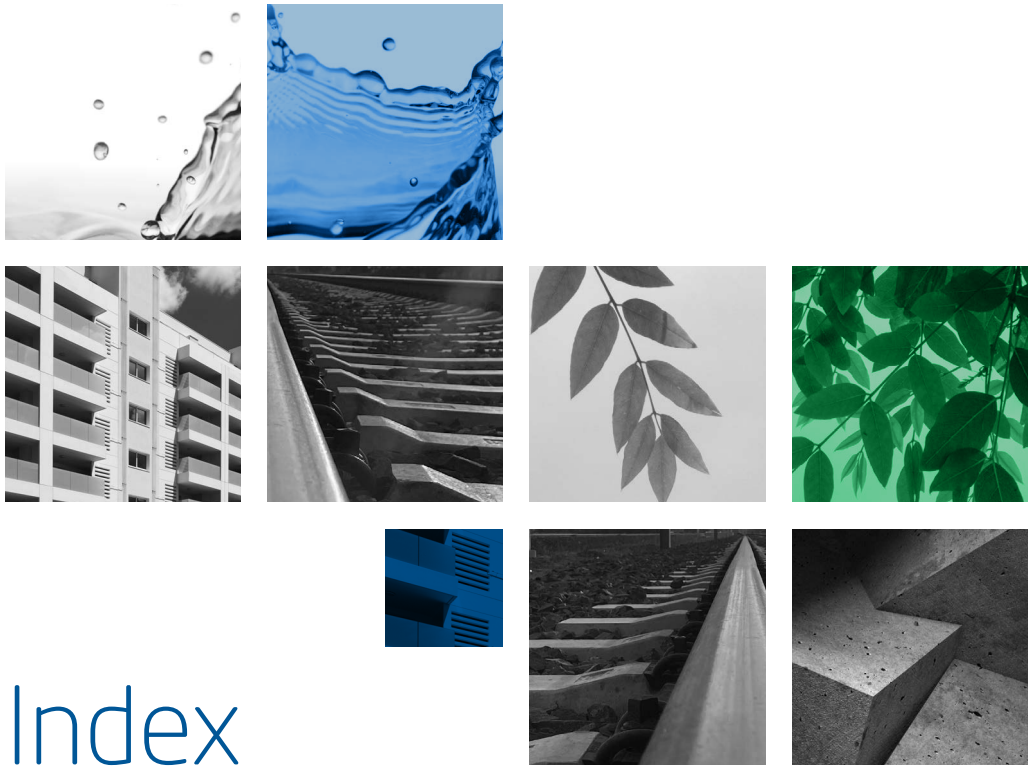
# Annual Report 2021



# Index


1. Letter from the Chairwoman _ 3
   Letter from the CEO _ 5
2. Corporate governance and ethics _ 9
3. Strategy and value creation _ 22
4. FCC in 2021 _ 80
5. Business lines _ 88

A1. Appendix I. Financial Statements _ 254

A2. Appendix II. FCC Group Sustainability Report _ 543

A3. Appendix III. Annual Corporate Governance Report _ 703

# Letter from the Chairwoman

**Dear shareholders,**

2021 was a year of intense work, as shown by the main data and milestones that mark this year, the details of which are provided in the pages of this annual report.

The data and milestones show that we have continued to increase our operational capacity and flexibility, features which – together with our team spirit – set us apart in the competitive market that we move in. The facts allow us to proudly state that the FCC Group remains a worldwide benchmark in environmental services, in end-to-end water management, in developing infrastructure, in producing associate materials and in real estate management. Sustainability stands out as the competitive element that clearly distinguishes all these business activities.

Our diverse business model, backed by committed shareholder support, allowed us last year to continue along the solid growth path that we have been following for several years, responding to our client's demands and to our shareholders expectations with the excellence for which we are renowned.

**Together** we are building **a better future**

**Esther Alcocer Koplowitz**
Chairwoman of the FCC Group

# FCC is today even **stronger than ever**

Our figures support a job well done. We closed 2021 with 580.1 million euros in **profit**, doubling the figure for the previous year. The Group's consolidated **turnover** rose by 8.1% from 2020, to 6.6 billion euros. Our **gross profit from operations** (EBITDA) rose by 7.6% from the previous year, to 1.1 billion euros. And **net operating profit** (EBIT) stood at 802.2 million euros, **40.1%** more than the previous year. Our **order book** closed last year at 30.2 billion euros and FCC's **net equity** recorded strong growth at 4.4 billion euros, **52.7%** higher than in 2020.

We should also note the strengthening of our international presence in more than 25 countries, with a turnover that underscores this growth: revenue abroad accounted for 2.7 billion euros, or 40.8% of the FCC Group's total revenue.

These results are what has permitted us to meet the objective just announced at our Annual General Meeting, for the fourth consecutive year: a scrip dividend of 0.40 euros per share.

The key to this success lies in the work of our teams, who are the real foundation that will allow us to continue growing and responding to the global challenges ahead, and the strong support of the FCC Group's shareholders, with the engineer Carlos Slim and the Carso Group as the leading examples. Various operational, structural and financial measures taken by the new FCC shareholding structure since 2015 have given the Group great strength and undeniable resilience.

We knew that 2021 was going to be a demanding year, and it was. It was a year in which we proved the Group's great ability to convert every challenge into an opportunity and to continue serving society. Service based on hard work, a passion for doing things well and excellent teamwork. These are the essential values in our Group's know-how, to which we have been responding positively for over 120 years.

Because of all this, FCC is now even stronger than ever. We are a company in an unbeatable position to tackle the challenges of the new times, with a vision of the future that will overcome uncertainty and despair. A company that definitely deserves to continue to receive your support.

Dear shareholders, as I am confident of having an extraordinary human team, the ongoing trust of our clients and the support of all of you, I wish to thank you for your commitment to wanting to continue building a better future for all.

**Esther Alcocer Koplowitz**
Chairwoman of the FCC Group

**Our figures** support a job well done

# Letter from the CEO

**Pablo Colio Abril**
CEO of the FCC Group

**Dear shareholders,**

The Annual Report 2021 is published at a time of recovery characterised still by latent uncertainty, but also by strength, hope and, above all, an admirable focus of collective efforts towards common goals. We are leaving behind a 2020 that was especially difficult and forced us to be agile in reformulating the way we act. In fact, almost two years after COVID-19 emerged on the scene, and despite great progress made, our circumstances are still particularly difficult, affecting different areas of our lives.

But progress towards this new normality is more and more tangible. We must therefore persevere, learning from the wise lessons of the pandemic with the perspective time affords us. Resilience, a proactive attitude, mutual trust and solidarity are intangible assets we must maintain during this new phase. Now more than ever, we must join forces and move forward towards a fairer and more inclusive society, as a key factor in achieving sustainable development. The time is now, we must act.

We have **doubled our net profit** and increased our **EBIT** by **7.6%**

Faced with this scenario, companies are responsible for setting an example with our response. How we react to this situation will surely determine the course of the next decade. So we must favour cooperation, creating lasting synergies and partnerships to help us resist an unfavourable environment.

FCC Group is aware of the opportunities and challenges posed by this new approach. We are certain of the added value we can contribute and we want to make it a reality. Our tireless work in providing basic services during an especially complex health and socio-economic context is our endorsement. We were capable of adapting to changes, learning from them, growing when faced with difficulties and, ultimately, guaranteeing our business continuity. In fact, during 2021 each area of the FCC Group has shown its best version, facing all difficulties. Adversity has strengthened us.

This capacity for adaptation is due to the strength of our business model, exponential and diversified. Our robust corporate culture, commitment to human capital, irreproachable behaviour and the excellent management of each of our services have enabled us to obtain truly positive results, which I will present below. Once again this year, with activities such as waste collection and treatment, street cleaning, end-to-end water cycle management, infrastructure development and management, production of associated materials and real estate management, we have worked to meet the needs of our clients and build smarter and more sustainable cities.

The Group has continued to reinforce its global leadership, consolidating its presents in more than 25 countries. At year-end 2021 we have achieved total revenues of almost 6.66 billion euros, 8.1% up on the previous year. One aspect worthy of note is the positive evolution of many business activities, equalling or exceeding pre-pandemic income levels. I particularly want to highlight the Environment area which has seen a 12.4% increase.

