied at the portfolio level, to recognise the impact of changes in discount rates and financial risk in other comprehensive income rather than in the consolidated income statement. This is the option used at Hochtief.

In relation to Concessions, following the settlement agreement reached in 2023 regarding the process of reclaiming Radials R3 and R5 (see Note 36), the agreement was implemented after it was signed (see Note 29).

20.02. Current

The changes in current provisions in 2023 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 2022	**720**	**36,575**	**889,336**	**926,631**
Additions or charges for the year	1,022	6,096	546,772	553,890
Amounts used	—	(4,565)	(419,593)	(424,158)
Reversals	(1,052)	(4,780)	(48,581)	(54,413)
Exchange differences	(46)	(72)	(22,066)	(22,184)
Changes in the consolidation perimeter	—	(428)	104,060	103,632
Transfers	—	51	35,781	35,832
Balance at 31 December 2023	**644**	**32,877**	**1,085,709**	**1,119,230**

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)
2023	50	21,329	33,057
	-50	(21,329)	(33,057)
2022	50	22,614	25,743
	-50	(22,614)	(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			
		2023		2022	
Functional currency	Currency	5 %	-5 %	5 %	-5 %
AUD	USD	12.4	-12.4	9.7	-9.7
EUR	USD	-8.2	8.2	-5.4	5.4
CZK	EUR	3.8	-3.8	3.0	-3.0
EUR	CAD	-2.9	2.9	-2.9	2.9
USD	EUR	1.5	-1.5	0.9	-0.9
AUD	EUR	1.1	-1.1	1.8	-1.8
EUR	GBP	-0.9	0.9	0.8	-0.8
AUD	SGD	0.7	-0.7	0.7	-0.7

Effect on equity before tax:

		Millions of Euros			
		2023		2022	
Functional currency	Currency	5 %	-5 %	5 %	-5 %
EUR	USD	109.9	-109.9	97.8	-97.8
AUD	EUR	31.7	-31.7	-30.7	30.7
EUR	CAD	22.4	-22.4	20.1	-20.1
EUR	GBP	13.2	-13.2	12.1	-12.1
EUR	NOK	4.6	-4.6	5.2	-5.2
AUD	SGD	-4.1	4.1	—	—
EUR	CHF	2.7	-2.7	2.6	-2.6
EUR	DZD	2.2	-2.2	3.0	-3.0

The following tables show the breakdown of the major foreign currencies of the financial assets and liabilities of the ACS Group:

At 31 December 2023

	Millions of Euros					
	US Dollar (USD)	Polish zloty (PLN)	Pound sterling (GBP)	Australian Dollar (AUD)	Other currencies	Balance at 31/12/2023
Marketable securities (portfolio of short-term and long-term investments)	11,086	—	—	182,522	—	193,608
Loans to associates	68,749	—	42,116	43,163	677	154,705
Other loans	21,637	—	—	—	3,640	25,277
Bank borrowings, debt, and other held-for-trading liabilities (non-current)	279,327	269	3,798	1,256,262	—	1,539,656
Bank borrowings, debt, and other held-for-trading liabilities (current)	407,211	16,123	26,474	—	206,625	656,433

At 31 December 2022

	Millions of Euros					
	US Dollar (USD)	Brazilian Real (BRL)	Moroccan Dirham (MAD)	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	1	1,807,952
Bank borrowings, debt, and other held-for-trading liabilities (current)	502,054	13,848	32,949	70,189	210,010	829,050

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 2023 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.
- Hochtief refinanced, before maturity, the existing long-term syndicated loan of EUR 1,700 million maturing in 2024 and obtained another EUR 300 million for future corporate purposes, including the refinancing of existing credit facilities. Hochtief and an international bank syndicate reached an agreement for a credit facility with a five-year term from 30 March 2023 and options for an extension of up to two additional years. The total amount is divided into EUR 1,200 million in guarantee lines, EUR 500 million in credit facilities and EUR 300 million in loans.
- In early October 2023, Cimic repaid its credit facility of AUD 950 million (EUR 581 million) ahead of schedule. In the process, Cimic entered into a new credit facility for AUD 625 million (EUR 383 million) with a three-year term and a credit facility for AUD 522 million (EUR 319 million) with a five-year term. Cimic was therefore able to increase its liquidity reserves on the whole by more than AUD 267 million (EUR 164 million).
- In November 2023, Cimic signed a three-year syndicated bonding facility for AUD 1,300 million (EUR 799 million). This facility replaces the credit facility of AUD 1,400 million (EUR 861 million) that matured in March 2024 and covers the Cimic Group's operational guarantee requirements in addition to the existing bilateral guarantee and bonding facilities.

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 2024.

In November 2023, the credit rating agency Standard and Poor's (S&P) confirmed that ACS, Actividades de Construcción y Servicios, S.A. had 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 2023, "Other current financial assets" in the consolidated statement of financial position (see Note 06) amounted to EUR 1,163,599 thousand (EUR 1,180,617 thousand at 31 December 2022), of which EUR 957,248 thousand (EUR 986,911 thousand at 31 December 2022) 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 520,057 thousand at 31 December 2023 (EUR 239,178 thousand at 31 December 2022) 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 2023 and 2022 is detailed below:

	Thousands of Euros			
	31/12/2023			
	< 30 days	between 30 and 90 days	> 90 days	Total
Total	**284,667**	**118,609**	**326,083**	**729,359**

	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**

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.

The exposure in derivative contracts 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 ensure the exercise price of the remuneration systems, however, since the derivatives do not qualify for hedge accounting, their market value has a negative impact on the consolidated income statement only if the strike value offered to the beneficiaries decreases.

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 the project finance and debt with limited recourse.

The Group's directors consider that the gearing ratio at 31 December 2023 and 2022 was adequate, the detail being as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Net recourse debt / (cash)	**(605,659)**	**(463,147)**
Non-current bank borrowings (Note 17.02)	4,096,788	4,644,158
Current bank borrowings (Note 17.02)	1,382,117	1,337,676
Issue of bonds and debentures (Note 17.01)	3,971,569	4,028,652
Other financial liabilities (Note 19)	220,449	127,376
Long term deposits, other current financial assets and cash	(10,276,582)	(10,601,009)
Project financing (Note 18)	**205,463**	**239,142**
Net financial debt	**(400,196)**	**(224,005)**
Equity (Note 15)	**5,630,571**	**6,375,877**

21.07. Estimate of fair value

The detail at 31 December 2023 and 2022 of the ACS Group's assets and liabilities measured at fair value, based on the hierarchy levels mentioned in Note 03.08, is as follows:

	Thousands of Euros			
	Value at 31/12/2023	Level 1	Level 2	Level 3
Assets	**1,591,648**	**632,234**	**745,419**	**213,995**
Equity instruments	384,547	161,103	9,449	213,995
Loans to third parties	—	—	—	—
Debt securities	594,785	470,946	123,839	—
Other financial assets	—	—	—	—
Derivative financial instruments				
Non-current	84,269	—	84,269	—
Current	528,047	185	527,862	—
Liabilities	**38,392**	**194**	**37,202**	**996**
Derivative financial instruments				
Non-current	30,373	30	30,343	—
Current	8,019	164	6,859	996

	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	—

The decrease between years in assets included in level 1 is recognised under “Equity instruments” and is due to the sale of Ventia shares during the year (see Note 02.02.f). The assets recognised under “Debt securities” in level 1 are mainly from Hochtief and primarily relate 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 (see Note 10.04).

Level 2 of the Fair Value Measurement Hierarchy includes all the ACS Group’s financial derivatives, such as the forward contracts on ACS shares amounting to EUR 520,057 thousand (see Note 22), and other financial assets and liabilities 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 94,972 thousand (EUR 62,706 thousand at 31 December 2022), and the Hochtief division, amounting to EUR 28,867 thousand (EUR 35,214 thousand at 31 December 2022).

The equity instruments classified under level 3, the fair value of which amounts to EUR 213,995 thousand (EUR 161,456 thousand at 31 December 2022), relate mainly to unlisted financial assets. These assets most notably include those from Hochtief amounting to EUR 178,904 thousand (EUR 137,471 thousand at 31 December 2022), which were measured using discounted cash flow techniques. The non-observable data used for this purpose are an internal rate of return of 9%, growth rates of between 2.5% and 3.0%, and discount rates of between 8% and 15%.

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 2023 are as follows:

	Thousands of Euros						
	31/12/2022	Additions	Reductions	Valuation adjustments	Transfer Level 2	Others	31/12/2023
Assets - Equity instruments and derivative financial instruments	**512,202**	17,766	(61,810)	41,433	—	(295,596)	**213,995**
Liabilities - Derivative financial instruments	**3,842**	—	—	(2,846)	—	—	**996**

The changes in financial instruments included under Level 3 in 2022 were as follows:

	Thousands of Euros						
	01/01/2022	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 loans to third parties classified under level 3 in 2022 related to the earn-out from the sale of most of the Industrial Services Division (see Note 03.09.02).

No derivative instruments measured at fair value through profit or loss were transferred between levels 1 and 2 of the fair value hierarchy in 2023 or in 2022.

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 included in it and on the ACS Group’s areas of activity.

Therefore, in keeping with its commitment to continuous improvement, during the year the ACS Group continued to analyse and assess the most significant risks and to identify any opportunities, based on the exercise presented in the previous year’s report. In 2023, 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 weather and climate events, and chronic if they arise from more gradual 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 of the activities and assets of the Company and 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 Directors' Report of the ACS Group's consolidated Annual Accounts for 2023 and 2022, 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 together with the CORDEX information with high spatial resolution in their Fifth Assessment Report (AR5). The time horizon analysed for physical risks was updated in accordance with the recommendations of the European Sustainability Reporting Standard (ESRS1). Accordingly, the time horizons analysed were historical evolution (1986-2015) and future periods (2020-2049 and 2036-2065).
- For these scenarios and time horizons, a quantitative analysis of more than 80 representative projects relating to construction, services, concessions and natural resources activities was carried out, covering the Group's entire geographical deployment scope and various climate types.
- The ACS Group bases its 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. Therefore, as regards the risks relating 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.
- Consequently, unlike with the 2022 analysis, in 2023 the study incorporated the broad diversity of climate risk management measures that the Group's various subsidiaries customarily implement in their activities.

The main conclusion drawn from the analysis is that the application of measures to address climate risk, including transfer of risk to the customer, specific insurance, contractual climate risk hedging clauses, specific health and safety measures, the use of early warning systems or physical measures to address climate impacts, means that for any of the scenarios, horizons and activities considered, the physical risk associated with climate is low or very low.

- **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.
- During the year, work was carried out based on the transition risks identified in 2022. Accordingly, some regulatory and market transition risks were identified for the 2022-2035 period for the construction activity. These risks are very low or low for the two scenarios considered and medium for other reputational or market risks, especially for the 2036-2050 period. However, similar to the 2022 study on physical risks, this analysis on transition risks did not include an assessment of the measures the Group has in place to mitigate their potential effects.
- In 2023, work was carried out mainly to identify these ongoing measures and assess their impact on mitigating potential transition risks.
- As can be inferred from the summary table on transition risks included in section 5.1., the ACS Group currently has a variety of measures (decarbonisation plans in various subsidiaries, communication and awareness-raising actions, actions for rapid adaptation to the new regulation or anticipation of changes in the market) that enable it to face possible transition risks with assurances, in all the scenarios and time horizons 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. Based on the 2022 analysis, a detailed analysis has been

carried out to identify and quantify climate-related opportunities for the Group. The changes in and trend of the Group's portfolio in key sectors and the general trends of the potential market have therefore been analysed based on studies by independent entities.

The overall conclusion is that the opportunities associated with global needs for new infrastructure making it possible to achieve net zero emissions targets by 2050, together with the global targets set in order to close the climate change adaptation gap, may far outweigh the potential physical and transitional risks to the Group. Regarding potential physical and transitional risks, the Group's opportunity lies in having the competitive advantage of designing, building, repurposing and operating sustainable and climate-resilient infrastructure for its customers or for its PPP/concession projects by considering and analysing mitigation and adaptation measures and using new materials or technologies that support a project's climate resilience over its lifetime. In addition, due to its large size, the Group is ideally positioned to develop a more climate-resilient supply chain model by collaborating with its suppliers.

For example, over the last year, energy transition projects have doubled, to a total of EUR 4,152 million. Within this sector, the following projects stand out: batteries (electric vehicle factories, storage parks) have increased by a factor of 2.8, and power transmission and related facilities have tripled. In addition, the ACS Group has shown leadership through the growth its sales revenue in construction projects awarded with sustainable certification in recent years, with a 6% year-on-year increase. In 2023, sales in this sector reached EUR 14,087 million, currently accounting for 42.2% of total construction activity.

For more information, see point 4.1.1. Combating climate change, and point 4.11. European Union Taxonomy in the Non-Financial Information Statement in the ACS Group's Consolidated Directors' Report for 2023.

22. Derivative financial instruments

The details of the financial instruments at 31 December 2023 and 2022 are as follows:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
Hedges	84,269	24,322	112,187	16,985
Non-qualified hedges	—	6,051	3	6,584
Non-current	**84,269**	**30,373**	**112,190**	**23,569**
Hedges	4,405	6,514	12,991	765
Non-qualified hedges	523,642	1,505	239,848	130,772
Current	**528,047**	**8,019**	**252,839**	**131,537**
Total	**612,316**	**38,392**	**365,029**	**155,106**

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 2023 and 2022, based on the nature of the contracts, is as follows:

2023	Thousands of Euros							
	Notional value	2024	2025	2026	2027	2028	Subsequent years	Net fair value
Interest rate	1,626,462	115,605	—	977,544	—	—	533,313	50,543
Exchange rate	1,603,234	831	395,574	—	313,524	31,991	861,314	7,295
Price	—	—	—	—	—	—	—	—
Non-qualified hedges	503,216	372,596	—	—	125,868	4,752	—	516,086
Total	**3,732,912**	**489,032**	**395,574**	**977,544**	**439,392**	**36,743**	**1,394,627**	**573,924**

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**

The notional amount for non-current assets and liabilities held for sale relating to renewable energy and concession activities at 31 December 2023 was as follows:

	Thousands of Euros						
	Notional value	2024	2025	2026	2027	2028	Subsequent years
Interest rate	86,394	29,050	—	25,610	—	—	31,734

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 following table shows the fair value of the hedging instruments at 31 December 2023 and 2022, based on the nature of the contracts:

	Thousands of Euros			
	31/12/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities
Interest rate	63,036	12,493	102,271	2,873
Exchange rate	25,638	18,343	22,907	14,877
Price	—	—	—	—
Non-qualified hedges	523,642	7,556	239,851	137,356
Total	**612,316**	**38,392**	**365,029**	**155,106**

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 2023 and 31 December 2022 (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 940,000 thousand that relate to the hedge of the syndicated loan maturing in September 2026 (hedges amounting to EUR 1,143,000 thousand at 31 December 2022).

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 1,206,829 thousand, which primarily mature after 2027 (EUR 1,269,851 thousand in 2022, 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.

A new ACS share option plan and an ACS share plan for the next 5 years (2023-2028 Plan) were established in the second half of 2023 and have been outsourced to a financial institution (see Note 28.03). 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 31.55 per share). To ensure the exercise price of the remuneration systems, the Company has arranged two equity swaps linked to the remuneration plan referred to above. 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 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. Since ACS’s share price at 31 December 2023 is higher than the exercise price of the option, no liability in this connection has been recognised in the consolidated statement of financial position at 31 December 2023 given that the adjustment, if necessary, would be in favour of the plan beneficiary (EUR 129,962 thousand recognised on the liability side under “Current derivative financial instruments” at 31 December 2022). In the first half of 2023, the 2018 ACS share option plan ended (see Note 28.03), with a positive impact on the 2023 income statement in the amount of EUR 62,975 thousand (see Note 28.04).

At 31 December 2023, ACS, Actividades de Construcción y Servicios, S.A. has a forward derivative contract, settled by differences, on its own shares with a financial institution for a maximum total of

12,731,731 shares, adjustable on the basis of future dividends, and 111 maturities, with the last maturity date in February 2025 at a rate of 114,700 shares per session. In addition, at 31 December 2023 the Company had another forward derivative contract, settled by differences, on 12,705,666 shares, adjustable on the basis of future ACS dividends, with the last maturity date in August 2024, at a rate of 115,117 shares per session. After the reporting date, ACS, Actividades de Construcción y Servicios, S.A. renewed the latter contract, to be settled, also by differences, between 27 February 2025 and 5 August 2025 at 115,094 shares per session (see Notes 10.05 and 28.04).

The positive fair value of the forward contracts (settled by differences) related to ACS shares amounted to EUR 520,057 thousand at 31 December 2023 (EUR 239,178 thousand at 31 December 2022) and was recognised under "Current derivative financial instruments" on the asset side of the accompanying consolidated statement of financial position, following the impact of the re-strike of the forward contract for EUR 80 million. The effect on the income statement in 2023 is a profit of EUR 360,885 thousand (a profit of EUR 123,737 thousand in 2022) recognised under "Changes in 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 163,406 thousand at 31 December 2023 (EUR 218,139 at 31 December 2022).

As part of the divestment of Thiess, the transaction agreement included a put option for Elliott to sell all or part of its 50% interest in Thiess (Class A preference shares or ordinary shares) 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.

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. The fair value of the put option was determined by an external independent advisor. At 31 December 2023, the fair value of the put option was determined to be AUD 0, equivalent to EUR 0 (AUD 4.35 million, equivalent to EUR 2.77 million at 31 December 2022).

The input parameters assumed for the measurement were an expected exercise period of zero to three years, an EBITDA multiplier of 3 to 5 times and discount rates of between 10% and 15%. There were no significant interrelationships between unobservable inputs that could have a material effect on fair value. Changes in these data did not have a material effect on total comprehensive income, total assets and liabilities, or equity.

As indicated in Note 5, in 2022 Thiess issued Class C preference shares providing a coupon yield above all other equity instruments in the amount of EUR 14.0 million (EUR 3.2 million in 2022) for the Group's shareholding. 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 Class A preference shares or ordinary 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 an external independent advisor.

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 three to seven years and discount rates of 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 2023, the fair value of the Thiess option was determined to be AUD 1.62 million, equivalent to EUR 1 million (AUD 1.68 million, equivalent to EUR 1.07 million at 31 December 2022).

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 2,474,242 thousand in 2023 (EUR 2,422,566 thousand in 2022) (see Note 12) and the amount of the work billed in advance totalling EUR 620,915 thousand in 2023 (EUR 469,716 thousand in 2022).

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 459,976 thousand at 31 December 2023 (EUR 701,833 thousand at 31 December 2022). 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:

	2023	2022
	Days	
Average period of payment to suppliers	47	45
Ratio of transactions paid	51	49
Ratio of transactions pending payment	29	33
	Thousands of Euros	
Total payments made	1,669,836	1,457,990
Total payments pending	452,547	406,991

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:

	Period 2023	Period 2022
Monetary amount paid in thousands of euros in a period lower than the maximum established in the late payment regulations	1,642,687	1,445,426
Percentage of total monetary payments made to suppliers	98.4 %	99.1 %
Number of invoices paid in a period lower than the maximum established in the regulations on late payment.	503,213	469,581
Percentage over total number of invoices paid to suppliers	97.7 %	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, which does not include accounts payable for reverse factoring amounting to EUR 719,647 thousand.

“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. In the event that any financing is made available to creditors that allows for early payment, the date of the drawdown by the creditors will be considered to be the date of payment, provided that the cost is borne by the customer and there is no possibility of recourse to the supplier in the event of non-payment.

24. Other current liabilities

This heading of the consolidated statement of financial position at 31 December 2023 amounting to EUR 441,997 thousand (EUR 336,288 thousand at 31 December 2023) includes — in addition to EUR 214,876 thousand, of which EUR 191,953 thousand relate to reverse factoring arrangements issued for the payment of invoices to foreign suppliers — other items such as prepayments, payments to non-current asset suppliers, deposits and guarantees received, and amounts relating to current accounts with joint ventures and other third parties with accounts payable.

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, in 2023 the Group carried on its business activities through lines of business, which are the operating reporting segments as indicated in IFRS 8.

The main areas of the Group 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, such as data centres, energy, such as battery factories, 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 and others

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 property assets developed by Cogesa and the renewable energy and water assets, plus the effects of consolidation.

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: 2023

	Thousands of Euros				
	Construction	Concessions	Services	Corporate unit, others and adjustments	Total Group
REVENUE	**33,356,996**	**186,750**	**1,928,066**	**265,947**	**35,737,759**
Operating expenses net	(32,191,086)	(113,787)	(1,819,938)	(223,351)	(34,348,162)
Depreciation and amortisation	(451,706)	(16,183)	(51,622)	(31,508)	(551,019)
Impairment and gains or losses on the disposal of non-current assets	15,038	189,603	(189)	(163,441)	41,011
Other results	1,793	(3,566)	662	(154,081)	(155,192)
Ordinary results of companies accounted for using the equity method	170,377	231,868	—	9,635	411,880
Financial results	(201,393)	(69,019)	(14,586)	(70,690)	(355,688)
Changes in the fair value of financial instruments	(3,418)	1,070	—	424,784	422,436
Impairment and gain or losses on the disposal of financial instruments	4,009	447	—	(83,621)	(79,165)
Non-ordinary results of companies accounted for using the equity method	—	3,355	14	—	3,369
PROFIT / (LOSS) BEFORE TAX	**700,610**	**410,538**	**42,407**	**(26,326)**	**1,127,229**
Income tax	(145,002)	(9)	(12,866)	(41,207)	(199,084)
PROFIT / (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**555,608**	**410,529**	**29,541**	**(67,533)**	**928,145**
Profit after tax from discontinued operations	—	—	—	—	—
PROFIT / (LOSS) FOR THE PERIOD	**555,608**	**410,529**	**29,541**	**(67,533)**	**928,145**
Profit / (Loss) attributed to non-controlling interests	(121,712)	(24,987)	(1,880)	557	(148,022)
Profit / (loss) from discontinued operations attributed to non-controlling interests	—	—	—	—	—
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	**433,896**	**385,542**	**27,661**	**(66,976)**	**780,123**

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**

25.02.02. The breakdown of revenue for 2023 and 2022 in the Construction business is as follows:

	Thousands of Euros	
	2023	2022
Spain	**1,497,061**	**1,417,550**
Dragados	1,497,029	1,417,550
International	**31,859,935**	**30,015,337**
Dragados	4,103,921	3,796,005
Hochtief	27,756,014	26,219,332
Total	**33,356,996**	**31,432,887**

The breakdown of revenue in the Services business is as follows:

	Thousands of Euros	
	2023	2022
Facility Management	1,928,066	1,818,792
Total	**1,928,066**	**1,818,792**

Of the total revenue from the Services business, EUR 196,724 thousand in 2023 and EUR 193,812 thousand in 2022 relate to international operations, representing 10.2% and 10.7%, respectively.

Revenue is allocated on the basis of the geographical distribution of customers.

The reconciliation of revenue, by business segment, to consolidated revenue for 2023 and 2022 is as follows:

Segments	Thousands of Euros					
	2023			2022		
	External income	Inter-segment income	Total income	External income	Inter-segment income	Total income
Construction	33,336,923	20,073	**33,356,996**	31,417,056	15,831	**31,432,887**
Concessions	185,390	1,360	**186,750**	95,408	1,002	**96,410**
Services	1,924,931	3,135	**1,928,066**	1,815,792	3,000	**1,818,792**
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	290,515	(24,568)	**265,947**	286,978	(19,833)	**267,145**
Total	**35,737,759**	**—**	**35,737,759**	**33,615,234**	**—**	**33,615,234**

Inter-segment sales are made at market prices.

The reconciliation of operating profit/(loss), by business segment, to consolidated profit/(loss) before taxes for 2023 and 2022 is as follows:

Business segments	Thousands of Euros	
	2023	2022
Construction	555,608	530,902
Concessions	410,529	218,211
Services	29,541	27,816
Total profit / (loss) of the segments reported upon	**995,678**	**776,929**
(+/-) Non-assigned profit	(67,533)	95,855
(+/-) Income tax and / or profit / (loss) from discontinued operations	199,084	135,867
Profit / (Loss) before tax	**1,127,229**	**1,008,651**

Revenue by geographical area for 2023 and 2022 is as follows:

Revenue by Geographical Area	Thousands of Euros	
	2023	2022
Domestic market	3,356,407	3,170,387
Foreign market	32,381,352	30,444,847
a) European Union	2,063,605	2,032,978
a.1) Euro Zone	924,902	960,027
a.2) Non Euro Zone	1,138,703	1,072,951
b) Rest of countries	30,317,747	28,411,869
Total	**35,737,759**	**33,615,234**

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	
	2023	2022	2023	2022
Revenue	3,356,407	3,170,387	32,381,352	30,444,847
Segment assets	16,379,062	9,021,706	20,119,208	28,558,594
Total investments / (divestments) net	40,031	(423,316)	(24,284)	621,415

25.02.03 Breakdown of assets

The detail of the assets and liabilities by segment at 31 December 2023 and 2022 is as follows:

	Thousands of Euros			
	Assets		Liabilities	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Construction	26,865,971	25,484,331	23,554,324	21,964,396
Concessions	4,294,708	5,617,813	1,188,390	2,708,743
Services	1,615,743	1,620,838	802,195	817,364
Corporation, others and adjustments	3,721,848	4,857,318	5,322,790	5,713,920
Total	**36,498,270**	**37,580,300**	**30,867,699**	**31,204,423**

The assets at 31 December 2023 and 2022, by geographical area, are as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Europe	**17,028,125**	**13,968,427**
Spain	16,379,062	9,021,706
Germany	379,571	3,838,028
Rest of Europe	269,492	1,108,694
Rest of geographic areas	**19,470,145**	**23,611,873**
Americas	11,634,171	15,347,591
Asia	57,786	57,975
Australia	7,752,128	8,118,407
Africa	26,060	87,901
TOTAL	**36,498,270**	**37,580,300**

The additions to non-current assets, by line of business, were as follows:

	Thousands of Euros	
	2023	2022
Construction	452,264	489,927
Concessions	76,942	4,713
Services	68,968	94,135
Corporate unit, others and adjustments	1,234	6,137
Total	**599,408**	**594,912**

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, such as in the US or Australia.

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	
	31/12/2023	31/12/2022
Consolidated profit before tax	1,127,229	1,008,651
Net profit from equity accounted investments	(415,249)	(385,472)
Permanent differences	74,664	(341,558)
Taxable profit	786,644	281,621
Tax at 25%	196,661	70,406
Deductions for incentives	(5,446)	(5,849)
Effect of different standard tax rate in other countries	25,488	11,337
Current tax income expense	216,703	75,894
Effective rate, excluding equity method	27.5%	26.9%

The permanent differences in both 2023 and 2022 are mainly due to tax exempt income.

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.

The corporation tax charge for the year ended 31 December 2023 included the result of the Constitutional Court's 18 January 2024 judgment in the calculation of tax loss carryforwards for the period. This judgment declared unconstitutional the limits imposed on tax loss carryforwards introduced by Royal Decree Law 3/2016 for taxpayers with the tax profile of the Parent and its consolidated tax group (carryforward limited to 25% of taxable profit). The judgement therefore required returning the previous year's rule on the limit of tax loss carryforwards to 70% of taxable profit, which is the criterion applied by the Parent for calculating its tax for the period for the individual company and for the tax group.

26.03. Detail of income tax expense

The detail of the income tax expense is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Current income tax expense (Note 26.02)	216,703	75,894
Expense / (income) relating to adjustments to prior year's tax	(6,506)	(3,368)
(Income) arising from the application of prior year's deferred tax assets	(77,823)	(15,999)
Expense arising from deferred tax assets generated in the year and not capitalised	58,655	89,238
Gasto / (ingreso) por efecto sobre impuestos diferidos de cambios legislativos	170	32
Expense / (Income) other adjustments to tax for the year	7,885	55,403
Final balance of the income tax	**199,084**	**201,200**
Effective rate on consolidated profit or loss excluding equity-accounted profit or loss	28.0 %	32.3 %

The expense relating to deferred tax assets generated in the year and not recognised in 2023 and 2022 is a result mainly of the decision not to recognise the tax assets associated with the tax losses in certain jurisdictions, 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 not recognised.

In addition, no tax expense was incurred in 2023 or 2022 in relation to profit from discontinued operations.

26.04. Taxes recognised in equity

In addition to the tax effects recognised in the consolidated income statement, in 2023 a credit of EUR 16,808 thousand was recognised directly in the Group's equity (a charge of EUR 59,310 thousand in 2022). These amounts relate to tax effects of adjustments to financial assets through other comprehensive income, with a charge of EUR 6,857 thousand in 2023 (credit of EUR 18,451 thousand in 2022), cash flow derivatives, with a credit of EUR 17,501 thousand in 2023 (charge of EUR 29,697 thousand in 2022), actuarial losses, with a credit of EUR 4,771 thousand in 2023 (charge of EUR 47,543 thousand in 2022) and translation differences, with a credit of EUR 1,393 thousand in 2023 (charge of EUR 521 thousand in 2022).

26.05. Deferred taxes

The breakdown, by temporary differences, of the balance of these assets and the liabilities is as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Deferred tax assets arising from:		
Asset valuation adjustments and impairment losses	171,034	193,792
Other provisions	246,082	221,702
Pension costs	59,684	12,027
Income with different tax and accounting accruals	47,395	28,554
Losses of establishments abroad	100,389	94,804
Financial expenses not deductible	20,360	8,348
Other	288,046	294,776
Total	**932,990**	**854,003**
Assets for tax loss	352,914	401,958
Assets for deductions in quota	59,487	67,451
Total	**1,345,391**	**1,323,412**
Compensations of deferred tax assets/liabilities	(493,970)	(484,145)
Total deferred tax assets	**851,421**	**839,267**
Deferred tax liabilities arising from:		
Assets recognised at an amount higher than their tax base	407,270	344,854
Income with different tax and accounting accrual	84,158	110,673
Other	334,533	322,964
Total	**825,961**	**778,491**
Compensation of deferred tax assets/liabilities	(493,970)	(484,145)
Total deferred tax liabilities	**331,991**	**294,346**

At 31 December 2023, deferred tax assets and liabilities arising from temporary differences totalling EUR 493,970 thousand (EUR 484,145 thousand at 31 December 2022) 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 2023 and 2022 is as follows:

	Thousands of Euros								
	Balance at 31 December 2022	Current movement in the year	Charge/credit to equity				Business combinations		Balance at 31 December 2023
			Actuarial gains and losses	Charge/credit to asset and liability revaluation reserve	Available-for-sale financial assets	Other	Period acquisitions	Period disposals	
Assets	**1,323,412**	**29,194**	**4,771**	**(1,991)**	**—**	**(4,230)**	**3**	**(5,768)**	**1,345,391**
Temporary differences	854,003	82,437	4,771	(1,991)	—	(462)	—	(5,768)	932,990
Tax losses	401,958	(45,425)	—	—	—	(3,619)	—	—	352,914
Tax credits	67,451	(7,818)	—	—	—	(149)	3	—	59,487
Liabilities	**778,491**	**57,706**	**—**	**(12,428)**	**—**	**(4,083)**	**2**	**6,273**	**825,961**
Temporary differences	778,491	57,706	—	(12,428)	—	(4,083)	2	6,273	825,961

	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	**(74,442)**	**(47,543)**	**17,028**	**48,337**	**—**	**84,539**	**—**	**755**	**1,323,412**
Temporary differences	(38,867)	(47,543)	17,028	—	—	(3,070)	—	755	854,003
Tax losses	(25,777)	—	—	47,542	—	87,819	—	—	401,958
Tax credits	(9,798)	—	—	795	—	(210)	—	—	67,451
Liabilities	**54,010**	**—**	**28,515**	**21,973**	**—**	**(11)**	**1,547**	**2**	**778,491**
Temporary differences	54,010	—	28,515	21,973	—	(11)	1,547	2	778,491

Tax loss and tax credit carryforwards relating to the ACS Spanish Tax Group amounted to EUR 65,041 thousand at 31 December 2023 (EUR 63,711 thousand at 31 December 2022).

The detail of the deferred tax assets at 31 December 2023 and 2022 is as follows:

	Thousands of Euros					
	31/12/2023			31/12/2022		
	Tax Group in Spain	Other companies	Total	Tax Group in Spain	Other companies	Total
Credit for tax loss	9,991	307,597	**317,588**	—	372,704	**372,704**
Other temporary differences	287,023	187,323	**474,346**	275,950	123,162	**399,112**
Tax credits and tax relief	55,050	4,437	**59,487**	63,711	3,740	**67,451**
Total	**352,064**	**499,357**	**851,421**	**339,661**	**499,606**	**839,267**

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, amounting to EUR 331,991 thousand (EUR 294,346 thousand at 31 December 2022), have not substantially changed with respect to 31 December 2022, as the effect of the amendment to IAS 12, the application of which is mandatory as of 1 January 2023, is not material.

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, require 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 from tax losses, their use is subject to various conditions and periods established by the different applicable national regulations. However, there is no statutory limitation period in the vast majority of jurisdictions where losses have been incurred.

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 55,050 thousand (EUR 63,711 thousand in 2022), 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 2023 mainly relate to tax credits arising between 2011 and 2015 for reinvestment of capital gains, the statutory limitation period of which is 15 years.

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 2023, increases for subsequent years at annual rates of 3%.
- General maintenance of the scope of consolidation of companies in the Tax Group.
- 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.

	Thousands of Euros		
Validity limit	Due to timing differences	For tax losses	For deductions
2024	—	7,411	—
2025-2028	—	34,351	52,571
Subsequent	—	147,607	43,011
No limit	108,272	1,288,690	47

Of these amounts, the tax asset for uncapitalised losses attributable to the Spanish tax group amounted to EUR 847,239 thousand, of which EUR 362,015 thousand were generated in Spain and the rest abroad, with EUR 630,820 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.

In July 2023, the Group was notified that tax audits were being commenced on the Spanish tax group in relation to corporation tax, from 2018 to 2021, and VAT and withholdings, from 2019 to 2021. In view of the varying interpretations that can be made of the tax rules, this could result in tax liabilities that cannot be objectively quantified at the present time. However, the ACS Group's directors do not consider that any significant contingent liabilities in relation to the Group's profit could arise from any tax audit carried out.

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 yet to be transposed into Spanish law, it has been transposed in Germany, where it is fully in force.

Given that the ACS Group falls within the scope of application of this new tax, the impact that it will have has been assessed in accordance with the latest information available in the Country-by-Country Report, and with the financial information for 2023. According to this information, the effect is expected to be very limited, given that practically all the jurisdictions in which the Group operates have tax rates higher than the minimum rate of 15%. However, the ACS Group will continue to assess this matter in its future financial statements.

27. Revenue and backlog

27.01. Revenue

The distribution of revenue in 2023 and 2022 relating to the Group's ordinary operations, by business segment, is as follows:

Business segments	Thousands of Euros	
	2023	2022
Construction	33,356,996	31,432,887
Concessions	186,750	96,410
Services	1,928,066	1,818,792
(-) Corporation, others, adjustments and eliminations of ordinary inter-segment income	265,947	267,145
Total	**35,737,759**	**33,615,234**

Revenue amounting to EUR 35,737,759 thousand in 2023 (EUR 33,615,234 thousand in 2022) 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 2023 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	13,861,174	38.8 %	19,109,093	53.5 %	386,729	1.1 %	33,356,996	93.3 %
Concessions	—	0.0 %	186,750	0.5 %	—	0.0 %	186,750	0.5 %
Services	—	0.0 %	1,928,076	5.4 %	(10)	0.0 %	1,928,066	5.4 %
Corporate, others and adjustments	—	0.0 %	250,683	0.7 %	15,264	0.0 %	265,947	0.7 %
Total	**13,861,174**	**38.8 %**	**21,474,602**	**60.1 %**	**401,983**	**1.1 %**	**35,737,759**	**100.0 %**

Revenue by type for 2022 was 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 %	148,412	0.4 %	31,432,887	93.5 %
Concessions	—	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 %**	**163,103**	**0.5 %**	**33,615,234**	**100.0 %**

In 2023 foreign currency transactions relating to sales and services rendered amounted to EUR 31,204,723 thousand (EUR 29,140,304 thousand in 2022) and those relating to purchases and services received amounted to EUR 23,157,655 thousand (EUR 21,926,634 thousand in 2022).

The distribution of revenue relating to the Group's ordinary operations for 2023 and 2022, by the main countries where it operates, is as follows:

Revenue by Countries	Thousands of Euros	
	2023	2022
United States	20,106,805	18,837,354
Australia	7,228,784	6,350,306
Spain	3,356,407	3,170,387
Canada	1,900,222	1,919,322
Germany	837,643	858,833
Poland	486,809	404,078
United Kingdom	405,786	471,525
Czech Republic	228,885	167,751
Other	1,186,418	1,435,678
Total	**35,737,759**	**33,615,234**

27.02. Backlog

The backlog by line of business at 31 December 2023 and 2022 was as follows:

	Thousands of Euros	
	31/12/2023	31/12/2022
Construction	70,624,891	66,083,785
Services	2,913,418	2,912,176
Total	**73,538,309**	**68,995,960**

Revenue by backlog at 31 December 2023 is as follows:

	Construction/PPP		Construction Management/Services		Others		Total	
	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%	Thousands of Euros	%
Construction	31,994,220	43.5 %	38,562,866	52.4 %	67,805	0.1 %	70,624,891	96.0 %
Services	—	0.0 %	2,913,418	4.0 %	—	0.0 %	2,913,418	4.0 %
Total	**31,994,220**	**43.5 %**	**41,476,284**	**56.4 %**	**67,805**	**0.1 %**	**73,538,309**	**100.0 %**

Revenue by backlog at 31 December 2022 was 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 %**

The backlog would be equivalent to approximately 23 months of activity at 31 December 2023 (23 months at 31 December 2022).

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 1,405 thousand (EUR 250 thousand in 2022), 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 2023.

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 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Cost of merchandise sold	2,247	69,552
Cost of raw materials and other consumables used	22,038,581	20,909,402
Contract work carried out by other companies	2,421,057	2,395,880
Impairment of merchandise, raw material and procurements	54	381
Total	**24,461,939**	**23,375,215**

28.02. Personnel expenses

The breakdown of personnel expenses in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Wages and salaries	6,631,259	6,131,472
Social security costs	953,731	885,417
Other personnal expenses	252,163	234,612
Provisions	(1,889)	(1,619)
Total	**7,835,264**	**7,249,882**

Personnel expenses amounting to EUR 6,946 thousand in 2023 (EUR 4,471 thousand in 2022) 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 2023 and 2022 is as follows:

By professional category	Average number of employees					
	2023			2022		
	Men	Women	Total	Men	Women	Total
University graduates	12,333	4,800	**17,133**	11,563	4,591	**16,154**
Junior college graduates	1,948	2,233	**4,181**	1,793	2,182	**3,975**
Non-graduate line personnel	10,597	7,444	**18,041**	10,080	7,246	**17,326**
Clerical personnel	1,874	2,609	**4,483**	1,826	2,699	**4,525**
Other employees	32,503	57,549	**90,052**	29,251	55,555	**84,806**
Total	**59,255**	**74,635**	**133,890**	**54,513**	**72,273**	**126,786**

The distribution of the average number of employees in 2023 and 2022, by line of business, was as follows:

	Average number of employees	
	2023	2022
Construction	50,969	46,270
Concessions	440	402
Services	82,246	79,880
Corporate unit and others	235	234
Total	**133,890**	**126,786**

The average number of employees with disabilities at ACS Group companies with offices in Spain in 2023 amounted to 7,764 people (7,091 people in 2022). This represents 9.8% (9.2% in 2022) 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					
	2023			2022		
	Men	Women	Total	Men	Women	Total
University graduates	17	12	**29**	15	12	**27**
Junior college graduates	16	32	**48**	16	34	**50**
Non-graduate line personnel	1,673	1,649	**3,322**	1,449	1,426	**2,875**
Clerical personnel	27	84	**111**	31	80	**111**
Other employees	1,515	2,739	**4,254**	1,394	2,634	**4,028**
Total	**3,248**	**4,516**	**7,764**	**2,905**	**4,186**	**7,091**

28.03. Share-based remuneration systems

ACS

On 27 July 2023, the Board of ACS, Actividades de Construcción y Servicios, S.A., using the authorisation granted by the shareholders at the Company's Annual General Meeting held on 5 May 2023, and following a favourable report from the Remuneration Committee, approved the Long-Term Incentive Plan for ACS Group executives, covering a period of five years (2023-2028) and with the following main characteristics:

a. Plan involving the delivery of shares of ACS, Actividades de Construcción y Servicios, S.A. (Long-Term Incentive Plan 1, “LTIP1”) or purchase options on the Company’s own shares (Long-Term Incentive Plan 2, “LTIP2”). Specifically, LTIP1 is a share-based plan that is limited to executives of ACS and Group subsidiaries who have no other long-term incentive plan in their compensation scheme (as is the case of Hochtief and its subsidiaries); by contrast, LTIP2 is a share option plan that is offered to executives throughout the Group, including the main subsidiaries over which the Group has operational control.

b. A total of 1,120,000 shares are covered by LTIP1. The beneficiaries are 131 executives with the right to receive from 100,000 to 1,150 shares.

c. A maximum of 10,000,000 shares will be covered by the share option plan (LTIP2). The beneficiaries are 229 executives with the right to exercise from 590,000 to 5,000 options.

d. In the case of shares (LTIP1), the price is considered the last quoted price before the delivery date. The acquisition price of the options will be EUR 31.55 per share. This price will change by the corresponding amount should a dilution take place.

e. Beneficiaries may exercise the rights during the last two years and subject to a service condition.

f. The rights may be exercised up until 30 June 2028:

   i. For LTIP1, the shares will be delivered in two instalments: the first half in July 2026 and the second half in July 2027.

   ii. For LTIP2, the options may be exercised in two equal parts, which can be simultaneous if the beneficiary so wishes, during the fourth and fifth years from 1 July 2023.

g. For each beneficiary to receive shares or exercise options granted, in addition to meeting the service condition, the operational, financial and sustainability performance of the ACS Group during the calculation period must meet the Group’s objectives. The criteria chosen for meeting these objectives are:

   1. With a weighting of 40%, the total shareholder return (TSR) over the period (2023-2025) must be higher than the median of the main companies in the sector with a stock market capitalisation and international status comparable to ACS (these companies are detailed in Appendix 1). In this case, the executive receives 100% of the rights allocated under this criterion. If the TSR over this period is less than the 25th percentile of the comparable sample, the executive receives no rights under this criterion. If the TSR is between the 25th and 50th percentile of the sample, the number of rights received by the executive will be proportional to result within this range (0% for the 25th percentile and 100% for the 50th percentile).
   2. With a weighting of 40%, the average return on equity (ROE) of the ACS Group in 2023-2025, measured as the percentage of net profit over equity for the previous year (Net Profit n / Equity n-1), must above 10%. If the result is lower, no rights will be granted to the executive.
   3. With a weighting of 20%, the average percentile obtained in the DJSI in 2023-2025 must be greater than 85%. In this case, the executive receives 100% of the rights allocated under this criterion. If the average DJSI percentile in the measurement period is less than the 60th percentile, the executive receives no rights under this criterion. If the result for ACS is between the 60th and 85th percentile, the number of rights received by the executive will be proportional to result within this range (0% for the 60th percentile and 100% for the 85th percentile).

Tax withholdings, expenses and the taxes payable as a result of exercising the shares and the share options will be borne exclusively by the beneficiaries.

The ACS Group's previous share option plan (granted in 2018) ended in June 2023 without the options being exercised.

Share-based remuneration, which is recognised as personnel expenses in the consolidated income statement with a balancing entry in equity, amounts to EUR 6,946 thousand in 2023, of which EUR 4,710 thousand relates to the 2023-2028 Plan and EUR 2,236 thousand to the 2018-2022 Plan (EUR 4,471 thousand in 2022). The stock market price of ACS shares at 31 December 2023 and 2022 was EUR 40.16 and EUR 26.77 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 2023. In 2023, EUR 4,471 thousand (see Note 28.02) (EUR 4,471 thousand in 2022) 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 provisions recognised for these share-based payment plans at 31 December 2023 totalled EUR 3,363 thousand (EUR 3,768 thousand at 31 December 2022). EUR 4,851 thousand (EUR 1,007 thousand in 2022) were taken to the consolidated income statement in this connection in 2023. 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 2023:

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.

The plan was fully exercised in 2023.

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) applied in an exercise period of two years after a waiting period of three years, entitled individuals receive 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.

Long-term Incentive Plan 2023

The Long-term Incentive Plan 2023 (LTIP 2023) 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) applied in an exercise period of two years after a waiting period of three years, entitled individuals receive 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 262.08 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 2022	Granted in 2023	Expired in 2023	Exercised / settled in 2023	Disposal / Sale	Outstanding at 31 Dec 2023
LTIP 2018 – performance stock awards	20,069	1,900	—	—	1,900	—	—
LTIP 2019 – performance stock awards	21,485	19,035	—	—	18,235	—	800
LTIP 2021 – performance stock awards	12,857	12,857	—	—	—	—	12,857
LTIP 2022 – performance stock awards	3,133	3,133	—	—	—	—	3,133
LTIP 2023 – performance stock awards	—	—	34,364	—	—	—	34,364

Provisions recognised for the share-based payment plans totalled EUR 3,363 thousand at the reporting date (EUR 3,768 thousand in 2022). The total expenses recognised for the plans declared in 2023 amounted to EUR 4,851 thousand (total income of EUR 1,007 thousand in 2022). The intrinsic value of the plans to be exercised at the end of the reporting period was EUR 79 thousand (EUR 1,154 thousand in 2022).

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 important outcome in 2023 is the positive impact of derivatives on ACS shares (forward contracts settled by differences), which resulted in a profit of EUR 360,885 thousand (a profit of EUR 123,737 thousand in 2022). Also taken into account is the effect of the derivatives of ACS, Actividades de Construcción y Servicios, S.A. on the ACS share options, which gave rise to a profit of EUR 62,975 thousand (a profit of EUR 40,992 thousand in 2022), as described in Note 22.

28.05. Finance cost

The breakdown of finance costs in 2023 and 2022 is as follows:

Financial costs	Millions of Euros	%	Millions of Euros	%
	2023		2022	
Debt-related financial expenses	558.6	85	361.1	75
Financial expenses for Collateral and Guarantees	21.4	3	27.1	6
Other financial expenses	79.1	12	96.0	19
Total	**659.1**	**100**	**484.2**	**100**

Although finance costs have a limited impact since most of the Group's debt is hedged against interest rate fluctuations, the ordinary net finance expense rose as a result of higher interest rates for financing short-term working capital, and financing derived from Iridium's purchase of the SH288.

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

In 2023, "Gains or losses on disposal of non-current assets" mainly includes the recognition of the capital gain on the sale of 56.76% of the SH288 highway to Abertis Infraestructuras (see Note 02.02.f) for EUR 180 million and, in accordance with the standard on business combinations, the positive impact (with no effect on cash flows) of the revaluation of the remaining 43.24% at fair value, amounting to EUR 262 million. In addition, "Impairment/Reversal of impairment on non-current assets" includes the amounts related to provisions made to mitigate certain operational risks of the Group that were reassessed at year-end 2023.

In 2022, "Gains or losses on disposal of non-current assets" mainly included the following:

- The recognition of the capital gain relating to the purchase of an additional 56.76% of the SH288 highway, which, together with the 21.62% previously held, enabled the Group to obtain control of the highway and manage its relevant activities. Therefore, instead of being accounted for using the equity method, it was fully consolidated at fair value of the transaction, and, consequently, the portion originally held by the Group was measured at fair value, with a positive impact in the amount of EUR 334.8 million (see Note 02.02.f).
- The effects of the exclusion of Ventia from the scope of consolidation of Cimic in the first quarter of 2022 due to the loss of its status as associate, as a result of which it was recognised as a financial asset under IFRS 9 at fair value through other comprehensive income, taking the market price of Ventia at that date as the reference. This resulted in a profit (with no effect on cash flows) of EUR 338.3 million (AUD 502 million), as indicated in Note 02.02.f.
- On 11 April 2022, Cimic entered into an agreement with its consortium partners and JKC on all matters in relation to the CCPP contract with a negative impact on Cimic's income statement in the amount of EUR 325 million (AUD 493 million), which was recognised under "Other operating expenses" in the accompanying consolidated income statement. As a result, Cimic paid EUR 127 million in 2022 and EUR 183.5 million in 2023.
- The results 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., those relating to the photovoltaic energy development projects in Spain, 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).

b) Impairment and gains or losses on disposal of financial instruments

The breakdown of "Impairment and gains or losses on disposal of financial instruments" in 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Impairment of financial instruments	(72,445)	(428)
Gains or losses on disposal of financial instruments	(6,720)	7,773
Total	**(79,165)**	**7,345**

c) Other results

This heading includes any gains or losses recognised by the Group that are considered to be non-recurring, mainly arising from the final settlement of lawsuits and disputes involving projects related termination agreements and extraordinary work completed and indemnities relating to work concluded on various international projects for a net loss of EUR 155 million in 2023 after taking into consideration the net use of certain provisions for risks amounting to EUR 79 million (a loss of EUR 278 million in 2022).

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 distribution of the profit for 2023 that the Parent's Board will propose for approval at the Annual General Meeting is the transfer to voluntary reserves of the Company's entire profit for the year amounting to EUR 1,141,079 thousand.

31. Earnings per share from continuing and discontinued operations

31.01. Basic earning 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:

	2023	2022	Change (%)
Net profit for the period (Thousands of Euros)	780,123	668,227	16.75
Weighted average number of shares outstanding	260,320,413	266,979,163	(2.49)
Basic earnings per share (Euros)	**3.00**	**2.50**	**20.00**
Diluted earnings per share (Euros)	**3.00**	**2.50**	**20.00**
Profit after tax and non-controlling interests from discontinued operations (Thousands of Euros)	—	65,333	(100.00)
Basic earnings per share from discontinued operations (Euros)	—	0.24	(100.00)
Basic earnings per share from continuing operations (Euros)	**3.00**	**2.26**	**32.74**
Diluted earnings per share from discontinued operations (Euros)	—	0.24	(100.00)
Diluted earnings per share from continuing operations (Euros)	**3.00**	**2.26**	**32.74**

	Number of shares	
	2023	2022
Common shares outstanding at 01 January	258,259,940	275,787,918
Effect of own shares	8,346,254	2,972,022
Effect of shares issued	9,698,253	12,180,186
Effect of redeemed shares	(15,698,253)	(32,680,186)
Common shares outstanding at 31 December	260,606,194	258,259,940
Weighted average number of shares outstanding at 31 December	260,320,413	266,979,163

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 execution of the share plan and the ACS share option plan currently in force at 31 December 2023 (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 2023, 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 2023 are the same.

32. Events after the reporting date

On 8 January 2024, 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 5 May 2023. 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 5 May 2023 (through which an optional dividend in shares or cash is structured) was set at 3,234,472 shares on 16 January 2024.

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 0.457 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 35.45% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in January 2024 the following events took place:

– The dividend was determined to be a total gross amount of EUR 45,067,502.86 (EUR 0.457 per share) and was paid on 6 February 2024.
– The final number of shares subject to the capital increase was 1,875,974 for a nominal amount of EUR 937,987.00, which were redeemed simultaneously for the same amount (see Note 08.02).

On 30 January 2024, in relation to the Supreme Court judgment handed down the previous day, which rules on the appeal filed by ACESA — a subsidiary of Abertis — in relation to the AP 7 agreement, ACS reported that the impact of this ruling on its consolidated financial statements is a loss of EUR 14.5 million and that it has already been taken into account in the profit for 2023.

At 15 February 2024, the commitment relating to the capital increase of EUR 390 million (30% of the total EUR 1,300 million commitment) approved by Abertis Holdco's shareholders prior to the reporting date (see Note 09).

The Texas Transportation Commission (USA) met on March 28, 2024 to authorize the creation of a transportation corporation and the possible early termination of the concession contract for the SH-288 highway, currently owned by the ACS Group and Abertis, which has been operating with outstanding success since it came into operation in November 2020. The termination fee maintained by the grantor amounts to approximately US$1,732 million.

However, the Commission has announced that prior to the decision, a six-month period will be opened in which possible alternatives that avoid such early termination and that reflect the interest of the State of Texas and the investor shareholders will be negotiated.

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	
	2023	2022
Sale of goods and services	208,924	152,334
Purchase of goods and services	137	113
Accounts receivable	398,555	329,940
Accounts payable	727,007	89,628

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 2023:

2023 Related transactions Management or collaboration contracts	Other related parties	
	Others	Total
	Thousands of Euros	
Services rendered	171	**171**
Sale of goods	1,336	**1,336**
Income	**1,507**	**1,507**

The following transactions were performed in 2022:

2022 Related transactions Management or collaboration contracts	Other related parties	
	Others	Total
	Thousands of Euros	
Services rendered	156	**156**
Income	**156**	**156**

The transactions with other related parties are listed due to the relationship of certain directors of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or senior executives.

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 2023 and 2022:

	Thousands of Euros	
	2023	2022
Remuneration for membership of the Board and / or Commissions	3,791	3,637
Wages	5,176	4,937
Variable cash remuneration	9,862	7,954
Payment systems based on financial instruments	1,664	484
Total	**20,493**	**17,012**

The amounts charged to the consolidated income statement as a result of ACS shares and share options (see Note 28.03) granted in 2018 and 2023 to Board members with executive duties amounted to EUR 989 thousand, of which EUR 850 thousand correspond to the 2023 Plan and EUR 139 thousand to the 2018 Plan (EUR 278 thousand in 2022). 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 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Long-term savings systems	2,518	2,564
Other concepts	87	75
Total	**2,605**	**2,639**

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 2023 and 2022.

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 2023 and 2022, was as follows:

	Thousands of Euros	
	2023	2022
Salary remuneration (fixed and variable)	32,030	22,952
Pension plans	2,239	2,062
Life insurances	53	52

The increase in remuneration (fixed and variable) of the Group's senior executives is basically due to the change in the composition of senior management and the increase in the number of senior executives. The amounts recognised in the consolidated income statement in 2023 as a result of ACS shares and share options (see Note 28.03) granted to the Group's executives in July 2018 and July 2023 amounted to EUR 1,960 thousand, of which EUR 1,538 thousand correspond to the 2023 Plan and EUR 422 thousand to the 2018 Plan (EUR 2,757 thousand in 2022) 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 2023 and 2022.

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 2,266 thousand in 2023 (EUR 2,399 thousand in 2022).

In 2023 and 2022, 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	
	31/12/2023	31/12/2022
Technical guarantees	7,580,438	6,958,193
Financial guarantees	228,376	268,310
Guarantees and guarantees in relation to Bonding Lines	19,825,376	16,848,333
Total	**27,634,190**	**24,074,836**

The limit of the guarantees and sureties granted to third parties at 31 December 2023 amounted to EUR 32,033,058 thousand (EUR 29,359,222 thousand at 31 December 2022).

The financial guarantees amounting to EUR 228 million (EUR 268 million at 31 December 2022) include EUR 24 million for progress guarantees (EUR 66 million at 31 December 2022), EUR 88 million correspond to capital contribution commitments for projects (EUR 93 million at 31 December 2022), with the remaining EUR 116 million corresponding to other financial guarantees (EUR 110 million at 31 December 2022). 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. At 31 December 2023, the fair value of the put option (see Note 22) was determined to be AUD 0, equivalent to EUR 0 (AUD 4.35 million, equivalent to EUR 2.77 million at 31 December 2022). 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 2023, the fair value of the Thiess option was determined to be AUD 1.62 million, equivalent to EUR 1 million (AUD 1.68 million, equivalent to EUR 1.07 million at 31 December 2022).

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.

As for litigation-related payments made by the ACS Group in 2023, the payments made to settle the litigation involving Radials 3 and 5 and the last payment relating to the CCPP Ichthys project in Australia amounted to a total of EUR 234 million (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.

In relation to the ACS Group's investment in Alazor (R3 and R5 highways), on 10 March 2023, Alazor Inversiones, S.A.'s creditor funds and banks entered into a settlement agreement with ACS, Actividades de Construcción y Servicios, S.A.; Desarrollo de Concesiones Viarias Uno, S.L.; Autopistas, C.E.S.A.; and Iberpistas, S.A., in the presence of the trustees in bankruptcy, with respect to all the proceedings relating to successive lawsuits filed by Alazor's financial creditors against the shareholders and guarantors (the "Settlement Agreement").

The following lawsuits were part of this settlement:

1. The claim for declaratory proceedings filed in May 2019 by Haitong Bank, S.A. Sucursal en España, acting as agent of the financing syndicate, invoking clause 4 (viii) of the Support Agreement, in which it claimed the direct payment of EUR 562.5 million plus interest (of which EUR 132.8 million plus interest corresponded to the ACS Group). Court of the First Instance no. 26 of Madrid upheld the claim in a judgment dated 2 November 2021, ruling against Alazor's shareholders and their respective guarantors. The defendants filed an appeal against this judgment on 20 December 2021, and a ruling has yet to be handed down by Section 13 of the Madrid Provincial Court.

   The joint application by the signatories of the Settlement Agreement for the termination of this lawsuit as a result of an out-of-court settlement and without awarding costs was upheld by the Madrid Provincial Court by the order dated 23 November 2023. The lawsuit was therefore considered to be concluded for ACS, DCV1, Autopistas and Iberpistas, continuing only for the Funds and Sacyr. The lawsuit was therefore considered to be concluded for ACS, DCV1, Autopistas and Iberpistas, continuing only for the Funds and Sacyr. Subsequent to year-end, a total of EUR 50,627 thousand was received in accordance with the Settlement Agreement reached between the creditor funds and banks of Alazor Inversiones, S.A. and ACS, Actividades de Construcción y Servicios, S.A. and Desarrollo de Concesiones Viarias Uno (DCV1), S.L.".

2. The claim for declaratory proceedings filed in January 2019 by the creditor funds and banks, invoking clause 2 and clause 5 of the Support Agreement to claim contributions in favour of Alazor, in relation to expropriation cost overruns and compliance with refinancing ratios, for a total amount of EUR 757 million plus interest (of which EUR 169 million would correspond to the ACS Group). Court of the First Instance no. 13 of Madrid dismissed the lawsuit in its entirety through a judgment dated 7 November 2022, acquitting the shareholders and guarantors. The Funds filed an appeal on 13 December 2022, which was considered to have been filed by the Court on 15 June 2023, although the case files have not yet been sent to the Madrid Provincial Court.

   In this case, the application for termination as a result of an out-of-court settlement under the Settlement Agreement was filed with the Court on 15 March 2023 and, after the hearing took place, a ruling has yet to be handed down.

3. The claim filed by the shareholders and guarantors before Court of the First Instance no. 51 of Madrid for harm and loss caused after the Provincial Court revoked the enforcement order issued in February 2014 in the first lawsuit relating to clause 4 (viii) of the Support Agreement.

The corresponding application for termination as a result of an out-of-court settlement was upheld by the Court by means of a decree dated 21 March 2023.

In relation to the ACS Group's investment in Irasa (R2 highway), through a claim for declaratory proceedings filed in September 2019, the creditor funds invoked clauses 2.1.2 and 2.1.4 of the Shareholders' Commitment Agreement to claim payment for EUR 471.8 million in principal, plus EUR 79.7 million in interest (of which EUR 165.1 million and EUR 27.9 million would correspond to the ACS Group, respectively), for construction and expropriation cost overruns and contingent contributions. This claim was dismissed, with an order to pay court costs, by Madrid Court of the First Instance no. 37 in a judgement dated 14 July 2022. The appeal filed by the Funds was also dismissed with an order to pay costs, and the ruling was handed down by Section 10 of the Madrid Provincial Court through a judgment dated 21 December 2023. The Funds have filed an appeal to the Supreme Court against this last judgment (the Court considered it to have been filed on 12 February 2024), and the Admissions Section of the First Chamber of the Supreme Court has yet to decide whether or not to grant it leave to proceed.

In relation to the insolvency proceedings involving the R2 and the R3-R5 highways, (Henarsa, Irasa, Accesos de Madrid and Alazor), they were all declared to be not at fault. The trustees in bankruptcy of Henarsa and Accesos de Madrid handed over the operation of the R2, R3 and R5 highways to the State in documents dated 28 February and 9 May 2018, respectively; they are now 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 rejected 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 Arbitral Tribunal sent a notice on 27 June 2023 inviting the parties to file their written submissions on court costs. The award for damages is expected to be issued in the second quarter of 2024.

ICSID Arbitration 2: 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").

On 16 May 2022, the Secretary-General of the ICSID reported that the three arbitrators had accepted their respective appointments and, 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. The Republic of Peru filed its Statement of Defence on 2 October 2023.

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. On 11 April 2023, the Secretary-General of the ICSID reported that the three arbitrators had accepted their respective appointments and, therefore, the Arbitral Tribunal was duly constituted and the procedure initiated. The first session of the Arbitral Tribunal was held on 29 May 2023. The concession operator filed the Statement of Claim on 29 September 2023.

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 2022, the CNMC served notice that a ruling had been handed down imposing 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 was provided in February 2023. 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 unlikely to have a significant effect on the Group.

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 93.2% 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 83.2% 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.

For more information on these impacts, see the Non-Financial Information Statement in the ACS Group’s Consolidated Directors’ Report for 2023.

Environmental expenses incurred in 2023 amounted to EUR 5,938 thousand (EUR 14,840 thousand in 2022).

38. Auditors' fees

The fees for financial audit services provided to the various companies in 2023 and 2022 were as follows:

	Thousands of Euros	
	2023	2022
Audit service fees	**13,039**	**12,891**
Main auditor	11,227	8,883
Other auditors	1,812	4,008
Non-audit services	**3,689**	**3,753**
Services required by applicable regulations	**190**	**288**
Main auditor	190	288
Other auditors	—	—
Other verification services	**804**	**232**
Main auditor	804	232
Other auditors	—	—
Fees for fiscal services	**2,031**	**1,730**
Main auditor	871	419
Other auditors	1,160	1,311
Other services	**664**	**1,503**
Main auditor	26	345
Other auditors	638	1,158
Total	**16,728**	**16,644**

The ACS Group's main auditor in 2023 was Deloitte (KPMG in 2022).

In relation to services provided in Spain:

- The fees relating to audit services provided by Deloitte, S.L. for the financial statements amounted to EUR 2,249 thousand (EUR 1,957 thousand in 2022 by KPMG Auditores, S.L.). These fees include those related to the limited half-yearly reviews.
- Fees for non-audit services provided by Deloitte amounted to EUR 731 thousand (EUR 321 thousand in 2022 by KPMG Auditores, S.L.).

In relation to the main auditor, the table above shows that the amount for "Services required by accounting regulations" includes mainly the verification of the Non-Financial Reporting Statement. "Other verification services" mainly includes the ICFR report, comfort letter work and due diligence work. Lastly, "Tax services" mainly includes tax services related to general advisory services.

39. Explanation added for translation to English

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

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 2023, 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 88% 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 in 2023 and 2022. 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 property 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		
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. Sâo 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, 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.	Avda. Vitacura nº 2939. 2201 Las Condes. 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 %
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 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Muelle Melbourne & Clark, S.A.	Avda. Vitacura nº 2939. 2201 Las Condes. Santiago de Chile. Chile.	50.00 %
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 %
Vías y Construcciones, S.A.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
CONSTRUCTION - HOCHTIEF		
Hochtief Aktiengesellschaft	**Essen. Alemania**	**78.48 %**
Beggen PropCo Sàrl	Steinfort. Luxemburgo	78.48 %
Eurafrica Baugesellschaft mbH	Essen. Alemania	78.48 %
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH	Essen. Alemania	78.48 %
NEXPLORE Hong Kong Ltd.	Hongkong	78.48 %
NEXPLORE Technology GmbH	Essen. Alemania	78.48 %
NEXPLORE Technology Holding GmbH & Co. KG	Essen. Alemania	78.48 %
NEXPLORE Technology Verwaltungs GmbH	Essen. Alemania	78.48 %
Steinfort Multi-Asset Fund SICAV-SIF	Luxemburgo. Luxemburgo	78.48 %
Steinfort PropCo Sàrl	Steinfort. Luxemburgo	78.48 %
Stonefort Captive Management S.A.	Steinfort. Luxemburgo	78.48 %
Stonefort Insurance Holdings S.A.	Steinfort. Luxemburgo	78.48 %
Stonefort Insurance S.A.	Steinfort. Luxemburgo	78.48 %
Stonefort Reinsurance S.A.	Luxemburgo. Luxemburgo	78.48 %
Vintage Real Estate HoldCo Sàrl	Steinfort. Luxemburgo	78.48 %
Hochtief Americas		
Hochtief Americas GmbH	**Essen. Alemania**	**78.48 %**
Auburndale Company Inc.	Ohio. Estados Unidos	78.48 %
Canadian Borealis Construction Inc.	Alberta. Canadá	61.19 %
Canadian Borealis Holdings Inc.	Canadá	61.19 %
Canadian Turner Construction Company Ltd.	Toronto. Canadá	78.48 %
CB Finco Corporation	Alberta. Canadá	61.19 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
CB Resources Corporation	Alberta. Canadá	61.19 %
Clark Builders (British Columbia) Inc.	Canadá	47.71 %
Clark Builders (Manitoba) Inc.	Canadá	47.71 %
Clark Builders Partnership	Alberta. Canadá	61.19 %
Clark/ Scott Builders Inc	Canadá	30.60 %
Clark Turner Dawson Creek JV	Vancouver. Canadá	69.85 %
E.E. Cruz and Company Inc.	Holmdel. Estados Unidos	78.48 %
FECO Equipment	Denver. Estados Unidos	78.48 %
Flatiron-Blythe Development Company JV	Firestone. Estados Unidos	54.93 %
Flatiron-Branch Civi JV	Broomsfield. Estados Unidos	47.09 %
Flatiron Construction Corp.	Wilmington. Estados Unidos	78.48 %
Flatiron Constructors Canada Ltd.	Vancouver. Canadá	78.48 %
Flatiron Constructors Inc.	Wilmington. Estados Unidos	78.48 %
Flatiron Constructors Inc. – Blythe Development Company JV	Firestone. Estados Unidos.	47.09 %
Flatiron Constructors Inc. Canadian Branch	Vancouver. Canadá	78.48 %
Flatiron Equipment Company Canada	Calgary. Canadá	78.48 %
Flatiron Greenline Canada Ltd.	Calgary. Canadá	78.48 %
Flatiron Greenline (DB) Canada Ltd.	Calgary. Canadá	78.48 %
Flatiron Holding Inc.	Wilmington. Estados Unidos	78.48 %
Flatiron-Skanska-Stacy and Witbec JV	San Marcos. Estados Unidos	31.39 %
Flatiron/Turner Construction of New York LLC	New York. Estados Unidos	78.48 %
Flatiron West Inc.	Wilmington. Estados Unidos	78.48 %
Frontier Employees Inc.	Estados Unidos	61.19 %
Hochtief Argentina S.A.	Buenos Aires. Argentina	78.48 %
Hochtief USA Inc.	Delaware. Estados Unidos	78.48 %
Lakeside Alliance	Chicago. Estados Unidos	40.02 %
Lathrop Ozanne JV	Toledo. Estados Unidos	60.43 %
Maple Red Insurance Company	Vermont. Estados Unidos	78.48 %
OMM Inc.	Plantation. Estados Unidos	78.48 %
Real PM Ltd.	Reino Unido	78.48 %
Services Products Buildings Inc.	Ohio. Estados Unidos	78.48 %
SourceBlue Canada Ltd.	Toronto. Canadá	78.48 %
SourceBlue LLC	New Jersey. Estados Unidos	78.48 %
Stratus Risk Management Associates Inc.	New York. Estados Unidos	78.48 %
The Lathrop Company Inc.	Ohio. Estados Unidos	78.48 %
The Turner Corporation	Wilmington. Estados Unidos	78.48 %
Tompkins Builders Inc.	Washington. Estados Unidos	78.48 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Tompkins Turner Grunley Kinsley JV (C4ISR Aberdeen & Proving Grounds)	Maryland. Estados Unidos	40.02 %
Trans Hudson Brokerage, LLC	Delaware. Estados Unidos.	78.48 %
TSIB Cell 1 IC	Estados Unidos.	78.48 %
TSIB Re Inc.	Estados Unidos.	78.48 %
TUJV	Atlanta. Estados Unidos	62.78 %
Turner AECOM-Hunt NFL JV (NFL Stadium)	Inglewood. Estados Unidos	39.24 %
Turner Azteca JV	Dallas. Estados Unidos	66.70 %
Turner Byrne Straight Line JV	San Antonio. Estados Unidos	47.09 %
Turner Canada Holdings Inc.	New Brunswick. Canadá	78.48 %
Turner Canada LLC	New York. Estados Unidos	78.48 %
Turner Carcon Source JV	Dallas. Estados Unidos	40.02 %
Turner Carcon TM Source JV	Dallas. Estados Unidos	40.02 %
Turner Clayco Memorial Stadium JV (UIUC Memorial Stadium)	Chicago. Estados Unidos	40.02 %
Turner Clayco Willis Tower JV (Willis Tower)	Chicago. Estados Unidos	40.02 %
Turner Construction Company	New York. Estados Unidos	78.48 %
Turner Construction Company of Ohio LLC	Ohio. Estados Unidos	78.48 %
Turner Construction/Sano-Rubin Construction Services (St. Peter's Health Ambulatory Center)	Albany. Estados Unidos	47.09 %
Turner Consulting and Management Services Pvt. Ltd.	India	78.47 %
Turner Consulting (Thailand) Ltd.	Tailandia	39.24 %
Turner Corenic Suitland and HS Complex Replacement	Reston. Estados Unidos	59.74 %
Turner-DA Everett JV	Charlotte. Estados Unidos	62.78 %
Turner - d'Escoto-Brwon & Momen-Cullen JV	Chicago. Estados Unidos	39.32 %
Turner – d'Escoto-Powers & Sons-Cullen JV (Chicon Collaborative)	Chicago. Estados Unidos	45.52 %
Turner (East Asia) Pte. Ltd.	Singapur	78.48 %
Turner/Flatiron JV	San Diego. Estados Unidos	78.48 %
Turner-Flatiron JV (Denver International Airport)	Colorado. Estados Unidos	78.48 %
Turner FS360	Atlanta. Estados Unidos	54.93 %
Turner FS360 II A JV	Atlanta. Estados Unidos	62.78 %
Turner FS360 III JV	Atlanta. Estados Unidos	51.01 %
Turner FS360 IV JV	Atlanta. Estados Unidos	54.93 %
Turner Holt JV	Charlotte. Estados Unidos	62.78 %
Turner ImbuTec	Pittsburgh. Estados Unidos	58.86 %
Turner ImbuTec II	Pittsburgh. Estados Unidos	66.70 %
Turner International Consulting (Thailand) Ltd.	Tailandia	39.24 %
Turner International (East Asia) Ltd.	Hongkong	78.48 %
Turner International (Hong Kong) Ltd.	Hongkong	78.48 %
Turner International Industries Inc.	New York. Estados Unidos	78.48 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Turner International LLC	New York. Estados Unidos	78.48 %
Turner International Malaysia Sdn. Bhd.	Malasia	78.48 %
Turner International Professional Services Ltd. (Ireland)	Irlanda	78.48 %
Turner International Professional Services, S. de R.L. de C.V.	México	77.69 %
Turner International Proje Yonetimi Ltd. Sti.	Turquía	78.48 %
Turner International Pte. Ltd.	Singapur	78.48 %
Turner International Support Services, S. de R.L. de C.V.	México	77.69 %
Turner International (UK) Ltd.	Londres. Reino Unido	78.48 %
Turner-Janey III JV	Boston. Estados Unidos	51.01 %
Turner - Janey II JV	Boston. Estados Unidos	51.01 %
Turner/Janey/J&J JV	Masachusetts. Estados Unidos	47.09 %
Turner-Janey JV	Boston. Estados Unidos	54.93 %
Turner-Kiewit JV (GOAA South Airport)	Florida. Estados Unidos	62.78 %
Turner-Mahogany JHU Henrietta Lacks JV	Baltimore. Estados Unidos	43.16 %
Turner Mahogany UMMC STC Renewal III JV	Baltimore. Estados Unidos	50.22 %
Turner Management Consulting (Shanghai) Co. Ltd.	Shanghai. China	78.47 %
Turner – Martin Harris (Las Vegas Convention and Visitors Authority)	Las Vegas. Estados Unidos	51.01 %
Turner-McKissack JV (HHC – FEMA Coney Island Hospital Campus Renovation)	New York. Estados Unidos	47.09 %
Turner One Way	Boston. Estados Unidos	62.78 %
Turner One Way II	Boston. Estados Unidos	58.86 %
Turner Partnership Holdings Inc.	New Brunswick. Canadá	78.48 %
Turner Paschen Aviation Partners JV II	Chicago. Estados Unidos	40.02 %
Turner-PCL JV (LAX Midfield)	New York. Estados Unidos	39.24 %
Turner-PCL JV (San Diego Airport)	San Diego. Estados Unidos	39.24 %
Turner - Power & Sons	Chicago. Estados Unidos	58.86 %
Turner Project Management India Pvt. Ltd.	India	78.47 %
Turner Promethean JV	San Antonio. Estados Unidos	58.86 %
Turner Sanorubin JV (Health Alliance)	Albany. Estados Unidos	40.02 %
Turner Shook Champion Partners	Cleveland. Estados Unidos	39.32 %
Turner Southeast Europe d.o.o Beograd	Belgrado. Serbia	78.48 %
Turner Surety & Insurance Brokerage Inc.	New Jersey. Estados Unidos	78.48 %
Turner TEC JV	San Diego. Estados Unidos	62.78 %
Turner TWC JV	West Des Moines. Estados Unidos	70.63 %
Turner Vietnam Co. Ltd.	Vietnam	78.48 %
Turner Watson JV	Philadelphia. Estados Unidos	47.09 %
Universal Construction Company Inc.	Alabama. Estados Unidos	78.48 %

Hochtief Asia Pacific

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Subsidiaries

Company	Registered Office	% Effective Ownership
Hochtief Asia Pacific GmbH	**Essen. Alemania**	**78.48 %**
Hochtief Australia Holdings Ltd.	**Sydney. Australia**	**78.48 %**
Cimic Group Ltd.	**Victoria. Australia**	**78.48 %**
512 Wickham Street Pty. Ltd.	Sidney. Australia	78.48 %
512 Wickham Street Trust	Sidney. Australia	78.48 %
A.C.N. 126 130 738 Pty. Ltd.	Sidney. Australia	78.48 %
A.C.N. 151 868 601 Pty. Ltd.	Sidney. Australia	78.48 %
Alloy Fab Pty. Ltd.	Sidney. Australia	78.48 %
Arus Tenang Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
BCJHG Nominees Pty. Ltd.	Sidney. Australia	78.48 %
BCJHG Trust	Sidney. Australia	78.48 %
Bintai – Leighton JV	Singapur	78.48 %
Broad Construction Pty. Ltd.	Sidney. Australia	78.48 %
Broad Construction Services (NSW/VIC) Pty. Ltd.	Sidney. Australia	78.48 %
Broad Construction Services (WA) Pty. Ltd.	Sidney. Australia	78.48 %
Broad Group Holdings Pty. Ltd.	Sidney. Australia	78.48 %
CGI3 Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Admin Services Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Finance Ltd.	Sidney. Australia	78.48 %
CIMIC Finance (USA) Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Group Investments No. 2 Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Group Investments Pty. Ltd.	Sidney. Australia	78.48 %
CIMIC Residential Investments Pty. Ltd.	Sidney. Australia	78.48 %
CMENA Pty. Ltd.	Sidney. Australia	78.48 %
CPB Contractors (PNG) Ltd.	Port Moresby. Papua Nueva Guinea	78.48 %
CPB Contractors Pty. Ltd.	Sidney. Australia	78.48 %
CPB Contractors UGL Engineering JV	Sidney. Australia	78.48 %
CPB Contractors (Victoria) Pty. Ltd.	Victoria. Australia	78.48 %
Curara Pty. Ltd.	Sidney. Australia	78.48 %
Dais Vic Pty. Ltd.	Sidney. Australia	78.48 %
Devine Constructions Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Funds Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Funds Unit Trust	Brisbane. Australia	78.48 %
Devine Homes Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Land Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Management Services Pty. Ltd.	Brisbane. Australia	78.48 %
Devine Pty. Ltd.	Queensland. Australia	78.48 %

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Company	Registered Office	% Effective Ownership
Devine Springwood No. 2 Pty. Ltd.	Brisbane. Australia	78.48 %
D.M.B. Pty. Ltd.	Brisbane. Australia	78.48 %
Ecco Engineering Company Ltd.	Wanchai. Hongkong	78.48 %
EIC Activities Pty. Ltd.	Sidney. Australia	78.48 %
EIC Activities Pty. Ltd. (NZ)	Auckland. Nueva Zelanda	78.48 %
Giddens Investment Ltd.	Wanchai. Hongkong	78.48 %
Hamilton Harbour Developments Pty. Ltd.	Sidney. Australia	78.48 %
Hamilton Harbour Unit Trust (Devine Hamilton Unit Trust)	Sidney. Australia	78.48 %
Hopeland Solar Farm Pty. Ltd.	Nueva Gales del Sur. Australia	78.48 %
Hopeland Solar Farm Trust	Queensland. Australia	78.48 %
Hopeland Solar Holdings Pty. Ltd.	Nueva Gales del Sur. Australia	78.48 %
ICC Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
ICC Mining Pty. Ltd.	Sidney. Australia	78.48 %
IDD Tech Pty. Ltd.	Sidney. Australia	78.48 %
Industrial Composites Engineering Pty. Ltd.	Sidney. Australia	78.48 %
Innovated Asset Solutions Pty. Ltd. & UGL Operations and Maintenance (Services) Pty. Ltd.	Sidney. Australia	78.48 %
Innovative Asset Solutions Group Pty. Ltd.	Sidney. Australia	78.48 %
Innovative Asset Solutions Pty. Ltd.	Sidney. Australia	78.48 %
Jarrah Wood Pty. Ltd.	Sidney. Australia	78.48 %
Jet-Cut Pty. Ltd.	Sidney. Australia	78.48 %
JHAS Pty. Ltd.	Sidney. Australia	78.48 %
JHI Investment Pty. Ltd.	Sidney. Australia	78.48 %
JH ServicesCo Pty. Ltd.	Sidney. Australia	78.48 %
Kings Square Developments Pty. Ltd.	Sidney. Australia	78.48 %
Kings Square Developments Unit Trust	Sidney. Australia	78.48 %
Legacy JHI Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Asia (Hong Kong) Holdings (No. 2) Ltd.	Wanchai. Hongkong	78.48 %
Leighton Asia Ltd.	Wanchai. Hongkong	78.48 %
Leighton Asia Philippines Inc.	Filipinas	78.48 %
Leighton Asia Southern Pte. Ltd.	Singapur	78.48 %
Leighton Contractors (Asia) Ltd.	Wanchai. Hongkong	78.48 %
Leighton Contractors Inc.	Sebastopol. Estados Unidos	78.48 %
Leighton Contractors (Indo-China) Ltd.	Wanchai. Hongkong	78.48 %
Leighton Contractors Infrastructure Nominees Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Contractors Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Contractors Infrastructure Trust	Sidney. Australia	78.48 %
Leighton Contractors Lanka (Private) Ltd.	Colombo. Sri Lanka	78.48 %

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Company	Registered Office	% Effective Ownership
Leighton Contractors (Laos) Sole Co. Ltd.	Vientiane. Laos	78.48 %
Leighton Contractors (Malaysia) Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
Leighton Contractors (Philippines) Inc.	Taguig City. Filipinas	31.39 %
Leighton Contractors Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Engineering & Construction (Singapore) Pte. Ltd.	Singapur	78.48 %
Leighton Engineering Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
Leighton Equity Incentive Plan Trust	Sidney. Australia	78.48 %
Leighton Foundation Engineering (Asia) Ltd.	Wanchai. Hongkong	78.48 %
Leighton Group Property Services Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Harbour Trust	Sidney. Australia	78.48 %
Leighton Holdings Infrastructure Nominees Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Holdings Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Holdings Infrastructure Trust	Sidney. Australia	78.48 %
Leighton India Contractors Pvt. Ltd.	Bombay. India	78.48 %
Leighton India Holdings Pte. Ltd.	Singapur	78.48 %
Leighton Infrastructure Investments Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Infrastructure Limited	Wanchai. Hongkong	78.48 %
Leighton International Mauritius Holdings Ltd. No. 4	Port Louis. Mauricio	78.48 %
Leighton Investments Mauritius Ltd. No. 4	Port Louis. Mauricio	78.48 %
Leighton JV	Wanchai. Hongkong	78.48 %
Leighton Middle East and Africa (Holding) Ltd.	George Town. Islas Cayman. Reino Unido	78.48 %
Leighton Offshore Eclipse Pte. Ltd.	Singapur	78.48 %
Leighton Offshore Mynx Pte. Ltd.	Singapur	78.48 %
Leighton Offshore Pte. Ltd.	Singapur	78.48 %
Leighton Offshore Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
Leighton Offshore Stealth Pte. Ltd.	Singapur	78.48 %
Leighton (PNG) Ltd.	Port Moresby. Papua Nueva Guinea	78.48 %
Leighton Portfolio Services Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Projects Consulting (Shanghai) Ltd.	Pudong District. China	78.48 %
Leighton Properties (Brisbane) Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Properties Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Properties (VIC) Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Properties (WA) Pty. Ltd.	Sidney. Australia	78.48 %
Leighton Superannuation Pty. Ltd.	Nueva Gales del Sur. Australia	78.48 %
Leighton U.S.A. Inc.	Sebastopol. Estados Unidos	78.48 %
Leighton Yongnam JV	Singapur	78.48 %
LH Holdings Co. Pty. Ltd.	Sidney. Australia	78.48 %
LH Holdings No. 2 Pty. Ltd.	Victoria. Australia	78.48 %

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Company	Registered Office	% Effective Ownership
LH Holdings No. 3 Pte. Ltd.	Singapur	78.48 %
LMENA Pty. Ltd.	Sidney. Australia	78.48 %
LNWR Pty. Ltd.	Sidney. Australia	78.48 %
LNWR Trust	Sidney. Australia	78.48 %
Logistic Engineering Services Pty. Ltd.	Sidney. Australia	78.48 %
Network Rezolution Finance Pty. Ltd.	Victoria. Australia	78.48 %
Newest Metro Pty. Ltd.	Sidney. Australia	78.48 %
Nexus Point Solutions Pty. Ltd.	Sidney. Australia	78.48 %
Opal Insurance (Singapore) Pte. Ltd.	Singapur	78.48 %
Optima Activities Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Energy Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Holdings Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Investments 2 Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Investments 2 Trust	Sidney. Australia	78.48 %
Pacific Partnerships Investments Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Investments Trust	Sidney. Australia	78.48 %
Pacific Partnerships Pty. Ltd.	Sidney. Australia	78.48 %
Pacific Partnerships Services NZ Ltd.	Auckland. Nueva Zelanda	78.48 %
Pekko Engineers Ltd.	Kwai Chung. Hongkong	78.48 %
Pioneer Homes Australia Pty. Ltd.	Brisbane. Australia	78.48 %
PT Leighton Contractors Indonesia	Jakarta. Indonesia	74.55 %
Regional Trading Ltd.	Hongkong	78.48 %
Riverstone Rise Gladstone Pty. Ltd.	Brisbane. Australia	78.48 %
Riverstone Rise Gladstone Unit Trust	Brisbane. Australia	78.48 %
Sedgman Asia Ltd.	Hongkong	78.48 %
Sedgman Botswana (Pty.) Ltd.	Gaborone. Botswana	78.48 %
Sedgman Canada Ltd.	Vancouver. Canadá	78.48 %
Sedgman Chile S.p.a.	Santiago de Chile. Chile	78.48 %
Sedgman Consulting Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman CPB JV (SCJV)	Brisbane. Australia	78.48 %
Sedgman Employment Services Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Engineering Technology (Beijing) Co. Ltd.	Beijing. China	78.48 %
Sedgman International Employment Services Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Mozambique Ltda.	Maputo. Mozambique	78.48 %
Sedgman Novopro Projects Inc.	Canadá	78.48 %
Sedgman Onyx Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Operations Employment Services Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Operations Pty. Ltd.	Brisbane. Australia	78.48 %