During 2021, the Group improved gross operating profit, up by 7.6% to close to 1.13 billion euros. Similarly, our attributable net profit reached 508.1 million euros, more than double the previous year. This rise is due mainly to the good evolution of operating profit in the different Group areas and the effects of the full consolidation of Realia.

The Group's gross operating profit (EBITDA) rose by 7.6% to almost 1.13 billion euros in 2021. The reason behind this behaviour is the growth in operating margins in most business areas, primarily Construction, and by Realia and Jezzine entering full consolidating in the Real Estate Area since 1 November 2021. On the other hand, $CO_2$ sales in Cement in 2020 and the sale of Cedinsa had a significant adverse effect. Adjusted by non-operating factors, EBITDA recorded an increase of 17.9% in 2021.

**Net operating profit** stood at **802.2 million euros**, 40.1% more than the previous year

Net operating profit (EBIT) stood at 802.2 million euros, 40.1% more than the previous year. This rise reflects the positive evolution of EBITDA and the accounting impact of the full consolidation of Realia, as well as valuation adjustments to property, plant and equipment assets and goodwill in Cement.

At the end of the year, net interest-bearing debt stood at close to 3.23 billion euros, 427.9 million more than in 2020. This increase is caused by the full consolidation of Realia and Jezzine debt in the Real Estate Area, with an added sum of 889.7 million euros at year end. Finally, net equity registered a notable rise with 4.44 billion euros, 52.7% up on year end 2020.

We have created a business model based on **transparency and good governance**, proving that it is possible to combine **excellence** and **due diligence**

These results are partly the result of advances in various aspects of our Group; our risk management system analyses, assesses, identifies and prioritised the various risks inherent in our activity. We have also created a business model based on transparency and good governance, proving that it is possible to combine excellence and due diligence.

Moreover, we have listened to the needs and expectations of our stakeholders, opening up to their participation. Finally, we have fostered alliances to achieve a connected, supportive community.

One of the keys to our success is the strong backing of our FCC Group shareholders, with the Carso Group as a benchmark. The various measures implemented at operating, structural and financial levels promoted by the new FCC shareholder structure since 2015 have forged undoubted resilience for the Group. This is highlighted by the Group's profitability and profit in 2021 compared to the situation prior to the change in shareholder structure. Thanks to these actions, FCC has a solid structure, so our Group is prepared to manage the challenges and difficulties that the future may bring with guarantees of success.

The most relevant milestones in 2021 that I would like to highlight are:

The **Real Estate Area** has grown, reinforcing its competitive position with an agreement to acquire 13.12% of the capital stock of Realia, for 83.9 million euros, and 50.1% stake. The area has also incorporated 100% of the capital of Jezzine, a rental holding company fully owned by a CEC subsidiary. This operation means we maintain control of FCC Inmobiliaria with a stake 80.03% in the capital of the reinforced Group Real Estate Area's flagship subsidiary. Realia also acquired 37.11% of its subsidiary Hermanos Revilla, S.A. For a significant sum of 189 million euros, taking its stake up to 87.76% of the capital stock and gaining full control over the company.

I also want to note the reinforced geographic presence of the **Environment Area** in the US and Central Europe, as well as a 17% rise in its portfolio. This is due, among other factors, to FCC Environmental Services spending 34 million USD to purchase Premier Waste Services in Dallas (Texas) and Wellington City Council (Florida) awarding its urban solid waste collection tender to the same business for a period of 10 years and with a portfolio in excess of 110 million euros. Relevant developments in Spain include the incorporation of major contracts, such as waste collection and street cleaning in Barcelona or several awards in Madrid for a sum of close to 1.59 billion euros/year.

Meanwhile, the **Water Area** has significantly increased its portfolio to over 15 billion euros, with a 2.2% increase at year end. Note that, in 2021, Aqualia agreed to purchase 80% of the water activity of Georgia Global Utilities (GGU) for 180 million USD.

FCC has a **solid structure** so our Group is **prepared to manage** the **challenges and difficulties** that the future may bring with guarantees of success

The same company was also awarded a six-year contract to supply water to 16 towns around Mantes-la-Ville (France) for an approximate sum of 30 million euros.

The Group's **Construction Area** saw its revenues increase by 3% compared to 2020 with a notable rise in Europe (mainly in the United Kingdom and the Netherlands), and has strengthened its position with a strong pipeline of projects in the United States, Canada and Latin America.

For the **Cement Area**, the main activity accounted for approximately 91% of total revenues, with 39,4% coming from international markets, mainly Tunisia and the United Kingdom. A notable 13.4% rise in revenues for the year is mainly due to increased sales in Spain and rising exports.

## There will be no future if it's not sustainable

We are well aware that sustainability is a long-term force for change. That is why we have strived to be part of the solution by incorporating sustainability into our business model, progressively reinforcing our sustainable DNA.

This vision is reflected in our commitment to complying with and promoting the Agenda 2030. Since 2016, year in which the FCC Group Board of Directors approved our Corporate Social Responsibility Policy, alignment with the Sustainable Development Goals has been an integral part of Group operations.

We endeavour to maximise our positive impact, especially in the communities where we operation, and we are committed to protecting the environment, striving each day to support the fight against climate change.

Exploring new sustainable paths in the search for innovative solutions to the challenges we face is another of our concerns. Our goal is to continue fostering a business culture that focuses on continuous technology updating, research and generating ideas. We view sustainable development as a cross-cutting principle capable of transforming society while also creating responsible solutions that last and improve the lives of people. We believe in and are strongly committed to this type of innovation.

With each of the programmes included in the Group's CSR Master Plan, we play our modest part in the fight against environmental, social and governance challenges outlined in increasingly changing global settings. As a result of this work, we are proud to once again present our Sustainability Report as part of our commitment to accountability. The document has been drafted according to the international framework of the *Global Reporting Initiative* (GRI), verified externally and approved by the Board of Directors.

The horizon of sustainability continues to grow and we want to continue leading change. With the conclusion of the 4th CSR Master Plan 2018-2020, in 2021 we have worked to develop our FCC ESG Framework, which will be the starting point for the new 'ESG Plan 2025' under the motto 'Together we build a better future'. This Plan will consider the lessons learned, enable us to anticipate future challenges, and will focus on long-term global goals.

The challenge is considerable and we are ready to face it, but we need to face it together. Investments in technologies for decarbonisation, promoting water infrastructures that mitigating increasingly more frequent water scarcity, or the need to circularise the world we live in require a joint response.

Last, but certainly not least, I would like to mention the invaluable effort and commitment of everyone who forms part of this great Group. All of you, our main capital, who have adapted to a pandemic with hope, showing your best side; you are the driving force behind the FCC Group and I you have all my recognition and admiration.

We wanted to **incorporate sustainability** in our business model. This vision is reflected in our commitment to complying with and promoting the **Agenda 2030**

Our capacity to adapt in the face of adversity, the unstoppable road toward a more sustainable future, and results that confirm the good health of our Group, are the result of a strong corporate culture that aspires to add value to society.

But we are well aware that progress does not end here. We are committed to continue adding, working and growing. The future is in our hands and we have the ability to change our reality. We accept the challenge.

**Pablo Colio Abril**
CEO of the FCC Group

# Corporate governance and ethics

Good Governance _ 10
The FCC Group's due diligence _ 14
The FCC Group's Risk Management Model _ 18

# Good Governance

The FCC Group fully or partially complies with 84.48% of the CNMV recommendations that apply to it

In its commitment to Good Governance, the FCC Group aligns its Corporate Governance guidelines with the recommendations of the **Code of Good Governance for listed companies from the Spanish National Securities Market Commission** (CNMV) that apply to it, and particularly with those recommendations that include Sustainability amongst the competencies of the Board of Directors. Aware of the roll that corporate governance plays in the organisation's performance, the FCC Group complies, in whole or in part, with 84.48% of the recommendations that applied to it in 2021.

To provide a greater definition of the company's corporate governance practices – and in line with its commitment to transparency – the FCC Group prepares its "Corporate Governance Report" and "Remuneration Report" each year following the guidelines of CNMV report. Both reports are available on the Group's corporate website.

Through its **Articles of Association and the Board of Directors Regulations**, the company has a formal definition of the governing body's responsibilities. In 2021, the Board of Directors agreed to amend the Board of Directors Regulations, having agreed at the General Meeting to amend the Articles of Association, the Regulations of the General Shareholders' Meeting and the approval of the directors' Remunerations policy.