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Company	Registered Office	% Effective Ownership
Sedgman Projects Employment Services Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman Pty. Ltd.	Brisbane. Australia	78.48 %
Sedgman South Africa (Proprietary) Ltd.	Centurion. Sudáfrica	78.48 %
Sedgman USA Inc.	Reno. Estados Unidos	78.48 %
Silverton Group Pty. Ltd.	Sidney. Australia	78.48 %
Sustaining Works Pty. Ltd.	Sidney. Australia	78.48 %
Talcliff Pty. Ltd.	Brisbane. Australia	78.48 %
Tambala Pty. Ltd.	Port Louis. Mauricio	78.48 %
Telecommunication Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
Thai Leighton Ltd.	Bangkok. Tailandia	78.48 %
Thiess Infrastructure Nominees Pty. Ltd.	Sidney. Australia	78.48 %
Thiess Infrastructure Pty. Ltd.	Sidney. Australia	78.48 %
Thiess Infrastructure Trust	Sidney. Australia	78.48 %
Think Consulting Group Pty. Ltd.	Sidney. Australia	78.48 %
Townsville City Project Pty. Ltd.	Sidney. Australia	78.48 %
Townsville City Project Trust	Sidney. Australia	78.48 %
UGL (Asia) Sdn. Bhd.	Kuala Lumpur. Malasia	78.48 %
UGL Engineering Pty. Ltd.	Sidney. Australia	78.48 %
UGL Engineering Pvt. Ltd.	Bombay. India	78.48 %
UGL Integra Pty. Ltd.	Sidney. Australia	78.48 %
UGL (NZ) Ltd.	Auckland. Nueva Zelanda	78.48 %
UGL Operations and Maintenance Pty. Ltd.	Sidney. Australia	78.48 %
UGL Operations and Maintenance (Services) Pty. Ltd.	Sidney. Australia	78.48 %
UGL Pty. Ltd.	Sidney. Australia	78.48 %
UGL Rail (North Queensland) Pty. Ltd.	Sidney. Australia	78.48 %
UGL Rail Pty. Ltd.	Sidney. Australia	78.48 %
UGL Rail Services Pty. Ltd.	Sidney. Australia	78.48 %
UGL Regional Linx Pty. Ltd.	Sidney. Australia	78.48 %
UGL Resources (Contracting) Pty. Ltd.	Sidney. Australia	78.48 %
UGL Resources (Malaysia) Sdn. Bhd.	Petaling Jaya. Malasia	78.48 %
UGL (Singapore) Pte. Ltd.	Singapur	78.48 %
UGL Solutions Pty. Ltd.	Western Australia. Australia	78.48 %
UGL Unipart Rail Services Pty. Ltd.	Sidney. Australia	54.93 %
UGL Utilities Pty. Ltd.	Sidney. Australia	78.48 %
United Group Infrastructure (NZ) Ltd.	Auckland. Nueva Zelanda	78.48 %
United KG (No. 1) Pty. Ltd.	Sidney. Australia	78.48 %
United KG (No. 2) Pty. Ltd.	Sidney. Australia	78.48 %
Wai Ming M&E Ltd.	Wanchai. Hong Kong	78.48 %

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Company	Registered Office	% Effective Ownership
Western Port Highway Trust	Sidney. Australia	78.48 %
Hochtief Europe		
Hochtief Solutions AG	**Essen. Alemania**	**78.48 %**
Deutsche Baumanagement GmbH	Essen. Alemania	78.48 %
Deutsche Bau- und Siedlungs-Gesellschaft mbH	Essen. Alemania	78.48 %
Dicentra Copernicus Roads Sp. z o.o.	Varsovia. Polonia	78.48 %
EDGITAL GmbH	Herne. Alemania	78.48 %
FunkenbergQuartier GmbH & Co. KG	Essen. Alemania	78.48 %
Hochtief Bau und Betrieb GmbH	Essen. Alemania	78.48 %
HOCHTIEF Bau und Betrieb II GmbH	Essen. Alemania	78.48 %
Hochtief BePo Hessen Bewirtschaftung GmbH	Essen. Alemania	78.48 %
Hochtief BePo Hessen GmbH	Essen. Alemania	78.48 %
Hochtief Construction Austria GmbH & Co. KG	Viena. Austria	78.48 %
Hochtief Construction Chilena Ltda.	Santiago de Chile. Chile	78.48 %
Hochtief Construction Management Middle East GmbH	Essen. Alemania	78.48 %
Hochtief CZ a.s.	Praga. República Checa	78.48 %
HOCHTIEF Data Center Partner GmbH	Essen. Alemania	78.48 %
Hochtief Development Czech Republic s.r.o.	Praga. República Checa	78.48 %
Hochtief Development Poland Sp. z o.o.	Varsovia. Polonia	78.48 %
Hochtief Engineering GmbH	Essen. Alemania	78.48 %
HOCHTIEF Europe GmbH	Essen. Alemania	78.48 %
Hochtief Infrastructure GmbH	Essen. Alemania	78.48 %
HOCHTIEF Labore Kassel GmbH	Essen. Alemania	78.48 %
HOCHTIEF Ladepartner GmbH	Essen. Alemania	78.48 %
Hochtief LINXS Holding LLC	Wilmington. Estados Unidos	78.48 %
Hochtief Offshore Crewing GmbH	Essen. Alemania	78.48 %
HOCHTIEF Operations Hellas Unipersonal S.A.	Marousi, Grecia	78.48 %
Hochtief Operators Holding LLC	Wilmington. Estados Unidos	78.48 %
Hochtief ÖPP Projektgesellschaft mbH	Essen. Alemania	78.48 %
Hochtief Polska S.A.	Varsovia. Polonia	78.48 %
HOCHTIEF PPP Lifecycle 1 GmbH	Essen. Alemania	78.48 %
Hochtief PPP Operations Austria GmbH	Viena. Austria	78.48 %
Hochtief PPP Operations GmbH	Essen. Alemania	78.48 %
Hochtief PPP Schulpartner Braunschweig GmbH	Braunschweig. Alemania	78.48 %
Hochtief PPP Solutions (Ireland) Ltd.	Dublin. Irlanda	78.48 %
Hochtief PPP Solutions Netherlands B.V.	Vianen. Países Bajos	78.48 %
HOCHTIEF PPP Solutions North America LLC	Wilmington. Estados Unidos	78.48 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
Hochtief PPP Solutions (UK) Ltd.	Swindon. Gran Bretaña	78.48 %
Hochtief PPP Transport Westeuropa GmbH	Essen. Alemania	78.48 %
Hochtief Projektentwicklung GmbH	Essen. Alemania	78.48 %
Hochtief SK s.r.o.	Bratislava. Eslovaquia	78.48 %
HOCHTIEF Solarpartner GmbH	Essen. Alemania	78.48 %
Hochtief Solutions Middle East Qatar W.L.L.	Doha. Qatar	38.45 %
Hochtief Solutions Real Estate GmbH	Essen. Alemania	78.48 %
Hochtief Solutions Saudi Arabia LLC	Al-Khobar. Arabia Saudí	44.46 %
HOCHTIEF Soziale Infrastruktur Europa GmbH	Essen. Alemania	78.48 %
Hochtief Trade Solutions GmbH	Essen. Alemania	78.48 %
HOCHTIEF (UK) Construction Ltd.	Swindon. Gran Bretaña	78.48 %
Hochtief U.S. Holdings LLC	Wilmington. Estados Unidos	78.48 %
Hochtief ViCon GmbH	Essen. Alemania	78.48 %
HTP Immo GmbH	Essen. Alemania	78.48 %
JZF GmbH	Essen. Alemania	78.48 %
Perlo Sp. z o.o.	Varsovia. Polonia	78.48 %
prefolio Securitisation S.à r.l.	Wasserbillig. Luxemburgo	78.48 %
Project Development Poland 3 B.V.	Amsterdam. Países Bajos	78.48 %
Project SP1 Sp. z o.o.	Varsovia. Polonia	78.48 %
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG	Essen. Alemania	78.48 %
Raststätten Betriebs GmbH	Viena. Austria	78.48 %
synexs GmbH	Essen. Alemania	78.48 %
Tivoli Garden GmbH & Co. KG	Essen. Alemania	78.48 %
TRINAC GmbH	Essen. Alemania	78.48 %
TRINAC Polska Sp. z o.o.	Varsovia. Polonia	78.48 %
ViA6West Service GmbH	Bad Rappenau. Alemania	78.48 %
CONCESSIONS - IRIDIUM		
Iridium Concesiones de Infraestructuras, S.A.	**Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.**	**100.00 %**
595 O&M Company LLC	One Alhambra Plaza Suite 1200, Coral Gables FL, 33134. Miami. Estados Unidos.	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 DC Infra S.L.U.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %

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Subsidiaries

Company	Registered Office	% Effective Ownership
ACS EgLRT Holdings Inc.	666 Burrard Street, Vancouver, B.C. V6C 2Z7. Canadá.	100.00 %
ACS Infra Tech&Mobility, S.L.	Avenida del Camino de Santiago, 50. 28050.. Madrid. España.	100.00 %
ACS Infraestructuras Perú SAC	Avenida Pardo y Aliaga N 652, oficina304A. San Isidro, Lima 27. Perú.	100.00 %
ACS Infrastructuras 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 %
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 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 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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 %
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 Property, LLC	One Alhambra Plaza, Suite 1200 - Coral Gables, FL 33134. Miami. Estados Unidos.	100.00 %
SH288 Inversión S.L.	Av. del Camino de Santiago, 50. 28050. Madrid. España.	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.	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
All Care (GB) Limited	3 Ella Mews, NW3 2NH. Londres. 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 %
Caleido Soluciones Integrales, S.L.	Av. De Manoteras, 46 Bis 2ª Planta. 28050. Madrid. España.	100.00 %
Call-In Homecare Limited	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
Care Relief Team Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Carpe Soluciones Integrales, S.L.	Av. De Manoteras, 46 Bis 2ª Planta. 28050. Madrid. España.	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 Solutions, S.L.	Av. De Manoteras, 46 Bis 2ª Planta. 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	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
Confident Care Limited	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
CSN Care Group Limited	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edinburgh. Reino Unido.	100.00 %
Dale Care Ltd.	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	6th Floor, Sugar Bond, 2 Andersib Okace, Edinburgh, Scotland, EH6 5NP. Edimburgo. Reino Unido.	100.00 %
Homecarers Care Services Limited	3 Ella Mews, NW3 2NH. Londres. 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 %
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 Sur Centro Especial de Empleo S.L.	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 %
Lafuente Servicios Integrales, S.L.U.	Parque Tecnológico C/. Alessandro Volta 2-4-6 Bloq 3. 46980 Paterna, Valencia. España.	100.00 %
Lauriem Complete Care Limited	3 Ella Mews, NW3 2NH. Londres. 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	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	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 %
P.L.M. Facility Mangement Unipessoal, Lda.	Rua Rui Teles Palhinha Nº 8 2º D 2740-278. Porto Salvo. Portugal.	100.00 %
Perfect care Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Premium Care (Sheffield) Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %
Premium Care Holdings Limited	3 Ella Mews, NW3 2NH. Londres. Reino Unido.	100.00 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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 %
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 %
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		
Cariátide, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Comunidades Gestionadas, S.A.	C/ Orense, 34-1º. 28020 Madrid. España.	100.00 %
Nexplore, S.A.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Residencial Monte Carmelo, S.A.U.	Avda. de Pío XII, 102. 28036 Madrid. España.	100.00 %
Infraestructuras Energéticas Medioambientales Extremeñas, S.L.	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.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
ACS Thermosolar Plants, Inc.	7380 West Sahara Avenue, Suite 160 Las Vegas, Nevada, 89117. Estados Unidos.	100.00 %
Apodaca CCG Invest S.L.	Avenida del Camino de Santiago, nº 50. 28050 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.	Avenida del Camino de Santiago, nº 50. 28050 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 %
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.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. 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.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Golden State Environmental Tedagua Corporation, S.A.	Avenida del Camino de Santiago, nº 50. 28050 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 %

APPENDIX I

Subsidiaries

Company	Registered Office	% Effective Ownership
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	Avenida del Camino de Santiago, nº 50. 28050 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.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Mantenimientos, Ayuda a la Explotación y Servicios, S.A. (MAESSA)	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Parque Eólico Valdehierro, S.L.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Península Wind Holding, S.L.	Avenida del Camino de Santiago, nº 50. 28050 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.	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Pío XII Industrial División Global Assets, S.A.U.	Avenida del Camino de Santiago, nº 50. 28050 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	Avenida del Camino de Santiago, nº 50. 28050 Madrid. España.	100.00 %
Sativa Green Plant, S.L.	Avenida del Camino de Santiago, nº 50. 28050 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 %
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
CONSTRUCTION - DRAGADOS			
Tunel Mandri	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	43.50 %	40,585
Estructura Sagrera Ave	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	33.50 %	54,293
Sector 2	Cl. Gran Vía, 53 - Bilbao	85.00 %	31,487
Castellbisbal-Martorell	Cl. Vía Laietana, 33, 5ª Planta - Barcelona	100.00 %	17,218
HS2 Euston Station	Cl. Moorgate, 155 - Londres	50.00 %	187,130
Atxondo-Abadiño	Av. del Camino de Santiago, 50 - Madrid	100.00 %	18,748
Red viaria y ferroviaria APV	Av. Menéndez y Pelayo, 3 - Valencia	65.00 %	24,550
Cruzon Street Partnership	Cl. New Canal St. Birmingham b5	50.00 %	34,454
Consorcio Constructor Metro Lima	Av. de la República de Colombia 791 - Lima	35.00 %	329,475
Terminal Vicálvaro	Av. del Camino de Santiago, 50 - Madrid	100.00 %	16,344
Hotel Forum	Av. del Camino de Santiago, 50 - Madrid	50.00 %	18,678
Central Hidroelectrica Salto Chira	Cl. Cardenal Marcelo Spínola, 10 - Madrid	45.00 %	19,700
Best Fase 1B2	Plaza Europa, 9, planta 10 - Hospitalet de Llobregat	50.00 %	14,005
Canal De Acceso	Av. del Camino de Santiago, 50 - Madrid	60.00 %	13,370
Embalse de Almudevar	Cl. Condesa de Venadito, s/n Portal 7, 1 - Madrid	26.00 %	12,403
Sierrapando	Av. del Camino de Santiago, 50 - Madrid	70.00 %	12,949
Estación de Chamartin Vias - Azvi	Av. del Camino de Santiago, 50 - Madrid	55.00 %	14,312
O Barco	Av. del Camino de Santiago, 50 - Madrid	52.00 %	10,008
Bases de Villarrubia-Gabaldon	Cl. Julián Camarillo, 6 - Madrid	50.00 %	11,199
A11 Quintanilla-Olivares	Av. del Camino de Santiago, 50 - Madrid	50.00 %	20,778
Lote 2 Norte	Pz. Circular, 4, 5º - Bilbao	65.00 %	22,856
MIV Centro 2021-2022	Av. del Camino de Santiago, 50 - Madrid	22.50 %	19,696
Ampliación Estación de Chamarrtín A.V.	Av. del Camino de Santiago, 50 - Madrid	25.00 %	53,719
Yeles-Guadalmez	Av. de Europa 18 - Parque Empresarial la Moraleja - Alcobendas	50.00 %	23,941
L4 Barceloneta-Verdaguer	Av. del Camino de Santiago, 50 - Madrid	50.00 %	11,966
Mantenimiento Ave Energía	Cl. Zafiro, s/n, Edif. 1 - Madrid	14.86 %	19,509
Mantenimiento Energía Norte	Av. Del Brasil, 6. 28020 - Madrid	30.00 %	10,268
MIV 2021 Lote 1	Cl. Francisco Gervás, 14 - 1ºA - Madrid	18.00 %	22,694
GCT Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	60.00 %	16,339
Chesapeake - Paralell Thimble Shoal Tunnel	2377 Ferry Road, Virginia Beach, VA 23455	100.00 %	126,709
Unionport Constructors	150 Meadowlands Pkwy, Secaucus, NJ 07094	55.00 %	18,492
Potomac Yards Constructors	421 E. Route 59, Nanuet, NY 10954	40.00 %	23,238
Hampton Roads Br & Tunnel	240 Corporate Blvd., Norfolk, VA 23502	42.00 %	744,597
HSR 13-57	1610 Arden Way, Suite 175, Sacramento, CA 95815	50.00 %	480,990
Gordie Howe Int'l Bridge	1001 Springwells Ct, Detroit, MI, 48209	40.00 %	504,627
I-16 at I-95 Project	20 Martin Court, Savannah, GA 31419	100.00 %	54,280
I2/I69C Interchange Proj	1708 Hughes Landing Blvd, The Woodlands, TX 77380	100.00 %	86,487

APPENDIX II

UTE's / EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
Automated People Mover	2959 Eve Avenue - Lake Isabelle, CA 93240	20.00 %	371,520
3rd Track 6240 Mainline Exp	900 Merchants Concourse, Westbury, NY 11590	50.00 %	72,206
Purple Line	5700 Rivertech Court, Suite 105, Riverdale, MD 20737	60.00 %	427,104
P209 Dry Dock 3 Replacement	690 Mapunapuna Street, 2nd Level, Honolulu, HI 96819	50.00 %	230,514
Bay Park Conveyance	2 Marjorie Lane, East Rockaway, NY 11518-2020	70.00 %	118,551
Gowanus Canal CSO	969 Midland Avenue, Yonkers, NY 10704	45.00 %	56,659
MLK Interchange	10210 Highland Manor Dr. STE110, Tampa, FL 33629	85.00 %	30,316
Broadway Curve	3157 East Elwood, Phoenix, AZ 85034	40.00 %	207,912
Eglinton Crosslinx Transit Solutions - Constructors	4711 Yonge St, Suite 1500,Toronto M2N 7E4	25.00 %	180,099
White Rose SNC-DRAGADOS-PENNECON G.P.	1133 Topsail Road, Mount Pearl, Newfoundland, A1N 5G2	40.00 %	278,947
REM	1140 boulevard de Maissoneuve, Montreal, Quebec H3A 1M8	24.00 %	724,333
Finch - Mosaic Transit Constructors GP	150 King Street West, Suite 2103, Toronto M5H 1J9	33.33 %	207,913
Gordie Howe - BNA Constructors Canada GP	150 King Street West, Suite 2103, Toronto M5H 1J9	40.00 %	635,207
Site C- Aecon-Flatiron-Dragados-EBC Partnership	1055 Dunsmuir Street, Suite 2124, Vancouver, BC V7X1G4	27.50 %	614,086
Eglinton West Advance Tunnel Project	20 Carlson Court, Suite 105, Toronto, ON M9W7K6	40.00 %	149,067
CNPIAT- Construction Nouveau Pont-ILE - AUX-Tourtes	100, Rue Sherbrooke O, Porte 1600	50.00 %	80,697
CONSTRUCTION - HOCHTIEF			
Amalia Harbour - Civil Works Package	Amstelveen, Países Bajos	50.00 %	31,667
ARGE A7 Tunnel Altona	Hamburgo, Alemania	65.00 %	62,348
ARGE BMG Berlin	Berlín, Alemania	50.00 %	39,076
ARGE Haus der Statistik	Berlín, Alemania	50.00 %	18,298
ARGE SBT 1.1 Tunnel Gloggnitz	Gloggnitz, Austria	40.00 %	49,596
ARGE Tunnel Rastatt	Ötigheim, Alemania	50.00 %	23,297
ARGE U2/22 x U5/2 Rathaus/Frankhplatz	Viena, Austria	33.33 %	23,895
ARGE VE41 Hp Marienhof	Múnich, Alemania	50.00 %	16,651
BAB A100, 16. Bauabschnitt	Berlín, Alemania	50.00 %	10,764
Brno - Kas. Černá pole - logistické cent	Brno, República Checa	55.00 %	6,702
Brno - Svratka PPO	Brno, República Checa	30.00 %	4,964
Citylink	Danderyd, Suecia	50.00 %	26,305
CRSH1 - Sydhavn	Copenhague, Dinamarca	50.00 %	20,232
London Power Tunnels Phase 2	Londres, Reino Unido	50.00 %	51,122
London Power Tunnels Phase 2 - Package 5	Londres, Reino Unido	50.00 %	9,934
Ostrava - VŠB-TUO Nová budova EkF - př.H	Ostrava, República Checa	50.00 %	11,761
Pardubice - I/36 Trnová-Fáblovka-Dubina	Pardubice, República Checa	50.00 %	8,403
Stuttgart 21 PFA 1. Los 3 Bad Cannstatt	Stuttgart, Alemania	40.00 %	10,330
Tvrdošín - Nižná - R3	Tvrdošín - Nižná, Eslovaquia	79.99 %	18,296
Valaliky - Hrubé terénne úpravy území	Valaliky, Eslovaquia	50.00 %	19,064
VW Standard Factory Salzgitter	Salzgitter, Alemania	50.00 %	64,515
SERVICES - CLECE			

APPENDIX II

UTE's / EIG's

UTE / EIG	Address	% Effective Ownership	Revenue 100%
			Thousand euros
Cerca Pmr	Avda. Manoteras, 46 bis 28050 - Madrid	100.00 %	13,319
1 Pmr Masa Sagital Mad	Avda. Manoteras, 46 bis 28050 - Madrid	90.00 %	20,139
Ad Ayuntamiento Valladolid Lt1	C/ Ducado, 2 47009 - Valladolid	60.00 %	17,126

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

The main companies included in the consolidation perimeter are as follows:

DCX Heiligenhaus GmbH & Co. KG
DCX Heiligenhaus Verwaltungs GmbH
Flatiron/Lts 1, A JV
Flatiron/Lts 2, A JV
Turner ImbuTec II
Turner - Janey II JV
Turner-Janey III JV
Turner Azteca JV
Turner-Mahogany JHU Henrietta Lacks JV
Turner Carcon Source JV
Turner Carcon TM Source JV
Turner FS360 III A JV
Turner FS360 IV A JV
Turner Byrne Straight Line JV
Turner-DA Everett a JV
Turner Yates Project Kansas JV
Turner Lendlease a Joint Venture
Central Street Consortium
Innovative Asset Solutions Pty Ltd
Leighton India Holdings 2 Pte Ltd
Leighton-First Balfour Joint Venture
SH 288 Capital, LLC
SH 288 Property, LLC
Hellenic Fast Charging Service A.E.
EWE Hochtief Ladepartner GmbH & Co. KG
Skanska/Flatiron, Jv
LightHorse Innovation Corporation (Formerly: 1887719 Alberta Ltd.)
Palmetto Tri-Venture
3CI-Turner Joint Venture
TMP Joint Venture
Barton Malow Turner Dixon a Joint Venture
15148791 Canada Inc.
Hochtief Operations Hellas S.A.
DCX Heiligenhaus Verwaltungs GmbH
EWE Hochtief Ladepartner Verwaltungs-GmbH
EWE Go Hochtief Ladepartner Errichtungs-ARGE GbR
Flatiron/Lane, A Jv
BOW Transit Connectors General Partnership
Barnard Flatiron GP, Ltd.
Barnard Flatiron Limited Partnership
Lathrop Ozanne a Joint Venture
Turner Barton Malow A Joint Venture LLC
TAC JV
Tennessee Builders Alliance
CPB Contractors Pty Limited & DT Infrastructure Pty Ltd Joint Venture
CPB Contractors Pty Limited & Ghella Pty Ltd Joint Venture
Premium Care Holdings Limited
Premium Care (Sheffield) Limited
P.L.M. Facility Mangement Unipessoal, Lda

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

ACS DC Infra S.L.U.
595 O&M Company LLC
ACS Infra Tech&Mobility, S.L.
Hopeland Solar Farm Pty Ltd
Hopeland Solar Farm Trust
Hopeland Solar Holdings Pty Ltd
Leighton Contractors (Philippines) Corp.
Canberra Metro 2A Holding Trust
Canberra Metro 2A Holdings Pty Ltd
Canberra Metro 2A Pty Ltd
Canberra Metro 2A Trust
Spark North East Link Holding Pty Limited
Spark North East Link Pty Limited
Jupiter Ionics Shares
Vulcan Energy
Acciona Construction Australia Pty Ltd & Cpb Contractors Pty Limited & Ghella Pty Ltd
AECOM Australia Pty Ltd & BG&E Pty Limited & Georgiou Group Pty Ltd & GHD Pty Ltd & CPB Contractors Pty Limited
CPB Contractors Pty Limited & DT Infrastructure Pty Ltd (NEWest Alliance)
First Balfour-Leighton Joint Venture
Leighton-First Balfour Joint Venture
Funkenberg Quartier GmbH & Co. KG
Projektgesellschaft Herne mbH
Hochtief Scl Holdco Ltd.
Staffordshire Campus Living LLP
EWE Go Hochtief Ladepartner Betriebsgesellschaft mbH & Co. KG
Hochtief Offshore Development Solutions S. À R.L.
TSIB Re, Inc.
TSIB Cell 1 IC
Clark/ Scott Builders Inc
Canadian Borealis Holdings Inc.
Clark Builders (British Columbia) Inc.
Clark Builders (Manitoba) Inc.
Frontier Employees Inc.
Turner Promethean Joint Venture
AOP Formed by TPMI, Meinhardt and MGA
TWF Builders JV
Turner EE Cruz A JV
Weitz/Turner, A Joint Venture
Flatiron Greenline Canada Limited
Flatiron Greenline (DB) Canada Limited
Flatiron/Herzog Jv
Cf Constructors Jv
Flatiron/Herzog Md
Skanska/Flatiron LBN JV
BOW Transit Connectors General Partnership
Barnard Flatiron GP, Ltd.
Barnard Flatiron Limited Partnership

The main companies that are no longer included in the scope of consolidation are as follows:

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Perfect Care (Holdings) Limited
Consorcio Dragados Conpax Dos, S.A.
Flatiron Electric Group (vormals: Terno, Inc.)
Audubon Bridge Constructors
Flatiron-Lane, a Joint Venture
Saddleback Constructors
Flatiron/Parsons, a JV
Flatiron/Goodfellow Top Grade JV
West Coast Rail Constructors
Dragados/Flatiron/Sukut, a Joint Venture
Topgrade/Flatiron
Topgrade/Flatiron/Gallagher
Tidewater Skanska/Flatiron
Sukut/Flatiron Joint Venture
E.E. Cruz/NAB/Frontier
E.E. Cruz/Nicholson Joint Venture LLC
Nicholson/E.E. Cruz, LLC
Devine Sa Land Pty Ltd
Leighton Contractors (Philippines) Corp.
Leighton International Limited
Spark North East Link Holding Pty Limited
Spark North East Link Pty Limited
Newark Real Estate Holdings Inc.
Tesca Ingenieria del Ecuador, S.A.
Gravitas Offshore Ltd.
Aberdeen Holdco III LLC
Leighton Offshore Faulkner Pte Ltd
Sedgman South Africa Holding (Pty) Ltd
Loftwerk Eschborn GmbH & Co. KG
Turner-SG Contracting
Martin Harris-Turner, a Joint Venture
Devine Queensland No. 10 Pty Ltd
Baulderstone Leighton Joint Venture
PA Conex Sp. z.o.o.
Altomira Eólica S.L.
Diamond Quality Care Services Limited
R & L Healthcare, Ltd.
Aspen Hamilton Limited
Horsham & Crawley Care Limited
Teapot Home Care, Ltd.
Desarrollo de Concesionarias Viarias Dos, S.L.
SH 288 Holding, S.A.
SH 288 Holdings, LLC
SH 288 Investment Inc.
SH 288 Capital, LLC
Elaboración de Cajones Pretensados, S.L.
Vias USA Inc.
Madrid caminos, escuela de ingeniería, S.A.U.
Dycasa Sociedad Anónima
Leighton India Holdings 2 Pte Ltd
Leighton Companies Management Group Llc

APPENDIX III

CHANGES IN THE CONSOLIDATION PERIMETER

Port Wakefield to Port Augusta Regional Projects Alliance
Westgo Finance Pty Ltd
Ventia Services Group Pty. Ltd.
Heron Resources Ltd.
Yield Fund – JFI Yield Fund
CPB & Bombardier JV
Hochtief Offshore Development Solutions S. À R.L.
Constructora Cheves S.A.C.
SIA "Hochtief Solutions Baltics“
Verwaltung Projektgesellschaft Quartier 21 mbH
Hochtief Offshore Development Solutions S. À R.L.
WohnArt-Verwaltungsgesellschaft mbH
LightHorse Innovation Corporation (Formerly: 1887719 Alberta Ltd.)
Kiewit-Turner JV

ACS
ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS

Integrated Report of ACS Group 2023

MAIN FIGURES OF
THE ACS GROUP

OPERATING AND FINANCIAL DATA

MILLION EURO	2019	2020	2020 Rest. (1)	2021	2022	2023
Turnover	39,048.9	34,937.4	27,853.4	27,836.7	33,615.2	35,737.8
Gross Operating Profit (EBITDA)	3,148.0	2,443.9	1,383.9	1,597.8	1,747.4	1,909.0
Net operating profit (EBIT)	2,125.5	1,479.5	941.4	1,043.4	1,105.5	1,325.9
Attributable net profit	962.0	574.0	542.3	3,045.4	668.2	780.1
Backlog	77,756	69,226	60,425	67,262	68,996	73,538
Funds from operations (2)	2,378.7	1,173.5	556.3	555.7	1,743.3	1,502.3
Investments	1,796.0	2,173.0	1,562.1	519.4	2,366.1	2,811.1
Divestments	447.2	2,038.7	1,747.6	5,363.2	591.6	1,970.2
Total Assets	39,695.2	37,333.7	37,333.7	35,664.3	37,580.3	36,498.3
Net Worth	5,506.0	4,275.9	4,275.9	7,028.2	6,375.9	5,630.6
Net debt/ (cash)	53.7	1,819.8	1,819.8	(2,008.6)	(224.0)	(400.2)

DATA PER SHARE

EURO	2019	2020	2020 Rest. (1)	2021	2022	2023
Earnings	3.13	1.95	1.85	10.74	2.50	3.00
Dividend paid in the year	1.90	1.99	1.99	1.72	2.00	1.96
Funds from operations	7.74	3.99	1.89	1.96	6.53	5.77

CAPITAL MARKETS

	2019	2020	2020 Rest. (1)	2021	2022	2023
Listed shares	314,664,594	310,664,594	310,664,594	304,664,594	284,164,594	278,164,594
Market capitalization (€ mn)	11,217.79	8,434.54	8,434.54	7,180.94	7,607.09	11,171.09
Year-end closing price	35.65€	27.15€	27.15€	23.57€	26.77€	40.16€
Annual revaluation	5.38%	-23.84%	-23.84%	-13.19%	13.58%	50.02%

SUSTAINABILITY INDICATORS

	2019	2020	2020 Rest. (1)	2021	2022	2023
Number of employees	190,431	179,539	122,779	122,502	128,721	135,419
Employees with H&S certification	91.3%	92.0%	90.8%	91.6%	87.4%	92.0%
Training investment (€ mn)	34.6	25.1	10.7	14.8	18.3	22.2
Social Action investment (€ mn)	13.1	18.9	16.0	11.9	14.3	14.3
Vulnerable groups (Employees)	10,013	10,047	9,819	10,320	10,983	11,453
Recovered waste	76.8%	84.0%	85.8%	84.3%	85.0%	88.0%
Scope 1 emissions (tCO2 equiv)	3,001,287	2,683,671	401,068	371,978	378,893	380,722
Scope 1 emissions intensity (tCO2eq /mn € sales)	79.4	78.0	15.0	13.8	11.5	10.7
Scope 2 emissions (tCO2 equiv)	277,291	183,375	125,999	128,440	161,034	151,266
Scope 2 emissions intensity (tCO2eq /mn € sales)	7.3	5.3	4.7	4.8	4.9	4.2

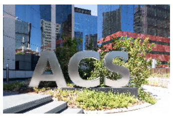
(1) Data restated for the reclassification of Industrial Services as a discontinued operation following the agreement and subsequent sale of the business in December 2021, showing Thiess as an "Operating equity method" following the sale of 50% of the business as of December 2020 and excluding extraordinary impacts in the period.

(2) Net profit + adjustments to net income not involving cash inflows/outflows + Variation in cash working capital

Consolidated Director’s Report

Point 4 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 4.12.

YANKEE STADIUM NEW YORK, USA - © TURNER



ACS Group Website

Consolidated Financial Statements

Corporate Governance Report

Directors Remuneration Report

ABOUT THIS REPORT

The Integrated Annual Report for 2023 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 [Comisión Nacional del Mercado de Valores - CNMV], and the Consolidated Annual Accounts for the year ended 31 December 2023, 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 (IIRC1).
- Non-financial information has been reported in accordance with 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 stakeholders2.

The report covers all of 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 6.2. Identification of material aspects

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

NEW HARBOR BRIDGE, TEXAS, U.S.A. (FLATIRON AND DRAGADOS) - **© DRAGADOS**

Content

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

A1 HIGHWAY, FRANCE. - ©ABERTIS

Letter from the Chairman

Dear shareholder,

2023 was a very positive year for the ACS Group. Our share price rose by 50%, which, together with the dividend paid, brought the total return for the year to 57%. In the last three years, since the end of 2020, as an ACS shareholder, you have enjoyed a total return on your investment of over 85%, equivalent to an average annual return of 22.7%.

This remarkable performance is due, on the one hand, to the Group's net profits, which rose by 16.6% to EUR 780 million in 2023. In addition, it also reflects the implementation of our corporate strategy, which is based on three essential pillars: effective management of operational risks, growth in the most dynamic sectors of our industry and an efficient and sound investment policy, aimed at simplifying our corporate structure and strengthening our position in the concessions activity.

In 2023, the Group achieved sales of EUR 35,738 million, generating a gross operating profit or EBITDA of EUR 1,909 million, equating to growth of 6.3% and 9.2%, respectively. We also allocated EUR 1,057 million to net investments, including both operating and financial investments, most notably the EUR 462 million increase in our stake in Hochtief. All of this was done while maintaining a solid financial structure, and closing the year with a net cash position of EUR 400 million.

By market, North America accounted for 62% of our sales, followed by Asia Pacific with 22% and Europe with 16%. Our global presence gives us access to new opportunities and projects in the most dynamic sectors of the global economy.

In the United States, our main market, the Group is a key player with flagship companies such as Turner, Flatiron and Dragados USA, and we are experiencing an unprecedented phase of investment. The implementation of new support programmes and public incentives for investment in areas such as digitalisation, decarbonisation and the modernisation of the country's major infrastructure is creating enormous opportunities for us.

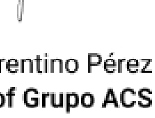
In addition to traditional transport, communications and energy infrastructure, there is strong growth in infrastructure related to data transmission and storage, artificial intelligence and energy transition. Infrastructure related to health, education and biotechnology, as well as sustainable mobility projects, is also growing due to increased social demand for modernisation and improvement of basic services.

The Group is firmly committed to the development of this type of high-growth infrastructure. Specifically, in 2023 new orders grew 20%, FX-adjusted to over EUR 45.1billion, 44% of which was in these strategic markets. Our project backlog currently stands at an all-time high of EUR 73.5 billion, having grown by 9.5% in the last twelve months in comparable terms.

The dynamism of these markets, the mission to satisfy the needs of our customers and the capacity of our companies to adapt have been present throughout the history of the ACS Group. The organisational changes we are introducing are in line with our commitment to continue to provide the best service and attractive returns for shareholders.

We have also adjusted the composition of the Board of Directors, in line with the best international corporate governance standards, increasing its independence and diversity. A global group such as ACS must apply best practices in management, reporting, transparency, corporate governance and respect for all its stakeholders.

We look to the future with confidence. Our core markets are expanding. The company has a strong commitment to risk management, continuous efficiency improvements and profitable and sustainable growth, enabling us to invest in the growth of the Group and to reward our shareholders appropriately. We rely on the collective and individual efforts of more than 135,000 employees working as one team to provide the best service to our customers and build a better future.



Florentino Pérez
Chairman of Grupo ACS

Letter from the CEO

Dear shareholder,

In my second year as CEO of ACS, I am more optimistic than ever about the future of our Group. During 2023, we made significant progress in both operational aspects of the business and strategic decisions that will shape our evolution over the next decade.

Going forward the safety of our 135,419 employees will remain our top priority. The Group's main occupational safety indicators, as outlined in this report, confirm a positive trend in 2023 compared with the previous year, making substantial improvements in the Construction area in an environment of strong growth in activity. I am particularly proud of these results.

Our people are our main asset. ACS is a company that reflects the diversity of the people within it. We work as a team to create an environment where integrity, equal opportunities, respect and a sense of belonging are promoted. We are therefore delighted to be recognised by Forbes magazine as the best company to work for in Spain, and number 277 in the world, based on surveys of more than 170,000 employees in 50 countries.

I am also very satisfied with the Group's financial results. Turnover was approximately EUR 36,000 million, up 6.3% or 10.3% taking into account exchange rate movements, which shows the strength of our business. Gross operating profit exceeded EUR 1,900 million, up 13.5% in comparable terms, above the growth in sales due to improved margins. Net profit was EUR 780 million, up 18.5% at constant exchange rates.

The emphasis on cash generation through profitable growth guided our strategic decisions in 2023 and will continue to do so in the future. In this respect, it is highly relevant that the gross cash flow from operations in the year exceeded EUR 2,200 million, presenting growth of almost 11%, as this meant that, after interest, taxes, leases and operating investments, the net cash flow available for growth investments and shareholder remuneration was EUR 1,054 million. More than 60% of this free cash flow was allocated to remunerating our shareholders, paying out EUR 632 million in remuneration. At the year-end, we continued to maintain a strong financial position and even improved our net cash position to EUR 400 million.

We have seen growth in all our markets and areas of activity. In Construction, our sales reached EUR 33,400 million, growing by 6.1% (or 10.4% taking into account exchange rate effects), with operating profit rising to EUR 960 million (19.6% FX-adjusted). By region, Construction revenues grew by 5.1% in North America, over 20% in local currency in Asia-Pacific and 3.1% in Europe.

In Concessions, gross operating profit grew 35% to EUR 304 million, thanks to a higher contribution from Abertis and the full consolidation of SH-288 in Iridium this year.

Clece's results for 2023 show a strong operating performance in Spain and internationally, with double-digit growth in gross operating profit to EUR 107 million and a stable operating margin.

The year saw an exceptional performance in new orders, with EUR 45.1 billion awarded, bringing the backlog at the end of 2023 to approximately EUR 73.5 billion. These figures place ACS as one of the leading groups in our sector worldwide.

The relocation of production capacity in our regions, which has been taking place, in particular, since the end of the pandemic, offers us numerous opportunities for growth due to the high investments in new infrastructure required. World economies, particularly the United States, are returning to a phase of industrial investment with strong government support through subsidies and tax breaks.

As a group, we have decided to make a firm commitment to these sectors that will define the future. We are experiencing a strong investment drive in the infrastructure that constitutes the architecture of the 21st century, such as data centres, or infrastructure related to the energy transition and sustainable mobility. We will participate in this process both by executing projects for our customers as they grow globally and by investing capital.

Our long history and experience, with companies such as Hochtief now 150 years old, gives us a unique position in these booming sectors. ACS is the international group in our industry that has placed the most decisive focus on these new sectors. These types of projects accounted for 43% of our backlog and 44% of our awarded contracts in 2023.

SOFI STADIUM, LOS ÁNGELES, U.S.A. - ©TURNER

Moreover, during the year, through Abertis, we also strengthened our strategic position in transport infrastructure. In July 2023, we reached an agreement with our partner, Mundys, to enhance the company's growth. As a result of this agreement and our forward-looking approach in this activity, Abertis shareholders subscribed a capital increase of EUR 1,300 million at the beginning of 2024, of which EUR 650 million corresponds to us.

During the past year we have added new assets in early stages of operation and with long concession periods. Abertis acquired 56.76% of the SH-288 highway with 17 kilometres of managed lanes in Houston, Texas, and a concession contract until 2068 for USD 1,500 million. During the year, the company won the tender for a concession in Puerto Rico for the operation of four new motorways over the next 45 years. These new long-term projects will bring future dividends to our group.

Our strategy is to continuously assess the risk of our operations in pursuit of profitable growth with high cash generation that allows us to reinvest and reward our shareholders. We are strengthening active contractual risk management and increasing our involvement in projects with collaborative risk-sharing contracts with customers. 85% of our backlog is low-risk, compared with 60% in 2017. These lower-risk contracts, increasingly in new higher-growth, higher-margin markets will translate into more stable cash generation and help strengthen the balance sheet while generating profitable growth.

Like us, our customers are increasingly global. They are often multinational customers to whom we have a global and comprehensive commitment. This requires strengthening our engineering capabilities organically and through selective acquisitions in new markets. It is also important to integrate the operations of the group companies to provide the best service to our customers by consolidating the capabilities of the our group companies. A significant example of this strategy is the integration of the global supply chain for specialist equipment through SourceBlue, Turner's supply chain management subsidiary.

This integration and simplification of our structure leads to the achievement of commercial, operational, financial and management synergies throughout the company, which is one of the keys to the group's management. The digitalisation of all our processes in the study, tendering and execution phases is one of the fundamental requirements in the search for synergies, improvement of production capacity and risk management.

Another pillar defining our strategic lines is an efficient allocation of capital. A disciplined investment and asset rotation policy will determine our performance over the next decade and will be decisive in the search for risk-adjusted returns for our shareholders.

Due to the nature of our activities, we are very conscious of the impact we have on the environment and the communities in which we operate. Infrastructure plays an important role in enhancing people's quality of life, either through infrastructure that enables more sustainable mobility or through new-generation infrastructure that enables a more environmentally friendly energy model.

We continue to make progress in our environmental commitment through the decarbonisation of our activities. The reduction of emissions in absolute terms (scopes 1 and 2) was 30% compared with 2019, the baseline year when we approved our Sustainability Master Plan, with the aim of making our activities climate neutral by 2045.

To conclude this letter, I would like to convey to you once again the optimism with which it began. Our response to the changes facing the industry, our global presence, our ability to invest and our employees' commitment and desire to improve give me every confidence that we will continue to grow as a group over the coming years.

ACS is an international, multicultural and diverse group where the integration of our employees enriches us and makes us stronger. A group with pride in belonging, where we provide the conditions for people to progress. A group that, to repeat the words of our Chairman, is building a better future.

Juan Santamaría Cases
CEO of Grupo ACS

1 Management Bodies

ACS BOARDROOM, MADRID, SPAIN - © ACS

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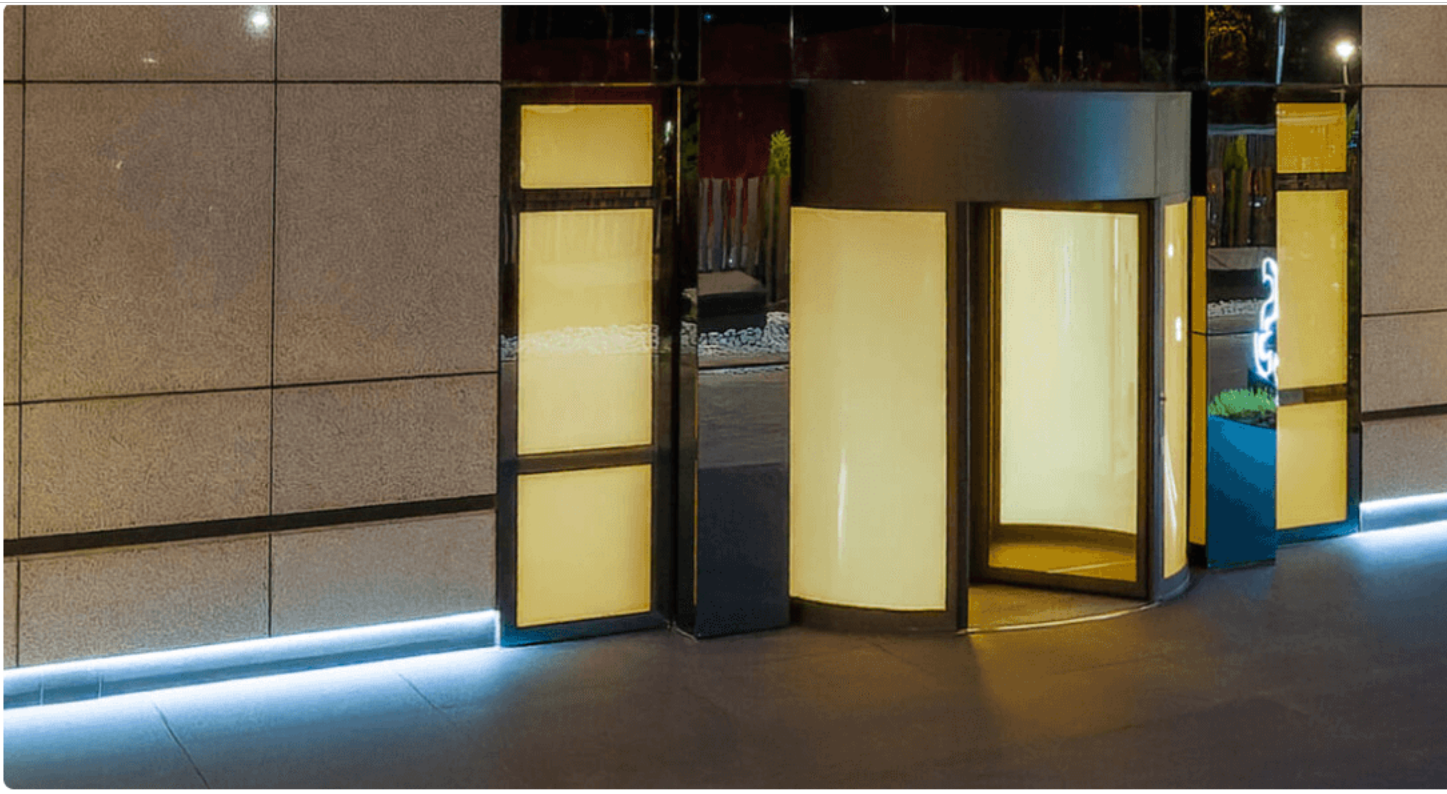
1.1. BOARD OF DIRECTORS



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
President of Abertis

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 Landiribar
Director

B.A. in Economics
Member of the ACS Group's Board of Directors since 2003
Director of Dragados, S.A. (Grupo ACS)
Vice Chairman 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.)
Member of the Advisory Board of Telefónica España (Grupo Telefónica, S.A.)
Member of the Advisory Board of Mckinsey

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
State Lawyer
Member of the ACS Group's Board of Directors since 2022
Director of Banco Sabadell
Director of the Iberpapel Group
Director of MdF Family Partners, S.A.

Ms. Lourdes Fraguas Gadea
Director

B.A. in Law and legal advisory services to companies
State Lawyer
Member of the Board of Directors of ACS Group since May 2023
Director of OESIA Group
Director of Mirto Corporación Empresarial
Director of COFARES Diversificación S.L.

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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 of HOCHTIEF
Chair of the 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

Ms. Lourdes Máiz Carro
Director

B.A. in Law and Philosophy
Doctor in Philosophy
State Lawyer
Member of the Board of Directors of ACS Group since May 2023.
Director of BBVA

Mr. José Eladio Seco Domínguez
Lead 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

EXECUTIVE
INDEPENDENT
PROPRIETARY
OTHER EXTERNAL

MEMBER OF THE EXECUTIVE COMMITTEE
MEMBER OF THE AUDIT COMMITTEE
MEMBER OF THE APPOINTMENTS COMMITEE
MEMBER OF THE REMUNERATION COMMITEE
SECRETARY (NON-MEMBER)

More information:
Online access to their biography

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1.2. MANAGEMENT TEAM

Corporation

ACS, Actividades de Construcción y Servicios S.A.

Mr. Florentino Pérez
Executive Chairman

Mr. Juan Santamaría
Chief Executive Officer

Mr. José Luis del Valle
General Secretary

Mr. Ángel García Altozano
Corporate General Manager

Mr. Emilio Grande
Chief Financial Officer

Mr. Ángel Muriel
General Manager deputy to the CEO

Mr. Eugenio Llorente
Industrial Projects Director

Ms. Martina Steffen
Chief Human Resources Officer

Mr. Ramón Villaamil
Chief Risk Officer

Ms. Cristina Aldámiz-Echevarría
Head of Associates, Operations & Sustainability

Mr. Luis Cellier
Head of Institutional Relations & Markets

Ms. Paula García Arango
Compliance Manager

Ms. Raquel Lomillos
Internal Audit Manager

HOCHTIEF AG

Mr. Pedro López Jiménez
Chairman of the Supervisory Board

Mr. Juan Santamaría
Chief Executive Officer

Mr. Ángel Muriel
Chief Operating Officer

Mr. Peter Sassenfeld
Chief Financial Officer

Ms. Martina Steffen
Chief Human Resources and Sustainability Officer

Integrated Solutions

Turner Construction

Mr. Peter Davoren
President and Chief Executive Officer

CIMIC

Mr. Juan Santamaría
Executive Chairman

Mr. Pedro Vicente
Chief Executive Officer

Mr. Doug Moss
Managing Director of UGL

Mr. Grant Fraser
Managing Director of Sedgman

Mr. Jason Spears
Managing Director of CPB Contractors

Mr. Brad Davey
Managing Director of LAIO

Mr. Geoff Sewell
Managing Director of EIC Activities

Mr. Michael Wright
Chief Executive Officer of Thiess

Investments in Infrastructure

Iridium

Ms. Nuria Haltiwanger
Chief Executive Officer

Hochtief PPP Solutions

Mr. Peter Coenen
Managing Director

Pacific Partnerships

Mr. Simon Nicholls
Managing Director

Abertis

Mr. José Aljaro
Chief Executive Officer

Mr. Martín D’Uva
Chief Financial Officer

Engineering and Construction

Dragados

Mr. Pedro López Jiménez
Chairman

Mr. Santiago García Salvador
Chief Executive Officer

Flatiron

Mr. Javier Sevilla
Chief Executive Officer

Hochtief Infrastructure

Mr. José Ignacio Legorburo
Chief Executive Officer

Services and other

Mr. Cristóbal Valderas
Chief Executive Officer of Clece

Mr. Enrique Pérez
Chief Executive Officer of Cogesa

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HEARST TOWER MANHATTANNAN, NEW YORK, USA - © TURNER

2 The ACS Group

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A40 BRIDGE OVER THE RHINE IN DUISBURG, GERMANY - © HOCHTIEF

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2023 AT A GLANCE

Key Figures

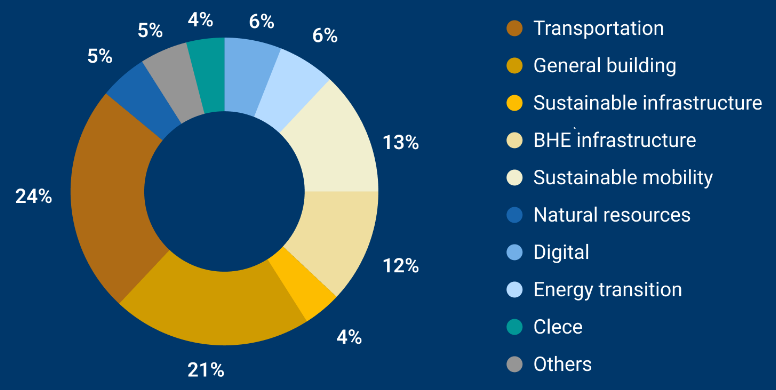
SALES

35,738 M€
(+ 6.3%)

BACKLOG

73,538 M€
(+ 6.6%)

PROJECT BACKLOG



Relevant Milestones

February
Turner is awarded the construction of a $725 million pharmaceutical production facility in Frederick, Colorado (USA).
Turner

March
The Pentagon awards Dragados a $2.84 billion contract at the Pearl Harbor base (Hawaii, USA).
DRAGADOS

April
Grupo ACS acquires 100% of the SH-288 highway (Houston, USA) after acquiring the 21% stake it did not control from Blueridge Transportation Group (BTG).
IRIDIUM

May
The road built by Dragados with materials reused from La Palma's volcano starts operating.
DRAGADOS

July
Grupo ACS and Mundys sign a strategic collaboration agreement for Abertis to strengthen its global leadership in transport infrastructure concessions.
abertis

March
Panasonic selects Turner to build an electric vehicle battery manufacturing plant in De Soto (Kansas, USA) that will produce more than 30GWh per year.
Turner

April
Turner lays the first stone for Highmark Stadium, which will become the home of the Buffalo Bills and the largest project to be built in Western New York (USA).
Turner

April
CPB Contractors is recognised by the Infrastructure Sustainability Council of Australia for its leading sustainability practices.
CIMIC

June
Sedgman acquires Canada's Novopro Projects Inc, which specialises in project development and operational optimisation in mineral processing for lithium, potash, salt, magnesium and soda ash projects.
CIMIC

Socioeconomic Impact Of ACS Group Activities

EMPLOYEES	EMPLOYEES COVERED BY SAFETY CERTIFICATIONS	SCOPE 1 AND 2 EMISSIONS	RECOVERED WASTE
135,419	92%	531,988 tCO_2	88%
(55.5% W / 44.5% M)	(ISO 45001)	(-30.2% vs 2019)	

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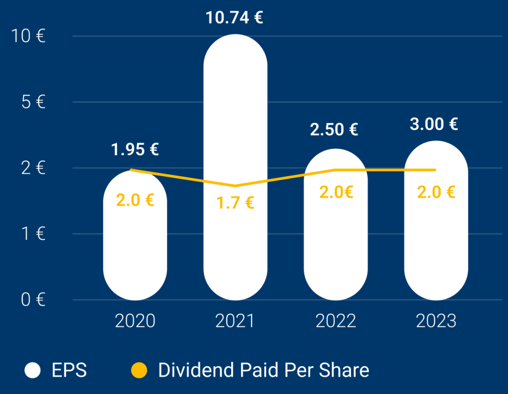
EBITDA

1,909 M€
(+ 9.2%)

NET PROFIT

780 M€
(+ 16.7%)

EPS AND DIVIDEND PAID PER SHARE



SHARE PRICE

40.16 €
(+ 50.2%)

EPS

3.00 €/share
(+ 19.7%)

August
UGL is awarded more than A$600 million in lithium and energy contracts in Western Australia.

CIMIC

September
Hochtief celebrates its 150th anniversary.

HOCHTIEF

November
Hochtief receives AAA rating (highest rating) from MSCI sustainability index.

HOCHTIEF

December
Abertis completes the acquisition of 57% of SH-288 in Houston, Texas, and four more toll roads in Puerto Rico

abertis

December
Grupo ACS' backlog reached an all-time high of €73,538 million, 6.6% more than at year-end 2022.

ACS

September
Hochtief is awarded a contract for the construction and operation of 850 fast charging points for cars in Germany.

HOCHTIEF

November
Engineering News Record (ENR) recognises Turner as the leading builder in the United States for the past 50 years and as the greenest contractor for 16 consecutive years.

Turner

December
ENR's prestigious annual Global Sourcebook ranking consolidates Grupo ACS as the leading international contractor in the data centre, aerospace, mining, and telecommunications sectors.

ACS

December
The Dow Jones Sustainability Index (DJSI) confirms the presence of ACS and Hochtief in its sustainability indices for yet another year.

ACS HOCHTIEF

RENEWABLE ENERGY CONSUMPTION

62,227 MWh

TRAINING HOURS

1,566,882

INVESTMENT IN SOCIAL ACTION

14.3 M€

LOCAL SUPPLIERS

90%

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2.1. WHO WE ARE

The ACS Group is a global infrastructure supplier made up of leading companies in developing, constructing and operating engineering, civil engineering and building projects and new-generation solutions in such sectors of the future as energy transition, digitalization and smart mobility.

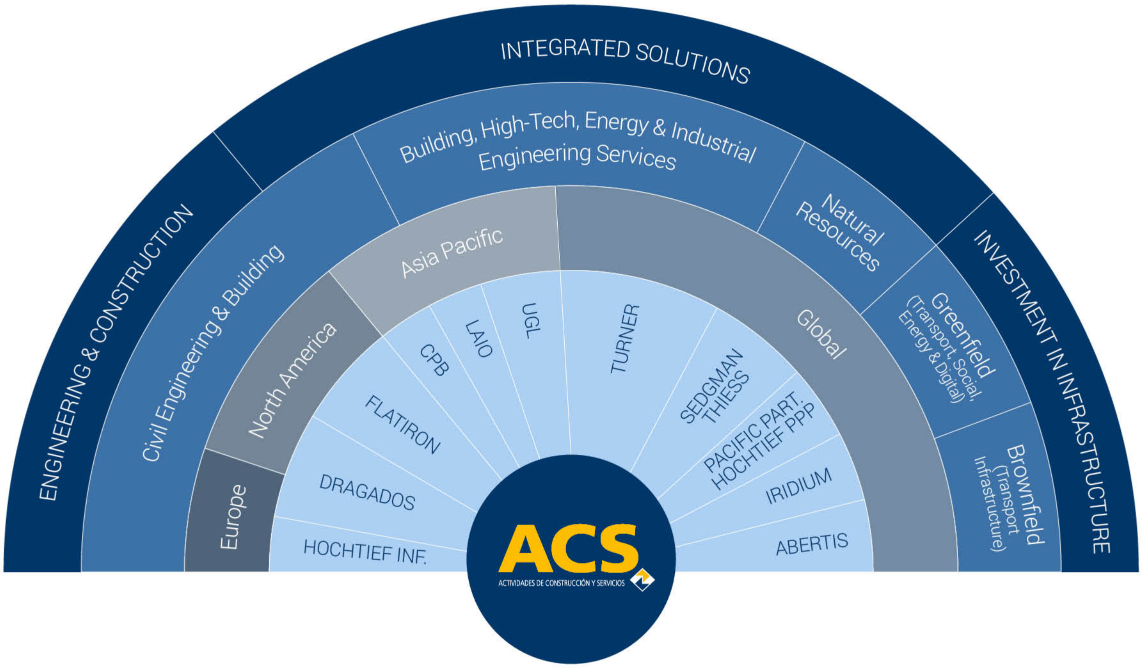
The Group's companies work in an integrated manner in the three most highly developed markets in the world (North America, Asia-Pacific and Europe), generating synergies and ensuring that ACS is present along the entire value chain of the infrastructure business.

With an approach based on adapting to the various markets and each project's needs, the Group's companies have a common corporate culture and values geared towards excellence, added value creation, profit generation, innovation and adaptation to the customer.

I-17 ARIZONA, USA (PULICE) - © **DRAGADOS**

2.2. THE ACS GROUP'S BUSINESS MODEL

ACS's business model aims to generate sustainable returns for shareholders while promoting the economic and social development of the various regions where the Group operates. Through a robust risk control model, the ACS Group operates in an integrated manner in the three most highly developed markets in the world, North America, Asia-Pacific and Europe.



Geographical presence in the world's three most developed markets

Leadership in North America, Asia Pacific and Europe, mature markets with stable and strong currencies.

Contribution of the different markets to ACS Group sales in 2023:

- North America: 62%
- Asia Pacific: 22%
- Europe: 15%
- Other geographies: 1%

Robust risk control model

Evolution towards a lower-risk project profile and strengthening of control procedures at all levels of the organization.

Evolution of low-risk contracts' backlog:

- 2017: 60% of total
- 2023: 85% of total

Integrated activity and operation throughout the value chain

Operation throughout the entire life of the value chain and development of an integrated activity by the ACS Group's companies and subsidiaries, which enables synergies to be achieved at a global level and large-scale projects to be undertaken.

Scheme for infrastructure activities; additionally, the Services business is carried out through Clece.

Our business lines

ACS has evolved from a traditional contractor to a Group occupying a prominent position in high-added-value sectors and able to anticipate global trends and make them a reality as well as contribute to improving society by developing, constructing and operating infrastructure assets.

The ACS Group carries out its operations through companies with cross-cutting activity in various sectors, while placing special emphasis on specializing in the following segments:

I. INTEGRATED SOLUTIONS

The ACS Group designs, builds and operates new-generation infrastructure that has high market demand and meets society's current needs. From high-tech projects such as data processing centers (DPCs), telecommunications networks and semiconductor production facilities, energy transition-related projects such as renewable energy assets, battery factories, power transmission lines and energy storage systems to solutions for the biopharmaceutical, healthcare or defense industries, the Group's companies promote projects linked to high-added-value sectors.

The Group is also committed to sustainable mobility with advanced projects relating to smart cities, new urban transport infrastructure and electric-vehicle fast-charging networks. It develops infrastructure with which obtain the raw materials needed to ensure progress in the current energy transition process.

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The Group’s companies also provide key social and urban infrastructure assets to improve the quality of life of the communities in which they operate. In these activities, ACS is also committed to integrating technology and cutting-edge solutions so as to shape projects capable of meeting the growing demands of society. This segment includes projects linked to developing and adapting hospitals, laboratories and universities as well as creating sports and leisure facilities.

The Group's main companies involved in these business lines are Turner, whose operations are centered on the United States and Europe, and CIMIC, on the Asia-Pacific region.

Turner

Turner is the leading construction management company in the United States, and in 2023 returned to the top ranking of the *Engineering News-Record* (ENR) for general and sustainable construction. Turner has extensive experience in engineering, supply chain management and logistics, which are key components of large-scale projects.

It is recognized as a leader in the United States in the data center, healthcare, education, airport, sports and commercial office segments. It also plays a key role in the manufacturing sector in by building infrastructure for the electric vehicle industry for manufacturing and recycling batteries and facilities that supply this market.

SALES	BACKLOG	AWARDS
17,526	27,162	20,136
US$ Million	US$ Million	US$ Million
+6.3%	+12.6%	+22.9%

Representative projects

Datacentre campus in Indiana

Turner was awarded a contract to build a datacentre campus for Facebook parent Meta in the U.S. city of Jeffersonville, Indiana, in 2023. The project will involve an investment of about EUR 740 million.

Vehicle battery plant in Kansas

In 2023 Turner was selected to build an electric vehicle battery plant in De Soto, Kansas. Through a joint venture, Turner will carry out a project for Panasonic Energy consisting of not only creating an assembly plant but also constructing a central public services plant and ancillary buildings. The facility is expected to begin production in late March 2025.

Two buildings for Offutt Air Force in Nebraska

The US Army Corps of Engineers awarded Turner a contract worth approximately EUR 360 million to construct two buildings at Offutt Air Force Base, near Omaha, Nebraska, in 2023. The project, which will make the air base more resilient to possible future flooding, includes a three-storey facility for intelligence, training, maintenance and reconnaissance squadrons.

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Trinity University's Dicke HAll, in San Antonio, Texas

Turner has completed the construction of Dicke Hall, an innovative mass-timber building on the campus of Trinity University, in San Antonio, Texas. This new building houses a variety of facilities, including interactive-learning classrooms and an auditorium that will provide a modern, functional environment for education and academic development at the university.

Biopharmaceutical manufacturing plant in Ohio

In the biopharmaceutical segment, Turner will build a manufacturing facility for Pharmavite in New Albany, Ohio. The project, named Sunrise, will allow the nutritional supplement manufacturer to expand its production capacity and create more than 200 jobs.

Wexner Medical Hospital in Ohio

Turner is building Wexner Medical Hospital in Columbia, Ohio, which is scheduled to open in early 2026. The hospital will feature state-of-the-art facilities to provide medical services of the highest quality, reflecting Turner's commitment to innovation and to improving healthcare infrastructure in the region.

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CIMIC

CIMIC is a leading engineering, natural resources, services and infrastructure-development company that works all along the project lifecycle. The company operates primarily in the Asia-Pacific region, offering a wide range of high-tech solutions focused on infrastructure feasibility, design, planning, construction, maintenance, asset management, refurbishment and decommissioning.

SALES	BACKLOG	AWARDS
13,279	31,723	19,091
A$ Million	A$ Million	A$ Million
+19.8%	+4.3%	+16.2%

The main companies through which CIMIC operates are:

- CPB Contractors is as a leading civil engineering and construction contractor, carrying out complex infrastructure projects in Australia and New Zealand and contributing to a more connected and sustainable future.
- LAIO provides comprehensive construction and civil engineering services, mainly in Hong Kong and certain other Southeast Asian countries.
- UGL specializes in comprehensive engineering, services and operations and is a market leader in many sectors in which it operates. It 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. It also has a growing presence in the rapidly growing energy transition market.
- Sedgman develops customized solutions for the design, construction and operation of state-of-the-art mineral processing plants and associated mining infrastructure.
- Thiess engages in activities in the natural resources sector. It offers sustainable mining services solutions and pursues a strategy of diversification in terms of raw materials and services as well as geographically.

The outlook is attractive for CIMIC, thanks to the numerous recovery plans announced by governments in its main construction and services markets, and to additional opportunities through a strong portfolio of public-private partnership projects.

Representative projects

HumeLink power transmission grid in New South Wales

CIMIC is leading the implementation of HumeLink, one of the largest energy infrastructure projects in New South Wales, Australia. The project entails constructing more than 385 km. of transmission lines to significantly bolster the region's power grid. The initiative reflects CIMIC's commitment to innovation and excellence in the construction of infrastructure critical for the development and sustainability of Australia's energy supply.

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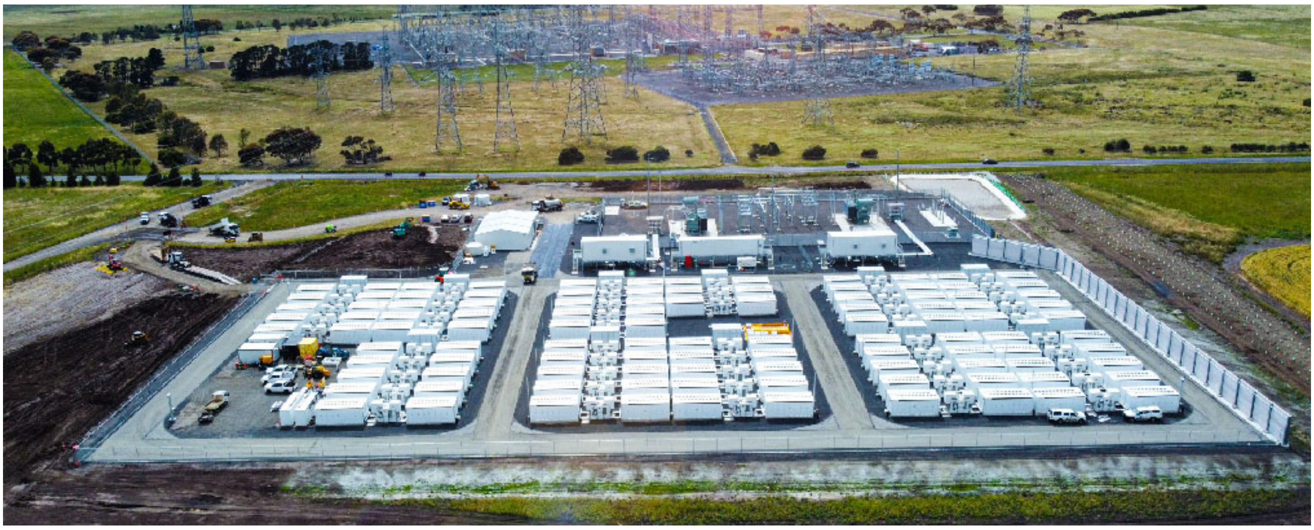
High-voltage infrastructure for a battery energy storage system in Brisbane

Through UGL, CIMIC will install high-voltage infrastructure to service the battery energy storage system provided by Tesla at the Western Downs Green Power Hub near Brisbane, Australia. In a subsequent stage, the battery, also to be installed by UGL, will transmit stored energy to the electricity grid. This project will play a crucial role in expanding renewable energy storage capacity in Australia, contributing significantly to integrating clean energy sources into the power grid.



Construction of a data center in the Philippines

LAIO is building a datacentre as an integral part of Phase 1 of the STT Fairview 1 project, an initiative to develop this type of assets in Quezon City, the Philippines. This project is a testament to CIMIC's experience implementing state-of-the-art technological infrastructure and will help drive economic growth and technological development in the region.

Sydney Harbour Metro

Several of CIMIC's subsidiaries are working to construct a metro line spanning Sydney Harbour, in Australia. This is one of Australia’s largest public transport projects and marks a significant milestone in improving services for residents and visitors alike.

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II. CIVIL ENGINEERING AND CONSTRUCTION

The Group combines development, operation and investment in new generation assets with execution of traditional infrastructure projects, both in civil engineering and construction. It also uses technology and the best solutions to provide communities with transport routes, high-capacity connections and the facilities needed to ensure basic services such as the provision of water.

The Group's main companies involved in these business lines are Dragados, Flatiron and Hochtief Europe.

DRAGADOS

Dragados' activity is centered on developing civil engineering infrastructure (highways, railways, maritime, hydraulic and airport works) and both residential and non-residential construction projects. The company has become a global benchmark in the construction sector and is one of a leading public-private concession contractor.

Alongside Spain, the United States and Canada have become the main markets for Dragados, which also has a foothold in such countries as the United Kingdom, Ireland, Poland, Chile and Argentina.

Dragados' projects comply with the highest sustainability standards, earning the company a total of 72 certifications in accordance with LEED, BREEAM, CEEQUAL, WELL, VERDE and ENVISION awards.

SALES	BACKLOG	AWARDS
5,601	15,299	6,514
€ Million	€ Million	€ Million
+7.4%	+4.2%	-10.1%

Representative projects

Nuclear submarine dry dock at Peal Harbor Naval Shipyard in Hawaii

The U.S. Department of Defense has awarded Dragados USA a USD 2,840 thousand million contract to construct a new dry dock for the maintenance and repair of the Pacific Fleet's nuclear submarines at Pearl Harbor Naval Shipyard on the island of Oahu, Hawaii. Work is expected to be completed in September 2027.

Light rail network between Montreal and Quebec, Canada

Dragados Canada has joined a consortium constructing the Réseau Express Métropolitain (REM), an electric light rail network connecting Montreal and Quebec with 67 km. of double tracks, 3 km. of tunnels, 26 new accessible stations and park-and-ride facilities with associated bus terminals.

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Expansion of Line 11 of the Madrid Metro

Dragados is conducting a project to extend Line 11 of the Madrid Metro between Plaza Elíptica and Conde de Casal.

Construction of the largest civil engineering project, in the State of Virginia

The ACS Group, through Dragados USA and Flatiron, is part of the joint venture building a bridge-tunnel project on Interstate 64 Hampton Roads in Virginia. It is the largest project of its kind in the state's history.

FLATIRON

Flatiron specializes in civil engineering projects in North America. With a strategy based on long-term customer relationships and a low risk profile, Flatiron provides innovative infrastructure solutions in the United States and Canada.

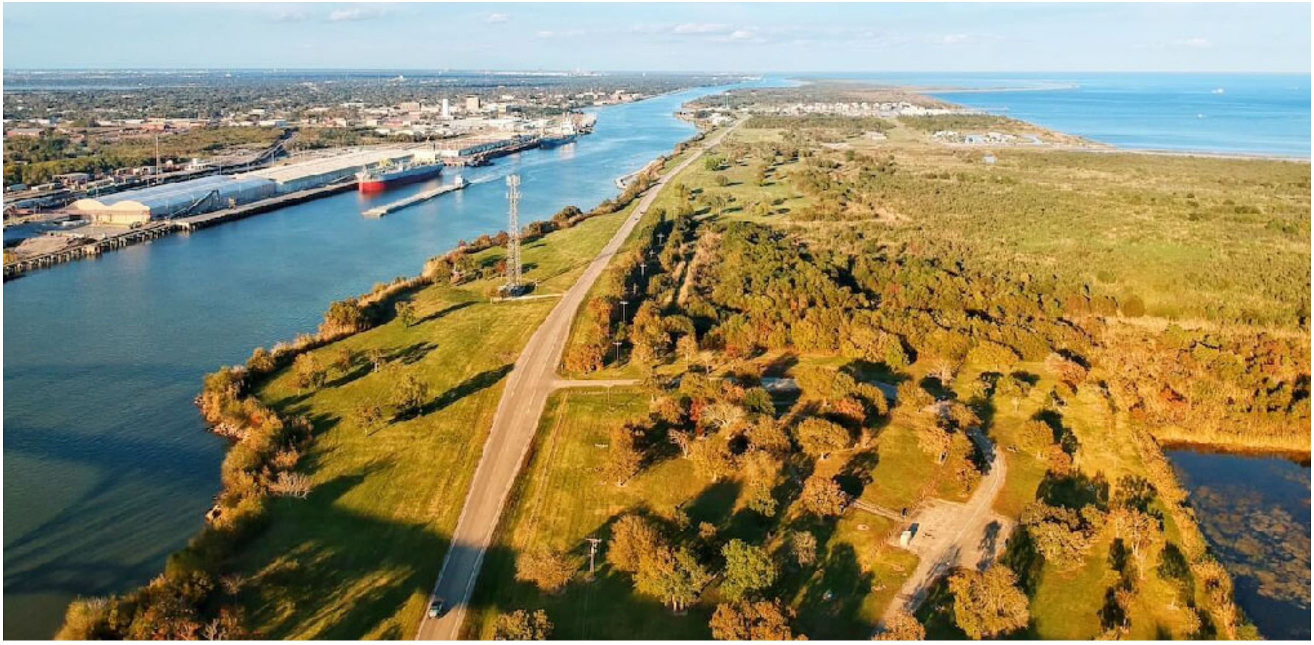
The company conducts all manner of projects, including roads and bridges, airports, railways, dams and water treatment plants as well as underground projects. In 2023, Flatiron ranked among the top 10 transportation and heavy civil engineering contractors in the United States.

SALES	BACKLOG	AWARDS
2,125	5,782	2,788
US$ Million	US$ Million	US$ Million
+14.1%	+4.9%	+31.5%

Representative projects

Flood protection infrastructure in New Jersey

Flatiron is leading a major flood protection project in Hoboken, New Jersey. The contract, valued at EUR 232 million, calls for the construction of more than 2,700 linear metres of reinforced concrete floodwalls and the installation of 28 floodgates at Harborside Park. This is a critical project for safeguarding infrastructure and protecting at-risk communities in the region.



Manhattan Resiliency Project

Flatiron is participating in the pre-construction phase of a key project in Battery Park City, New York, to improve public spaces and protect the city from sea level rise and storms. The company is building floodwalls and creating systems to upgrade interior drainage.

HOCHTIEF EUROPE

Hochtief Europe is carrying out large-scale transport, energy, data center, electric vehicle battery and construction projects, providing solutions for all phases of project execution. The company contributes to sustainable infrastructure growth in Germany and throughout Europe by constructing new buildings, bridges, roads, rail infrastructure, tunnels, airports and seaport facilities.

Representative projects

Bridge over the Rhine River in Germany

Hochtief Infrastructure is part of the joint venture that will build the structure for a second bridge over the Rhine River near the city of Leverkusen, Germany. The total value of the contract is EUR 426 million and the project is expected to be completed by the end of 2027.

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Multifunctional hall with a capacity for more than 13,000 in the Czech Republic

Hochtief Infrastructure is building a multifunctional hall in Brno, Czech Republic, for international cultural and sporting events and trade fairs with capacity for 13,300 spectators and a budget of EUR 187 million. The work is expected to take about two and a half years.

Frankfurt University of Applied Sciences

Hochtief Infrastructure is developing a construction project at Frankfurt University of Applied Sciences, in Germany, for the Hesse State Agency for Construction and Real Estate. Having completed a seminar and multipurpose building on the campus last year, the company will now deliver another new building, with laboratories, a conference room, seminar rooms and office space.

III. INVESTMENT IN INFRASTRUCTURE

The ACS Group invests with its clients and partners in developing infrastructure, thus channelling capital to projects demanded by society. This financing strategy maximizes the value of assets throughout their life cycle, ensuring optimal performance and contributing to sustainable development. It also allows the company to participate in the future benefits of infrastructure projects developed by Group companies, which have the capacity to provide high added value.

ACS thus prioritizes joint investment in such sectors as digitalization, the energy transition and sustainable mobility, while also allocating resources to traditional concessions and infrastructure.

By developing projects through partnerships, the company minimizes risk, boosts efficiency and aligns its interests with those of its stakeholders. In this manner, ACS combines traditional collaboration formulas –such as concessions– with specific partnerships for each project.

Taking into account all types of projects, the ACS Group's total investment in infrastructure exceeded EUR **5,500** million in 2023, with more than 125 projects under management, including Abertis, Iridium, Hochtief PPP Solutions and Pacific Partnerships.

A6 HIGHWAY, GERMANY (HOCHTIEF PPP SOLUTIONS) - © **HOCHTIEF**

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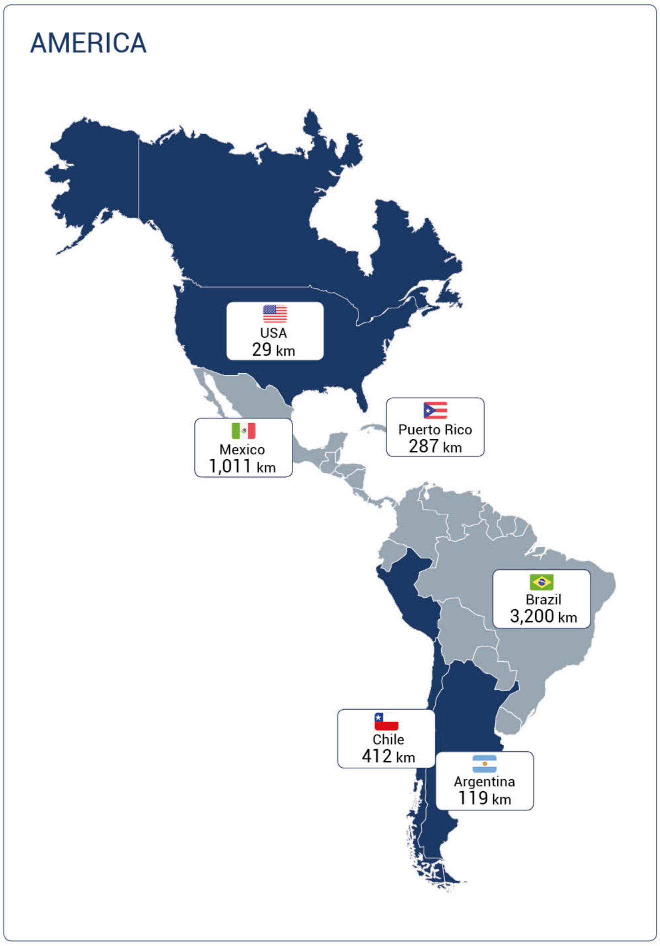
abertis

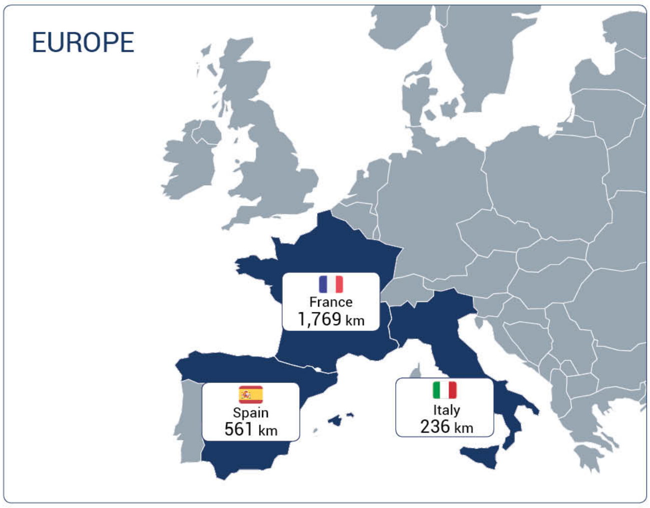
Abertis is one of the world's leading high-capacity motorway operators, with some 8,000 km in 35 concessions distributed in 15 countries in the Americas, Asia and Europe. The company has been working for more than 60 years to play a key role in financing and sustainably managing the future infrastructure of the countries in which it operates. Its commitment to society focuses on long-term investment in high-quality, sustainable infrastructure.

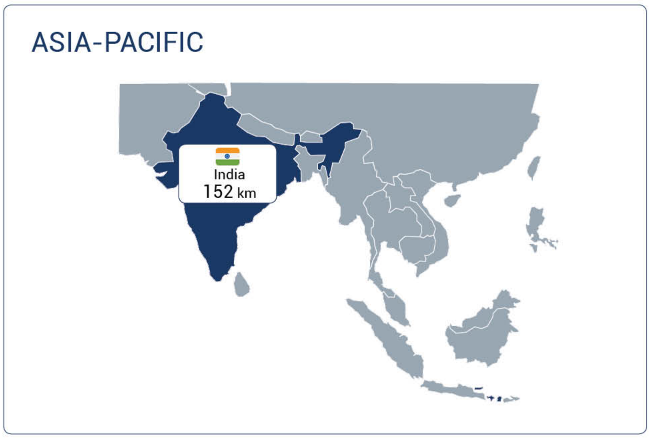
Abertis invests in smart technology and engineering to ensure that customers who choose its motorways enjoy safe, comfortable and sustainable roads. The company is a pioneer in applying new technologies to high-capacity infrastructure and promotes innovative solutions so as to meet the constantly evolving mobility challenges of the future.

ACS holds a 50% stake in the concessionaire, with a 30% direct shareholding and a 20% indirect shareholding through Hochtief AG.

SALES	EBITDA	TRAFFIC
5,532	3,893	25,045
€ Million	€ Million	Km Million
+8.4%	+10.1%	+3.4%







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Recent investments

Texas Highway SH-288

In July 2023, as part of the strategic collaboration agreement for Abertis signed between the ACS Group and Mundys, primarily to strengthen its global leadership in transport infrastructure concessions, the ACS Group agreed to transfer a 56.76% stake in the SH-288 highway in Houston to Abertis. The transaction price was USD 1,530 million, equivalent to USD 2,700 million in equity value for 100%.

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 corridor. 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.

Puerto Rico Highways

In October 2023, Abertis' USD 2,850 million bid was the award winner in Puerto Rico's largest highway privatisation process, which aimed to boost the efficiency of the island's last remaining public toll roads, which account for more than 60% of the island's traffic. The new assets add 192 km of highly strategic roads connecting large population areas to the San Juan metropolitan area, as well as to the south and east of the island. With this new award, Abertis manages the PR-52, PR-66, PR-20 and PR-53 motorways, in addition to those it already managed in Puerto Rico, such as the PR-22, PR-5 and the Teodoro Moscoso Bridge.

IRIDIUM

Iridium manages 47 projects, most of them concession projects, representing an aggregate investment of EUR 31,485 million, mainly in roads and highways (43% of the investment and about 700 km of roads under management) and in subways and railways (52% and about 300 km of roads under management).

Geographically, around 66% of this investment is located in the United States and Canada across 17 projects (10 highways, 6 railway/subway projects and one Glydways Mobility project), while Europe accounts for more than 20%, across 13 road and highway projects, 4 railway and subway projects, one data center and 12 projects involving public services and facilities, hospitals, parking lots, transportation hubs, etc.

CONCESSIONS	MANAGED INVESTMENT	ACS INVESTMENT
47	31,485	1,422
	€ Million	€ Million

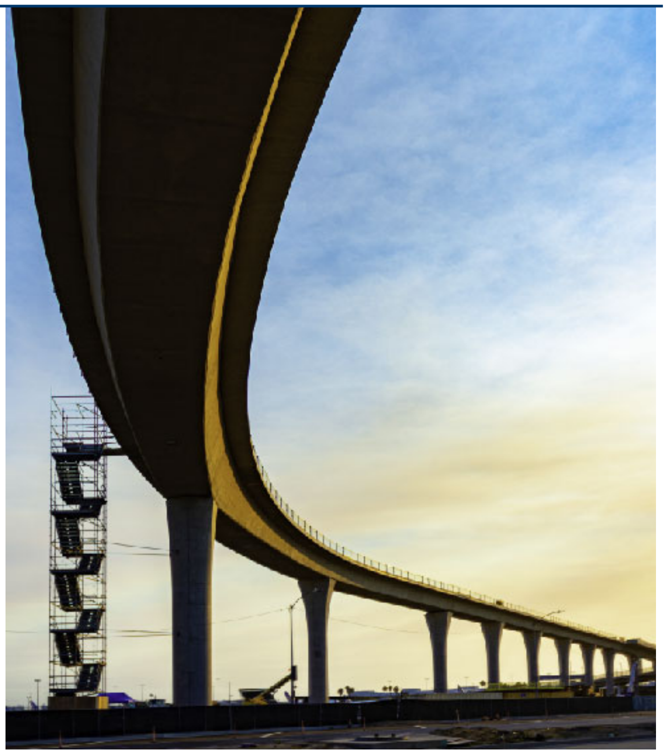
Representative projects

Eglinton Crosstown light rail in Toronto

The ACS Group, through its Iridium and Dragados Canada subsidiaries, is part of the consortium in charge of designing, constructing, financing and performing maintenance on the Eglinton Crosstown light rail in Toronto, Canada. This is the largest project ever developed by the City of Toronto, with 19 km of the new light rail line, 25 stations and workshops and depots covering an area of more than 22,500 square metres. In addition, a maintenance contract will be maintained with the customer, Metrolinx.