**A benchmark governance system in the sector,**

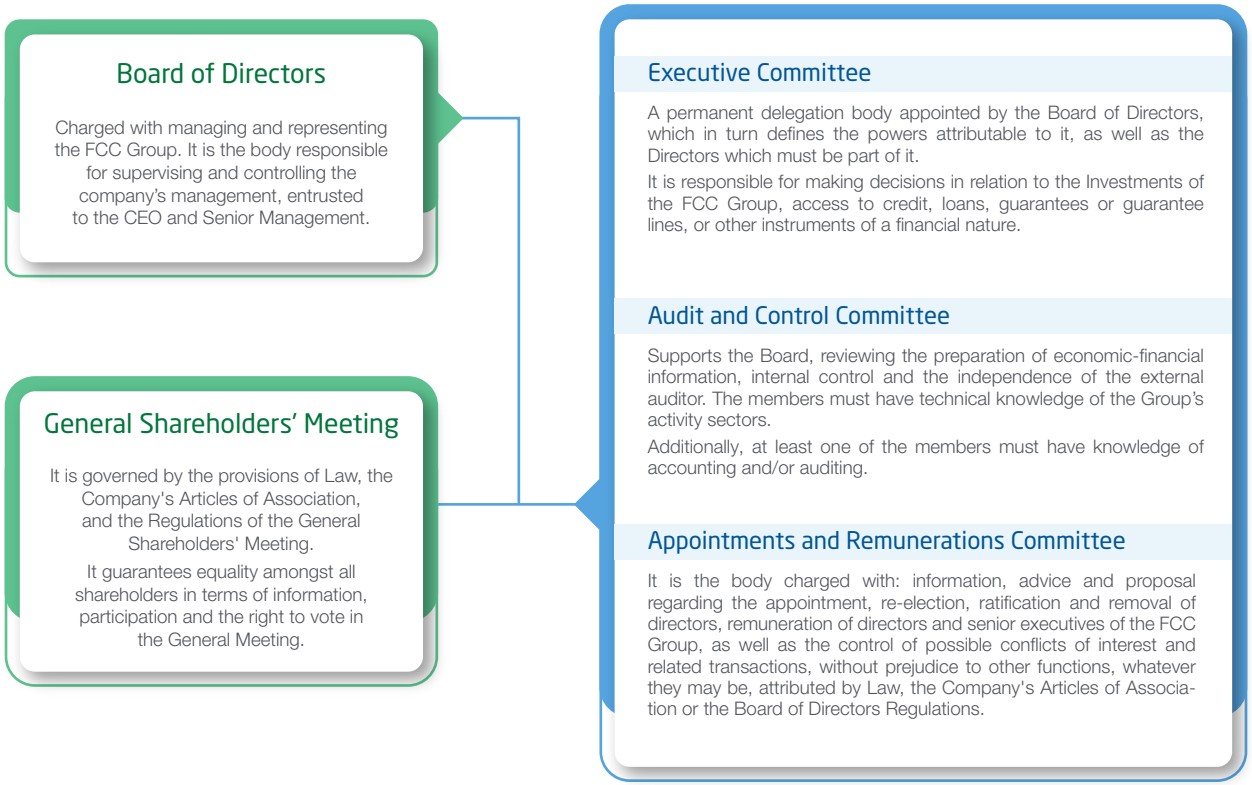
as an essential means to strengthen the FCC Group's values and sustainability.

- Common and sustainable project
- Strategic vision
- Balanced and transparent governance
- Culture of integrity

# The FCC Group's Governing Bodies

In line with the company's Articles of Association, **the FCC Group's Corporate Governance structure** consists of five essential bodies: the General Shareholders' Meeting; the Board of Directors; the Executive Committee; the Audit and Control Committee; and the Appointments and Remunerations Committee.

The **General Shareholders' Meeting** is the Company's highest decision-making body, establishing its competencies in the Regulations of the FCC General Shareholders' Meeting. The **Board of Directors** is the body that works to duly manage, administer and represent the FCC Group, with the exception of certain powers reserved to the Shareholders' Meeting. For more effective management and supervision, three specific committees have also been established: the **Executive Committee**, the **Audit and Control Committee**, and the **Appointments and Remunerations Committee**.

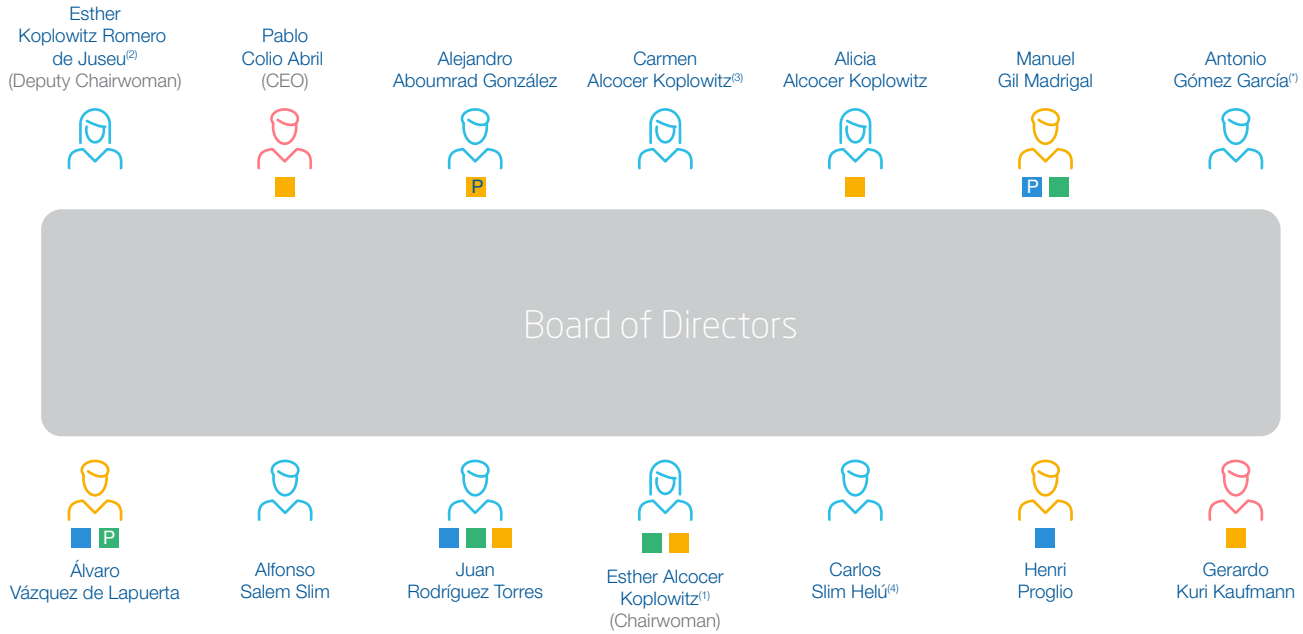


# Composition and operation of the Board of Directors and its Committees

There are 14 members of the Board of Directors, elected by the General Shareholders' Meeting, based on the principle of representativeness for the structure and balance of its governance. In compliance with the provisions of articles 34.1 and 31.2 of the Board of Directors Regulations and the Articles of Association **the Board of Directors met a total of eleven times** in 2021, with an average attendance of 90.26%.

Additionally, each of the **Board's committees** has held the corresponding meetings to ensure the Group's proper management. The Executive Committee and the Audit and Control Committee each held ten meetings, and the Appointments and Remunerations Committee met six times.

During 2021, the Board of Directors met a total of 11 times, with an average attendance of 90.26%




## Nature of position

- Executive
- Proprietary
- Independent

## Type of Committee

- Audit and Control Committee
- Appointments and Remunerations Committee
- Executive Committee
- P Chairperson

## On behalf of

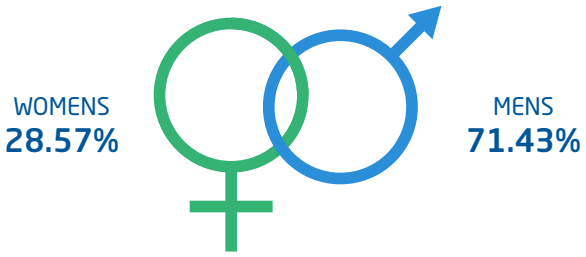
(1) Dominum Desga, S.A.
(2) Samede Inversiones 2010, S.L.U.
(3) Dominum Dirección y Gestión, S.A.U.
(4) Inmobiliaria AEG, S.A. de CV.