Los Angeles International Airport Automated Transit System

Iridium is managing the contract for the construction of a 3.6 km-long elevated guideway at Los Angeles International Airport, with an estimated development period of five years. On this section of track, which will have a height between 15 and 20 metres and for which six stops are planned, up to nine trains will be able to run simultaneously. The project includes the 30-year operation, maintenance and service contract.



Gordie Howe International Bridge

Iridium manages a concession contract for the new international bridge between Windsor, Ontario, and Detroit, Michigan. The project includes the construction of both customs and border facilities, as well as the connection between the Canadian end point and I-75 Highway. It will be the longest cable-stayed bridge in North America, with a height of up to 853 metres.

HOCHTIEF PPP SOLUTIONS

Hochtief PPP Solutions focuses on developing public-private partnership projects, mainly in strategic high-growth markets in Europe. This includes the equity investment in project companies and execution of most of the construction work. The company provides services for public sector clients across the entire lifecycle of infrastructure projects –from design and financing to construction and operation– under a public-private procurement model.

In particular, its Hochtief PPP Solutions subsidiary develops solutions for smart cities, including developing data centers or electric vehicle charging stations.

It currently has a portfolio of 35 projects, 8 relating to transport infrastructure and 27 to social infrastructure. Hochtief's investment exceeds EUR 200 million.

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Representative projects

Electric vehicle fast-charging network Germany

Germany's Federal Ministry of Transport and Digital Technologies awarded Hochtief PPP Solutions and consortium partner EWE Go a contract for the financing, design, construction and operation of a German electric vehicle fast-charging network with a total of 850 charging points in the north-west and west of the country in 2023. The two partners have designed the 96 stations with between four and sixteen fast-charging points each and will be responsible for their construction and long-term operation.

Construction of a datacentre in Poland

In the digital infrastructure market, Hochtief PPP Solutions has been selected as the general contractor to build, together with a consortium partner, a new datacentre in Poland for Data4 Group. This contract is part of a large project being developed near Warsaw, comprising four datacentres with a total capacity of 60 MW.

Datacentres in Germany

Hochtief has partnered with the infrastructure investor to build and operate sustainable datacentres in Germany. The first of these projects recently broke ground near Essen.

PACIFIC partnerships

Pacific Partnerships is a promoter, developer and investor in infrastructure and energy assets. It has substantial experience with roads and railways, as well as in the education, security, energy and health sectors.

At year-end 2023, Pacific Partnerships managed nine concessions, with an aggregate investment of EUR 16 thousand million, including two motorways, six railways and one social infrastructure project, most of which are located in Australia.

Representative projects

Glenrowan Solar Farm

Glenrowan Solar Farm, located some 230 km north-east of Melbourne in Victoria's Central North Renewable Energy Zone, was acquired in 2021. It has a 10-year power purchase agreement with the State of Victoria. The project began exporting electricity to the grid in November 2023 and is expected to reach full output of 102 MWac by the end of March 2024. The asset is expected to generate enough renewable electricity to power some 45,000 Australian homes.

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OTHER BUSINESSES:

Clece

Clece provides essential services through a social, sustainable, lasting management model. With track record and presence in Spain, Portugal and the United Kingdom going back more than 30 years, Clece has become a benchmark of efficient services management for public administrations, offering innovative solutions adapted to the needs of society. The company specializes in providing social services such as elderly and dependent care both in residential centers and at home. It also offers cleaning, security and maintenance services at various public facilities, including hospitals, airports, schools and nursery schools.

SALES	EMPLOYEES	VULNERABLE GROUPS
1,928	82,651	10,237
€ Million	People	People
+6.0%		12%/ employees

Its management model focuses on meeting the needs of people, the fundamental pillar of Clece, promoting universal access to essential services, generating local employment and promoting the inclusion of persons in vulnerable situations into the labor market. In December 2023, 12% of its workforce, i.e. 10,237 employees, were from these groups.

Thanks to this way of understanding its business, the company's activity contributes to sustainable progress. It is no surprise that the combined efforts of a community as broad and diverse as Clece should have a positive, real and tangible impact on society, making it an engine of change from an environmental, social and governance perspective.

EMPLOYMENT ROUTES, VALLADOLID, SPAIN - © CLECE

COGESA

Cogesa is a leading real estate development and management company that carries out residential, tertiary and urban management projects.

Founded in 1986, the company has competitive advantages stemming from its staff's technical expertise and the constant promotion of innovation. Cogesa applies technology and intelligent engineering to ensure its projects' safety and sustainability.

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2.3. CHALLENGES AND OPPORTUNITIES IN THE SECTOR

The infrastructure sector faces unprecedented strategic changes, including the need to advance in the energy transition process, the importance of contributing to the circular economy and the fight against climate change, the rapid advance of new technologies and the digitalization of the industry. All this within a context of geopolitical instability marked by conflicts in parts of Europe and the Middle East.

These global challenges entail opportunities and challenges for the sector, which must meet a growing demand for new-generation infrastructure. The ACS Group has a unique position in the sector in developed markets, along with an integrated, flexible and dynamic business model that allows it to quickly adapt to different market conditions and take advantage of opportunities in the sector.

These characteristics, together with a sound financial position and its high-tech solutions, constitute a clear competitive advantage and position the ACS Group as a key player in the transition of the industry.

The ACS Group responds to the demands of society by carrying out projects with high added value in the following areas:

- **Digitalization:** Creating high-tech solutions to address digital transformation, implementing telecommunications networks and semiconductor production facilities and building data centers.
- **Decarbonization:** Building the infrastructure required for the energy transition, including the capacity for large-scale manufacturing of batteries for electric vehicles or for supplying electricity, obtaining key raw materials for advancing in the decarbonization of the economy and developing new-energy projects.
- **Relocation:** Collaboration in the gradual process of relocation to increase investment in the main developed markets in the world, in key sectors for society, including pharmaceuticals, health, manufacturing and technology, defense and aviation.

In line with the promising opportunities for sectors linked to technology and the energy transition, the future outlook for the engineering, civil engineering, and social and urban construction segments is also positive.

STRATEGIC LINES

To face current and future challenges and take advantage of market opportunities, the ACS Group has defined the following strategic lines, which will guide its activity in coming years:

- **Leadership in high-growth markets:** Consolidate the Group's leadership position in the high-growth markets in which it operates and ensure its presence in other markets that offer prospects for expansion. ACS's business model focuses on geographies with stable currencies in which it can make a commitment to high-value-added technological activities, among others.
- **Risk minimisation:** Continue to promote a low risk profile associated with the Group's activities by implementing collaboration formulas and partnerships with customers and third parties.
- **Profitable growth and investment in new-generation infrastructure:** Continue to actively manage the Group's cash and its balance sheet so as to maintain its investment grade rating. To this end, the Group allocates capital to support its companies' diversification, simplification, growth and expertise in high-tech infrastructure development.

Optimizing the future: modernizing society by investing in existing infrastructure

On the path to progress, the need to preserve and improve inherited infrastructure becomes essential. These structures are the backbone of the ACS Group's development and, as it moves into the future, the proper care and modernization of the structures makes society more resilient and adaptable.

In addition to building modern infrastructure, the Company must recognize its ongoing responsibility to invest in its maintenance. This not only ensures the longevity of these structures, but also contributes to the continued progress of communities. Its existing infrastructure is a testament to the ACS Group's past, as well as the foundation on which the Group is building its future.

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The evolution of society does not end with initial creation; it requires a continuous commitment to improvement and adaptation. Investment in emerging technologies, environmental sustainability and the operational efficiency of existing infrastructure are essential for the Group to remain at the forefront on the global stage.

In sum, modernization means not only creating new infrastructure, but also preserving and constantly improving existing infrastructure. From this perspective, investing in the maintenance and evolution of legacy infrastructure is the key to ensuring sustainable, ongoing progress in developed countries.

Demographics, climate change and the obsolescence of existing infrastructure are issues that point to a common need for significant, unprecedented capital investments.


I-95 EXPRESS LANE, FLORIDA, USA - © DRAGADOS

2.4. THE AIM OF THE ACS GROUP: TO DEVELOP EFFICIENT, SUSTAINABLE AND USEFUL INFRASTRUCTURE PROJECTS FOR SOCIETY

As a multinational company, the ACS Group participates in developing key sectors for the economy in various regions of the world, contributing to the economic and social progress of the communities in which it operates. All the Group's activities focus on creating added value for customers, sharing the risks and rewards with them –through various formulas– and building strong long-term relationships of trust.

The ACS Group pursues excellence in all its projects, from the process of conception to the phases of execution and operation. This approach guides the activities of everyone who makes up the Group and is reflected in the creation of emblematic, award-winning works and infrastructures that are replicated around the world.

Given that ACS also maintains an unwavering commitment to sustainability and the environment, it is committed to sustainable practices and solutions that contribute to the fight against climate change, to the progress of the places where it carries out its activity and to the modernization of various business sectors. This conviction is reflected in a corporate culture that promotes knowledge-transfer among employees in different parts of the world and in the promotion of best practices.

One example of this is the **La Palma** road. This project, unprecedented in terms of techniques, the environment and innovation, is designed to restore the connection among the areas of the island that were cut off after the volcanic eruption at Cumbre Vieja. This initiative marks a milestone in that this is the first time a sustainable road has been built on the fresh lava of terrain where the temperature reached 500°C. The construction of this road has generated local employment and fostered collaboration among businesses on the island, strengthening an economy that is beginning to bounce back.

The project stands as one of the ACS Group’s greatest challenges and has gained global recognition. It is not only a technical feat, but also an example of how collaboration and innovation can overcome adverse circumstances. Ultimately, the La Palma road is a tangible testament to how engineering can improve people's quality of life and contribute to building a better future.

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2.5. A STRATEGY FOCUSED ON CREATING SHARED VALUE

The ACS Group anticipates change and contributes to shaping the future of infrastructure, taking into account reality and the changing needs of today and tomorrow.

Guided by its philosophy of building a sustainable and prosperous future, ACS carries out projects that improve the activity of various economic sectors around the world, including energy, transport, digitalization, telecommunications, healthcare, education, biopharmaceuticals, defense, civil engineering and construction. Improving the lives of communities, sustainability and innovation are therefore three pillars that ensure that shared value is generated for all ACS stakeholders.

KABAN GREEN POWER HUB, AUSTRALIA - © CIMIC

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Sustainable and profitable growth for all stakeholders

CUSTOMERS

The ACS Group provides comprehensive value throughout the lifecycle of infrastructure assets by promoting projects that, at the same time, transform sectors and activities. The work of the Group's companies goes beyond designing, investing in, developing and operating infrastructure: creating high-added-value technological solutions allows them to make customers' activities more sustainable in important sectors such as energy, digitalization and mobility.

By combining its experience in conventional civil engineering and infrastructure with the creation of new-generation solutions, the Group is able to effectively meet the needs of its customers, with whom it shares the risks and benefits associated with projects. The generation of synergies among the Group's different companies –which operate in an integrated manner in the world's most highly developed markets– makes it possible to create additional value for customers.

SHAREHOLDERS AND INVESTORS

ACS invests in the infrastructure that society needs and that will meet future demand. The Group already holds a global leadership position in aerospace infrastructure, data centers and mining, at the same time as it plays a prominent role in the biopharmaceuticals and telecommunications sectors, according to data from Engineering News-Record (ENR). The Group's strategy includes developing and investing in the new-generation infrastructure for which demand will remain high, enabling it to continue to offer profitable growth to shareholders.

ACS's consolidation in the high-growth markets in which it operates (North America, Asia-Pacific and Europe) and its entry into others with good prospects for expansion, together with the synergies among the companies of a group that continues to make progress in operational simplification, are also key to its provision of shareholder value. All of this as taken place in accordance with strategic lines that call for continuing to minimize the risk of the companies' activity through formulas consisting of collaborating and partnering with customers.

COMMUNITIES AND ENVIRONMENT

The ACS Group aims to contribute to the progress of the communities in which it operates. Determined to establish long-term presence and cooperation, its companies construct and operate infrastructure that connects people, while creating technological solutions that facilitate development in an interconnected world. The Group's activity also favors the creation of quality local jobs and allows it to provide basic services in regions around the globe.

Likewise, the ACS Group's environmental commitment has led it to implement sustainable practices that support the fight against climate change and promote communities' progress. Accordingly, ACS develops its projects in a manner that respects the local environment. The promotion of sustainable mobility by constructing advanced infrastructures that optimize connections among various areas is another example of project development contributing value to communities.

PEOPLE

The people who make up ACS are among the Group's most important stakeholders. With a culture based on trust in the team and excellence, the ACS Group provides its employees opportunities within a global environment that encourages continuous learning. The Group's commitment to employee well-being can be seen in its recognition by Forbes magazine as the best company to work for in Spain in 2023 and in similar awards for some of its companies in various countries.

The Group connects professionals from around the world, giving rise to a global network in which ideas flow, talent is valued and a collaborative culture is fostered, promoting diversity, innovation and progress. Aware of the importance of people and talent, the ACS Group is working to create its own business school, with the expectation that it will become a flagship academic institution with respect to infrastructure, engineering and business. The Company's vision is to create an international space to bring together students from all over the world to share knowledge and promote ideas, all while contributing to a sustainable business culture.

REGULATORY AUTHORITIES

Public administrations are among ACS companies' main clients and among the stakeholders with which they develop projects through coordination and collaboration.

Through its activity, the ACS Group places its experience, technology and capabilities at the service of the public interest to provide communities with the infrastructure and services they need for their development and social cohesion.

PARTNERS AND SUPPLIERS

ACS Group companies collaborate with local suppliers, who also help create new-generation infrastructure and develop civil engineering projects that promote progress in various sectors. The Group thus shares its expertise and best practices with its local partners, through a constant exchange of ideas and methodologies that ultimately benefits customers.

In addition, by selecting local suppliers the Group is able to make progress in its commitment to understanding and respecting the unique characteristics of each region where it operates.

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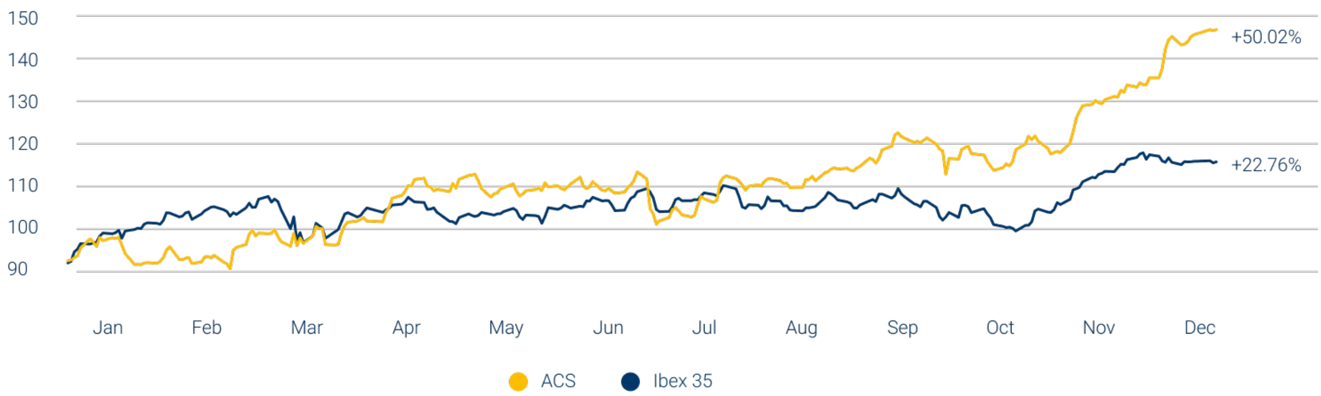
Evolution of ACS Shares in 2023

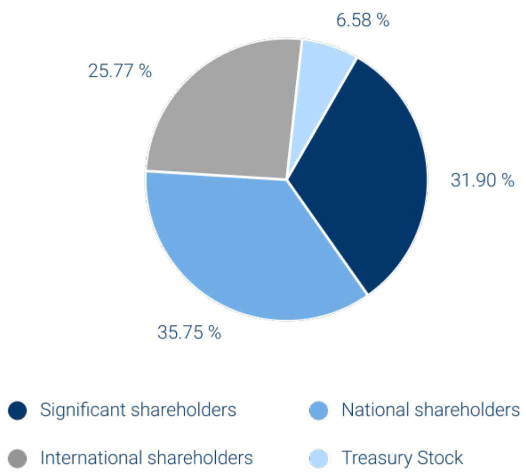


ACS Share Data

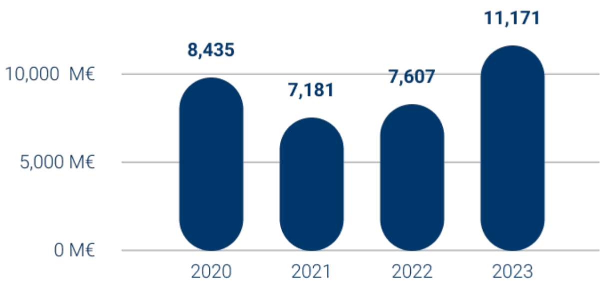
	2020	2021	2022	2023
	Jan - Dec	Jan - Dec	Jan - Dec	Jan - Dec
Closing Price at the end of the period (€)	27.15 €	23.57 €	26.77 €	40.16 €
Revaluation of the period	-23.84 %	-13.19 %	13.58 %	50.02 %
Period Maximum	35.19 €	29.25 €	27.48 €	40.74 €
Period Minimum	11.45 €	20.81 €	19.85 €	26.57 €
Total volume of traded securities (thousands)	331,267	254,919	183,788	125,995
Number of shares (millions)	310.66	304.66	284.16	278.16

Shareholder Structure

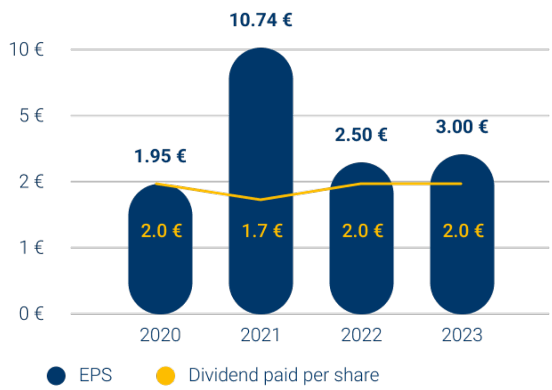
Shareholder name or company name	Percentage over the total number of shares
Significant shareholders (>5%)	31.90 %
Mr. Florentino Pérez Rodríguez	14.16 %
Société Générale	6.58 %
Blackrock	5.97 %
Mr. Alberto Cortina/Mr. Alberto Alcocer	5.19 %
International shareholders	25.77 %
National shareholders	35.75 %
Treasury Stock	6.58 %
Free Float	80.65 %



Market Cap



EPS and Dividend paid per share



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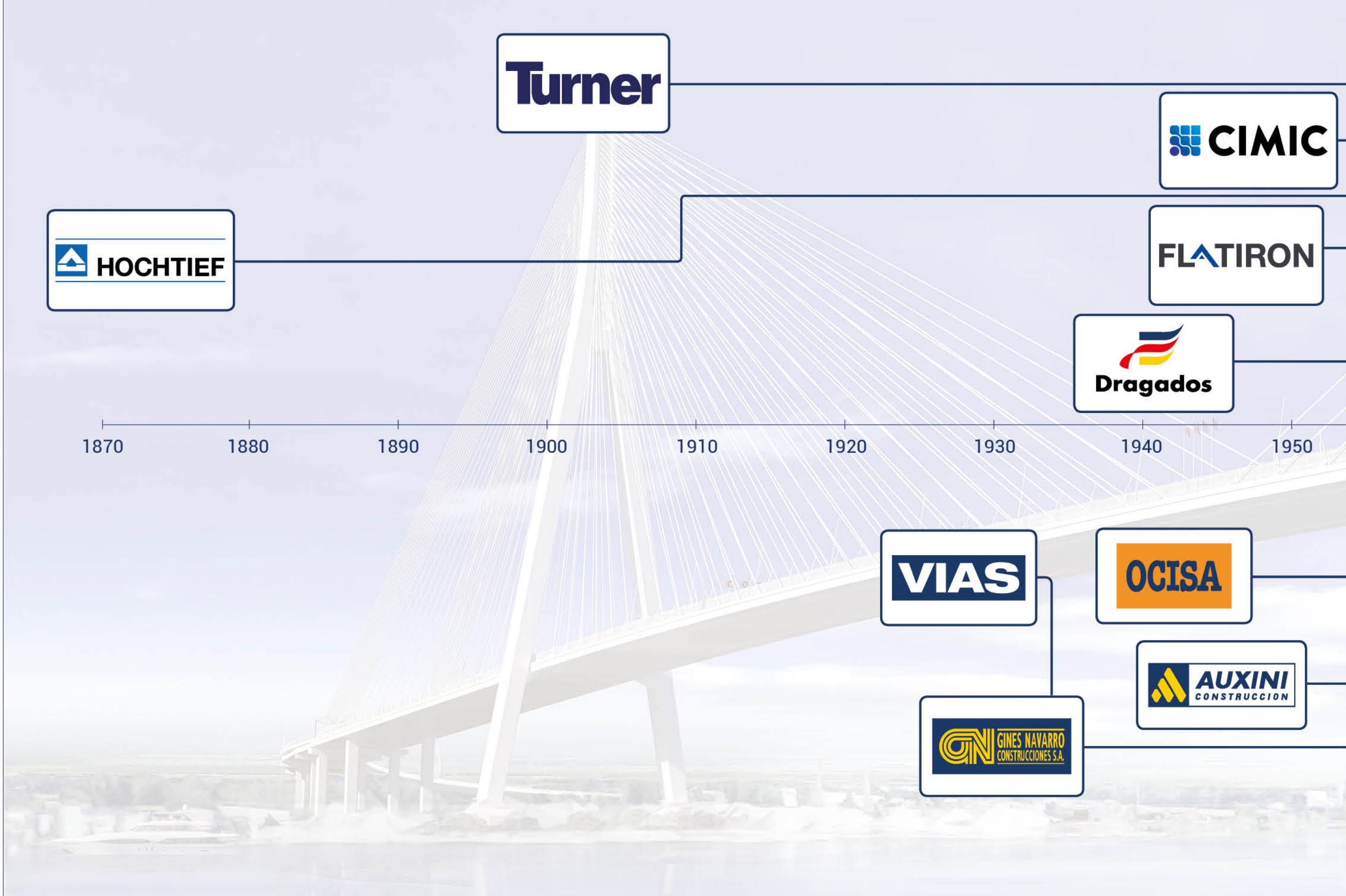
A consolidated group with a solid international track record

The creation of a group of companies working in an integrated manner has been made possible by an efficient organization and agile management that has acquired companies and brought their activities into alignment for the implementation of strategic plans aimed at generating synergies and maximizing returns for shareholders. The ability to integrate organizations and create a common culture has enabled the Group to consolidate its position as an international leader in developing, operating and investing in infrastructure.

CHRONOLOGY



1983
Founded in 1968
Construction company based in Badalona, Spain, which was restructured following its acquisition and relaunched. It is the seed of the current ACS Group.

1986
Founded in 1942
Spanish construction company, the acquisition of which represented a large expansion for the Group in the 1980s.

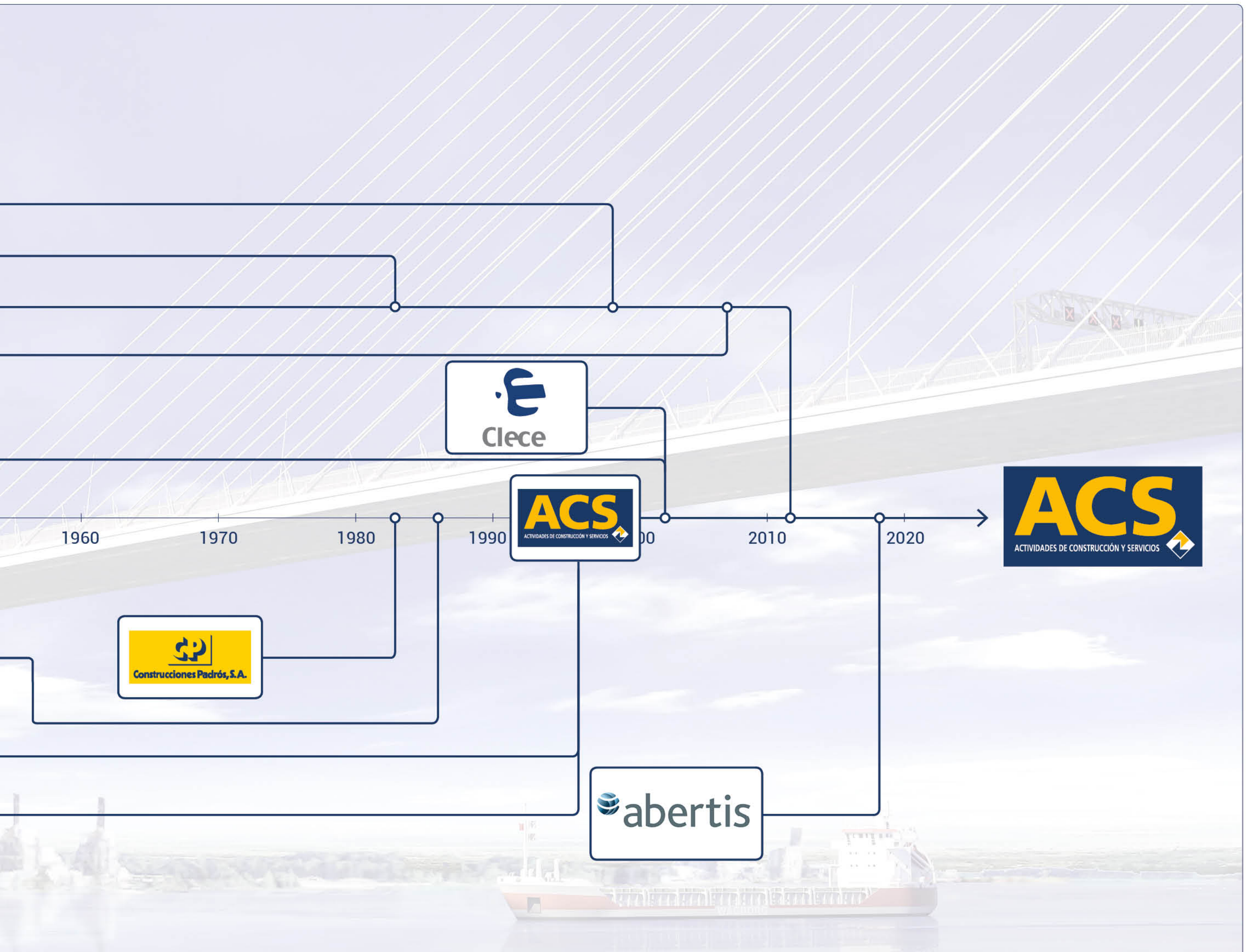
1992
Founded in 1992
Industrial services company; a leader in Spain and Latin America, it was a stock exchange acquisition that led the Group's expansion in this area.

1996
Founded in 1945
A state-owned construction company, it increased the Group's national presence.

1997
Founded in 1930
One of the most important construction companies in Spain, specialising in civil engineering projects.

1997
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
Founded in 1997
World leader in infrastructure development. It was the result of a merger between OCP and Ginés Navarro in 1997.



2003

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.

2003

FLATIRON

Founded in 1947

Flatiron develops innovative solutions for building critical infrastructure and flagship projects.

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

Previously Leighton Construction, 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.

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2.6. COMMITMENT 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.

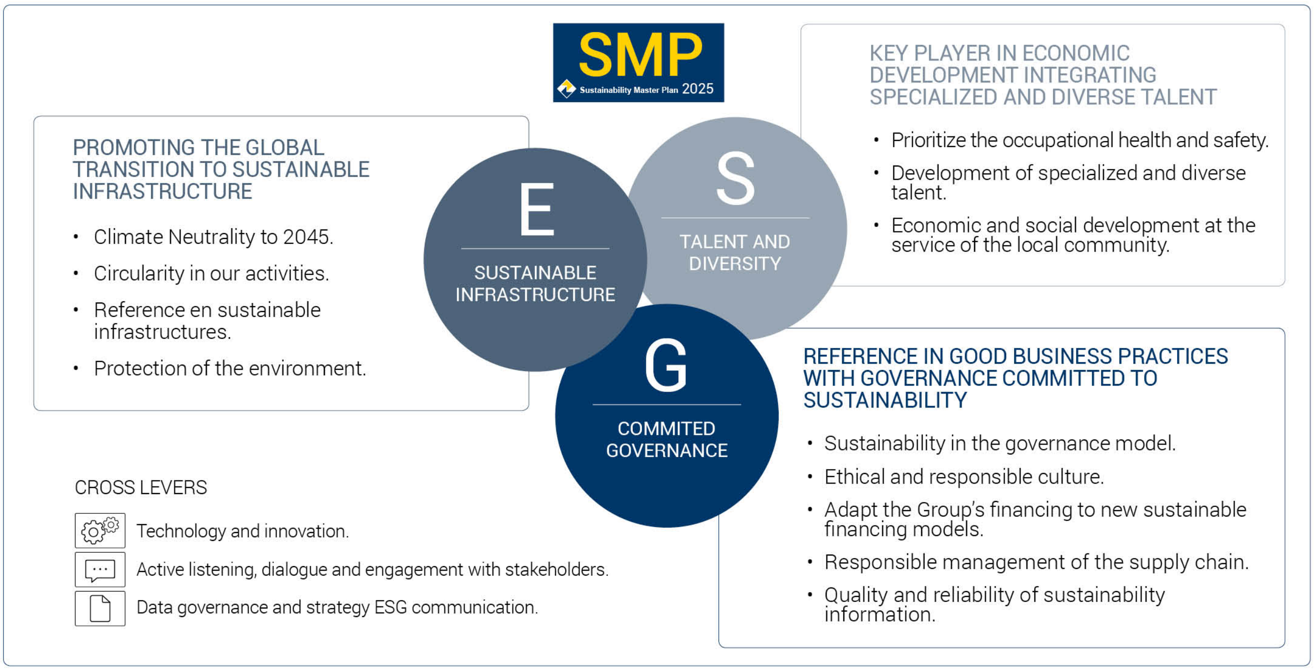
This Sustainability Policy, approved by the Board of Directors in December 2020, sets out the following areas of activity for the ACS Group in this regard along with its relationship with its environment:

- Respect for ethics, integrity and professionalism in the Group's relationship with its stakeholders.
- Respect for the economic, social and environmental surroundings.
- 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, maximizing the positive impacts and minimizing the negative impacts of its activities.

Sustainability Policy

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:

Monitoring 17 priority objectives of the 2025 Sustainability Master Plan

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E — SUSTAINABLE INFRASTRUCTURE

EMISSIONS CO_2 Reduction vs 2019

SCOPE 1: -15% 2025 -35% 2030

SCOPE 2: -30% 2025 -60% 2030

CIRCULARITY Waste

80% Waste reuse/recycling

Minimization non-hazardous waste destined for landfill

SUSTAINABLE INFRASTRUCTURE

45% of infrastructure sale = Projects with sustainable certification

Increase % activities under certified environmental management systems

S — TALENT AND DIVERSITY

HEALTH AND SAFETY Priority goal

97% of employees subject to certified Health and Safety management systems

-15% frecuency rate in own employees

DIVERSITY Gender equality

+25% women in Senior Management position

20% women in positions of responsibility

INCLUSION AND SOCIAL ACTION

+7% employees belonging to vulnerable groups

Increase Funds for social action and improving measurement of impact

G — COMMITED GOVERNANCE

GOVERNANCE AND COMPLIANCE

Strengthen sustainability governance

100% of employees with responsibility in compliance matters trained

100% of own operations evaluated in the field of Human Rights

Quantify the volume of sustainable assets in the ACS portfolio aligned with the EU Environmental Taxonomy

SUPPLY CHAIN

75% of suppliers trained in the Business Partner Code of Conduct

100% of the direct critical suppliers evaluated in terms of sustainability

The ACS Group's Sustainability Master Plan is in line with:

- the Group's corporate purpose and strategy,
- the fight against climate change,
- stakeholder demands and requirements and the achievement of 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

MASTER PLAN 2025

Priority SDGs

Recognition of the ACS Group for its solid sustainability performance

In 2023, ACS Group was once again included in the Dow Jones Sustainability Index Europe for its performance in governance, environment and social matters. The Dow Jones Sustainability Index is one of the best-known sustainability indices and brings together the world's leading companies in the field of sustainability.

In 2023, FTSE Russell confirmed that the ACS Group had been independently evaluated in accordance with its sustainability criteria and had met the requirements to be included in the FTSE4Good index series (ESG score of 4 out of 5).

In 2023, the ACS Group maintained its "AA" MSCI rating, ranking above average for companies in its sector.

The climate ranking of the Carbon Disclosure Project (CDP) recognized the ACS Group's contribution to climate change mitigation, giving it a score of "B", which corresponds to Management level.

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2.7. 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. The ACS Group considers Risk Control and Management a fundamental pillar of its sustainable value-creation strategy. One of the Group's strategic lines of action is therefore to improve and strengthen this management so as to increase its efficiency.

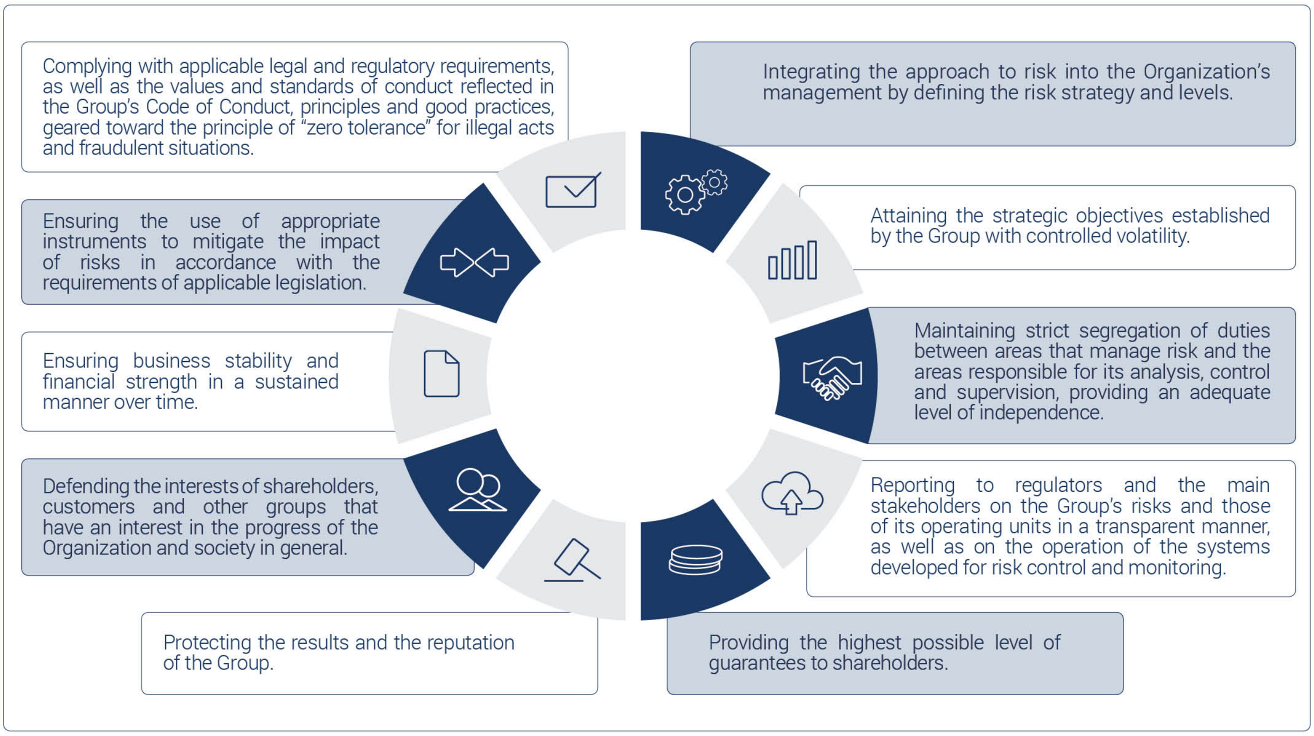
To this end, in December 2020, among other actions, the ACS Group approved the update to its General Risk Management and Control Policy, as well as of its Comprehensive Risk Management and Control System. The General Risk Control and Management Policy affects, as a regulatory framework, all areas of the ACS Group. In addition, in 2023, the ACS Group added the figure of chief risk officer, who reports, in keeping with the organization's corporate governance model, both to the Chief Executive Officer and to the Audit Committee. Among other duties, the chief risk officer is responsible for promoting the dissemination of the ACS Group's risk management culture within all of its subsidiaries, and for supervising its consistent, structured application, in accordance with the Group's Risk Control and Management Policy, all in coordination with the specific bodies responsible for this supervision. Pursuant to the basic principles of the Risk Management and Control Policy, the chief risk officer's role is functionally and hierarchically independent from the business lines. (A forthcoming update of the General Risk Control and Management Policy will include the figure of chief risk officer as well as a definition of this officer's competencies, functions and responsibilities.)

The Comprehensive Risk Control and Management System covers all types of risks that may threaten the fulfillment of the objectives of the organization and of the Group's companies. ACS bases this system on a range of strategic and operational actions to mitigate these risks and fulfil the objectives set by the Board.

The Corporate Unit is responsible for determining the basic guidelines for the purpose of unifying the operating criteria in each of the divisions to guarantee an adequate level of internal control. The 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 meet the need for comprehensive and uniform risk management, the Corporate Unit has established a model that includes the identification, measurement, prioritization, 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 make it up and on the Group's areas of activity. The most recent update of this risk map was approved in December 2023.

The ACS Group's diversification in terms of geographies and business lines, together with the autonomous management that characterizes the ACS Group companies, necessitates having 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:



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Throughout 2023, the ACS Group, through its chief risk officer and its compliance manager, implemented face-to-face training and dissemination activities relating to the Group's risk management culture, risk appetite and the levels of risk considered acceptable by the Group. In addition, the cross-cutting Compliance model of the Group's parent company, based on ISO 37301, was introduced at various divisional head offices in every continent where the Group is present. At year-end 2023, these actions had significantly reduced the risk level of the Group's portfolio of contracts and the compliance risks of all its companies, which have strengthened their due diligence systems with respect to human rights, environment, cybersecurity, tax compliance, criminal compliance and anti-bribery and competition.

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.

AUTONOMOUS VEHICLES AT APM LOS ANGELES, USA (DRAGADOS AND FLATIRON) - © **DRAGADOS**

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

RISK OFFICER

New figure in 2023.
Reports to both the Chief Executive Officer and the Audit Committee.
Promotes the dissemination of the risk and management culture among the Group's subsidiaries. Likewise, monitors and evaluates its application in a consistent and structured manner.

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.

NEPEAN HOSPITAL, AUSTRALIA - © CIMIC

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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 defined risks are classified as follows:

STRATEGIC

Risks associated with the 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 environment or from the business model itself. They include, among others, geopolitical risk, the risk of inadequate investment/divestment strategy or loss of market competitiveness.

SOCIAL

Risks linked to the social rights of employees and individuals related to the businesses or the ACS Group. These include ineffective communication by management with, and its lack of support for, employees, non-compliance with policies to ensure employee work-life balance or with employee rights and policies, and risks associated with the Group's and the businesses' impact on the society and the environment in which they operate.

OPERATIONAL

Risks associated with the Group's activities, including all risks relating to processes and operations carried out to perform our contracts and the related contracting process, as well as the management and completion of those contracts. Risks relating to employee safety and health and occupational risk prevention are also included.

ENVIRONMENTAL

Risks linked to potential environmental impacts and the circular economy, including climate change and energy efficiency, that could harm society, the environment and the Group, such as a loss of competitiveness, compensation and reparations and stoppages of work, services or projects in progress. These include greenhouse gas emissions or the inefficient use of productive resources or the physical and transitional risks arising from climate change.

TECHNOLOGICAL

Risks associated with the technologies and systems used in the businesses and in the ACS Group not efficiently and effectively supporting present and future needs or not functioning as planned. They include information security and cyber-attacks, the risk of technology obsolescence or the risk derived from inefficiencies in the integrity of the systems.

REPUTATIONAL

Risks stemming from a reputational loss by the ACS Group, which may result from conduct by the companies, actions of third parties related to the Group or in other areas over which the Group has no control that fall below the expectations created among its stakeholders. They include inappropriate communications and behaviour by staff, inadequate management of customer service or errors in selecting business partners that damage the Group's reputation.

LEGAL

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.

FINANCIAL

Risks related to the economic and financial management of the businesses and the ACS Group and the financial reporting processes. These include liquidity risk, interest rate risk and foreign exchange risk. Lastly, 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. Therefore this is not to be understood as a list of weaknesses or threats that are not adequately covered.

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Financial risks:
3.8. Risks and Uncertainties

Non-financial risks:
4. Consolidated Non-Financial Information Statement

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3 Financial Management in 2023

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ORLANDO INTERNATIONAL AIRPORT, USA - © **TURNER**

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3.1. INCOME STATEMENT

ABBREVIATED INCOME STATEMENT

Euro Million	2022		2023		Var.
SALES	**33,615**		**35,738**		**+6.3%**
EBITDA	**1,747**	**5.2%**	**1,909**	**5.3%**	**+9.2%**
EBIT	**1,106**	**3.3%**	**1,326**	**3.7%**	**+19.9%**
Ordinary financial result	(305)		(380)		
Other financial results (1)	236		328		
Other results (2)	(28)		(147)		
EBT	**1,009**	**3.0%**	**1,127**	**3.2%**	**+11.8%**
Taxes	(201)		(199)		
Discontinued operations	65		0		
Minority interest	(205)		(148)		
NET PROFIT	**668**	**2.0%**	**780**	**2.2%**	**+16.7%**

(1) Includes foreign exchange results, changes in fair value of financial instruments, and impairment and gains on financial instruments.
(2) Includes impairment and gains on fixed assets and profit from non-operating activities accounted for using the equity method.

SALES AND BACKLOG

Revenues in 2023 grew by 6.3% to EUR 35,738 million, supported by the good performance of all activities and regions where the Group operates.

The breakdown of sales by geographical areas showed the diversification of the Group's sources of revenue, where North America represented 62% of total sales, Asia Pacific 22%, Europe 15% (of which Spain represented 9%).

SALES PER GEOGRAPHICAL AREAS

Euro Million	2022		2023		Var.	Var. F/X
North America	20,757	62%	22,007	62%	+6.0%	+9.6%
Asia Pacific	7,286	21%	8,019	22%	+10.1%	+19.7%
Europe	5,214	16%	5,432	15%	+4.2%	+4.2%
RoW	358	1%	280	1%	-22.0%	n.a.
TOTAL	**33,615**	100%	**35,738**	100%	**+6.3%**	**+10.3%**

SALES PER COUNTRIES

Euro Million	2022		2023		Var.	Var. F/X
USA	18,837	56%	20,107	56%	+6.7%	+10.1%
Australia	6,535	19%	7,373	21%	+12.8%	+21.7%
Spain	3,170	9%	3,356	9%	+5.9%	n.a
Canada	1,919	6%	1,900	5%	-1.0%	+5.2%
Germany	859	3%	838	2%	-2.5%	n.a
Rest of Europe	1,185	4%	1,238	4%	+4.5%	n.a
RoW	1,109	3%	925	3%	-16.6%	n.a
TOTAL	**33,615**	100%	**35,738**	100%	**+6.3%**	**+10.3%**

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BOW RIVER BRIDGE, CANADA (FLATIRON) - © RICK RADELL

North America achieved a higher sales volume than in previous years, supported by the good performance of the US business, which grew by 10.1% adjusted at constant exchange rates.

The Asia Pacific region grew driven by the Australian market which increased sales by 21.7% in local currency.

Meanwhile, Europe consolidated its recovery with a solid growth trend (+4.2%).

The backlog at December 2023 stood at EUR 73,538 million, 6.6% higher than in 2022 (+9.5% adjusted at constant exchange rates) thanks to the volume of awards recorded in the year amounting to EUR 45,104 million, including major new generation infrastructure projects.

BACKLOG PER GEOGRAPHICAL AREAS

Euro Million	Dec-22		Dec-23		Var.	Var. F/X
North America	36,187	52%	38,536	52%	+6.5%	+10.1%
Asia Pacific	19,185	28%	19,394	26%	+1.1%	+4.3%
Europe	12,695	19%	14,859	20%	+17.0%	+17.0%
RoW	929	1%	749	2%	-19.4%	n.a.
TOTAL	**68,996**	100%	**73,538**	100%	**+6.6%**	**+9.5%**

BACKLOG PER COUNTRIES

Euro Million	Dec-22		Dec-23		Var.	Var. F/X
USA	33,504	49%	36,022	49%	+7.5%	+11.4%
Australia	17,131	25%	16,900	23%	-1.3%	+2.2%
Spain	5,972	9%	6,485	9%	+8.6%	n.a
Germany	2,803	4%	4,557	6%	+62.6%	n.a
Canada	2,683	4%	2,514	3%	-6.3%	-5.4%
Rest of Europe	3,920	6%	3,817	6%	-2.6%	n.a
RoW	2,984	3%	3,243	4%	+8.7%	n.a
TOTAL	**68,996**	100%	**73,538**	100%	**+6.6%**	**+9.5%**

North America maintains a strong position supported by EUR 25,669 million of new order intake in the year, including significant growth in next-generation infrastructure projects such as several large-scale data centers in the US, battery manufacturing facilities such as De Soto for Panasonic Energy in Kansas and bio-sanitary infrastructure such as an

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active pharmaceutical ingredients (API) manufacturing plant in Colorado.

The Asia Pacific portfolio, adjusted at constant exchange rates, increased 4.3% in the year. The recovery of the Asian market is noteworthy of mention, with a significant volume of contracts awarded, particularly in the Philippines and Malaysia with projects such as the construction of several data centers.

In Europe, the portfolio grew by 17.0% , supported mainly by the German (+62.6%) and Spanish (+8.6%) markets, thanks to the increase in new generation infrastructure projects in Germany and the boost in civil works in Spain.

OPERATING RESULTS

Operating profit from business activities was strong with significant growth in all segments.

EBITDA grew by 9.2% reaching EUR 1,909 million once including results from Corporation and others.

Gross profit from operations (EBIT) reached EUR 1,326 million, up 19.9% on the comparable period. .

	EBITDA BY DIVISION			EBIT BY DIVISION		
Euro Million	**2022**	**2023**	**Var.**	**2022**	**2023**	**Var.**
Construction	1,389	1,442	+3.8%	844	960	+13.7%
Concessions	225	304	+35.1%	208	289	+38.6%
Services	97	107	+11.1%	50	57	+13.1%
SUBTOTAL	**1,711**	**1,854**	**+8.4%**	**1,103**	**1,305**	**+18.4%**
Margin on sales	*5.1%*	*5.2%*		*3.3%*	*3.7%*	
Corporation & others(1)	37	55	+49.6%	3	21	n.a.
TOTAL	**1,747**	**1,909**	**+9.2%**	**1,106**	**1,326**	**+19.9%**

(1) Includes Real State and energy activities

FINANCIAL RESULTS

Most of the Group's debt is hedged against interest rate fluctuations. The increase in ordinary financial results is mainly due to the impact of interest rate hikes on short-term working capital financing, and the inclusion of capital-intensive assets such as the SH-288 toll road.

The changes in value of financial instruments mostly includes the effect of derivatives linked to ACS shares, which had a positive impact, net of taxes, of EUR 317 million. In addition, "Impairment and gains or losses on disposal of non-current assets" includes a provision, with no effect on cash flows, made during the year at Group level to hedge various business risks. The combined effect had a net impact on profit for the year of EUR 25 million.

FINANCIAL RESULTS

Euro Million	2022	2023	Var.
Financial income	178	279	+56.3%
Financial expenses	(484)	(659)	+36.3%
Ordinary Financial Result	**(305)**	**(380)**	**+24.6%**
Foreign exchange results	10	3	-69.1%
Changes in fair value for financial instruments	219	422	+92.7%
Impairment & gains on financial instruments	7	(97)	n.a.
Net Financial Result	**(69)**	**(52)**	**-24.5%**

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NET ATTRIBUTABLE PROFIT

NET PROFIT BREAKDOWN

Euro Million	2022	2023	Var.
Construction	350	434	+23.8%
Concessions	194	206	+5.7%
Services	27	28	+1.3%
Operational Net Profit from Activities	**572**	**667**	**+16.6%**
Capital gains for the sale of 57% of the SH-288	0	180	
Net Profit from Activities	**572**	**847**	**+48.1%**
Corporation & others (1)	96	(67)	n.a.
Net Profit	**668**	**780**	**+16.7%**
EPS	**€2.50**	**€3.00**	**+19.7%**

(1) Includes Real State and energy activities

Ordinary Net Profit from Operations grew by 16.6% to EUR 667 million thanks to the good operating and financial performance of Construction, the increase in the stake in Hochtief, which had an impact of EUR 66 million, Concessions, where Abertis' contribution amounted to EUR 179 million, and the solidity of the rest of the activities.

The contribution to net profit from the capital gains on the sale of 57% of the SH 288 to Abertis amounted to EUR 180 million, after deducting the expenses and taxes associated with the transaction, and certain commitments and potential contingencies that could arise from the sale agreements.

Group Net Profit in 2023 amounted to EUR 780 million, 16.7% higher than in the previous period, in line with ordinary net profit from operations, excluding capital gains and extraordinary results in both years. Earnings per share grew by 19.7% following the policy of buying back own shares in recent years.

SH-288 HIGHWAY, TEXAS, USA (IRIDIUM AND DRAGADOS) - **© DRAGADOS**

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3.2. BALANCE SHEET

Euro Million	Dec-22		Dec-23		
FIXED & NON-CURRENT ASSETS	**12,421**	**33%**	**12,915**	**35%**	**+4.0%**
Intangible Fixed Assets	3,340		3,324		-0.5%
Tangible Fixed Assets	1,867		1,840		-1.4%
Equity Method Investments	4,828		5,789		+19.9%
Non current financial assets	1,435		1,001		-30.3%
Long Term Deposits	0		26		n.a
Financial instrument debtors	112		84		-24.9%
Deferred Taxes Assets	839		851		+1.4%
CURRENT ASSETS	**25,159**	**67%**	**23,583**	**65%**	**-6.3%**
Inventories	829		790		-4.7%
Accounts receivables	8,565		9,445		+10.3%
Other current financial assets	1,181		1,164		-1.4%
Financial instrument debtors	253		528		n.a
Other Short Term Assets	227		355		+56.7%
Cash and banks	9,420		9,087		-3.5%
Non Current Assets Held for Sale	4,685		2,214		-52.8%
TOTAL ASSETS	**37,580**	**100%**	**36,498**	**100%**	**-2.9%**
NET WORTH	**6,376**	**17%**	**5,631**	**15%**	**-11.7%**
Shareholders' Equity	5,166		5,008		-3.1%
Adjustment s from Value Changes	381		321		-15.7%
Minority Interests	828		301		-63.7%
NON-CURRENT LIABILITIES	**11,484**	**31%**	**11,278**	**31%**	**-1.8%**
Subsidies	2		2		-12.9%
Long Term Provisions	1,549		1,889		+21.9%
Long Term Financial Liabilities	8,879		8,301		-6.5%
LT Operating Lease liabilities	551		543		-1.4%
Financial Instruments Creditors	24		30		+28.9%
Long term deferred tax liabilities	294		332		+12.8%
Other Long Term Accrued Liabilities	186		180		-2.9%
CURRENT LIABILITIES	**19,720**	**52%**	**19,589**	**54%**	**-0.7%**
Liabilities from Assets Held for Sale	3,479		1,990		-42.8%
Short Term Provisions	927		1,119		+20.8%
Short Term Financial Liabilities	1,498		1,575		+5.1%
ST Operating Lease liabilities	155		161		+3.6%
Financial Instruments Creditors	132		8		-93.9%
Trade accounts payables	13,193		14,295		+8.4%
Other Short Term liabilities	336		442		+31.4%
TOTAL EQUITY & LIABILITIES	**37,580**	**100%**	**36,498**	**100%**	**-2.9%**

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NON-CURRENT ASSETS

Investments accounted for using the equity method include the value of the interest in Abertis (50%), and the EUR 650 million earmarked for the capital increase in Abertis agreed with Mundys, which were paid on 15 February. They also include Hochtief's associates (including Thiess' 50% interest) and Iridium's concessions.

The balance of goodwill, included in intangible assets, amounts to EUR 2.734 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.

Assets held for sale include an interest in the SH-288 highway and energy projects such as the Kinkardine off-shore wind farm in Scotland and the Ca-Ku-A natural gas compression facility in Mexico. The debt tied to these assets amounted to EUR 1,778 million compared to EUR 1,594 million in the previous year.

WORKING CAPITAL

Euro Million	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Inventories	829	834	808	811	790
Accounts Receivables	7,383	8,149	8,285	8,838	7,921
Other Debtors	1,661	1,742	1,918	2,066	2,407
TOTAL WC ASSETS	**9,873**	**10,724**	**11,011**	**11,715**	**11,118**
Trade Receivables	(9,675)	(8,910)	(9,339)	(9,741)	(10,542)
Down Payments	(2,912)	(2,722)	(2,966)	(4,179)	(3,134)
Other Creditors	(2,155)	(2,120)	(2,572)	(2,156)	(2,349)
TOTAL WC LIABILITIES	**(14,742)**	**(13,752)**	**(14,876)**	**(16,076)**	**(16,024)**
TOTAL WORKING CAPITAL	**(4,869)**	**(3,028)**	**(3,865)**	**(4,361)**	**(4,906)**

Net working capital decreased its credit balance by EUR 37 million in the year due to the change in operating working capital amounting to EUR 73 million.

The factoring balance at 31 December 2023 stood at EUR 1,106 million, representing an annual growth of 4% compared to EUR 1,063 million in 2022, in line with the growth in activity.

EQUITY

The ACS Group's equity stood at EUR 5,631 million at the end of the period, which is a 11.7% reduction compared to the end of 2021.

The reduction in shareholder equity is mainly due to the increase in the interest in Hochtief (7.5%).

The reduction in the balance of non-controlling interests is a result of the transactions related to the sale and purchase of the SH-288.

In addition, valuation adjustments increased due to differences in the exchange rate.

Euro Million	Dec-22	Dec-23	Var.
Shareholders' Equity	5,166	5,008	-3.1%
Adjustment s from Value Changes	381	321	-15.7%
Minority Interests	828	301	-63.7%
Net Worth	**6,376**	**5,631**	**-11.7%**

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NET DEBT

Net Cash at year-end 2023 stood at EUR 400 million, improving by EUR 176 million in the year.

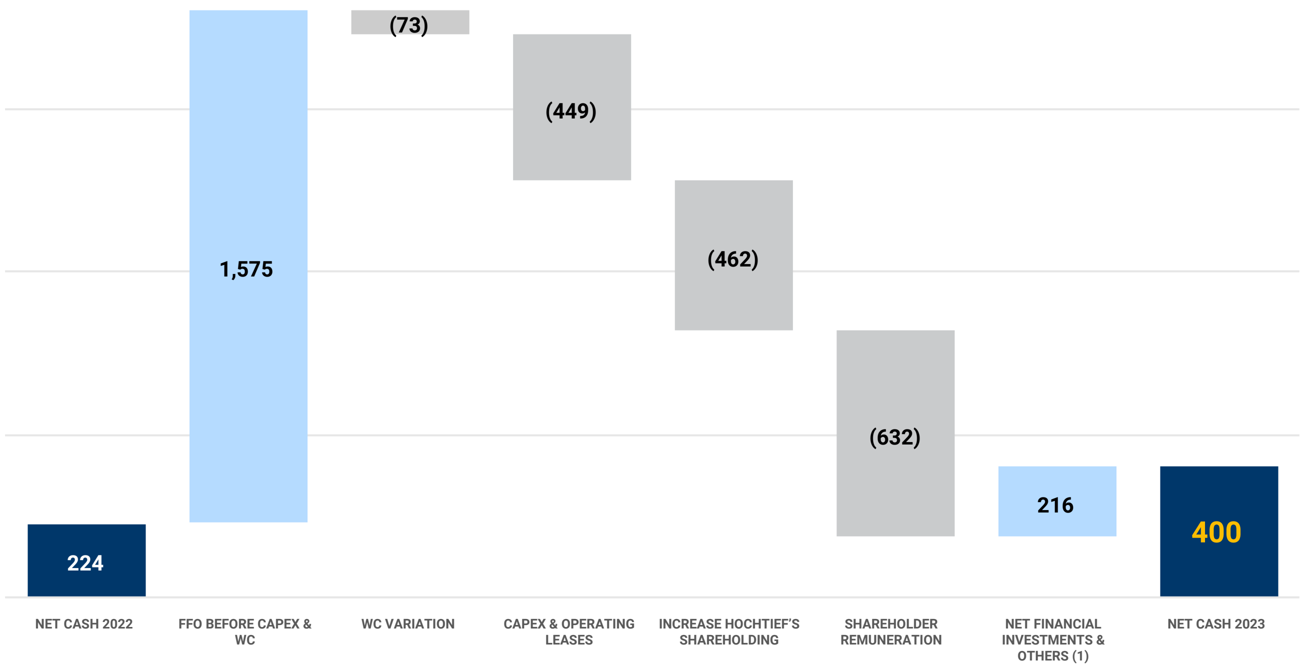
NET DEBT AS OF DECEMBER 31ST, 2023

	Construction	Concessions	Services	Corporation & others*	ACS Group
LT loans from credit entities	(2,607)	(62)	(163)	(1,273)	(4,106)
ST loans from credit entities	(1,006)	—	(82)	(284)	(1,373)
Debt with Credit Entities	**(3,614)**	**(63)**	**(245)**	**(1,558)**	**(5,479)**
Bonds	(2,559)	—	—	(1,412)	(3,972)
Non Recourse Financing	—	(32)	—	(173)	(205)
Other financial liabilities	(111)	(60)	—	(25)	(196)
Total External Gross Debt	**(6,284)**	**(155)**	**(245)**	**(3,168)**	**(9,852)**
Net debt with Group's companies & Affiliates	(474)	(5)	—	454	(24)
Total Gross Financial Debt	**(6,758)**	**(159)**	**(245)**	**(2,713)**	**(9,876)**
ST & other financial investments	931	451	2	206	1,589
Cash & Equivalents	7,050	219	34	1,384	8,687
Total cash and equivalents	**7,981**	**670**	**36**	**1,590**	**10,277**
(NET FINANCIAL DEBT) / NET CASH POSITION	**1,223**	**511**	**(209)**	**(1,124)**	**400**
(NET FINANCIAL DEBT) / NET CASH POSITION 2022	**852**	**137**	**(153)**	**(612)**	**224**

*Includes Real State and energy assets activities debt

FINANCIAL POSITION EVOLUTION 2023

MILLION EURO



Figures in millions of euros

(1) Includes, among others, extraordinary payments (Ichthys and Radials), adjustments for changes in scope (includes the SH288's debt classified as asset held for sale for € 495 million), and FX adjustments.

3.3. NET CASH FLOWS

Euro Million	2022	2023
Gross Operating Cash Flow	**2,026**	**2,247**
Interest (payments) and collections	(301)	(366)
Tax (payments) and collections	(26)	(306)
Operating Cash Flow before CAPEX & Working Capital	**1,699**	**1,575**
Operating working capital variation	44	(73)
Net CAPEX	(208)	(233)
Operating Lease payments	(202)	(216)
Net Operating Cash Flow	**1,333**	**1,054**
Financial Investments/Disposals	(1,566)	(608)
Other Financial Sources	(318)	(253)
Free Cash Flow	**(551)**	**192**
Dividends paid	(352)	(394)
Intragroup dividends	–	–
Treasury Stock	(705)	(237)
Capital increase	61	–
Total Cash Flow Generated / (Consumed)	**(1,547)**	**(439)**
Perimeter change (Increase)/decrease	(357)	706
Exchange rate (Increase)/decrease	120	(90)
Net Debt Balance Total Variation	**(1,785)**	**176**

CASH FLOW FROM OPERATING ACTIVITIES

Cash flows from operating activities before interest, taxes and working capital increased by 10.9% to EUR 2,247 million. After taking into account the negative effect of EUR 125 million due to the impact on the tax schedule, EUR 155 million as a result of a higher tax charge on higher profits and an increase of EUR 65 million in finance costs, cash flows from operating activities before changes in working capital amounted to EUR 1,575 million, down 7.3% compared to the previous year. The change in working capital amounted to EUR 73 million.

Net operating investments and operating lease payments amounted to EUR 449 million. The increase in operating investments in Construction is mainly due to the acquisition of machinery for tunneling work in Australia.

NET OPERATING INVESTMENTS

Euro Million	Investments	Divestments	Net CAPEX
Construction	(258)	31	(227)
Dragados	(47)	13	(35)
HOCHTIEF	(211)	18	(193)
Concessions	(1)	0	(1)
Services	(23)	3	(20)
Corporation & others	(21)	36	15
TOTAL NET (INVESTMENTS) / DIVEST.	**(303)**	**70**	**(233)**

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CASH FLOW FROM NON-OPERATING ACTIVITIES

Net investments in projects and financial investments amounted to EUR 608 million and are detailed as follows:

- The purchase of Hochtief shares for EUR 462 million.
- The purchase of 78% of the SH 288 highway in Texas for EUR 1,446 million. Part of this amount (EUR 495 million) is included as debt tied to assets held for sale. In turn, following the sale of 57% of SH 288 to Abertis closed in December 2023, the ACS Group has received EUR 1,415 million.
- Hochtief has invested EUR 384 million in the period mainly corresponding to the JVs in Hochtief America, and other investments in Asia Pacific such as the equity investment in the Glenrowan solar plant and the acquisitions of Novopro and Skybridge Telecom. In turn, divestments amounted to EUR 437 million, mostly corresponding to the divestment of 33% of Ventia for EUR 417 million.
- EUR 82 million in energy assets to complete transmission line projects.

PROJECT/ FINANCIAL NET INVESTMENTS

Euro Million	Investments	Divestments	Net investments
Construction	(389)	437	48
Dragados	(5)	—	(5)
HOCHTIEF	(384)	437	53
Concessions	(1,531)	1,424	(107)
SH-288*	(1,446)	1,415	(31)
Others	(85)	9	(76)
Services	(3)	—	(3)
Corporation & others	(585)	39	(546)
TOTAL NET (INVESTMENTS) / DIVEST.	**(2,508)**	**1,900**	**(608)**

*Includes the investments payment agreed in 2022 and paid in January 2023

CAPITAL FLOWS AND OTHER CASH FLOWS

The Group's cash dividend payment amounts to EUR 394 million and includes EUR 235 million of ACS' ordinary cash dividends paid last February and July. The remainder relates mainly to payments to non-controlling interests of other Group companies.

In addition, the acquisition of own shares for an amount of EUR 237 million was carried out during the year, mainly for the payment in shares of the flexible dividend last February.

Other cash flows amounting to EUR 253 million include the last extraordinary payment related to the Ichthys CCPP in Australia (EUR 184 million), as well as the Iridium settlement of the Madrid Radials litigation (EUR 49 million). The recent ruling on the RPA value of these assets will allow this amount to be partially recovered in future years.

METRO UNDER SYDNEY HARBOR, AUSTRALIA - © CIMIC

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3.4. CONSTRUCTION

Euro Million	2022	2023	Var.
Sales	**31,433**	**33,357**	**+6.1%**
EBITDA	**1,389**	**1,442**	**+3.8%**
Margin	4.4%	4.3%	
EBIT	**844**	**960**	**+13.7%**
Margin	2.7%	2.9%	
Net Profit	**350**	**434**	**+23.8%**
Margin	1.1%	1.3%	
Backlog	**66,084**	**70,625**	**+6.9%**
Months	23	23	

Construction sales amounted to EUR 33,357 million, up 6.1%, thanks to the strong business performance of both Dragados and HOCHTIEF.

Operating results showed a good performance in the period with double digit EBIT growth(+13.7%) to EUR 960 million.

The operating margin remained stable as a result of improved margins at Hochtief America and the contribution of projects offering higher added value in the new generation infrastructure sectors.

	EBITDA			Net Profit		
Euro Million	2022	2023	Var.	2022	2023	Var.
HOCHTIEF (ACS' Contribution Ex-ABE)	1,117	1,150	+3.0%	239	314	+31.4%
HOT America	462	546	+18.3%	260	303	+16.3%
HOT Asia Pacific	641	597	-6.8%	186	180	-3.0%
HOT Europe	103	94	-9.1%	34	37	+8.9%
HOT HQ, PPA & Minorities	(89)	(87)	-1.9%	(241)	(206)	-14.6%
DRAGADOS	272	292	+7.5%	111	119	+7.5%
TOTAL	**1,389**	**1,442**	**+3.8%**	**350**	**434**	**+23.8%**

Hochtief's contribution to Construction Net Profit amounted to EUR 314 million, improving its profitability by more than 30% thanks to the good operating performance in the North America region which offset the lower contribution in Asia Pacific, affected by the exchange rate impact, and to the reduction of minority interests.

Dragados increased its EBITDA by 7.5% over the previous year to EUR 292 million, in line with sales which grew by 7.4% in the year. The operating margin remains stable with an EBITDA margin of 5.2%.

NORTH AMERICA

Sales					
Euro Million	2022	%	2023	%	Var.
HOCHTIEF	17,460	85%	18,111	84%	+3.7%
Dragados	3,095	15%	3,498	16%	+13.0%
TOTAL	**20,555**	**100%**	**21,609**	**100%**	**+5.1%**

Backlog					
Euro Million	Dec-22	%	Dec-23	%	Var.
HOCHTIEF	27,776	77%	29,814	77%	+7.3%
Dragados	8,210	23%	8,691	23%	+5.9%
TOTAL	**35,986**	**100%**	**38,505**	**100%**	**+7.0%**

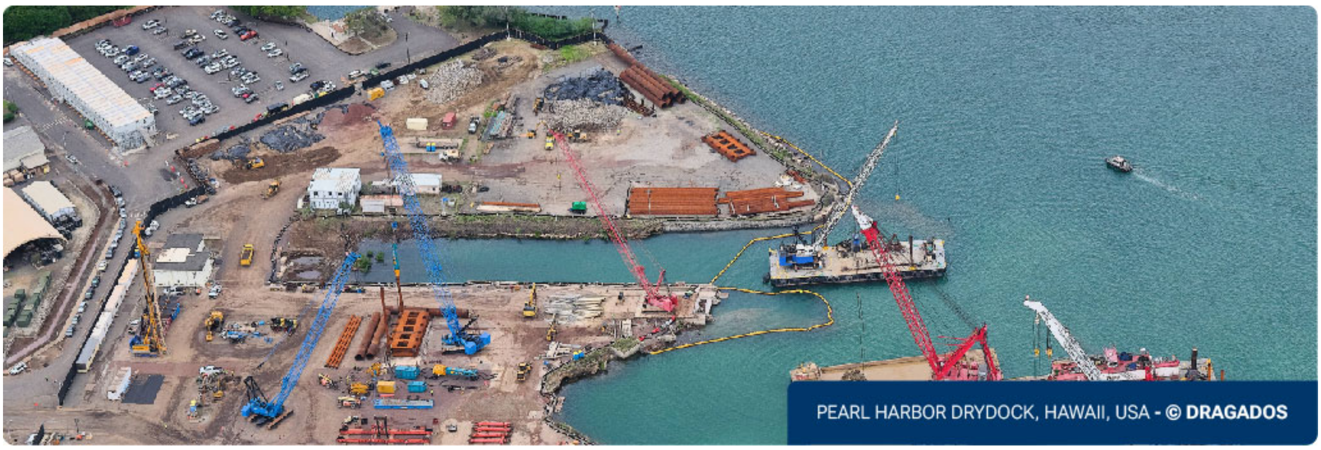
Sales in North America amounted to EUR 21,609 million, an increase of 5.1% (+8.8% at constant exchange rates) as a result of strong performance of all business segments.

The portfolio has also performed well, growing by 7.0% vs. year-end 2022, 10.1% at constant exchange rates. The main contracts awarded in the region during the year most notably include those in the field of new generation infrastructures:

- Construction of ten large-scale data centers in several states (United States)
- Construction of an electric vehicle battery manufacturing plant for Panasonic Energy in De Soto, Kansas (United States)
- Construction of a 6,500 sqm campus for Meta, which includes several data center buildings in Jeffersonville, Indiana (United States)
- Major climate resilience contracts to combat storm surge, the rising sea level and environmental threats from climate change in Virginia Beach and Port Arthur, Texas (United States)
- Construction of a 30,000 sqm plant for the production of vitamins located in New Albany, Ohio (United States)
- Construction of an active pharmaceutical ingredient (API) manufacturing plant in Colorado (United States)

In terms of building infrastructure projects and civil engineering work, the following are noteworthy of mention:

- Construction of a new dry dock for the maintenance and repair of the fleet of nuclear submarines in the Pacific at the Pearl Harbor Naval Shipyard on the island of Hawaii (United States)
- Design and construction of viaduct repairs at the Hammels Wye Campus and Rockaway Line in New York (United States)
- Construction of the Orlando Health Wiregrass Ranch Hospital in Wesley Chapel, Florida (United States)
- Project to ensure the supply of safe drinking water to the communities and surrounding areas of Oakland, California (United States)
- Widening of the US 69 at Tyler County Line, Texas (United States)
- Construction of a new 5-storey tower next to the existing Westchester Medical Center (WMC) in New York (United States)
- Construction of retaining walls and installation of locks to mitigate the impact of flooding in the city of Hoboken, New Jersey (United States)
- Modernization of the toll systems of seven bridges in the San Francisco Bay area in California (United States)
- Modernization and expansion of the Federal Reserve Bank branch in Miami, Florida (United States)
- Design and construction of New York's first football stadium for the New York City Football Club (NYCFC) (United States)
- Design and construction of the Battery Park City project in New York (United States)
- Modernization of International Terminal E at the Boston Airport (United States)
- Construction of the new Tennessee Titans stadium in Nashville (United States)
- Pre-construction and construction services for a new state-of-the-art stadium, with a capacity of 60,000 seats, for the NFL's Buffalo Bills in Orchard Park, New York (United States)
- Partial demolition and reconstruction of the 54,000 sqm David Booth Memorial Football Stadium at the University of Kansas (United States)
- Modernization and refurbishment of two existing buildings in the United Nations Plaza built between 1975 and 1983, New York (United States)
- Refurbishment and expansion of the Austin Convention Center in Texas (United States)
- Construction of a 62-storey, LEED-certified, mixed-use building in Atlanta, Georgia (United States)



PEARL HARBOR DRYDOCK, HAWAII, USA - © **DRAGADOS**

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ASIA PACIFIC

Sales Euro Million	2022	%	2023	%	Var.
Australia	6,535	90%	7,373	91%	+12.8%
Rest	764	10%	726	9%	-5.0%
TOTAL	**7,300**	**100%**	**8,100**	**100%**	**+11.0%**

Backlog Euro Million	Dec-22	%	Dec-23	%	Var.
Construction	10,113	52%	10,082	52%	-0.3%
Services	6,137	32%	6,194	32%	+0.9%
Others(1)	3,138	16%	3,230	16%	+2.9%
TOTAL	**19,388**	**100%**	**19,506**	**100%**	**+0.6%**

(1) Includes Thiess' backlog

Sales in Asia Pacific (CIMIC) amounted to EUR 8.1 billion, 11.0% higher than in 2022 despite the negative impact of the depreciation of the Australian dollar; in local currency they grew by almost 20%.

Sales, not including Australia, decreased due to the exchange rate effect, in local currency they grew by 2.5%.

The portfolio at the end of December 2023 stood at EUR 19,506 million, growing by 4.3% in local currency compared to December 2022. The main contracts awarded in the region during the period most notably include those regarding the energy transition and digital infrastructure:

- Engineering, procurement, construction and commissioning of the western section of the HumeLink high voltage electricity transmission project in New South Wales (Australia)
- Construction of a data center for one of the world's leading data center developers and operators in Malaysia
- Contract to provide nickel mining solutions at Halmahera Central (Indonesia)
- Four-year contract for the loading, transport and maintenance of nickel reserves with Weda Bay Nickel in North Maluku (Indonesia)
- Multi-phase data center development project in Quezon City (Philippines)
- Expansion of the Western Downs Battery project for Neoen, one of the world's leading producers of exclusively renewable energy, in Brisbane (Australia)
- Design and construction of phase 1 of the 219 MW battery energy storage system (BESS) and associated energy infrastructure (Western Australia)
- Installation of a 35 MW per hour battery energy storage system (BESS) in Port Hedland (Western Australia)
- Several contracts with energy sector and mineral processing clients, including the provision of construction services at a lithium hydroxide plant near Bunbury and four other contracts providing various energy services (Western Australia)
- Contract to develop, invest in and manage the delivery and operations of the Hopeland solar farm in Queensland (Australia)

In the healthcare sector:

- Design of the new Bundaberg Hospital in Queensland (Australia)
- Refurbishment of the Royal Prince Alfred Hospital (RPA) awarded to CPB Contractors by the New South Wales Government in Sydney (Australia)
- Construction work for the refurbishment of the Nepean Hospital in New South Wales, Australia

In other infrastructure and services projects:

- Development of the first major tunnels contract of the Suburban Rail Loop East project for the Victorian Government (Australia)
- Extension of the mining services contract at the Gruyere gold mine (Western Australia)
- Construction of a luxury residential project known as The Presidential, consisting of 728 flats in Gurgaon (India)
- Financing, design, construction and operation of phase two of the Canberra light rail system (Australia)
- Five-year operations and maintenance contract at the Olive Downs complex developed by Pembroke Resources in the Bowen Basin, Queensland (Australia)
- Engineering, building refurbishment and modernization services for RAAF (Royal Australian Air Force) Townsville, Curtin and Learmonth Bases and other military facilities (Australia)

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- Two-year contract to carry out the detailed design and construction of the post-mining grounds, creating a combination of the indigenous ecosystem and bushland at the Muswellbrook mine in New South Wales (Australia)
- Refurbishment of the female barracks of the Northern Luzon Command (NOLCOM) of the Armed Forces of the Philippines
- Project to replace the dam wall on the Burnett River to provide the region with a long-term water security and storage solution near Bundaberg (Australia)

EUROPE

Sales					
Euro Million	2022	%	2023	%	Var.
HOCHTIEF	1,271	40%	1,339	41%	+5.4%
Dragados	1,907	60%	1,939	59%	+1.6%
TOTAL	**3,178**	**100%**	**3,278**	**100%**	**+3.1%**

Backlog					
Euro Million	Dec-22	%	Dec-23	%	Var.
HOCHTIEF	4,240	43%	6,005	50%	+41.6%
Dragados	5,543	57%	5,940	50%	+7.2%
TOTAL	**9,782**	**100%**	**11,945**	**100%**	**+22.1%**

The European markets show a stable development, with sales amounting to EUR 3,278 million, 3.1% more than in the previous year. The portfolio grew by 22.1% thanks in particular to Germany which grew by 62.6% and Spain which grew by 15.2%. The main contracts awarded in the region during the year most notably include the following:

- Construction of two buildings for the Frankfurt Judicial Center, with a gross surface area of 38,500 sqm for EUR 3 million (Germany)
- Construction of laboratories for three public sector customers in Kassel (Germany)
- Construction of a multifunctional hall at the Brno Exhibition Center (Czech Republic)
- Contract with the Federal Ministry of Transport to finance, plan, build and operate a fast-charging network for electric vehicles with a total of 850 charging points in the northwest and west of Germany
- Construction of a section of the future Navarra A-15 highway, linking the Autonomous Community of Madrid with the Autonomous Community of Navarra between Fuentesauco and Villar del Campo, Soria (Spain)
- Construction of a campus with four independent data centers, with a capacity of 60 MW, in Warsaw (Poland)
- Construction of the new Cantabria Museum of Prehistory and Archaeology (MUPAC) in Santander (Spain)
- Construction of a 7,000m2 plant for MealFood Europe in Salamanca (Spain)
- Construction of a biological containment level 4 laboratory in Madrid (Spain)
- Construction of a research center (Czech Republic)
- Construction of two new wings at the University Hospital of Santiago (Spain)
- Refurbishment of the control and protection systems and modernization of the substations of the Madrid-Seville high-speed line (Spain)
- Modernization of the electricity distribution systems at Prague metro stations (Czech Republic)
- PPP project for the refurbishment, operation and sustainable maintenance of the "Institute for Federal Real Estate",a public administration office for a period of 30 years, Berlin (Germany)

In addition, Dragados recorded sales in Latin America amounting to EUR 164 million and has a project portfolio worth EUR 668 million

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3.5. CONCESSIONS

	Iridium			Abertis			Total		
Euro Million	2022	2023	Var.	2022	2023	Var.	2022	2023	Var.
Sales	**96**	**187**	**+93.7%**	**0**	**0**	**n.a.**	**96**	**187**	**+93.7%**
EBITDA	**59**	**106**	**+80.6%**	**167**	**199**	**+19.1%**	**225**	**304**	**+35.1%**
EBIT	**42**	**90**	**+116.8%**	**167**	**199**	**+19.1%**	**208**	**289**	**+38.6%**
Operational Net Profit	**51**	**26**	**-48.9%**	**143**	**179**	**+25.4%**	**194**	**206**	**+5.7%**
SH-288 capital gains		180						180	
Net Profit	**51**	**206**	**n.a.**	**143**	**179**	**+25.4%**	**194**	**386**	**+98.3%**

Last July, as part of the strategic collaboration agreement for Abertis signed between the ACS Group and Mundys, with the main objective of strengthening its global leadership in transport infrastructure concessions, the ACS Group agreed to transfer a 56.76% interest in the SH288 highway in Houston to Abertis for USD 1,532 million. The remaining 43.24% still forms part of Iridium's portfolio of assets.

In December, the sale was completed and generated a capital gain, net of fees and taxes, of EUR 180 million after obtaining the necessary authorizations.

IRIDIUM

Iridium, the Group's concession development company, currently has a portfolio of 47 assets with an invested capital of EUR 927 million by ACS, following the sale of 56.76% of SH 288 to Abertis, closed in December 2023.

Iridium's EBITDA grew by 81% to EUR 106 million, related to the contribution as a result of the consolidation of the SH 288.

The main performance data of the SH 288 include:

SH-288'S KEY FIGURES

	Dec-23
Number of transactions (000)	31,586
Rate per transaction ($)	3.58
Revenues ($ million)	97
EBITDA ($ million)	65

- The maximum permitted toll rate (soft cap) for 2023 increased by around 14.9% based on Likewise, by 2024 it is expected to increase by 15.2% in accordance with the Gross State Product (GSP) per capita in Texas. Average daily revenue for the year reached USD 309,816 with an average transaction fee of USD 3.58.
- 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.
- The project's net debt amounted to USD 550 million (EUR 497 million) at the end of the year. This debt is not consolidated in the Group's balance sheet since the assets are accounted for using the equity method following the sale of the 56.76% interest completed at the end of the year.
- Furthermore, the Group has an account payable of EUR 496 million to finance the vehicle used to acquire the 21.62% interest, classified as debt tied to assets held for sale.

ABERTIS

Abertis' contribution to the ACS Group's net profit for the period amounted to EUR 179 million, of which EUR 119 million relate to the direct interest held by ACS, with the remaining EUR 60 million relating to the indirect holding through HOCHTIEF, once non-controlling interests were deducted.

Abertis' Key Figures			
Euro Million	2022	2023	Var. (%)
Revenues	5,102	5,532	+8.4%
EBITDA	3,536	3,893	+10.1%
Net Profit pre PPA	668	766	+14.7%
Contribution to ACS' Net Profit	143	179	+25.4%
CAPEX	818	896	+9.5%
Net Debt*	21,809	25,875	+18.6%

*Doesn't include debt of Abertis HoldCo

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 3.4%.

The recovery in traffic levels, the contribution of the new concessions acquired and the increase in average fees of over 7% caused revenue to increase to EUR 5,532 million (+8.4%) and EBITDA to EUR 3,893 million (+10.1%), offsetting the changes in the scope of consolidation in Chile.

		EUROPE			AMERICA					OTHERS	HOLDING	
COUNTRY		France	Spain	Italy	Chile	Brazil	Mexico	USA (1)	Argentina	Others (2)	ABE. Infra(3)	TOTAL
TRAFFIC	Var. (%)	3%	2%	3%	-3%	5%	3%	5%	7%	6%	n.a.	**3%**
REVENUES	2023	1,992	587	460	555	701	722	326	82	107	0	**5,532**
	Var. (%)	5%	15%	3%	3%	22%	23%	13%	-44%	-6%	n.a.	**8%**
EBITDA	2023	1,412	480	255	461	449	602	219	6	33	-24	**3,893**
	Var. (%)	3%	16%	5%	5%	32%	24%	14%	-80%	-5%	n.a.	**10%**
CAPEX	2023	178	25	84	29	500	59	13	1	4	3	**896**
DEBT	2023	4,827	266	40	668	2,012	2,210	3,109	-10	1,869	10,884	**25,875**

(1) Includes Virginia, Houston y P. Rico
(2) India and Emovis
(3) Does not include Abertis HoldCo.

In accordance with the framework agreements in force for each concession, the average increase in fees will be more than 4.5% by 2024.

The company contributed EUR 179 million to the net profit of ACS at 2023 year-end, which is an increase of EUR 36 million on the comparable period.

In the last half of the year, Abertis made investments to strengthen its global leadership. These investments most notably include the purchase of 57% of the SH 288 from Iridium for USD 1,532 million as a result of the agreement reached between the ACS Group and Mundys. In addition, on 17 October 2023, Abertis was awarded the tender for four new toll roads in Puerto Rico, through which it was granted the contract to refurbish, operate and maintain the road for the next 40 years. The concession payment offer was USD 2.85 billion.

Net debt, not including the debt of Abertis HoldCo, increased by EUR 4,066 million to EUR 25,875 million due mostly to these new investments in accordance with the 1,300 million, of which EUR 650 million were committed by the ACS Group (EUR 390 million by ACS and EUR 260 million by Hochtief) and paid on 15 February.

On 29 January 2024, the Supreme Court handed down a ruling on the appeal filed by ACESA, a subsidiary of Abertis, in relation to the AP-7 agreement. The impact of this ruling on the ACS Group's consolidated profit for 2023 was a loss of EUR 14.5 million.


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3.6. SERVICES

The Services business consolidated its sales with a 6.0% year-on-year growth to EUR 1,928 million. Operating margins remained stable compared to the comparable period when they had already normalized following the significant impact of the pandemic.

Net profit reached EUR 28 million, in line with the previous year(+1.3%).

Euro Million	2022	%/ Sales	2023	%/ Sales	Var.
Sales	**1,819**		**1,928**		**+6.0%**
EBITDA	**97**	5.3%	**107**	5.6%	**+11.1%**
EBIT	**50**	2.7%	**57**	2.9%	**+13.1%**
Net Profit	**27**	1.5%	**28**	1.4%	**+1.3%**

The Services backlog amounted to EUR 2,913 million, equivalent to 18 months of production, virtually unchanged compared to the comparable period. Among the projects awarded in the period, of note in the area of services to people were the renewal of the home help service in the United Kingdom, Almeria, Malaga and Avila, as well as the extension of the ADIF ACERCA service for assistance to people with disabilities and/or reduced mobility at train stations in Spain. In terms of building services projects, this year's projects include the extension of the cleaning service for barracks, bases and hospitals of the Ministry of Defense, the renewal of the cleaning service for the Continental Mabor industrial plant in Portugal, the extension of the security service for the Generalitat Valenciana and the extension of the cleaning service for the Consellería de Sanidad Valenciana (Valencian Health Department), among others.

	Sales per Countries			Backlog per Countries		
Euro Million	2023	%/ Sales	Var.	Dec-23	%/ Backlog	Var.
Spain	1,731	90%	+6.5%	2,568	88%	-0.1%
United Kingdom	169	9%	-1.0%	274	10%	+0.7%
Portugal	28	1%	+19.9%	72	2%	+3.7%
TOTAL	**1,928**	**100%**	**+6.0%**	**2,913**	**100%**	**0.0%**

3.7. CORPORATION

Euro Million	Real State	Energy	Corporation/ Adjustments	TOTAL
Sales	**50**	**251**	**(35)**	**266**
EBITDA	**15**	**117**	**(77)**	**55**
EBT	**11**	**(15)**	**(22)**	**(26)**
Net Profit	**8**	**(36)**	**(40)**	**(67)**

The total contribution of Corporation to the Group's EBITDA rose to EUR 55 million as a result of higher profits from energy activities.

BRIDGE OVER THE ULLA RIVER, SPAIN - © DRAGADOS

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3.8. 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 materialization or by minimizing 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 2023 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 refinanced, before maturity, the existing long-term syndicated loan of EUR 1,700 million maturing in 2024 and obtained another EUR 300 million for future corporate purposes, including the refinancing of existing credit facilities. Hochtief and an international bank syndicate reached an agreement for a credit facility with a five-year term from 30 March 2023 and options for an extension of up to two additional years. The total amount is divided into EUR 1,200 million in guarantee lines, EUR 500 million in credit facilities and EUR 300 million in loans.

- In early October 2023, Cimic repaid its credit facility of AUD 950 million (EUR 581 million) ahead of schedule. In the process, Cimic entered into a new credit facility for AUD 625 million (EUR 383 million) with a three-year term and a credit facility for AUD 522 million (EUR 319 million) with a five-year term. Cimic was therefore able to increase its liquidity reserves on a whole by more than AUD 267 million (EUR 164 million).

- In November 2023, Cimic signed a three-year syndicated bonding facility for AUD 1.3 million (EUR 0.8 million). This facility replaces the credit facility of AUD 1.4 million (EUR 0.9 million) that matured in March 2024 and covers the Cimic Group's operational guarantee requirements in addition to the existing bilateral guarantee and bonding facilities.

- In April 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.

d) Other risks:

- The ACS Group is exposed to risks arising from the businesses and sectors in which it operates. In addition, given that the Group operates in different countries, it is exposed to various regulatory and macroeconomic environments and is therefore exposed to any risks stemming from the performance of the global economy. Current conflicts such as Russia's invasion of Ukraine (and the effects of sanctions and other actions by several countries on the Russian economy intended to isolate and weaken it), the conflict between Israel and Gaza, and the situation in the Red Sea, although they have not had a significant impact on the ACS Group's business activities as of the date of this Results Report, are causing inflationary pressure and supply chain problems and, in general, are significantly disrupting the global economy, and increasing economic uncertainty and asset value volatility. The ACS Group continues to monitor the situation's potential impact on operating and financial performance in the activities of its various divisions. Although the current situation caused by the various conflicts has given rise to uncertainty regarding the performance and development of the markets and the infrastructure industry, the Group is reducing the risk profile of its new contracts, is highly diversified by activities and is located in developed regions with stable political frameworks that allow any potential impacts that may arise in the future to be mitigated.

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.

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From the reporting date of the financial statements referred to in this document and based on the information currently available, the ACS Group's outlook for the next six months regarding business performance remains favorable, underpinned by a solid and diversified project portfolio, in particular new generation infrastructure projects related to digitalization, the energy transition and sustainable mobility. 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. The Group continues to adapt its risk control policies to improve its operational and financial risk profile in all activities, and to implement specific measures to address the current macroeconomic situation in the various markets in which it operates.

3.9. EVENTS AFTER THE REPORTING DATE

On 8 January 2024, 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 5 May 2023. 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 5 May 2023 (through which an optional dividend in shares or cash is structured) was set at 3,234,472 shares on 16 January 2024.

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 0.457 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 35.45% of the bonus issue rights. After the decision-making period granted to the shareholders had elapsed, in January 2024 the following events took place:

– The dividend was determined to be a total gross amount of EUR 45,067,502.86 (EUR 0.457 per share) and was paid on 6 February 2024.

– The final number of shares subject to the capital increase was 1,875,974 for a nominal amount of EUR 937,987.00, which were redeemed simultaneously for the same amount (see Note 08.02).

On 30 January 2024, in relation to the Supreme Court judgment handed down the previous day, which rules on the appeal filed by ACESA — a subsidiary of Abertis — in relation to the AP 7 agreement, ACS reported that the impact of this ruling on its consolidated financial statements is a loss of EUR 14.5 million and that it has already been taken into account in the profit for 2023.

The commitment for the capital increase of EUR 650 million (50% of the total commitment of EUR 1,300 million) approved by Abertis Holdco's shareholders before the end of the year was paid on 15 February 2024 (see Note 09).

The Texas Transportation Commission (USA) met on March 28, 2024 to authorize the creation of a transportation corporation and the possible early termination of the concession contract for the SH-288 highway, currently owned by the ACS Group and Abertis, which has been operating with outstanding success since it came into operation in November 2020. The termination fee maintained by the grantor amounts to approximately US$1,732 million.

However, the Commission has announced that prior to the decision, a six-month period will be opened in which possible alternatives that avoid such early termination and that reflect the interest of the State of Texas and the investor shareholders will be negotiated.

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4 Consolidated Non-Financial Statement

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4.0. THE ACS GROUP'S BUSINESS MODEL IN 2023

GLENROWAN SOLAR FARM, AUSTRALIA - © CIMIC

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

In 2023, main areas of the Group were divided into:

a) **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 (activities related to building infrastructure, such as motorways, railways, marine works and airports), building projects (residential buildings, social infrastructure and facilities) and infrastructure services (railway, transport, communications and technology, energy, resources, water and defense 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:** 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. The geographical regions with the greatest exposure in this area are Europe, Latin America and North America.

c) **Services:** this segment only includes Clece's business activity, which offers comprehensive maintenance services for buildings, public places and organizations, and assistance to people. The business segment is mainly based in Spain, but it is also beginning to grow in the European market.

For more information: 2.2 The ACS Group's business model

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4.0.1. 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 leaders in the construction and services industry, with a strategy focused on creating shared value, staying ahead of the curve and helping shape the future of infrastructures, while taking into account the reality and changing needs of the present and the future. Improving the lives of communities, sustainability and innovation are therefore three pillars that guarantee shared value is generated for all ACS's stakeholders.

These commitments are implemented through the Group's Sustainability Policy, approved 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, as well as the Group's relationship with its environment.

Also, in December 2021, the Board of Directors 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”, as well as the sustainability targets set for 2025.

As part of the Group's commitment to information transparency, the description of the existing policies in regard to non-financial issues, as well as the results of the policies, including key performance indicators, is presented throughout this Consolidated Non-Financial Statement. To ensure maximum rigor 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 contents of the "List of Contents of the Consolidated Non-Financial Statement" table have been verified by an independent third party according to the ISAE 3000 standard.

The report was selected based on a 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 6.2, 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 2.3 of this report:

- The need to move forward in the energy transition process.
- The importance of contributing to the circular economy and the fight against climate change.
- Advances in new technologies and digitalizing industry.
- Geopolitical instability.

The ACS Group responds to the demands of society by carrying out projects with high added value in the following areas:

- **Digitalization:** creating high-tech solutions to lead the digital transformation.
- **Decarbonization:** building the necessary infrastructure for the energy transition, including manufacturing capacity.
- **Relocation:** pitching-in in the gradual relocation process to increase investment in the world's major developed markets, in key sectors for society.

→ **For more information: 2.3. Challenges and opportunities**

→ **Sustainability Master Plan 2025**

→ **6.2. Identification of material aspects**

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4.0.2. RISKS

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

In 2020, the ACS Group approved the update to the General Risk Management and Control Policy, as well as the Comprehensive Risk Management and Control System.

In 2023, the ACS Group added the figure of the Chief Risk Officer, who reports to the Chief Executive Officer and the Audit Committee. An upcoming coming update of the Group's Risk Management and Control Policy will include this position and define its duties. Adding the Chief Risk Officer is part of the Group's strategy of continuously improving the efficiency of its risk management, which it sees as one of the fundamental pillars for ensuring sustainable growth.

From this point of view of continuous improvement, the ACS Group has a General Risk Map that is the responsibility of the Risk Director 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 was approved in December 2023.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate these risks and achieve the objectives established by the Board of Directors. The Corporate Unit is responsible for determining the basic guidelines for the purpose of unifying the operating criteria in each of the divisions to guarantee an adequate level of internal control. The Group's companies and divisions are responsible for developing the necessary and appropriate internal regulations so that, based on the particularities of their activity, they implement internal controls to ensure its optimum level.

In this respect, the Board of Directors of the Parent Company of the Group has established a framework of appropriate policies and controls to prevent corruption and other irregular practices, as well as to identify, assess, manage and control the risks, both financial and non-financial, as well as the potential impacts associated with them. This process includes full involvement of the Audit Committee, which is responsible for overseeing both the effectiveness of internal control and internal audit, and ensuring the strict application of the policies and controls established.

The responsibility of the Board of Directors notwithstanding, the Audit Committee ensures compliance with the transparency obligations of the company and, in particular, because the information included in this Consolidated 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.

→ 2.7. Efficient risk management

→ 6.2. Identification of material aspects

SNOWDONIA NATIONAL PARK, WALES - © HOCHTIEF

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In relation to non-financial risks, according to the Group's general risk map, the main potential risks that have been identified in relation to the issues dealt with in this Non-Financial Statement that could have an impact on the progress of the Group's activity if they materialize are as follows:

Natural disasters and pandemics: this refers to the potential risks related to the negative impacts on the Group's strategic plan that could be caused by extraordinary natural phenomena or pandemics, in addition to or outside the short-term operational impact (such as COVID-19).

Health and safety risks and occupational risk prevention: these are potential risks of incidents or accidents that could affect the health and safety of employees (internal employees and those of subcontractors) and that could entail negative social impacts, indemnities and compensation, as well as the possible stoppage of operations, although the Group works towards the goal of zero accidents.

Labor relations: risks that might arise from inadequate management of key aspects in human resources, such as collective bargaining, remuneration models, resource planning, absenteeism, training and labor disputes, which could have a negative impact on meeting business objectives.

Attracting and retaining talent: risks that could derive from not having skilled human resources with the necessary training to perform the Group's activities, including hiring suitable personnel, and training and professional development to successfully complete the business project.

Ineffective internal communication: this refers to the risks that may occur due to management failing to communicate with the teams, which could negatively affect human resource management and labor relations, and could pose a risk in meeting objectives, developing people and in the work environment.

Procurement/subcontracting: outsourcing services may entail potential risks related to the unavailability of suitable companies or professionals, inadequate selection or the company's lack of financial or technical capacity to meet its obligations, which may lead to delays, cost overruns or quality failures.

Impact on the economic-social environment: potential risks that, if they materialize, could have a negative impact on the economic and social environment as a consequence of the Group's activity: local communities and responsible supply chain, among others.

Customer relations: this refers to risks that may arise due to inadequate management of customer relationships that may produce different negative impacts on revenues and/or business reputation, or as a consequence of market conditions beyond the control of the ACS Group.

Human rights violations: the potential risks arising from a failure to comply with the ACS Group's business commitment to the UN Global Compact on Human Rights and Labor, and the legislation in force in the countries in which the Group operates.

Management and Transparency in reporting relevant financial and non-financial information to stakeholders: potential risks arising from the reliability and integrity of the financial and non-financial information presented internally and externally and used in decision-making as required under the articles of association or under similar requirements. Inadequate communication of that information to the ACS Group's main stakeholders (such as investors, shareholders and proxy advisors).

Information security and cyber-attacks: risks due to the existence of cyber-threats that, if they materialize, could result in losing tenders, prolonged halting of operations, unauthorized access, and leaks of information and data.

Environment and circular economy: potential risks due to inadequate use or lack of use of the natural resources necessary for carrying out activities that may lead to scarcity and depletion of these resources, not contributing to the circular economy model.

Climate change and energy efficiency: these risks refer to the possibility of natural disasters or other events occurring due to climate change, which if they materialize, could impact the Group's activities, and entail violations of new environmental and energy efficiency rules and regulations. This heading also includes potential risks arising from negative impacts being generated in protected areas or areas of high ecological value, as well as performing activities in already affected areas, with the consequent limitation of resources.

Loss of competitiveness in the Market and Innovation Capacity: potential risks due to difficulty developing competitive offers with profitability appropriate to the risk of the activity, as a result of the maturity of the markets and the incorporation of new competitors or due to inadequate investment in R&D+i.

The Risk Map includes all the control activities and other initiatives that are applied both at corporate level and at the level of the different companies that make up the Group to manage these risks correctly, and that aim at reducing the impact or probability the risk occurring to a level that is acceptable for the organization and in accordance with the legal requirements and applicable legislation, as well as the values and rules of conduct reflected in the Group's Code of Conduct and its principles and good practices.

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 Non-Financial Statement. In addition to these risks identified in the risk map, there are a number of emerging risks that, although they currently take place, it is considered that their impact on carrying out 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 6.3.3 of this report.

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4.0.3. EVOLUTION OF RELEVANT INDICATORS FOR THE NON-FINANCIAL MANAGEMENT OF 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

	2022(1)	2023
Environmental issues		
Percentage of operations covered by ISO 14001 Certification	82.4%	83.2%
Hazardous waste (t)	139,260	167,247
Non-hazardous waste (t)	15,746,325	14,093,108
Scope 1 emissions (tCO2)	378,893	380,722
Scope 1 emissions intensity (tCO2eq /mn € sales)	11.45	10.69
Scope 2 emissions (tCO2)	161,034	151,266
Scope 2 emissions intensity (tCO2eq /mn € sales)	4.87	4.25
Scope 3 emissions (tCO2)	7,476,054	7,865,229
Scope 3 emissions intensity (tCO2eq /mn € sales)	226.00	220.93
Total energy consumption (MWh)	1,898,947	1,983,476
Energy consumption intensity (MWh/mn €)	57.40	55.72
Electricity consumption from renewable sources (MWh)	60,062	62,227
Social and personnel issues		
December 31 Workforce	128,721	135,419
% Men workforce	43.3%	44.5%
% Women workforce	56.7%	55.5%
% Mid-level educational degrees and above	16.0%	16.1%
% Non-qualified technicians and Administrative staff	17.3%	17.1%
% Other staff	66.7%	66.8%
% Permanent Contracts	81.3%	81.6%
% Temporary Contracts	18.7%	18.4%
Number of women in management positions	2,744	2,985
% Employees in centres covered by Equality Plans	96.0%	96.1%
% Employees in centres with Universal Accessibility	100.0%	100.0%
Employees belonging to vulnerable groups	10,983	11,453
Total teaching hours given	1,071,836	1,566,882
Employees participating in training activities	68,860	74,710
Investment in training per employee (of total employees trained) (euros)	265	298
Percentage of total employees covered by ISO 45001 certification (Occupational Health and Safety)	87.4%	92.0%
Percentage of total employees who have received at least one occupational health and safety course in their professional career	100.0%	100.0%
Investment in occupational health and safety per employee (euros/employee)	1,072.2	954.1
Frequency Rate	14.95	14.67
Severity Rate	0.46	0.45
Incidence Rate	26.79	26.37

Evolution of relevant NFS indicators

	2022(1)	2023
Ethics, human rights, contribution to society		
Scope of the training plans regarding the company's human rights, ethics, integrity, conduct or compliance procedures (% of employees)	100%	100%
Funds allocated to Social Action (millions of euros)	14.3	14.3
Other information on the company		
Companies with formal supplier/subcontractor approval systems	89.0%	87.7%
Weighted average expenses that have the sustainability-related factors (environmental, ethical and social criteria) out of the total factors used in the approval systems	36.8%	38.6%
Frequency Rate (contractors)	2.92	2.59
Severity Rate (contractors)	0.11	0.08
Percentage of turnover from activities certified under the ISO 9001 standard (%)	66.7%	68.1%
Investments and expenses of the Quality Control Department or earmarked to improve quality management processes to turnover (excluding staff costs, millions of euros turnover)	2.93	3.14
Number of quality audits per million euros of billings	0.36	0.37
Investment R&D (million euros) (1)	27.85	25.82

(1) Data restated retroactively to make them comparable with the methodology used in 2023.

(2) Scope 3 emissions not including emissions derived from financial investments (mainly Abertis and Thiess).

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 2022 data were recalculated with the same scope as the data reported in 2023, and in those cases in which the data could not be recalculated retroactively, the historical data is provided for the purposes of information..

The scope of the information included in this NFS is shown specifically for each indicator in point 6.3.6. 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 Appendix 6.3.6) or changes in the format of a report to adapt them to national and international requirements.

L'EIX DIAGONAL SHADOW TOLL ROAD, 67 KILOMETERS, SPAIN - © IRIDIUM

4.1. 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 minimize 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, as well as other commitments voluntarily accepted by each of the Offices, Delegations, Projects, Works and Services carried out 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 allow the environmental impact to be minimized 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 company's environmental policy is implemented in the Group's companies through the environmental management systems, which ensure the correct management of environmental risks and opportunities, as well as the ongoing improvement of the company's performance.

83.2% of the Group's turnover is generated by companies that have management systems certified under the ISO 14001 international 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 93.2% the Group's turnover, and in 2023, 834 environmental audits were conducted.

In view of the Group's activity, its consumption of natural resources, generation of greenhouse gas emissions, production of waste and possible impact on biodiversity have been identified as key areas in managing the company.

Level of implementation of the environmental management systems in ACS Group companies (expressed as % of operations)	2022(1)	2023
Implementation of ISO 14001 certification	82.4%	83.2%

(1) Data restated retroactively to make them comparable with the methodology used in 2023.

KIDSTON SOLAR FARM, AUSTRALIA - © CIMIC

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4.1.1. 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 in promoting infrastructures and services that support the decarbonization 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.
- Minimizing 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 2023, the ACS Group made substantial progress on analyzing climate-related risks and opportunities, all in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

To this end, the internal working group (IWG) on climate-related risks and opportunities was expanded by bringing various divisions, subsidiaries and departments of the Group on board. Further steps were taken towards fully integrating physical and transitional climate risks into the Group's Integrated Risk Management and Control System and its governance.

One of the main developments was the adoption of a robust, science-based methodology based on using climate analysis tools to identify risks and opportunities at project, individual asset or supply chain level, thus improving the Group's climate risk assessment, identification and evaluation capabilities. This methodology was applied to different activities, projects and geographical locations, covering a wide spectrum of cases within the Group.

Another important aspect was the identification and characterization of the physical and transitional risk reduction or mitigation measures that are being implemented by the different subsidiaries as part of their activities.

Lastly, in 2023 the ACS Group performed extensive work to identify and assess climate-related opportunities within the Group, analyzing both the volume and trends of its portfolio, as well as market trends and projections.

With these advances, the Group aims to minimize potential climate-related risks, maximizing and leading the way in taking advantage of the opportunities that climate transition and resilience offer the sector.

4.1.1.1. Governance

The Board of Directors of the ACS Group, as the highest management 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.

On the other hand, the ACS Group's Audit Committee is responsible for monitoring aspects related to climate change. This Committee has been put in charge 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.

One of the objectives set in the 2025 Sustainability Master Plan is to adjust the Group's governance structure 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. In 2023, the quarterly emissions data and the other relevant indicators were submitted to the Audit Committee so it could track them.

In addition, in 2023, the ACS Group added the figure of the Chief Risk Officer, who reports to the Chief Executive Officer and the Audit Committee.

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Among other duties, the Risk Director is responsible for promoting the dissemination of the ACS Group's risk management culture among all the Group's subsidiaries, and for supervising its coherent and structured application. This risk management includes, among others, issues related to climate change.

On top of this, work continued during the year on integrating the climate component into the Group's Integrated Risk Control and Management System, since this is the system that covers all types of risk that may threaten attaining the objectives of the Organization and the ACS Group companies. To this end, the internal working group (IWG) was expanded with specialists from different divisions, subsidiaries and departments of the Group relevant to risk management, opportunity identification and ESG, as well as experts in assessing climate risks and their financial implications. Led by the ACS Group's Risk Director and its Sustainability Department, the IWG met frequently to conduct and validate the risk assessment methodology, as well as to unify criteria for applying and interpreting the results. This led to harmonization in how risks and opportunities are assessed and in the application of the criteria for assessing the substantial contribution or DNSH to adaptation in the Taxonomy.

In addition, significant progress was made in the area of sustainability, which is greatly benefiting how climate-related risks are managed, and the supervisory role of the report on climate-related risks and opportunities submitted to the Compliance Committee, before its presentation to the Audit Committee, was consolidated. These aspects favor integrating climate risks into the Group's management and governance protocols.

4.1.1.2. 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 Group's Sustainability Policy defines the fight against climate change, a principle that is also stated in the 2025 Sustainability Master Plan. 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 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, which is 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.

To continue making progress on the commitments in the Group's Sustainability Policy and in the 2025 Master Plan, important strategic milestones were reached in 2023.

Thus, in 2023, the ACS Group continued to work on improving the quality and scope of its emissions data, carrying out an analysis of the reporting of its emissions in accordance with the GHG protocol. In this way, the ACS Group, following the objectives set out in its 2025 Sustainability Plan, has identified the most relevant Scope 3 categories through a materiality analysis, which were calculated and are reported in this report.

Another of the most important initiatives carried out in 2023 was the progress made toward establishing a decarbonization plan for the ACS Group. In the current reporting year, HOCHTIEF, the ACS Group's largest company in terms of sales and emissions, approved a decarbonization plan (net zero pathway) for 2045 and has set intermediate science-based targets for 2030 to limit the temperature increase to 1.5ºC. In 2024, the rest of the ACS Group companies will move towards putting a consolidated decarbonization plan in place that is aligned with the commitments of the Paris Agreement and setting science-based targets. Defining and implementing these plans are decisive levers for the strategy towards climate neutrality set out in the Master Plan and for reducing possible transition risks.

Furthermore, the improvements achieved in identifying and assessing physical risks, as well as the ability to tackle risks and to adapt to reduce them, represent significant progress in the strategy to ensure the Group's climate resilience to climate impacts on its assets, operations, supply chain and markets.

From a more operational point of view, progress was toward putting the climate risk assessment into context within the Group's strategic planning and investment time horizons, as established by the European Sustainability Reporting Standard (ESRS E1), in anticipation of the 2024 climate reporting obligations. In particular, it was considered that materiality or non-materiality, and the

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potential opportunities that may arise, are inherent to the very nature of the Group's activities and depend, especially, on their duration and time horizon, as well as the role that ACS plays in them. Thus, considering the Group's three areas of activity: Construction (which includes Hochtief's sub-segments, among which includes the Natural Resources activity), Concessions and Services, their various characteristics and the Group's strategic and financial planning time horizons, it was concluded that the climate risk assessment time horizons for the ACS Group should be as follows:

Horizon	Year
Short term	< 5 years
Medium term	Up to 15 years
Long term	Up to 30 years
Very long term	For some concessions or in the analysis of long-lived assets

4.1.1.3. Risk management and Opportunities related to climate change

To respond to the need for comprehensive and uniform risk management, the ACS Group 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.

Thus, 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. 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 previous year's report, which made an initial identification and assessment of the most significant risks that may have implications for the company. 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 to by the ACS Group's Audit Committee at its meeting held on 29 February 2024. The recommendations of the Task Force on Climate-Related Financial Disposals (TCFD) were followed to report the risks and opportunities related to climate change.

Definitions

The physical risks from climate change can be caused by extreme weather or climate events (acute) or longer-term changes in weather patterns (chronic). They have physical consequences on the businesses, such as damage to assets or having to shut down operations, which can result in economic and financial impacts.

The transition risks are those arising from the transition to a low-carbon, climate-resilient economy. They typically include political, legal, technological, market and reputational risks.

The opportunities refer to the potential positive effects related to climate change for the company. Efforts to mitigate and adapt to climate change can create opportunities for companies, as can their potential contributions to society's climate resilience. Opportunities related to climate change vary depending on the region, market and sector in which a company operates.

Scenarios and time horizons

As indicated in the Task Force on Climate-Related Financial Disorders (TCFD) recommendations, several climate scenarios and time horizons have been used to assess climate risks and opportunities.
Specifically for physical risks, scenarios SSP2-RCP4.5 and SSP5-RCP8.5 together with the high-resolution CORDEX information from AR5 were considered to assess historical and projected climate impact drivers for the historical (1986-2015), short-term (< 5 years) or medium-term (< 15 years) (2020-2049) and long-term (2036-2065) time horizons. To assess transition risks, the International Energy Agency's Stated Policy Scenarios (STEPS) and Net Zero Emissions for 2050 (NZE) and the time horizons (2022-2035) and (2035-2050) are used.

Methodology

A risk assessment methodology commensurate with the potential materiality of the risks and with a sound scientific-technical basis was constructed that adequately explains its scope, horizons, calculation methods, working assumptions, parameters and indicators and possible limitations, as required by the European Financial Reporting Advisory Group (EFRAG). This puts the ACS Group at an advantage in the sector.

The methodology is based on the general risk assessment framework of the IPCC and other international bodies. It is articulated around the ISO14090 and ISO1091 standards and follows the most recent recommendations of the European Commission, the EFRAG and the TCFD, making it possible to quantify the economic and financial impacts or to analyse compliance with the substantial contribution criteria or DNSH of adaptation at the project level.


WALLGROVE BATTERY, AUSTRALIA - © CIMIC

The risk is considered to arise due to factors such as: changes in the intensity and frequency of hazards, both acute and chronic; the characteristics and economic volume of the exposed elements; their sensitivity to the effect of hazards; and the adaptive or coping capacity to manage potential impacts.

The methodology makes it possible to assess risks and opportunities for any time horizon and emission scenario and is based on the best available climate information.

The major advances over the 2022 methodology include increased spatial granularity, enabling analysis at the asset or project level, for any Group activity and in any geographic location. It is also applicable to the supply chain and markets. The risk and its consequences are expressed quantitatively through indicators or through KPIs representative of the economic-financial impacts (changes in CAPEX, OPEX, loss of income, increased insurance costs, etc.).

The methodology also facilitates the application of the DNSH criterion, or identifying and assessing adaptation measures leading to risk reduction for the Group, allowing adaptation plans to be developed and implemented according to the specifications of the Taxonomy. On the other hand, it also makes it possible to identify climate-related risks for customers, which generates opportunities for the ACS Group right from the initial stages of the negotiation.

Risk management

Physical risk

In 2023, a quantitative physical risk assessment was carried out, by asset or project type and geolocated for the Group's three areas of activity: Construction (which includes Hochtief's sub-segments, including the Natural Resources activity), Concessions and Services. This is a substantial improvement over last year's assessment. The most relevant information is contained in the "Physical Risk Assessment" table.

With the new methodology, risk assessment allows for the identification of specific projects or taxonomic activities to which a set of assets or operations are associated and that are geolocated in the project location. Using a database with high spatial resolution climate projections provides information on what changes can be expected for different scenarios and time horizons and, in conjunction with each asset's sensitivity, the risk can be assessed. This increase in the granularity of the analysis significantly improves the available information on risks.

Given the large number of activities and projects and the extensive geographical scope in which the ACS Group operates, the physical risk assessment was performed on a selected set of proxies that serve to carry out a representative sampling of all the Group's projects. The criteria for their selection and the key characteristics of these projects are summarized in the "Physical Risk Assessment" table. These criteria ensure that the proxies analyzed are representative of large clusters of the Group's projects, making it possible to generalize the conclusions obtained.

Due to the duration, geographical location and type of services provided by Clece, it was assumed that the methodology for the analysis of service and construction projects is equivalent.

In addition, the results of the proxy analysis were cross-checked with two independent studies carried out by Abertis for concessions and Thiess[1] In addition, the results of the proxy analysis were cross-checked with two independent studies carried out by Abertis for concessions and Thiess

An extensive catalogue of the coping and adaptation measures that the different subsidiaries implement in their projects was obtained. This work showed that measures to cope with extreme weather events are an intrinsic part of the activities carried out by the Group's various subsidiaries, and not including them in the risk assessment would lead to overestimating the risk.
Work on building a catalogue of adaptation measures has also begun, which will reduce potential risks in the very long term and generate significant opportunities for the Group.

Construction and Services

The risk assessment carried out shows that the Group's construction and services activities, with a typical useful life of 3 to 5 years, do not present a material physical risk in

[1] Thiess Group Sustainability Report 2023

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the short (<5 years) and medium term (<15 years). It is also not projected in the long term (up to 2050) in construction and services activities for either of the two scenarios considered.

Within this area, the analysis undertaken for the natural resources sub-segment led to major advances in the understanding of the physical risks and identified the current coping capacity measures applied in the extraction and exploitation of natural resources. The Group's current coping capacity includes flood and thunderstorm trigger action response plans, flood management procedures that keep the physical risk at a low level for the scenarios considered.

From the risk assessment for the diversity of activities, projects and geographic locations where the Group's business is conducted, several factors support the absence of material physical risk:

1. Physical risk materializes locally, so that diversification in the type of activity (building, transport infrastructure, electricity transmission systems, services, natural resources, etc.) and geographically, leads to a low concentration of exposure relative to the total volume of the Group's activity, which helps to reduce the risk.

2. The hazard analysis conducted in multiple geographical areas of interest shows that the projections for scenarios RCP4.5 and RCP8.5 do not show significant changes in the short and medium term.

3. The Group's standard practice in its activities and operations includes implementing measures to address climate risk. These measures include transferring risk to customers, specific insurance, contractual clauses covering climate risk, specific health and safety measures, using early warning systems and physical measures against climate impacts. In fact, the preparation of tenders and budgets already includes the necessary measures to prevent climate-related contingencies from causing material impacts for the Group.

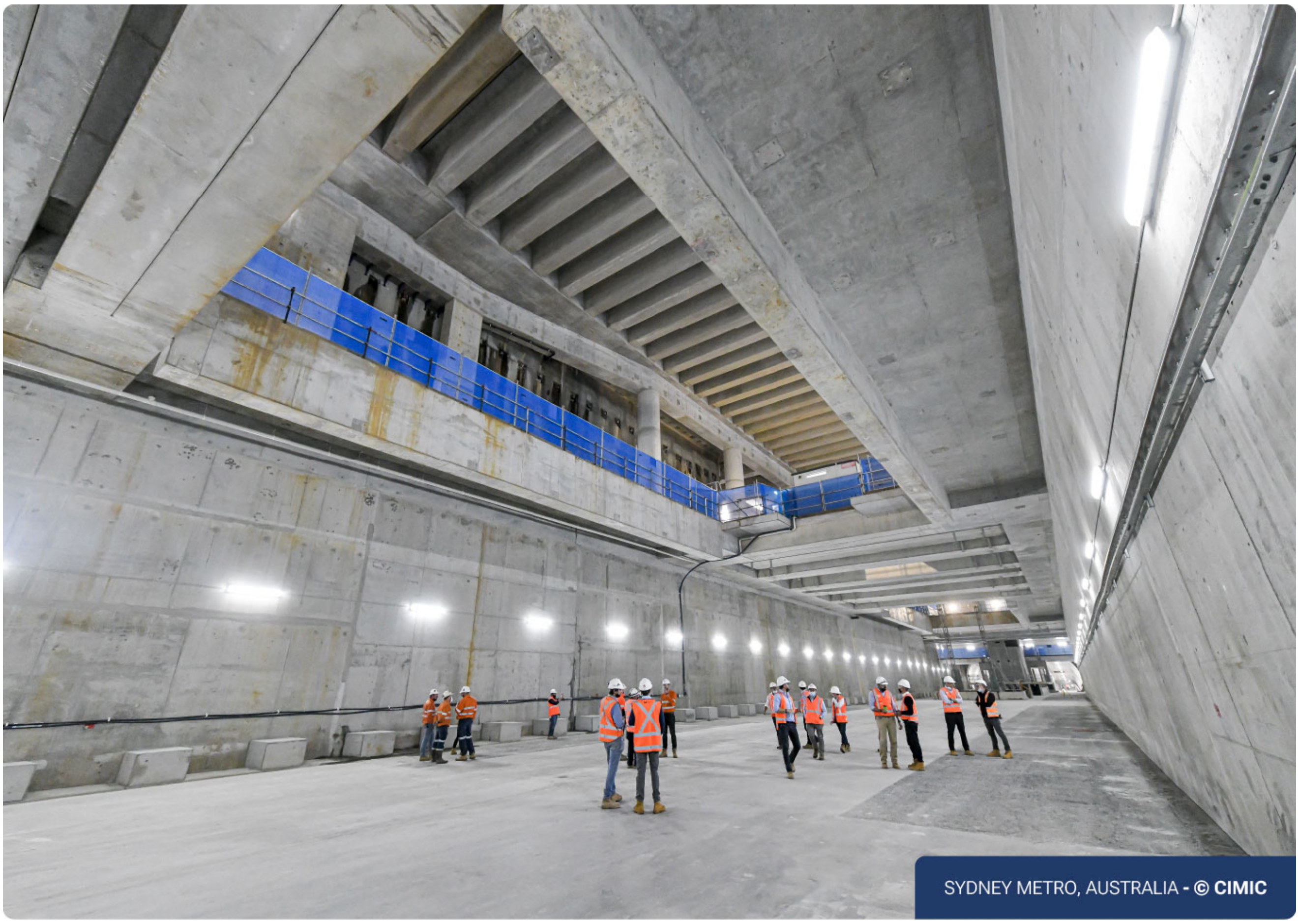
Concessions

The above method can also be applied to assess the risks of longer-term activities, such as concessions spanning several decades.

The assessment carried out by the Group on representative long-term concession projects (until 2068) shows low or very low risks for scenarios RCP4.5 and RCP8.5.

Abertis reached an equivalent conclusion through its own independent study

In addition, the Group's decades of experience in implementing procedures to deal with potential climate-related hazards and the technical capabilities developed to anticipate their impacts also lead to the conclusion that the company is equipped with the necessary adaptive capacity to cope with the possible evolution of hazards in the long term.



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Physical Risk Assessment Table

Proxies

Representative selection of projects within the framework of the Group's activities (construction, services, concessions and natural resources)

Criteria:
- Activity.
- Geographic area.
- Investment volumen.
- Subsidiaries.

10 projects in 6 countries with different climatic conditions, including:

- Railroads.
- Bridges.
- Light rail.
- Roads.
- Buildings.
- Maritime works.
- Electricity transmission networks and investments.

Ranging from 220M€ to 3850M CAD$.

Construction, services and concessions.

47 projects in 7 countries.
Natural Resources.
(*) Thiess.

24 projects in 10 countries.
Roads and tunnels .
(*) Abertis.

Climate hazards

Represents **risk-inducing climate factors** for different time horizons and emission scenarios.

Chronic and Acute.

Related to:
- Temperature.
- Wind.
- Water.
- Solid mass.

46 climate indicators

Time horizons:
- (1986-2015).
- (2010-2039).
- (2020-2049).
- (2036-2065).
- (2071-2100).

Scenarios
- RCP4.5
- RCP8.5

Spatial resolution of indicators<100 km.

2030 and 2050
SSP2-4.5
SSP5-8.5
(*) Thiess.

2030 and 2040
RCP4.5
RCP8.5
(*) Abertis.

Exposure

Represents **assets and operations that may be impacted by hazards.**

It is characterized for each taxonomic activity or by individual project.

The exposure is geolocated in each of the taxonomic projects or activities analyzed and is characterized by a set of assets and operations representative of the activity.

For construction projects, the elements of exposure considered are:

- Workers.
- Equipment.
- Machinery.
- Materials.
- Construction Operations.

Other factors representative of the exposure are:

- CAPEX.
- OPEX.
- Revenues.

Vulnerability = Sensitivity x Coping Capacity

Sensitivity represents the **degree to which an exposed item may be affected by a given hazard.**

For **all projects and taxonomic activities** considered, the **individual sensitivity** of each asset or operation has been established through **expert judgment** and review of existing information in the literature.

The ability of a system or exposed element **to adjust to acute and chronic changes in climate** to moderate potential damage or cope with potential consequences.

An **extensive catalog of the coping and adaptation measures** that the different companies implement in their construction projects in the different geographical areas of the Group has been obtained.

- The transfer of risk to the customer.
- Specific insurance.
- Contractual climate risk coverage clauses.
- Specific health and safety measures.
- Use of early warning systems or physical measures.
- Against climate impacts, among others.

The preparation of tenders and budgets already contemplates the **necessary measures to prevent possible climate-related contingencies** from resulting in material impacts for the Group. These aspects are also applicable to service and concession projects.

Consequences

The consequences of climate impacts were obtained as the **product of hazard, exposure and vulnerability**.

Loss of income, increase in OPEX and **increase in CAPEX were used as key consequence indicators.**

For construction and services projects, the consequences have been **calculated through a quantitative risk indicator standardized from 0 to 1**, which can be materialized in financial consequence indicators if necessary.

For concession projects, **revenue losses or increase in OPEX and increase in CAPEX due to climate impacts have been calculated**.

In some cases, the impact on insurance costs has also been considered.

Physical risks

It is the result of the **physical impact on assets and operations** of changes in climate.

In addition to the physical risk, expressed through consequences, it has been shown at the project level that the Group's eligible taxonomic activities **meet the criterion of no substantial harm in adaptation (DNSH)**.

The Group's **construction and services activities**, with a typical life of 3 to 5 years, do not present **any material physical risk either in the short** (<5 years) **or medium term** (<15 years). Neither is **any material physical risk foreseen in the long term** (up to 2050) in the construction and services activities. Construction includes the natural resources activity, where the current coping capacity keeps the physical risk at a low level.

The **long-term concessions** analyzed (highways, toll bridges, light rail and hospitals) show **low or very low risks** for the RCP4.5 and RCP8.5 scenarios. This aspect is confirmed in the independent Abertis study.

Transition risks

The International Energy Agency's Stated Policy Scenarios (STEPS) and Net Zero Emissions by 2050 (NZE) were used to assess the transition risks. (2022-2035) was taken as the representative time horizon for the short and medium term and (2035-2050) for the long term.

The work was carried out on the basis of the transition risks identified in 2022. Accordingly, some regulatory and market transition risks were identified for the period (2022-2035) for the construction activity, which are very low or low for the two scenarios considered and medium for other reputational or market risks, especially for the period (2036-2050). However, similar to the 2022 physical risk study, this assessment of transition risks did not include an assessment of the measures the Group has in place to mitigate their potential effects.

In 2023, the ACS Group's main focus was on identifying these ongoing measures. A summary of the main risk mitigation initiatives is included in the table on the following page.

As this summary table shows, the ACS Group currently has a variety of measures (decarbonization plans in different subsidiaries[2,3], communication and awareness-raising actions, actions for rapid adaptation to new legislation or anticipation of changes in the market) which enable it to face the possible risks of transition with guarantees in all the scenarios and time horizons analyzed.

[2] Hochtief Group Report 2023-Decarbonization roadmap (net zero pathway)
[3] Thiess Group Sustainability Report 2023

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	Riesgo	Descripción	Iniciativas internas para la mitigación del riesgo
1	Reputational damage generated 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.	• The Hochtief Group, the main subsidiary of the ACS Group, has a decarbonisation plan that aims to reach net zero by 2045. This target is aligned with the objectives of the Paris Agreement and generates significant co-benefits. The rest of the Group's subsidiaries are in the process of developing their own decarbonisation plans, with the aim of establishing a consolidated plan for the ACS Group. • As demonstrated in the following section on opportunities, the Group is an essential lever for closing the adaptation gap, and for adapting and building the new infrastructure needed to reach the overall goal of net zero. • The Group is stepping up its internal and external awareness-raising strategy in this regard. • The strategy of diversifying and rebalancing the portfolio associated with natural resources by gradually replacing coal with alternative raw materials, essential for renewable technologies, also contributes to mitigating this potential impact.
2	Increase in borrowing costs (market)	The ecological transition can significantly affect the cost of financing: • Funders 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 terms.	• These decarbonisation plans of the Group's subsidiaries will play a key role in ensuring that there is no pressure on investors. • Over the course of this year, the Group's eligible activities were shown to meet the DNSH criterion on adaptation. Many of them also contribute to mitigation and adaptation objectives and will undoubtedly help to attract public and private finance, as well as further open up the possibility of PPP projects or using green financial instruments for their financing, as is already happening in adaptation and resilience in some parts of the world.
3	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. • Damage caused by climate events is an obstacle to the profitability of the offered policies	• The risk assessment capacity developed by the Group lets it assess the risk for each project throughout its lifetime, making it possible to stay ahead of the curve in managing climate risk. This gives the Group the ability to manage a priori the transfer of part of this risk to customers or to negotiate lower premiums by introducing other coping or adaptation measures to reduce impacts during the construction and operation of the project, minimising a possible reduction in the market.

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4	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.	• The ongoing decarbonisation plans of the subsidiaries, with their different levers and their monitoring, aimed at avoiding possible deviations, are essential elements to help reduce the possible effects of an increase in emissions prices.
5	Regulation of project and service specifications (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 ACS Group is making increasing progress in climate-related disclosures. Especially in 2023, the Group made a significant effort to adapt itself to the EFRAG's new requirements and to harmonise methodologies and tools across the Group. • These actions, together with internal decarbonisation strategies, will enable the Group to adapt more easily to any regulatory changes, as it has done for decades. • Furthermore, any law requiring greater climate resilience in newly built infrastructure is considered to benefit the ACS Group, due to its advantageous position in this area.
6	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 building materials such as cement and steel. • New replacement building materials being placed on the market that are low in carbon could make these materials more expensive.	• The risk assessment capacity developed by the Group lets it assess the risk for each project throughout its lifetime, making it possible to stay ahead of the curve in managing climate risk. This gives the Group the ability to manage the pass on a significant part of this potential cost increase to customers. • Due to its large size and geographical extension, the ACS Group has an extensive supply chain and has an advantage over third-party competitors to access low-carbon raw materials and continue to maintain the profitability of its projects. • The portfolio of projects linked to climate resilience and the transition to net zero is expected to increase exponentially in the short and medium term, more than offsetting the exit of a small number of customers from the market who will not be able to bear the higher costs compared to the benefits of having climate resilient infrastructure aligned with the transition objectives

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Opportunities

In 2023, a detailed analysis was carried out to identify and quantify climate-related opportunities for the Group. The general conclusion is that the opportunities associated with the overall needs for new infrastructure to achieve net zero emissions targets by 2050, together with the global targets set to close the climate change adaptation gap, can far outweigh the potential physical and transition risks to the Group. For the transition risks, the Group's opportunity lies in having the competitive advantage to design, build, retrofit and operate sustainable and climate-resilient infrastructure for its customers or for its PPP/concession projects by considering and analyzing mitigation and adaptation measures and using new materials or technologies that support the climate resilience of the project throughout its lifetime. On top of this, due to its large size, the Group is in the best position to develop a more climate-resilient supply chain model by working together with its suppliers.

These opportunities are already emerging, as demonstrated by the Group's most recent activities. Last year, its projects related to energy transition doubled, reaching a total of EUR 4,152 million. Within this sector, the following stand out: batteries (electric vehicle factories, storage parks) increased by a factor of 2.8, and power transmission and related facilities increased by a factor of 3. The building renovation backlog to bring buildings up to new energy efficiency standards doubled in the same period and the sustainable transport backlog (light rail/metros/high speed rail) stood at EUR 6,738 million in the same period. Overall, the total portfolio of energy transition and related projects, plus new sustainable mobility, amounted to EUR 10,890 million at the end of 2023, 15.4% of the ACS Group's total portfolio. The orders received in these two types of projects amounted to EUR 6,732 million in 2023, 15.6% of total new orders in that period. A final aspect to highlight is the ACS Group's effort and leadership in growing its sales revenue from construction projects awarded with sustainable certification in recent years, with an increase of 6.0% year over year. In 2023, sales in this sector reached EUR 14,087 million, currently accounting for 42.2% of total construction activity.

In addition, an extensive assessment of external reports from international institutions and specialized organizations has contributed to the conclusion that there will be a large untapped market for the Group over the coming decades, both in the transition to zero net emissions and in adaptation to climate change.

According to recent estimates published by the World Bank, the costs of making existing infrastructure climate resilient in the energy and transport sub-sectors are estimated at USD 56,000 million per year until 2050 (World Bank), while the UN's upper estimates of adaptation investment needs amount to USD 415,000 million per year until 2030, more than 75% of which will be spent on infrastructure, river flood protection and coastal protection. Moreover, the Paris Agreement requires the formulation of Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), which have been effectively developed by most countries around the world with current progress towards implementing adaptation projects that require design, construction and operation services. Looking at transport infrastructure alone, the Global Infrastructure Outlook estimates that more than USD 2 trillion per year will be needed worldwide until 2040, with USD 1.4 trillion per year for roads and USD 0.47 trillion per year for railways being the most relevant contributors, two of our Group's flagship construction activities.

In terms of the transition to net zero emissions by 2050, the World Economic Forum recently published that, with less than 1% of the required infrastructure currently in place, a total of USD 13.5 trillion in infrastructure investment is needed to reach the goal of net zero emissions by 2050. This amount includes investments in clean energy (solar, hydro, green hydrogen and nuclear), energy storage, including batteries, or recharging infrastructures for the new net zero balance road transport sector. Regarding the latter, the global market for battery energy storage systems is expected to reach USD 120,000-150,000 million by 2030, more than double its current size, while the Bipartisan Infrastructure Investment and Jobs Act of 2021, for example, earmarks USD 7,500 million for charging infrastructure in the US. Most of these technologies are already part of ACS's activities and will be deployed in geographic areas where the Group has a significant lead.

Another growing opportunity for the Group is the high demand for data centers as key infrastructure to enable the economic transition. According to a recent analysis, global spending on data center construction is expected to reach USD 49,000 million by 2030. ACS is uniquely positioned to converge its expertise in the field of data center construction (the Group's data centre portfolio was worth EUR 3,596 million at the close of 2023), and in sustainable construction to attract a significant share of this market.

The net zero energy challenge also has important implications for global materials and metals supply chains, as they are key drivers of the transition. As a result, mining will have to grow at higher than historical rates for many materials, such as copper, nickel, zinc and molybdenum, which are already part of our commodity portfolio. A recent report by McKinsey & Company estimates that investments in mining, refining and smelting will need to increase to approximately USD 3 to 4 trillion by 2030, with stable investments in iron ore but significant increases in other materials such as copper (2x) and lithium (8x), representing significant growth in our potential markets.

Similarly, the data obtained by the ACS Group in an initial analysis of activity alignment with EU taxonomy 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.

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4.11. Taxonomy of the European Union

In conclusion, taking into account the Group's existing experience in the relevant sectors, the geographic extent and diversity of the Group's activities and its leadership in the construction sector, ACS is already in the best position to take advantage of the major opportunities ahead and capture a significant share of these new markets in the short term.

EXAMPLES OF CLIMATE CHANGE OPPORTUNITIES FOR THE ACS GROUP:

CLIMATE RESILIENCE PROJECTS

TURNER AND FLATIRON CONTRACTS IN 2023

ACS was awarded two new climate resilience infrastructure contracts in the United States for a combined total of USD 375 million to carry out projects to combat storm surges, sea level rise and other environmental threats from climate change. Flatiron won a USD 275 million contract in Virginia Beach, Virginia, to implement flood protection, which also includes improved drinking water supply protection. Flatiron was also recently awarded another USD 100 million contract from the US Army Corps of Engineers to upgrade storm surge protection at several pumping stations in Port Arthur, Texas.

The aim of the project is to better protect the energy producing region against the impacts of storm surges and sea level rise, which will require, among other things, new concrete closure gates and levee armouring.

ENERGY TRANSITION PROJECTS

HOPELAND SOLAR FARMS (PACIFIC PARTNERSHIP)

In 2023, Pacific Partnerships acquired the development rights to the Hopeland Solar Farm, located 290 kilometres west of Brisbane in the Darling Downs region of Queensland.

The project contributes to the Queensland Energy and Jobs Plan. Its strategic location near the Western Downs substation makes it ideal for installing an adjoined battery energy storage system (BESS) with 175 MW/350 Mwh in capacity.

The Hopeland solar plant with an installed capacity of approximately 300 MW has the potential to generate enough electricity for approximately 100,000 average-sized households. UGL is the project's implementation and operations partner, with operations and renewable energy generation expected to begin in 2026.

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 the latest estimates published by A World Green Building Council, the building and construction sector represented 38% of carbon emissions from energy consumption, 35% of global energy consumption and 50% of the resources consumed. For this reason, the ACS Group promotes sustainable construction in its projects, following the main standards in this area.

Since 1999, HOCHTIEF has registered and certified 1,173 projects according to different certifications in terms of efficient building and in 2023 had 206 certifiable projects under construction. By type of certification, in Turner's constructions, the LEED standard predominates, while CIMIC uses the Australian Green Star Methodology of the Green Building Council of Australia (GBCA) and LEED. The main certifications used by HOCHTIEF Europe are DGNB, LEED and BREEAM.

Since 2013, 65 projects have also been certified in terms of efficient infrastructure (CEEQUAL, ISCA and Greenroads) and in 2023 HOCHTIEF had 20 infrastructure projects eligible for certification.

Since 2015, Dragados began to obtain certification for different building projects and in 2023 it had a cumulative total of 101 projects with sustainable certification. In 2023, the Dragados Group had a total of 52 works in progress with LEED, BREEAM, WELL, ENVISION, BREEAM INSTRASTRUCTURE or CEEQUAL certification, the sales figure of which represented close to 20% of the Group's total sales.

In 2023, through HOCHTIEF and its subsidiaries, the Green Building and Green Infrastructure projects managed totalled EUR 12,958 million in 2023 (compared to EUR 11,806 million 2022), while, in the Dragados Group, turnover of sustainable certification construction projects was EUR 1,129 million in 2023 (compared to EUR 1,481 million 2022). Thus, the consolidated sales figure for projects with sustainable certification in the Group's construction area amounted to EUR 14,087 million in 2023, which represents an increase of 6.0% compared to 2022, amounting to 42.2% of the ACS Group's total Construction sales.

HOCHTIEF'S SUSTAINABLE CERTIFICATION CONSTRUCTION	2022	2023
Completed Green Buildings*	1,148	1,173
Certifiable Green Buildings	183	206
Completed Green Infrastructures**	60	65
Certifiable Green Infrastructures	19	20

* 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, buildings with LEED certification consume 25% less energy and 11% less water than conventional buildings, while Australia's Green Building Council indicated in a study that Green Star certified buildings reduce greenhouse gas emissions by 62% and water consumption by 51%. In addition, in the ACS Group companies, one of the fundamental pillars of R&D 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, as well as the reuse of materials and better use to reduce the consumption of raw materials.


HARBOR BRIDGE, TEXAS, USA - © FLATIRON

SUSTAINABLE INFRASTRUCTURE PROJECTS

GEORGETOWN TREATMENT PLANT (FLATIRON)

Flatiron's Georgetown treatment plant project received the Northwest Construction Consumer Council's "2023 Award for Innovation and Achievement in Sustainability". Purifying plants can treat up to 265 million litres of rainwater and wastewater every day. Many aspects of sustainability were considered in the design, including planning and design for a changing climate, and more than 85% of the waste from the demolition material was recovered.

The team implemented a wide range of sustainable solutions, such as permeable ground cover, green roofs, rain gardens and roadside cisterns, reducing chemical use in the facility, restoring the shoreline along the Duwamish River, promoting jobs through a commitment to local hiring, enhancing an area of Georgetown with public art and green spaces, and working closely with the community.

GEORGETOWN WATER TREATMENT STATION, USA - **© FLATIRON**

CLIMPORT R&D PROJECT (DRAGADOS)

The CLIMPORT R&D project: The "Modelling system for the Design and Construction of Port Infrastructures Adapted to Climate Change" is being carried out between 2023 and 2026 by the consortium formed by Dragados, FCC, Rover, Acciona Energía, Sener, Proes and IHCantabria.

The general objective of the project is to develop an innovative modular system with new professional methodologies on how to design and build port infrastructures adapted to climate change developed a context of uncertainty, bringing together the databases and the mathematical, numerical and statistical design tools, as well as the regulations, recommendations, methodologies and reference manuals of the international state of the art, and their interrelation with the latest generation of construction procedures, within a framework of normalisation, standardisation and traceability of processes.

Developing this system will result in more effective designs of port works, more efficient and safer construction and, furthermore, a more reliable and resilient design will be achieved in the medium-long term, as this tool will consider the effects of climate change on ports, which will result in maritime transport being more efficient, sustainable and safer, thus contributing to the Ecological Transition that the Spanish Government and the EU have set as a short-medium term objective.

A comprehensive system for port design and construction will be developed that explicitly incorporates risk assessment in ports by studying the risk associated with climate change and the risk associated with port construction.

The solution will make it possible to directly use all the variables of interest for the design and construction of ports at different levels of hierarchy, allowing their physical and spatiotemporal effects to be automatically combined. The integrated approach of studying different phases of a port's life cycle (design and construction), different time scales (historical or hindcast information, predictions or forecasts, as well as medium-long term trends such as Climate Change), and different spatial scales (global, regional, local and detailed) is considered unique in the world.

In addition, the project will develop a digital twin of the port's hydraulic behaviour for different phases of its life cycle.

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4.1.1.4. Targets and monitoring indicators

To effectively monitor the commitment taken on by the ACS Group in relation to climate change, greenhouse gas (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 method 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 scope 3 emissions. In 2023 the ACS Group continued to standardize the processes and standards for data collection and reporting, which entails, where possible, restating previous years to report them with the same scope and methodology.

In 2023, despite the upturn in the ACS Group's activity, Scope 1 and 2 emissions in absolute terms remained stable. However, in relative terms (the emissions generated compared with the level of sales), the combined level of intensity of scope 1 and 2 emissions was 14.9 tCO2eq/mn in 2023 versus 16.3 tCO2eq/mn in 2022, which represents a reduction of 8.44%.

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 carried out 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 30.16% reduction in scope 1 and 2 emissions compared to 2019.[4].

In 2023, the ACS Group continued to work on improving the quality and scope of its emissions data, carrying out an analysis of its emissions reporting in accordance with the GHG protocol. In this way, the ACS Group, following the objectives set out in its 2025 Sustainability Plan, has identified the most relevant Scope 3 categories through a materiality analysis, which were calculated and are reported in this report.

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 the data presented under this heading were restated, as far as possible, using the same calculation methodology as in 2023, showing in all cases the scope of the data on the consolidated sales level of the Group.

Scope 1 emissions (tCO2eq) (2)	2020 (1)	2021 (1)	2022 (1)	2023
Grupo ACS	**401,068**	**371,978**	**378,893**	**380,722**
Construction	386,006	350,777	354,273	359,415
Concessions	946	2,134	944	815
Services	14,116	19,067	18,812	15,954
Corporation & others (3)	n.d.	n.d.	4,863	4,539
Scope 1 emissions intensity ((tCO2eq/mn € ventas)	14.98	13.80	11.45	10.69
Scope of data (% over sales)	98.70%	96.86%	98.41%	99.61%

Scope 2 emissions (tCO2eq) (location-based) (2)	2020 (1)	2021 (1)	2022 (1)	2023
Grupo ACS	**125,999**	**128,440**	**161,034**	**151,266**
Construction	113,055	119,767	135,701	126,668
Concessions	131	87	278	240
Services	12,813	8,586	9,456	8,968
Corporation & others (3)	n.d.	n.d.	15,599	15,389
Scope 2 location-based emissions intensity (tCO2eq/mn € ventas)	4.71	4.76	4.87	4.25
Scope of data (% over sales)	98.70%	96.86%	98.41%	99.61%

[4] 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 2023.

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Scope 2 emissions (tCO2eq) (market-based) (2)	2020	2021	2022	2023
Grupo ACS	**103,783**	**104,367**	**147,274**	**134,034**
Construction	97,583	101,629	129,988	116,354
Concessions	n.d.	n.d.	141	42
Services	6,200	2,738	1,728	2,437
Corporation & others (3)	n.d.	n.d.	15,417	15,200
Scope 2 market-based emisions intensity (tCO2eq/mn € ventas)	4.51	4.56	4.45	3.77
Scope of data (% over sales)	84.88%	82.28%	98.41%	99.61%

(1) Data restated retroactively to make them comparable with the methodology used in 2023. For the sake of comparability, 2020 is restated following the sale of Industrial Services in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its change to the equity method in 2021.

(2) For the calculation of Scope 1 emissions, the conversion factors provided by GHG Protocol/IEA, Defra (Department for Environment, Food & Rural Affairs), Germany's Federal Environmental Agency and Australian National Greenhouse and Energy Reporting (NGER) for the different types of fuels reported in the report by geographical area have been taken as a general reference. For Scope 2 (location based) the conversion factors provided by Carbon Footprint and average grid data for the different geographic areas are taken as a general reference. For Scope 2 (market based) the specific conversion factors of the contracts are taken as a reference, in those cases where information by type of contract is not available, the average conversion factor for the different geographical areas has been used, excluding electricity from renewables with 100% certified guarantee of origin. In the event that actual data for the last month of the year is not available, as in the case of Dragados, the actual data for the previous year has been used as an estimate. In Scope 3 within the conversion of categories 3.1. 3.5. and 3.6, the Company's own conversion factors have been used. For the calculation of category 3.1., mainly the construction materials acquired by the Group (wood, cement, asphalt, aggregates, concrete, wood and steel) are used and multiplied by their specific conversion factors of emissions during the manufacturing process. For the calculation of category 3.11. the m2 of residential and non-residential building constructed has been calculated and its energy consumption has been calculated during the useful life of the project (50 years) and then the emissions derived have been calculated.

(3) In 2022/2023 includes data from Corporation, real estate and energy activities.

EUSTON STATION, LONDON - © DRAGADOS

Scope 3 emissions (2)	2020 (1)	2021 (1)	2022 (1)	2023
3.1. Goods and services purchased	2,874,344	3,368,812	4,170,154	4,715,333
3.2. Capital goods	113,366	23,972	85,104	114,514
3.3. Activities related to fuel and energy consumption	79,450	79,521	110,308	113,610
3.4. Transportation and distribution (upstream)	105,316	66,561	181,801	182,276
3.5.Waste generated in operations	2,967	17,393	44,029	27,007
3.6. Business travel	23,148	14,894	62,354	74,145
3.7. Commuter travel	57,999	55,760	130,946	138,984
3.11. Use of products sold	2,763,580	2,199,878	2,297,301	2,086,212
3.12. Final disposal of products sold	22,288	13,983	27,882	63,839
Others	59,789	184,736	366,174	349,309
Scope 3 emissions without considering financial investments	**6,102,247**	**6,025,509**	**7,476,054**	**7,865,229**
Scope 3 emissions intensity (tCO2eq/mn € sales)	265.01	263.07	226.00	220.93
Scope of data (% of sales) (4)	84.88%	82.28%	97.99%	99.20%
JV(5)	**n.d.**	**n.d.**	**186,908**	**173,491**
Abertis (6)	**n.d.**	**n.d.**	**384,092**	**319,908**
Abertis Scope 1	n.d.	n.d.	23,358	22,537
Abertis Scope 2	n.d.	n.d.	17,092	9,077
Abertis Scope 3	n.d.	n.d.	343,643	288,294
Thiess (7)	**n.d.**	**n.d.**	**1,483,220**	**2,020,390**
Thiess Scope 1	n.d.	n.d.	5,160	4,060
Thiess Scope 2	n.d.	n.d.	1,615	1,420
Thiess Scope 3	n.d.	n.d.	1,476,445	2,014,910
3.15. Investments	**n.d.**	**n.d.**	**2,054,220**	**2,513,789**
Scope 3 emissions considering financial investments	**n.d.**	**n.d.**	**9,530,274**	**10,379,018**

(1) Data restated retroactively to make them comparable with the methodology used in 2023. For the sake of comparability, 2020 is restated following the sale of Industrial Services in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its change to the equity method in 2021.

(2) For the calculation of Scope 1 emissions, the conversion factors provided by GHG Protocol/IEA, Defra (Department for Environment, Food & Rural Affairs), Germany's Federal Environmental Agency and Australian National Greenhouse and Energy Reporting (NGER) for the different types of fuels reported in the report by geographical area have been taken as a general reference. For Scope 2 (location based) the conversion factors provided by Carbon Footprint and average grid data for the different geographic areas are taken as a general reference. For Scope 2 (market based) the specific conversion factors of the contracts are taken as a reference, in those cases where information by type of contract is not available, the average conversion factor for the different geographical areas has been used, excluding electricity from renewables with 100% certified guarantee of origin. In the event that actual data for the last month of the year is not available, as in the case of Dragados, the actual data for the previous year has been used as an estimate. In Scope 3 within the conversion of categories 3.1. 3.5. and 3.6, the Company's own conversion factors have been used. For the calculation of category 3.1., mainly the construction materials acquired by the Group (wood, cement, asphalt, aggregates, concrete, wood and steel) are used and multiplied by their specific conversion factors of emissions during the manufacturing process. For the calculation of category 3.11. the m2 of residential and non-residential building constructed has been calculated and its energy consumption has been calculated during the useful life of the project (50 years) and then the emissions derived have been calculated.

(3) In 2022/2023 includes data from Corporation, real estate and energy activities.

(4) Scope 3 emissions in 2020 included the calculation of all relevant categories for Hochtief and Clece, as well as business trips of Dragados and Iridium. Scope 3 emissions included in 2021 the calculation of all relevant categories for Hochtief and Clece, as well as emissions related to the supply chain, waste management, employees' travel and others from Dragados and Iridium. In 2022-2023 it includes the calculation of all relevant categories for Hochtief, Dragados, Clece and energy assets, as well as business trips for Iridium.

(5) Issuances derived from JV's and other Dragados investments

(6) The ACS Group has a 50% shareholding in Abertis at operating level at 31/12/2022 and 31/12/2023. 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 Accounts Report 2023 (https://www.abertis.com/financial-information-annual-report/).

(7) Cimic holds a 50% interest 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 2023 (https://thiess.com/es/sustainability).

The ACS Group will continue to work to improve 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 2023, the various ACS Group companies worked on several 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.
- Reducing scope 1 emissions by 35% in 2030, with an intermediate reduction target of at least 15% by 2025.
- Reducing scope 2 emissions by 60% in 2030, with an intermediate reduction target of at least 30% by 2025.

EXAMPLES OF INITIATIVES BY ACS GROUP COMPANIES TO REDUCE GHG EMISSIONS:

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 the scope-3 categories.
- Solar Power: installation of solar power plates in several sites, with the total amount of 356 kW installed, which will result in estimated savings of 507,300 kWh.
- Aerothermal equipment: two wind power units were installed in the Gerhotel residence, with an estimated saving of 59,400 kWh. In terms of lighting, a control system was installed in the Barcela offices. In addition, more than 30 smart thermostats were installed with an estimated saving of 82,500 kWh.
- 71% of the electricity consumed by the CLECE group comes from renewable energy sources. 10 charging points for electric vehicles have been installed.
- Green Fleet: 31% of Clece's car fleet are ECO or ZERO cars.

ZERO EMISSIONS VEHICLE, SPAIN - © CLECE

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HYDROGEN VEHICLE PILOT PROJECT (CPB CONTRACTORS)

CPB Contractors has completed a pioneering project in Australia through using Toyota's HiAce vehicle, a prototype powered by a hydrogen-fuelled internal combustion engine.

The month-long trial replaced diesel-powered vans and demonstrated that these vehicles are a viable alternative and, with the right supply and distribution networks for hydrogen, could be a real solution to reduce petrol and diesel and thus reduce CO2 emissions in the future.

CPB CONTRACTORS AND UGL'S COMMITMENT TO GREEN ENERGY

CPB Contractors announced its transition to exclusively renewable energy supply for its corporate offices and other fixed assets in early 2023.

Also from January 2025, 20% of UGL's electricity consumption will be climate neutral.

EMISSION REDUCTIONS AT SEATTLE-TACOMA INTERNATIONAL AIRPORT (TURNER)

TurnTurner successfully completed the design phase for the expansion of Seattle-Tacoma International Airport in 2023. In the Terminal C extension, also built by Turner, 70% of the existing building structure was used and it is ready for LEED Gold certification. Through cooperation with the customer, Turner was able to offer a contract for a variety of sustainable solutions on the project. These measures, which include a solar panel on the roof with a capacity of about 675 megawatt-hours per year, are intended to significantly reduce greenhouse gas emissions in both its construction and its operation

OFFSETTING EMISSIONS IN VIAS

In 2023, VIAS calculated, as verified by an accredited external entity and registered with the Carbon Footprint and CO2 Offsetting and Absorption Projects Registry of the Ministry for Ecological Transition and the Demographic Challenge, the greenhouse gas (GHG) emissions associated with carrying out its own projects in 2022.

To contribute to mitigating climate change, VIAS offset 100% of the carbon footprint of its own works in scopes 1+2 (2.30% in a Spanish reforestation project and 97.70% in an international geothermal power project).

In this way VIAS has achieved net zero emissions in its own works, thus achieving climate neutrality of its direct and indirect GHG emissions from imported energy.

MEDITERRANEAN CORRIDOR VALENCIA, SPAIN (VIAS) - © DRAGADOS

ENERGY EFFICIENCY IN GENERATOR SETS. SALTO DE CHIRA HYDROELECTRIC POWER STATION (DRAGADOS)

For this project--which Dragados, S.A., holds a 45% stake in--three electricity generation systems have been acquired that will supply the power to build the tunnels.

These systems consist of 3 generator sets each, operating in cascade, with a unit capacity of approximately half of the maximum power required. Thus, one 3 x 500 kVA system and two 3 x 400 kVA systems have been purchased. A SCADA control system will determine when to operate with a single unit, or when, due to increased demand, to switch to two units. The third generator of each system stays on standby as a backup for possible malfunctions and for maintenance work.

This cascade configuration, as opposed to the traditional configuration of a single generator set capable of supporting the maximum electrical demand, will save approximately 370,000 l of fuel and more than 1,000 t of CO2 while the tunnels are built. This represents a non-emission improvement of approximately 56 t of CO2 per month.

In 2023, ACS Group companies carried out actions to reduce GHG emissions, with an estimated emission savings of 31,695.1 of tonnes of CO2[5] 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 minimizing 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.

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 carried out during the year since, given the Group's high degree of diversification, there are activities with greater energy intensity. Energy consumption in 2023 increased by 4.5% compared to the previous year.

Despite the increase in activity in 2023, the mix of projects and the measures performed by the various Group companies led to a reduction in energy intensity of 2.9%.

In 2023 the ACS Group companies consumed 62,226,544 kWh from renewable energy sources.

Energy Consumption (kWh)	2020(1)	2021	2022(1)	2023
Total ACS Group (2)	1,663,427,356	1,863,998,130	1,898,947,409	**1,983,476,045**

	2022	2023
Construction	431,420,068	**458,934,908**
Concessions	5,401,789	**4,322,371**
Services	108,429,272	**104,122,976**
Corporation & Others (3)	81,347,280	**78,416,790**
Energy Intensity ACS Group (kWh/mn Euros Sales)	**57,404**	**55,716**

(1) Data restated retroactively to make them comparable with methodology used in 2023. For the sake of comparability, 2020 is restated following the sale of Industrial Services in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its equity method in 2021. Energy consumption (gasoline, gasoline, natural gas, electricity, ...) reported in table 6.3.2. of additional indicators converted to kWh are included in the calculation.

(2) In 2021, HOCHTIEF's natural gas consumption is included in the calculation for the first time.

(3) In 2022/2023 includes data from Corporation, real estate and energy activities.

[5] Scope of data: 26.9 % of sales

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KABAN GREEN POWER HUB, QUEENSLAND - © CIMIC

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 optimize consumption and the replacement of equipment with less energy intensive equipment.

EXAMPLES OF ACS GROUP COMPANIES' INITIATIVES TO REDUCE ENERGY CONSUMPTION:

USE OF RENEWABLE DIESEL IN THE US ON THE CALIFORNIA HIGH-SPEED RAIL PROJECT AND THE LOS ANGELES OUTFALL PROJECT (DRAGADOS)

As part of its efforts to achieve the objectives set by the 2025 Sustainability Plan, Dragados is seeking more efficient and less polluting alternatives for carrying out its works, such as using alternative fuels.

Among them, HVO (or "R99" in the US) is a renewable diesel whose main raw material is used cooking oil, which is catalysed with hydrogen to obtain hydrocarbons. Since this type of fuel is sulphur- and oxygen-free, it has numerous benefits compared to traditional diesel, such as reducing greenhouse gas emissions by up to 90%, as well as particulate matter emissions.

Thus, in two projects located in the state of California, USA, renewable diesel (R99) is being used to operate the equipment and the fleet. In 2023, 983,506 litres of this biofuel were consumed between the two projects, avoiding the emission of 2,436 tonnes of CO2eq into the atmosphere.

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GREEN ENERGY USE IN THE MOMENTUM TRAINS CONSORTIUM (CIMIC)

The USD 2,800 million Regional Rail Project in New South Wales, which will feature Australia's first bimodal diesel-electric hybrid fleet, will reduce carbon emissions and pollution. The project is being implemented on behalf of Transport for NSW by the country's first rolling stock public-private partnership.

The Momentum Trains consortium includes the CIMIC group companies, Pacific Partnerships, UGL and CPB Contractors. The new hybrid rail fleet comprises 29 passenger trains that will travel from regional New South Wales to Sydney, Canberra, Melbourne and Brisbane.

The trains will run electrically when operating on the electrified train network and will use on-board diesel generators to provide their own power when operating outside the electrified network.

The fleet is part of a design, build, finance and maintenance contract, which includes the new Mindyarra Maintenance Centre in Dubbo, New South Wales, where the fleet will be serviced and maintained for at least 15 years.

The facility has received a "Leading" design rating from the Infrastructure Sustainability Council, the highest sustainability standard in the industry. Some of the emissions reduction initiatives included in the project include:

• 100% of the electricity used during construction comes from green energy.

• Over 9,000 m3 of carbon-neutral concrete was used.

• Over 60% of the reinforcing steel was produced using polymer injection technology, which reduces the energy required to manufacture it.

• Over 95% of the annual operating electricity comes from more than 3,200 solar panels on site.

CANBERRA LIGHT RAIL, AUSTRALIA - © **CIMIC**

ENERGY REFURBISHMENT OF BUILDINGS BASED ON INNOVATIVE SOLUTIONS (VIAS)

Digitization of construction and prefabrication are fundamental tools in the energy refurbishment of buildings. Along these lines, VIAS has participated in the REZBUILD project of the H2020 programme as a commitment to introducing innovative solutions that provide significant added value in the fight against climate change and help set the company apart from the rest of the sector.

The project has developed a set of innovative technologies aimed at achieving Nearly Zero Energy Buildings (NZEB): building-integrated photovoltaic (BIPV) module prototypes, innovative gypsum-based insulation products, solar-assisted heat pumps and building energy management systems (BEMS). Simultaneously, a method was established to select and combine the best technologies and systems applicable to each rehabilitation, through a cyclical iterative process of modelling, simulation and decision making during the design phase, assisted by a collaborative platform based on BIM.

The results obtained in the project were successfully deployed and validated in three pilot sites at European level. VIAS specifically led and carried the energy refurbishment of a single-family house located in Madrid. The selected property did not have an efficient heating system and had an associated fuel poverty problem (indoor comfort before the intervention was very low). In addition, the building was under special protection, as it is on a Historic Site, which greatly conditioned the type of intervention on the building envelope, making the demonstrator's work very difficult. In this regard, it is worth highlighting the limitations imposed on designing photovoltaic solutions: the surface of the roof to be covered, the location of the modules and the requirement for perfect aesthetic integration, opting for a solution of photovoltaic modules with a color similar to that of the roof tiles.

In a first phase of analysis, the methodology developed in the project was applied. The climatic and technical conditions, the user needs, the property requirements and the local regulatory restrictions were analyzed at an early stage. A multi-criteria analysis of alternatives was carried out and decision support tools were used (including, among other analyses, using energy simulation software or applying the cost-efficiency method). In line with the initial needs and requirements, this phase ended with the selection of the best possible combination of renovation solutions for the Madrid demo house, complementing the technologies developed in the project (multilayer insulation of the envelope, deployment of energy monitoring and management systems, photovoltaic modules installed on the roof and additionally the demonstrative application of 3D printing technology) with other innovative commercial technologies (window renovation, replacement of lighting devices and a new efficient and sustainable air-conditioning system).

The refurbishment was designed using BIM methodology, with the model being revised and updated throughout the implementation phases and after completion.

Using the installed instrumentation, the energy consumption before and after the renovation was measured to determine the amount of energy saved, to assess the effectiveness of the renovation and to evaluate, under real operating and climatic conditions, the performance of the combination of solutions and new technologies introduced. In addition, the environmental and indoor air quality parameters (temperature, humidity, CO_2) were monitored. The results confirmed a significant reduction in energy consumption and improved indoor air quality.

CARLOS III HEALTH INSTITUTE, MADRID - © DRAGADOS

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4.1.2. CIRULAR 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 in regard to use of materials and waste management, taking into account the life cycle of projects and services.
- Promote the use of environmentally responsible materials in accordance with 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.

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

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 more information: Materials Policy

EXAMPLES OF ACS GROUP COMPANIES' INITIATIVES FOR THE SUSTAINABLE USE OF RESOURCES:

CIRCULAR ECONOMY INITIATIVES AT CPB CONTRACTORS

In 2023, CPB Contractors carried out different initiatives in relation to the efficient use of resources. Some examples are:

- As part of a joint venture, CPB Contractors carried out the Victor Harbor Road widening project between Main South Road and McLaren Vale in South Australia. 10% of the asphalt used in the newly opened lanes is made from recycled wine bottles. This corresponds to 459 bottles of wine per metric tonne recycled, asphalt in the base course and 115 bottles per metric tonne of surface course. A total of 15 kilometres of the road will be widened to two lanes as part of the project.
- During implementation of the Metronet Thornlie-Cockburn Link project in Western Australia, CPB Contractors recycled and reused many metric tonnes of materials, including more than 20,000 metric tonnes of recycled concrete, more than 2,200 metric tonnes of recycled reinforcing steel materials and more than 7,000 metric tonnes of gravel. This gravel was reused for the drainage surface on the road.
- For the asphalt pavement of the Northern Road Stages 5 and 6 project, CPB Contractors used recycled glass, up to 30% reclaimed asphalt and 1,935 tonnes of ReconophaltTM, an asphalt material with a high recycled content from waste streams such as glass. ReconophaltTM reduces energy consumption in the production of standard asphalt mix by 30%.

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 2023, 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 2023, ACS Group companies carried out this life cycle analysis in 42 projects and since 2019 the ACS Group has carried out life cycle analyses in 117 projects.

	Total used		% Recycled/ reused	
Construction Material	2022 (1)	2023	2022(1)	2023
Wood (m3)	323,249	225,542	4.1%	5.2%
Steel (t)	668,495	889,724	45.4%	62.6%
Concrete (m3)	5,342,080	6,309,002	15.3%	16.1%
Aggregates (t)	8,088,299	7,393,388	5.4%	4.9%
Asphalt (t)	2,252,374	2,754,361	37.2%	29.7%
Cement (t)	205,789	288,596	12.0%	37.4%
Glass (t)	16,244	16,089	14.7%	13.1%

(1) For the sake of comparability, 2022 data have been restated following the same methodology as 2023.
(1) During the year 2023, 2.5% of the total wood purchased was certified (0.5% PEFC certified, 1.1% CSA certified and 0.9% others).


POLK COUNTY DATA CENTER, USA - © TURNER

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WASTE PREVENTION AND MANAGEMENT

Waste management in the ACS Group prioritises recycling, reuse or other recovery operations over landfill disposal, in order to minimise as much as possible the waste generated when carrying out 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 in accordance with 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 aforementioned prioritisation of waste management, the waste is handed over to authorised waste managers.

Over the course of 2023, a total of 14,260,355 tonnes of hazardous and non-hazardous waste were generated, representing a decrease of 10.2% with respect to 2022.

The ACS Group has a strong commitment to the circular economy, prioritising the recovery and minimisation of waste destined for landfills as the strategic line of the Sustainability Master Plan. Therefore, in 2023 the rate of non-hazardous waste destined for recovery operations stood at 89.0%. This confirms the Group's efforts to prioritise recycling or reuse over other methods of waste disposal as a sign of its commitment to the circular economy in line with the objectives set out in the 2025 Master Sustainability Plan, which established a target of 80% of waste sent for reuse/recycling.

In 2023, efforts continued on reporting 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 a breakdown of the main waste generated by composition for the first time. It should be noted that in 2023 more than 83% of the waste generated was mineral waste (land/rock) from the activity of projects with road tunnelling machines or railway projects.

ACS Group	2020(1)	2021	2022(1)	2023
Non-hazardous waste (t)	15,941,779	18,344,366	15,746,325	14,093,108
Hazardous waste (t)	358,311	400,892	139,260	167,247

ACS Group Waste breakdown by activity	2022(1)	2023
Construction		
Non-hazardous waste (t)	15,715,469	14,056,815
Hazardous waste (t)	137,658	165,412
Concessions		
Non-hazardous waste (t)	184	250
Hazardous waste (t)	8	30
Services		
Non-hazardous waste (t)	17,893	22,210
Hazardous waste (t)	315	319
Corporation & others (2)		
Non-hazardous waste (t)	12,779	13,833
Hazardous waste (t)	1,279	1,486

(1) Data restated retroactively to make it comparable with the methodology used in 2023. For the sake of comparability, 2020 is restated following the sale of Industrial Services in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its equity method in 2021.

(2) In 2022/2023 includes data from Corporation, real estate and energy activities.

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ACS Group Waste breakdown by operations (t)	2022(1)			2023		
	Onsite	Offsite	Total	Onsite	Offsite	Total
Hazardous waste (t)	**26**	**139,234**	**139,260**	**38**	**167,208**	**167,247**
Waste not for disposal per operation	**25**	**23,078**	**23,103**	**33**	**2,534**	**2,566**
Reuse	17	22,481	22,498	23	694	717
Recycling	7	128	135	9	1,288	1,297
Other recovery operations	1	469	470	1	551	552
Waste for disposal per operation	**1**	**116,155**	**116,157**	**5**	**164,674**	**164,680**
Incineration with energy recovery	—	57	57	5	75	80
Incineration without energy recovery	—	135	135	—	18	18
landfill	0	114,642	114,642	—	163,116	163,116
Other disposal operations	1	1,321	1,322	0	1,465	1,466
Non-hazardous waste (t)	**750,725**	**14,995,600**	**15,746,325**	**936,810**	**13,156,297**	**14,093,108**
Waste not for disposal per operation	**517,193**	**12,957,315**	**13,474,508**	**822,125**	**11,726,795**	**12,548,920**
Reuse	159,803	10,407,421	10,567,224	51,752	8,355,992	8,407,744
Recycling	312,480	2,197,889	2,510,368	270,129	2,648,190	2,918,319
Other recovery operations	44,909	352,006	396,915	500,244	722,613	1,222,857
Waste for disposal per operation	**233,532**	**2,038,285**	**2,271,818**	**114,685**	**1,429,502**	**1,544,188**
Incineration with energy recovery	—	1,785	1,785	—	3,822	3,822
Incineration without energy recovery	—	587	588	—	5,706	5,706
landfill	233,526	2,033,577	2,267,104	114,685	1,418,886	1,533,571
Other disposal operations	6	2,335	2,341	0	1,089	1,090

(1) Data restated retroactively to make them comparable with the methodology used in 2023.

The ACS Group is starting to compile waste information by composition. The information for 2023 is presented below:

ACS Group Waste breakdown by composition (t)	2023		
	Waste non-directed to recovery	Waste directed to recovery	Waste generated
TOTAL	**1,708,868**	**12,551,486**	**14,260,355**
Mineral waste	854,530	11,013,418	11,867,947
Construction waste	613,322	1,034,419	1,647,741
Others	241,016	503,650	744,665

HONG KONG INTERNATIONAL AIRPORT - © CIMIC

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EXAMPLES OF ACS GROUP COMPANIES' WASTE PREVENTION AND MANAGEMENT ACTIVITIES

RECOVERY OF VOLCANIC LAVA AT THE LA PALMA SITE (DRAGADOS)

Due to the volcanic eruption of 2021 on the island of La Palma and the impact it had on mobility between the different municipalities, the Ministry of Transport, Mobility and Urban Agenda (MITMA) addressed, by means of an emergency declaration, restoring Highway LP-213 between Puerto Naos and Tazacorte with a new road of about 5.5 km in length crossing the volcanic lava flows.

Due to the high temperatures of the lava that flowed over the road that was built, the new road layout had a raised gradient to keep it away from the hot areas. The excavated material from the site covered 43% of the needs of the works, and there was no natural material excavated from the site that was not used. This material, together with the recovery of stone waste from nearby construction sites, was used to make the levelled areas, the gravel, asphalt mixtures and the concrete.

A total of approximately 306,940 m3 of stone material was used in the project, which was fully recovered, contributing to a significant reduction in the project's carbon footprint, mainly for two reasons:

- Production of materials on site due to installing agglomerate and concrete plants, avoiding having to transport raw materials and products,
- Avoided having to treat waste and bring it to landfills.

SOUTHERN VOLCANIC TAILINGS, LA PALMA, SPAIN - © **DRAGADOS**

ECOSWAP (CLARK BUILDERS)

In 2023, Clark Builders created an internal website called "EcoSwap", where surplus building materials can be offered for reuse, repair or reprocessing before being sent for recycling. This means that materials can be used over and over again for new projects, saving money and resources and, above all, waste.

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4.1.3. 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 ACS Group's activity in this area is governed by the following basic principles of action:

- Consider and assess the main risks and impacts in terms of water resource use.

- When carrying out activities and providing services, apply measures to optimize water consumption and to reduce the volume or hazardousness of discharges.

- Identify business opportunities for contributing to the efficient use of water resources, the reduction of water stress and the reduction of discharges.

Managing and monitoring of indicators shown in the table below allows the Group to identify the places where using water generates a greater impact on the environment, with the firm goal of performing its activity in a sustainable and environmentally friendly manner

Likewise, in 2023, given the importance of water in our activities, the ACS Group made progress in compiling information on the water resources in its value chain, including consumption in the manufacturing process of purchased construction materials (mainly steel and concrete). Thus, in 2023, the consumption of water from the value chain in the Dragados Group from the construction material manufacturing process was 1,174,511 m3. In the coming years, the ACS Group will continue to advance in the process of compiling this data in the rest of the business units and for the rest of its value chain.

MELBOURNE WATER TREATMENT STATION, AUSTRALIA - © CIMIC

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ACS Group Breakdown of water (withdrawal-discharge)	2022(1)	2023(2)
Total water withdrawn (m3)	**13,735,091**	**11,716,719**
Volume of water withdrawn from surface water (rivers, wetlands, lakes) (m3)	650,600	739,455
Volume of water withdrawn from groundwater (m3)	5,551,218	2,971,507
Volume of water withdrawn from third parties (municipal network, processing plant or public or private service) (m3)	6,578,680	7,664,059
Volume of water withdrawn from marine waters (m3)	8,406	29,627
Volume of rainwater (m3)	941,750	312,070
Water produced	4,437	0
Total water withdrawn in water stress areas (m3)	**2,106,963**	**3,386,536**
Volume of water withdrawn from surface water (rivers, wetlands, lakes) in water stress areas (m3)	61,203	218,055
Volume of water withdrawn from groundwater in water stress areas (m3)	994,659	952,189
Volume of water withdrawn from third parties (municipal network, processing plant, etc.) in water stress areas (m3)	1,050,977	2,188,263
Volume of water withdrawn from marine waters in water stress areas (m3)	124	28,029
Total water discharged (m3)	**11,288,842**	**7,423,601**
Volume of water discharged into surface water (rivers, wetlands, lakes) (m3)	7,936,872	2,841,288
Volume of water discharged into groundwater (m3)	838,527	17,232
Volume of water discharged into third-party waters (municipal network, processing plant or public and private services) (m3)	2,410,286	4,390,172
Volume of water discharged into marine waters (m3)	103,157	174,908
Total water discharged in water stress areas (m3)	**1,742,133**	**2,228,616**
Consumption (m3)	**2,446,249**	**4,293,118**
Ratio: m3 of water consumed/ turnover	73.9	120.6
Consumption in water stress areas (m3)	**364,830**	**1,157,921**

(1) Data restated retroactively to make them comparable with the methodology used in 2023.