(*) The director resigned at his own request in March 2022.

# Plurality on the FCC Group's Board of Directors

The company is committed to a plural composition of its Board of Directors, strengthening its business model, broadening its strategic vision and understanding of the markets in which it operates. Diversity and equality are considered essential principles in the FCC Group, which make it possible to create an attractive business culture of growth and social progress.

**At the end of 2021, 28.57% of the FCC Group's directors were women**. In addition to this, the Board of Directors reflects its plurality and international nature through **three nationalities:** Mexican, Spanish and French.




# Remunerations policy

Each year, the FCC Group prepares its **"Annual Report on the remuneration of directors of listed companies"**, a document that individually breaks down the amounts received by the directors during their tenure that financial year. This document can be viewed on the company's corporate website.

In 2021, FCC's General Shareholders' Meeting approved the **Directors' Remunerations Policy** – valid for three years – that, on one hand, gives continuity to the previous one on the principles, structure and content of the directors' remuneration package and, on the other, introduces new features from the Capital Companies Act (due to the reform made by Law 5/2021 of 12 April amending the consolidated text).

The General Shareholders' Meeting is tasked with determining the remuneration, and considers the following principles and criteria:

## Principles and criteria in determining remuneration

Guaranteeing the **long-term** performance **and** sustainability **of the FCC Group**

Ensuring the principle of **transparency**

Encouraging **motivation**

Retaining **talent** as a commitment to the future

Establishing **competitive amounts**, according to that established by companies of a similar size and activity

Rewarding **dedication, qualifications and responsibility** that the position demands

Taking the necessary precautions to avoid results that do not convey the **creation of value** and that could potentially put FCC at risk

# The FCC Group's due diligence

## Compliance Model

Since its outset, the FCC Group has been characterised by the development of lasting relationships of trust and mutual benefit, governed by the principle of transparency and exemplary behaviour. Reflecting this commitment, the company has a **Compliance Model**, which intends to prevent and detect risks of non-compliance with a particular focus on behaviours that could lead to criminal offences.

Within the Compliance Model, the **Code of Ethics and Conduct** is considered the central axis of the culture, values and principles that govern the behaviour of the FCC Group's employees. This Code lays the foundations for honest conduct, unifying and integrating a common commitment to respect the due diligence in the practices carried out directly by FCC or through its subsidiaries, and throughout its entire supply chain.

The system has a set of regulations, with policies and procedures; of a Crime Prevention Manual; and a map of crimes, risks and controls, designed to prevent and detect risks and minimise their impacts.

- Crime Prevention Manual.
- Anti-corruption Policy.
- Policy on relationships with partners in Compliance issues.
- FCC Group participation policy in bidding processes for goods or services.
- Gift Policy.
- Agent Policy.
- Human Rights Policy.
- Whistle-blowing Channel Procedures.
- Compliance Committee Regulations.
- Investigation and Response Procedure.
- Harassment Prevention and Eradication Protocol.

REGULATORY BLOCK THAT MAKES UP THE FCC GROUP'S COMPLIANCE MODEL

In addition to having robust regulations, the FCC Group has established a **Compliance Committee** – the Group's Crime Prevention body with autonomous powers of initiative and control – whose functions include being responsible for promoting an ethical culture throughout the organisation; ensuring regulatory compliance, internally and externally; and guaranteeing the oversight and control of the Model.

To guarantee the rigour, efficiency and commitment to the performance of the Compliance Model, managers are assigned to each of the controls designed to prevent risks. Their objective is to carry out these controls throughout the year, and to self-assess and certify their operation every six months.

In 2021, the **Group's Compliance Committee met nineteen times** (twelve ordinary and seven extraordinary meetings). The most significant due diligence actions on the Group's Compliance Model were:

## MOST SIGNIFICANT ACTIONS

- Closing the annual review of the criminal risks assessment.
- Testing the design and effectiveness of the Crime Prevention Model's controls.
- Completing the implementation of the Compliance Model in international subsidiaries.
- Two half-yearly self-assessments and certification of the criminal risks controls (more than 3,000 self-assessed controls per certification).
- Approving the 2021-2023 Compliance Training Plan.
- Training through FCC Campus (13 courses) on the Group's Code of Ethics and Conduct, the anti-corruption policy and Criminal Prevention, in Spain and international subsidiaries.
- Assessing the risk of suppliers in terms of Compliance. A total of 870 suppliers have been approved (34 requiring actions by Compliance).
- Conducting 220 due diligence evaluations on third parties (partners, agents and suppliers), from the Group's businesses.

# Ethics Channel

The FCC Group's staff have the right and the duty to report on possible breaches of the Code of Ethics and Conduct, through the Ethics Channel, which is accessible in three ways: post box, email, and a form on the corporate intranet.

The Ethics Channel is managed by the FCC Group's Compliance Committee, as approved by the Board of Directors, in the Ethics Channel procedure of the Group's Compliance Model.

**A total of 192 notifications (63 non-relevant) were received thought the Group's Ethics Channel in 2021.** Of the 129 relevant notifications, 68% were of a labour nature.

# Respect for Human Rights in the FCC Group

Since 2019, the FCC Group has been governed by the **Human Rights Policy** – approved by its Board of Directors – and aligned with the Guiding Principles for Companies and Human Rights. Pursuant to its policy, FCC undertakes to guarantee freedom of association and collective bargaining as a basis for cooperation, dialogue and the creation of positive synergies between the company and its workforce. The company also creates relationships based on mutual trust, respect and collaboration with the local communities in which it operates, generating employment, well-being and wealth within them.

Likewise, the FCC Group rejects child labour and forced labour, favours decent and paid employment in a healthy environment and is committed to diversity, rejecting any type of discrimination and promoting more inclusive environments.

To reinforce its commitment and capacity to act, the FCC Group adheres to different **international Human Rights instruments**: United Nations Global Compact; Universal Declaration of Human Rights Framework; Declaration on the Rights of the Child; various ILO conventions; and other agreements of the International Federation of Building and Wood Workers (BWINT).

> The FCC Group adheres to different international Human Rights instruments

Within Strategic Risks, the FCC Group identifies the "inadequate management of aspects related to Human Rights", to guarantee a high level of control over it. Aspects such as a majority geographic location in developed countries, the globalisation of the Group's Human Rights Policy, human resources policies, purchasing policies and the Compliance Model – with specific controls in this area – significantly reduce the probability of impacting against these essential rights.

The Group currently focuses its attention on the supply chain and has approved a new supplier management procedure, which defines the approval processes and responsible declarations that include mandatory aspects related to the protection of Human Rights prior to contracting products and services.

# Against corruption and laundering

The FCC Group categorically rejects fraud, corruption and, naturally, all forms of bribery

As acting with integrity and honesty benefits both stakeholders and the company itself, the FCC Group categorically rejects fraud, corruption and, naturally, all forms of bribery.

**FCC's Anti-Corruption Policy** is particularly significant in this matter as it establishes the guiding principles on its activity and is complemented and reinforced by additional procedures, such as the **Agents, Gifts, and Bid Policies**. Other measures also implemented are specific staff training actions related to preventing corruption that were completed by 319 workers in 2021, with nearly a total of 3,400 people trained since it was launched.

In relation to the assessment of exposure to corruption-related crimes, the Group periodically analyses all its operations and has a risks and controls matrix that functions nationally and internationally.

In line with its Code of Ethics and Conduct, FCC also shows **zero tolerance to money laundering** and works to deal with practices of this type. The company continuously assesses the objectives of good governance, risk control and regulatory compliance in terms of money laundering. Through risk analysis, various risk events have been identified, – particularly in those companies that are reporting parties pursuant to the provisions of Law 10/2010 of 28 April on the Prevention of Money Laundering – and specific action procedures have been established to control these risk events.

# Accountability and tax transparency

The FCC Group complies with the tax regulations in all jurisdictions where it is present, contributing to the development of social welfare, the generation of value and economic development wherever it operates.