(2) 2023 is the first year in which Hochtief reports water consumed/discharged in water stressed areas, so the evolution with respect to 2022 is not comparable.

The activities performed by the ACS Group are associated with significant water consumption, particularly in the area of construction, and in 2023 the total amount of water consumption reached 4,293,118 m3.

As with other environmental indicators, the variability in water consumption experienced by the ACS Group in recent years is explained by the different types of projects carried out throughout the year, which 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 1,157,921 m3 of the total water consumption in these areas in 2023. Following the commitment set out in our 2025 Master Sustainability Plan, water consumption in water-stressed areas from Hochtief was monitored and reported in 2023, so the evolution of the data compared to 2022 is not comparable.

Progress toward developing a method for calculating the water footprint is one of the commitments and pillars of the ACS Group's strategy for reducing water consumption and conserving water. Thus, in 2023, Group companies representing 84.8% of the Group's sales will have an established method for calculating their water footprint, in accordance with the objectives of the ACS Group's 2025 Master Sustainability Plan.

The ACS Group thus 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. In 2023, the different ACS Group companies continued to apply measures aimed at reducing water consumption. Thus, for example, at Hochtief (76.8% of the ACS Group's total water consumption), following the criteria established in the ACS Group's Sustainability Policy, the "HOCHTIEF commitment to water conservation" was approved and published in 2023, which establishes homogeneous and binding definitions of water-related indicators and enables both the operating companies and Hochtief's partners to understand and implement plans to achieve its water-related commitments.

At the project level, the greatest water consumption comes from dust suppression, levelling and soil compaction procedures, and from processing natural resources in plants, which is why many of the consumption reduction initiatives undertaken focus on these areas. Thus, for water reduction in 2023 a data centre was built in the United

States, where Turner's team collected rainwater and used it in a retention pond to suppress dust, saving more than 1.1 million litres of water on this project alone. Or for example, in Canada, Clark Builders reduced the dust generated on a construction site by stabilising the soil with vegetation and for further dust suppression a rainwater harvesting system a rainwater harvesting system was used, as the project is in a water stressed area. The project team also avoids using water for levelling and compaction.

It should also be noted that the ACS Group also performs exhaustive control on the quality of the water discharged into the environment, in order to ensure that the discharges do not have significant effects on the environment and always comply with the provisions in local legislation.

EXAMPLES OF INITIATIVES BY ACS GROUP COMPANIES TO CONSERVE WATER RESOURCES:

RESIDENTIAL PROJECT IN CALGARY (ALBERTA, CANADA) (CLARK BUILDERS)

The region where this residential project was carried out is affected by water stress, so there are temporary water restrictions. The Clark Builders team does not use water for grading or compaction work in very dry conditions. In addition, employees are encouraged to ensure permanent stabilisation during construction work, e.g. with turf or paving, to avoid using water as a dust protection measure. At the same time, the teams were encouraged to use outdoor rainwater harvesting systems in the warmer months to collect rainwater for dust control, washing, etc.

THE BRYN ESTY WATER TREATMENT PLANT IN TASMANIA (UGL AND CPB CONTRACTORS)

The USD 243.9 million upgrade of the Bryn Estyn water treatment plant was successfully completed by TasWater's Capital Delivery Office, in partnership with UGL and CPB Contractors.

Improving critical infrastructure is significantly reducing the risk of water restrictions in the Hobart metropolitan region.

Improved technology and operational efficiencies enable the daily supply of 160 million litres of water, benefiting more than 200,000 consumers.

The project was delivered on time and under budget, and provided opportunities for numerous Tasmanian-based businesses during construction, contributing to the local economy and fostering community growth.

BRYN ESTYN WATER TREATMENT STATION, AUSTRALIA - © CIMIC

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4.1.4. 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 carries out 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 this regard, in 2023, the Group carried out activities on 677.5[6] 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 on promoting 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, as well as 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 carried out.

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. Promote the offsetting of impacts generated by activities on biodiversity and the forest mass through restoration, recovery and reforestation actions. In 2023, the ACS Group carried out work on 54.5 hectares.[7]

In 2023, the ACS Group started work on a biodiversity risk assessment through an internal document in which a preliminary analysis of the risk assessment and possible interdependencies was carried out. Hochtief for its part prepared and published that assessment on a group level in 2023 to identify risks and specify appropriate mitigation measures. In the coming years, the ACS Group will continue to work in this area with the aim of meeting both international standards (Taskforce on Nature-related Financial Disclosures, TFND) and future regulatory reporting requirements under the Corporate Sustainability Reporting Directive (CSRD).

A7 WILDLIFE OVERPASS, GERMANY - © HOCHTIEF

[6] Scope: 21.81% of ACS Group sales
[7] Scope: 21.81% of ACS Group sales

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EXAMPLES OF ACS GROUP COMPANIES' BIODIVERSITY PROTECTION INITIATIVES

REGENT HONEYEATER PROTECTION (CPB CONTRACTORS)

The Mindyarra Maintenance Centre project, which will service and maintain the Regional Rail Project's hybrid fleet in Dubbo, New South Wales, is contributing to efforts to save the endangered regent honeyeater, a bird endemic to south-western Australia. It is estimated that there are fewer than 350 regent honeyeaters left in the wild.

Both Transport for NSW and CIMIC Group's CPB Contractors contributed USD 40,000 each as part of a voluntary biodiversity offset that will go to Taronga Western Plains Zoo, also in Dubbo, for the purchase of essential equipment.

wild.

As part of the project a 6,500 square metre area is also being rehabilitated and planted with eucalyptus trees (Box Gum Woodland), which is the regent honeyeater's habitat.

EXAMPLES OF BIODIVERSITY CONSERVATION INITIATIVES (TURNER)

In 2023, Turner carried out numerous projects in relation to biodiversity conservation, such as:

- In Turner's IAD11 project in Virginia, a habitat management plan for eagles was implemented for the duration of the project. The package provides for a mandatory protection radius of 330 feet around the eagle's nest and blasting restrictions for six months before and during the breeding season to protect the animals' natural habitat.
- A Turner team in Toronto set about preserving and restoring forests along the Credit River in Mississauga as part of the @yourriverwood initiative. Together, the employees removed 113 kg of invasive plant species that pose a threat to the native flora and fauna. The employees also planted a variety of wild flowers, shrubs and trees.

MANGROVE REHABILITATION, INDONESIA - © CIMIC

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PROTECTION OF MARINE BIOLOGICAL RESOURCES IN THE PEARL HARBOUR DRY DOCK 3 REPLACEMENT PROJECT (DRAGADOS)

Dragados, together with its Joint Venture partner Hawaiian Dredging, is implementing several measures to protect biological diversity and resources. In the case of marine biological resources, three types of monitoring are envisaged that will protect or benefit Hawaiian monk seals (HMS), green sea turtles and hawksbill turtles (species listed under the US Protected Species Act (ESA)):

1) Qualified personnel must identify ESA-listed species in close proximity to construction activities that transmit sound in water (pile driving, pile extraction, dredging and marine lane preparation and demolition), and notify the construction team when work needs to stop and when work can resume after a stoppage;

2) Specialised observers on vessels transiting the port must look for ESA-listed species approaching the vessel, and instruct the vessel's commander to stop or slow down to reduce the risk of collision; and

3) Use of a bubble curtain to control underwater sound levels during pile driving.

In addition, the project is sampling the work area to identify areas where birds or bats may nest or roost, to avoid future impacts on these species.

Dragados also uses best management practices to protect Hawaii's pristine waters during construction, maintaining a very high level of water quality. Different tools, such as anti-sediment barriers and improved "BioSocks", wind barriers, and adhesive polymers, are used to minimise erosion and sediment loss during the onshore construction. In addition, turbidity curtains are being used to isolate the work areas during construction work in the water and are continuously monitored to ensure that the water quality is maintained during construction. Dragados will stop the works and/or implement appropriate corrective actions if the water quality is at risk of being affected beyond the permitted parameters.

DISCHARGE PREVENTION BARRIERS, PEARL HARBOR, HAWAII - © DRAGADOS

4.1.5. ENVIRONMENTAL RISK MANAGEMENT

The functions attributed to the Audit Committee of the Group's Board of Directors include the review, monitoring and assessment of the Group's Sustainability Policy, as well as the supervision of the Group's Environmental Policy.

Secondly, the responsibility of overseeing environmental performance and carrying out the appropriate action plans and improvement programmes lies with the Environmental Department of each group of companies, along with adopting the necessary measures to reduce and mitigate the environmental impacts related to the Group's activities, always following the principles established in the Group's Environmental Policy.

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

To strengthen its commitment to the environment, in 2022 the ACS Group added 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.

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

MATERIAL ISSUE	RISKS	DETECTION, PREVENTION, MANAGEMENT AND MITIGATION MEASURES	ASSOCIATED MANAGEMENT INDICATORS	APPLICABLE ACS GROUP POLICIES
Climate change: transition to a low-carbon business model	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 Sustainability Master Plan define the commitments and objectives for emissions reduction and use of resources. The ACS Board of Directors has overall responsibility for the climate change strategy through the Audit Committee, which is responsible for monitoring the ACS Group's sustainability policy. The Company has 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.	A 30.16% decrease in scope 1 + scope 2 emissions with respect to the Sustainability Master Plan baseline year (2019) Conducting a materiality analysis to determine the relevant scope 3 categories for the ACS Group and improving how they are reported. I Development of business opportunities such as Green Building projects In 2023, the Group continued improving 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 concepts of circularity into the production model makes it possible to reduce the intensive use of natural resources and the high pressure on the environment. Likewise, the optimisation of resources increases operational and financial efficiency, in addition to reducing the waste generated 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 2023: 88.0 % Number of projects in which a life cycle analysis was performed (cumulative 2019): 117	• Environmenta l Policy. • Sustainability Policy. • Construction Materials Policy. • Risk Control Policy.

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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, Compliance Risks, Reputational Risks, and Environment and Circular Economy Risks 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 • Carrying out all activities of the ACS Group in accordance with current environmental legislation.	In 2023, 83.2% of ACS Group operations were certified under ISO 14001. The environmental management systems are audited by an external third party in companies that represent 93.2 % the Group's turnover and, in 2022, 834 environmental audits were conducted. In 2023 there was no significant infringement of environmental legislation and regulations, 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 Financial Statements of the ACS Group, ACS Group companies incurred environmental expenses in 2020 totalling EUR 5,938 thousand (EUR 14,840 thousand in 2022), and according to Note 20 to the Annual Financial Statements, the provisions for environmental actions are included under non-current provisions, which include provisions to cover the probable environmental risks that may arise, with no provision of this nature included in the financial statements in 2023. The Group companies manage environmental risk coverage through different systems depending on their activity and geographic area and in accordance with their own environmental management systems.	• 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 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. 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, as well as 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, as well as their reuse and use. • Develop biodiversity policies and environmental studies to minimise impacts on the business areas.	• Development of Green Building projects: 1,173 cumulative projects by HOCHTIEF and 101 in Dragados ◦ Sales of sustainability-certified projects in 2023: EUR 14,087 million	• Environmental Policy. • Sustainability Policy. • Construction Materials Policy. • Risk Control Policy.

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4.2. PEOPLE IN THE ACS GROUP

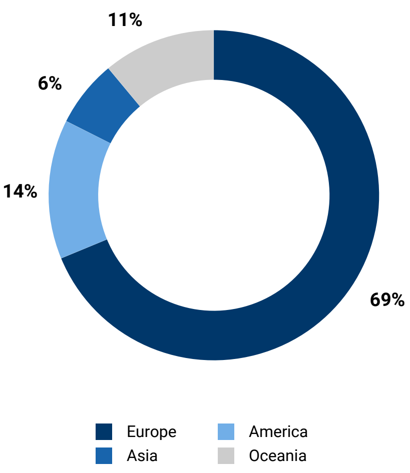
The ACS Group's business success comes from the talent and diversity of its teams. For this reason, the company is committed to the professional development of its employees while at the same time ensuring the best working, health and safety conditions.

With the aim of retaining the best professionals, the ACS Group has various corporate policies in place on managing human resources, which are in line with the best practices in the field and that are detailed 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:

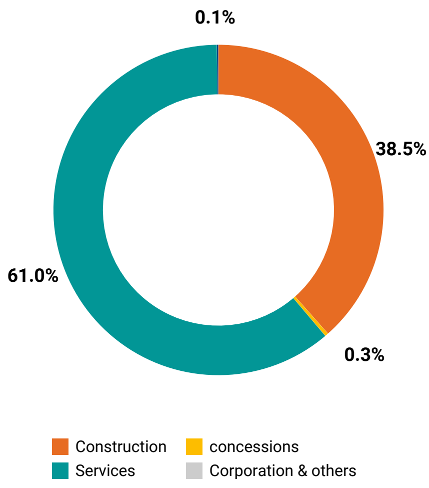
- Attract and hold onto the best talent, while at the same time aiming to improve the degree of responsibility and motivation of employees.
- Promote a culture and corporate values with which the people in the ACS Group identify.
- Promote teamwork and quality control as tools to promote the excellence 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 2023, the ACS Group had a workforce of 135,419 persons, of which 55.5% were women and 44.5% men. The ACS workforce increased by 5.2% compared to 2022.

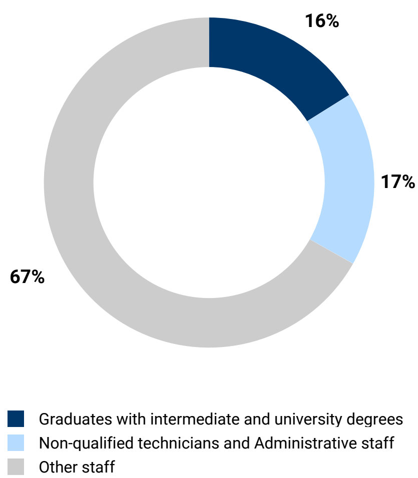
WORKFORCE DISTRIBUTION GEOGRAPHICAL AREAS



WORKFORCE DISTRIBUTION OF BUSINESS ACTIVITIES



WORKFORCE BREAKDOWN PROFESSIONAL CATEGORIES



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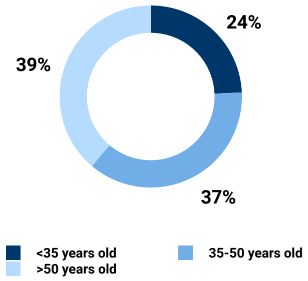
ACS GROUP WORKFORCE AT YEAR-END

135,419

BREAKDOWN OF STAFF BY AGE



WOMEN

75,148

55.5%

OF TOTAL ACS GROUP

7,277

GRADUATES WITH INTERMEDIATE AND UNIVERSITY DEGREES

10,422

NON-QUALIFIED TECHNICIANS AND ADMINISTRATIVE STAFF

57,449

OTHER STAFF

13.8%

TOTAL STAFF TURNOVER

11.1%

VOLUNTARY TURNOVER

MEN

60,271

44.5%

OF TOTAL ACS GROUP

14,528

GRADUATES WITH INTERMEDIATE AND UNIVERSITY DEGREES

12,713

NON-QUALIFIED TECHNICIANS AND ADMINISTRATIVE STAFF

33,030

OTHER STAFF

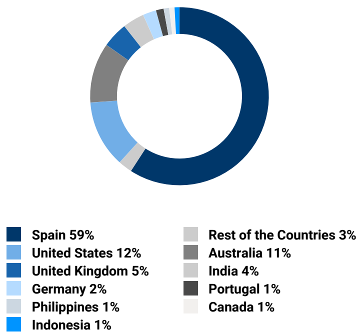
27.2%

TOTAL STAFF TURNOVER

21.1%

VOLUNTARY TURNOVER

DISTRIBUTION OF ACS GROUP EMPLOYEES BY COUNTRY



As regards the distribution of employees by country, 58.6% work in Spain and the remaining 41.4% are in other countries. The Services area is a more labour-intensive area and represents 61.0% of the Group's employees, 90.5% of whom are in Spain. While the Construction area represents 38.5% of the Group's employees and has a more internationalised profile due to its activity, 8.3% 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 81.6% 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-23
	Men	Women	Total
Fixed Contracts	50,168	60,370	110,538
Temporary Contracts	10,103	14,777	24,881

				31-Dec-23
	Age <35	Age between 35-50	Age >50	Total
Fixed Contracts	24,090	40,962	45,486	110,538
Temporary Contracts	8,821	8,981	7,079	24,881

				31-Dec-23
	Graduates with intermediate and university degrees	**Non-qualified technicians and Administrative staff**	**Other staff**	**Total**
Fixed Contracts	21,121	21,353	68,064	**110,538**
Temporary Contracts	684	1,782	22,415	**24,881**

			31-Dec-23
	Men	**Women**	**Total**
Full-time contracts	52,173	31,326	**83,499**
Part-time contracts	8,098	43,822	**51,920**

				31-Dec-23
	Age <35	**Age between 35-50**	**Age >50**	**Total**
Full-time contracts	23,493	31,546	28,460	**83,499**
Part-time contracts	9,418	18,397	24,105	**51,920**

				31-Dec-23
	Graduates with intermediate and university degrees	**Non-qualified technicians and Administrative staff**	**Other staff**	**Total**
Full-time contracts	19,989	17,241	46,269	**83,499**
Part-time contracts	1,816	5,894	44,210	**51,920**

			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

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				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 19.6% (vs. 16.4% in 2022) and voluntary employee turnover was 15.4% (vs. 12.8% in 2022). The number of redundancies in 2023 was 4,191 people, including those resulting from the termination of projects.

	2022			2023		
	Men	Women	Total	Men	Women	Total
Redundancies	2,175	792	**2,967**	3,074	1,117	**4,191**

	2022				2023			
	Age <35	Age between 35-50	Age >50	Total	Age <35	Age between 35-50	Age >50	Total
Redundancies	800	1,144	1,023	**2,967**	1,191	1,546	1,454	**4,191**

	2022				2023			
	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	637	347	1,983	**2,967**	739	484	2,968	**4,191**

6.3.2. Additional indicators

METRONET, AUSTRALIA - © CIMIC

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4.2.1. 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 specialized talent in each of the Group's activity sectors.

In 2023, 50,695 professionals, of which 42.0% were under age 35, highlighting the commitment to young talent, with Dragados and the various HOCHTIEF companies standing out for the programs implemented in this area.

EXAMPLES OF INITIATIVES IN ACS GROUP COMPANIES TO ATTRACT AND RETAIN TALENT:

GRADUATE PROGRAMME (CIMIC)

The CIMIC Group Postgraduate Programme started in 2017. The two-year programme provides training through job development, specific learning plans and structured development activities. Recent graduates complete multiple rotations in different positions, projects or companies of the Cimic Group

The programme reflects the Group's geographical presence and it currently has graduates from Australia, Canada, Hong Kong, Indonesia and New Zealand.

ANNUAL NUMBER OF PARTICIPANTS

	Women	Men	Total
2023	39	99	138
2022	44	68	112
2021	31	64	95
2020	50	91	141

GRADUATE WORKSHOP, AUSTRALIA - © CIMIC

YOUNG TALENT PROGRAMME (DRAGADOS)

In an increasingly competitive market coupled with the difficulty of hiring professionals with certain profiles, searching for, attracting and retaining talent and professional development are crucial for obtaining success in an organisation. The Dragados Group continues its commitment to recruiting and hiring young, recently-qualified talent for its main construction projects. This programme currently has 314 participants, 238 of whom are included in Spanish projects with 76 at the international level.

This programme aims to be a guide in the learning and development of these young people, offering them the opportunity to learn and develop in this sector, through a specific training programme, and a monitoring and evaluation plan that demonstrates each employee's progress and adaptation to the company.

The young recent graduates are mainly hired from Master's degrees programmes in Civil Engineering and Industrial Engineering, as well as degrees in Civil, Building and Industrial Engineering and Business Administration and Management or equivalent degrees depending on the country.

Currently, this programme is present and increasingly consolidated and valued in the different companies of the Dragados Group in Spain, the USA, Canada, the United Kingdom, Chile, Poland and Argentina.

In 2023, 113 new young people were incorporated into the most significant national and international projects.

YOUNG TALENT PROGRAMME 2023 CONSTRUCTION AREA

	Spain	International
Civil Engineers	100	64
Masters in Industrial Engineering	40	0
Other Masters (Architecture, Aeronautical Engineering)	5	0
Civil, Building and Industrial Engineering Degrees	46	0
Administration and Business Management	47	12
Total	**238**	**76**

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HOCHTIEF TALENT ATTRACTION INITIATIVES

In addition to hiring experienced professionals, HOCHTIEF focuses on attracting new young employees to ensure good positioning in the medium and long term. 53 talented young people were hired in Germany in 2023 (2022: 59); the figure at CIMIC was 406 (2022:503), and at Turner in the USA it was 629 (2022: 519). 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 in 2023.

In addition to conventional training in cooperation with vocational schools, HOCHTIEF offers training in combination with a cooperative degree programme. A total of 86 young people followed these two training courses at HOCHTIEF in Germany in 2023 (2022: 88).

Some of the initiatives launched by the different HOCHTIEF companies to attract young talent are:

- "*YouthForce 2020*" is a programme in the United States that encourages students from preschool through high school to consider a career in the construction industry. Turner employees work with students interested in design and engineering and help to further spark their interest by acting as role models. The programme promotes diversity (background, gender and age) and maintains ongoing relationships with schools, administrators, civic organisations and students to attract future leaders to the industry.
- The "ACE Mentoring Program" in the US offers students the opportunity to shadow design and construction teams composed of professionals from the construction industry. Turner has been involved since the inception of the programme and 96 students participated in it in 2023. Over the past two summers, Turner hired from 75 to 95 high school graduates through this programme.
- In cooperation with the General STEM Community Partnership, CPB Contractors organised a scholarship programme for six students from different schools in Western Sydney in 2023. The programme was implemented in the Sydney Metro project and it allowed young people to immerse themselves in the world of construction.
- At HOCHTIEF in Germany, the approach includes formats such as the "Youth Dialogue" where executives speak directly to students, as well as Girl Days. As part of the training campaigns, they visit schools, share their experiences and offer advice on how to submit applications.

Attracting and retaining talent requires the ACS Group to offer its employees the best employment practices, encouraging their professional development within the Group. In this regard, 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

GRADUATES SUMMER PROGRAM, HONG KONG - © **CIMIC**

TALENT DEVELOPMENT AND ASSESSMENT POLICY

The ACS Group seeks to develop the following best practices in regard to talent development and assessment:

1. Strengthen performance evaluations through the achievement of goals.
2. Multidimensional performance evaluation (180° or 360°).
3. Strengthen the individual evaluation of employees, 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 capital.

It should be noted that variable remuneration systems are in place in companies representing 98.0 % of the Group's employees. To determine the degree of compliance, professional performance evaluation plans are carried out with measurable objectives set with the superior or direct conversations of individuals or teams with their superiors, with these evaluations conducted at least annually and influencing the determination of the percentage of the variable remuneration paid to employees, forming part of the Group's professional development culture. In other Group companies, the performance evaluations are carried out through direct discussions in the various teams. Furthermore, companies representing 99.9 % 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 2023, 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.

The adjustment from face-to-face training to online training undergone by the various Group companies in recent years has undoubtedly led the companies to continue with this type of training through centralised platforms that provide greater efficiency and scope.

In recent years, the Dragados Virtual Classroom has become 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 method for the company to reach everyone in the organisation through the available means, such as tablets and smartphones, providing each professional the training they need, when they need it. In 2023 work continued on developing new digital proprietary contents, customised based on the characteristics of each group. Fourteen training actions were performed with customised online teaching contents tailored to the company's 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 2023, 5,928 participants were trained in these courses by Clece, with 25% cost savings, and a quality assessment of 3.6 out of 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, 42.3% of the courses given by HOCHTIEF were held online.

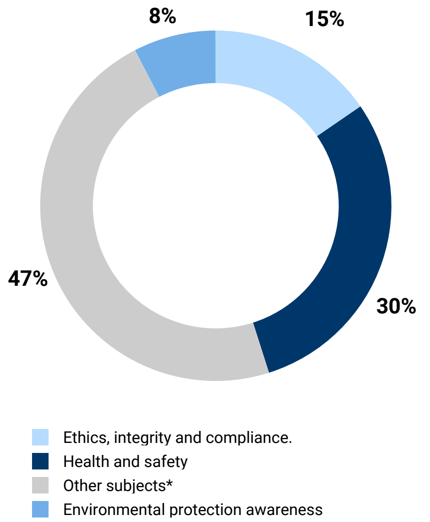
The ACS Group's ongoing training model makes it possible to identify the training needs among its employees during the year, which means that training programmes are constantly revised. To determine the effectiveness of the training programmes, the Group companies assess the courses taught at different levels:

participant satisfaction, knowledge acquired by participants, and impact on participant performance in the field of their training.

In 2023 the number of employees trained during the year increased by 8.5%. The number of teaching hours increased by 46.2% compared to 2022, reaching 1,566,882 teaching hours in the period. In this way, the ACS Group demonstrates its ongoing commitment to the professional development of the Group's employees and their training in new skills, increasing the scope of in-house employee training programmes, as defined in one of the objectives of the 2025 Master Sustainability Plan.

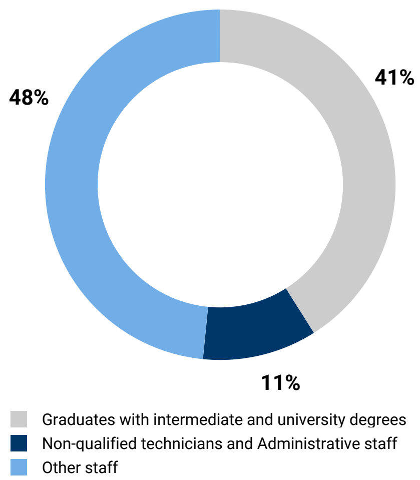
	2022	2023
Total hours taught	1,071,836	1,566,882
Teaching hours per employee (over total employees)	8.5	11.7
Employees participating in training activities	68,860	74,710
Training hours per employee (over total employees trained)	15.6	21.0
Investment in training (M€)	18.3	22.2
Investment per employee in training (over total employees) (€)	144.4	166.0
Investment per employee in training (over total employees trained) (€)	265.4	297.5

TRAINING HOURS BY CONTENTS

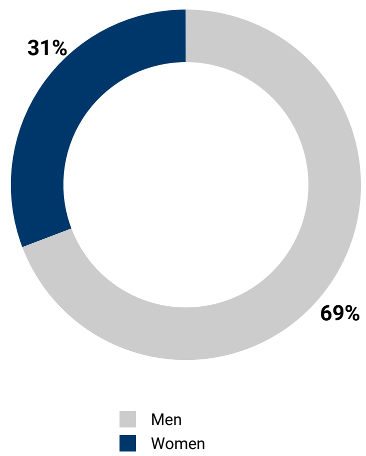


*Other subjects related to skills development, performance improvement and complementary area knowledge

TRAINING HOURS BY PROFESSIONAL CATEGORY



TRAINING HOURS BY GENDER



EXAMPLES OF PROFESSIONAL DEVELOPMENT INITIATIVES IN ACS GROUP COMPANIES

“TRAINING EMPLOYER OF THE YEAR” AWARD (CPB CONTRACTORS)

The training and development opportunities offered by CPB Contractors, a CIMIC Group company, were recognised in 2023 through the "Training Employer of the Year" award from the Civil Construction Federation's West Australian Industry. One of the company's new training initiatives is its apprenticeship programme, which focuses on maximising training and career opportunities for construction apprentices. CPB Contractors also offers a seven-module course called 'Project Fundamentals', which provides future managers the knowledge and tools they need to carry out projects up to CPB Contractors' high standards. Other programmes currently being offered focus on promoting leadership skills in management positions with, for example, a focus on safety.

TRAINING EMPLOYER OF THE YEAR, AUSTRALIA (CPB) - © **CIMIC**

SKILL DEVELOPMENT PROGRAMMES (CLECE)

As part of its commitment to developing talent and excellence in service management, Clece carries out specific programmes for training middle managers, such as the Advanced Development Programme for Service Managers, which provides practical training in the main skills of people management, economic and financial management, customer relations and technical management. Based on case studies, a community of good practice is generated, which encourages the rapid assimilation of practical skills for effective job performance. A total of 57 participants were trained in 2023.

Other programmes aimed at middle management at sectoral level include: Direction and Management of Social Services Centres (specialisation in managing social and health care centres), with a total of 41 participants trained in 2023; and Security Director (specialisation in managing private security centres), with 4 people trained in 2023.

In 2023, Clece also continued with its Compliance programme, with 852 people trained in responsibility in Compliance and professional ethics.

In 2023 Clece increased its library of digital content, with new courses accessible in mobile learning format, offering agility in responding to the demands of professionals and Services, with total flexibility in learning times. It responds to the demands of the professionals, with short, audiovisual and quick-impact training. The new additions to the catalogue are:

- Course on professional ethics in service.
- Courses on preventing occupational hazards in the workplace through interactive videos for 7 sectoral activities.
- Road safety and efficient driving courses.

In total 12,685 participants have used digital training as part of their professional development in the company. It provides useful educational content that is more accessible, adapted to the immediate needs of each professional and the company's activity. With the democratisation of digital training, the options for responding to the talent management needs of each centre are significantly expanded, with a much greater scope of centres and people, resulting in a cost saving of 25%, while continuing to focus on classroom training, which is always necessary, and that has represented 64% of the total training.

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4.2.2. EQUAL OPPORTUNITIES, DIVERSITY AND INCLUSION

The ACS Group strives to maintain relationships of trust with its employees and therefore 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 2023, 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. 98.1% 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 100.0% of the Group's employees have adopted measures to promote equal treatment and opportunities for men and women, and 87.9% of the Group's employees are covered by Equality Plans.
- In companies that represent 99.9% of the Group employees, there are anti-sexual harassment protocols.
- In companies that represent 99.3% 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 2023 the women in management positions accounted for 22.6% of the total. In 2023, the number of women in senior management positions in all the Group's companies, defined as those two positions below the CEO or top manager, was 153 women (vs. 114 in 2022), representing 18.4% of all senior managers (vs. 15.5% in 2022). Within management positions directly related to income generation, the distribution of women is similar to that of the total, with women holding 19.3% of all these types of positions.

The Group has also taken steps to increase women's participation in the scientific and technological fields. In 2023, the number of women with higher or middle degrees in the areas of engineering, architecture and other related areas amounted to 1,968, which represents 20.5% of the senior and middle graduates of these categories in the ACS Group. Various Group companies have performed initiatives to promote the inclusion of women in this profile. For example, HOCHTIEF has set having at least 35% new women engineers in training out of the total for the category as a target for 2025.

Similarly, in companies representing 27.3% of the Group's employees, specific development programmes have been implemented to promote talented women, such as the "Female Leadership Development" programme implemented by CIMIC.

Code of Conduct

Diversity Policy

CLECE EMPLEA, SPAIN - © CLECE

AWARENESS RAISING ACTION, SPAIN - © CLECE

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 8,830 disabled employees and 2,623 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 100% 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.

EXAMPLES OF INITIATIVES IN ACS GROUP COMPANIES FOR INTEGRATION IN THE WORKPLACE:

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 2023, Clece had 10,218 workers from vulnerable groups, which represented 11.9 % of the total workforce and an increase of 4.1% compared to the previous year.

In 2023, Clece continued to carry out different initiatives in relation to inclusion of disadvantaged groups in the workplace, such as the annual celebration of the second edition of "Clece Emplea", which was held on 6 and 7 June, ending with a great success in terms of participation and improving on the previous year's results. More than 2,500 interviews, nearly 2,000 jobs offered and more than 600 direct hires. The work of 45 Recruitment experts and the collaboration of more than 125 social entities were fundamental to achieve the objective set: to offer employment opportunities to people from vulnerable groups, people with disabilities, women victims of violence, people at risk of social exclusion, young people looking for their first job and the long-term unemployed. The candidates were presented by 125 public and social entities. The entities were responsible for entering the data of the candidates and booking the interview time in a proprietary computer application

4.2.2.1. Remuneration

Specifically, the Nominations Committee ensures that the procedures for selecting board members favour diversity with respect to the above issues and, in particular, it seeks to facilitate the selection of female directors in a number that allows for a balanced presence of women and men. The Board's total remuneration is shown in the table below.

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Thousands of euros	2022 Number of Directors	2023 Number of Directors	Average remuneration for the 2022 financial year	Average remuneration for the 2023 financial year	Variation
EXECUTIVE DIRECTORS (1)(3)(4)	**4**	**3**	**4,663**	**6,099**	**+30.8%**
Fixed remuneration			1,632	1,871	+14.7%
Variable remuneration (2)			2,177	3,448	+58.4%
Contributions to long-term savings systems			834	753	-9.7%
Other concepts			21	26	+26.8%
NON-EXECUTIVE DIRECTORS (5)	**11**	**12**	**235**	**233**	**-0.9%**
WOMEN (3)(4)	4	6	182	167	-8.4%
MEN (3)(4)	7	6	261	288	+10.4%

(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 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, 2022, the date on which they were appointed directors. In order to calculate the average remuneration, the effective time that each of the Board Members has held the position during the year is calculated.

(4) Includes the remuneration in 2023 of Antonio García Ferrer and Miquel i Roca Junyent until May 5, 2023, the date on which they ceased to be Board Members, and the remuneration of Lourdes Fraguas Gadea and Lourdes Máiz Carro from May 5, 2023, the date on which they were appointed as Board Members. In order to calculate the average remuneration, the effective time that each of the Board Members has held the position during the year is calculated.

(5) All non-executive directors, whether men or women, are remunerated equally for their membership of the ACS Board; the variation in total remuneration only reflects the number of committees to which each director belongs, the roles/functions within these committees and/or membership of other ACS Group company boards.

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 based on their basic salary and other cash incentives. The consolidated data show the weighted average broken down by gender, professional classification and age.

As noted above, the Group works to ensure that its remuneration policies adhere to the basic principle of equality. The differences in pay shown in the tables are mainly due to factors such as having different levels of responsibility in each category or due to the fact that the Group's various activities have, for example, professionals with different specialisations, workdays, levels of seniority, hazard levels and locations.

It is this diversification of activities and positions that 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 obtain a homogeneous evolution of wages and salaries in different years, given the variations of the weight that the different countries/ activities represent out of the total, with the composition of the total wages changing significantly from year to year, and the effect of exchange rates. In 2023, the ACS Group continued to work on improving the reporting of information by publishing the remuneration of men and women by job category in locations where it has significant operations. This means Spain, the United States and Australia, which represent more than 81.5% of the Group's employees.

In 2023, the ACS Group continued to analyse the wages of its employees to ensure that they are receiving decent pay that covers their basic needs in the various regions where the Group's employees work. In 2023 this analysis was carried out in Spain, which represents 59% of the Group's employees, as well as in HOCHTIEF's European and North American companies (Turner and Flatiron). Generally accepted living wage calculation methodologies (such as the "Anker Methodology" used in Spain) were used for this analysis. The variables included to calculate decent wages 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. For years, the ACS Group has been reviewing and adjusting the living wage calculations each year for the different regions in which it operates according to the evolution of certain variables such as inflation affecting the cost of living or the average number of people in a family unit. The ACS Group will continue expanding this analysis in the years to come.

Average annual remuneration (€)	2022(1)			2023(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)	113,544.9	86,031.1	-24.2%	117,836.0	89,010.6	-24.5%
Non-qualified technicians, similar positions and administration staff (3)	70,728.3	41,847.0	-40.8%	73,980.2	44,232.9	-40.2%
Operators and other staff						
Construction and Concessions (4)	43,672.1	52,935.2	+21.2%	43,622.8	55,164.5	+26.5%
Services	20,504.9	17,632.2	-14.0%	21,096.2	18,106.2	-14.2%

Average annual remuneration (€)	2022	2023
Age <35 years	36,877.2	38,285.9
Age between 35-50 years	39,809.7	42,668.5
Age >50 years (5)	35,526.7	36,842.4

(1) For the calculation of average salaries for both 2022 and 2023, the average salary data for the year including both fixed and variable salaries, as well as salary supplements are taken.

(2) This category includes senior management, executives and other university graduates. The salary differences by gender in this category are related to the heterogeneity of profiles in this category and the differences in remuneration 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 staff are also related to the heterogeneity of profiles in these categories.

(4) The salary differences by gender for the Operators and other staff 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. "Other" includes Corporation and energy activities.

(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.

Average annual remuneration (€)	2023 Spain		
	Men	Women	% Difference between average salaries (women-men)/ women
Senior management and university graduates	89,375.1	56,061.3	-37.3%
Non-qualified technicians, similar positions and administration staff	42,701.3	32,677.0	-23.5%
Operators and other staff			
Construction, Concessions and others (1)	25,841.1	16,949.8	-34.4%
Services	21,158.5	17,932.0	-15.2%

(1) "Others" include Corporation

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Average annual remuneration (€)	2023 United States Men	Women	% Difference between average salaries (women-men)/ women
Senior management and university graduates	152,644.9	127,094.5	-16.7%
Non-qualified technicians, similar positions and administration staff	141,229.2	66,683.6	-52.8%
Operators and other staff			
Construction and Concessions	80,387.0	79,349.7	-1.3%
Services	n.a.	n.a.	—%

Average annual remuneration (€)	2023 Australia Men	Women	% Difference between average salaries (women-men)/ women
Senior management and university graduates	126,106.0	95,482.0	-24.3%
Non-qualified technicians, similar positions and administration staff	82,738.0	56,677.0	-31.5%
Operators and other staff			
Construction and Concessions	68,394.0	56,736.0	-17.0%
Services	n.a.	n.a.	—%

MINERAL PROCESSING, NEW SOUTH WALES, AUSTRALIA - © CIMIC

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4.2.3. ORGANIZATION OF WORK AND SOCIAL RELATIONSHIPS

In recent years, the ACS Group has accelerated the trends and initiatives that ACS Group companies have been implementing in previous years such as time flexibility measures and promoting teleworking in the jobs that allow it, so as to promote work/life balance and employee well-being. Thus, Group companies employing 99.0% of the Group's employees have flexible working hours measures in place, with 25.0% of Group employees covered, and 95.7% have teleworking measures in place, with 29.5% of employees working in centres where they are implemented.

It should be noted that ACS Group employees have additional improvements in regard to their working conditions in terms of the legal provisions, such as more holidays, and an improvement in the conditions for a reduced working day. In Spain the number of weeks of legal maternity/paternity leave is 16 weeks, but in some Group companies, not only in Spain but also in other countries, a greater number of days of paternity/maternity leave, accumulation of breastfeeding periods or an increase in the number of days of breastfeeding is offered. Similarly, 97.1% of the Group's total employees work at Group companies that offer the possibility of part-time work to promote work/life balance.

As a result of these measures, in 2023, 86.2% of women came back to work after maternity leave and 94.7% of men, although in these ratios it is important to consider possible annual gaps (employees who have taken leave in the last months of the year and at the end of the year have not yet returned to work because they are still on leave). In addition, in Group companies representing 32.6% of the Group's total employees, paid parental leave is granted for the primary and non-primary caregiver above the legal minimum, and in some ACS Group companies, such as Dragados, workers are paid up to 100% of their normal pay during periods of parental/maternal leave. Similarly, in Spain there is legally paid leave to help promote breastfeeding, but in other Group companies outside Spain there are also facilities and/or benefits to promote breastfeeding, so these initiatives are available in Group companies representing 99.4% of employees. In addition, in Group companies representing 16.7% of employees, paid leave is offered to care for family or other persons beyond parental leave

In Group companies that represent 65.7% of employees, childcare support is provided for employees' children through childcare vouchers, agreements with children's schools in the area, and other measures. There are also flexible wages (Salariflex), which include flexible remuneration and the option of including different items such as medical insurance, childcare or transport in the remuneration, in various ACS Group companies.

ACS Group companies do not currently have any formal employee digital disconnection policies in place, but one of the targets set in the 2025 Sustainability Master Plan is to implement 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 increase in 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.

Specific initiatives to promote physical health are offered at various Group workplaces. Some Group workplaces have sports facilities that are accessible free of charge to their employees or initiatives are carried out to promote sport. For example, in Germany, HOCHTIEF participates in the "Jobrad" bicycle hire programme to encourage employees to be more active and at the same time promote sustainable mobility.

EXAMPLES OF INITIATIVES IN ACS GROUP COMPANIES:

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.

There are currently 45 work/life balance measures in place, with the measures having been updated in the last quarter of 2023, incorporating new measures put in place in the Clece Equality Plan. In 2023, the Work/Life Balance Standard was renewed for a period of 3 years.

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PAID LEAVE OF ABSENCE TO CARE FOR FAMILY MEMBERS (TURNER)

Turner has extended a directive to include paid family care leave. This leave provides four weeks' paid leave to care for a seriously ill family member and after the birth or adoption of a child. The benefits team has also introduced a retirement savings plan for non-union employees.

It is expected that these measures will promote work-life balance and decrease the absenteeism rate will decrease, which reached 1.4% in 2023 and translated into 3,672,610 hours of absenteeism.

	2020	2021	2022	2023
Total number of days missed (due to absenteeism)	459,332	425,897	495,876	544,357
Percentage of days missed due to absenteeism	1.2%	1.2%	1.4%	1.4%

Note: From 2020, data are presented excluding the Industrial Services activity due to its sale in 2021 and Thiess' 50% stake in December 2020.

	2022	2023
Total number of hours missed (due to absenteeism)	3,330,738	3,672,610

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 organizations in 2023 was 7.5%,[8], while 80.4% 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 99.2%, 79.8% of employees in companies with head offices in Germany, 26.7% for Australia and 21.1% in the United States and Canada. In regard to collective bargaining agreements related to health and safety, in 2023, 99.95% of the ACS Group employees were represented on formal joint health and safety committees for management and employees, and 98.1% of the health and safety issues were covered by them. Over the course of 2023, these committees met more than 1,609 times.

The ACS Group companies promote and maintain channels of communication with the legal representatives of the employees, with the aim of maintaining labor relations based on communication between employees and the company.

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 4.5.

DATA CENTER EXPANSION, HONG KONG - © CIMIC

[8] Scope of data: 76.9% of ACS Group employees

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EXAMPLES OF AWARDS TO ACS GROUP COMPANIES:

FORBES CHOOSES ACS AS THE BEST SPANISH COMPANY TO WORK FOR IN THE "WORLD'S BEST EMPLOYERS 2023"

The ACS Group was recognised as the top Spanish company in the "World's Best Employers 2023" ranking by the prestigious US publication Forbes. The list, compiled from 170,000 employee surveys, includes the companies with the best working environment, with the most satisfied and proud employees.

To identify which companies offer interesting work and a positive environment, Forbes partnered with the research firm Statista to create the seventh annual list of the world's best employers, in which ACS Group is ranked among the world's top employers.

The responses to the surveys were coded in a scoring system and the 700 companies with the highest scores made the final list, which covers 43 countries and in which the ACS Group stood out as the best Spanish company to work for.

SEATTLE AQUARIUM, USA - © TURNER

AMERICA'S GREATEST WORKPLACES FOR DIVERSITY (TURNER)

The US magazine Newsweek once again recognised Turner as one of the best places to work for diversity in the US in 2023. The rankings are based on a review of publicly available data, interviews with human resources professionals and an anonymous employee survey, which resulted in more than 350,000 ratings of the company.

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4.2.4. RISK MANAGEMENT IN HR QUESTIONS

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 included in its risks map and the materiality analysis, the Group has prioritised the risks based on their potential relevance for the company's activity in relation to occupational health and safety, 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	is a key aspect to be taken into account in the management of the Company's risks. It can lead to a loss of productivity, competition and business profitability by generating a negative working environment and dissatisfaction among employees. On the other hand, providing quality employment increases employees' satisfaction and their 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 that forms part 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. – Reduced 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 4.2. 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 – Human Rights due diligence processes. – 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 that forms part 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 4.2, 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 – Human Rights due diligence processes. – 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 that forms part 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 define training and professional and personal development programs, and assess their impact on participants.	Indicators presented throughout this chapter 4.2, such as: - Strategies for attracting, developing and retaining talent - Training hours, investment in training, employees trained. formados	• Code of Conduct. • Diversity policy. • Talent Development and Assessment Policy. • Sustainability Policy. • Human Rights Policy • Risk Control Policy.

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4.3. OCCUPATIONAL HEALTH AND SAFETY

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, over the course of 2023, the investment in occupational health and safety made by the Group's companies amounted to EUR 954 per employee.

	2020	2021	2022(1)	2023
Investment on Health & Safety (€ mn)	148	132	150	142
Spending per employee on Safety (euros)	1,115.5	1,028.9	1,072.2	954.1

Note: For the sake of comparability, 2020 is restated following the sale of Industrial Services in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its change to the equity method in 2021.

(1) Data for 2021 has been restated with the latest available data and for 2022, it is restated with the latest available data and perimeter changes to adjust it to the methodology followed in 2023.

Although each Group company is independently managed and has its own action plans, they abide by certain principles and objectives in managing 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 the communication, consultation and active involvement of staff and, where they exist, their representatives on health and safety aspects as an essential aspect in the implementation of 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.

To ensure effective health and safety management, 100% of the ACS Group companies have implemented occupational health and safety systems. To guarantee they are implemented and managed correctly, 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 2023 the Group companies whose health and safety systems are certified by an external one cover 100% of the Group's employees and ISO 45001 certification among the Group companies reached 92.0% of Group employees. The level of ISO 45001 certification increased compared to 2022 thanks to the initiatives carried out in ACS Group companies, especially in Dragados, which already has 100.0% of its employees certified, and Hochtief, which in 2023 reached 98.7% of certified employees (vs. 82.0% in 2022). At Clece, the level of certification is 87.0%.

The certification of management systems is one of the key objectives of the ACS Group's new 2025 Sustainability Master Plan, which establishes the objective of exceeding 97% of employees covered by this certification by 2025. Therefore, the Group's companies will continue with their certification plans in 2024 to achieve the defined objectives, and in 2024 Clece plans to begin the certification process for its subsidiaries in Portugal and the United Kingdom.

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	2020	2021	2022	2023
Percentage of total employees covered by OSHAS 18001 or ISO45001 certification	90.8%	91.6%	87.4%	92.0%

Note: For the sake of comparability, 2020 is restated following the sale of Industrial Services in December 2021, and Thiess, following the sale of a 50% stake in December 2020 and its change to the equity method in 2021. The 2021 data have been corrected with the latest available data and in 2022 are restated with the latest available data and variation of the perimeter to bring it into line with the methodology followed in 2023. In 2022 and 2023, the scope of the data is 99.4% and 99.5% of employees, compared to 94.2% in 2021, which explains the drop in the data in 2022 compared to 2021.

In accordance with the ACS Group's occupational health and safety policy, the ACS Group companies' internal occupational health and safety systems must include:

- A 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 the occupational risk prevention teams, as part of the ongoing improvement process, to assess new risks and implement the measures necessary to prevent and manage them.

In this way, workers are actively encouraged to get involved in occupational health and safety, through, for example, using what are known as "Blue Cards" at Dragados, designed for workers to report hazards, incidents, good practices, proposals for recognition or any other matter aimed at improving peoples' health and safety. Employees are also engaged by recognising workers who contribute the most to prevention, and those who have contributed the most to prevention and in 2023 CIMIC continued with its Safety Leadership Score (SLS) programme, which supports the identification, evaluation and proactive improvement of critical risk controls, rewarding the identification of opportunities for improvement and monitoring the implementation of the measures identified.

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.

The Group is getting closer and closer to reaching the goal of zero accidents thanks to the work of the prevention services and the commitment of employees, suppliers, contractors and collaborating companies. Furthermore, using new technologies and innovative procedures to prevent occupational risks is one of the main lines of action that the Group's companies are working on. For example, in recent years Dragados has been using aerial drones on some projects to monitor the progress of works and identify hazardous conditions. At Dragados and Hochtief Infrastructure, using exoskeletons was introduced to reduce injuries related to overexertion and repetitive movements. At Hochtief, as part of the M80 motorway project, CPB Contractors tried using an automated traffic cone vehicle to reduce manual handling and the risks associated with traffic management. Another example is the Sydney Metro project, performed by Cimic, where the construction machinery was equipped with enclosed plastic cabins to help prevent dust inhalation and exposure to silica dust when working underground. Dragados has also made use of welder's masks, which have air supply equipment that provides the worker with optimal protection and eliminates the need to wear a mask or respirator, improving worker comfort and mobility.

The ACS Group's commitment to Health and Safety has received external recognition through various awards given to the Group's companies and projects. Thus, in 2023, the Gordie Howe Bridge project in Canada won the "John Beck Safest Project" award in Ontario for the third consecutive year. The S3 Troszyn-Swinoujscie road construction project in Poland also received the "Together for security. 2023" award from the State Labour Inspectorate. Turner was recognised with the Construction User Roundtable's "2023 Construction Industry Safety Excellence Award".

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EXAMPLES OF INITIATIVES BY ACS GROUP COMPANIES IN OCCUPATIONAL HEALTH AND SAFETY

USE OF NEW TECHNOLOGIES IN DRAGADOS TO PREVENT ACCIDENTS

Pedestrian detection system on construction site machinery and vehicles.

To improve the detection of workers in the vicinity of machinery and vehicles on construction sites and reduce the risk of being run over or trapped, mainly when moving or turning sharply and with poor visibility, Dragados has developed a solution that can be installed on any type of machinery on a construction site, or that can be rented/subcontracted.

The equipment consists of a system of cameras with artificial intelligence algorithms and continuous learning, which analyse the images captured, recognising only the people in the configured area. The information is displayed on a screen located in the control area of the operator's vehicle or device, and warns when a detection occurs by framing the image of the pedestrian and emitting an audible alarm. This makes it possible to detect people at a sufficient distance, so that with a device moving at normal working speeds, the operator has sufficient reaction time to avoid an accident.

The ease of installation and configuration of the equipment, and the fact that its assembly does not involve manipulating the device's own systems, makes it a highly versatile solution that can be used on a large number of construction sites all over the world.

Driving behaviour monitoring

Pulice has installed a system in its fleet of vehicles to monitor the driving behaviour of its staff. The system records parameters such as speeding and sudden acceleration or braking, and it can take video footage of the events. The data collected can be used to classify drivers according to their safe driving and to collect evidence in case disciplinary measures are necessary. The system is complemented by a real limitation of the maximum speed of vehicles.

REM CONSTRUCTION SITE QUEBEC, CANADA - © DRAGADOS

Use of remotely controlled equipment.

Pol-Aqua has started using remote-controlled rammer compactors that not only reduce the likelihood of operator entrapment, but also completely eliminate exposure to the vibrations inherent to the equipment.

INNOVATION PROJECTS IN THE HONG KONG WATERFRONT PROJECT (LEIGHTON ASIA)

The joint venture led by Leighton Asia is building the 2.2 kilometre long and 10 metre wide promenade along Victoria Harbour in Hong Kong. The waterfront promenade will connect Hong Kong Island's districts from east to west and improve services and facilities in the harbour.

In mid-2023, the first section of the boardwalk platform was successfully installed and fabricated in Guangdong and transported by barge to the site. Modularisation helps reduce material efficiency, increases manufacturing productivity and improves project safety

Other digital technologies that were implemented in the project and that help in risk management are:

- Smart rescue robot: supports safe and fast sea rescue operations and can be operated from land with a remote control during adverse weather conditions or strong currents.
- Mobile mapping system: mounted on vehicles and vessels to collect mapping data safely, accurately and efficiently, reducing collection and processing time from one week to about two hours.
- Underwater robot: collects detailed data on the state of the underwater silt, eliminating risks for the workers involved in these tasks.

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 2023, 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. Turner works with the organisation *Wellness Workdays* and has established an extended wellness programme for its employees that includes training videos and access to psychologists who specialise in helping employees cope with stressful situations at work and at home. In 2023, UGL continued with its Peer Support Program initiative that trains workers who volunteer on how to recognise when their teammates are at risk and how to provide confidential support.

EXAMPLES OF INITIATIVES BY ACS GROUP COMPANIES IN OCCUPATIONAL HEALTH AND SAFETY:

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: health programmes with physical exercises with a wide range of functional modules; specific training 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.

CLECE BIENESTAR DIGITAL PLATFORM - © CLECE

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4.3.1. TRAINING

The ACS Group believes that one of the basic points of action in effective occupational health and safety management 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 2023, 100% of ACS Group employees received health and safety training throughout their career with the Company. In addition, in 2023, 69.5% of ACS Group employees received health and safety training.

	2022	2023
Employees who have been trained in health and safety over the year (%)	71.0%	69.5%
Employees who have received training in health and safety throughout their career at the company (%)	100.0%	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 depending on the type of business and the risks involved, such as safe driving of light vehicles, fire prevention, operation of specific machinery and joint health. Other courses include training focused on the mental well-being of workers, such as mental health and emotional health. For example, in Dragados USA all projects have a wellness programme associated with them, and in Dragados Spain specific wellness/emotional health courses are provided, which include techniques for identifying situations that can cause stress, as well as the factors and tools for managing them. In Flatiron, a mental health first aid training course was provided in 2023.

In addition to these training programmes, the ACS Group's companies organise seminars and awareness-raising projects for their employees in relation to occupational health and safety. In 2023, "Occupational Safety Day" in HOCHTIEF's Europe division was expanded to include health issues for the first time, making it "Occupational Safety and Health Day", and covering topics such as fall protection and carrying out a wide range of activities, some with the participation of the Executive Board. In the US, the group companies Turner and Flatiron participated again in the Construction Safety Week in May 2023; the theme was "Strong Voices, Safe Choices". This also marked the 19th annual safety day for Turner, with work at more than 1,500 construction sites halted to address safety issues.

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. These associations notably include: the British Safety Council in the United Kingdom, the National Safety Council in the United States, the Prevention Committee of the Spanish Association of Construction Companies and Infrastructure Concessionaires (SEOPAN) and the Spanish Association of Internal Prevention Services [*Asociación Española de Servicios de Prevención Propios*] in Spain.

EXAMPLES OF INITIATIVES BY ACS GROUP COMPANIES IN TRAINING

ORP TRAINING PLATFORM (CLECE)

Clece is working to create a tool that will help them to provide online health and safety training for their workers, using an attractive and dynamic format that facilitates understanding and compliance by the workers. Features of the tool:

- Microlearning: short modules.
- Simple language and tone: appropriate to the target audience and with a light-hearted tone as an element of engagement for the target audience.
- Branching: creation of a common corpus with 4 starting modules of a total duration of approximately 30 minutes, plus 1 specific module for each of the branches: home assistance service, indoor cleaning, residential homes, PRM in airports, hospital cleaning, private security.
- Practical training: with role playing and infographics.
- Didactic: reinforcing the fundamental tips with graphic support.
- Traceability: to confirm that users have completed the course.
- Responsive: Optimised for viewing on mobile devices.
- These courses provide prevention service technicians and service managers with another tool for training workers in risks and preventive measures, to reach the services that, due to their dispersion or volume, need support in addition to face-to-face training.

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4.3.2. 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. Thus, at the consolidated level, the accident rates have decreased by between 1.4% to 1.8% compared to 2022, thanks to the significant decrease in the Construction business.

However, in 2023 the indices were affected by the increase in accident rates in Services, which is a staff-intensive activity, representing more than 61% of the Group's employees and whose accident rates are historically higher due to the nature of the activity. In Services, the accident rates have increased due to the increase in activity and more specifically due to the home assistance activity which, due to its characteristics (physical effort, performance of tasks in private homes, etc.), has a higher accident rate than the rest of the activities, representing 40% of the total number of accidents resulting in sick leave at Clece. It should be noted that of the 3,696 occupational accidents with sick leave recorded at Clece in 2023, only 9 can be considered serious, with the remaining accidents recorded in this area being mild in nature and are mainly related to musculoskeletal disorders caused by overexertion or blows from objects. The Services area has taken measures to reduce accident rates. Comparing the rates of claims for services compared to 2019, there was a 4.1% 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 Construction, which represents 38% of the Group's employees, the downward trend continues and the frequency rate was reduced by 37.8% compared to 2019 and by 25.5% compared to 2022, thanks to the continuous improvement process and initiatives carried out by the subsidiaries.

In line with our commitment to continuous improvement in the scope and reporting of non-financial information, for the first time the 2023 report includes the information from other ACS Group subsidiaries that include corporate, real estate and energy activities.

The accident rates presented in the table below were audited by an external auditor, as shown in the Audit Report on page 268-271 of this report.

ACCIDENT RATES. OWN EMPLOYEES	2019	2020	2021	2022(5)	2023
Frequency (1)	14.36	11.84	13.60	14.95	14.67
Severity (2)	0.37	0.34	0.38	0.46	0.45
Incident rate (3)	26.60	21.60	25.60	26.79	26.37

ACCIDENT RATES. OWN EMPLOYEES	2019	2020	2021	2022(5)	2023
Frequency (1)	**14.36**	**11.84**	**13.60**	**14.95**	**14.67**
Construction	2.66	2.32	2.62	2.22	1.65
Concessions	0.00	0.00	3.63	16.93	5.59
Services	27.04	21.16	23.16	25.93	26.87
Corporation & others (4)	n.d.	n.d.	n.d.	0.00	5.29
Severity (2)	**0.37**	**0.34**	**0.38**	**0.46**	**0.45**
Construction	0.10	0.08	0.09	0.08	0.05
Concessions	0.00	0.00	0.04	0.47	0.11
Services	0.67	0.59	0.64	0.79	0.82
Corporation & others (4)	n.d.	n.d.	n.d.	0.00	0.02
Incident rate (3)	**26.60**	**21.60**	**25.60**	**26.79**	**26.37**
Construction	5.55	4.74	5.26	4.42	3.29
Concessions	0.00	0.00	6.13	31.33	9.90
Services	44.61	34.91	41.42	42.78	44.33
Corporation & others (4)	n.d.	n.d.	n.d.	0.00	5.98

Note: For comparability, 2020 is restated following the sale of Industrial Services in December 2021, and Thiess, following the sale of a 50% interest in December 2020 and its equity method in 2021, as well as improvements in the 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.

(4) In 2022 includes Corporation and real estate activities. In 2023 includes Corporation, real estate and energy data.

(5) Data for 2022 have been restated with the change in scope and methodology for 2023.

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EXAMPLES OF INITIATIVES BY ACS GROUP COMPANIES IN OCCUPATIONAL HEALTH AND SAFETY:

COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY OF CLECE EMPLOYEES

The Clece Group is firmly committed to the Health and Safety of its workers and is actively working to establish measures to reduce its accident rates in an activity with very specific characteristics due to the intensity of its human capital and due to conduct certain activities offsite, such as home assistance services which are carried out in private homes. Thus, in 2023, Clece established the following initiatives:

- Accident reduction protocol with Mutua Universal including:
  - Actions to raise awareness and sensitise managers to their responsibilities in the prevention of occupational hazards and the investigation of accidents at work.
  - Technical advice on drawing up job descriptions for the various jobs.
  - Ergonomic advice for jobs with musculoskeletal problems (e.g. cleaning in hospitals, nursing home assistants, home care assistants).
  - Specialised advice on ergonomics from Mutua Universal's ergonomics laboratory.
  - Calendar of specific prevention and health promotion campaigns.
- Employee risk prevention training: approximately 190,000 hours of health and safety training were provided in 2023.
- Platform for on-line training in occupational risk prevention to achieve greater capacity for the prevention service to provide training at sites that are spread out or have a higher volume of workers.
- Awareness-raising in home assistance services through text messages on occupational risk prevention, through messages to workers' mobile phones, safety inspections, etc.

INTEGRATED SERVICES, SPAIN - © **CLECE**

As noted above, the nature of its business means that the Services activity has historically been associated with a higher incidence and frequency rate. Given the weight that the Services activity has in the Group's consolidated indicators, particularly in the breakdown by gender, as this is where the highest concentration of women is found in the ACS Group.

	2022(1)		2023	
Accident rate	**Men**	**Women**	**Men**	**Women**
Frequency	**7.48**	**22.24**	**7.15**	**22.30**
Construction	2.57	0.56	1.93	0.44
Concessions	20.18	9.38	7.78	0.00
Services	23.97	26.44	25.87	27.13
Corporation & others (1)	n.d.	n.d.	0.00	25.34
Severity	**0.25**	**0.66**	**0.23**	**0.68**
Construction	0.09	0.02	0.06	0.01
Concessions	0.25	0.98	0.16	0.00
Services	0.79	0.79	0.81	0.83
Corporation & others (1)	n.d.	n.d.	0.00	0.08
Incident rate	**14.24**	**37.31**	**13.62**	**37.48**
Construction	5.13	1.02	3.85	0.80
Concessions	36.10	18.87	13.75	0.00
Services	39.56	43.63	42.69	44.77
Corporation & others (1)	n.d.	n.d.	0.00	21.90

(1) In 2022 includes data from Corporation and real estate activities. In 2023 includes data from Corporation, real estate and energy activities.

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.

In 2023, there were 122 cases of occupational illness. The increase compared to 2022 was largely due to the increase in silicosis and mental illness related claims in HOCHTIEF's Asia Pacific division. These two issues were the focus of campaigns and enquiries by the Australian Government and have led to changes in health and safety legislation. None of these occupational illnesses resulted in the death of the employee. The main types of occupational illnesses are, for the most part, due to ergonomic injuries that vary according to the type of activity carried out (the most common ones 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.

	2022(2)	2023
Total number of cases of occupational diseases (employees)	**65**	**122**
Total number of cases of occupational diseases (Male employees)	37	97
Total number of cases of occupational diseases (Female employees)	28	25
Occupational Disease Frequency Rate (employees)(1)	**0.259**	**0.458**
Occupational Disease Frequency Rate (Male employees)	0.298	0.723
Occupational Disease Frequency Rate (Female employees)	0.221	0.189

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

(2) In 2022 includes data from Corporation and real estate activities. In 2023 includes data from Corporation, real estate and energy activities.

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ACCIDENT RATE INDICES. 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's Business Partners, including subcontractors acting on behalf of the Group, joint ventures, temporary joint ventures and other equivalent partnerships, provided that the Group assumes operational control. For the other Business Partners, the company will assess whether their own policies are in line with ACS Group policies and, where appropriate, will work to have them adhere to them.

In 2023, no cases of occupational illness or death 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	2020	2021	2022(3)	2023
Frequency (1)	3.36	3.01	2.92	2.59
Severity (2)	0.10	0.12	0.11	0.08

	2020	2021	2022(3)	2023
Frequency (1)	**3.36**	**3.01**	**2.92**	**2.59**
Construction	3.34	3.00	2.91	2.59
Concessions	12.87	7.68	10.03	0.00
Services (4)	—	—	—	—
Corporation & others (5)	n.d.	n.d.	—	—
Severity (2)	**0.10**	**0.12**	**0.11**	**0.08**
Construction	0.10	0.12	0.11	0.08
Concessions	0.00	0.03	0.02	0.00
Services (4)	—	—	—	—
Corporation & others (5)	n.d.	n.d.	—	—

Note: For comparability, 2020 is restated following the sale of Industrial Services in December 2021, and Thiess, following the sale of a 50% interest in December 2020 and its equity method in 2021.

(1) Frequency Rate (LTIFR): Number of lost-time 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) Data for 2022 have been restated with the perimeter changes and methodology variation for the year 2023.

(4) Given that Clece does not work with subcontractors, the indicators for the Services activity are reduced to 0.

(5) 2022 includes data from Corporation and real estate activities. In 2023, data from Corporation, real estate and energy activities are included.

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 2023, 89.4% of the Group's contractors received training in the reporting year and 100% throughout their relationship with the ACS Group. In addition, in the companies of the Dragados Group, 289,879 hours of training were given to contractors, an increase of 43.6% over the previous year. 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.

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4.3.3. MANAGEMENT OF HEALTH AND SAFETY RISKS

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 are the ones that develop these policies in accordance with each of their characteristics and needs, but always maintaining the common management principles described in the Occupational Health and Safety Policy, focused on the objective of zero accidents.

Likewise, in accordance with the Group's risk map included in its risks map and the materiality analysis, the Group has prioritised the risks based on their potential relevance for the company's activity in relation to occupational health and safety, depending on the type of activity, action areas, policies and management approaches.

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 that forms part 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, and reducing the rate of accident rates for internal employees in Health and Safety. 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 an 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 4.3. 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

MACKAY UGL WORKSHOP, AUSTRALIA - © CIMIC

4.4. REGULATORY COMPLIANCE

4.4.1. 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 organizations. Bearing the content of both these rules in mind, in December 2021 ACS's Board of Directors approved its Corporate Governance Policy in which reference was already made to the organization's Global Compliance Management System, which aims to implement a model that respects the Group's highly decentralized management structure, allows the Audit Committee of the Spanish listed parent company's Board 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. A continuous process of interacting between organizational 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 organization's commitment to compliance and taking into account the needs and expectations of all its 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, these are its main elements:

- 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 Organization 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.

4.4.2. THE DUAL RISK CONTROL MODEL: SPECIFICATION OF THE DUTIES OF DILIGENCE OF THE PARENT WITH REGARD TO SUBSIDIARIES.

To promote the adoption of 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. 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 ACS Group's highly decentralized 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 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 2023, includes 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 communication.

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 law.

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 makes it possible to obtain an annual Risk Score Card in all areas of compliance reported.

4.4.3. 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 Compliance Committee for 2023, the organization's internal rules have been reviewed and updated, making major improvements that include:

- **Approval of a new ACS Group Community Investment, Sponsorship, Patronage and Philanthropic Donations Policy.** The ACS Group has had a Social Action Policy since 2012, which required an update of both its format and content. This Policy was approved to bring the Group in line with the new internal and external requirements.

- **Approval of a new International Sanctions Compliance Policy.** Due to regulatory changes and the increasing importance of international sanctions, this Policy was developed to ensure integrity and respect for international trade rules within the ACS Group, in line with its core values.

- **Updating of the Supplier Contracting Procedure,** to comply with the new security and audit requirements for IT contracts.

- **Approval of the Compliance Obligation Identification and Impact Assessment Procedure,** which develops the system for managing compliance obligations, including the guidelines that are implemented and that make the management system robust.

- **Amendment of the Statement of Compliance Annex to the Code of Conduct for Business Partners,** as a consequence of the approval of the International Sanctions Compliance Policy.

- **Approval of the Policy and Procedure for Using Technological Media,** in compliance with the Spanish Data Protection Act [Ley Orgánica 3/2018, de 5 de diciembre, de Protección de Datos Personales y Garantía de los Derechos Digitales].

- **Updating of the ACS Whistleblowing Channel Operation Policy and renaming of the Procedure for managing reports received through the ACS Whistleblowing Channel,** following the entry into force of the new Whistleblower Protection Act and international standard ISO 37002:2021.

- Approval of the Policy on Participation in and Monitoring of Sector Associations, within the framework of the growing interest on the part of stakeholders, specifically sustainability and ratings indexes, in learning about how the ACS Group manages its participation in sector associations and how it monitors and supervises them. The interest in this issue comes, on the one hand, from the need to ensure that the Group, through its participation in these associations, is adhering to its compliance policies, and on the other hand the need to assess whether the associations it participates in are aligned with the Group's policies and principles.

4.4.4. 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 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 2023, all the objectives set by the Committee in terms of criminal Compliance and anti-bribery were achieved, mainly by improving and strengthening the risk matrix and the criminal and anti-bribery controls, by updating the determination of applicability of the risks and the controls associated with each type of offence, and verifying the effectiveness of those controls, to ultimately decrease the current residual risk corresponding to each offence described in the model.

The update and review of the risk matrix and criminal and anti-bribery controls was carried out from May to September 2023, 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 audit and Aenor's certification reports. Furthermore, following the entry into force of Organic Law 3/2023, of 28 March, amending the Spanish Criminal Code [Ley Orgánica 10/1995, de 23 de noviembre, del Código Penal] with regard to animal abuse, and Organic Law 4/2023, of 27 April, amending the Criminal Code with regard to offences against sexual freedom, the Spanish Criminal Procedure Act [*Ley de Enjuiciamiento Criminal*] and the Spanish Criminal Liability of Minors Act [*Ley Orgánica 5/2000, de 12 de enero, reguladora de la responsabilidad penal de los menores*], the Catalogue of Prohibited Conduct and parameters of behaviour expected of ACS were duly updated and the new criminal offences by legal entities were introduced and updated 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 actors and 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 the Group's companies, the Board approved, in compliance with the strategic objectives set in the General Compliance Policy, the Compliance Policy for Third Parties at its meeting held on 27 February 2023.

Policy to comply with international sanctions imposed on third parties

In relation to the prohibition against acts of corruption, which is included the ACS Group Code of Conduct, ACS Group companies must 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.

Of special note in this regard is the Board's approval of the new ACS Group Community Investment, Sponsorship, Patronage and Philanthropic Donations Policy on 27 February 2023, which complies with the certifiable standards in criminal and anti-bribery matters, anti-money laundering and countering the financing of terrorism, and with the new Spanish and EU legislation on corporate due diligence and reporting on sustainability (the proposed EU Corporate Due Diligence and Corporate Sustainability Reporting Directives) and the various requirements of our stakeholders.

4.4.5. 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 transversally through its Global Compliance Management System, which articulates, among other internal rules, those aimed at ensuring compliance and supervision of Human Rights in all ACS Group Divisions, configuring the Group's Human Rights Due Diligence management system (the "System"), which consists of the following policies and procedures:

- 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 Protocol on Due Diligence in regard to 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 XIV 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 submitted to the Audit Committee of the ACS Group's 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. This helps identify, prevent, mitigate, monitor and rectify any possible adverse effects on human rights related to ACS's activity (due to causing them, contributing to them and/or being directly or indirectly associated with them), and defines the procedures for potential victims of that conduct and/or their legitimate representatives to file any complaints or claims.

The results obtained in Chapter XIV of the Global Compliance 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 for all ACS Group Divisions to continuously extend and strengthen their processes in both direct transactions and the global value chain.

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In 2023, 83.4% of the ACS Group's operations were assessed in terms of human rights over the life of the project, advancing towards to the target set by the ACS Group in the 2025 Sustainability Master Plan - namely, assessing 100% of its internal operations by 2025.

In 2023, 20 complaints were filed against subsidiaries of the ACS Group for human rights violations. In all the cases, these complaints were filed by workers, former workers or contractors in relation to labour issues or discrimination, all of them in the United States. Of the 20 complaints, only two remain active as of March 2024, with the remaining 18 having been resolved without legal sanctions for any of the Group's subsidiaries, demonstrating that the existence of these complaints is not indicative of guilt in any given matter and does not imply any significant risk.

In 2023, the Protocol's guidelines were strengthened in the area of detecting and remediating adverse impacts that the Group may have contributed to within the scope of its responsibility. The identification and assessment of the adverse effects in this level will therefore be configured in accordance with the Human Rights Policy and the Corporate Due Diligence Protocol, so that the best prevention, mitigation and remediation measures can be put in place.

In 2023, 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 was the progress in human rights made by HOCHTIEF, the main company of the ACS Group in turns of turnover, whose initiatives are discussed in its 2023 Annual Report.

4.4.6. 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 contains information on the 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 4.1 of this report.

The ACS Group's Compliance Department included chapter XIII “Environmental Due Diligence” in the 2022 Global Compliance Report, including 12 issues regarding the state of performance of environmental matters, designed to promote the early identification of the environmental risk associated with a potential breach of the ACS Group's internal policies, the main international standards and the legislation applicable in the countries where the various ACS Group Divisions operate.

In October 2023, an independent expert conducted 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 XIII of the ACS Group's Global Compliance Report, aimed at addressing the most demanding regulatory frameworks in this regard, including:

a. The Environmental Policy of ACS, Actividades de Construcción y Servicios S.A., applicable to all Group companies

b. The 2025 PDS - 2025 Sustainability Master Plan

c. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, on the EU 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 the Spanish Climate Change and Energy Transition Act [*Ley 7/2021, del 20 de mayo, de cambio climático y transición energética*] introduced the obligation to disclose 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 Disclosures (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 for all divisions of the ACS Group to extend and continuously strengthen their processes in both direct transactions and the global value chain.

4.4.7. 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, with the main tool being the Information Security Master Plan that is aligned first with the business objectives and on the other hand with the Information Security Policy itself.

Information Security Policy

In 2023 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 use the National Institute of Standards and Technology (NIST) cybersecurity framework as its basis, which consists of five simultaneous and continuous duties: Report, Protect, Detect, Respond, and Recover, divided into 150 controls, which are a guide for effectively protecting information systems against cyber-attacks, focusing efforts on those parties that require greater attention.

4.4.8. 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 Policy and Compliance Protocol

In 2023 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, the whistleblower channel, the compliance officer, the risk map, the control matrix and the disciplinary system/incentive system among others.

b. The 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 and Premature deletion from the Competition Register due to self-cleaning (a practical guide)* from the German competition authority (Bundeskartellamt).
- Australia: The Australian Competition and Consumer Commission's *Competition and Consumer Compliance Program.*
- Canada: The Competition Bureau of Canada's *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.

A. 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 of them 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.

4.4.9. TAX COMPLIANCE

In 2023, 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.
- Review of UNE 19602: 2019 on Tax Compliance Management Systems, 2023.
- Tax compliance training plan.
- Tax risk and control matrix.
- Tax Compliance risk monitoring 2023.
- Review of tax controls.

The adaptation of the organisation's model to the UNE standard 19602: 2019 on Tax Compliance Management Systems has also led to changes in the Corporate Tax Policy and the Internal Tax Control Regulation.

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4.4.10. TRAINING

	2023
Scope of the training plans regarding the company's human rights, ethics, integrity, conduct or compliance procedures (% of employees)	99.9%
Number of employees trained in Human Rights, Ethics, Integrity, Conduct in the year or other compliance policies and procedures	122,146

In line with the Training Matrix approved by the Compliance Committee for 2023, a series of videos were produced on subjects of interest in Compliance, most of them with the help of external advisors specialised in the field, such as:

- The proposed EU corporate sustainability due diligence directive.
- The new framework for non-financial reporting on sustainability. The CSRD Directive 2022/2464 of the European Parliament and of the Council of 14 December 2022.
- The impact of the Whistleblower Protection Act on the ACS Whistleblowing Channel, by KPMG.
- Cybersecurity objectives to be met in 2023-2024, by ACS's Corporate Chief Information Security Officer.
- The New Code of Cybersecurity Good Governance, by ECIJA Abogados and ACS's Corporate Chief Information Security Officer.
- Organisational Governance and Compliance Culture, by ECIJA Abogados and the ACS Compliance Director.
- Tax Compliance in the Organisational Governance model, by PwC.
- The Compliance function within the organisation, by PwC and the ACS Compliance Director.
- The CNMV's Code of Best Practices for Institutional Investors and their Asset Managers, by ECIJA Abogados.

These videos were published on the employee training website and on the intranet and sent to all the Board Members.

In addition, on 25 September 2023, a lecture was given to the entire organisation by a Professor of White Collar Crime and Corporate Law and an Associate of Corporate Defence, on Criminal Liability of Legal Entities: cascading criminal liability, the Global Compliance Report and corrective actions. In this presentation, the Committee's experience in monitoring the Compliance System of the subsidiaries through the Global Compliance Report between 2021 and 2023 was introduced for the first time, with the data anonymised. The same presentation was given to the full Board of Directors on 14 December 2023. The full Board of Directors is ensured annual compliance risk training.

4.4.11. CHANGES IN THE INTERNAL AND EXTERNAL CIRCUMSTANCES OF THE ORGANISATION

The annual compliance monitoring report for 2023, submitted to the Audit Committee at its meeting held on 29 February 2024, included the following changes in the legal or regulatory context considered to be circumstances relevant to the organisation:

i. In terms of external factors:

Regulatory and policy changes in 2023:

- 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, and amending Regulation (EU) 2019/2088. From 1 January 2023, non-financial companies obliged to disclose the share of their economic activities that are or are not aligned the taxonomy's climate targets will have to make public a set of key performance indicators.
- The CNMV's Code of Best Practices for Institutional Investors, Asset Managers and Proxy Advisors in relation to their duties in respect of assets entrusted or services provided, published on 22 February 2023, the main objective of which is to encourage responsible, long-term oriented investment by institutional investors, asset managers and proxy advisors, so as to promote the sustainability of the entities in which they invest.
- Organic Law 6/2022, of 12 July, which supplemented the Spanish Equal Opportunities and Anti-Discrimination Act [*Ley 15/2022, de 12 de julio, integral para la igualdad de trato y la no discriminación*], and amending the Criminal Code; ACS's Catalogue of Prohibited Conducts and Parameters of Expected Behaviour were duly updated.
- The Spanish Rules Facilitating the Use of Financial and Non-Financial Information for the Prevention, Detection, Investigation and Prosecution of Criminal Offences [*Ley Orgánica 9/2022, de 28 de julio, por la que se establecen normas que faciliten el uso de información financiera y de otro tipo para la prevención, detección, investigación o enjuiciamiento de infracciones penales*], amending the Spanish Autonomous Region Financing Act [*Ley Orgánica 8/1980, de 22 de septiembre, de Financiación de las Comunidades Autónomas*] and other related provisions, and amending the Criminal Code. In particular, ACS's Catalogue of Prohibited Conduct and Parameters of Expected Behaviour were duly updated.

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- The Spanish Comprehensive Guarantee of Sexual Freedom Act [*Ley Orgánica 10/2022, de 6 de septiembre, de garantía integral de la libertad sexual*], which amended the Criminal Code by introducing, among other aspects, criminal liability for legal persons for sexual harassment offences and crimes against moral integrity. Due to that Act's amendments to the Criminal Code, ACS's Catalogue of Prohibited Conducts and Parameters of Expected Behaviour were duly updated.

- Organic Law 11/2022, of 13 September, amending the Criminal Code with regard to reckless driving of motor vehicles and motorcycles. As a result, ACS's Catalogue of Prohibited Conduct and Parameters of Expected Behaviour were duly updated.

- Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, as regards corporate sustainability reporting (CSRD), amending Directive (EU) 2014/95 of the European Parliament and of the Council of 22 October 2014. To this end, the Directive requires companies within its scope to report their non-financial information in accordance with certain common standards.

- Organic Law 14/2022 of 22 December on the transposition of European directives and other provisions for the adaptation of criminal legislation to European Union law, and reform of offences against moral integrity, public disorder and smuggling of dual-use weapons [*Ley Orgánica 14/2022, de 22 de diciembre, de transposición de directivas europeas y otras disposiciones para la adaptación de la legislación penal al ordenamiento de la Unión Europea, y reforma de los delitos contra la integridad moral, desórdenes públicos y contrabando de armas de doble uso*], which entered into force on 12 January 2023, which reformed certain provisions of the Criminal Code, including its section 311 to add a new paragraph punishing those who impose illegal terms on workers by hiring them under formulas other than employment contracts, or that maintain them contrary to administrative requirements or sanctions. As a result of this Law, ACS's Catalogue of Prohibited Conduct and Parameters of Expected Behaviour were duly updated.

- The Spanish Whistleblower Protection and Anti-Corruption Act [*La Ley 2/2023, de 20 de febrero, reguladora de la protección de las personas que informen sobre infracciones normativas y de lucha contra la corrupción*], which transposed the (EU) Whistleblowing Directive. In this sense, the Transitional Provision Two of that Act established a deadline for organisations to adapt themselves to the Act, depending on their size. In section 4.4.13, the adaptation of the Ethical Channel to this legislation is described in detail.

- Organic Law 3/2023, of 28 March, amending the Criminal Code with regard to animal abuse, which came into force on 18 April 2023, extending the catalogue of offences for which legal persons may be liable to include offences relating to animal abuse. As a result, ACS's Catalogue of Prohibited Conduct and Parameters of Expected Behaviour were duly updated.

- Organic Law 4/2023, of 27 April, amending the Criminal Code with regard to offences against sexual freedom, the Criminal Procedure Act and the Criminal Liability of Minors Act. As a result of this Law, ACS's Catalogue of Prohibited Conduct and Parameters of Expected Behaviour were duly updated.

- The European Sustainability Reporting Standards (ESRS) following the Corporate Sustainability Reporting Directive 2022/2464 of 14 December 2022 (CSRD), published on 9 June 2023, which follows the proposed CSRD and encompasses environmental, social and governance issues, including cross-cutting and thematic standards.

- The Draft EU Corporate Sustainability Due Diligence Directive (CSDD Directive) published in February 2022 and that received its last preliminarily approval on 14 December 2023, and is pending final enactment in 2024, introduces obligations for corporate managers with regard to human rights and environmental due diligence. In this sense, ACS has been following the draft directive to bring itself in line with it as much as possible before its entry into force, which is not expected before 2025.

<u>Changes in the socio-political environment in 2023:</u>

- Current conflicts, such as Russia's invasion of Ukraine, the conflict between Israel and Gaza or the situation in the Red Sea: not only have they led to great geopolitical instability, but they have also brought with them an energy crisis that has had a major impact on many other economic sectors to be taken into account. The ACS Group has not overlooked this situation, and on 20 February 2023 the ACS Compliance Committee approved a new International Sanctions Compliance Policy in development of the ACS Code of Conduct.

<u>Changes in the economic environment in 2023:</u>

- The Russian invasion of Ukraine: in the same sense as the previous paragraph, this war has had global economic consequences that have amplified several of the effects of the Covid-19 pandemic. In this sense, the prices of energy products, food and raw materials have risen, impairing the productive system and threatening growth and social stability.

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Changes in terms of social and cultural uses in 2023:

- These are not considered relevant changes.

ii. In terms of internal factors:

Structural changes in 2023:

- There were minor internal structural changes in terms of adding ACS's Risk Director as a new member of the Compliance Committee. In this regard, the current composition of the Committee was updated in the following internal documentation: (i) Compliance Committee Regulations; (ii) Global Compliance Management System Guiding Document; (iii) Criminal and Anti-Bribery Compliance Policy; and (iv) General Compliance Policy.

Changes to the activity of the Organisation:

- These are not considered relevant changes.

Changes to geographical areas:

- These are not considered relevant changes.

4.4.12. 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 its internal rules, the Board of Directors' duties include setting the Company's general policies and strategies and, in particular, defining its risk management and control policy, including tax risks, and supervising its internal reporting and control systems, including the Global Compliance Management System, since it is the mechanism for controlling compliance risks.

To perform these duties, the Board is supported by the Audit Committee, which is entrusted by both the Law and the Board's Rules with supervising and assessing the effectiveness of the systems for managing financial and non-financial risks related to the Company and the Group, including operating, technological, legal, social, environmental, political and reputational risks and risks related to corruption and, therefore, supervising and assessing 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, it has taken charge of regularly assessing its effectiveness, changing it, if necessary, when it becomes aware, through 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.

Implementing all of this will not only imply complying with the obligations and principles voluntarily taken on in the internal regulations and, in particular, in the Code of Conduct, in the Corporate Governance Policy and in the General Compliance Policy, but will also involve exercising the duty of care required by commercial legislation and complying with the best standards in matters of governance that demand responsible management of organisations.

Also, since the rules that are part of the regulatory body of the Compliance Management System were adapted in July 2022 to the Proposed Corporate Sustainability Due Diligence Directive (CSDD), having the Board implement and promote the Global Compliance Management System will also allow ACS to comply with the due diligence obligations required of organisations such as the Group 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 Global Compliance Management System thus plays a relevant role in the organisation's governance, as an element aimed at minimising risks, objectifying processes, aligning interests and, ultimately, improving ACS's sustainability as an organisation. However, the reality is that the success of the Global Compliance Management System that was implemented in ACS depends, to a large extent, on the awareness and impetus that all members of the organisation can give it, and especially on the leadership exercised by the Board of Directors, acting as the driving force behind the Group's culture of compliance.

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The "Corporate Governance" heading in Section 5 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 evaluating the corporate governance system.

4.4.13. CONTROL AND MONITORING MEASURES

Established communication and complaints channels

Communication and/or whistleblowing channels are presented as tools that allow organisations to channel communications, as well as queries or complaints related to suspected irregularities, which are often only known to certain employees of the organisation itself or to outsiders. In this way, these channels enable organisations, as the entity closest to the reported events, to be aware of them, investigate them and respond proactively.

ACS is aware of this reality and of the importance of providing the appropriate tools to the members of its environment to report any infringement in a safe and trustworthy environment for whistleblowers.