The FCC Group's tax strategy is currently defined in its **Tax Code of Conduct** and its **Tax Control Framework Standard**; both documents were approved by FCC's Board of Directors. As established in the Tax Code of Conduct, all staff within the FCC Group's Tax department are obliged to work in a transparent and ethical manner with the tax authorities of the country where they work.

On this issue, the FCC Group adheres to the **Tax Agency's Code of Good Tax Practices** based on the principles of transparency and mutual trust, and which aspires to reduce the legal uncertainty of companies and existing litigation in tax matters. Resulting from the commitment assumed by the Group in this framework, the Group submits a **Tax Transparency Report to the Tax Agency** each year.

In addition, the FCC Group's Audit and Control Committee reviews litigation and tax risks every six months, which are identified and controlled on a recurring basis using internal management tools.

The Group's Sustainability Report, attached to this document, details the profits after taxes, taxes on profits and public subsidies received by country in 2021.

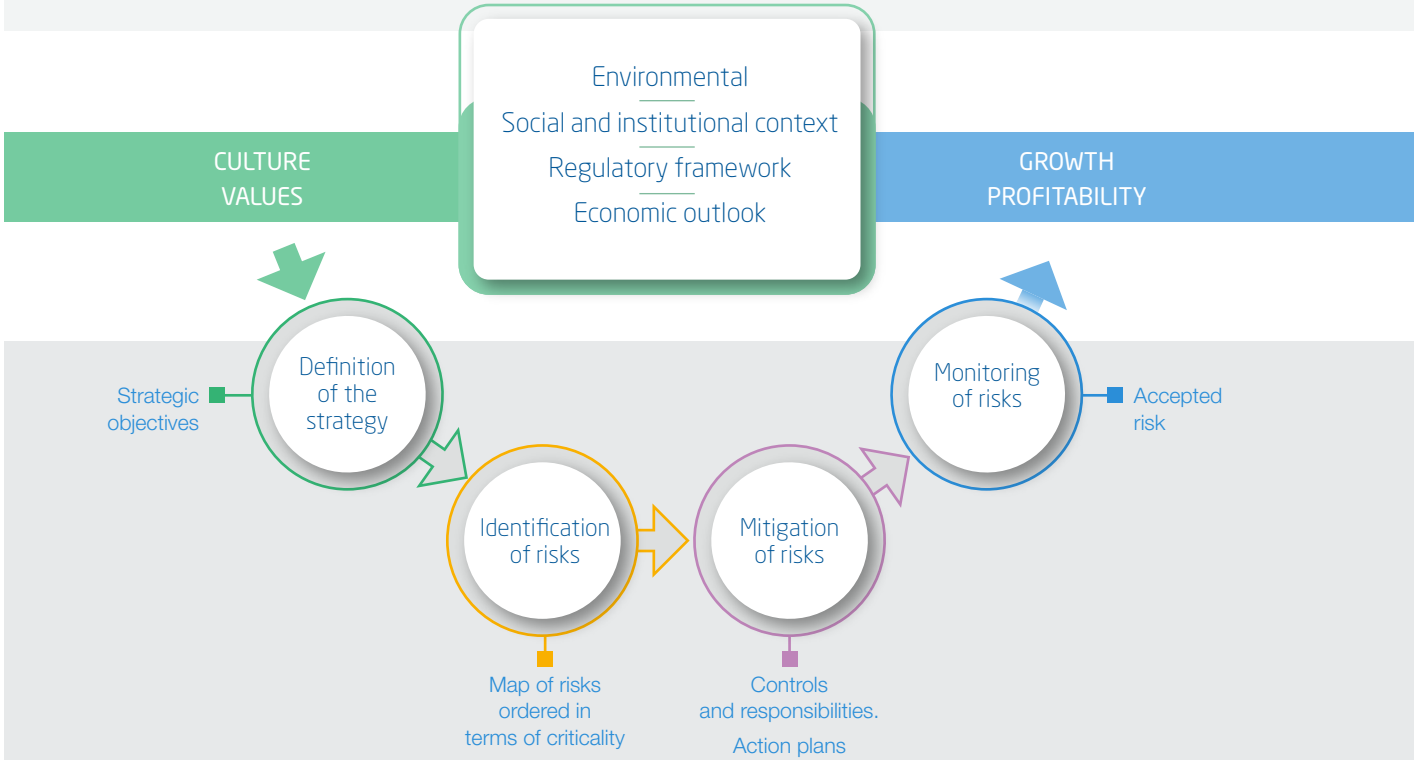
# The FCC Group's Risk Management Model

As a benchmark international group in providing citizen services, FCC is subject to a wide range of environmental, socio-economic and regulatory frameworks. The FCC Group is therefore exposed to the risks inherent to its activities and to risks related to environmental, economic, social and geopolitical developments at local and global levels.

The FCC Group must manage the risks and opportunities that arise from a series of global and interconnected trends which, despite their ability to affect its business model, also open up possibilities for development and contribution of value by developing competitive, technologically advanced solutions that are aligned with the Sustainable Development Goals (SDGs) and the 2030 Agenda, and channelled through the specialisation of its synergistic business areas connected to the design, execution and management of infrastructures related to the environment, water and mobility.

To this end, the FCC Group has a Risk Management Model and a Compliance Model that establish comprehensive frameworks to identify, assess and manage risks in their respective areas of application.

Analysis of the environmental, economic, social and institutional context, and alignment of the FCC Group culture with the strategy and accepted risk as key for sustainable growth



# Organisational structure for risk management

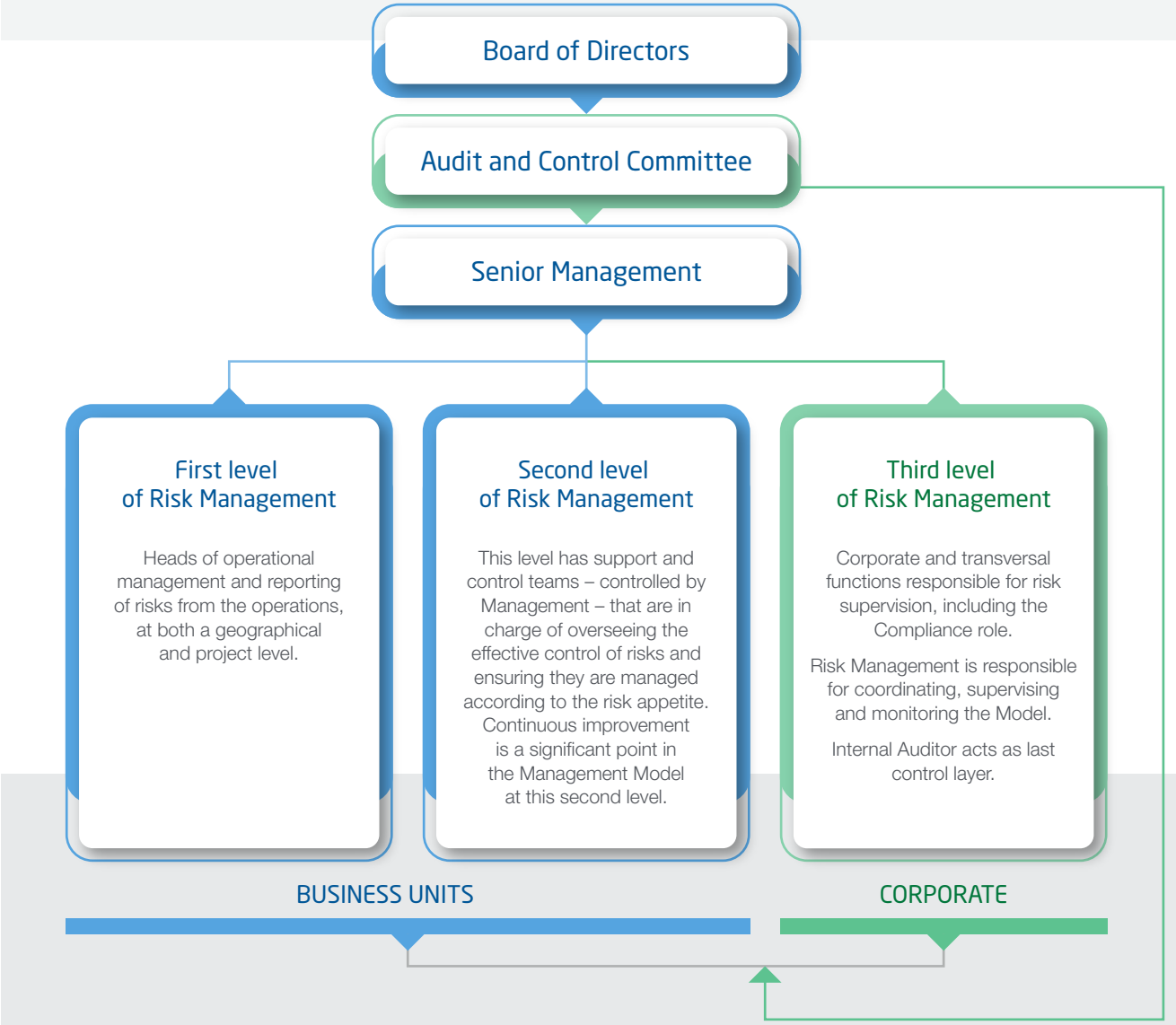
The risk management process requires the involvement of the entire organisation, establishing different coordinated levels to maximise its efficiency, enhance its effectiveness and consolidate the control environment.

In this sense, the Management Model is based on establishing three risk management and internal control levels, the first two of which are located in the business units and the third in the corporate areas.

Senior Management is ultimately responsible for implementing the Risk Management Model.

The Audit and Control Committee is responsible for supervising and analysing the effectiveness of internal control and the Risk Management Model.

Finally, the Board of Directors, is responsible for approving the Risk Management Model that allows those risks that are considered the most important by the Company to be identified and to implement and adequately monitor the internal control and information systems, to ensure both the Group's future viability and competitiveness, adopting the most relevant decisions so that it thrives.



# Significant risk scenarios

## Strategic risks

- Political and regulatory instability.
- Climate and environmental risks.
- Health and humanitarian crises.
- Regional war conflicts and terrorism.
- Loss of market share.
- Cuts in forecasts for investment and demand.
- Reputational harm.

### Response plans

- Consolidation of the diversified international position as a provider of those services classified as essential.
- Maintaining market share in mature markets.
- Search for new public-private collaboration formulas to develop the end-to-end water cycle, environmental services and infrastructure.
- Internal strategy for adaptation to climate change in Horizon 2050.
- Integrating the businesses into the circular and low-carbon economy and alignment with the SDGs.
- Investment in technology, innovation and process control.
- Development of Sustainability Plans.

## Operational risks

- Unilateral termination or modification of the contract, contractual controversies and litigation.
- Rescheduling of projects.
- Valuation of real estate investments.
- Increase in prices and lack of availability of raw materials and subcontracted services.
- Risks arising from relations with third parties.
- Labour conflicts.
- Loss of human capital.
- Risks associated with digitisation.
- Cyberattacks.
- Risks for the safety and health of people.
- Environmental damage.

### Response plans

- Formal economic and technical, and contractual management planning systems with clients and third parties, applying an active negotiation policy.
- Application of purchasing procedures, monitoring key suppliers and periodic analysis of deviations.
- Inclusion of price review mechanisms in contracts.
- Quality management systems, environmental management and occupational risk prevention in accordance with international standards.
- Operational unit and information security management system also according to international standards.
- Monitoring plans for specific project risks.
- Appropriate insurance coverage.
- Training, coordination and development of the Group's human resources.
- Active management of labour relations.
- Periodic valuations of real estate assets by independent experts.

# Significant risk scenarios ( continued)

## Compliance risks

- Discrepancies in regulatory compliance.
- Discrepancies in contractual compliance.
- Potential breach of the Code of Ethics and Conduct.

### Response plans

- Widely disseminated Code of Ethics and Conduct.
- Structured, formalised and periodically reviewed Compliance Model.
- Organisational structure of Compliance at different levels and for the different businesses, coordinated by the Compliance Committee.
- Training programmes on ethics in the Compliance and Values schools of Campus FCC.
- Update programmes in different regulatory areas.
- Regulated systems with detailed procedures.
- Monitoring of contractual and regulatory requirements in project management plans.

## Financial risks

- Credit risk.
- Liquidity risk.
- Exchange rate fluctuation.
- Interest rate fluctuation.
- Limitations on access to financial markets.
- Impairment of goodwill.
- Recoverability of deferred tax assets.

### Response plans

- Continuously monitoring the credit quality of clients, liquidity lines and financing.
- Strengthening the financial and equity structure to improve the balance between own and third-party funds.
- Optimisation of floating-rate debt exposure and analysis of hedging instruments on interest rate fluctuations.
- Control of equity risk management and updating and monitoring goodwill values and deferred tax assets.

# Strategy and value creation

FCC Group's mission, vision and values _ 23

Strengths of the business _ 26

Strategic responsibility.
A responsible manifesto _ 29

Response to future challenges _ 50

# FCC Group's mission, vision and values

FCC's vision defines the future sought by the company and gives a purpose to its action. Therefore, all its components share the same culture and are part of the same project: a single FCC.

To achieve its vision, FCC develops and manages environmental services, end-to-end water cycle management, infrastructures and associated products and real-estate management while maintaining the highest standards of operating excellence and applying the strictest ethical principles set out in the FCC Group's Code of Ethics and Conduct in all its areas and activities.

For the company's staff, the Code of Ethics and Conduct represent the highest standards in the FCC's Group's range of policies and procedures that allows a strengthened culture of compliance that supports the creation of long-term value in its project.

## MISSION
*What we do*

Design, carry out and efficiently and sustainably manage environmental services, end-to-end water cycle management and the construction of large infrastructure works to improve the lives of citizens.

## VISION
*What we want to be*

For the Group to be an international leader in Citizen Services, offering global and innovative solutions for the efficient management of resources and improvement of infrastructure, contributing to improving the quality of life of citizens, and the sustainable progress of society.

Beyond the leadership position in the different businesses – key in the communities of the future and as a result of its technical and professional capacities – FCC has established certain inalienable conduct guidelines, which are essential for the Group to operate successfully in a sustainable and responsible manner. It's about values.

These values form part of the Code of Ethics and Conduct of the FCC Group and are intended to transmit and instil the principles in all company employees.

WE SHARE a common challenge: improve the quality of life of citizens and contribute to sustainable progress.

WE ARE more than 59,000 professionals operating in more than 25 countries.

WE FOLLOW the same path guided by the principles of the FCC's Code of Ethics and Conduct.

# Principles of action of the FCC Group

## Honesty and Respect

1. We respect legality and ethical values.
2. Zero tolerance towards bribery and corruption practices.
3. We act against money laundering and the financing of terrorist activities.
4. We protect free competition and good market practices.

## Rigour and Professionalism

5. We behave ethically on the stock market.
6. We avoid conflicts of interest.
7. Rigour in control, reliability and transparency.
8. We protect the reputation and image of the Group.
9. We use the company's resources and assets efficiently and safely.
10. We monitor the ownership and confidentiality of data and information.

## Loyalty and Commitment

11. Our customers are at the centre.
12. The health and safety of people are paramount.
13. We promote diversity and fair treatment.
14. We are committed to our environment.
15. We interact with the community transparently.
16. We extend the commitment to our partners in the business.

# Strengths of the business

## Experience

**More than 120 years of experience**, creating value for citizens. A service structured around specialist and quality work by the best professionals in each of the areas that make up the FCC Group.

## Ethics and Integrity

**An ethical, responsible culture that encompasses the Compliance Model**, in addition to the plans and strategies of the FCC Group and its business lines.

## Quality and Innovation

**Continuous improvement** to identify, satisfy and anticipate the needs of its customers (internal and external) and stakeholders.

## Health and Safety

Care for the **maximum health, safety and well-being** of professionals, in particular for activities that represent an added risk.

## Care for the Environment

**Caring for and protecting the environment** by implementing the circular economy model in the business.

# Keys to a diversified business

## Environment

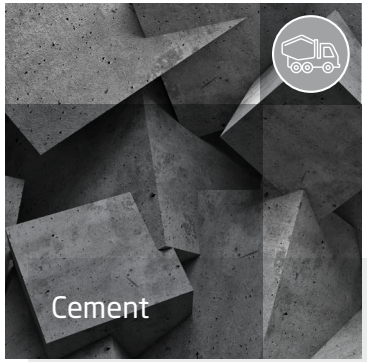
- Waste collection.
- Street cleansing.
- Handling and recycling of municipal waste.
- Ground and gardens maintenance.
- Maintenance of sewerage networks.
- Handling and recycling of industrial waste.
- Recovery of polluted soils.
- Facility management.