ACS's Whistleblowing Channel is in line with the Whistleblower Protection Act, which transposed Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law. In the context of ACS' culture of compliance, an ever-present objective is to remain aligned with the best practices in each area. Therefore, the regulation of ACS's Whistleblowing Channel is also aligned with the ISO 37002:2021 international standard on Whistleblowing Management Systems, as are most of the ACS Group companies, based on the principles of trust, impartiality and protection, with a broader protection regime than the laws cited above, bringing ACS's practices closer to the highest expectations of society in general, and of its stakeholders in particular.

In this regard, in addition to being reflected in the ACS Group's Code of Conduct in relation to breaches of the Groups values and how to report them, the ACS Whistleblowing Channel has specific internal regulations governing it: (i) Operating Policy of the ACS Whistleblowing Channel; and (ii) Procedure for managing reports received through the ACS Whistleblowing Channel; the latest versions of both documents were approved by ACS's Board on 27 July 2023.

→ **Code of Conduct**

→ **Whistleblowing Channel Operating Policy**

With regard to managing the Channel, the ACS Compliance Committee has been appointed by the Board to be in charge of the Whistleblowing System, and the Compliance Director has been appointed to be the individual representative before the Independent Whistleblower Protection Authority.

ACS encourages all members of its organisation or those who suspect or know of violations related to ACS to use this or other internal reporting channels to bring their concerns to ACS's attention.

Furthermore, ACS always informs any potential whistleblowers that there are also external channels for reporting to the competent authorities and, where appropriate, to the institutions, bodies or agencies of the European Union, citing, for this purpose, the access information in its own Whistleblowing Channel Operating Policy.

As established in the Operating Policy for its Whistleblowing Channel, ACS urges directors, executives and employees who maintain links with Group companies - regardless of the legal nature of their relationship - and those who are not employees but become aware of the existence of any infringement in their professional relationship with ACS, to report it to the Organisation.

The Procedure for managing reports received through the ACS Whistleblowing Channel develops the content of the Operating Policy of the ACS Whistleblowing Channel, ratifying ACS's firm will to guarantee conduct that adheres to both its rules and its ethical standards, establishing the necessary mechanisms to carry out the internal processing of any reports received. In this regard, ACS considers that having various internal channels available broadens the range of possible reports in terms of subject matter or seriousness, and that they need to be classified internally to manage them best, taking into consideration the parameters of (i) urgency; (ii) the persons involved; or (iii) the entity affected. These criteria help to identify and deal appropriately with the type of reports received, as set out in greater detail in the ACS Whistleblower Report Management Procedure.

In terms of processing reports, ACS is aligned with the international standard ISO 37002:2021, dividing the procedure for managing and investigating the reports received into four (4) phases: (i) Receipt of reports of wrongdoing; (ii) Assessment of reports of wrongdoing (triage); (iii) Handling of reports of wrongdoing; and (iv) Resolution of the cases.

All stages of ACS's investigation procedure must comply with the following principles and safeguards: (i) Principle of trust and confidentiality; (ii) Principle of objectivity; (iii)

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Principle of impartiality and presumption of innocence; (iv) Principle of compliance with applicable law and sufficiency of means; (v) Principle of proportionality and subsidiarity; and (vi) Protection of bona fide whistleblowers.

The ACS Whistleblowing Channel allows complaints to be made anonymously. Through the digital platform of the Whistleblowing Channel, whistleblowers can stay in contact with the organisation, keeping their anonymity and tracking the case. ACS also allows whistleblowers to designate a preferred means of communication to receive information on the status of their report or to contact the whistleblower for further information and/or clarification. For both anonymous and non-anonymous reports, ACS guarantees confidentiality and that there will be no reprisals and/or prejudicial conduct against the whistleblower, offering the necessary protection and support from the moment the report is filed when appropriate.

ACS relies on an external technology provider, NAVEX, to receive whistleblower reports. Through this provider, a preliminary analysis is carried out to prevent conflicts of interest if a member of the Compliance Committee is involved. Likewise, all the reports that are received can be traced and monitored for their appropriate treatment in their management and custody.

ACS processes personal data to process and investigate reports submitted through the Whistleblowing Channel in accordance with current legislation. Whistleblowers can asset their data protection rights at Avda. Pio XII, 102, 28036, Madrid, Spain or by email at 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 the Whistleblowing Channel.

Changes to the ACS Group’s Whistleblowing Channel:

- Through the Group's website - Whistleblowing Channel - Compliance - ACS Group-in a separate, easily identifiable section, accessible to all members of the ACS Group, as well as to all the Group's interlocutors and interested parties.

- By post to:

ACS Group Ethics Channel
Avda. Pío XII 102, 28036 Madrid, Spain.

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

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

- Verbal and/or face-to-face communication:

  ACS members are also able to submit queries, concerns or complaints through the following means: (i) To a direct superior or a member of ACS management; (ii) to a member of the Compliance Committee; and (iii) to the Compliance Department. Whistleblowers can also request a face-to-face meeting with the Compliance Committee, or any of its members, within seven (7) days of when they requested the meeting.

Queries and complaints received in 2023

– Actividades de Construcción y Servicios, S.A.

  In 2023, four (4) reports were received in the Whistleblowing Channel of ACS, Actividades de Construcción y Servicios, S.A.

  Of these reports, two (2) were joined together in the same file due to their interconnection, and the ACS Compliance Committee, in accordance with its Whistleblower Report Management Procedure, proceeded to obtain an external expert opinion. After the reports were assessed by the external consultant, it was decided not to open an investigation in the absence of evidence and as the facts did not constitute an infringement. This report had no significant impact on the year.

  In the last quarter of 2023, one (1) anonymous report and one (1) non-anonymous report were received through the Whistleblowing Channel. Although the preliminary analysis of both considered referring them immediately to the Compliance Committee of one of the ACS Group companies for processing as the competent body, as established in the Operating Policy of the ACS Whistleblowing Channel and the ACS Whistleblower Report Management Procedure, this report did not have any significant impact on the year.

– Clece Group:

  CLECE has a Whistleblowing Channel accessible on its website: Integrity and Conduct, Whistleblowing Channel | Clece. The Operating Policy of the Whistleblowing Channel has also been published (ES_Política de Funcionamiento del Canal Ético V Junio 2023 - Clece). In addition, Clece has a Whistleblowing System Procedure published on its intranet. In this regard, one of the members of the Compliance Body is identified as the person in charge of the Whistleblowing System. In 2023, work was done to align the internal regulations governing the Channel with the Whistleblower Protection Act and the ISO 37002:2021 Standard on Whistleblower Management Systems.

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In 2023, the Clece Group's Whistleblowing Channel received 168 reports between queries and complaints of the following types: 68% of the reports related to labour issues, 18% to breaches of the Code of Ethics, 14% were alleged cases of harassment at work and 8% were complaints and claims.

None of the reports received had a significant impact on the year.

In addition, in 2023, through other means of communication, Clece's Compliance Body became aware of the opening of a sanctioning proceeding in the area of Competition before a regional authority, and the appropriate follow-up was carried out.

– Dragados Group:

The Dragados Group has a Whistleblowing Channel accessible on its website: EthicsPoint - Dragados S.A. Likewise, its Whistleblowing Channel Operating Policy (Dragados Whistleblowing Channel Operating Policy) has also been published. In addition, Dragados has a Procedure for Managing Whistleblowing Reports. Under that Policy, Dragados' Board has appointed its Compliance Committee to be in charge of the Dragados Group's Whistleblowing System, and the Compliance Director is the individual appointed for this purpose. In 2023, work was done to align the internal regulations governing Dragados' Channel with the Whistleblower Protection Act and the ISO 37002:2021 Standard on Whistleblower Management Systems.

In 2023, Dragados received 29 reports: 21% related to labour issues, 3% related to insider information, 52% related to sexual harassment, 10% related to contractual and billing issues, and 14% of the reports related to other issues.

None of the reports received had a significant impact on the year.

– Iridium Group:

Iridium has a Whistleblowing Channel accessible through its Iridium/ACS Infra EthicsPoint website. It also has an Internal Whistleblowing System Policy, accessible on its website: Politica_sistema_interno_informacion.pdf (iridiumconcesiones.com), and with a Whistleblowing and Irregularities Investigation Procedure. In those documents, the Iridium Compliance Committee is included as the competent body for managing the Channel.

In 2023, work was done to align the internal regulations governing Iridium's Whistleblowing Channel with the

Whistleblower Protection Act and the ISO 37002:2021 Standard on Whistleblower Management Systems.

As regards the reports received, no reports were received in 2023.

None of the reports received had a significant impact on the year.

– Hochtief:

The German organisation has a Whistleblowing Channel called the "HOCHTIEF Whistleblower system", accessible through its website: hochtief - Home (integrityline.com), with a document called the HOCHTIEF Whistleblower System Rules of Procedure that regulates the operation and guarantees of the Channel. That document details the roles and responsibilities for managing the Channel, with the Head of Corporate Compliance as supervisor and an employee from the Corporate Compliance team in charge of managing the Channel. They are additionally supported by three Case Managers. Likewise, in relation to the process of managing the reports received through Hochtief's Whistleblowing Channel, work was carried out to align it with the ISO 37002:2021 Standard on Whistleblower Management Systems.

In 2023, Hochtief received a total of 206 reports. Of the 206 reports, 6 were related to possible violations of anti-corruption law and competition law. Of these, four cases were concluded without any indications and two have not yet been conclusively resolved. However, so far there is no evidence of any misconduct on the part of HOCHTIEF employees. Almost all of the other reports had to do with human resources issues.

None of the reports received had a significant impact on the year.

In addition to these reports received through whistleblowing channels, reports were also submitted and resolved outside these channels, both through legal channels and other procedures, as explained in section 4.4.5 of this report and in note 36.02 of the ACS Group's Consolidated Financial Statements.

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4.4.14. RISK MANAGEMENT IN COMPLIANCE ISSUES

Section 4.2 of this chapter describes the model of dual control of compliance risk and specifies the parent company's duties of diligence with respect to the subsidiaries, which translates into implementing and developing a homogeneous system of standards through the Group Policies, with the objective of all the subsidiaries having a certified compliance management system or, at least, one that can be understood as certifiable. This initial control is complemented with a second-level control: 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.).

In 2023, the Compliance Division carried out planned actions on operating and strengthening the ACS Group's Global Compliance Management System and thereby reducing its compliance risks, as part of the objectives set by the parent's Compliance Committee.

The main actions aimed at achieving this objective focused on assessing new criminal risks and updating the matrix of criminal and anti-bribery risks and controls, as well as implementing this customised control tool in all the Divisions; updating the matrix of tax risks and controls; the new version of the matrix of IT and cybersecurity controls; specialised training by the Compliance Division given to all members of the organisation, including the full Board of Directors; adapting the questionnaire; and implementing a new version of the matrix of IT and cybersecurity controls of the Global Compliance Report to the Whistleblower Protection Act; half-yearly monitoring of Compliance risk materialisations through the information reported by all the Group's Divisions in the Global Compliance Report; and remediation plans, which in the second half of the year very significantly included face-to-face training and dissemination activities on the functioning of the transversal Compliance model of the Group's parent company, based on ISO 37301, in various divisional head offices in all the continents where the Group is present, which at 31 December 2023 had resulted in a significant reduction of compliance risks in all ACS Group companies, which have strengthened their Due Diligence systems in the areas of Human Rights, Environment, Cybersecurity, Tax Compliance, Criminal Compliance and Anti-Bribery and Competition.

Here the importance of the new post of Risks Director should be highlighted, which was introduced in the first half of the year, and who was also appointed as a member of the Compliance Committee. The Risks Director reports, in line with the Organisation's corporate governance model, to both the Chief Executive Officer and the Audit Committee.

Along these same lines, the ACS Group's management of compliance risks in 2023 stood out for its constant detection and work on opportunities for continuous improvement, with the aim of continuing to promote a robust environment in Compliance matters, uniform in all ACS Group Divisions. In this context, the coordinated action of all the Group's companies in Spain for the certification of the UNE 19603:2023 Standard for Compliance Management Systems in the area of Free Competition in 2024 is particularly noteworthy.

NEPEAN HOSPITAL RECEPTION, AUSTRALIA - © CIMIC

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4.5. STAKEHOLDER RELATIONS

The ACS Group defines stakeholders as groups with the capacity to have an influence on the achievement of the organisation's objectives or that may be affected by its activities. The basic principles of action followed by the ACS Group in its relations with its stakeholders and the environment are based on complying with the prevailing national and international legislation, as well as with the sustainability commitments that the ACS Group has taken on voluntarily and that are included in the Group's Sustainability Policy.

The figure below indicates the main stakeholders with which 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, engagement and actively listening to 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 have been defined by the ACS Group in its "Policy on Reporting Economic-Financial, Non-Financial and Corporate Information and Contacts and Engagement with Stakeholders", which aims among other issues, to establish a general framework for promoting 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 communication strategy, guaranteeing equitable treatment of interlocutors and also establishing direct and indirect means of disseminating relevant economic, financial and corporate information that ACS mandatorily and voluntarily 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

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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 significant events.	– 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 AND INVESTORS Natural persons, legal entities and entities with capital interests or shareholdings in the ACS Group. The Group has a Shareholder, Institutional Investor, Asset Manager, Financial Intermediaries and Voting Advisor Comunication, Contact and Engagement Policy, and shareholders' right to information is set out in various provisions of the Company's Shareholders' 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.
PEOPLE 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 4.2 of this report.	– Group websites and Public reports. – Ethics Channel. – Intranet. – Labor 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.
PARTNERS AND SUPPLIERS Persons or companies that provide their services or products to the ACS Group and form 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.
COMMUNITY AND ENVIRONMENT All those individuals, local communities, NGOs, industry associations, media, etc., that form 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 2023, 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 2023, as shown in the Group's Consolidated Balance Sheet, included in the Economic Financial Report published along with this report, totalled EUR 1.77 million. For more information, see section 4.9 of this report.

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In addition, the ACS Group actively participates in industry associations, working groups and discussion forums.

The aim of this participation is to promote the sectors in which ACS and its Group participate, and to establish dialogue initiatives to improve relationships with its stakeholders. To delineate this participation, on 27 July 2023 the ACS Group's Board approved the "Industry Association Engagement and Tracking Policy", which sets out the procedure to be followed by ACS and its Group in selecting and participating in these associations, so as to comply with the principles established by national and international law, and those voluntarily assumed by ACS and its Group in its internal regulations.

Industry Association Engagement and Tracking Policy

Some of the industry associations and organisations in which ACS Group companies participate are: The Spanish Chamber of Commerce; CEOE; Global Compact: SEOPAN; Association Europeenne pour la Promotion de la Electricite Solaire; General Contractors Association/Az Chapter; Construction Industries of Massachusetts; FTBA TransPAC; MIT Climate and Sustainability Consortium, buildingSMART International; German Society for Concrete and Construction Technology (DBV); German Sustainable Building Council (DGNB e.V.); Transparency International Deutschland e.V.; Associated General Contractors of America; New York Building Congress, Inc.; Building Trades Employers' Association; Subcontractors Trade Association; American Road & Transportation Builders Association, Australian Constructors Association; Australasian Railway Association; Australian Mines and Metals Association; Master Builders Association; The Australian Chamber of Commerce in Hong Kong; Massachusetts Institute of Technology (MIT); Deutscher Beton- und Bautechnik Verein e.V.; Essener Unternehmensverband e.V.; ZIA Zentraler Immobilien Ausschuss e.V.; CBI Center Building and Infrastructure Engineering, 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/sustainability/commitments.

The amount allocated to these industry associations in 2023 is detailed in the table below:

	2023
Value of financial and in-kind contributions made by the organization to associations (trade associations, business associations, etc.)(1)(€)	5,221,463

(1) Includes contributions made by ACS, Actividades de Construcción y Servicios.

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:

- Transmitting the Company's overall corporate strategies, as well as those specific to each of the Company's business areas, to the outside world.
- Projecting the Group's business reality so that the Group's different stakeholders 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	2022	2023
Shareholders & Investors		
Meetings organized by Investor Relations	184	129
Calls/emails from shareholders answered	1,196	1,144

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, 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.

4.6. GIVING BACK 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 and its impact on society, 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 that goes beyond its business activities, to contribute to the well-being of the society, allocating resources to community investment, sponsorship and patronage initiatives and philanthropic donations (non-profit), both through Group companies and through the Foundation, which is managed autonomously.

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, which ACS and its Group contribute to.

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.

6.3.5 Contribution to attaining 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 non-profit entity that is independent from the ACS Group that, under the leadership of its Board of Trustees, fulfils its founding purposes, giving some of the benefits obtained by the ACS Group back to society, 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 2023 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.

ORLANDO AIRPORT INTERMODAL TERMINAL, USA - © **TURNER**

4.6.1. SOCIAL ACTION OF ACS GROUP COMPANIES

In 2023, 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 that it wishes to participate in, through initiatives consistent with the Group's main areas of impact and influence, such as:

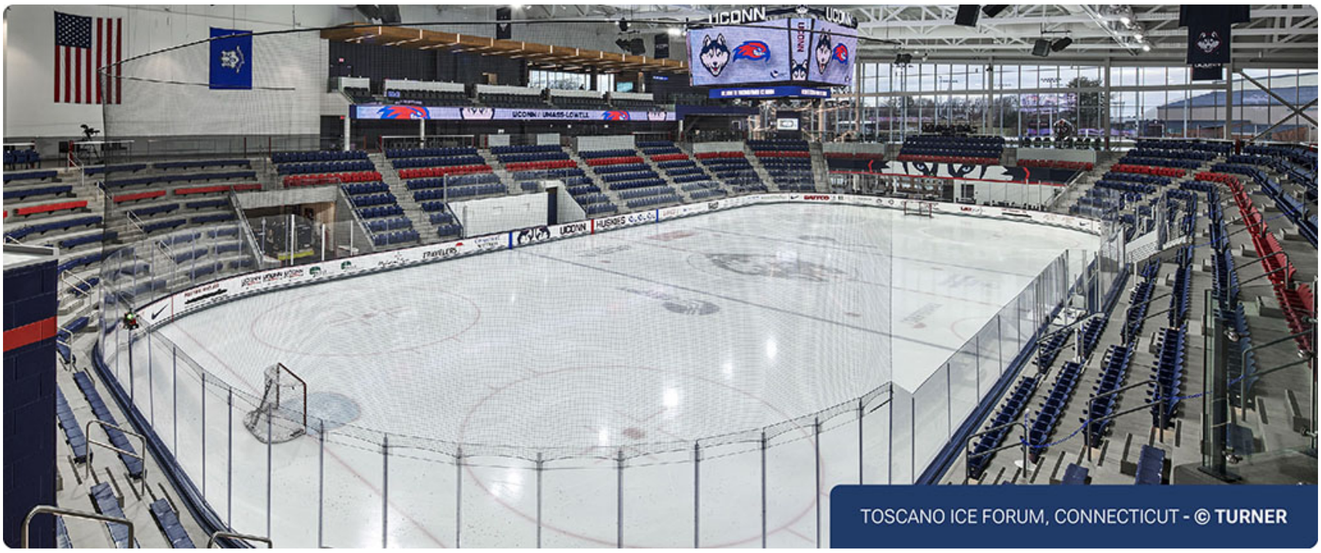
- Contributing to community development, facilitating access to basic, safe, sustainable and inclusive infrastructures and services.
- Strengthening community resilience and adaptability in the face of climate risks and natural disasters.
- Encouraging environmental protection by creating social awareness 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 ACS's 2025 Sustainability Master Plan as well as the priority SDGs defined by the Group.I

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.

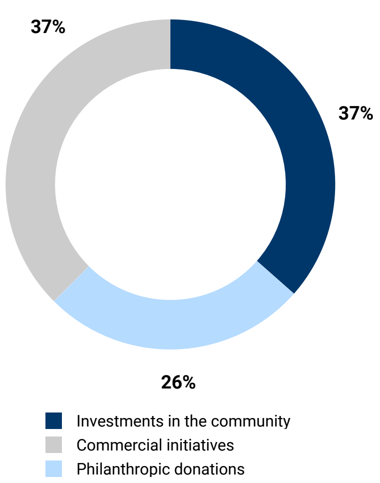
Main Indicators of Social Action of Group Companies	2022	2023
Cash funds allocated to Social Action (€ mn) (1)	7.2	6.7
Monetary estimate of in-kind contributions to Social Action (€ mn) (2)	1.3	1.4
Estimated number of people benefited by social action	78,940	72,544
Number of citizen awareness courses or activities carried out (road safety, environment, efficiency, social integration,...) (3)	112	148
Number of volunteers (employees) who have participated in these awareness-raising activities (3)	147	210
Number of foundations or NGOs that received grants/support during the year (3)	369	385
Number of events (conferences, exhibitions, sporting events, etc.) sponsored during the year. (3)	15	21
Time employees have spent this year volunteering during the workday (h) (3)	15,505	16,193

(1) The year 2022 includes the contribution of 1 million euros made by ACS to Cáritas Madrid Futuro-Ukraine.
(2) Includes administration expenses in 2022 and 2023 of € 0.9 mn and € 1 mn respectively, as well as the monetary estimate of time used by employees for volunteer activities in working hours in 2022 and 2023 of € 0.3 mn and € 0.4 mn respectively.
(3) Scope of data of 23.61% and 22.18% of sales in 2022 and 2023.

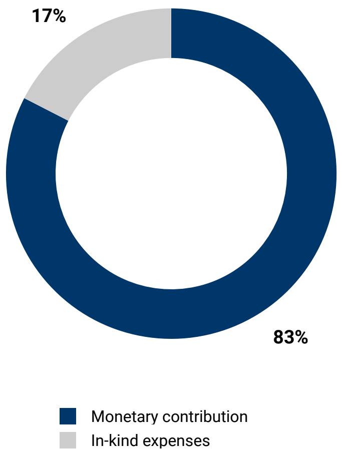


TOSCANO ICE FORUM, CONNECTICUT - © TURNER

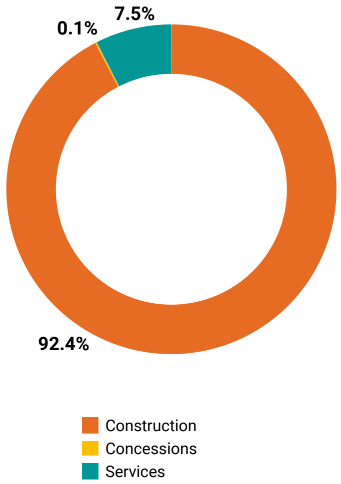
INVESTMENT BY TYPE OF ACTION



INVESTMENT BY TYPE OF CONTRIBUTION



INVESTMENT BY BUSINESS AREAS*



*The 1.01 million for 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 2023 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.

EXAMPLES OF INITIATIVES BY ACS GROUP COMPANIES IN SOCIAL ACTION:

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.

After a break due to the pandemic, a team of ten employees were able to travel back to Rwanda during the reporting year and work with the local community to build a footbridge. The Kukasedurugu bridge, almost 120 metres long, built in northern Rwanda, facilitates river crossings for some 1,600 people from the surrounding communities. Thus, since the start of the partnership in 2010, HOCHTIEF has helped build 29 bridges in Honduras, Guatemala, El Salvador, Nicaragua and Rwanda, benefiting more than 95,275 people from the local communities and getting 284 employees from across the HOCHTIEF Group involved, who have described the experience as very rewarding. The projects thus contribute to employee loyalty and motivation. HOCHTIEF will continue these activities in 2024.

TURNER'S COLLABORATION WITH HABITAT FOR HUMANITY

In 2023, Turner employees once again collaborated with Habitat for Humanity. For the Home Builders Blitz 2023, three houses were built in Antilope Valley, near Los Angeles, in the space of two weeks. Several construction companies participated in the Home Builders Blitz, with up to 100 volunteers working on site each day. They also donated the necessary building materials.

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

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 arising in the 'Clece community,' employees, family members of employees and users of the services managed by the company.

In 2023, in addition to activities and collaborations with other entities, 5 essential lines of action were developed:

- Employment project: a social and work integration project in which, in addition to promoting the employment of people in groups at high risk of social exclusion, attaining employment improvements (increased working hours and greater job stability) for people with special needs.
- Social emergency: aid to people or families suffering from extreme situations. We worked on these projects individually and sought 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 carrying out essential procedures such as processing documentation, claims, wills and inheritances, fines, taxation, divorces, debts... The service is carried out through partnerships with various universities.
- Mental and Emotional Health: This project was launched at the beginning of the year and was a great success right from the start. Through a partnership with the Salud y Persona Foundation , we were able to provide psychological and emotional support to our beneficiaries who requested it.

In 2023, 396 people were direct beneficiaries of this project, with the participation of 60 volunteers working directly in the projects, 98 partners and 75 donors.

Among the projects carried out by Corazón y Manos in 2023, it is worth mentioning that the first promotion of the "Viviendas con Corazón" ["Houses with a Heart"] project has begun.

The project consists of providing housing for women who are victims of gender-based violence and have no family to care for them while they are trained (with scholarships) to become accredited as home assistants. The project ends with an employment contract for the project beneficiaries. The project is programmed on a promotion-by-promotion basis.

Each development has three beneficiaries (as many as can fit in the dwelling). Each promotion lasts five months, with three months of theoretical training, one month of practical training and one month to live in the house while working under the employment contract, so the beneficiaries can acquire minimum savings to be able to start their independent life. The first promotion of the project has started with three women who have been living in the house since 1 December 2023 and who began their theoretical training on 12 December.

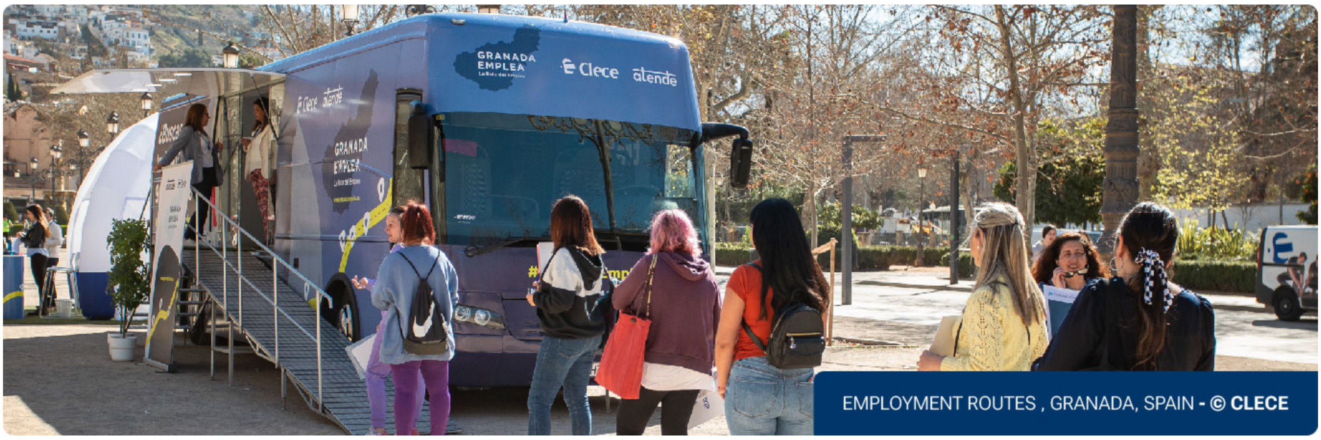
EMPLOYMENT ROUTES (CLECE)

"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 that 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 second year in which Clece has carried out this initiative, more than 20 selection technicians travelled on different routes and interviewed more than 2,600 candidates.

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



EMPLOYMENT ROUTES , GRANADA, SPAIN - © **CLECE**

VULNERABLE COMMUNITIES WORKSHOPS (DRAGADOS)

All the companies that make up the Dragados Group foster a culture of inclusion, diversity and equal opportunities that guarantee the respect and protection of Human Rights in their sphere of action. These basic principles are set out in the Code of Conduct.

The Group's relationship with its employees, and its employees' relationship with each other and with society is based on fulfilling commitments to, among others, equal opportunities and non-discrimination.

In this regard, Dragados España collaborates with various Foundations and Associations to fulfil these commitments in the area of volunteering. Specifically, a project is being carried out with the Strengthening School [*Escuela de Fortalecimiento*] of the Integra Foundation.

This year, as in the previous year, employees from Dragados Spain's Human Resources Department helped provide several job search workshops aimed at groups at risk of social exclusion. There were 12 workshops of a practical nature, with role-playing, CV reviews or job interviews with the aim of improving the employability of people at risk of severe social exclusion. In total, 135 people were trained in 2023.

THE BAY PARK CONVEYANCE PROJECT, NEW YORK, USA - © **DRAGADOS**

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

INTERNATIONAL DAY FOR THE ELIMINATION OF VIOLENCE AGAINST WOMEN (CLECE)

In 2023, Clece organised the ninth "A Life without Violence, A Life with Respect" campaign, 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 their categorical rejection of gender-based violence.

In 2023, 25 November fell on a Saturday, which made it difficult for the company to mobilise to celebrate the event. To alleviate this difficulty, a "week against gender-based violence" was held between 20 and 26 November. During that week, all the company's internal communication channels were used to send out different messages to raise awareness about violence against women and to support the victims. In addition, banners and posters were placed in the offices and workspaces commemorating the event. Numerous customers allowed and provided space on their premises to display the posters and communication material.

As a distinctive communication element of the 2023 campaign, 31,000 postcards were distributed with the slogan "BUILDING a world without violence against women", referring to the slogan used by the United Nations. The postcard urged people to write a message on it in support of women victims of violence and upload it to social media with the hashtag "UnaVidaSinViolencia" (A LifeWithoutViolence).

4.6.2. SOCIAL ACTION OF THE ACS FOUNDATION

The Foundation is a non-profit independent foundation 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 governance of its Board of Trustees, the ACS Foundation gives part of the profits obtained by the ACS Group back to society, thus fulfilling its 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

   a. Work and social training and integration

   a. 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.

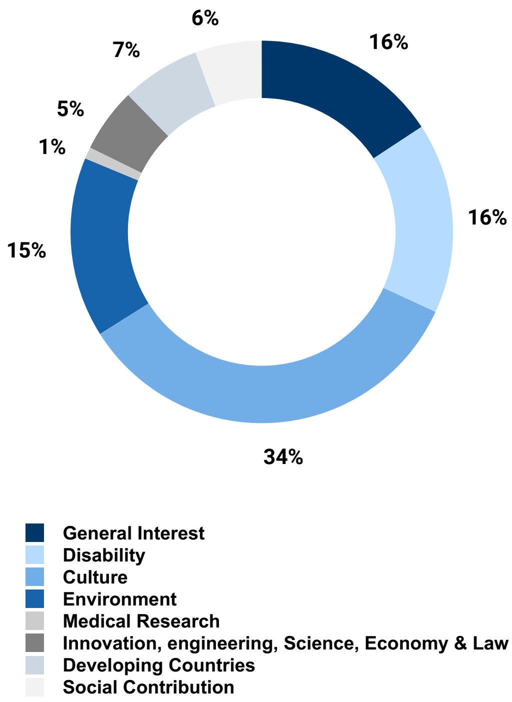
6. Collaboration programmes with institutions in the areas of innovation, engineering, science, economics and law.

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 2023, the ACS Foundation allocated EUR 6.2 million to its foundational activities:

BREAKDOWN OF THE BUDGET ALLOCATED BY THE FOUNDATION ACCORDING TO PROJECT CATEGORY (IN €M)



EXAMPLE OF ACS FOUNDATION INITIATIVES

ACS FOUNDATION MEDICAL RESEARCH PROGRAMME

As part of its Medical Research Programme, in 2023 the ACS Foundation signed 26 Finalist Agreements with 25 healthcare institutions to promote research projects and treatments for a wide range of diseases.

Of these projects, 9 are related to brain diseases and 8 focus on basic or clinical cancer research.

The Foundation also collaborates especially in the field of paediatrics, and this year it signed an agreement with the Aladina Foundation to build the new La Paz Children's Oncology Hospital in Madrid and the three agreements signed with the Niño Jesús University Children's Hospital with three different objectives: research and treatment of paediatric tumours, and the humanisation of the hospital itself (through Parques Reunidos).

The ACS Foundation has also collaborated through other Agreements with the families and environments closest to the patients, which are important in prolonged treatment.

In 2023, this Medical Research Programme grew by 28% compared to 2022.

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4.7. 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.

In this regard, the Board of Directors of the ACS Group approved the Code of Conduct for Business Partners, updated in latest version 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 79,110 suppliers and contractors that the ACS Group worked with in 2023, 87.0% accepted by signing the ACS Group's Code of Conduct for Business Partners, or have a procedure similar to it. In addition, in 2023, 19.3% 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

COGITEON SCIENCE CENTER, CRACOW - © HOCHTIEF

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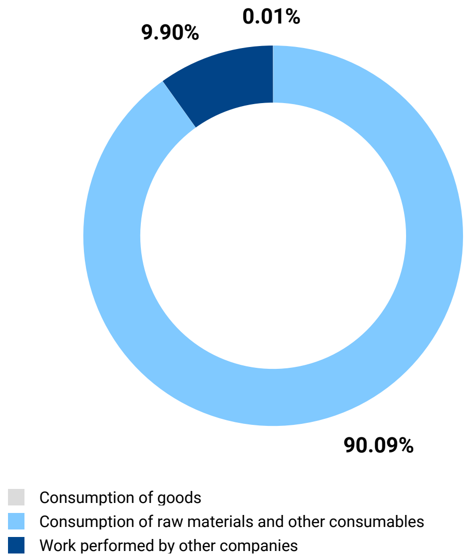
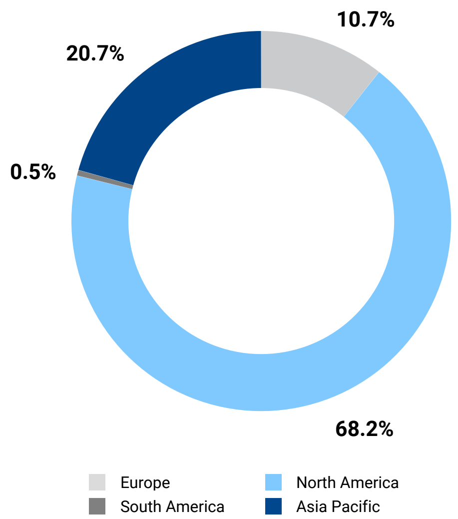
4.7.1. THE SUPPLY CHAIN OF THE ACS GROUP

	2023
No. of suppliers and contractors	79,110
Total procurements (mn €)	24,462
% Local suppliers	89.5%
Expenditure proportion with local suppliers	86.5%

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 2023 reached the 79,110 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 2023, 89.5% 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 minimizes 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 decentralized 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 favoring 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.

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

SUPPLY CHAIN MANAGEMENT AT DREXEL UNIVERSITY, USA - © **SOURCEBLUE**

SOURCEBLUE (TURNER)

The supply chain and logistics are fundamental to the success of projects in the data centre sector, projects for batteries for electric vehicles and other high-tech sectors in which the ACS Group is developing and expanding its activity. To address these challenges, SourceBlue, Turner's supply chain specialist company, was created to provide customers with strategic relationships, digital systems and logistics expertise that give them greater security in the sourcing of equipment and products, improving procurement times and costs. The experience of SourceBlue's supply chain experts, as well as the early involvement of designers and engineers, facilitates collaboration from design to delivery. SourceBlue is currently focused on developing an expansion plan to offer its services globally to all Group companies, and also to external companies. To expand SourceBlue's capabilities, HOCHTIEF is developing its presence in the Asia-Pacific region by creating a logistics hub to accelerate the development of the Group's digital capabilities.

SUPPLY CHAIN MANAGEMENT, USA - © **SOURCEBLUE**

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4.7.2. APPROVAL AND EVALUATION SYSTEM BASED ON ECONOMIC AND SUSTAINABILITY CRITERIA

The ACS Group's responsible supply chain management model begins with the process of approving suppliers and subcontractors, in which their compliance with the fundamental criteria established by the ACS Group to form part of the Group's supply chain is assessed. Within these criteria, not only the economic and technical aspects of suppliers are evaluated, but also different aspects of sustainability, so that suppliers' evolution in terms of sustainability can be assessed to comply with the objectives and principles of the ACS Group, and to identify potential risks that may arise in the value chain.

Thus, companies that represent 87.7% of the ACS Group's procurement costs have a formal system for approving their 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, as well as other sustainability factors related to the ACS Group's sustainability objectives or compliance with other internal policies.

To perform this approval, the Group's companies carry out different processes, from external evaluation platforms to questionnaires sent to suppliers and computerised evaluation and approval platforms.

Both technical/economic and ESG factors are considered in this approval and evaluation. The weight of ESG factors in the approval process varies according to companies' activities and areas of action, but the average weighted weight of these factors exceeded 38.6% in 2023, with the performance and evolution of ESG indicators being one of the factors to be considered in the approval and selection process. 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 2023, 65.4% the suppliers that the Group worked with adhered to the 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.

If non-compliances or risks are detected, the relevant corrective measures are applied, adapted to the circumstances of each case. In most cases, suppliers are given the possibility to remedy these deficiencies within a certain period of time. If the required minimum levels are not reached, this may lead to their exclusion from the contracting system. When the breaches detected are considered serious, they can immediately terminate the contracts.

SAFE, RESPONSIBLE AND SUSTAINABLE PROCUREMENT (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 CO_2 emissions associated with the vehicle fleet and raising awareness of the supply chain in governance aspects and the inclusion of disadvantaged groups.

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4.7.3. SIGNIFICANT SUPPLIERS ANALYSIS

The ACS Group's companies carry out an analysis to identify the critical suppliers in their supply chains. The Group defines a significant supplier as a supplier for whom the percentage of procurement or subcontracting expenditure is significantly higher than the average for the rest of the company's suppliers, suppliers of critical components and/or suppliers that cannot be replaced, as well as suppliers in which a pre-analysis has identified the possibility of potential risks in relation to sustainability or ESG issues.

Classifying suppliers as significant considering both economic/technical aspects (critical suppliers) as well as significant suppliers in ESG matters, is a process that was established in 2023 and is still in the process of implementation in the different ACS Group companies.

Therefore, companies that represent 86.2% of the Group's procurement expenses have designed processes to identify their critical suppliers. Meanwhile, in companies representing 48.8% of the Group's procurement expenditure, pre-analysis processes have been defined to identify suppliers with potential sustainability risks. To determine significant ESG suppliers, a preliminary analysis is carried out on the suppliers identified as potentially high risk due to:

- Country-specific risk: risk of negative environmental, social and governance impacts related to a country's political, social, economic, environmental or regulatory situation.
- Sector-specific risk: risk of negative environmental, social and governance impacts related to the distinctive characteristics of a sector in terms of employment status, energy consumption, resource intensity, emissions or pollution potential.
- Commodity/commodity-specific risk: risk of negative environmental, social and governance impacts related to a commodity's supply chain structure, labour situation, land use and resource intensity, energy consumption, emissions, material toxicity or pollution potential.

Within these suppliers, those that may have substantial risks of impacts on some of these aspects are identified:

- Environmental aspects: the risk of negative impacts related to environmental issues, including but not limited to greenhouse gas emissions, energy consumption, water consumption, resource efficiency, pollution, waste or biodiversity.
- Social aspects: risk of negative impacts related to social issues, including but not limited to human rights and labour rights, such as child labour, forced labour, discrimination, freedom of association, the right to collective bargaining, working hours, remuneration, occupational health and safety, or the rights of local communities.
- Governance aspects: the risk of negative impacts related to governance issues, including but not limited to corruption, bribery, conflicts of interest or anti-competitive practices.

As a result of these processes, the main data on the analysis of the significant suppliers (critical in technical and economic terms, most significant in terms of ESG) are as follows:

- Of the ACS Group's total suppliers, 6,352 are suppliers considered critical in technical and economic terms. These suppliers represent 72.5% of the total expenditure of the Group's companies with critical suppliers. Practically all of these suppliers consider the ACS Group to be a key customer in their activity
- Of the total number of ESG significant suppliers, 116 suppliers were identified in this first year of analysis.[9]

Given the importance of analysing the supply chain for managing risks for the company, the ACS Group companies identify their direct critical suppliers (tier-1 critical suppliers). In 2023, the ACS Group evaluated the 4,003 tier-1 critical suppliers in terms of sustainability of the 6,352 identified tier-1 critical suppliers, representing 61.9% of the total. Of these 4,003 critical tier-1 suppliers assessed, a 17.7% of them at risk in terms of sustainability, and the lack of certificates, breaches or other risks detected is understood as such. The increase in suppliers considered to be at risk is mainly due to the entry into force of the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz/LkSG) in 2023, which has affected the consolidated analysis of Hochtief's suppliers and that has led to a deeper and broader analysis of what are considered sustainability risks. Most of these risks are minor and have only led to remediation measures that have already been carried out.

Thus, depending on the risks detected, the reasons for the negative assessment are analysed and initiatives and remediation plans are proposed to strengthen the identified areas of improvement that include, among other things, training and collaboration activities. Serious breaches can lead to the immediate termination of contracts or agreements relating to suppliers.

By 2023, 90.47% of significant tier-1 suppliers had been evaluated throughout their relationship with the Group.

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

[9] Scope of the data: 14.7% of procurement expenses

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suppliers), and the tier-2 suppliers that may have ESG risks. The number of these suppliers identified in 2022 was 99,394 technically and economically critical suppliers and 4 ESG-significant suppliers.[10].

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 at national level:

	2022	2023
	Days	
Average period of payment to suppliers	45	47
Ratio of transactions paid	49	51
Ratio of transactions pending payment	33	29
	Thousands of Euros	
Total payments made	1,457,990	1,669,836
Total payments pending	406,991	452,547

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 at national level is detailed as follows:

	Period 2022	Period 2023
Monetary amount paid in thousands of euros in a period lower than the maximum established in the late payment regulations	1,445,426	1,642,687
Percentage of total monetary payments made to suppliers	99.1%	98.4%
Number of invoices paid in a period lower than the maximum established in the regulations on late payment.	469,581	503,213
Percentage over total number of invoices paid to suppliers	97.5%	97.7%

SAN DIEGO INTERNATIONAL AIRPORT TERMINAL 1 (TURNER AND FLATIRON) - © TURNER

[10] Scope of the data: 14.7% of procurement expenses

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4.7.4. RISK MANAGEMENT ON SUPPLY CHAIN ISSUES

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

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

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

In managing the risk chain, it must be considered that the possible improper practices of the suppliers of a company pose a potential risk that, if it materialises, may hinder their ability to do business. It is necessary to assess counterparty risks, both at the level of personnel, security and health, the environment and ethics, integrity and rights to which it is exposed and to be involved in constantly improving its performance.

To do this, the Code of Conduct for Business Partners establishes the basic principles of action that Partners 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 also 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: Procurement/Subcontracting The main risks associated with this material issue that forms part 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 79,110 suppliers and contractors that the ACS Group worked with in 2023, 87.0% accepted by signing the ACS Group's Code of Conduct for Business Partners, or have a procedure similar to it. 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 was 38.6% in 2023 By 2023, 90.47% of significant tier-1 suppliers had been evaluated. By 2023, 80.7% of the new suppliers had been evaluated.	• Code of Conduct Business Partners • Risk Control Policy • Human Rights Policy • Corporate Protocol on Due Diligence in regard to Human Rights • Sustainability Policy • Environmental policy • Occupational Health and Safety Policy

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4.8. COMMITMENT TO QUALITY WITH THE CUSTOMER

4.8.1. 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.

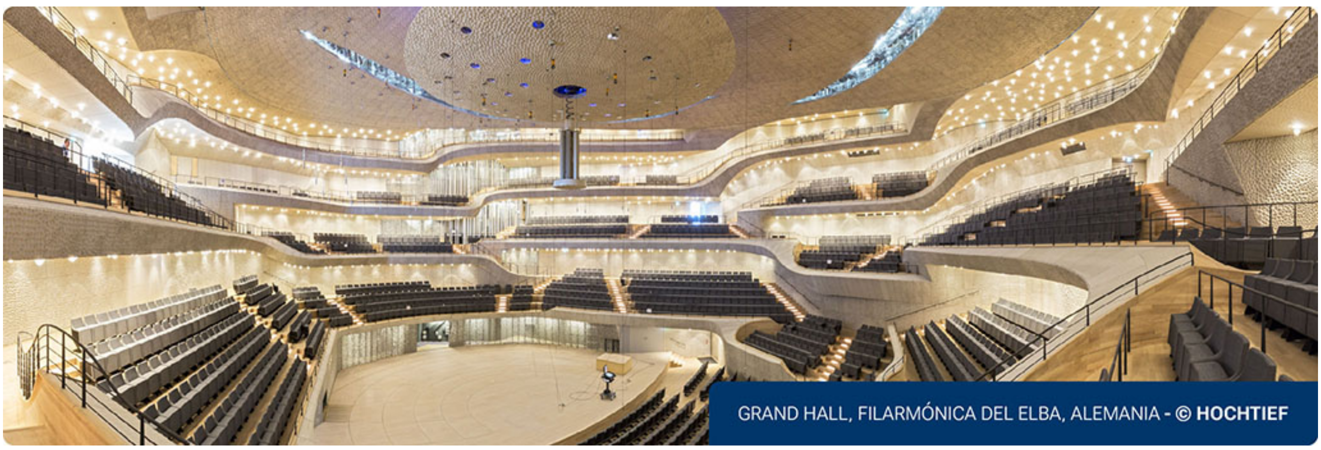
MAIN MANAGEMENT INDICATORS - QUALITY

The percentage of production certified in accordance with ISO 9001 was 68.1% in 2023.

It is important to bear in mind the weight of ACS Group's activity in the US and Canada (62% of total sales in 2023), since this type of certificate (ISO 9001) is not the predominant certificate in quality management systems in this region.

ISO 9001 certified production	2022	2023
Construction	65.2%	66.9%
Concessions	13.2%	7.1%
Services	98.0%	98.0%
Total ACS Group	**66.7%**	**68.1%**

Other management indicators		
Number of quality audits	11,915	13,077
Number of quality audits per million euros of turnover	0.36	0.37
Investment in measures to promote and improve Quality (mn euros)	2.9	3.1
Intensity of investment in measures to promote and improve Quality (euros investment/ mn euros turnover)	87.5	87.7


GRAND HALL, FILARMÓNICA DEL ELBA, ALEMANIA - © HOCHTIEF

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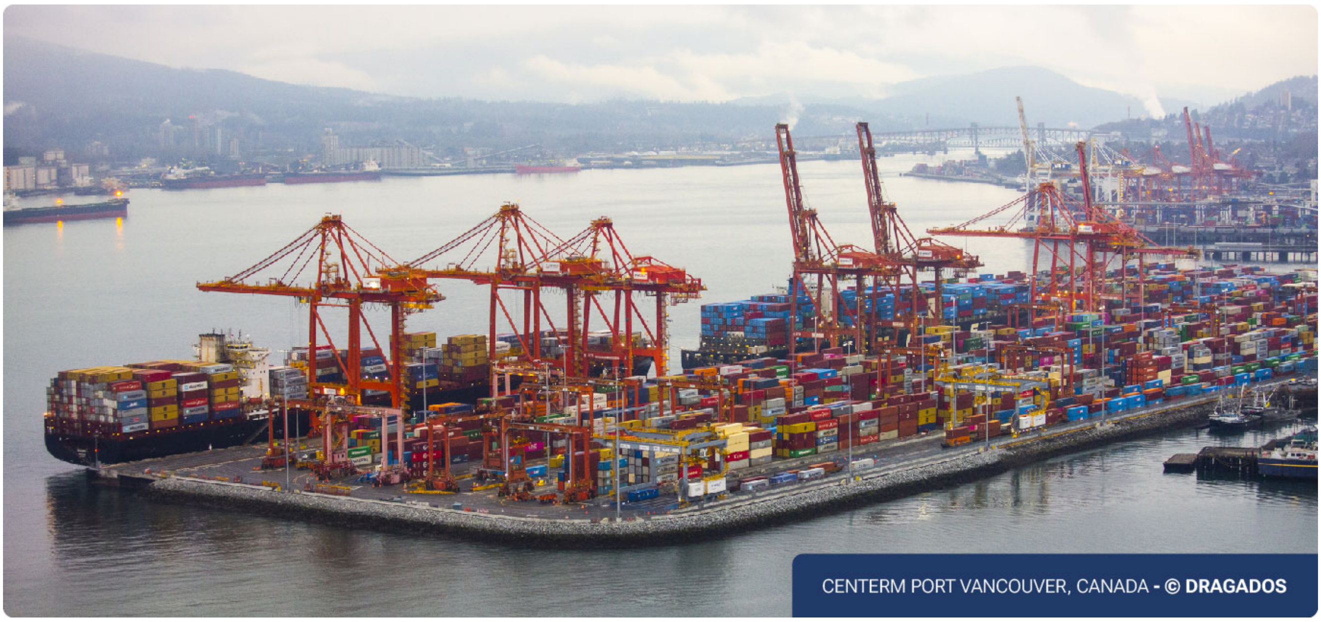

CENTERM PORT VANCOUVER, CANADA - © **DRAGADOS**

4.8.2. 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

Clece continues to be committed to a humanised model of care focused on the users of its social services, based on two main pillars which are the foundations of its methodology: person-centred care and professional-centred care.

In 2023 a significant effort was made to implement this model in our Clece Vitam residential centres, of which the following premises can be highlighted: the user as the protagonist of their own life and the centre of care, the team of professionals as the facilitator of the achievement of the objectives of the individualised care plan and the community as a space for care, wellbeing and prevention of isolation. It should be noted that the model was implemented in 18 of the 20 existing centres in Spain, and in 2024 it will be implemented in the remaining 2 centres and the 3 centres in Portugal. To verify the effective implementation of a model that guarantees the highest quality of care for users, a quantitative evaluation methodology was developed to assess the degree of maturity of the model, based on a scorecard of key processes that are crucial to the excellent functioning of a care home. Depending on the results obtained according to the established ranking table, each residential centre will obtain one of the three seals that determine the level of maturity of the implementation and the evaluation period: Excellence, Evolution and Challenge. The last two seals establish a plan of compulsory actions that will allow each centre to develop until it achieves the top seal.

In addition, the first Integral Recovery Centres for women victims of gender-based violence obtained ISO 9001 and 14001 certification for 2023, with an overall satisfaction score of 8.95 for the service and care received.

The results of the satisfaction surveys completed (4,044) by users and their families in social and educational services show a high overall rating of the services provided, obtaining an average of 8.05 in residential services and 8.92 in educational services out of a maximum of 10, with the most highly rated items being the care provided by health/educational staff and Communication and Information for family members.

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With the aim of reducing automated and dehumanised processes when interacting with users, and to increase awareness and humanised treatment towards them, Clece has spent the last five years working to create a Manual of Good Practices for Humanisation in Home Assistance Services. In 2023 and in collaboration with Proyecto HUCI, an organisation dedicated exclusively to making health services more humane, this manual was completed, which will be an international benchmark for all Home Assistance Services that want to humanise their services. Work is already underway with SAD Madrid on its implementation and forthcoming certification.

In the area of educational services, the Koala Nursery Schools continue to focus on improving safety and on allergy prevention, an area of utmost importance for public health and individual well-being. As proof of this commitment, we were recently awarded the ATX Allergy Protection Award for the best nursery school, Gloria Fuertes in Málaga, in the Roots of Care category. In addition, the educational project developed in schools in Castilla y León merits special recognition for its remarkable empathy and understanding of the needs of allergic children and their families.

CUSTOMER SATISFACTION

ACS's second key customer relationship management policy is measuring customer satisfaction and establishing plans for making improvements. Therefore, companies representing 97.2% of the Group's sales have defined a system for measuring customer satisfaction.

Likewise, companies representing 19.7% of the Group's sales have established formal measurement systems for customer complaints and claims (19.1% in 2022). 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 2023, 1,282 complaints were received, of which, 95.7% were resolved in the reporting period.

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

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

SEWER OVERFLOW FACILITIES, BROOKLYN, USA - © DRAGADOS

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8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

4.9. TAX INFORMATION

ACS GROUP CORPORATE TAX POLICY

ACS has had a Tax Policy since 2015 and the latest version of this document 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, in application of it, voluntarily provides that Agency the Annual Fiscal Transparency Report, with special emphasis on the Group's international composition, including information related to tax havens.

Another principle of this policy is not incorporating (or acquiring) companies based in territories that the Spanish State considers uncooperative tax jurisdictions or tax havens, unless they are necessary for carrying out 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 that are residents of these jurisdictions 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, the ACS Group obtained certification in UNE 19602:2019 on Tax Compliance Management Systems, and this certification was renewed in 2023.

4.4.9. Tax compliance

VERIZON DATA CENTER, KANSAS, USA - © TURNER

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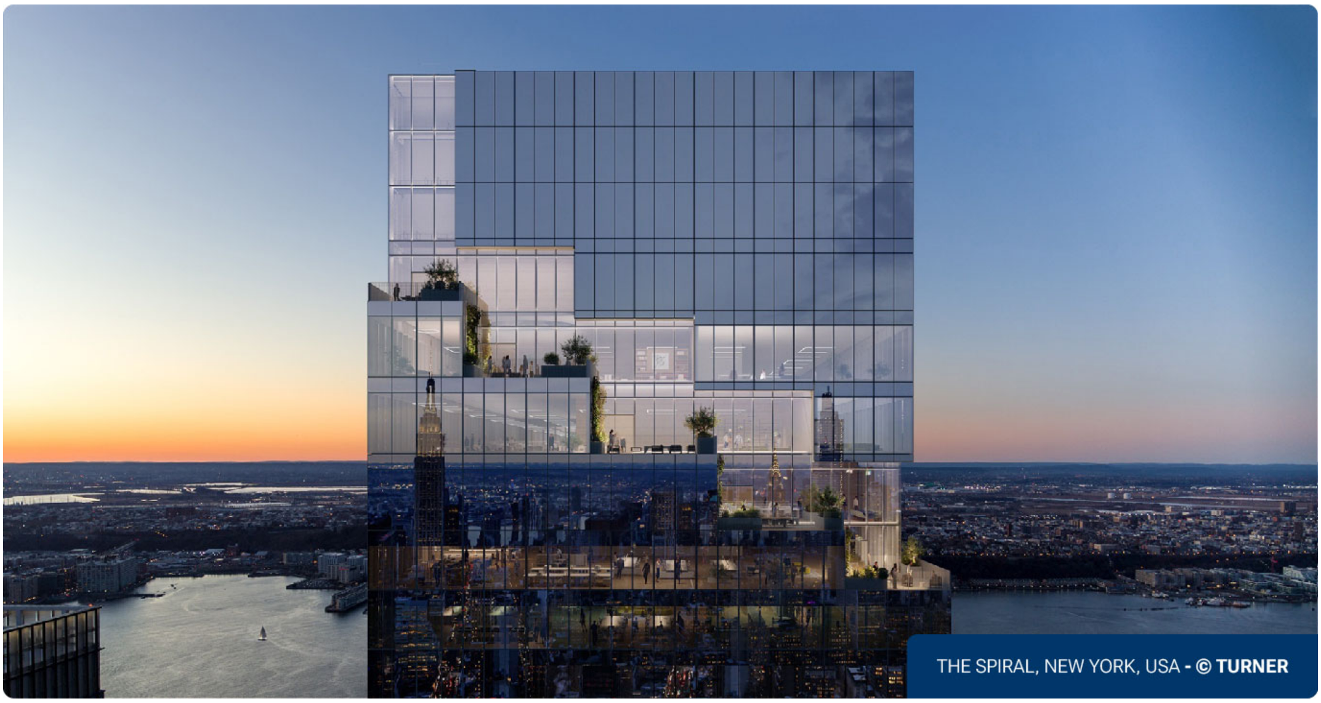

THE SPIRAL, NEW YORK, USA - © TURNER

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 2022 and 2023 (amounts in thousands of euros):

	TAXES PAID 2023					
Country	TOTAL	Profits tax paid (1)	Other taxes paid (2)	Taxes collected	Pre-tax profit (3)	Subsidies received
Spain	**1,007,547**	140,056	381,753	485,738	460,374	192
United States	**829,362**	93,285	230,350	505,727	195,484	
Australia	**516,879**	-1,196	225,763	292,313	107,469	
Germany	**198,777**	7,964	34,130	156,683	37,810	
United Kingdom	**49,743**	2,709	14,334	32,700	-37,206	54
Canada	**45,301**	11,777	7,330	26,195	-27,157	
Mexico	**36,843**	23,031	69	13,744	-7,293	
Poland	**24,619**	6,233	8,036	10,350	-23,809	
Peru	**23,177**	3,219	1,171	18,788	600	
New Zealand	**20,954**		833	20,122	-45,606	
Portugal	**12,245**	214	4,292	7,740	898	
Hong Kong	**11,509**	5,126	4,091	2,293	17,955	
Czech Reoublic	**11,139**	2,002	6,930	2,206	4,384	
India	**10,568**	2,474	1,693	6,401	10,043	
Others(*)	**48,769**	9,069	14,418	25,276	59,028	
Unattributable consolidation adjustments & equity method results (4)					374,255	
TOTAL	**2,847,432**	**305,963**	**935,193**	**1,606,276**	**1,127,229**	**246**
Income from discontinued operations, taxes and minority interest					-347,106	
RESULT OF PARENT COMPANY					**780,123**	

(*) 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 2022						
Country	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	
Others (*)	**1,591**	-18,414	-35,764	55,769	-103,961	
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.
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The ACS Group also participated in the Major Business Forum, which is the framework for collaboration between large companies and the Spanish tax administration 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's Rules, 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.

2.7. Efficient Risk Management

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4.10. 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 it provides.

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 25.8 million in 2023. 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 25.8 MILLION EUROS IN RESEARCH IN 2023

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 2023, THE ACS GROUP HAD 243 PROJECTS IN PROGRESS AND IN THE LAST 10 YEARS THE GROUP'S COMPANIES HAVE REGISTERED A TOTAL OF 48 PATENTS.

The ACS Group's capabilities were strengthened and complemented through the alliances 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 2023, THE ACS GROUP DEVELOPED 58 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 creating 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

APPLICATION OF THE DIGITAL TWIN TO CONSTRUCTION PROCESSES (VÍAS)

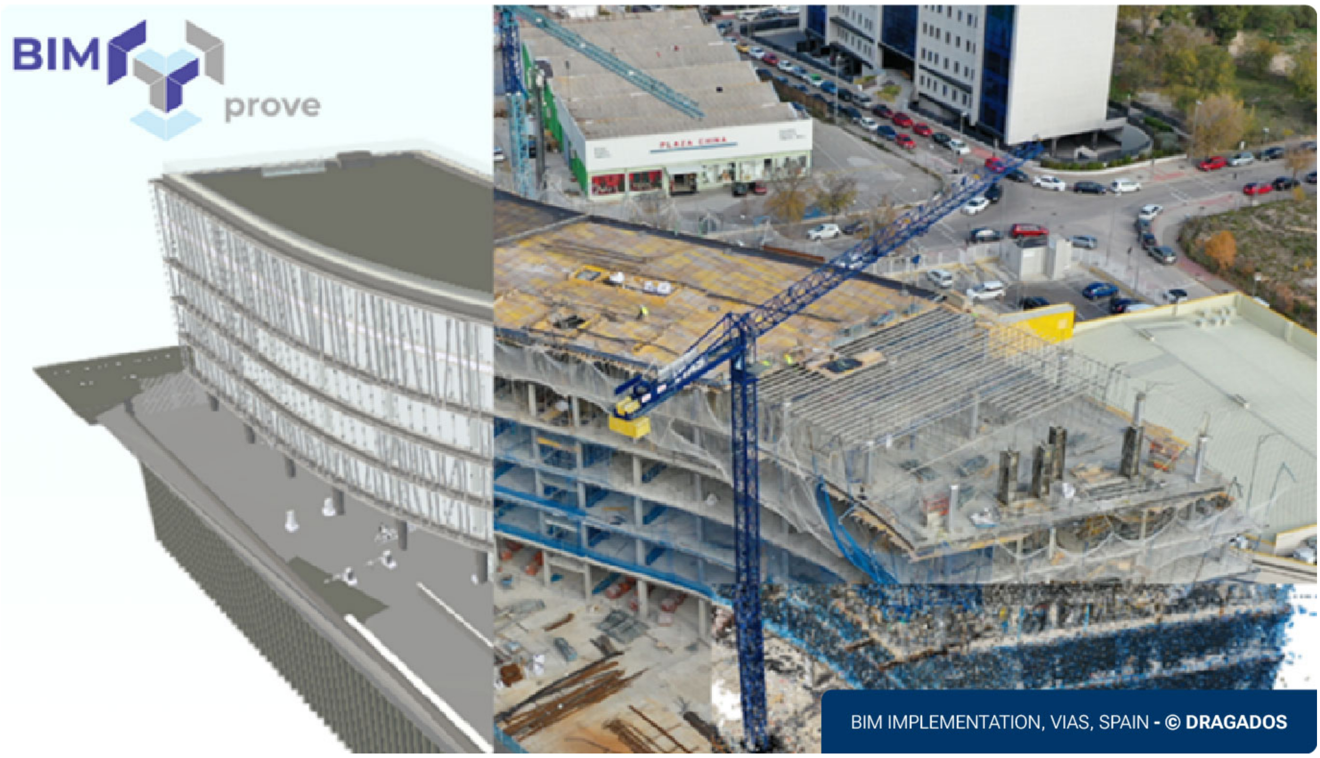
Digitalisation is changing the way projects are planned, built, and managed. BIM is a collaborative working methodology based on 3D models that provides everyone involved in construction with the views and tools they need to carry out each phase in the most efficient way. This methodology offers its full potential when its features are exploited in real time, and when data can be captured in an automated, or at least partially automated, manner. Compared to a "static" BIM model, a "Digital Twin"--which is nothing more than processing the BIM model dynamically--can provide valuable information to improve production processes, such as up-to-date data on resources during construction (facilitating control over personnel, material and machinery), an up-to-date cost forecast based on the detailed actual development as the work progresses, etc.

In this line of work, VIAS aims to develop the potential of the Digital Twin, monitoring the critical parameters that condition the evolution of the work as a tool for planning works and resources, offering greater flexibility and productivity. In addition, efforts are being made to implement specific functionalities focused on improving worker safety through automatic risk detection, and other technologies such as virtual reality and augmented reality are being tested.

For automated - or at least partially automated - data capture, which is one of the main keys to progress in this line, drones and laser scanners with some ground mobility are used, as well as fixed sensors to monitor the parameters that are defined as critical. By comparing the captured information with the starting model, deviations are detected and finally the underlying BIM is updated. Automating this workflow as much as possible, which currently still has a large manual component, is another key to extending the application, and is currently a priority line of development.

VIAS is focusing on developing this technology both for its construction and maintenance of linear infrastructures and for its building works, having developed several use cases for this purpose.

For railway works, the digital twin is being equipped with new capabilities by combining it with geographic information systems (GIS) in view of the need to incorporate linear spatial referencing to manage the information. The latest advances in BIM-GIS integration and the BIM Railway Classification System SFCclass V2 - developed within the scope of the Railway Innovation Hub (RIH) - will be very useful tools to accelerate the evolution in this line of work, promoting the development of digital twins applied to railway infrastructures, and thus the digitisation of their construction and maintenance processes.



BIM IMPLEMENTATION, VIAS, SPAIN - © DRAGADOS

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DIGITUN PROJECT (DRAGADOS)

The DIGITUN Project: "DIGITALIZED FIRE SAFETY FOR RESILIENT UNDERGROUND CRITICAL TRANSPORT INFRASTRUCTURES" is part of the 2022 call for PUBLIC-PRIVATE PARTNERSHIP PROJECTS within the Digital World, industry, space and defence thematic priority and was co-funded by the Ministry of Science and Innovation as part of the State Programme to Promote Scientific and Technical Research and its Transfer, of the 2021-2023 State Plan for Scientific and Technical Research and Innovation, within the framework of the Recovery, Transformation and Resilience Plan. The project is being implemented from 2023 to 2026, coordinated by DRAGADOS, with the participation of Catalonia Polytechnic University (UPC) and Sener.

The main objective of the project is to increase the level of protection in tunnels against extreme fires, and to identify and quantify the level of damage to the tunnel lining after a fire, to determine the most sustainable repair/ reinforcement work.

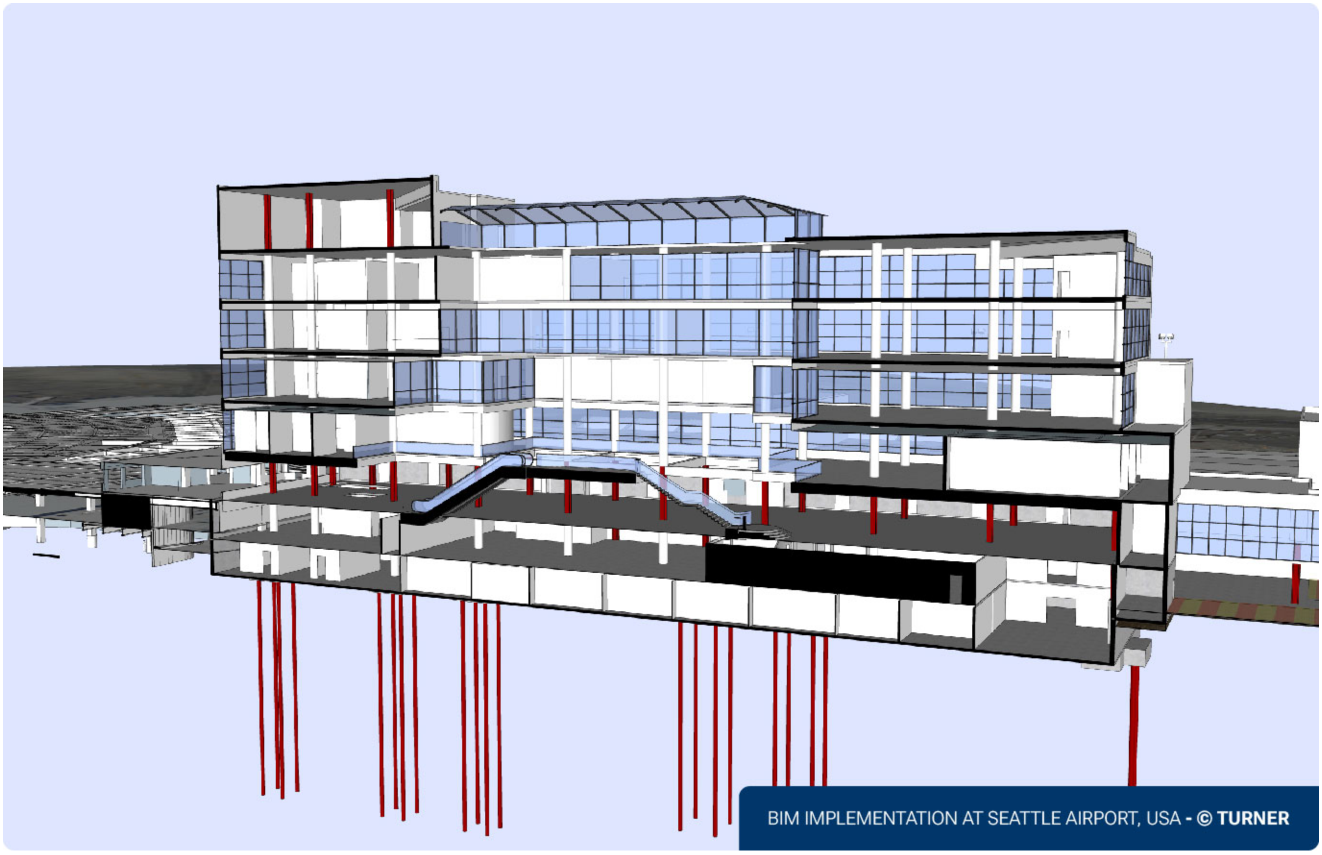
Since this sensor and AI-based system can be installed in both existing tunnels and new tunnels, there is excellent market potential for this new technology to be developed in the context of DIGITUN.

To this end, the project is using industrial expertise and technological assets (sensors and smart platforms) and advanced structural reliability models to improve the structural assessment of tunnels after a fire and to optimise the repair/demolition strategy in terms of sustainability (environmental and economic).

More specifically, the project proposes using wireless sensors to record the temperatures reached inside fibre-reinforced concrete elements (precast segments and shotcrete supports) under real fire conditions. Once calibrated and validated, a methodology will be developed, based on using these temperature sensors, for structural fire repair and/or reinforcement, i.e. increasing the level of safety against extreme fires, which allows, through an intelligent digital platform, to record, correlate, analyse and visualise the data obtained from the wireless sensors in real time, for subsequent decision-making related to repair/reinforcement operations, thus being able to evaluate and quantify the sustainability performance (economic, environmental and social) of the digitised concrete tunnel linings.

Determining the traceability in a fire event, when the tunnel lining has to be repaired or demolished, not only facilitates the diagnosis, but also enhances the recyclability of the materials.

In a complementary way, critical production operations (demoulding, steam curing process) will be optimised to improve productivity and quality control during the manufacturing of concrete coverings based on real-time temperature readings provided by wireless sensors, avoiding premature damage due to cracking, before installing segments during curing (stockpiled segments), storage and transport due to severe environmental conditions.



BIM IMPLEMENTATION AT SEATTLE AIRPORT, USA - © TURNER

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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.

Nexplore combines 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.

In 2023, 250 Turner experts and partners participated in the eighth Turner Innovation Summit. One of the main themes was: "From Artificial Intelligence (AI) to Intelligence Augmentation (IA)". Practical application of the Nexplore DeliverEze platform, which facilitates the delivery processes in large projects.

Nexplore DeliverEze

Nexplore DeliverEze is a streamlined delivery scheduling platform that allows field teams, suppliers and all other parties involved in the on-site delivery process to schedule, track and manage their deliveries all in one place. DeliverEze was initially developed as a project-based system for Turner and was used to closely track and manage supplier deliveries in government works. Version 1 was launched in November 2021 and was used in 16 Turner projects with a total of 250 users. As a result of the initial release, Nexplore was able to gather valuable feedback from both project teams and suppliers and thus obtain important information for the enhancements of version 2.

Since October 2023, this new version has been used in four internal projects involving a total of 60 users from Turner, Flatiron and Leighton Asia. DeliverEze has already contributed considerable value to these projects: For example, the platform helped streamline communications with suppliers, minimise delays due to on-site frictions and mitigate safety risks during the delivery process. Nexplore will improve these aspects in future iterations and thus extend its reach across the Group and beyond.

Nexplore Concrete

Nexplore Concrete, a digital solution for concrete ordering, delivery, quality control and documentation, is currently being implemented on two major construction projects in New South Wales, Australia, involving CPB Contractors: The first project, the M12 West motorway, is a NEWest Alliance venture. The second project, the Perth Metronet, will improve the region's transportation network. The Nexplore solution connects everyone involved in all phases of the concrete life cycle. It thus serves to optimise the entire concrete construction site. In December 2023, the pilot phase of Nexplore Concrete deployment began for both projects. Both projects are using the QR code functionality in Nexplore Concrete to manage data digitally.

The system was upgraded to interface seamlessly with Australia's four major concrete suppliers, ensuring a smooth and collaborative workflow between all those involved. Since the beginning of 2023, Nexplore concrete has been successfully used in 15 HOCHTIEF projects. Recently, the solution has also been equipped with a real-time cross-project evaluation function with Microsoft Power BI.

DYNAMIC VIRTUAL REPRESENTATION OF CONSTRUCTION PROJECTS: BIM AND DIGITAL TWIN (HOCHTIEF)

Innovative technologies continue to affect the landscape of the construction sector, and at the forefront of this evolution are two interconnected technologies as a foundational pillar: Building Information Modelling (BIM) and digital twins. These advanced digital tools combine not only to transform how buildings are designed and built, but also to revolutionise their operational efficiency and life cycle management. Integrating these tools marks a paradigm shift in the way structures are conceptualised, created and maintained, promising maximum precision, foresight and optimisation throughout the life cycle of a building. BIM, which fits in seamlessly, prepares the ground with comprehensive data, while digital twins use real-time information to create a dynamic replica. Together, they streamline the entire life cycle of a structure, providing not only greater efficiency, but also predictive information for proactive maintenance.

With the help of software, the three-dimensional plans are linked with additional data such as time and cost schedules. 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. At HOCHTIEF, the subsidiary HOCHTIEF 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.

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4.11. 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 sets out a list of activities that contribute substantially to one or more of the objectives. These activities are contained in documents called Delegated Acts which include the technical criteria that an activity must comply with.

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:
    i. 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.
    ii. 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.
    iii. 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 the Taxonomically-eligible and Taxonomically-aligned activities within its business based on 2023 data on climate change mitigation and adaptation targets following the European Commission's Delegated Regulation (EU) 2021/2139 of 4 June 2021, as well as the different FAQs published by the European Commission in 2022 and 2023 regarding the interpretation of the Delegated Regulation.

Similarly, in 2023 the Taxonomically-eligible activities of the objectives of pollution prevention and control; transition to a circular economy; sustainability and protection of water and marine resources and protection and restoration of biodiversity and ecosystems, were analysed and reported on based on Delegated Regulation (EU) 2023/2486 of the European Commission of 27 June 2023. 2024 will see the reporting of taxonomically-aligned activities within these four objectives, following the technical criteria mentioned in that Delegated Regulation.

4.11.1. ELEGIBILITY EVALUATION

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 Delegated Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2486 were identified. In cases where the activity falls under more than one environmental objective, the criterion of classifying the activities under the objective of contributing to the mitigation of climate change has been established.

Thus, the analysis of the eligibility of the four new objectives in 2023 of pollution prevention and control; transition to a circular economy; sustainability and protection of water and marine resources; and protection and restoration of biodiversity and ecosystems has not entailed significant changes or the addition of new activities with respect to those reported in the previous year:

Group 4. Energy

To calculate their eligibility, the projects carried out by the ACS Group related to the construction and operation of electricity generation facilities using photovoltaic solar technology (activity 4.1), concentrated solar power technology (activity 4.2), wind power (activity 4.3) and hydroelectric power (activity 4.5) were taken into account.

The ACS Group also carries out projects related to activities that do not have a material impact on the Group's indicators in terms of eligibility, but their contribution was analysed, such as projects related to activities 4.9 Transmission and distribution of electricity, 4.10 Storage of electricity and 4.29 Generation of electricity from gaseous fossil fuels.

Group 5. Water supply, water treatment, waste treatment and decontamination

To calculate their eligibility, the projects carried out by the ACS Group relating to the construction, extension and operation of water collection, treatment and distribution systems (activity 5.1.); renovation of water collection, treatment and distribution systems (activity 5.2.); construction, extension and operation of centralised waste water systems, including collection (sewer networks) and treatment (activity 5.3.) were taken into account.

The ACS Group also carries out projects related to renovating wastewater collection and treatment (activity 5.4), which, although not material in terms of impact, were taken into account when reporting on the eligibility indicators.

Group 6. Transport

This is the second largest group within the ACS Group's eligibility indicators. To calculate the eligibility of this group, the projects carried out by the ACS Group related to building, modernising, maintaining and operating infrastructure for personal mobility, including building roads, motorways, bridges and tunnels and other infrastructure for pedestrians and bicycles (activity 6.13); Construction, modernisation, operation and maintenance of surface and underground railways, as well as railway bridges and tunnels, stations, terminals, service facilities and safety and traffic management systems (activity 6.14); construction, modernisation, maintenance and operation of infrastructures for urban mobility and transport (activity 6.15) and construction, modernisation and operation of infrastructures necessary for airport operations (activity 6.17).

The ACS Group also carries out projects related to infrastructure for maritime and river transport (activity 6.16) which, although not material in terms of impact, were taken into account when reporting on the eligibility indicators.

It is important to highlight, in relation to the road infrastructures considered within activity 6.15 "Infrastructure enabling low-carbon road transport and public transport", the ACS Group's strategic vision and position with respect to the European Environmental Taxonomy is that these infrastructures are eligible because of their potential contribution to climate change mitigation by facilitating the transition to low-carbon mobility through the incorporation of complementary infrastructures and solutions that enable zero-emission mobility. Therefore, the ACS Group's German subsidiary, Hochtief, has reported in accordance with this criterion. This is why the ACS Group's eligibility data has been included in point 6.3.2 of the Additional Indicators of this Consolidated Directors' Report, considering roads as eligible.

However, following the restrictive and literal interpretation of the European Commission's Delegated Regulation (EU) 2021/2139, the ACS Group has opted to report road infrastructures as non-eligible in its Consolidated Non-Financial Statement.

The ACS Group will continue to analyse the clarifying documents published by the competent bodies in 2024 that could clear up uncertainties in the interpretation of this criterion.

Group 7. Building construction and property development activities

This is the group with the greatest weight in the ACS Group's eligibility indicators. To calculate the eligibility of this group, the projects carried out by the ACS Group related to the developing construction projects of residential and non-residential buildings, and building complete residential or non-residential buildings (activity 7.1), and construction and civil engineering works or preparation of renovation works for existing buildings (activity 7.2) were taken into account.

The ACS Group also carries out projects related to activity 7.6 Cells for green energy transmission grids, which although not material at the impact level, were taken into account in the reporting of the eligibility indicators.

Activities in other groups

The results of the eligibility analysis also showed other activities carried out by the ACS Group that fall under the following activities:

- Activity 9.3: Professional services related to the energy efficiency of buildings.
- Activity 14.2: Flood risk prevention and protection infrastructures.

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4.11.2. ALIGNMENT ASSESSMENT

Once the taxonomically eligible activities were identified, the multidisciplinary teams of each of the subsidiaries, coordinated by the sustainability area, analysed the requirements under Commission Delegated Regulation (EU) 2021/2139,

which establishes the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity does no significant harm to any of the other environmental objectives.

This analysis to determine the activities that comply with this Delegated Regulation (EU) 2021/2139, and that are therefore considered taxonomically aligned, was carried out in the ACS Group by the different subsidiaries at 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 criteria established in the Regulation based on contribution and activity.

To assess compliance with the technical criteria and collect evidence to support them in the different projects, questionnaires were sent to the different project managers, either through internal systems or through online digital 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 determined whether the technical selection criteria were in line with the thresholds required under the 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 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 and 2023. 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. Thus, this internal verification confirmed that the projects meet the technical criteria of substantial contribution and the criteria of doing no significant harm.

For the analysis of compliance to verify whether the activity is carried out in accordance with the minimum guarantees (minimum social safeguards) established in Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council, the ACS Group has an internal compliance regulations that apply to all the companies included in the ACS Group's scope of consolidation, as well as to its business partners. These regulations include the ACS Group's Code of Conduct, its Code of Conduct for Business Partners, its Human Rights Policy, Human Rights Due Diligence Protocol, Criminal and Anti-Bribery Compliance Policy, its Corporate Tax Policy, and its Competition Compliance Policy and Protocol.

In the case of activities that are aligned due to their substantial contribution to the mitigation objective, it was analysed transversally that the projects do no significant harm (DNSH). The ACS Group has adopted a robust, science-based methodology based on using climate analysis tools to identify risks and opportunities at project, individual asset or supply chain level, thus improving the Group's climate risk assessment, identification and evaluation capabilities, as described in section 4.1.1. The fight against climate change. With the methodology developed and considering the coping capacity measures implemented by the Group's various subsidiaries, it was possible to demonstrate at the geo-localised project level that all the Group's taxonomy eligible activities (construction) meet the technical criteria of doing no significant harm (DNSH) in their adaptation.

→ 4.1.1. The fight against climate change

In a cross-cutting manner, only the DNSH of adaptation was analysed with the environmental risk analysis. The rest of the DNSH was analysed on a project-by-project basis for each aligned activity. Thus for the most significant taxonomically-aligned activities, more detailed information is provided regarding their compliance with the technical screening criteria for determining whether the activity makes a substantial contribution to climate change mitigation or adaptation, as set out for each activity in Delegated Regulation (EU) 2021/2139 and the criteria for determining whether the activity does significant harm to any of the other environmental objectives. Both the alignment analysis and the necessary evidence have been audited by external auditors.

It is important to consider that for an activity to be aligned, it only needs to contribute substantially to one of the environmental objectives. Thus, internal audits have shown that there is no double counting resulting from this fact, assigning each project to an objective of substantial contribution.

6.14. Infrastructure for rail transport

To ensure that the projects are making a substantial contribution to climate change mitigation, each project was analysed in terms of its purpose, ensuring that it meets the technical criteria and that the infrastructure is not dedicated to transporting or storing fossil fuels.

To ensure that the projects do no significant harm to the other environmental objectives, the necessary evidence was requested and analysed for each project, such as Environmental Impact Assessments and annual reports on compliance with environmental monitoring plans, chronological waste management files, management plans detailing the measures implemented to mitigate noise, vibrations and dust or the conservation of water quality or biodiversity, among other documentation.

7.1. Construction of new buildings

To ensure that projects make a substantial contribution to climate change mitigation, each project was analysed in terms of its purpose, ensuring that it meets the technical criteria, mainly through the Energy Efficiency Certificates.

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To ensure that the projects do no significant harm to the other environmental objectives, the necessary evidence was requested and analysed for each project, such as the technical data sheets of the installed equipment, chronological waste management files, management plans detailing the measures implemented to mitigate noise, vibrations and dust or the conservation of water quality or biodiversity, among other documentation.

6.15. Infrastructure that allows low-carbon transport by road and public transport

To ensure that the projects are making a substantial contribution to climate change mitigation, each project was analysed in terms of its purpose, ensuring that it meets the technical criteria and that the infrastructure is not dedicated to transporting or storing fossil fuels.

To ensure that the projects do no significant harm to the other environmental objectives, the necessary evidence was requested and analysed for each project, such as Environmental Impact Assessments and annual reports on compliance with environmental monitoring plans, chronological waste management files, management plans detailing the measures implemented to mitigate noise, vibrations and dust or the conservation of water quality or biodiversity, among other documentation.

4.11.3. 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.

4.11.4. 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 turnover 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).

Turnover 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 the environmentally sustainable ones (which comply with the taxonomy) based on the criteria of mitigating and adapting to climate change, as well as the eligible but not environmentally sustainable (non-aligned) activities identified in the ACS Group's portfolio. The denominator contains the total balance of the ACS Group's Turnover as expressed in the Income Statement of the ACS Group's Consolidated Financial Statements.

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 percentage 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. Similarly, in accordance with the FAQ 17 October 2023, property, plant and equipment in projects are included under assets held for sale. The CapEx considered includes related additions resulting from business combinations according to the accounting criteria for business combinations.

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 (OpEx)

The share of OpEx referred to in Regulation (EU) 2020/852 was established as follows.

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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 were used 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.

THE KLARMAN INPATIENT BUILDING, BOSTON, USA - © **TURNER**

4.11.5. 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.

	2023			2022		
Taxonomically Eligible/Aligned Activities ACS Group Criterion consideration road infrastructure NOT eligible	% elegible activities/ total	% aligned activities/ total	% aligned activities/ total elegible	% elegible activities/ total	% aligned activities/ total	% aligned activities/ total elegible
Revenue	54.8%	12.4%	18.4%	59.4%	11.6%	16.3%
Capex	23.0%	10.3%	30.8%	16.7%	10.5%	38.8%
Opex	43.5%	12.8%	22.8%	38.3%	12.7%	24.9%

	Year 2023					
	Proportion of revenues/total revenues 2023		Proportion of Capex/total Capex 2023		Proportion of Opex/total Opex 2023	
	Taxonomy-alligned by objective	Taxonomy-elegible by objective	Taxonomy-alligned by objective	Taxonomy-elegible by objective	Taxonomy-alligned by objective	Taxonomy-elegible by objective
CCM	12.4%	54.8%	10.3%	23.0%	12.8%	43.5%
CCA	0.05%	0.01%	—%	—%	—%	—%
WTR		—%		—%		—%
CE		—%		—%		—%
PPC		—%		—%		—%

It is important to highlight, in relation to the road infrastructures considered within activity 6.15 "Infrastructure enabling low-carbon road transport and public transport", the ACS Group's strategic vision and position with respect to the European Environmental Taxonomy is that these infrastructures are eligible because of their potential contribution to climate change mitigation by facilitating the transition to low-carbon mobility through the incorporation of complementary infrastructures and solutions that enable zero-emission mobility. Therefore, the ACS Group's German subsidiary, Hochtief, has reported in accordance with this criterion. This is why the ACS Group's eligibility data has been included in point 6.3.2 of the Additional Indicators of this Consolidated Directors' Report, considering roads as eligible.

However, following the restrictive and literal interpretation of the European Commission's Delegated Regulation (EU) 2021/2139, the ACS Group has opted to report road infrastructures as non-eligible in its Consolidated Non-Financial Statement.