## End-to-end Water Management cycle

- Municipal concessions for the management of the end-to-end public water service.
- Infrastructure concessions under the BOT model (Built, Operate and Transfer).
- O&M services (operation and maintenance of infrastructures).
- EPC models (Engineering, Procurement and Construction).

## Infrastructure

- Civil engineering (bridges, tunnels, highways, rail projects, etc.).
- Residential construction.
- Non-residential construction (sporting, health and cultural infrastructures, etc.).
- Industrial.
- Concessions.
- Infrastructure maintenance.
- Prefabricated materials.
- Brand image.



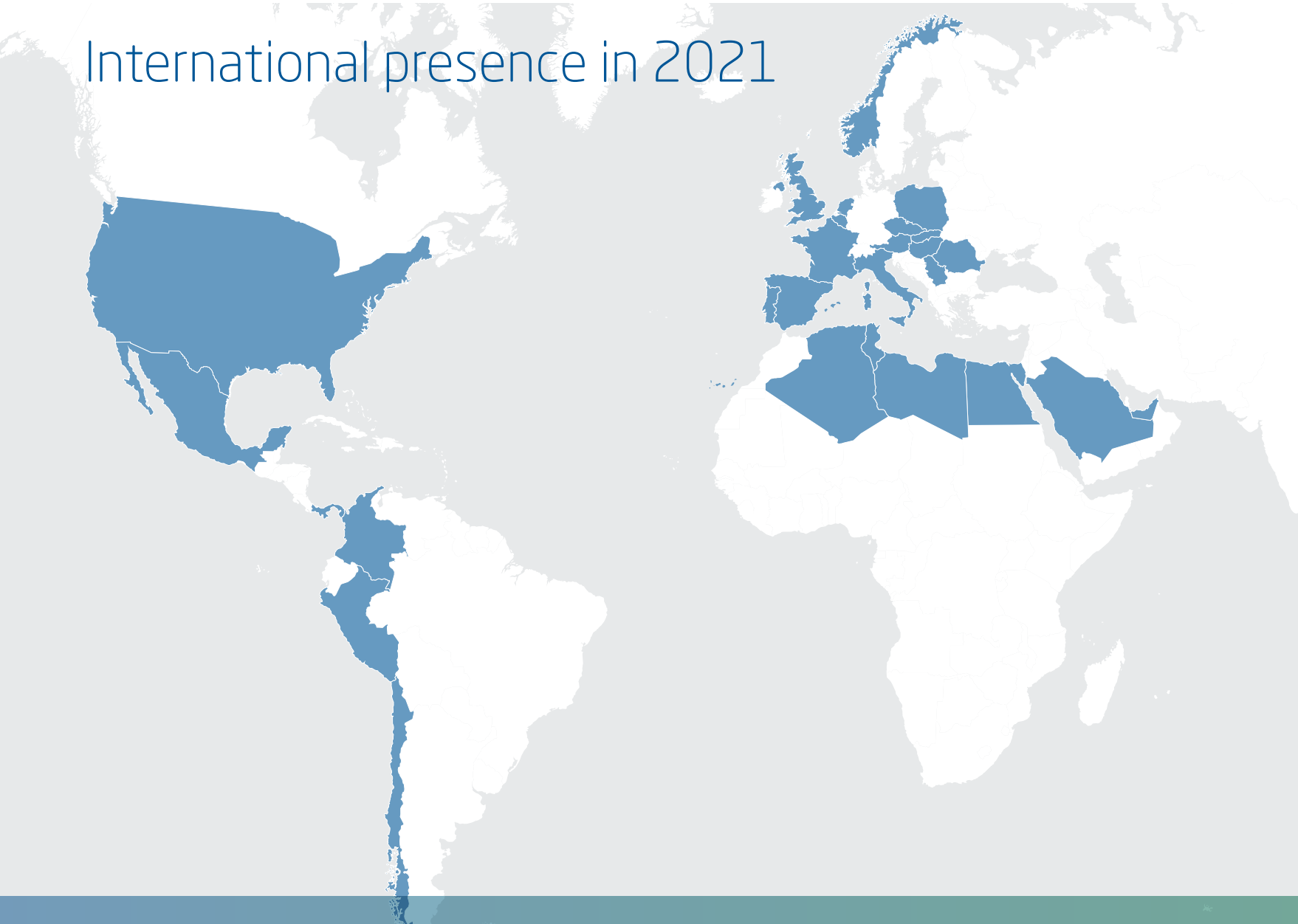
## Cement

- Cement.
- Trading.
- Other businesses (concrete, aggregate and mortar).

## Real estate

- Leased equity.
  - Services sector (offices, shopping centres and retail premises and others).
  - Residential (BtR).
- Real estate development.
- Land backlog management.

# International presence in 2021



- Saudi Arabia
- Algeria
- Austria
- Belgium
- Czech Republic
- Chile
- Colombia
- US A.
- Egypt
- United Arab Emirates
- Slovakia
- Spain
- France
- Netherlands
- Hungary
- Italy
- Libya
- Mexico
- Norway
- Panama
- Peru
- Poland
- Portugal
- United Kingdom
- Romania
- Serbia
- Tunisia

# Strategic responsibility. A responsible manifesto

## Sustainability in FCC's business model

The extensive performance of the FCC Group in the provision of services to residents over the years has positioned the company as a leader and reference its industry, both in Spain and internationally. The FCC Group considers its fundamental purpose and long-term commitment as being reflected in its leadership of the creation and restructuring of cities as potential smart, sustainable, inclusive and responsible environments.

The company strives to improve people's quality of life, responding to their expectations and needs of the surroundings they live in, harnessing its consolidated experience as a socially responsible company. FCC's commitment to the **2030 Agenda** and its contribution to the Sustainable Development Goals; to the **Paris Agreement** on climate change; to the **United Nations Global Compact** and the transition to a circular economy model, are just a few examples of the company's roadmap to overcoming the challenges posed by climate change and socioeconomic imbalances on a global scale.

Furthermore, the FCC Group is committed to making collective efforts in relation to cooperation and solidarity to make progress towards a more resilient, fair and inclusive society, without leaving anybody behind, convinced of the role that the company must perform to support the economic reactivation, generating high-quality jobs in the community in which it operates.

Over the course of this year, FCC has continued to explore new frontiers in terms of sustainability, considering the needs and expectations of stakeholders and incorporating citizens at the heart of its business.

# Sustainability Governance and Policy

The **Corporate Social Responsibility Policy (RSC) of the FCC Group** establishes the commitments assumed by the Group, in particular in relation to its business integrity and ethics framework, respect for the environment and its social contribution. It represents the framework of action that governs the performance of the Group's different activities where it operates.

The CSR Policy is inherent to the commitment and action of all members that make up the Group, in line with the demands of customers and society as a whole.

The FCC Group is committed to a strong governance structure when it comes to sustainability and as a result, this year, it has changed the name of the corporate division responsible for this area, which is now known as the **Compliance and Sustainability Division**. The team responsible for coordinating the corporation and business Areas in this area has also been renamed the **Sustainability Committee**.

Sustainability in the FCC Group is led by the Board of Directors, through its Executive Committee.

## Sustainable governance

### Board of Directors

In line with recommendations 53 and 54 of the Code of Good Governance of the Spanish Securities Market Commission (CNMV), the Board of Directors oversees compliance with the FCC Group's CSR Policy.

### Sustainability Committee

It liaises with the business Areas, and receiving support from the business committees (CSR Committee at Aqualia, FCC Medio Ambiente's Sustainability Committee, FCC Construcción's Sustainability Committee, CPV's CSR Committee), coordinates the different sustainability actions at the FCC Group. In particular, it assumes responsibility for developing, implementing and ensuring compliance with the CSR Policy.

### Compliance and Sustainability Division

Reporting to the General Secretary, it supports the corporate Sustainability Committee in the performance of its functions, mainly in determining the ESG risks (Environmental, Social and Governance) and those in the design of the Sustainability strategy, establishing systems for monitoring and following up on results, in terms of ESG practices at the FCC Group.