The ACS Group will continue to analyse the clarifying documents published by the competent bodies in 2024 that could clear up uncertainties in the interpretation of this criterion

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 the context of EU law. 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.

In 2023, the ACS Group adapted its reporting in terms of alignment and eligibility for the adaptation objective following FAQ No. 5 of October 2022 and FAQ No. 18 of October 2023. Taking into account the publication of interpretation guides, Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 and the European Commission's explanatory notes, the information published in 2022 has been restated to make the data comparable.

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 the projects are currently in may also make it difficult to obtain certain evidence, since the project may be in too early or late a phase to provide the necessary evidence.

Therefore, as indicated by the European Union, the fact that an activity or project is not 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 that are certified as sustainable (EUR 14,087 million in 2023,

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representing 42.2% 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.

In conclusion, the eligibility of the ACS Group's activities based on the objectives set by the European taxonomy shows the Group's ability to contribute to achieving the Group's objectives.

In the coming years, the ACS Group expects to continue to make progress in the taxonomic analysis of its projects, thanks to the experience acquired in the reports, 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 Plant that sets out the strategic priorities and 12 commitments regarding sustainability. Aspects related to the Taxonomy were integrated in the preparation of the Plan to adapt the Group's internal methodology and processes to the requirements of the Regulation. This is evidenced by the objective, among others, of working toward Climate Neutrality by 2045, which contributes directly to the climate change mitigation and adaptation objectives identified as a priority by the European Commission.

CAMPBELLTOWN HOSPITAL, AUSTRALIA - © CIMIC

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REVENUE

Economic Activities	Code	Absolute revenues 2023 (EUR MN)	Proportion of revenues/total 2023	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
Electricity generation using solar photovoltaic technology	CCM 4.1	107.6	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	44.4	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from wind power	CCM 4.3	91.7	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from hydropower	CCM 4.5	338.2	0.9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	35.0	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	5.9	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of water collection, treatment and supply systems	CCM 5.2	31.6	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of waste water collection and treatment	CCM 5.3	133.3	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of waste water collection and treatment	CCM 5.4	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	42.3	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	2,489.7	7.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	369.4	1.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	21.1	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 7.1	498.3	1.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	205.9	0.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Flood risk prevention and protection infrastructure	CCA 14.2	17.0	0.0%	N/EL	Y	N/EL	N/EL	N/EL	N/EL
Environmentally sustainable activities (taxonomy-aligned) A1		**4,431.3**	**12.4%**	**12.4%**	**0.05%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
of which: enabler		**2,973.2**	**8.3%**	**8.3%**	**0.05%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Of which: transition		**205.9**	**0.6%**	**0.6%**					

		Do no significant harm criteria (DNSH)									
Economic Activities	Code	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022	Enabling activity (E)	Transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES											
A.1. Environmentally sustainable activities (taxonomy-aligned)											
Electricity generation using solar photovoltaic technology	CCM 4.1	Y	Y	Y	Y	Y	Y	Y	0.0%		
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	Y	Y	Y	Y	Y	Y	Y	0.1%		
Electricity generation from wind power	CCM 4.3	Y	Y	Y	Y	Y	Y	Y	0.3%		
Electricity generation from hydropower	CCM 4.5	Y	Y	Y	Y	Y	Y	Y	0.8%		
Transmission and distribution of electricity	CCM 4.9	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	Y	Y	Y	Y	Y	Y	Y	0.0%		
Renewal of water collection, treatment and supply systems	CCM 5.2	Y	Y	Y	Y	Y	Y	Y	0.2%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	Y	Y	Y	Y	Y	Y	Y	0.4%		
Renewal of waste water collection and treatment	CCM 5.4	Y	Y	Y	Y	Y	Y	Y	0.0%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Infrastructure for rail transport	CCM 6.14	Y	Y	Y	Y	Y	Y	Y	6.5%	E	
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	Y	Y	Y	Y	Y	Y	Y	0.9%	E	
Infrastructure enabling low carbon water transport	CCM 6.16	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
Low carbon airport infrastructure	CCM 6.17	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Construction of new buildings	CCM 7.1	Y	Y	Y	Y	Y	Y	Y	1.5%		
Renovation of existing buildings	CCM 7.2	Y	Y	Y	Y	Y	Y	Y	0.6%		T
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Flood risk prevention and protection infrastructure	CCA 14.2	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Environmentally sustainable activities (taxonomy-aligned) A1		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**11.6%**		
of which: enabler		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**7.6%**	E	
Of which: transition		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.6%**		T

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

Economic Activities	Code	Absolute revenues 2023 (EUR MN)	Proportion of revenues/total 2023	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
Electricity generation using solar photovoltaic technology	CCM 4.1	6.3	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	—	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from wind power	CCM 4.3	3.4	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from hydropower	CCM 4.5	1.8	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	117.4	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Storage of electricity	CCM 4.10	80.2	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from fossil gaseous fuels	CCM 4.29	129.6	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	157.1	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of water collection, treatment and supply systems	CCM 5.2	30.5	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of waste water collection and treatment	CCM 5.3	159.7	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of waste water collection and treatment	CCM 5.4	9.5	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	35.4	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	975.0	2.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	535.0	1.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	8.3	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	3.7	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 7.1	14,170.9	39.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	3,125.2	8.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	2.7	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	34.3	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Flood risk prevention and protection infrastructure	CCA 14.2	2.5	0.0%	N/EL	EL	N/EL	N/EL	N/EL	N/EL
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**19,588.3**	**54.8%**	**54.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
TOTAL (A.1 + A.2)		**24,019.6**	**67.2%**	**67.2%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Revenue of taxonomy-non-eligible activities (B)		**11,716.8**	**32.8%**						
TOTAL (A + B)		**35,736.4**	**100%**						

		Do no significant harm criteria (DNSH)									
Economic Activities	Code	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned to taxonomy-eligible proportion of revenues 2022	Enabling activity (E)	Transitional activity (T)
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)											
Electricity generation using solar photovoltaic technology	CCM 4.1								0.4%		
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2								0.0%		
Electricity generation from wind power	CCM 4.3								0.0%		
Electricity generation from hydropower	CCM 4.5								0.0%		
Transmission and distribution of electricity	CCM 4.9								0.3%		
Storage of electricity	CCM 4.10								0.0%		
Electricity generation from fossil gaseous fuels	CCM 4.29								0.1%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1								0.7%		
Renewal of water collection, treatment and supply systems	CCM 5.2								0.1%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3								0.4%		
Renewal of waste water collection and treatment	CCM 5.4								0.0%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13								0.0%		
Infrastructure for rail transport	CCM 6.14								2.7%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15								1.9%		
Infrastructure enabling low carbon water transport	CCM 6.16								0.1%		
Low carbon airport infrastructure	CCM 6.17								1.0%		
Construction of new buildings	CCM 7.1								43.5%		
Renovation of existing buildings	CCM 7.2								8.0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6								0.0%		
Professional services related to energy performance of buildings	CCM 9.3								0.1%		
Flood risk prevention and protection infrastructure	CCA 14.2										
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.									**59.4%**		
TOTAL (A.1 + A.2)									**70.9%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
Revenue of taxonomy-non-eligible activities (B)											
TOTAL (A + B)											

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CAPEX

				Substantial contribution criteria					
Economic Activities	Code	Absolute CapEx 2023 (EUR MN)	Proportion of CapEx/total 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
Electricity generation using solar photovoltaic technology	CCM 4.1	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	0.9	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from wind power	CCM 4.3	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from hydropower	CCM 4.5	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	0.2	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of water collection, treatment and supply systems	CCM 5.2	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of waste water collection and treatment	CCM 5.3	4.1	0.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of waste water collection and treatment	CCM 5.4	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	56.0	7.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	12.5	1.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 7.1	0.6	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Environmentally sustainable activities (taxonomy-aligned) A1		**74.4**	**10.3%**	**10.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
of which: enabler		**68.7**	**9.5%**	**9.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Of which: transition		**0.0**	**0.0%**	**0.0%**					

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

Economic Activities	Code	Do no significant harm criteria (DNSH): Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned to taxonomy-eligible proportion of CapEx 2022	Enabling activity (E)	Transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES											
A.1. Environmentally sustainable activities (taxonomy-aligned)											
Electricity generation using solar photovoltaic technology	CCM 4.1	Y	Y	Y	Y	Y	Y	Y	0.0%		
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	Y	Y	Y	Y	Y	Y	Y	1.7%		
Electricity generation from wind power	CCM 4.3	Y	Y	Y	Y	Y	Y	Y	0.1%		
Electricity generation from hydropower	CCM 4.5	Y	Y	Y	Y	Y	Y	Y	0.3%		
Transmission and distribution of electricity	CCM 4.9	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	Y	Y	Y	Y	Y	Y	Y	0.0%		
Renewal of water collection, treatment and supply systems	CCM 5.2	Y	Y	Y	Y	Y	Y	Y	0.3%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	Y	Y	Y	Y	Y	Y	Y	0.3%		
Renewal of waste water collection and treatment	CCM 5.4	Y	Y	Y	Y	Y	Y	Y	0.0%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
Infrastructure for rail transport	CCM 6.14	Y	Y	Y	Y	Y	Y	Y	7.0%	E	
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	Y	Y	Y	Y	Y	Y	Y	0.8%	E	
Infrastructure enabling low carbon water transport	CCM 6.16	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Low carbon airport infrastructure	CCM 6.17	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Construction of new buildings	CCM 7.1	Y	Y	Y	Y	Y	Y	Y	0.0%		
Renovation of existing buildings	CCM 7.2	Y	Y	Y	Y	Y	Y	Y	0.0%		T
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Environmentally sustainable activities (taxonomy-aligned) A1		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**10.5%**		
of which: enabler		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**7.9%**	E	
Of which: transition		**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.0%**		T

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Economic Activities	Code	Absolute CapEx 2023 (EUR MN)	Proportion of CapEx/total 2023	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
Electricity generation using solar photovoltaic technology	CCM 4.1	2.6	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from wind power	CCM 4.3	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from hydropower	CCM 4.5	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	129.1	17.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from fossil gaseous fuels	CCM 4.29			EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	0.6	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of water collection, treatment and supply systems	CCM 5.2	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of waste water collection and treatment	CCM 5.3	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of waste water collection and treatment	CCM 5.4	2.3	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	16.2	2.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	2.3	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	0.8	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 7.1	12.6	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	0.4	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**167.1**	**23.0%**	**23.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
TOTAL (A.1 + A.2)		**241.5**	**33.3%**	**33.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of taxonomy-non-eligible activities (B)		**483.9**	**66.7%**						
TOTAL (A + B)		**725.4**	**100%**						

		Do no significant harm criteria (DNSH)									
Economic Activities	Code	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned to taxonomy-eligible proportion of CapEx 2022	Enabling activity (E)	Transitional activity (T)
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)											
Electricity generation using solar photovoltaic technology	CCM 4.1								3.1%		
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2								0.0%		
Electricity generation from wind power	CCM 4.3								0.0%		
Electricity generation from hydropower	CCM 4.5								0.0%		
Transmission and distribution of electricity	CCM 4.9								4.3%		
Electricity generation from fossil gaseous fuels	CCM 4.29								0.0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1								0.0%		
Renewal of water collection, treatment and supply systems	CCM 5.2								0.0%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3								0.2%		
Renewal of waste water collection and treatment	CCM 5.4								0.0%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13								0.0%		
Infrastructure for rail transport	CCM 6.14								2.5%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15								3.1%		
Infrastructure enabling low carbon water transport	CCM 6.16								0.0%		
Low carbon airport infrastructure	CCM 6.17								0.0%		
Construction of new buildings	CCM 7.1								2.9%		
Renovation of existing buildings	CCM 7.2								0.4%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4								0.0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6								0.0%		
Professional services related to energy performance of buildings	CCM 9.3								0.0%		
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.									**16.7%**		
TOTAL (A.1 + A.2)									**27.2%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
CapEx of taxonomy-non-eligible activities (B)											
TOTAL (A + B)											

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OPEX

Economic Activities	Code	Absolute Opex 2023 (EUR MN)	Proportion of Opex/total 2023	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (taxonomy-aligned)									
Electricity generation using solar photovoltaic technology	CCM 4.1	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from wind power	CCM 4.3	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from hydropower	CCM 4.5	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	0.5	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of water collection, treatment and supply systems	CCM 5.2	1.6	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of waste water collection and treatment	CCM 5.3	2.6	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of waste water collection and treatment	CCM 5.4	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	1.2	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	36.7	6.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	14.2	2.6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	0.6	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 7.1	9.4	1.7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	2.4	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	—	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Environmentally sustainable activities (taxonomy-aligned) A1		**69.2**	**12.8%**	**12.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
of which: enabler		**52.7**	**9.8%**	**9.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Of which: transition		**2.4**	**0.4%**	**0.4%**					

(1) In the year 2022 and 2023 an Opex of 57.4 mn and 66.1 mn respectively has been included in which the alignment and eligibility has been based on a reasoned estimate based on the results obtained in the rest of the Opex amount.

Economic Activities	Code	Do no significant harm criteria (DNSH): Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned to taxonomy-eligible proportion of Opex 2022	Enabling activity (E)	Transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES											
A.1. Environmentally sustainable activities (taxonomy-aligned)											
Electricity generation using solar photovoltaic technology	CCM 4.1	Y	Y	Y	Y	Y	Y	Y	0.0%		
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	Y	Y	Y	Y	Y	Y	Y	0.0%		
Electricity generation from wind power	CCM 4.3	Y	Y	Y	Y	Y	Y	Y	0.0%		
Electricity generation from hydropower	CCM 4.5	Y	Y	Y	Y	Y	Y	Y	0.0%		
Transmission and distribution of electricity	CCM 4.9	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	Y	Y	Y	Y	Y	Y	Y	0.1%		
Renewal of water collection, treatment and supply systems	CCM 5.2	Y	Y	Y	Y	Y	Y	Y	1.1%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	Y	Y	Y	Y	Y	Y	Y	0.5%		
Renewal of waste water collection and treatment	CCM 5.4	Y	Y	Y	Y	Y	Y	Y	0.0%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
Infrastructure for rail transport	CCM 6.14	Y	Y	Y	Y	Y	Y	Y	5.2%	E	
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	Y	Y	Y	Y	Y	Y	Y	1.0%	E	
Infrastructure enabling low carbon water transport	CCM 6.16	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Low carbon airport infrastructure	CCM 6.17	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Construction of new buildings	CCM 7.1	Y	Y	Y	Y	Y	Y	Y	4.4%		
Renovation of existing buildings	CCM 7.2	Y	Y	Y	Y	Y	Y	Y	0.3%		T
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Environmentally sustainable activities (taxonomy-aligned) A1		Y	Y	Y	Y	Y	Y	Y	**12.7%**		
of which: enabler		Y	Y	Y	Y	Y	Y	Y	**6.4%**	E	
Of which: transition		Y	Y	Y	Y	Y	Y	Y	**0.3%**		T

(1) In the year 2022 and 2023 an Opex of 57.4 mn and 66.1 mn respectively has been included in which the alignment and eligibility has been based on a reasoned estimate based on the results obtained in the rest of the Opex amount.

Economic Activities	Code	Absolute Opex 2023 (EUR MN)	Proportion of Opex/total 2023	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
Electricity generation using solar photovoltaic technology	CCM 4.1	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2	—	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from wind power	CCM 4.3	—	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation from hydropower	CCM 4.5	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transmission and distribution of electricity	CCM 4.9	—	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	1.0	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of water collection, treatment and supply systems	CCM 5.2	2.6	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of waste water collection and treatment	CCM 5.3	8.7	1.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of waste water collection and treatment	CCM 5.4	0.5	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for personal mobility, cycle logistics	CCM 6.13	2.3	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	18.6	3.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	10.0	1.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure enabling low carbon water transport	CCM 6.16	0.7	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Low carbon airport infrastructure	CCM 6.17	—	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 7.1	173.8	32.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	16.1	3.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	—	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Professional services related to energy performance of buildings	CCM 9.3	0.1	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.		**234.6**	**43.5%**	**43.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
TOTAL (A.1 + A.2)		**303.8**	**56.3%**	**56.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Opex of taxonomy-non-eligible activities (B)		**235.9**	**43.7%**						
TOTAL (A + B)		**539.7**	**100%**						

(1) In the year 2022 and 2023 an Opex of 57.4 mn and 66.1 mn respectively has been included in which the alignment and eligibility has been based on a reasoned estimate based on the results obtained in the rest of the Opex amount.

		Do no significant harm criteria (DNSH)									
Economic Activities	Code	Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water (Y/N)	Pollution (Y/N)	Circular Economy (Y/N)	Biodiversity (Y/N)	Minimum safeguards (Y/N)	Taxonomy-aligned to taxonomy-eligible proportion of Opex 2022	Enabling activity (E)	Transitional activity (T)
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)											
Electricity generation using solar photovoltaic technology	CCM 4.1								0.0%		
Electricity generation using concentrated solar power (CSP) technology	CCM 4.2								0.0%		
Electricity generation from wind power	CCM 4.3								0.4%		
Electricity generation from hydropower	CCM 4.5								0.0%		
Transmission and distribution of electricity	CCM 4.9								0.0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1								0.8%		
Renewal of water collection, treatment and supply systems	CCM 5.2								0.2%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3								2.0%		
Renewal of waste water collection and treatment	CCM 5.4								0.0%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13								0.1%		
Infrastructure for rail transport	CCM 6.14								5.1%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15								1.2%		
Infrastructure enabling low carbon water transport	CCM 6.16								0.3%		
Low carbon airport infrastructure	CCM 6.17								0.0%		
Construction of new buildings	CCM 7.1								22.8%		
Renovation of existing buildings	CCM 7.2								5.4%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6								0.0%		
Professional services related to energy performance of buildings	CCM 9.3								0.0%		
Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) A.2.									**38.3%**		
TOTAL (A.1 + A.2)									**51.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
Opex of taxonomy-non-eligible activities (B)											
TOTAL (A + B)											

(1) In the year 2022 and 2023 an Opex of 57.4 mn and 66.1 mn respectively has been included in which the alignment and eligibility has been based on a reasoned estimate based on the results obtained in the rest of the Opex amount.

4.12. CONTENTS OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

The scope of each of the non-financial management indicators can be found in annex 6.3.6. 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	4.0. The ACS Group's business model in 2023 4.0.1. Sustainability strategy and trends Page 76-77	GRI 2-6 (2021)
Markets of operation	Yes	4.0. The ACS Group's business model in 2023 Page76	GRI 2-1 (2021) GRI 2-6 (2021)
Aims and strategies of the organisation	Yes	4.0.1. Sustainability strategy and trends Page 77	GRI 2-1 (2021) GRI 2-22 (2021)
Main factors and trends that may affect their future performance	Yes	4.0.1. Sustainability strategy and trends 4.0.2. Risks Page 77-79	GRI 3-3 (2021) GRI 2-22 (2021)
Reporting framework used	Yes	4.0.1. Sustainability strategy and trends Page 77	GRI 1 (2021)
Principle of Materiality	Yes	4.0.1. Sustainability strategy and trends Page 77	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	4.0.2. Risks 4.1.5. Risk management in environmental issues Page 78-79;115-116	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	4.1. Environment 4.1.5. Risk management in environmental issues Page 82;115-116	GRI 3-3 (2021)
Environmental assessment or certification procedures	Yes	4.1. Environment Page 82	GRI 3-3 (2021)
Resources devoted to environmental risk prevention	Yes	4.1.5. Risk management in environmental issues Page 115	GRI 3-3 (2021)
Application of the precautionary principle	Yes	4.1. Environment Page 82	GRI 2-23 (2021)
Quantity of provisions and guarantees for environmental risks	Yes	4.1.5. Risk management in environmental issues Page 116	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	4.1.1. The fight against climate change 4.1.1.4. Targets and monitoring indicators Page 83-84;95	GRI 3-3 (2021) GRI 305-5

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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
Circular economy and waste prevention and management			
Measures to prevent, recycle, reuse, other forms of recovery and waste disposal	Yes	4.1.2 Circular economy: sustainable use of resources and waste management Page 104;106-107	GRI 306-1 GRI 306-2 GRI 306-3 a 306-5
Actions to combat food waste	No		
Sustainable use of resources			
Water consumption and water supply in accordance with local limitations	Yes	4.1.3 Efficient and responsible use of water resources Page 110	GRI 303-1 a 303-3 GRI 303-4 GRI 303-5
Consumption of raw materials and measures adopted to improve the efficiency of their use	Yes	4.1.2 Circular economy: sustainable use of resources and waste management Page 104-105	GRI 301-1 GRI 301-2
Direct and indirect consumption of energy	Yes	4.1.1. The fight against climate change Page 100	GRI 302-1 GRI 302-2 GRI 302-3
Measures taken to improve energy efficiency	Yes	4.1.1. The fight against climate change Page 95;98	GRI 3-3 (2021) GRI 201-2
Use of renewable energies	Yes	4.1.1. The fight against climate change Page 100	GRI 302-1
Climate Change			
Greenhouse Gas Emissions	Yes	4.1.1. The fight against climate change Page 95-97	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures adopted to adapt to the consequences of climate change	Yes	4.1.1. The fight against climate change Page 89-90	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	4.1.1. The fight against climate change Page 98	GRI 3-3 (2021) GRI 305-5
Protection of biodiversity			
Measures taken to preserve or restore biodiversity	Yes	4.1.4. Protection of biodiversity Page 112	GRI 3-3 (2021) GRI 304-3
Impacts caused by activities or operations in protected areas	Yes	4.1.4. Protection of biodiversity Page 112-113	GRI 3-3 (2021) GRI 304-3

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	4.0.2. Risks 4.2.4. Risk Management in HR Questions Page 78-79;134	GRI 3-3 (2021)
Employment			
Total number and distribution of employees based on diversity criteria (gender, age, country, etc.)	Yes	4.2. ACS Group employees Page 118	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	4.2. ACS Group employees Page 118-120	GRI 2-7 (2021)
Number of dismissals by gender, age and professional classification	Yes	4.2. ACS Group employees Page 120	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	4.2.2. Equal opportunities, diversity and inclusion Page 129-130	GRI 3-3 (2021)
Wage gap, remuneration for equal or average jobs in the company	Yes	4.2.2. Equal opportunities, diversity and inclusion Page 129-130	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	4.2.2. Equal opportunities, diversity and inclusion Page 128	GRI 3-3 (2021)
Introduction of employment disconnection policies	Yes	4.2.3. Organisation of work and social relationships Page 131	GRI 3-3 (2021)
Employees with disabilities	Yes	4.2.2. Equal opportunities, diversity and inclusion Page 127	GRI 3-3 (2021) GRI 405-1
Organisation of work			
Organisation of work time	Yes	4.2.3. Organisation of work and social relationships Page 131	GRI 3-3 (2021)
Number of hours of absenteeism	Yes	4.2.3. Organisation of work and social relationships Page 132	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	4.2.3. Organisation of work and social relationships Page 131	GRI 3-3 (2021) GRI 403-3
Health and safety			
Occupational health and safety conditions	Yes	4.3. Occupational health and safety Page 135-136	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	4.3.2 Safety statistics Page 141;143	GRI 403-9 GRI 403-10

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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	4.2.3. 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	4.2.3. Organisation of work and social relationships Page 132	GRI 3-3 (2021)
Percentage of employees covered by collective bargaining agreement, by country	Yes	4.2.3. 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	4.2.3. 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	4.2.1. Professional Development Page 123	GRI 404-2
The total number of training hours by professional category	Yes	4.2.1. Professional Development Page 124	GRI 3-3 (2021) GRI 404-1
Universal accessibility of disabled persons			
Universal accessibility of disabled persons	Yes	4.2.2. Equal opportunities, diversity and inclusion Page 127	GRI 3-3 (2021)
Equality			
Measures adopted to promote equal treatment and opportunities between women and men	Yes	4.2.2. Equal opportunities, diversity and inclusion Page 126;128	GRI 3-3 (2021)
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	Yes	4.2.2. Equal opportunities, diversity and inclusion Page 126	GRI 3-3 (2021)
The anti-discrimination and, where applicable, diversity management policy	Yes	4.2.2. Equal opportunities, diversity and inclusion Page 126	GRI 3-3 (2021)

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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	4.0.1. Sustainability Strategy and Trends 4.0.2. Risks Page 77-79	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 possible abuses committed	Yes	4.4.5. Human Rights Page 149-150	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	4.4.5. Human Rights Page 150	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	4.4.5. Human Rights Page 149-150	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	4.0.2. Risks Page 78	GRI 3-3 (2021)
Corruption and bribery			
Measures adopted to prevent corruption and bribery	Yes	4.4.4. Prevention of corruption and bribery Page 148	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021) GRI 205-2 a 205-3
Measures to combat money laundering	Yes	4.4.4. Prevention of corruption and bribery Page 148	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-26 (2021) GRI 205-2 a 205-3
Contributions to foundations and non-profit entities	Yes	4.6. Giving back to society Page 163	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	Sí	4.0.1. Sustainability Strategy and Trends 4.0.2. Risks Page 77-79	GRI 3-3 (2021)
Company commitments to sustainable development			
The impact of the company's activity on employment and local development	Yes	4.6. Giving back to society Page 163	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	4.6. Giving back to society 4.7.1. The supply chain of the ACS Group Page163; 172	GRI 3-3 (2021) GRI 413-1 GRI 413-2 GRI 411-1
Relations with local community agents and dialogue with local communities	Yes	4.5. Stakeholder relations Page 160-161	GRI 2-29 (2021) GRI 413-1
Association or sponsorship actions	Yes	4.6. Giving back to society Page 169	GRI 3-3 (2021) GRI 201-1

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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
Subcontracting and suppliers			
Inclusion of social, gender equality and environmental issues in the procurement policy	Yes	4.7. Suppliers and contractors Page 171	GRI 3-3 (2021)
Consideration of social and environmental responsibility of suppliers and subcontractors in relations with them	Yes	4.7. Suppliers and contractors Page 171-172	GRI 2-6 (2021) GRI 308-1 GRI 414-1
Supervisory systems and audits and their results	Yes	4.7.4. Risk Management on Supply Chain Issues Page 177	GRI 2-6 (2021) GRI 308-2 GRI 414-2
Consumers			
Measures for consumer health and safety	Yes	4.8.2. Customer relations Page 179	GRI 3-3 (2021) GRI 416-1
Complaint systems, complaints received and their resolution	Yes	4.8.2. Customer relations Page 180	GRI 3-3 (2021) GRI 418-1
Tax information			
Profit obtained by country	Yes	4.9. Tax Information Page 182	GRI 3-3 (2021) GRI 207-4
Profits tax paid	Yes	4.9. Tax Information Page 182	GRI 3-3 (2021) GRI 207-4
Public subsidies received	Yes	4.9. Tax Information Page 182	GRI 201-4
European Union Taxonomy			
European Union Taxonomy	Yes	4.11 European Union Taxonomy Page 188-206	

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5 Corporate Governance

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5.1. CORPORATE GOVERNANCE OF THE ACS GROUP

5.1.1. PRINCIPLES

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 management 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.

5.1.2. CORPORATE GOVERNANCE SYSTEM

The above Principles and their application to the corporate governance practises of the Company and its Group are reflected in the Company's **corporate governance regulations,** which are essentially included in:

- The corporate texts, which consist of the Company By-laws, which establish the fundamental rules and principles guiding the organisation and functioning of the Company and its management bodies, and are implemented through the **General Shareholders' Meeting By-Laws** and the **Rules of the Board of Directors**.
- 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 how they conduct their activities.
- The **ACS Group Code of Conduct,** the highest rule, which presides over all of the organisation's internal regulations, encompassing the entire Group, which is mandatory for all directors, executives and employees with ties to the Group's 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, internal regulations, good governance standards, generally accepted best practices, ethics and the expectations of its stakeholders.

ACS GROUP GOVERNANCE REGULATIONS

- Company By-Laws
- Rules of Conduct in the Securities Market
- General Shareholders' Meeting By-Laws
- Remuneration of the Board of Directors
- Corporate Governance Policy
- Diversity Policy

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5.2. EVOLUTION OF THE CORPORATE GOVERNANCE SYSTEM IN 2023

In 2023, ACS continued to implement and improve its Corporate Governance System, which the Global Compliance Management System is part of, always based on the general framework established by the Corporate Governance Policy approved by the Board of Directors on 16 December 2021, in accordance with section 529(ter)(1)(c) Corporate Enterprises Act and Article 5 of the Board's Rules, and also bearing in mind the content of both the ISO 37301 international standard on compliance management systems and the ISO 37000 standard on the governance of organisations.

Based on the criteria and guidelines that, in accordance with this Policy, should govern the organisation and operation of the Company's management bodies, and on the definition of the structure of the Group of companies led by ACS in accordance with a highly decentralised management model, new steps were taken to develop its Corporate Governance System, which respects the respective functional and responsibility areas of the various companies comprising the Group, taking into account, where appropriate, their status as listed companies, and ensuring that ACS's corporate interests are in line with those of these entities and with 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 the companies comprising the ACS Group.

5.2.1. DIVERSITY WITHIN THE BOARD OF DIRECTORS

ACS also worked in 2023 to consolidate a competent and diverse Board of Directors. In particular, the Annual General Shareholders' Meeting held on 5 May 2023 resolved to re-elect Antonio Botella García, Emilio García Gallego and Catalina Miñarro Brugarolas, all of them as independent directors, and María Soledad Pérez Rodríguez, as proprietary director, and these resolutions were passed, with the votes in favour of 94% to 99% of the share capital present and represented at the meeting. It was also resolved to elect Lourdes Máiz Carro and Lourdes Fraguas Gadea to the Board, both with the category of independent directors, and these resolutions were passed with the vote in favour of more than 99.7% of the share capital present and represented at the meeting.

Through these re-elections and appointments, the Company's Board not only continues to have the necessary skills, expertise and experience to best perform the duties entrusted to it, but by adding the two new independent female directors, ACS's commitment to diversity was reinforced, with the Board going from 26.67% female directors in 2022 to 40% in 2023, and from 40% independent directors to 53.3%.

5.2.2. NEW BOARD REMUNERATION POLICY

The Annual General Shareholders' Meeting held on 5 May 2023 passed, with 97.037% of votes in favour of the share capital present or represented at the meeting, a new Director Remuneration Policy for the remainder of 2023 and for 2024, 2025 and 2026, in accordance with the reasoned proposal by ACS's Board and the report of the Remuneration Committee, in compliance with section 529 (novodecies) Corporate Enterprises Act.

Pursuant to section 217 Corporate Enterprises Act, the Policy determines remuneration within the system established under the bylaws 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.

The main reason for approving the new Remuneration Policy was to adjust the remuneration of the executive directors to the new structure of the Board following the appointment of the new Chief Executive Officer at the General Meeting held on 6 May 2022 and the resignation of the Executive Deputy Chair at the Board of Directors' meeting of 23 March 2023.

And in particular, essentially based on the content of the previous Policy, the amendments introduced were mainly aimed at (i) eliminating references to the Executive Deputy-Chair; (ii) adapting the remuneration of the new CEO; (iii) adjusting the maximum limit with respect to the fixed remuneration that the annual variable remuneration of executive directors may reach if the pre-established objectives are exceeded; (iv) eliminating section E.1 relating to incentive plans derived from previous policies; and (v) incorporating certain minor technical adjustments and modifications.

In turn, as stipulated in section 529 (novodecies) 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 2023 and for 2024, 2025 and 2026, although the General Shareholder Meeting may change it in accordance with the legally stipulated terms.

Remuneration Policy

Director Remuneration Report

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5.3. MANAGEMENT BODIES

5.3.1. GENERAL SHAREHOLDER'S 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.

The Company has acted at all times in accordance with the principle of equal treatment of all shareholders who are on an equal footing, guaranteeing, inter alia, that they may exercise their right to information and to attend and vote at the General Meeting.

5.3.2. 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 2023, ACS's Board had 15 members, a composition that is considered adequate for it to best carry out its duties, having taken into account the different requirements of suitability and diversity, as described in section 5.2.1 above.

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	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	Board Member 13
EXPERIENCE															
Sectorial	●	●		●	●	●	●		●	●		●			●
International	●	●		●	●		●		●			●	●	●	●
Academic	●	●	●		●	●	●	●	●		●				
Public Administration	●	●	●		●	●	●	●	●	●		●	●	●	●
KNOWLEDGE															
Accounting and Finance	●	●		●	●		●		●	●				●	●
Risks	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Operations	●	●				●			●			●			
Legal and fiscal			●	●	●		●			●			●	●	●
Technology and digital transformation		●		●			●								●
Human resources	●	●		●	●	●	●	●	●	●	●	●	●		●

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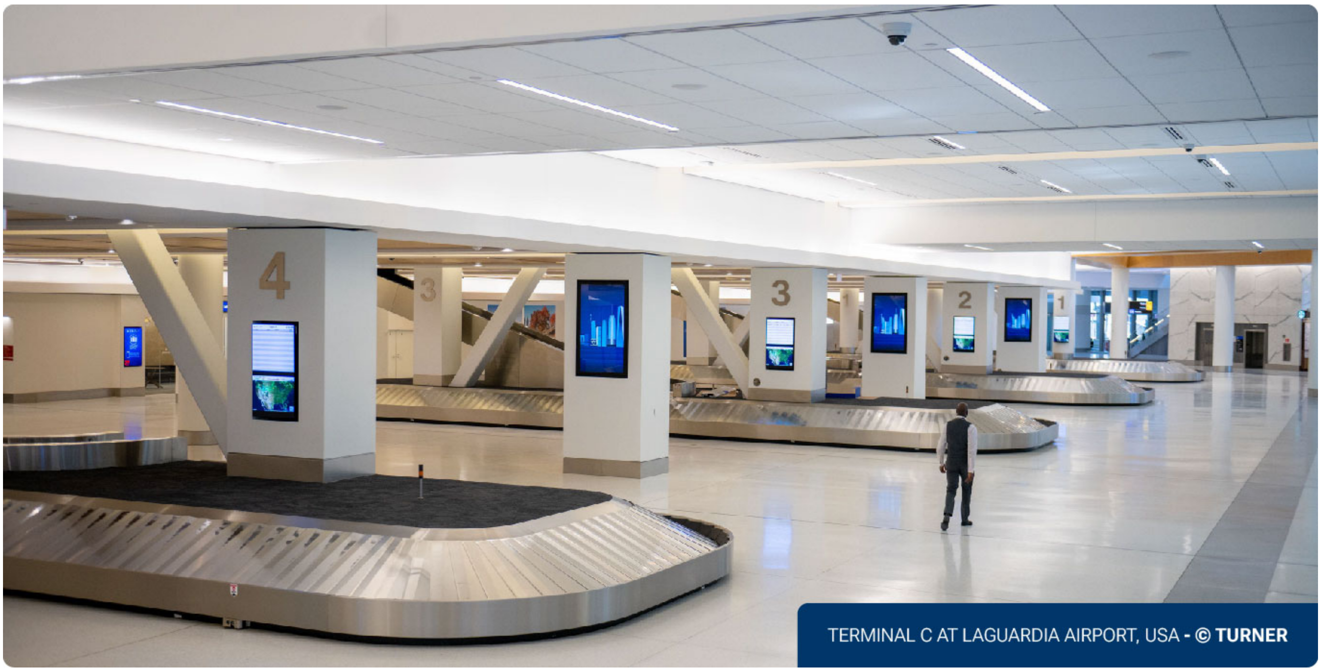

TERMINAL C AT LAGUARDIA AIRPORT, USA - © TURNER

5.3.3. 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: An internal committee of the Board that is attributed, in accordance with the legal provisions and with the recommendations of the CNMV, duties relating to (i) the composition of the Board; (ii) selecting directors and senior executives; (iii) reporting on and proposing nominations to the Board; (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 will not impair the independence of the external advice provided to the Committee.

- Remuneration Committee: An internal committee of the Board that is attributed, 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 with regard to remuneration; (iii) informing the Board of the individual determination of the remuneration of each Director; (iv) reporting on any proposals 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 will not impair the independence of the 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.

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5.4. 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's 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 14 December 2023, the Report of the Audit Committee on the regular assessment and review of the corporate governance system. This report was also reflected in the Audit Committee Activity Report that will be approved and sent to the markets upon the call for the General Shareholder Meeting to be held in May 2024.

This report informed the Board that in 2023 the Committee continued with its **duties of supervising 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 for 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 addition, the Commission assessed implementing the Protocol on Related-Party Transactions on the basis of the report issued by the Operations Committee, concluding that the Committee has carried out its functions satisfactorily and that the Protocol had been complied with.

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.

Also in 2023, the Audit Committee analysed, with the support of the Compliance Committee, **amendments to a set of Policies and Procedures** and, among others, the Operating Policy of the Whistleblowing Channel and the Whistleblower Report Management Procedure to

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adapt them to the Whistleblower Protection Act; the new Policy and Procedure for using technological means in accordance with the obligations under section 87(3) Data Protection Act; and

the new Data Protection Policy, the Industry Association Engagement and Tracking Policy, the Community Investment Policy, the Sponsorship, Patronage and Philanthropic Donations Policy, and the Policy on Compliance with International Sanctions on Third Parties.

Similarly, in compliance with the Whistleblower Protection Act, ACS's Board unanimously resolved to nominate the Compliance Committee to be the Internal Head of the Information System, designating the Committee's Chair as its individual representative.

The Audit Committee was also informed, through the Compliance Director, of the review and updating of certain aspects of the ACS corporate website from the point of view of the corporate governance legislation and the good governance recommendations applicable to the Company.

Likewise, **in 2023 the Audit Committee continued to assess the Sustainability Monitoring Reports of the ACS Group.**

On the other hand, in compliance with its duty to evaluate and review the Company's Corporate Governance System, in 2023 the Audit Committee continued to permanently analyse the legislative changes in good governance to proceed, if necessary, to review and/or update certain corporate rules.

In this regard, in 2023 the Audit Committee continued to study the new regulatory developments that could have implications for the Company's governance and, in particular, in relation to: (i) Directive (EU) 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 as regards sustainability reporting by companies, and the "European Sustainability Reporting Standards" (ESRS) following that Directive, encompassing environmental, social and governance matters; (ii) the processing of the Draft Due Diligence Directive on human rights and the environment; (iii) the Code of Best Practices for Institutional Investors, Asset Managers and Voting Advisors in relation to their duties in respect of assets entrusted or services provided, passed by the CNMV on 22 February 2023; and (iv) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088.

In conclusion, in 2023, ACS's Audit Committee understood, within the framework of its competence to supervise and evaluate the corporate governance system, that an effective Compliance Management system is a fundamental pillar of the Company's good governance.

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2023

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 By-Laws

Indicate whether the company has attributed loyalty votes:

No X
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
23/03/2023	139,082,297.00	278,164,594	278,164,594		278,164,594.00

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

Comments
At its meeting of 23 March 2023, the Company's Board, making use of the powers delegated by the General Shareholders' Meeting held on 6 May 2022, resolved to reduce the share capital by redeeming treasury shares for a nominal amount of three million euros against profits or free reserves through the redemption of six million treasury shares of ACS, Actividades de Construcción y Servicios, S.A. In addition, the following operations were performed after that capital reduction: • On 21 June 2023, the capital increase and simultaneous capital reduction resulting from the second payment of the flexible dividend resolved by the General Shareholders' Meeting of 5 May 2023 was carried out. The public deed of capital increase and simultaneous capital reduction was notarised by Madrid notary public Mr Cruz-Gonzalo López-Muller Gómez on 19 July under number 1,492 of his notary record, and was registered at the Commercial Registry of Madrid on 20 July. • On 8 January 2024, the capital increase and simultaneous capital reduction resulting from the second execution of the flexible dividend resolved by the General Shareholders' Meeting of 5 May 2023 was carried out. The public deed of capital increase and simultaneous capital reduction was notarised by Madrid notary public Mr Cruz-Gonzalo López-Muller Gómez on 6 February under number 304 of his notary record, and was registered at the Commercial Registry of Madrid on 8 February. As a result of this capital increase and simultaneous capital reduction, both the amount of the share capital and the number of shares representing it 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	2.80	0.00	0.00	2.80		
MR FLORENTINO PÉREZ RODRÍGUEZ	0.00	14.16	0.00	0.00	14.16		
MR ALBERTO ALCOCER TORRA	0.00	2.39	0.00	0.00	2.39		
SOCIETE GENERALE, S.A.	6.58	0.00	0.00	0.00	6.58		
BLACKROCK	0.00	5.16	0.00	0.81	5.97		

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.	1.48	0	1.48	
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.	1.07	0	1.07	
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.	14.16	0	14.16	
BLACKROCK	BLACKROCK, INC	5.16	0.81	5.97	

Comments

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

Most significant movements
On 21 March 2023, Blackrock Inc., notified the CNMV (Notification of Significant Shareholdings form with entry no. 2023038483) that its percentage of voting rights exceeded the 5% threshold.

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	0.30	0.00	0.00	0.30	0.00	0.00
MR JAVIER ECHENIQUE LANDIRÍBAR	0.02	0.00	0.00	0.00	0.02	0.00	0.00

% of total voting rights held by Board members	14.59

Comments

- Ms María Soledad Pérez Rodríguez directly holds 7,020 shares, representing 0.0025% of the share capital of ACS, Actividades de Construcción y Servicios, S.A.
- Mr Juan Santamaría Cases is the direct holder of 736 shares, representing 0.00026% of the share capital of ACS, Actividades de Construcción y Servicios, S.A.
- Ms María del Carmen Fernández Rozado is the direct holder of 663 shares, representing 0.000238% of the share capital of ACS, Actividades de Construcción y Servicios, S.A.
- Mr Mariano Hernández indirectly holds 2,064 shares, representing 0.00074% of the share capital of ACS, Actividades de Construcción y Servicios, S.A.

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.	0.30	0.00	0.30	0.00

Comments

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

% of total voting rights represented on the board	19.78

Comments
Although CORPORACION FINANCIERA ALCOR, S.L. holds only 0.34% of the share capital of ACS, at 31 December 2023, its controlling shareholders (Mr Alberto Alcocer and Mr Alberto Cortina) indirectly held 2.39% and 2.80% of ACS, respectively, through the companies detailed in Section A.2. of this Report.

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 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:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
17,557,900	500	6.31%

Comments

(*) 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
03/01/2023	3,002,682	1.057%
10/02/2023	268,089	0.094%
30/03/2023	1,713,185	0.616%
25/07/2023	1,954,354	0.703%
13/11/2023	2,820,153	1.014%

Notification of redemptions:

Notification date	Total direct shares redeemed	Percentage of total share capital
10/02/2023	2,331,835	0.821%
30/03/2023	6,000,000	2.157%
25/07/2023	7,366,418	2.648%

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 5 May 2023: 'In rendering the authorisation granted through resolution by the shareholders at the Company's General Meeting held on 6 May 2022 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 the boards of its subsidiaries are also authorised, within the period and on the terms established above to acquire, insofar as possible, shares of the Company through loans, for valuable consideration or otherwise, on market terms, 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 retire the treasury shares and delegating the Board to carry this out as indicated below, the Board resolves to reduce the capital, with a charge to profit or unrestricted reserves, in a maximum nominal amount equal to the total nominal value of the treasury shares that the Company directly or indirectly holds on the date this resolution is passed by the Board of Directors.

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 8 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	61.36%

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 the differences between the minimum required under the Corporate Enterprises Act and the quorum required for holding the General Meeting.

Yes	No
	X

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

Yes	No
	X

B.3 Indicate the rules on amending the 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: Electronic vote	% remote voting: Other	Total
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%
05/05/2023	3.14%	52.99%	0.07%	0,00%	56.20%
Of which are free-float capital:	1.85%	31.75%	0.07%	0,00%	33.67%

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, the Policy on Compliance with International Sanctions Imposed on Third Parties, 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 Engagement with and Monitoring of Sectoral Associations. 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	Repres entative	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	5/5/2023	Shareholder Resolution
MR PEDRO JOSÉ LÓPEZ JIMÉNEZ		Other External	Vice Chairman	28/6/1989	5/5/2023	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	5/5/2023	Shareholder Resolution
MR JOSÉ LUIS DEL VALLE PÉREZ		Executive	Secretary General and member of the Board of Directors	28/6/1989	5/5/2023	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
MS MARÍA JOSÉ GARCÍA BEATO		Independent	Director	6/5/2022	6/5/2022	Shareholder Resolution
MR EMILIO GARCÍA GALLEGO		Independent	Director	13/11/2014	5/5/2023	Shareholder Resolution
MR MARIANO HERNÁNDEZ HERREROS		Proprietary	Director	5/5/2016	8/5/2020	Shareholder Resolution
CATALINA MIÑARRO BRUGAROLAS		Independent	Director	28/4/2015	5/5/2023	Shareholder Resolution
MS MARÍA SOLEDAD PÉREZ RODRÍGUEZ		Proprietary	Director	13/11/2014	5/5/2023	Shareholder Resolution
MR JOSÉ ELADIO SECO DOMÍNGUEZ		Independent	Coordinating Director	22/12/2016	7/5/2021	Shareholder Resolution
MS LOURDES MÁIZ CARRO		Independent	Director	5/5/2023	5/5/2023	Shareholder Resolution
MS LOURDES FRAGUAS GADEA		Independent	Director	5/5/2023	5/5/2023	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	Indicate if the departure took place before the end of the
MR ANTONIO GARCÍA FERRER	Executive	10/05/2019	05/05/2023	Executive Committee	Yes
MR MIGUEL ROCA JUNYENT	Other External	10/05/2019	05/05/2023	Remuneration 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 Directors of ACS, Actividades de Construcción y Servicios, S.A., held on 23 March 2023, to help restructure the Company's Board so it complies with the best good governance standards, Mr Antonio García Ferrer and Mr Miguel Roca Junyent, expressed their desire not to stand for re-election to the Board at the Company's General Shareholders' Meeting, which the Board resolved to call to be held on 4 and 5 May 2023, at first and second call, respectively, and, consequently, they tendered their resignation from the Company's Board with effect from the day on which that General Shareholders' Meeting was held. The Company reported this circumstance to the CNMV by means of Other Relevant Information on 24 March 2023 (registry number: 21544).

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 Chairman of ACS, Actividades de Construcción y Servicios, S.A. He is also Chairman of Real Madrid and sole director of the companies Rosan Inversiones, S.L., Inverpe, S.L. and Hispavesan, 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, Chairman of Abertis S.A., 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 he sits on the Supervisory Board of Hochtief A.G., and the Board of CIMIC Group Limited. He is a practising attorney.

Total number of executive directors	3
% of total Board	20.00 %

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 worked as a teacher at schools in Madrid and as a technical advisor for Geblasa, SA (a chemical products import and export company), and as 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 furthermore currently serves on the boards of ACS and its subsidiary ACS Servicios y Concesiones, S.L.

MR JAVIER ECHENIQUE LANDIRÍBAR	CORPORACIÓN FINANCIERA ALCOR, S.A.	Born in Isaba, Navarre in 1951. Graduate in Economic and Actuarial Sciences. He has been Director - General Manager of Allianz-Ercos and General Manager of the BBVA Group, Deputy Chair of Banco Sabadell and Director of Grupo Empresarial ENCE, S.A. He is currently a Director of ACS and Dragados, S.A. and Deputy Chair and Coordinating Director of Telefónica, S. A. He also sits on the boards of Telefónica Audiovisual Digital, S.L.U., and Grupo Calcinor, S.L. He is a member of the Advisory Board of Telefónica Spain, and of the McKinsey Advisory Council and is Chair of the Advisory Board of Banco Sabadell Guipuzcoano. He also sits on the Boards of Trustees of the Fundación Novia Salcedo and Fundación Altuna Trusts.
MR MARIANO HERNÁNDEZ HERREROS	ROSAN INVERSIONES, S.L.	Born in Torrelavega, Cantabria in 1943. Mariano Hernández Herreros holds a licentiate in Medicine and Surgery from Complutense University, where he specialised in Psychiatry. He has spent his entire career as a psychiatrist at the López-Ibor clinic and is the author of numerous works in scientific publications and of papers at international conferences. He has sat on the boards of Grupo Dragados, Iberpistas, S.A. and Autopistas Aumar, S.A. In addition to sitting on ACS's Board, he also serves 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 Spanish Data Protection Agency (AEPD), the General Secretariat for Communications and at 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 currently serves on the boards of Banco Sabadell, S.A., Iberpapel Gestión, S.A. and MdF Family Partners, S.A. 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 Chairman 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., in addition to serving on the boards of two of its subsidiaries, Mapfre Spain and Mapfre International.
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 at the public engineering company INECO, where he held various positions until he became International Director, and he joined RENFE in 1988, where he held various positions. In 2000 he was appointed Executive Chairman of INECO until 2002, when he was appointed Chairman and CEO of AENA, a position he held until 2004, when he was appointed Advisor to the Chair of RENFE. He has also acted as an advisor to Oca, S.A., Prointec, Collosa, Incosa, National Express-Alsa, Menzies Aviation and Stadler Rail, 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. He is currently a Senior Advisor at Kearney.
MS LOURDES FRAGUAS GADEA	Born in Madrid in 1965. She earned a degree in Law and Business Legal Consultancy from Pontifical University of Comillas (ICADE) in 1988. State Counsel since 1992. She has served as State Counsel at the Spanish Ministries of Health and of Finance, at the Spanish Medicines Agency, and at the Court of Justice of the European Union. She also worked in London at the European Medicines Agency (EMA). From 2004 to 2019, she worked as General Secretary and Director of the Legal Department of Farmaindustria; after that, she led the Pharma and Health area of Herbert Smith Freehills and was Global General Counsel of the Italfarmaco Group. She currently sits on the boards of Grupo OESIA, Cofares Diversificación, S.L., and Mirto Corporación Empresarial.
MS LOURDES MÁIZ CARRO	Born in Santiago de Compostela in 1959. She holds degrees in Law and in Philosophy. She is a member of the Philosophy Faculty at the Complutense University of Madrid as a member of the Research Programme, she has taught metaphysics and theory of knowledge since 1982, receiving her PhD in 1988. A State Counsel, she has held various positions in the General State Administration, including Director General of Administrative Organisation, Jobs and IT, Technical Secretary General in the Ministry of Agriculture and Director General and Secretary of the Board of Directors of the State-Held Assets Corporation [Sociedad Estatal de Participaciones Patrimoniales]. She has served on the boards of the Official Credit Institute (ICO), Banco Hipotecario, RENFE, Gerencia de Infraestructuras Ferroviarias (now part of ADIF), Aldeasa Almacenaje y Distribución and INISAS, Compañía de Seguros y Reaseguros (now part of ADESLAS). Legal Director and Secretary of the Board of IBERIA, Líneas Aéreas de España, from 2001 to 2016. She has been an independent director of BBVA since 2014 and currently sits on the Audit and Remuneration Committees.

Total number of independent Board members	8
Total % of the Board	53.33 %

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		

<u>OTHER EXTERNAL BOARD MEMBERS</u>

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. In addition to serving on ACS's Nominations Committee until 5 May 2023, he is currently Deputy-Chairman of the Board of Directors and a member of the ACS Executive Committee. As for the positions he holds in other ACS Group companies, he is Chairman of Dragados, S.A. and of ACS Servicios y Concesiones, S.L. He is also Director, Chairman of the Supervisory Board, of the Human Resources Committee and of the Nominations Committee of HOCHTIEF; Member of the Board of Directors, of the Remuneration and Nominations Committee and of the Ethics, Compliance and Sustainability Committee of CIMIC Group Limited, Director and member of the Audit and Control Committee and of the Appointments and Remuneration Committee of Abertis Infraestructuras, S.A., and Director of Abertis Holdco, S.A. He is also Chairman and Managing Director of Flagoser, S.L., and is also the individual representative of the Sole Director Flagoser, S.L., in the following companies: Fidalser, S.L., Fapin Mobi, S.L., Centro Empresarial Calle Miguel Yuste, S.L., Fidalrent, S.L., Fidalrent Sky Park, S.L., Fidalrent Residencial, S.L. and Arapiles XY, S.L. He is also the individual representative of the Sole Director Centro Empresarial Calle Miguel Yuste, S.L., in the company MAF Inversiones, S.A., and is the sole director of LOCYXX DOS, S.L. In addition, he has been Deputy-Chair of the Board of Trustees of the Royal National Library of Spain (until November 2023), is a Member of the Board of Trustees and of the Executive Council of the Picasso Museum in Málaga; and is Deputy-Chair of Real Madrid Football Club.

Total number of external Board members	1
Total % of the Board	6.67 %

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			
	2023	2022	2021	2020	2023	2022	2021	2020
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	5	3	2	2	62.50%	50.00%	40.00%	40.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total:	6	4	3	3	**40%**	**26.67%**	**20%**	**18.75%**

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 2023, 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 2023 two directors resigned, to help restructure the Company's Board so it complies with the best good governance standards and, in their place, two female directors were appointed at the Annual General Meeting held on 5 May 2023, thus balancing the genders on the Board. Based on the above, at 31 December 2023, **40% of ACS's board members were women.**

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. This is demonstrated by the favourable reports from that committee regarding the re-election of four non-independent directors in 2023: Mr Florentino Pérez Rodríguez, Mr José Luis del Valle Pérez, Mr Pedro José López Jiménez and Ms María Soledad Pérez Rodríguez; the proposal made during the financial year for the appointment of two independent directors - Ms Lourdes Máiz Carro and Ms Lourdes Fraguas Gadea; and the re-election of three independent directors - Mr Antonio Botella García, Mr Emilio García Gallego and Ms Catalina Miñarro Brugarolas; published on the corporate website on the occasion of the Annual General Meeting.

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.

As a culmination of the efforts made by the Board and, in particular, by the Nominations Committee, in recent years in the area of gender diversity, at the Company's General Shareholders' Meeting held on 5 May 2023, two new female directors were appointed who, together with the female director appointed at the General Shareholders' Meeting held on 6 May 2022 and those who were already members of the Board previously and who were re-elected in 2023, have meant that **ACS's Board is now made up of 40% women, in line with the best national and international standards**. In particular, this means exceeding by seven points the criterion foreseen in the Annex to Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on a better gender balance among directors of listed companies and related measures, for all directors, and complying with Recommendation 15 of the CNMV's Good Governance Code for Listed Companies.

Furthermore, beyond promoting diversity on its Board and in addition to the commitments regarding equal opportunities and non-discrimination contained in its Human Rights Policy, ACS's Diversity Policy includes, among its diversity objectives and commitments, identifying talent at the various management levels of all ACS Group companies, both by hiring new executives and by promoting them internally, with the aim of favouring gender diversity, among others. To this end, ACS is committed to continuing to establish training and development programmes or other mechanisms that contribute to ensuring that talented individuals are promoted and stay at the ACS Group, regardless of any personal or social conditions or circumstances.

In particular, the percentage of women in senior management, which currently stands at 17.9% compared to 12.5% in 2022, allows the board, and particularly the Nominations Committee, to continue to foster measures to further increase this percentage**.**

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.

In this regard, in its reports and proposals concerning the appointment and re-election of Board Members submitted to the General Meeting held on 5 May 2023, the Nominations Committee considered both the individual suitability of each nominee, as well as the appropriate diversity of the Board as a whole. In this way the nominations contribute to the plurality of educational qualifications, knowledge, professional experience, gender and abilities that will best serve the full performance of the duties of the Board of ACS, taking into account the complexity of the Group, the different jurisdictions in which it operates, and the need for the Board to have the necessary independence to carry out its duties.

The Nominations Committee held that, with these re-elections and appointments, ACS's Board would not only continue to have the necessary skills, knowledge and experience to best perform the duties entrusted to it, but would also reinforce these aspects and therefore the suitability of the Board as a whole with the addition of the two new Board Members whose appointment was proposed. By adding two new female directors, ACS's commitment to diversity was reinforced, with its Board going from being composed of 26.67% female directors to 40% and from 40% independent directors to 53.3%, all while taking into account the legal criteria and recommendations of good governance in this respect.

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:

Although CORPORACION FINANCIERA ALCOR, S.L. holds only 0.34% of the share capital of ACS, its controlling shareholders (Mr Alberto Alcocer and Mr Alberto Cortina) indirectly hold over 3% of ACS through the companies detailed in Section A.2. of this Report.

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 THE POWERS CORRESPONDING TO THE BOARD EXCEPT THOSE THAT CANNOT BE DELEGATED BY LAW OR THE ARTICLES OF ASSOCIATION AND THE POWER TO PROVIDE ALL TYPES OF GUARANTEES FOR THE BENEFIT OF THIRD PARTIES THAT ARE NOT PART OF THE GROUP OF COMPANIES OF WHICH ACS IS THE PARENT COMPANY

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 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
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	ACS SERVICIOS Y CONCESIONES, S.L.	CHAIR	NO
MR PEDRO JOSÉ LÓPEZ JIMÉNEZ	ABERTIS INFRAESTRUCTURAS, S.A.	BOARD MEMBER. 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 JUAN SANTAMARÍA CASES	HOCHTIEF AG	CEO	Yes
MR JUAN SANTAMARÍA CASES	ABERTIS, S.A.	CHAIR	NO
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
MS SOLEDAD PÉREZ RODRÍGUEZ	ACS SERVICIOS Y CONCESIONES, S.L.	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
MR JOSÉ LUIS DEL VALLE PÉREZ	DEL VALLE INVERSIONES, S.A.	JOINT AND SEVERAL DIRECTOR
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	TELEFÓNICA, S.A.	DEPUTY CHAIR AND COORDINATING DIRECTOR
MR JAVIER ECHENIQUE LANDIRÍBAR	TELEFÓNICA AUDIOVISUAL DIGITAL, S.L.U.	BOARD MEMBER
MR JAVIER ECHENIQUE LANDIRÍBAR	GRUPO CALCINOR, S.L.	BOARD MEMBER
MR JAVIER ECHENIQUE LANDIRÍBAR	FUNDACIÓN NOVIA SALCEDO	TRUSTEE
MR JAVIER ECHENIQUE LANDIRÍBAR	FUNDACIÓN ALTUNA	TRUSTEE
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 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	ARAPILES XY, 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	MAF INVERSIONES, S.A.	DIRECTOR REPRESENTATIVE
MR PEDRO JOSÉ LÓPEZ JIMÉNEZ	PICASSO MUSEUM OF MÁLAGA	TRUSTEE
MR PEDRO JOSÉ LÓPEZ JIMÉNEZ	REAL MADRID CLUB DE FÚTBOL	DEPUTY CHAIR
MS LOURDES MÁIZ CARRO	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	BOARD MEMBER
MS LOURDES FRAGUAS GADEA	OESIA GROUP	BOARD MEMBER
MS LOURDES FRAGUAS GADEA	MIRTO CORPORACIÓN EMPRESARIAL	BOARD MEMBER
MS LOURDES FRAGUAS GADEA	COFARES DIVERSIFICACIÓN, S.L.	BOARD MEMBER

Comments
The following positions are remunerated: (i) **Ms Catalina Miñarro Brugarolas**: Director of Mapfre, S.A., Director of Mapfre Spain and Director of Mapfre International; (ii) **Ms Carmen Fernández Rozado**: Director of Energías de Portugal (EDP) in Lisbon; (iii) **Ms María José García Beato**: Director of Banco de Sabadell, S.A., Director of Iberpapel Gestión, S.A., and Director of MdF Family Partners, S.A.; (iv) **Mr Javier Echenique Landiríbal**: Director of Telefónica, S.A., Director of Telefónica Audiovisual Digital, S.A.U. and Director of the Calcinor Group; (v) **Mr Florentino Pérez Rodríguez**: Sole Director of Rosán Inversiones, S.L. (vi) **Mr 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.); (vii) **Ms Lourdes Fraguas Gadea**: Director of Grupo Oesia and Cofares Diversificación, S.L; and (viii) **Ms Lourdes Máiz Carro**: Director of Banco Bilbao Vizcaya Argentaria, S.A.

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 JAVIER ECHENIQUE LANDIRÍBAR	MEMBER OF THE ADVISORY BOARD OF TELEFÓNICA DE ESPAÑA; MEMBER OF THE McKINSEY ADVISORY COUNCIL; AND CHAIRMAN OF THE ADVISORY BOARD OF BANCO SABADELL GUIPUZCOANO
MS MARÍA JOSÉ GARCÍA BEATO	PRACTISING LAWYER
MR MARIANO HERNÁNDEZ HERREROS	PRIVATE MEDICAL PRACTICE
MR JOSÉ ELADIO SECO	SENIOR ADVISOR AT KEARNEY

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)	23,098
Amount of funds accumulated by current directors under long-term savings schemes with consolidated economic rights (thousand euros)	65,723
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)	3,674

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 EMILIO GRANDE ROYO-VILLANOVA	CFO 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 RAMON VILLAAMIL PEREZ	Chief Risks Officer of ACS, Actividades de Construcción y Servicios, S.A.
MR ALEJANDRO MATA ARBIDE	Administration Manager of ACS Actividades de Construcción y Servicios, S.A.
MS RAQUEL LOMILLOS MARTIN	Internal Audit 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 ANTONIO GARCIA FERRER	Chair of the ACS Foundation
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.
MS MARTA NOGUEROLES RODRIGUEZ	Administration Manager 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 America Manager of Dragados, S.A.
MR RAMÓN ASTOR CATALÁN	Latin America Manager of Dragados, S.A.
MR FEDERICO CONDE DEL POZO	Europe Manager of Dragados, S.A.
MR JOSÉ MARÍA AGUIRRE FERNÁNDEZ	Sole Director of Vías y Construcciones, S.A.
MR CARLOS ROYO IBÁÑEZ	Industrial Projects Manager
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 CRISTÓBAL VALDERAS ALVARADO	Natural person representing the Sole Director of Clece, S.A.
MR JAVIER ROMÁN HERNANDO	General Manager of Clece, S.A.
MS PURIFICACIÓN GONZÁLEZ PÉREZ	Head of Human Resources of Clece, S.A.

Number of women in senior management positions	5
Percentage of total senior executives	17.9%

Total Senior Executive remuneration (thousand euros)	32,030

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 and section 529 (nonies) Corporate Enterprises Act, ACS's Board evaluates its performance and that of its committees on an annual basis. In line with Code of Good Governance Recommendation 36, which states that: "every three years, the board of directors must be assisted by an external consultant in carrying out the evaluation, whose independence must be verified by the nominations committee"" and exceeding that code's recommendations, ACS is supported by an independent external consultant to carry out this evaluation process every year. In this regard, for the 2023 assessment, the independent external assessor completed its assessment report in March 2024.

Following the evaluation process, it was concluded that the Board's composition is appropriate in view of the ACS Group's decentralised governance model, and the new members added to the Board are highly valued for their professional experience. Likewise, with respect to the functioning and performance of the Board, its members stressed, on the one hand, the improvement in aspects such as the training provided in matters necessary for them to carry out their duties correctly, such as corporate governance, regulatory compliance and sustainability and, on the other hand, they unanimously recognised the improvement in the level of information and time devoted at Board meetings to reviewing the environment and level of risks applicable to the Group's activities, the main current and future projects, as well as the strategic orientation of the Group in each area of activity, especially the explanations provided by the Chief Executive Officer. It also once again recognised how the Chair makes the Board more efficient and, in particular, the work of the Secretary of the Board.

Likewise, it also rated each of the Board members' performance and contributions in 2023 highly, in particular, those of the Chairs of the various Board Committees.

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 performance 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, in-person interviews with the members of the Board, 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 in the previous section, an external advisor assisted in the Board evaluation process conducted in 2024 with respect to 2023. In its report, in addition to assessing 2023, it compared the 2023 results with those obtained from the assessment of the period from 1 July 2021 to 31 December 2022, as this was the period covered by the last assessment process it carried out.

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.

Based on the results obtained from the evaluation process, a work plan was developed to make further progress in certain areas identified by the directors.

With regard to the positions on the Board of Directors, it noted the Chair's good performance of his duties in leading the Board, and of the Executive Committee, stressing their dedication, capacity for work and dialogue with the Board members. As for the Chief Executive Officer, the report highly valued the clarity and detail with which he has explained the strategic positioning of the ACS Group, its most relevant projects and its situation in the meetings of the Executive Committee and the Board. With regard to the performance of the Secretary of the Board, the evaluation report states that all the Board members consider him to be key to the proper functioning of the Board and its Committees, and they have full confidence in his ability to manage the legal and corporate affairs.

With regard to the Executive Committee, the self-assessment process found that the Committee has carried out its duties very effectively, adopting its decisions after a process of debate and analysis, and that it acts as a body for discussion and dialogue in preparation for Board meetings. Among others, it stressed a significant improvement in the level of dialogue between the Executive Committee and senior management, the efficient use of time during the meetings, as well as the good structuring and content of the agenda, together with the adequate reflection and specification in the minutes of the content of the meetings and the speeches made.

In relation to the Audit Committee, the self-assessment process concluded that the Committee is increasingly active and the general perception is that its meetings and functioning are carried out appropriately. Among others, it noted the progress made in the area of sustainability as a new area of analysis of the Committee, the very positive assessment of the appointment of a Chief Risks Officer and the improvement in the treatment and analysis of risks, having made progress in the systematisation of their analysis, as well as in the reinforcement of the areas of compliance, internal audit and internal control. In general, the committee members said that there is adequate access to the executives involved in the committee's activities and that they either speak at committee meetings when asked to do so or that the directors hold meetings with them before committee meetings.

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.

As regards the Nominations Committee, the 2023 self-assessment process showed that it is carrying out the duties assigned to it without having brought up any relevant comments on its activity or performance, and the assessment by the members of the Committee is very positive, in aspects such as additional training and the support of external advisors and the smooth running of the Committee's meetings, where there is a working atmosphere with open and sincere dialogue, allowing the members to freely take a position and express their views. In particular, the improvement in relation to gender diversity on the Board was highlighted.

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 business relations between the external consultant that assisted in the process of evaluating the Company and the entities in the ACS Group represent less than 1% of that consultant’s total turnover in Spain and, in any case, does not generate a situation that could compromise or affect its independence in providing the services.

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	7
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 held by the coordinating director with the other directors, without the attendance or representation of any executive directors	0

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

Number of executive committee meetings	10

Number of audit committee meetings	7
Number of nominations committee meetings	2
Number of remuneration committee meetings	2

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	7
In person attendance as a % of the total votes during the year	94.29
Number of meetings attended by all directors in person or by proxy with specific instructions	2
% of votes cast in person and proxies issued with specific instructions, out of the total votes cast during the year	94.29

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	CORPORATE GENERAL MANAGER

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	

Outgoing auditor	Incoming auditor
KPMG auditores, S.L.	Deloitte, S.L.

Comments
At the General Shareholders' Meeting held on 5 May 2023, Deloitte, S.L., with tax identification number B-79104469 and Chartered Audit Firm (ROAC) number SO692, was appointed as auditor of both the company and the Group of Companies of which ACS, Actividades de Construcción y Servicios, S.A., is the parent company, for three years, 2023, 2024 and 2025, replacing KPMG Auditores, S.L. with tax identification number B78510153 and ROAC number S0702.

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 Grup	Total
Amount of other non-audit work (thousands of euros)	84	1,807	1,891
Amount of other non-audit work/ Audit services amount (as a %)	8.2%	17.7%	16.8%

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	1	1

	Separate	Consolidated
Number of years audited by current auditing firm /Number of years that the company or its group has been audited (as a %)	88,24%	88,24%

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 notes issued by ACS, Actividades de Construcción y Servicios, S.A., under its Euro Medium Term Note Programme (EMTN Programme), which was approved by the Central Bank of Ireland, in the Euromarket for a nominal amount of EUR 750 million (maturing in June 2025 and with an annual coupon of 1.375%) and another private issue for a nominal amount of EUR 50 million (with a coupon of 4.75% maturing in November 2026).

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.

Executive directors do not have a right to compensation if their executive functions are terminated, except the CEO, whose compensation will be equal to two years, and will be calculated based on fixed remuneration plus the amount corresponding to variable remuneration, assuming 100% fulfilment of targets. Compensation is not awarded if the removal arises as a result of wilful misconduct or gross negligence by the CEO in the performance of his duties causing losses to the Company.

No compensation is envisaged for a change of control.

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 JAVIER ECHENIQUE LANDIRÍBAR	BOARD MEMBER	Proprietary
MS CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent

% executive directors	40%
% Proprietary Board Members	20%
% Independent Board Members	20%
% Other External Board Members	20%

Explain the functions delegated or attributed to this Committee other than those already described in section C.1.9, and describe the procedures and rules for its organisation and functioning. For each of these functions, indicate its most important actions during the year and how it exercised each of the functions attributed to it in practise, whether by law or under the 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 2023, the Executive Committee met 10 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 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.

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 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.

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:

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

- 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 of the Company's 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 2023, the Audit Committee met seven times and carried out, among 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 27 February and 23 March 2023, with the active presence of the external auditors and that of the Corporate General Manager, examined the individual and consolidated financial statements for 2022 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 2022, in its meeting of 23 March 2023, the Committee examined the non-financial information included in the 2022 Directors Report.

Also, in regards to the individual and consolidated financial statements for the first quarter and the first half of 2023, the Audit Committee in its meetings held on May 12 and July 27, with the presence of the external auditors and the Corporate General Manager, proceeded to examine those statements and reported favourably. In turn, at the meeting of November 13, the Audit Committee examined and issued a favourable opinion on the individual and consolidated financial statements for the period ended on 30 September 2023.

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.

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 above, during the 2023 period, the Audit Committee oversaw the effectiveness of the internal controls of the Company, of the Internal Audit and the risk management systems, identifying and analysing the risks and monitoring the financial and non-financial indicators of the main companies of each of the business areas. In particular, at its meeting of 14 December, with the presence of the Chief Risks Officer, the Audit Committee reported favourably on the updating of the ACS Group's Risk Map and the Risk Map of the parent company, and the Compliance Director informed the Committee of the conclusions of the Risk Report by Compliance areas in all ACS divisions at its meetings of 27 February 2023 (data at 31 December 2022) and 27 July 2023 (data at 30 June 2023).

At its meeting held on 14 March, the Audit Committee also approved the 2022 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 2022 tax expense and the ACS Group's tax situation.

Likewise, at the meeting held on 14 December 2023, the Manager of the Tax Department presented the 2022 Tax Transparency Report to the Committee, and the Committee reported favourably for its submission to the Board.

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 its meetings held on 27 February and 23 March 2023, the Corporate Internal Audit Department, within the framework of its duties, presented the Audit Committee the 2022 Internal Audit Activities Report and the 2023 Internal Audit Plan.

In addition, at its meetings of 27 February, 12 May, 27 July and 13 November 2023, 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.

Within the framework of its duty to submit proposals to the Board for the selection, appointment, re-election and replacement of the external auditor, at its meeting of 14 March 2023 the Audit Committee resolved to propose the appointment of Deloitte, S.L., as auditor of the Company and of the Group of companies of which ACS is the parent company, for three years as from 1 January 2023.

In compliance with its duties, 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 regard, with the presence of the external auditor at the meetings held on 27 February, 23 March, 12 May, 27 July, 13 November and 14 December, the main features of the accounts were reported on, and at the meeting of 14 December 2023, the auditor reported on the preliminary conclusions of the audit of 2023.

In addition, at the meeting of 14 December, the external auditor presented the list of other audit work carried out during 2023, which was approved by the Committee.

In addition, at the meeting on 12 May, the external auditor presented the audit plan for 2023, and on 13 November, on the scope and focus of the audit work as well as the schedule of work for 2023.

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

In 2023, the Committee supervised the ACS Group's Governance System, in particular, the Global Compliance Management System, reporting on it in section 4.4 ('Regulatory Compliance') of the Consolidated Statement of Non-Financial Information, included in the Consolidated Directors’ Report.

Within the framework of this function of supervising compliance with the Company's corporate governance rules and internal codes of conduct, at its meeting of 23 March 2023 the Audit Committee reviewed and unanimously resolved to report favourably on the 2022 Annual Corporate Governance Report.

Furthermore, at its meeting of 14 December 2023, the Committee issued a report in relation to the evaluation and periodic review of the corporate governance system, in which it concluded that in 2023 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, as reported in section 6 (‘Good Corporate Governance’) of the Consolidated Non-Financial Statement included in the Consolidated Directors Report.

In addition, within the framework of the Audit Committee's duty to supervise and monitor the ACS Group's Compliance System, the Committee approved the Compliance Committee's proposals for the Community Investment, Sponsorship, Patronage and Philanthropic Donations Policy, and the Policy on Compliance with International Sanctions Against Third Parties, and reported favourably at its meeting of 23 March on the Compliance Committee's Annual Monitoring Report for 2022.

Likewise, at the meeting held on 27 July 2023, the Compliance Director presented the half-yearly Compliance Report to the Committee and the proposed resolutions passed by the Compliance Committee for submission to the Board were submitted for approval by the Audit Committee, including (i) updating ACS’s Whistleblower Channel Operation Policy; (ii) updating ACS's Procedure for Investigating Complaints and Breaches; (iii) approving a new Policy on Using Technological Media; as well as (iv) nominating, for ratification by the Board, the Compliance Committee to be in charge of ACS's Internal Whistleblowing System. In addition, the Chief Compliance Officer presented the Committee the analysis of the Divisions' responses to the Global Compliance Report for the first half of 2023 as well as the compliance risk reports submitted by the various compliance advisors consulted in each of the compliance disciplines reported on. Lastly, at its meeting of 14 December 2023, the Committee reported favourably on the Compliance Committee's 2024 proposal.

In relation to sustainability, at its meeting of 27 February 2023, the Head of Sustainability presented the Analysis of risks and opportunities related to climate change; at its meetings of 12 May, 27 July, 13 November and 14 December 2023, the respective Sustainability Monitoring Reports of the ACS Group were presented to the Committee, and at the meeting of 27 July, a new Policy for engagement with and monitoring of sector associations was approved.

Finally, at the proposal of the Data Protection Officer, at its meeting of 27 July, the Audit Committee approved a new Data Protection Policy; and at its meeting on 14 December, the Committee resolved to propose to renew the Annual Statement of Compliance with Criminal and Anti-Corruption Legislation of ACS's Board.

f) In relation to other functions of the Committee.

Within the framework of its duty to report on Related-Party Transactions to be approved by the General Meeting or the Board and to supervise the internal procedure established by the Company for those whose approval has been delegated by the Board in accordance with the applicable legislation, under Article 25.6(t) of the Board of Directors' Rules, this power is the responsibility of the Audit Committee. In this regard, at its meeting on 27 February, the Audit Committee received information from the Related-Transactions Operating Committee regarding related-party transactions in 2022; at its meeting on 23 March, it approved the Related-Party Transactions Report; and at its meeting on 14 December 2023, the Committee approved the annual report of the Related-Party Transactions Operating Committee.

On the other hand, 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 23 March, the Committee reported favourably on the Report on the Committee's activities in 2022.

Lastly, at its meeting of 14 December 2023, 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 5 May 2023.

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
MS LOURDES MÁIZ CARRO	BOARD MEMBER	Independent

% executive directors	–
% Proprietary Board Members	33.33%
% Independent Board Members	66.67%
% 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 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 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.

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 2023 the Nominations Committee met twice, having taken decisions in the various areas under its competence. The Nominations Committee performed significant activities in 2023, including:

In connection with the **appointment or re-election of Directors who do not have the status of Independent Directors, the Nominations Committee is responsible for reporting on proposals for appointment by co-option or for submission to a decision of the General Meetin**g, as well as proposals for the re-election or removal of those Directors by the General Meeting; and, within the framework of this function, at its meeting held on 23 March 2023, the Nominations Committee reported favourably to the Board on the re-election of Mr Florentino Pérez Rodríguez and Mr José Luis del Valle Pérez as Executive Board Members, Mr Pedro José López Jiménez under the category of Other External Board Members, and Ms María Soledad Pérez Rodríguez as Proprietary Board Member.
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' Meetig.

Within the framework of this proposal function, at its meeting held on 23 March 2023, the Nominations Committee resolved to propose to the Board, for submission to the General Shareholders' Meeting of ACS, the appointment of Ms Lourdes Máiz Carro and Ms Lourdes Fraguas Gadea as Independent Board Members, as well as the re-election of Mr Antonio Botella García, Mr Emilio García Gallego and Ms Catalina Miñarro Brugarolas as Independent Board Members.

Furthermore, and conditional upon the General Meeting approving their appointments as Board Members, the Nominations Committee, within the framework of its function to report on the proposed appointments to the Board, at its meeting of 5 May 2023 resolved to report favourably on the following appointments to the Board of Directors and the Committees:

- Re-election of Mr Florentino Pérez Rodríguez as Chairman of the Board.
- Appointment of Mr Pedro López Jiménez as Deputy-Chairman of the Board.
- Re-election of Mr Emilio García Gallego, Ms Catalina Miñarro Brugarolas and Ms María Soledad Pérez Rodríguez as members of the Company's Audit Committee.
- Re-election of Ms Catalina Miñarro Brugarolas and appointment of Ms Lourdes Maiz Carro as Chairwoman and member of the Nominations Committee, respectively.
- Re-election of Mr Antonio Botella García as Chairman of the Remuneration Committee, and Mr Emilio García Gallego and Ms María Soledad Pérez Rodríguez as members of this Committee and appointment of Ms Lourdes Fraguas Gadea to this Committee.

At its meeting of 23 March 2023, the Nominations Committee also reported favourably on the Company's 2022 Annual Corporate Governance Report and the Committee's 2022 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 JOSÉ ELADIO SECO DOMÍNGUEZ	BOARD MEMBER	Independent
MS LOURDES FRAGUAS GADEAS	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 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 2023 the Remuneration Committee met twice, having taken decisions in the different areas within its scope. The Nominations Committee performed the following activities in 2023:

At its meeting of 23 March 2023, the Remuneration Committee reported favourably on the 2022 Director Remuneration Report prepared in accordance with section 541 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 2026. In this regard, the Committee proposed the new Remuneration Policy to the Board, which was subsequently passed at the Annual General Meeting held on 5 May 2023.

Lastly, pursuant to Article 28.11 of the Rules of the Board of Directors, the Committee passed the 2022 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							
	2023		2022		2021		2020	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	1	20%	1	16.67%	1	20%	1	16.67%
Audit Committee	3	60%	3	60%	3	60%	3	60%

Nominations Committee	4	66.67%	3	50%	2	33.33%	2	33.33%
Remuneration Committee	2	40%	1	20%	1	20%	1	20%

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 2023.

In 2023 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.

It is noted for the record that the Operating Committee reviewed the Protocol in 2023, and found that it has been duly updated in accordance with the legislation in force and that no circumstances have arisen that would make amending it advisable.

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 general meeting, if applicable, was approved by the board without a nay vote by the majority of independent directors

Comments
In 2023, 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
Mr Florentino Pérez Rodríguez	Comunidades Gestionadas, S.A.	Executive Chairman	Acquisition of two homes from a subsidiary of ACS by a close relative of a member of the Board, the amount of which is less than 10% of the total asset headings on the latest annual balance sheet approved by the Company and carried out on standardised terms, at prices generally established for any acquirer and the amount of which does not exceed 0.5% of the Company's net turnover	1,336.00	Chief Executive Officer		

Comments

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 2023, 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.

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 2023, 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 considers Risk Control and Management to be one of the fundamental pillars of its sustainable value creation strategy. Therefore, reinforcing this work is one of the Group's strategic lines, which is why in 2023 a new Chief Risk Officer was appointed who, in line with the Organisation's corporate governance model, reports to both the Chief Executive Officer and the Audit Committee. The Risk Officer is responsible for, among other duties, promoting the dissemination of the ACS Group's risk management culture within all the subsidiaries that comprise it, as well as supervising its coherent and structured application, in accordance with the Group's Risk Control and Management Policy, all in coordination with the specific bodies responsible for this supervision. In accordance with the basic principles set out in the Risk Management and Control Policy, the role of the Chief Risk Officer is functionally and hierarchically independent from the business lines. (A forthcoming update of the General Risk Management and Control Policy will include the figure of the Chief Risk Officer, as well as the definition of their competencies, duties and responsibilities).

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, and is the document that defines the objective and scope of the ACS Group's Risk Management and Control System.

On the other hand, it is important to bear in mind that 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.

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.

Article 5.1 of the Risk Control and Management Policy identifies all the risks included in the financial and non-financial analysis methodology, and Article 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, the Chief Risks Officer 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.

Update to the ACS Group’s Risk Map

At its meeting held on 14 December 2023, 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 Methodology used for drawing up and successively updating the Risk Map is described in detail in Section E3 below.

Climate Change Risks and Opportunities

In addition to the review of the Risk Map in 2023, 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. The analysis, the results of which are summarised in section E.3 below, was carried out in 2023 by an Internal Working Group, set up for this purpose and coordinated by the Chief Risk Officer, with the aim of contributing to improving the Group's Integrated Risk Control and Management System, identifying business or cost reduction opportunities, and finally, complying with and supporting the external disclosure obligations in this area.

Duties of the Audit Committee

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, 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.

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 General Risk Control and Management Policy defines the position of Risk Control and Management within the Corporate Governance structure and includes the definition of competencies, roles and responsibilities of the different members of the Organisation involved in risk control and 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 Chief Risks Officer, 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's Management Committee defines the basic guidelines and the framework for action, and establishes the management, monitoring and reporting mechanisms to ensure that risks are kept within the levels approved by ACS’s Board of Directors.

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. As indicated in section E.1 above, a Chief Risks Officer was appointed in ACS in 2023 who has joined the Compliance Committee, thus reinforcing its composition. 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 and 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.).

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 2023, 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 channe
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. In addition, the new IT and Cybersecurity risk and controls matrix was approved in October 2023.

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.

The Chief Risk Officer

The next update of the General Risk Control and Management Policy will include the definition of the figure and duties of the Chief Risk Officer. These duties will include helping the Board and the Audit Committee perform their duties, especially in:

- Defining risk management and control strategies and policies and procedures,
- Coordinating the various risk assessment and control functions within the Group, as well as putting risk mitigation measures in place (the Chief Risk Officer has also been a member of the Compliance Committee since 2023),

- Promoting the Group's risk appetite and risk tolerance culture,
- Drawing up and updating the Risk Map,
- Coordinating and supervising risk management in the contracting phase, as well as contract development in the various operational areas; and
- In general, supporting the development and implementation of the General Risk Management and Control Policy.

The role of the Chief Risk Officer is functionally and hierarchically independent from the business lines.

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 is set out in the Group's Risk Map, which is updated annually and includes identifying the significant risks that the Group may be exposed to.

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:

- <u>Strategic</u>: 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.
- <u>Operational</u>: Risks associated with the activities carried out by the Group, including all risks related to the processes and operations carried out to perform contracts, including the contracting process, as well as managing how they are carried out and completed
- <u>Technological</u>: 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.
- <u>Legal, criminal and anti-bribery</u>: 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.
- <u>Social</u>: 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.
- <u>Environmental</u>: Risks linked to potential environmental impacts and the circular economy, including climate change and energy efficiency, which could cause harm to society and to the Group’s

environment, loss of competitiveness, compensation and reparations or that 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.

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 and the Chief Risks Officer are 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

The map was updated in 2023 and approved by ACS's Board at its meeting of 14 December 2023. The update has been carried out in cooperation with all Group companies. For risks considered key risks, these include:

- Definition and explanation of the risk. Definition of the scope and classification of the impact and probability.
- Identification of Risk Events: Definition of the specific circumstances that each risk materialising would entail.
- Risk response, identification of the most relevant control and management procedures. Assigning control activities and other initiatives aimed at mitigating each of the events and risks identified, as well as those responsible for carrying them out and reporting.
- Assigning the areas of each Risk/Event/Control Activity: assignment of the areas that each of the risks, events and control procedures apply to.

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. The assessment is made, in agreement with the representatives of the Group companies, in qualitative terms of probability and impact.

Lastly, it should be noted that in the Risks Map, in accordance with the risk management methodology, the rating of the various risks based on their impact and probability 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 relation to environmental risks, of special note is the ACS Group's work on analysing and measuring the risk of climate change. In this regard, the internal working group (IWG) was expanded in 2023 with increased participation from different divisions, subsidiaries and departments of the Group relevant to risk management, opportunity identification and ESG, as well as experts in assessing the climate risks in the ACS Group's activities and their financial implications.

Further steps have been taken towards fully integrating climate risks into the Integrated Risk Management and Control System and corporate governance by working towards greater harmonisation of the analysis of climate-related risks and opportunities across the Group. This way progress was made toward putting the climate risk assessment into context within the Group's strategic planning and investment time horizons, as established by ESRS E1, in anticipation of the 2024 climate reporting obligations.

To reach these objectives, a risk assessment methodology commensurate with the potential materiality of the risks and with a sound scientific-technical basis was constructed that adequately explains its scope, horizons, calculation methods, working assumptions, parameters and indicators and possible limitations, as required by the European Financial Reporting Advisory Group (EFRAG), which gives the ACS Group the edge in the sector. The methodology is based on the general IPCC framework and international standards (IS014090 and IS014091), as recommended in Commission Opinion C/12023/1267.

The methodology includes important advances in increasing spatial granularity, allowing analysis at the asset or project level, for any Group activity and in any geographical location. Assessments can be carried out for different time horizons and GHG emission scenarios. It is also applicable to the supply chain. This makes it possible to quantify economic and financial impacts and to analyse compliance with the substantial contribution criteria or DNSH criterion of adaptation at the project level. A physical risk analysis was carried out, moving from a semi-quantitative assessment by activity (Construction, Services and Concessions) with climatic information by geographical area (year 2022), to a quantitative analysis, by project type and geolocated.

The analysis shows that the ACS Group's construction, services and concessions activities do not show significant risk in the short, medium and long term. An extensive catalogue of the coping and adaptation measures that the various companies implement in their projects in the different geographical areas of the Group was obtained, which showed that all the Group's eligible taxonomic (construction) activities meet the DNSH adaptation criterion.

Lastly, an extensive analysis of the opportunities for ACS and its clients was also carried out, considering different activities (Construction, Services and Concessions); roles (design, construction, promotion, development, operation and maintenance) and in different time horizons, laying the foundations for a quantification of the opportunities at project level.

E.4 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 ACS Group is exposed to risks arising from the businesses and sectors in which it operates. In addition, given that the Group operates in different countries, it is exposed to various regulatory and macroeconomic environments and is therefore exposed to any risks stemming from the performance of the global economy. Current conflicts such as Russia's invasion of Ukraine (and the effects of sanctions and other actions by several countries on the Russian economy intended to isolate and weaken it), the conflict between Israel and Gaza, and the situation in the Red Sea, although they have currently not had a significant impact on the ACS Group's business activities, are causing inflationary pressure and supply chain problems and, in general, are significantly disrupting the global economy, and increasing economic uncertainty and asset value volatility. The ACS Group continues to monitor the situation's potential impact on operating and financial performance in the activities of its various divisions. Although the current situation caused by the various conflicts has given rise to uncertainty regarding the performance and development of the markets and the infrastructure industry, the Group is lowering the risk profile of new contracts. It is highly diversified by activities and is located in developed regions with stable political frameworks that allow it to mitigate any impacts that may arise in the future.

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 2023 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 eliminate.

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 2023 annual reports, which are available at www.hochtief.com.

F1.2 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 nominated to sit on the Group's Management Committee, and for proposing the basic terms of their contracts.

Corporate General Management, in the case of ACS, 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. In 2023, ACS's Chief Risk Officer joined this Committee, reinforcing the control and monitoring of risks. 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 2023. It was approved by the Compliance Committee on 20 February 2024 and reported to the Audit Committee at its meeting on 29 February 2024.

In 2023, ACS 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' that it obtained in 2022. Furthermore, in 2023, ACS 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 obtained again in 2021 and had renewed in 2022. 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.

Following a thorough update in 2021, the Whistleblower Channel Operation Policy was updated in 2023 to bring it into line with the Spanish Whistleblower Protection Act [Ley 2/2023, de 20 de febrero, reguladora de la protección de las personas que informen sobre infracciones normativas y de lucha contra la corrupción]. This update was approved by the Board on 27 July 2023.

ACS's Whistleblower Channel Operation Policy, which the Code of Conduct Monitoring Committee repealed, attributing its functions to the Compliance Committee, is 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 made 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. This committee 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.

This 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 Whistleblower Channel Operation 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

Lastly, the Whistleblowing Channel's rules were brought into line with the Whistleblower Protection Act. The purpose of these rules are to protect those who, in a work or professional context, detect serious or very serious criminal or administrative offences and report them through the regulated mechanisms, against reprisals.

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	900876841
United States of America	833 7781 528
Canada	833 7781 528
France	800990846
United Kingdom	0 800 077 3019

In 2023, 4 case files were opened in the ACS Whistleblowing Channel that did not have a significant impact on the year. In addition, numerous queries and complaints were received on the whistleblower channels of each of the Group's divisions. Considering all the Group's whistleblowing channels, 407 reports were received in 2023, which led to the corresponding cases being opened. The complaints and queries from different countries throughout the world have mostly been submitted 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 2023 throughout the entire ACS Group over 15,000 hours of training courses in finance, accounting rules, consolidation, auditing, internal control, risk management and compliance were given, attended by over 2,300 employees. In 2023, 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 the processes and operations carried out to perform our contracts, including the contracting process, as well as managing how they are carried out and completed.

- 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 and to the Group's environment, loss of competitiveness, compensation and reparations or that 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 in 2023 as it had also been in 2022, which, taking into account different climate scenarios (both physical and transition), identified the potential risks arising in the short-, medium- and long-term. The analysis included transition risks (divided into regulatory, market, technological and reputational risks), physical risks (divided into chronic and acute risks) and opportunities (divided into market, product and service and resource efficiency opportunities). In this regard, the internal working group (IWG) was expanded in 2023 with increased participation from different divisions, subsidiaries and departments of the Group relevant to risk management, opportunity identification and ESG, as well as experts in assessing the climate risks in the ACS Group's activities and their financial implications.

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 2023 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 This scope is reviewed quarterly.

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 determining 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. In 2023, the Group started to integrate all these processes into a GRC software tool that allows for more efficient and effective control of GRC. 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, ACS's Compliance Committee 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 leaks and losses of physical and logical information, depending on the level of confidentiality.

The Chief Information Security Officer (CISO) appointed at ACS 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 the 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, their criteria and results are revised by Group management or by the 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 its policie.

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 2023, 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 Corporate 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 2023 on a half-yearly basis, at the same time as the publication of the ACS Group's interim half-yearly financial statement.

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. 2023 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 2023 Activities Report and the 2024 Audit Plan to the Audit Committee in March 2024. 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 2023, 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 45 audits were carried out in all the Business Areas of the Group in 2023, representing coverage equal to 27% of the ACS Group's total revenues excluding the Hochtief Group.

As in previous years, in 2023, 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 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.

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 2023, the Internal Auditor attended five Audit Committee meetings and the External Auditor attended six Audit Committee meetings, at the invitation of the Chair and in relation to the agenda items for which their presence was requested

F.6 Other relevant information

Not applicable

F.7 External auditor's report

Indicate:

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

The information relating to the ICFRS issued to the markets for 2023 was reviewed by the external auditor.

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.

   b) The mechanisms in place to resolve possible conflicts of interest.

Complies	Partially complies	Explain	Not applicable
			X

3. During the annual general meeting, the chairman of the board 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		

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.

Complies	Partially complies	Explain	Not applicable
			X

11. 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.

		Complies	Explain
		X	

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

    a) is concrete and verifiable;

b) ensures that proposals for appointment or re-election of members are based on a prior analysis of the competences needed by the board; and

c) favours diversity of expertise, experience, age and gender. 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		

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	

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			

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	

The Board, acting in accordance with the interests of the Company, has met with the frequency required to perform its duties effectively, dealing with all the matters under its purview and, in any event, whenever called by its chair, in accordance with the schedule established at the beginning of the year, and it was possible to cover these matters in seven meetings, making it unnecessary to hold any further meetings. This explains why this recommendation is considered to have been partially implemented, as it was not necessary to hold eight meetings.

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 94.29% 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	Explain	Not applicable
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	Not applicable
X			

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

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	Explain	Not applicable
	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.

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

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

This Annual Corporate Governance Report was approved by the Board of the Company at its meeting held on 21 March 2024.

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

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

Assurance' report on the 2023 "Information Relating to the system of internal control over financial reporting (ICFR)" of ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.

April 4 2024

Translation of a report originally issued in Spanish based on our work performed in accordance with the assurance regulations in force in Spain and prepared in accordance with the regulatory reporting framework applicable to the Group in Spain. In the event of a discrepancy, the Spanish-language version prevails

Deloitte, S.L.
Plaza Pablo Ruiz Picasso, 1
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28020 Madrid
España

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www.deloitte.es

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

"INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ASSURANCE REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31st 2023

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 Entity") and in accordance with our engagement letter of December 21st 2023, we have applied certain procedures to the accompanying "Information relating to the ICFR" of ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. for fiscal year finished on December 31st 2023, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

Directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system attached.

In this regard it should be noted, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the *Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies*, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2023 described in the accompanying information on the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

In addition, since this special engagement does not constitute an audit of financial statements and is not subject to current Spanish Audit Law, we do not express an audit opinion in the terms provided in that Law.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report - and assessment of whether this information addresses all the information required considering the minimum content described in section F, of the ACGR form, relating to the description of the ICFR system as established in CNMV Circular 5/2013 of June 12th 2013, and subsequent modifications, the most recent being CNMV Circular 3/2021 of September 28th 2021 (hereinafter referred to as CNMV circulars).

2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Entity.

3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing the ICFR systems. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.

4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.

5. Reading of the meetings minutes of the Board of Directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.

6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

On 4 April 2024, and solely in order to include certain additional information on events after the reporting period, the Entity's directors re-authorised for issue the Group's consolidated financial statements and the consolidated directors' report for 2023, which includes in its section F the information prepared by the Entity in relation to the ICFR, and which had been authorised for issue on 21 March 2024. This report supersedes that previously issued on 21 March 2024. Our conclusion is not modified in respect of this matter.

This report has been prepared exclusively in the context of the requirements of article 540 of Corporate Enterprises Act and by CNMV Circulars, published by the Spanish National Securities Market Commission for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.
DELOITTE, S.L.

Ignacio Alcaraz Elorrieta

April 4, 2024

6 Annexes

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6.1. REPORTING PRINCIPLES

The non-financial information in this report has been reported in accordance with Global Reporting Initiative (GRI) Standards. This Report of the ACS Group was also prepared following the principles established within the framework of the International Integrated Reporting Council (IIRC[11] 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 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
- Good corporate governance
- Financial solvency and value generation for shareholders and investors
- Equality, diversity and non-discrimination
- Attracting talent and professional development
- Transparency and dialogue with stakeholders
- Customer orientation and quality
- Investment and sustainable financing
- Innovation and Technology
- Fair remuneration and quality employment
- Respect for human rights
- Responsible management of the supply chain
- Sustainability strategy and governance
- Circularity in the sourcing of raw materials and in waste management
- Climate Change: transition to a low-carbon business model
- Environmental management and protection of biodiversity
- Local development and impact on the community
- Pollution
- Water management

Lastly, a limited audit of the non-financial information was carried out by an independent third party in accordance with the Revised ISAE 3000 standard, including the audit statement provided on pages 268-271 of this document. The ACS Group applied the following criteria to prepare this report:

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[11] For more information, see the website of the International Integrated Reporting Counsel http://integratedreporting.org/

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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 4.5 this report).

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 6.2 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 2023, without omitting information of relevance to our stakeholders.

The scope of the report was determined along with its content. In the reporting years covered by this report, ACS Group took part in transformation processes that involved organizational and administrative changes, which 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 ACS Group's 2021 financial statements. Appendix 6.3.6 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. In 2023, following best market practices, the ACS Group, in its objective of improving the completeness and coverage of the indicators, made its best estimate for the data from the Group's companies or projects for which, due to the lack of information management systems or omissions of information, it has not been possible to obtain real data. In these cases, this was indicated throughout the chapters. The ACS Group, in its objective of constant improvement, will continue to work to achieve a degree of coverage of 100%.

The relevant issues, the indicators included herein and the issues covered by the 2023 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 in the report is meant to be clear and accurate, so that the ACS Group's actions can be assessed. 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 have been recalculated with the same scope as those reported in 2023 so that, whenever possible, they can be more comparable with other years. 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 decentralization of the ACS Group, an improvement process is being carried out in the collection of data, as well as a homogenization 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.

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Reliability: the reliability of the information included in this 2023 Annual Integrated Report in regard to corporate social responsibility was audited by Deloitte, the firm responsible for auditing it. The audit statement is provided on pages 268-271.

Timeliness: The ACS Group is required report on the Group's performance on an annual basis. This Report relates to the Group's actions and activities in 2023 in the economic, social and environmental fields.

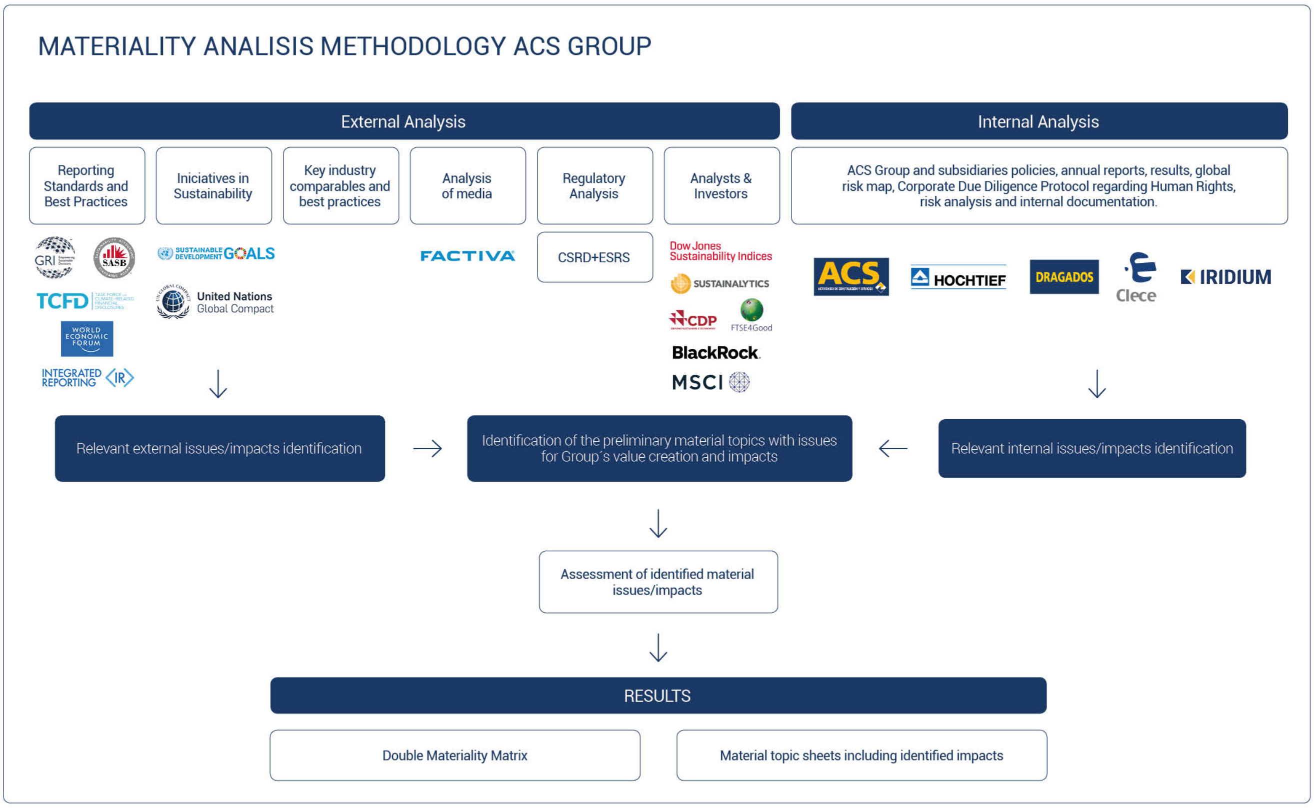
6.2. IDENTIFICATION OF MATERIAL ASPECTS

In accordance with the principles established by the GRI Standards to define the contents of the 2023 Integrated Report, the ACS Group introduced the concept of dual materiality for the first time in the 2022 report, identifying on the one hand the issues that are relevant for creating value for the ACS Group, as well as the level of impact that the ACS Group's activity may have on the economy, the environment and people, including human rights impacts.

This exercise was based on the issues already identified as relevant in the exhaustive review carried out in 2021, which served as the starting point for the ACS Group's strategic reflection process on sustainability (2025 Master Sustainability Plan), as well as the review carried out in 2022, which identified the impacts that the ACS Group's activities may have on the economy, the environment and people, including the impacts on human rights and how they fit into each of the material issues identified. For the 2023 report, the identification of material issues and sub-issues included in each of them was updated through a preliminary analysis of the Corporate Sustainability Reporting Directive 2022/2464 of 14 December 2022 (CSRD), as well as the corresponding reporting standards included in this directive, called the European Sustainability Reporting Standards (ESRS).

Once the material issues were identified, contrast surveys were carried out with the ACS Group's management: both at corporate level and in the various ACS Group companies, to validate and assess the tentative relevant issues arising from the analysis of the documentation, both in terms of their importance for creating internal value and in terms of the impact that the Group's activity may have on the economy, the environment and society, including its impact on human rights. Lastly, the results were analyzed to identify and prioritize both the importance and the impacts.

In 2024, the ACS Group will continue to thoroughly deepen this dual materiality analysis, to adapt it to the methodology and requirements of Directive 2022/2464 of 14 December 2022 on corporate reporting on sustainability (CSRD), as well as its corresponding reporting standards (ESRS).



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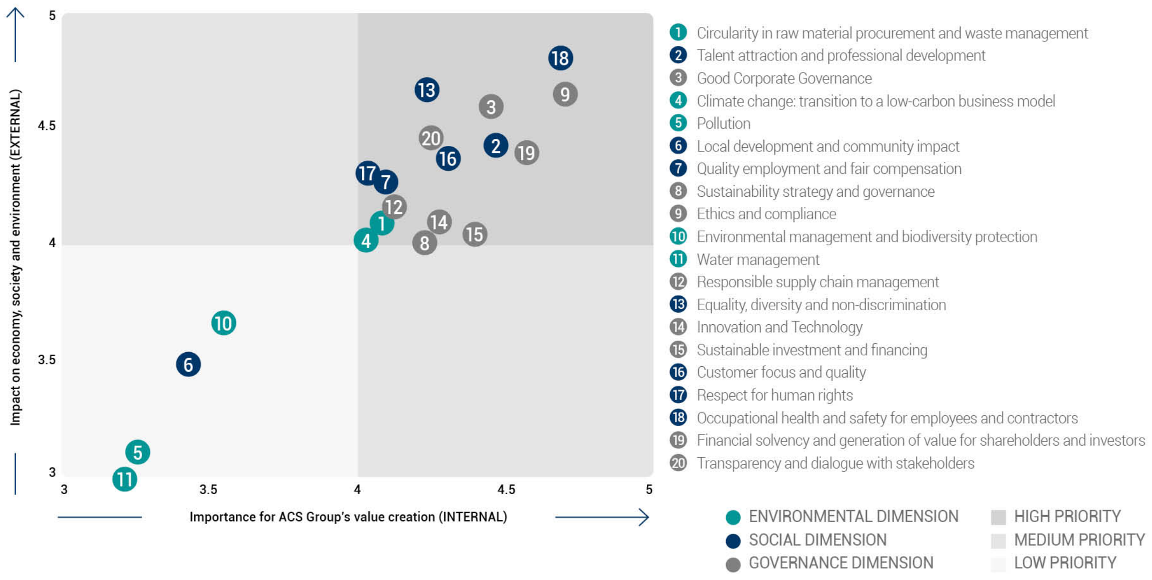
The results of weighting, by means of an arithmetic mean, the topics identified both at an internal (creation of value for the Group) and external (impacts of the ACS Group's activity) level were used to design a materiality matrix representing the results obtained based on their external and internal relevance, identifying and ranking 20 relevant issues for the ACS Group, which are described below:

MATERIALITY MATRIX



The 20 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)

		TOTAL
1	Occupational health and safety for employees and contractors	4.8
2	Ethics and compliance	4.7
3	Good Corporate Governance	4.5
4	Financial solvency and generation of value for shareholders and investors	4.5
5	Equality, diversity and non-discrimination	4.5
6	Talent attraction and professional development	4.5
7	Transparency and dialogue with stakeholders	4.4
8	Customer focus and quality	4.3
9	Sustainable investment and financing	4.2
10	Innovation and Technology	4.2
11	Quality employment and fair compensation	4.2
12	Respect for human rights	4.2
13	Responsible supply chain management	4.1
14	Sustainability strategy and governance	4.1
15	Circularity in raw material procurement and waste management	4.1
16	Climate change: transition to a low-carbon business model	4.0
17	Environmental management and biodiversity protection	3.6
18	Local development and community impact	3.5
19	Pollution	3.2
20	Water management	3.1

ENVIRONMENTAL DIMENSION · SOCIAL DIMENSION · GOVERNANCE DIMENSION

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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:

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.

- Safe and healthy working environment
- Accidents and occupational diseases
- Occupational risk prevention Investment in health and safety
- Occupational health and safety system and certifications
- Health and safety training
- Accident-rate indices
- Absenteeism rate
- Monitoring of health and safety aspects in the supply chain
- Compliance with voluntary health and safety legislation and commitments

DESCRIPTION OF THE MATERIAL TOPIC

Keep	**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.

Ø 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) identified 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

3 GOOD HEALTH AND WELL-BEING · 8 DECENT WORK AND ECONOMIC GROWTH

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

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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

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 risk Risk Map: Compliance breach and Reputational risks

Risks:

- Regulatory breach with the possibility of economic or criminal sanctions
- Reputation risks
- Conflict with stakeholders

Opportunities:

- Minimisation of criminal offences
- Strengthening the corporate image

Main impacts (potential/actual) identified on the environment and society (positive/negative) identified:

- 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.

DESCRIPTION OF THE MATERIAL TOPIC

Keep	**BUSINESS**
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

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.
- Policy Governing Participation and Monitoring of Sector Associations
- Policy on Compliance with International Sanctions Imposed on Third Parties

Good corporate governance

DESCRIPTION AND SUB-TOPICS

Set of rules, principles and procedures that regulate the structure and functioning of the Company's management 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 management bodies
- Capital structure
- Regulations and policies of management 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

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 management body of the organisation to have adequate control and supervisory responsibilities over key business matters.

Ø 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) identified:

- 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.

DESCRIPTION OF THE MATERIAL TOPIC

Keep	**BUSINESS**
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

RELATED SDGs

MAIN POLICIES IMPLEMENTED

- Remuneration of the Board of Directors
- Company By-laws
- Shareholders' General Meeting By-laws
- Rules of Conduct in the Stock Exchange
- The ACS Group's Social Action Policy
- Diversity Policy
- Enforcement and anti-bribery policy

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

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

Keep	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.

Ø 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) identified:

- 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

8 DECENT WORK AND ECONOMIC GROWTH | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- General Risk Control and Management Policy
- Remuneration Policy

Equality, diversity and non-discrimination

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 sex, 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

Keep	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 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.

Ø Associated risk 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) identified:

- 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 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

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

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

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

Keep	BUSINESS
Renamed	
New	

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.

Ø Associated risk 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) identified 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

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

Keep	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.

Ø Associated risk 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) identified:

- 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

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

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

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

Keep	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.

Ø Associated risk 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) identified:

- 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

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

Keep	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.

Ø Associated risk from 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) identified:

- Redirection of financial flows to more sustainable activities that help to decarbonise the economy and invest in sustainable assets.

RELATED SDGs

MAIN POLICIES IMPLEMENTED

- The ACS Group's Code of Conduct
- The ACS Group's Sustainability Policy

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

Innovation and Technology

DESCRIPTION AND SUB-TOPICS

Environmental impairment due to the release of harmful substances or the alteration of natural conditions

- 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

Keep	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.

Ø Associated risk 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) identified:

- Worsened air quality due to the release of harmful substances or the alteration of natural conditions
- Land degradation, desertification and soil contamination during activities.
- Use of substances of concern during activities that may harm the environment.

RELATED SDGs

MAIN POLICIES IMPLEMENTED

- ACS Sustainability 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

Keep	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 employees' satisfaction and their sense of belonging.

Ø Associated risk 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) identified:

- 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
- The ACS Group's Social Action Policy
- Remuneration Policy

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

Respect for Human Rights

ACS

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

Keep	**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.

Ø Associated risk Risk Map: Regulatory breach and violation of Human Rights

Riesgos:
- Incumplimiento regulatorio
- Menor operatividad
- Riesgo reputacional

Oportunidades:
- Establecimiento de relaciones comerciales seguras
- Mejora reputacional
- Crecimiento y expansión a nuevos mercados

Main impacts (potential/actual) identified on the environment and society (positive/negative) identified:
- 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

3, 4, 5, 8, 10, 16, 17

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

Responsible management of the supply chain

ACS

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

Keep	**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.

Ø Associated risk Risk Map: Procurement/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) identified:
- 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

8, 12, 17

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

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

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

Keep	**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.

Ø Associated risk Risk Map: Regulatory breach/Compliance

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) identified:

- 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

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

MAIN POLICIES IMPLEMENTED

- The ACS Group's Sustainability Policy

Circularity in the procurement of construction materials and in waste management

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

Keep	**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.

Ø 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

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) identified:

- Efficient use of natural resources.
- Minimisation and responsible management of waste generated.
- Traceability of raw materials.

RELATED SDGs

6 CLEAN WATER AND SANITATION | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- Environmental policy
- Construction Materials Policy
- Risk Control Policy

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

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 decarbonization and the reduction of GHG emissions.

- Climate strategy and decarbonization 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

Keep	**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.

Ø 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) identified:
- 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

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

Keep	**BUSINESS**
Renamed	
New	

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.

Ø Associated risk Risk Map: 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) identified 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

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Local development and impact on the community

ACS

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 engage 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

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.

Ø 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) identified 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.

DESCRIPTION OF THE MATERIAL TOPIC

Keep	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

RELATED SDGs

2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS

MAIN POLICIES IMPLEMENTED

- ACS Sustainability Policy
- The ACS Group's Code of Conduct
- Environmental policy
- Risk control policy
- Diversity Policy
- Policy Governing Participation and Monitoring of Sector Associations
- Policy Governing Community Investments, Sponsorship, Patronage, and Charitable Giving
- Talent Development and Assessment Policy
- Human Rights Policy

Pollution

ACS

DESCRIPTION AND SUB-TOPICS

Environmental impairment due to the release of harmful substances or the alteration of natural conditions.

- Climate strategy and decarbonisation of the business
- Climate neutrality
- Use of alternative fuels and energy sources
- Biodiversity and deforestation
- R&D projects
- Circularity and resource efficiency
- Use of building materials
- Management of water resources
- Sustainable infrastructures

ASSOCIATED RISKS AND OPPORTUNITIES

Companies need to design appropriate strategies to minimise environmental impairment due to the release of harmful substances or the alteration of natural conditions, and to promote projects and services that can decrease the release of harmful substances or the alteration of natural conditions, both in the construction process and in the process of operating the projects.

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) identified:

- Worsened air quality due to the release of harmful substances or the alteration of natural conditions.
- Land degradation, desertification and soil contamination during activities.
- Use of substances of concern during activities that may harm the environment.

DESCRIPTION OF THE MATERIAL TOPIC

Keep	BUSINESS
Renamed	
New	

STAKEHOLDER

CUSTOMERS	EMPLOYEES	SOCIETY
SUPPLIERS AND CONTRACTORS		
REGULATORY AUTHORITIES		
SHAREHOLDERS, INVESTORS AND FINANCIAL INSTITUTIONS		

RELATED SDGs

6 CLEAN WATER AND SANITATION, 7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND, 17 PARTNERSHIPS FOR THE GOALS

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

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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

Keep	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.

Ø Associated risk Risk Map: Environment and the 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) identified:

- 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

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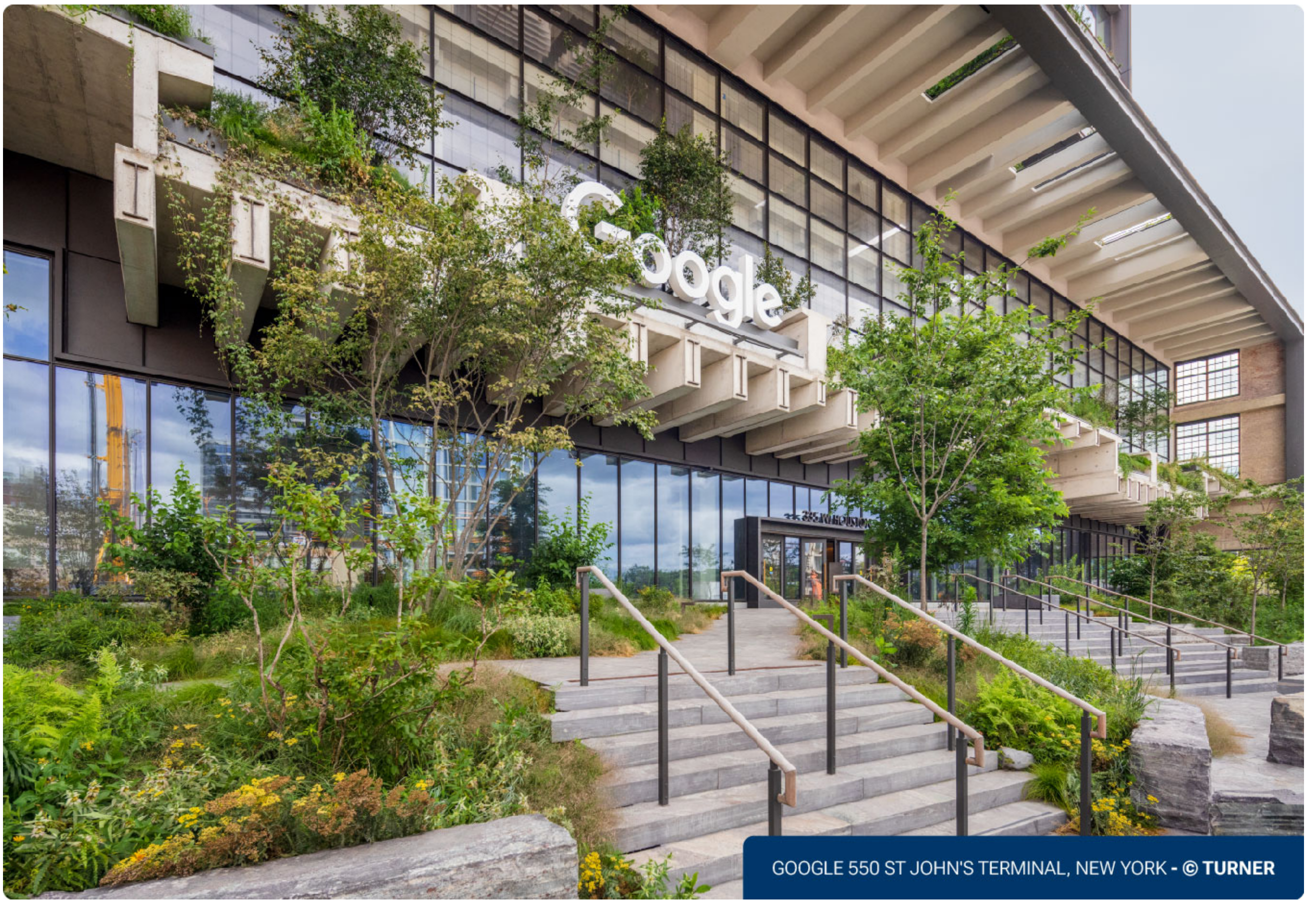
6.3. NON-FINANCIAL INFORMATION ANNEXES

6.3.1. GRI CONTENT INDEX

The non-financial information has been reported in accordance with Global Reporting Initiative (GRI) 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	25		Yes (268-271)
	2-2 Entities included in the organization's sustainability reporting	25		Yes (268-271)
	2-3 Reporting period, frequency and contact point	7;264		Yes (268-271)
	2-4 Restatements of information	225-226		Yes (268-271)
	2-5 External assurance	268-271		Yes (268-271)
Activities and workers	2-6 Activities, value chain and other business relationships	171-172		Yes (268-271)
	2-7 Employees	117-120		Yes (268-271)
	2-8 Workers who are not employees	144		Yes (268-271)



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GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
Governance	2-9 Governance structure and composition	16-17;218-219		Yes (268-271)
	2-10 Nomination and selection of the highest governance body	218-219		Yes (268-271)
	2-11 Chair of the highest governance body	16-17		Yes (268-271)
	2-12 Role of the highest governance body in overseeing the management of impacts	218-219		Yes (268-271)
	2-13 Delegation of responsibility for managing impacts	218-220		Yes (268-271)
	2-14 Role of the highest governance body in sustainability reporting	220-221		Yes (268-271)
	2-15 Conflicts of interest	216		Yes (268-271)
	2-16 Communication of critical concerns	156-157		Yes (268-271)
	2-17 Collective knowledge of the highest governance body	218		Yes (268-271)
	2-18 Evaluation of the performance of the highest governance body	219		Yes (268-271)
	2-19 Remuneration policies	217		Yes (268-271)
	2-20 Process to determine remuneration	217		Yes (268-271)
	2-21 Annual total compensation ratio	The ratio between the total remuneration of the Chief Executive Officer of the ACS Group and the average remuneration of the Group's employees is 151.5 times.		Yes (268-271)
Strategy, policies and practices	2-22 Statement on sustainable development strategy	48-49		Yes (268-271)
	2-23 Policy commitments	146-155		Yes (268-271)
	2-24 Embedding policy commitments	146-155		Yes (268-271)
	2-25 Processes to remediate negative impacts	149-150		Yes (268-271)
	2-26 Mechanisms for seeking advice and raising concerns	156-157		Yes (268-271)
	2-27 Compliance with laws and regulations			
	2-28 Membership associations	162		Yes (268-271)
Stakeholder engagement	2-29 Approach to stakeholder engagement	160-162		Yes (268-271)
	2-30 Collective bargaining agreements	132		Yes (268-271)

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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	226-227		Yes (268-271)
	3-2 List of material topics	227		Yes (268-271)
Ethics and Compliance				
GRI 3: Material Topics 2021	3-3 Management of material topics	229;146-159		Yes (268-271)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	148-149		Yes (268-271)
	205-2 Communication and training on anti-corruption policies and procedures	148;253		Yes (268-271)
	205-3 Confirmed incidents of corruption and actions taken	No cases of corruption were detected in 2023		Yes (268-271)
GRI 206: Anti-unfair competition 2016	206-1 Legal actions relating to anti-competitive behaviour, anti-trust and monopoly practices	1 lawsuit in progress		Yes (268-271)
Occupational health and safety for employees and contractors				
GRI 3: Material Topics 2021	3-3 Management of material topics	228;135-145		Yes (268-271)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	135-136		Yes (268-271)
	403-2 Hazard identification, risk assessment and incident investigation	135-136		Yes (268-271)
	403-3 Occupational health services	138-139		Yes (268-271)
	403-4 Workers' participation, consultation and communication of occupational health and safety	132		Yes (268-271)
	403-5 Occupational Health and Safety training	140		Yes (268-271)
	403-6 Promotion of worker health	136-139		Yes (268-271)
	403-7 Prevention and mitigation impact on the health and safety of workers directly linked by business relationships	144		Yes (268-271)
	403-8 Workers covered by an occupational health and safety management system	139		Yes (268-271)
	403-9 Work-related injuries	249-250		Yes (268-271)
	403-10 Occupational illnesses	143;249-250		Yes (268-271)
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	136		Yes (268-271)
Climate change: transition to a low-carbon business model				
GRI 3: Material Topics 2021	3-3 Management of material topics	236;83-103		Yes (268-271)

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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	95		Yes (268-271)
	305-2 Energy indirect (scope 2) GHG emissions	95-96		Yes (268-271)
	305-3 Other indirect (scope 3) GHG emissions	97		Yes (268-271)
	305-4 GHG emissions intensity	95-97		Yes (268-271)
	305-5 Reduction of GHG emissions	100		Yes (268-271)
	305-6 Emissions of ozone-depleting substances (ODS)	247		Yes (268-271)
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	247		Yes (268-271)
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 indicator is collected: page 92-93	Yes (268-271)
	CRE4 Greenhouse gas emission intensity from new construction and restoration activities	92-93		Yes (268-271)
Risk and opportunity management				
GRI 3: Material Topics 2021	3-3 Management of material topics	237		Yes (268-271)
Good Corporate Governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	229;216-221		Yes (268-271)
Sustainability strategy and governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	235;48-49;220-221		Yes (268-271)
Environmental management and biodiversity protection				
GRI 3: Material Topics 2021	3-3 Management of material topics	236;82;112-113		Yes (268-271)
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental legislation and regulations	116		Yes (268-271)
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	112		Yes (268-271)
	304-2 304-2 Significant impacts of activities, products and biodiversity services	112		Yes (268-271)
	304-3 Protected or restored habitats	112		Yes (268-271)
	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	Complete information on this indicator is not available		No
Equality, diversity and non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	230;126-127		Yes (268-271)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity in governing bodies and employees	217		Yes (268-271)
	405-2 Ratio of basic salary and remuneration of women vs. men	129-130		Yes (268-271)
GRI 405: Non discrimination 2016	406-1 Cases of discrimination and corrective actions taken	157-158		Yes (268-271)
Respect for Human Rights				
GRI 3: Material Topics 2021	3-3 Management of material topics	234;149-150		Yes (268-271)
GRI 412: Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	149-150		Yes (268-271)
	412-2 Training employees on human rights policies or procedures	153		Yes (268-271)
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	149-150		Yes (268-271)
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	149-150;175-176		Yes (268-271)
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	149-150;175-176		Yes (268-271)
Fair remuneration and quality employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	233;127-133		Yes (268-271)

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GRI content index				
GRI Standard	**Disclosure**	**Page number (s) and/or URL (s)**	**Omissions**	**External verification**
	401-1 New employee hires and employee turnover	221;248		Yes (268-271)
GRI 401: Employment 2016	401-2 Benefits for full-time employees that are not provided to part-time or temporary employee	Companies representing 29.9% 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 (268-271)
Transparency and dialogue with stakeholders				
GRI 3: Material Topics 2021	3-3 Management of material topics	231; 160-163		Yes (268-271)
Financial solvency and generation of value for shareholders and investors				
GRI 3: Material Topics 2021	3-3 Management of material topics	230;43-44		Yes (268-271)
Sustainable investment and financing				
GRI 3: Material Topics 2021	3-3 Management of material topics	232;188-206		Yes (268-271)
Customer focus and quality				
GRI 3: Material Topics 2021	3-3 Management of material topics	232;178		Yes (268-271)

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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	231;121-125		Yes (268-271)
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	124		Yes (268-271)
	404-2 Programmes for upgrading employee skills and transition assistance programmes	124-125		Yes (268-271)
	404-3 Percentage of employees receiving regular performance and career development reviews	123		Yes (268-271)
Local development and community impact				
GRI 3: Material Topics 2021	3-3 Management of material topics	237;163-170		Yes (268-271)
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	234;171-177		Yes (268-271)
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	172		Yes (268-271)
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	177		Yes (268-271)
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	17700%		Yes (268-271)
	414-2 Negative social impacts in the supply chain and actions taken	0		Yes (268-271)
Circularity in construction materials sourcing and waste management				
GRI 3: Material Topics 2021	3-3 Management of material topics	235;104-108		Yes (268-271)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	105		Yes (268-271)
	301-2 Recycled inputs	105		Yes (268-271)
	301-3 Reused products and packaging materials	105		Yes (268-271)

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 wasterelated impacts	106-108		Yes (268-271)
	306-2 Management of significant waste-related impacts	106-108		Yes (268-271)
	306-3 Generated waste	106-107		Yes (268-271)
	306-4 Wastes not for disposal	107		Yes (268-271)
	306-5 Waste for disposal	107		Yes (268-271)
Innovation & Technology				
GRI 3: Material Topics 2021	3-3 Management of material topics	233;184-187		Yes (268-271)
Water management				
GRI 3: Material Topics 2021	3-3 Management of material topics	238;109-111		Yes (268-271)
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	109-111		Yes (268-271)
	303-2 Management of water discharge-related impacts	109-111		Yes (268-271)
	303-3 Water withdrawal	110		Yes (268-271)
	303-4 Water discharge	110		Yes (268-271)
	303-5 Water consumption	110		Yes (268-271)
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 92-93	No

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6.3.2. ADDITIONAL INDICATORS

ENVIRONMENT

Other atmospheric emissions (kg)	2022	2023
Amount of significant atmospheric emissions, in kg of NOx.	1,371,306	1,342,338
Amount of significant atmospheric emissions, in kg of SOx.	882	1,002
Amount of significant atmospheric emissions, in kg of other significant atmospheric emissions.	204,476	197,255

Energy consumption by source	2020	2021	2022	2023
Total ACS Group				
Petrol + Diesel (million liters)	134.0	141.8	121.6	133.0
Liquefied Petroleum Gas (million liters)	3.16	5.65	16.40	7.87
Natural Gas (kWh)	36,249,837	58,408,321	52,281,759	34,647,740
Biofuel (million liters)	0.02	1.53	0.44	2.34
Electricity (MWh)	226,505	293,521	385,578	392,374
Electricity from renewable sources (MWh)	51,651	70,556	60,062	62,227

Note: Since 2020, data restated following the Industrial Services sale in December 2021 and Thiess' 50% participation sale in December 2020 accounting for the equity method in 2021

Energy consumption by source	2022	2023
Construction		
Petrol + Diesel (million liters)	116.21	127.27
Liquefied Petroleum Gas (million liters)	15.59	7.00
Natural Gas (kWh)	10,335,202	7,125,760
Biofuel (million liters)	0.44	2.34
Electricity (MWh)	292,206	301,314
Electricity from renewable sources (MWh)	32,565	36,574
Concessions		
Petrol + Diesel (million liters)	0.30	0.23
Liquefied Petroleum Gas (million liters)	0.22	0.18
Natural Gas (kWh)	268,205	211,373
Biofuel (million liters)	0.0	0.0
Electricity (MWh)	621	561
Electricity from renewable sources (MWh)	224	406
Services		
Petrol + Diesel (million liters)	4.34	4.50
Liquefied Petroleum Gas (million liters)	0.59	0.60
Natural Gas (kWh)	25,522,312	16,263,572
Biofuel (million liters)	0.0	0.0
Electricity (MWh)	34,886	33,481
Electricity from renewable sources (MWh)	26,188	24,224
Corporation & others		
Petrol + Diesel (million liters)	0.73	0.97
Liquefied Petroleum Gas (million liters)	0.00	0.09
Natural Gas (kWh)	16,156,041	11,047,035
Biofuel (million liters)	0.0	0.0
Electricity (MWh)	57,865	57,018
Electricity from renewable sources (MWh)	1,085	1,023

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PEOPLE

	2020	2021*	2022	2023
Total number of employees	**179,539**	**122,502**	**128,721**	**135,419**
Of the reported number of employees, number of men	103,507	51,488	55,727	60,271
Of the reported number of employees, number of women	76,032	71,014	72,994	75,148
Of the reported employees, number of employees with ages < 35 years old	47,111	27,378	29,627	32,911
Of the reported employees, number of employees with ages between 35 -50 years old	75,168	47,719	49,372	49,943
Of the reported employees, number of employees with ages >50 years old	57,260	47,405	49,722	52,565
Of the reported employees, number of employees in reporting year that belong to University Graduates and Lower degrees Graduates	32,069	19,845	20,642	21,805
Of the reported employees, number of employees in reporting year that belongs to non-graduate personnel and administrative staff	33,734	20,924	22,244	23,135
Of the reported employees, number of employees in reporting year that belongs to other personnel	113,736	81,733	85,835	90,479
Total number of new employee hires	**55,792**	**39,480**	**49,100**	**50,695**
Of the reported hires, number of men	36,413	17,247	22,534	25,716
Of the reported hires, number of women	19,379	22,233	26,566	24,979
Of the reported hires, number of new hires with ages < 35 years old	24,788	16,081	20,476	21,306
Of the reported hires, number of new hires with ages between 35 -50 years old	21,946	15,127	18,355	18,531
Of the reported hires, number of new hires with ages >50 years old	9,058	8,272	10,269	10,858
Total number of employees dismissed	**16,364**	**2,948**	**2,967**	**4,191**
Of the reported number of employees dismissed, number of men	14,857	2,162	2,175	3,074
Of the reported number of employees dismissed, number of women	1,507	786	792	1,117
Of the reported employees dismissed, number of new employees dismissed with ages < 35 years old	6,566	709	800	1,191
Of the reported employees dismissed, number of new employees dismissed with ages between 35 -50 years old	6,779	1,295	1,144	1,546
Of the reported employees dismissed, number of new employees dismissed with ages >50 years old	3,019	944	1,023	1,454
Of the reported employees dismissed, number of employees dismissed in reporting year that belong to University Graduates and Lower degrees Graduates	1,461	750	637	739
Of the reported employees dismissed, number of employees dismissed in reporting year that belongs to non-graduate personnel and administrative staff	6,071	463	347	484
Of the reported employees dismissed, number of employees dismissed in reporting year that belongs to other personnel	8,832	1,735	1,983	2,968

*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

	2020	2021	2022	2023
Total number of hours worked	**231,872,823**	**242,212,526**	**250,931,665**	**266,639,819**
Total number of hours worked (Men)	119,640,539	117,629,851	123,974,266	134,186,834
Total number of hours worked (Women)	119,938,379	124,582,676	126,957,399	132,452,985
Total number of hours worked Construction	114,190,513	112,367,167	115,941,433	128,166,320
Total number of hours worked Concessions	406,910	550,359	708,875	715,654
Total number of hours worked Services	117,275,400	129,295,000	134,255,550	137,568,750
Total number of hours worked Corporation & others	n.d.	n.d.	25,807	189,095
Total number of accidents with time off from work	**2,746**	**3,291**	**3,750**	**3,913**
Total number of accidents with time off from work (Men)	750	864	928	959
Total number of accidents with time off from work (Women)	1,995	2,427	2,822	2,953
Total number of accidents with time off from work Construction	265	294	257	212
Total number of accidents with time off from work Concessions	0	2	12	4
Total number of accidents with time off from work Services	2,481	2,995	3,481	3,696
Total number of accidents with time off from work Corporation & others	n.d.	n.d.	0	1
Fatal accidents for own employees	**4**	**2**	**0**	**0**
Construction	4	2	0	0
Concessions	0	0	0	0
Services	0	0	0	0
Corporation & others	n.d.	n.d.	0	0
Fatal accidents for own employees (Men)	**4**	**2**	**0**	**0**
Construction	4	2	0	0
Concessions	0	0	0	0
Services	0	0	0	0
Corporation & others	n.d.	n.d.	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
Corporation & others	n.d.	n.d.	0	0
Fatal accidents for contractor employees	**2**	**5**	**2**	**3**
Construction	2	5	2	3
Concessions	0	0	0	0
Services	0	0	0	0
Corporation & others	n.d.	n.d.	0	0
Total number of occupational disease cases (employees)	**70**	**66**	**65**	**122**
Total number of occupational disease cases (Male employees)	39	29	37	97
Total number of occupational disease cases (Female employees)	31	37	28	25

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	2020	2021	2022	2023
Total number of occupational disease cases (employees) Construction	39	28	39	97
Total number of occupational disease cases (employees) Concessions	0	0	0	0
Total number of occupational disease cases (employees) Services	31	38	26	25
Total number of occupational disease cases (employees) Corporation & others	n.d.	n.d.	0	0
Frequency Index of Occupational Disease (employees)	**0**	**0**	**0**	**0**
Frequency Index of Occupational Disease (Male employees)	0.325	0.247	0.298	0.723
Frequency Index of Occupational Disease (Female employees)	0.260	0.297	0.221	0.189
Frequency Index of Occupational Disease (employees) Construction	0	0	0	1
Frequency Index of Occupational Disease (employees) Concessions	0	0	0	0
Frequency Index of Occupational Disease (employees) Services	0	0	0	0
Frequency Index of Occupational Disease (employees) Corporation & others	n.d.	n.d.	0	0
Total number of occupational disease cases (contractors)	**0**	**0**	**2**	**0**
Frequency Index of Occupational Disease (contractors)	**0.000**	**0.000**	**0.016**	**0.000**
Percentage of days lost due to absenteeism	**1.2%**	**1.2%**	**1.4%**	**1.4%**

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.

Total ACS Group	2022	2023
Percentage of workers represented on formal joint health and safety committees for management and employees	99.95%	99.95%
Health and safety issues covered in formal agreements with trade unions	97.76%	98.11%
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	94.73%	95.77%
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%
Corporation & others (1)		
Percentage of workers represented on formal joint health and safety committees for management and employees	—%	56.91%
Health and safety issues covered in formal agreements with trade unions	—%	56.91%

(1) In 2022 includes data from Corporation and real estate activities. In 2023 includes data from Corporation, real estate and energy activities.

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WORK-RELATED INJURIES. EMPLOYEES	2022	2023
Number of deaths resulting from work-related injuries	**0**	**0**
Construction	0	0
Concessions	0	0
Services	0	0
Corporation & others	0	0
Death rate resulting from work-related injuries (1)	**0.00**	**0.00**
Construction	0.00	0.00
Concessions	0.00	0.00
Services	0.00	0.00
Corporation & others	0.00	0.00
Number of work-related injuries with significant consequences	**12**	**14.94**
Construction	2	4.94
Concessions	1	0
Services	9	10
Corporation & others	0	0
Rate of work-related injuries with significant consequences (2)	**0.05**	**0.06**
Construction	0.02	0.04
Concessions	1.41	0.00
Services	0.07	0.07
Corporation & others	0.00	0.00
Number of recordable work-related injuries	**7,233**	**7,236**
Construction	428	395
Concessions	15	8
Services	6790	6832
Corporation & others	0	1
Rate of recordable work-related injuries (3)	**5.76**	**5.43**
Construction	0.74	0.62
Concessions	4.23	2.24
Services	10.12	9.93
Corporation & others	0.00	1.06

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WORK-RELATED INJURIES CONTRACTORS	2022	2023
Number of deaths resulting from work-related injuries	**2**	**3**
Construction	2	3
Concessions	0	0
Services	—	—
Corporation & others	—	—
Death rate resulting from work-related injuries (1)	**0.01**	**0.02**
Construction	0.01	0.02
Concessions	0.00	0.00
Services	—	—
Corporation & others	—	—
Number of work-related injuries with significant consequences	**4**	7
Construction	4	7
Concessions	0	0
Services	—	—
Corporation & others	—	—
Rate of work-related injuries with significant consequences (2)	**0.03**	**0.05**
Construction	0.03	0.05
Concessions	0.00	0.00
Services	0.00	0.00
Corporation & others	0.00	0.00
Number of recordable work-related injuries	**806.25**	**865**
Construction	801.25	863
Concessions	5	2
Services	—	—
Corporation & others	—	—
Rate of recordable work-related injuries (3)	**1.20**	**1.11**
Construction	1.19	1.12
Concessions	5.01	1.71
Services	—	—
Corporation & others	—	—

(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 mn €	2022
Cash contributions allocated to Social Action of companies of ACS Group	6.7
Cash contributions allocated to Social Action of ACS Foundation	6.2
Cash contribution allocated to Social Action ACS Group	**12.9**
Estimation of in-kind giving allocated to Social Action of companies of ACS Group	0.0
Estimation of in-kind giving coming from employee volunteering during paid working hours (1)	0.4
Estimation of in-kind giving allocated to Social Action derived from management overheads (1)	1.0
Monetary estimate of in-kind contributions to Social Action (mn €)	**1.4**
Investment in Social Action of ACS Group*	**14.3**

(1) Scope data: 22.18% of 2023 sales respectively

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CUSTOMERS

MAIN MANAGEMENT INDICATORS – CUSTOMERS (1)	2023
Number of customer satisfaction surveys received	1,266
Percentage of "satisfied" or "very satisfied" customer responses over total number of surveys RECEIVED (%)	94.7%

(1) The scope in 2023 is 21.69%

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

(201-1) Generated, distributed, and withheld economic value (€ mn)*	2022	2023
Total production value	**33,615**	**35,738**
Financial income	178	279
Divestments*	592	1,972
(1) Economic value generated	**34,385**	**37,989**
Operating and procurement expenses	32,249	34,241
Personnel expenses	7,250	7,835
Corporate tax	201	199
Dividends paid and treasury stock	996	632
Financial expenses	484	659
Resources earmarked for the community	14	14
(2) Distributed economic value	**41,194**	**43,580**
Withheld economic value (1-2)	**-6,809**	**-5,592**

(*) Data for 2022 and 2023 are presented in ordinary terms in accordance with ACS Group management criteria.

EUROPEAN TAXONOMY - CONSIDERATION OF ROADS AS ELIGIBLE

	2023			2022		
Taxonomically Eligible/Aligned Activities ACS Group Criterion consideration road infrastructure eligible	% elegible activities/total	% aligned activities/total	% aligned activities/total elegible	% elegible activities/total	% aligned activities/total	% aligned activities/total elegible
Revenue	71.1%	12.4%	14.8%	75.8%	11.6%	13.2%
Capex	48.8%	10.3%	17.4%	32.8%	10.5%	24.3%
Opex	59.6%	12.8%	17.9%	52.6%	12.7%	26.8%

6.3.3. 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 continuation of conflicts and the subsequent economic and energy crisis, which is expected to have a major impact on raw material supplies, exacerbated by the current process of de-globalisation. 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.
Shortage of available water	Water is a key resource for both building and social wellbeing. Overexploitation and mismanagement of water resources could lead to water stress and water scarcity. The water scarcity trends observed in Europe, North America and Asia, where the ACS Group operates, could lead to a decrease in water availability, both in terms of quantity and quality.	• Delays in construction projects due to limited water availability • Decreased demand for construction projects due to rising water and operational costs • Reputational damage to the construction sector	The main mitigation measures are described in the ACS Group's Environmental Policy and Sustainability Master Plan and include, among others: • Considering and assessing the main risks and impacts in relation to using water resources. • Identifying business opportunities to contribute to the efficient use of water resources, reduce water stress and reduce effluent emissions. • Promoting water consumption reduction initiatives and water recycling/reuse procedures. • Controlling the water extracted from water-stressed areas to minimise its share • Establishing a method for calculating the water footprint

Biodiversity loss and ecosystem degradation	Biodiversity brings value to the economy and society by providing natural resources and capital and ecosystem services. Biodiversity decline and ecosystem degradation can lead to physical, transitional, legal, regulatory and systemic risks for business. The construction sector may be exposed to biodiversity transition risks, as its business activities affect the ecosystem and are therefore a potential target for future regulation.	• New policies and regulations to protect biodiversity require increased enforcement efforts. • Changes in consumer preferences and increased attention from regulators could negatively affect the construction sector's order book. • Reputational risks in construction activities	• The main mitigation measures are described in the ACS Group's Environmental Policy and Sustainability Master Plan. • In collaboration with customers, the public administration and other external stakeholders, the ACS Group promotes implementing measures to identify and minimise the impact on biodiversity. These measures may include physical protection, transplantation or relocation, respect for the life cycles of affected plant and animal species, as well as offsetting the impacts of activities on biodiversity and forest cover through restoration, recovery and reforestation actions.
Erosion of social cohesion	Increasing social differences, fragmentation and polarisation due to significant differences between political parties and polarised media coverage of recent events lead to increased social tensions. Increased discontent could encourage extremist political movements, could also entail a potential risk of discrimination or harassment actions against some groups of employees, and could drive skilled labour migration, affecting labour availability.	• Increased potential risk of discrimination or harassment against a specific group of employees. • Increased labour migration leads to shortage of skilled workers • Reputational risks	• Disseminating the ACS Group's Code of Conduct and other Group policies, such as the Diversity Policy or the Human Rights Policy, to raise awareness among employees and the supply chain in matters relating to diversity and non-discrimination. • Strengthening the Whistleblowing Channel Operating Policy to ensure a channel of communication with employees and stakeholders to detect, prevent and mitigate breaches of the ACS Group's Code of Conduct. • Taking actions proactively when potential high-risk situations are detected. These actions could include specific training courses or initiatives to promote diversity and prevent discrimination against certain groups of employees. • Increasing the scope of in-house employee training with the aim of fostering professional development and talent retention.

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6.3.4. MONITORING OF PRIORITY TARGETS IN THE 2025 SUSTAINABILITY MASTER PLAN

MONITORING OF PRIORITY GOALS SUSTAINABILITY MASTER PLAN 2025

		Priority Goal	Tracking Indicator	Comparable Evolution (1)			Related Contents
				Reference value (2)	2022	2023	
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	541,106	378,893	380,722	4.1.1. 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	220,672	161,034	151,266	4.1.1. 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	77.8%	85.0%	88.0%	4.1.2. 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%	14.4%	10.9%	4.1.2. 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%	42.3%	42.2%	4.1.1. 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	73.9%	82.4%	83.2%	4.1. 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%	87.4%	92.0%	4.3. Occupational Health & Safety
S	8	Decrease own employee frequency rate by 15% compared to 2019	Own employees frequency rate	14.36	15.11	14.67	4.3.2. 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	114	153	4.2.2. Equal opportunities, diversity and inclusion
			% Women in management positions	18.0%	22.2%	22.6%	
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	10,983	11,453	4.2.2. 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	14	14	4.6. Contribution to Society
S	12	Strengthening sustainability governance	Actions carried out to adapt the Group's governance structure to the increased requirements in terms of sustainability	During 2023, the ACS Group continued to work in this area by, for example, improving the integration of the climate component in the Group's Integrated Risk Control and Management System, since this is the system that covers all types of risk that may threaten the achievement of the objectives of the Organization and the ACS Group's companies.			
G	13	100% of employees with responsibility for compliance trained through compliance programs by 2025		By the year 2023, all employees with responsibility for compliance have received some training in this area during their professional career.			
G	14	Evaluate 100% of own operations on Human Rights by 2025	Operations evaluated in the area of Human Rights	57.8%	83.6%	83.4%	4.4.4. Human Rights
G	15	Quantify the volume of sustainable assets in the ACS portfolio aligned with the EU Environmental Taxonomy	% Aligned sales	n.a.	11.6%	12.4%	4.11. European Union taxonomy
			% Aligned Opex	n.a.	12.7%	12.8%	
			% Aligned Capex	n.a.	10.5%	10.3%	
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	6.0%	7.7%	19.3%	4.7. 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	93.4%	91.7%	90.5%	4.7. 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 2022.

(2) The reference value refers as a general rule to the restated 2019 data excluding Industrial Services and the sale of the 50% stake in Thiess in those where it is material, except in objective 5 where 2020 is set as the reference value due to not having restated data for 2019 and objective 10 for vulnerable groups where the 2020 data is taken as the reference value in the objective. The reference value has been restated considering the same scope of consolidation perimeter and calculation criteria as those reported in the last reporting year.

(3) Includes other valuation transactions.

6.3.5. 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.

GOAL 8 — PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

8 DECENT WORK AND ECONOMIC GROWTH

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: 135,419

% of employees with permanent contracts: 81.6%

% of local employees: 98.1%

% of local suppliers: 89.5%

New hires during the year: 50,695

% of contracts with employees under 35: 42.0%

Number of employees trained in the year: 74,710

% of employees covered by certified occupational safety and management systems (ISO 45001): 92.0%

GOAL 9 — BUILD RESILIENT INFRASTRUCTURE, PROMOTE SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

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 14,087 M

Investment in R&D+i: EUR 25.8 M

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GOAL 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.

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

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.

MANAGEMENT AND MONITORING INDICATORS

Employees belonging to vulnerable groups: 11,453

Investment in Social Action: EUR 14.3 M

GOAL 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.

RELATED COMMITMENTS UNDER THE SUSTAINABILITY MASTER PLAN 2025

- Becoming leaders in sustainable infrastructure

CONTRIBUTION BY THE ACS GROUP

The ACS Group, through its various activities, provides services which contribute to creating more efficient and sustainable cities. These include sustainable building, the construction of public transportation 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

MANAGEMENT AND MONITORING INDICATORS

Sales in projects with sustainable certifications: EUR 14,087 M

R&D projects related to sustainability: 58

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GOAL
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

CONTRIBUTION BY THE ACS GROUP

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, to maintain a waste reuse and recycling rate of 80%.

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 sent for recovery: 88.0%

% of suppliers assessed over the last 3 years in terms of sustainability: 90.47%

GOAL
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): -29.6%

Variation in Scope 2 emissions (vs. 2019): -31.5%

kWh of renewable energy consumed: 62,226,544

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6.3.6. SCOPE OF DATA

ENVIRONMENT

% of turnover	2022	2023
Implementation of ISO 14001 certification	98.28%	99.47%
Implementation of other certifications	98.28%	99.47%
Projects registered and certified as per efficient construction certifications	98.28%	99.47%

% of turnover	2020	2021	2022	2023
Petrol (million litres)	96.13%	96.86%	98.28%	99.47%
Diesel (million litres)	96.13%	96.86%	98.28%	99.47%
LPG (million litres)	96.13%	96.86%	98.28%	99.47%
Natural gas (kWh)	96.13%	96.86%	98.28%	99.47%
Biofuel (million litres)	96.13%	96.86%	98.28%	99.47%
Electricity (MWh)	96.13%	96.86%	98.28%	99.47%
Electricity from renewable sources (MWh)	96.13%	96.86%	98.28%	99.47%
Scope 3 emissions (t CO2eq)	95.96%	96.86%	98.25%	99.21%
Efficient use of water resources				
Water withdrawal (m3)			98.28%	99.47%
Water withdrawal in water stress areas (m3)			20.28%	99.47%
Water discharge (m3)			98.28%	99.47%
Water discharge in water stress areas (m3)			20.28%	99.47%
Waste management				
Non-hazardous waste generated (t)	96.13%	96.86%	98.28%	99.47%
Hazardous waste generated (t)	96.13%	96.86%	98.28%	99.47%

Other atmospheric emissions (kg)	2022	2023
Quantity of significant atmospheric emissions, in kg of NOx	98.28%	99.47%
Amount of significant atmospheric emissions, in kg of SOx.	98.28%	99.47%
Quantity of significant atmospheric emissions, in kg, of other significant atmospheric emissions.	98.28%	99.47%

Materials (% of Group procurements)	2022	2023
Total wood purchased (m3)	97.73%	96.84%
Percentage of reused/recycled wood	97.73%	96.84%
Total steel purchased (t)	99.58%	99.42%
Percentage of recycled steel	99.58%	99.42%
Total concrete purchased (m3)	99.58%	99.42%
Percentage of cement/concrete with recycled aggregate	99.58%	99.42%
Total glass (m2)	99.58%	99.42%
Percentage of recycled glass	99.58%	99.42%
Total aggregates (t)	99.58%	99.42%
Percentage of reused/recycled aggregates	99.58%	99.42%
Total asphalt (t)	99.58%	99.42%
Percentage of reused/recycled asphalt	99.58%	99.42%
Total cement (t)	99.58%	99.42%
Percentage of reused/recycled cement	99.58%	99.42%

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PEOPLE

Total % of employees	2022	2023
Total employees	100.00%	100.00%
Local employees	96.70%	97.54%
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	96.70%	97.54%
Total turnover for men	96.70%	97.54%
Total turnover for women	96.70%	97.54%
Voluntary turnover	96.70%	97.54%
Voluntary turnover for men	96.70%	97.54%
Total turnover for women	96.70%	97.54%
Of the employees reported, number of women with a management position (construction/project manager or similar and superior)	96.70%	97.54%
Of the employees reported, number of men with a management position (construction/project manager or similar and superior)	96.70%	97.54%
Of the employees reported, number of women management positions	96.70%	97.54%
Of the employees reported, number of men management positions	96.70%	97.54%
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	96.70%	97.54%
Protocols against sexual harassment	96.70%	97.54%
Measures to ensure equal opportunities and avoid discrimination in the selection process for any position	96.70%	97.54%
Disabled persons	96.70%	97.54%
Systems to ensure universal accessibility for employees	96.70%	97.54%
Work-family life balance measures	96.70%	97.54%
Percentage of men/women who return to work after paternity/maternity leave	96.70%	97.54%
Total number of absenteeism days	96.70%	97.54%
Employees affiliated with trade union organisations	96.70%	97.54%
Employees covered by collective bargaining agreements or by an independent trade union	96.70%	97.54%
Workers of the ACS Group represented on formal joint health and safety committees for management and employees	99.42%	99.48%
Safety and Health issues covered by agreements	99.42%	99.48%
Employees covered by a formal professional development system	96.70%	97.54%
Employees subject to performance evaluation processes	96.70%	97.54%
Employees covered by variable remuneration systems	96.70%	97.54%
Employees trained	96.70%	97.54%
Total teaching hours given	96.70%	97.54%
Investment in training (millions of euros)	96.70%	97.54%
Breakdown of hours by professional category	96.70%	97.54%

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HEALTH AND SAFETY

% of employees	2020	2021	2022	2023
Percentage of total employees covered by ISO45001 certification	95.31%	94.23%	99.42%	99.48%
Total number of hours worked own employees	95.31%	94.23%	99.42%	99.48%
Total number of hours worked own employees (MEN)	95.31%	94.23%	99.42%	99.48%
Total number of hours worked own employees (WOMEN)	95.31%	94.23%	99.42%	99.48%
Total number of accidents with time off own employees	95.31%	94.23%	99.42%	99.48%
Total number of accidents with time off (MEN)	95.31%	94.23%	99.42%	99.48%
Total number of accidents with time off (WOMEN)	95.31%	94.23%	99.42%	99.48%
Total number of working days lost own employees	95.31%	94.23%	99.42%	99.48%
Total number of working days lost own employees (MEN)	95.31%	94.23%	99.42%	99.48%
Total number of working days lost own employees (WOMEN)	95.31%	94.23%	99.42%	99.48%
Total number of hours worked contractors	95.31%	41.22%	99.42%	99.48%
Total number of accidents with time off (contractors)	95.31%	94.23%	99.42%	99.48%
Total number of working days lost (contractors)	95.31%	94.23%	99.42%	99.48%
Own employee deaths due to work-related accidents	95.31%	94.23%	99.42%	99.48%
Own employee deaths due to work-related accidents (MEN)	95.31%	94.23%	99.42%	99.48%
Own employee deaths due to work-related accidents (WOMEN)	95.31%	94.23%	99.42%	99.48%
Contractor deaths due to work-related accidents	95.31%	94.23%	99.42%	99.48%
Investment in health and safety (millions of euros)	95.31%	94.23%	99.42%	99.48%
Total number of cases of occupational diseases (employees)	95.31%	94.23%	99.42%	99.48%
Total number of cases of occupational diseases (MALE employees)	95.31%	94.23%	99.42%	99.48%
Total number of cases of occupational diseases (FEMALE employees)	95.31%	94.23%	99.42%	99.48%
Total number of cases of occupational diseases (contractors)	83.43%	94.23%	99.42%	99.48%
Own employee deaths due to occupational illnesses	83.43%	94.23%	99.42%	99.48%
Contractor deaths due to occupational illnesses	83.43%	94.23%	95.87%	99.48%
Number of work-related injuries with significant consequences (employees)	63.29%	94.23%	73.24%	96.10%
Number of recordable work-related injuries (employees)	95.31%	94.23%	99.42%	99.48%
Number of work-related injuries with significant consequences (contractors)	63.29%	94.23%	73.24%	71.60%
Number of work-related injuries (contractors)	95.31%	94.23%	99.42%	99.48%

% of employees	2022	2023
Employees who have received health and safety training during the year (%)	99.42%	99.48%
Employees who have received health and safety training during their career with the company (%)	99.42%	99.48%
Percentage of workforce represented on formal joint health and safety committees for management and employees	99.42%	99.48%
Health and safety issues covered in official agreements with trade unions	99.42%	99.48%

COMPLIANCE

% of employees	2022	2023
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)	99.99%	99.99%
Number of courses given with content covering the company's human rights, ethics, integrity, conduct or compliance procedures	99.99%	99.99%
Number of employees trained in Human rights, ethics, integrity, conduct or compliance procedures during the year	99.99%	99.99%
Training hours per trained employee	99.99%	99.99%
Lawsuits for human rights violations	99.99%	99.99%
Value of contributions to associations (scope % turnover)	100.00%	100.00%

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CONTRIBUTION TO SOCIETY

% of turnover	2022	2023
Investment in social action by Group companies	99.87%	99.86%
Estimated number of beneficiaries	99.87%	99.86%
Number of citizen awareness courses or activities carried out	23.61%	22.18%
Number of events (conferences, exhibitions, sporting activities, among others) sponsored	23.61%	22.18%
Number of foundations or NGOs that received grants/support during the year	23.61%	22.18%
Budget allocated by the Foundation	100.00%	100.00%

SUPPLIERS AND CONTRACTORS

% of Group procurements	2023
Number of suppliers	96.84%
Signing or acceptance of the Code of Conduct for Business Partners	96.84%
Training in the Code of Conduct for Business Partners	77.31%
Supplier approval systems:	96.84%
Weight of non-financial criteria	77.31%
Supplier commitment standards	96.84%
Suppliers identified as critical	96.84%
Critical suppliers. % of total	96.84%
Suppliers screened in terms of sustainability	96.84%

COMMITMENT TO QUALITY WITH THE CUSTOMER

% of turnover	2022	2023
Production certified under ISO 9001: Total ACS Group	99.51%	99.87%
Number of quality audits	99.51%	99.87%
Investment in measures to promote and improve quality	98.07%	99.36%
System for measuring client satisfaction	99.51%	99.87%
Number of client satisfaction surveys received	20.07%	21.69%
Client responses which are “satisfied” or “very satisfied” out of the total number of surveys received (%)	20.07%	21.69%
System for measuring client complaints and claims	98.07%	99.36%
Number of complaints and claims from clients received in the reporting period	98.07%	99.36%
Number of complaints and claims from clients resolved in the reporting period	98.07%	99.36%

INNOVATION

% of turnover	2023
Investment in research, development and innovation by the ACS Group	98.94%
Number of innovation projects in progress in 2022 of the ACS Group	98.94%
Number of patents registered by the ACS Group in 2022	98.94%
Number of patents registered by the ACS Group over the last ten years	98.94%

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6.3.7. AWARDS, RECOGNITIONS AND ADHERENCE

- 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. HOCHTIEF and CIMIC, listed companies of the ACS Group, are also included in the DJSI, specifically the DJSI World Index.
- For another year, ACS Actividades de Construcción y Servicios was included in the 2023 Sustainability Yearbook published by S & P Global for its excellent sustainability performance.
- In 2023, 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 remains a leader in the ranking of ENR magazine published in August 2023, as the leading company in terms of sales in the United States and Australia, 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

FTSE4Good

CDP
DRIVING SUSTAINABLE ECONOMIES

6.3.8. WE WOULD LIKE TO HEAR 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:

GRUPO ACS
Avda. Pío XII, 102
Madrid 28036
Tel. 91 343 92 00
E-mail: info@grupoacs.com

6.4. ECONOMIC-FINANCIAL ANNEXES

6.4.1. TREASURY SHARES

As of 31 December 2023, the Group held 17,558,400 shares in the Parent Company, with a nominal value of EUR 0.5, representing 6.3% of its share capital. The details of the operations carried out during the year are as follows:

	2022		2023	
	Number of shares	Thousands of euros	Number of shares	Thousands of euros
At beginning of period	**28,876,676**	**691,916**	**25,904,654**	**622,170**
Purchases	29,708,164	709,781	7,351,999	228,610
Amortization and sale	-32,680,186	-779,527	-15,698,253	-384,862
At end of period	**25,904,654**	**622,170**	**17,558,400**	**465,918**

6.4.2. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report required by commercial law, which constitutes an integral part of the 2023 Consolidated Management Report, is presented as a reference and will be available on the CNMV website.

6.4.3. REPORT ON THE REMUNERATION OF THE BOARD MEMBERS

The Annual Directors Remuneration Report required by commercial law, which constitutes an integral part of the 2023 Consolidated Management Report, is presented as a reference and will be available on the CNMV website.

ZIRAAT BANK HEADQUARTERS, ISTANBUL - © TURNER

6.4.5. 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-23	Dec-22
Market capitalisation	**Num of shares at period close x price at period close**	**11,171**	**7,607**
Operational Net profit from Activities	Total Income from Activities - Total Expenses of the period from Activities - Minority interests result - Discontinued operations result	667	572
Earnings per share	**Net Profit of the period / Average num of shares of the period**	**3.00**	**2.50**
Net Attributable profit	Total Income - Total Expenses of the period - Minority interests result	780	668
Average num. of shares of the period	Daily average outstanding shares in the period adjusted by treasury stock	260.3	267.0
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)**	**73,538**	**68,996**
Gross Operating Profit (EBITDA)	**Operating Profit excluding (1) D&A y (2) non recurrent operating results and/or which dont imply a cash flow**	**1,909**	**1,747**
(+) Net Operating Profit	Operating income - Operating expenses (includes Results from Equity Method (Associates and Joint Ventures))	1,176	1,073
(-) 1.D&A	Operating provisions and fix asset depreciation	(583)	(642)
(-) 2. Non recurrent operating results and/or which dont imply a cash flow	Impairment & gains on fixed assets + other operating results	(150)	(32)
(+) 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.	412	381
Operating Profit (EBIT)		**1,325.9**	**1,105.5**
Net Financial Debt / EBITDA		**-0,2X**	**-0,1x**
Net Financial Debt (1)-(2)	Gross external financial debt +Net debt with group companies - Cash & Equivalents	400	224
(1) Gross Financial Debt	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	9,876	10,377
(2) Cash & Equivalents	Temporary Financial investments + L/T deposits + Cash & Equivalents*	(10,277)	(10,601)
Annualized EBITDA	EBITDA of the period / num of month within the period x 12 months	1,909	1,747
Net Cash Flow	**(1) Net Cash Flows from Operating Activities + Cash Flows from Investing Activities ((-)Payments for Investments (+) Receipts from Investments) + (4) Other Cash and Capital Flows**	**(439)**	**(1,547)**
1. Net Cash Flow from operating activities (Net FFO)	**Adjusted Net Profit attributable + Operating working capital variation ex discontinued operations**	**1,054**	**1,333**
2. Gross Operating Cash Flow	**Cash Flow from Operating Activities before Changes in working capital for the period + Capex + operating leases + (payments)/tax collections + (payments)/ interest collections**	**2,247**	**2,026**
3. Free Cash Flow	**Net Cash Flow from operating activities + Net investments (paid/collected)**	**192**	**(551)**
(-) Payments from investments	Payments for operating, project and financial investments.	(2,508)	(2,081)
(+) Collections from divestments	Collections from operating, project and financial divestments.	1,900	514
4. Other Cash Flows	**Treasury stock sale/acquisition + Dividend payments + Other financial sources + Cash generated from discontinued operations + Other payments for Non-recurrent operations**	**(885)**	**(1,314)**
Ordinary Financial Result	Financial Income - Financial expenses	(380)	(305)
Net Financial Result	Ordinary financial result + Foreing exchange results + Impairment non current assets results + Results on non current assets disposals	(52)	(69)
Other Financial results	This concept is used as an item to reconcile the Group's EBIT with the Group's EBT, and since the objective is to present an "abridged" income statement, it is used as a grouping of various captions of the consolidated income statement. In this sense, it includes: "Change in fair value of financial instruments + Exchange differences + Impairment and gain or loss on disposal of financial instruments".	328	236

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

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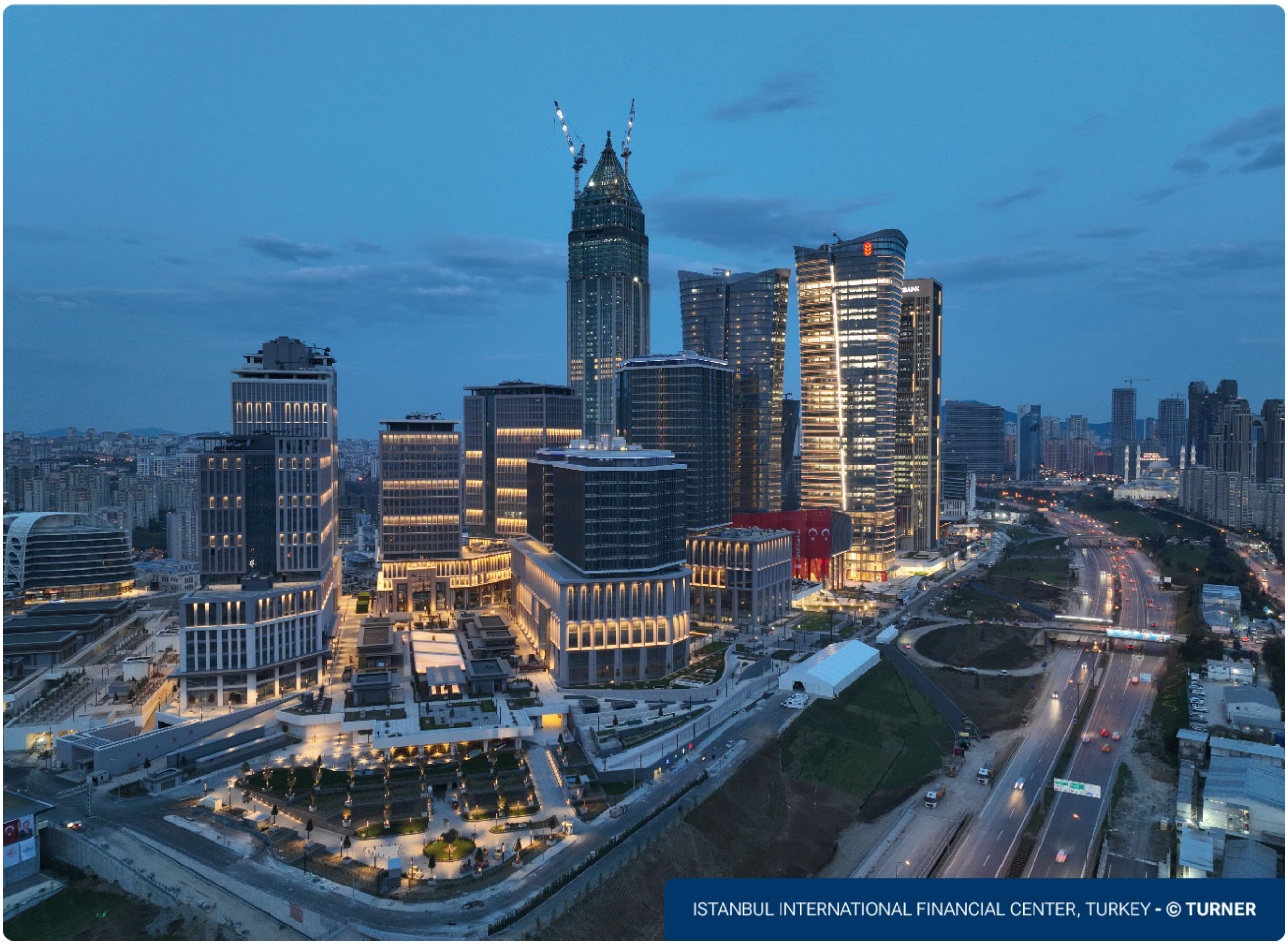
CONCEPT	USE
Market capitalisation	**Num of shares at period close x price at period close**
Earnings per share	**Net Profit of the period / Average num of shares of the period**
Backlog	**This is an indicator of the Group's commercial activity. Its value divided by the average duration of the projects is an approximation of the revenues to be received in the following periods**
Gross Operating Profit (EBITDA)	**Comparable performance measure to evaluate the evolution of the Group's operating activities excluding depreciation and provisions (more variable items depending on the accounting criteria used). This AMP is widely used to evaluate the operating performance of companies as well as part of ratios and multiples of valuation and risk measurement.**
Operating Profit (EBIT)	**Comparable performance measure to evaluate the evolution of the Group's operating activities including depreciation and provisions. This AMP is widely used to evaluate the operating performance of companies as well as part of ratios and multiples of valuation and risk measurement.**
Net Financial Debt / EBITDA	**Comparable ratio of the Group's level of indebtedness. Measures the repayment capacity of financing in number of years.**
Net Financial Debt (1)-(2)	Total net indebtedness at the end of the period. This is a widely used measure to evaluate solvency and liquidity, showing the Group's cash flow in relation to the total debt held with credit institutions. Section 1 provides a breakdown of net financial debt associated with projects (Project Finance) and that associated with the business.
(1) Gross Financial Debt	Level of gross financial indebtedness at the end of the period
(2) Cash & Equivalents	Liquid current assets available to cover the repayment requirements of financial liabilities
Net Cash Flow	**Measures the cash generated or consumed during the period**
1. Cash Flow from operating activities	**Funds 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 undertaken in the period**
3. Free Cash Flow	**Net Cash Flow from operating activities + Net investments (paid/collected)**
4. Other Cash Flows	**Treasury stock sale/acquisition + Dividend payments + Other financial sources + Cash generated from discontinued operations + Other payments for Non-recurrent operations**
Ordinary Financial Result	Measure of evaluation of the result from the use of financial assets and liabilities. This concept includes both income and expenses directly related to net financial debt and other financial income and expenses not related to the same.



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INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. AND SUBSIDIARIES FOR 2023

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

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the accompanying consolidated non-financial information statement (NFIS) for the year ended 31 December 2023 of ACS, Actividades de Construcción y Servicios, S.A. (the Parent) and its subsidiaries (the Group), which forms part of the Group's consolidated directors' report for 2023.

The content of the NFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the "Contents of the Consolidated Non-Financial Statement" table included in the accompanying NFIS.

Responsibilities of the Directors

The preparation and content of the NFIS included in the Group's Consolidated Directors' Report are the responsibility of the Parent's directors. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI standards), as well as other criteria described as indicated for each matter in the "Contents of the Consolidated Non-Financial Statement" table of the NFIS.

These responsibilities also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be 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 necessary for the preparation of the NFIS is obtained.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Our Independence and Quality Management

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 Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about 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 work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

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 obtained is substantially lower.

Our work consisted of making inquiries of management and the various units of the Group that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Group personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

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- Analysis of the scope, relevance and completeness of the contents included in the 2023 NFIS based on the materiality analysis performed by the Group and described in the "Identification of material aspects" section thereof, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2023 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2023 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2023 NFIS, and the appropriate compilation thereof based on the data furnished by the information sources.
- Obtainment of a representation letter from the directors and management.

Emphasis of Matters

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, based on the Delegated Acts adopted in accordance with the provisions of that Regulation, establishes the obligation to disclose information on how and to what extent an undertaking's activities are associated with eligible economic activities in relation to the environmental objectives of the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems (the other environmental objectives), and in respect of certain new activities included in the climate change mitigation and climate change adaptation objectives, for the first time for 2023, in addition to the information referring to eligible and aligned activities required in 2022 in relation to the climate change mitigation and climate change adaptation objectives. Therefore, the accompanying NFIS does not include comparative information on eligibility in relation to the other environmental objectives indicated above or to the new activities included in the climate change mitigation and climate change adaptation objectives. Also, since the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying NFIS is not strictly comparable either. In addition, it should be noted that the Parent's directors have included information on the criteria which, in their opinion, best enable them to comply with the aforementioned obligations and which are defined in the "European Union taxonomy" section of the accompanying NFIS. Our conclusion is not modified in respect of this matter.

On 4 April 2024, and solely in order to include certain additional information on events after the reporting period, the Parent's directors re-authorised for issue the Group's consolidated financial statements and the consolidated directors' report for 2023, which includes the consolidated non-financial information statement, and which had been authorised for issue on 21 March 2024. This report supersedes that previously issued on 21 March 2024. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification 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 2023 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Contents of the Consolidated Non-Financial Statement" of the aforementioned NFIS.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Ana Sánchez Palacios

4 April 2024

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

DIRECTORY

Central offices of the main companies of the ACS Group

Corporate Office

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Declaration of Responsibility and Authorisation for Reissue

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 2023.

Florentino Pérez Rodríguez (Executive Chairman)	Pedro López Jiménez (Vice Chairman)
Juan Santamaría Cases (Chief Executive Officer)	Antonio Botella García (Board Member)
Javier Echenique Landiríbar (Board Member)	Carmen Fernández Rozado (Board Member)
Lourdes Fraguas Gadea (Board Member)	María José García Beato (Board Member)
Emilio García Gallego (Board Member)	Mariano Hernández Herreros (Board Member)
Lourdes Máiz Carro (Board Member)	Catalina Miñarro Brugarolas (Board Member)
María Soledad Pérez Rodríguez (Board Member)	José Eladio Seco Domínguez (Board Member)
José Luis del Valle Pérez (Director and General Secretary)	

Madrid, 4 April 2024