* The **Sustainability Committee** is made up of:
- General Secretary.
- Compliance and Sustainability Division.
- Corporate HR Management.
- Sustainability divisions/CSR in businesses.

# Managing the Group's social, environmental and governance future

## Focussed on the material

During 2021, the FCC Group, aware of the strategic need to analyse and respond to the demands and expectations of its stakeholders, reviewed and updated its **materiality study**, which allows the company to determine which are the most relevant social, employment, environmental and governance matters in each of the Group's businesses.

Stakeholders have participated in updating the study, establishing direct consultations with the suppliers and internal and external customers of the Group's different businesses. Furthermore, as part of the study, the perspective of shareholders, communities and partners has been analysed, in addition to the perspective of the members of the Management Committees of the different businesses, in addition to other sources.

The outcome of the materiality study has demonstrated the cross-cutting relevance of three matters: Ethics, Integrity, Compliance and Good Governance; Circular Economy and Waste; and Safety, Health and Well-Being.

## ESG Ambition and SDG Contribution

After the achievements of the most recent CSR Master Plan, in 2021, work was undertaken to develop **FCC's ESG Framework**, as a roadmap for structuring the Group's activities from a sustainable perspective, under the motto "Together we are building a better future".

FCC's ESG Framework has been undertaken placing a focus on the objectives, challenges and milestones of the global strategies, the 2030 Agenda and the 2050 horizon, anticipating trends, assuming more ambitious challenges and applying lessons learned, as a step prior to the strategy that will define the Group's 5th Master Plan.

FCC ESG FRAMEWORK | *Together we are building a better future*

**INNOVATION**
Generate knowledge synergies to foster innovation, technology and digitalisation.

**COMMUNICATION**
Foster the information we provide on sustainability.

**PARTNERSHIPS**
Create strong collaborations to contribute to the 2030 Agenda.

**ENVIRONMENTAL**

- **Climate action**
  Moving towards a competitive, low-carbon economy.
- **Circular economy**
  Apply these principles to the efficient use of resources.
- **Water management**
  Reduce water stress where we operate.
- **Protection of biodiversity**
  Contribute to maintaining natural capital.

**SOCIAL**

- **Human rights**
  Ensure their protection internally and throughout the value chain.
- **Social action**
  Contribute to development in the communities in which we operate.
- **Human capital**
  Promote talent and empower our professionals.
- **Health and well-being**
  Care for people's health through their physical and mental well-being.
- **Diversity and equality**
  Generate a real culture of respect, tolerance and equity.

**GOVERNANCE**

- **ESG risk management**
  Minimise the impact of non-financial risks on results.
- **Value chain**
  Transfer our ESG commitments throughout the value chain.
- **Ethics, integrity and compliance**
  Maintain a robust model that guarantees responsible conduct.

Once the commitments of the 2030 Agenda were approved, the FCC Group strengthened its business model with sustainable development, through strategies in favour of people, the planet and progress, progressively adapting its internal procedures and action plans to the **17 Sustainable Development Goals (SDGs)**.

Through each business line, the Group identifies the SDGs that it considers a priority based on their direct contribution:

## FCC Servicios Medio Ambiente

*| Committed to environmental care and health*

## Aqualia

*| Incorporating sustainability in the end-to-end water cycle*

## FCC Construcción

*| Creating works that connect cities*

## Cementos Portland Valderrivas

*| Transforming raw materials*

# Dialogue with stakeholders

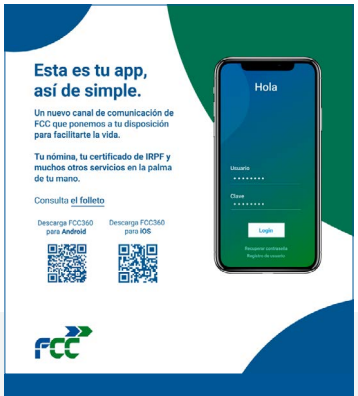
The FCC Group's activities have always been enhanced by efficient communication, continuous dialogue and a major interest in building transparent, long-lasting relations with its stakeholders.

Responding to and contributing value to society is an essential part of the Group's sustainable management, in addition to being a key factor both in its socially responsible positioning and the performance of its business strategy.

Along this line, the FCC Group employs **communication channels and procedures** that are progressively more fluid, with a view to understanding the needs and concerns of its stakeholders.

For a more immediate response, both the FCC Group and its business Areas are present on social media, ensuring direct contact with each different audience: Facebook, Twitter, YouTube, Instagram or LinkedIn.

Furthermore, on its website www.fcc.es, FCC has a contact form, Sustainability mailbox and provides the public with information on its environmental, social and governance performance, periodically, through the Group's Sustainability Report and the reports issued by the different businesses.




## STAKEHOLDERS AND CHANNEL FOR DIALOGUE AND COMMUNICATION

### Shareholders, investors and rating agencies

- Company website and business Area websites to publish financial performance contents.
- Board of Directors and Committee presentations.
- General Shareholders' Meeting.
- Shareholders' office.
- *Roadshows* with investors to raise awareness of the company.
- Surveys and interviews with agencies to rate the company and its performance.

### Employees

- FCC ONE – Corporate intranet.
- Ethics channel.
- FCC Te escucha – FCC's app.
- FCC360 – FCC's app.
- Periodic meetings on information of interest.
- Dissemination and awareness raising campaigns.
- Employee portal.
- Somos FCC: quarterly online magazine.
- FCC newsletter in poster format translated into 13 languages.

### Suppliers and contractors

- Information and awareness raising sessions.
- NALANDA platform for supplier approval.
- Obligatory compliance with FCC's Code of Ethics and Conduct and Anti-Corruption Policy.
- Commitment to fully comply with the ten Principles of the UN Global Compact.

### Public administrations and regulators

- Voluntary participation in sectoral self-regulation and legislation development initiatives.

### Communities

- As per FCC Group lines of business as parties responsible for dialogue with local communities.

### Shareholders

- Channels of communication with other institutions.
- Collaboration agreements, sponsorships and donations.
- Alliances.
- Business forums.
- Publications and presentations.
- Due diligence procedures.

### Clients

- Satisfaction surveys.
- Figure of the contact person.
- Channels of dialogue used by each line of business.

### Trade unions

- Committee meetings.
- Agreements.
- Work inspections.

### Certificate and accreditation bodies

- External audits.
- External verifications.
- Participation in work groups.

### Financial institutions

- Surveys.
- Meetings.
- Green bonds (FCC Medio Ambiente Iberia).

# The persons at the centre

This year, the FCC Group has faced all the challenges that have arisen during the pandemic and has continued to pursue its goal of being the best place to work, boosting people's quality of life.

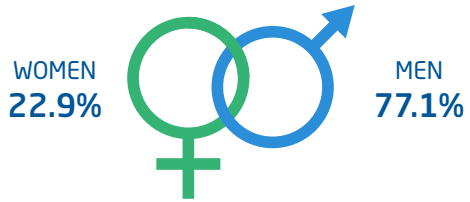
To this end, it has defined a global strategy, translated into its value proposition in terms of people, which is structured around three fundamental pillars: talent, diversity and equality and health and well-being.

## Recognising talent

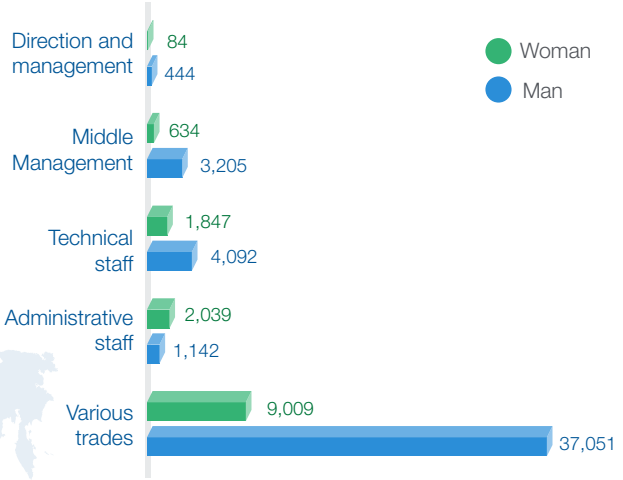
### Human capital profile

FCC operates in 39 countries around the globe, with a workforce of around **60,000 professionals**. The company is known for its job stability, with 74% of its staff on permanent contracts.

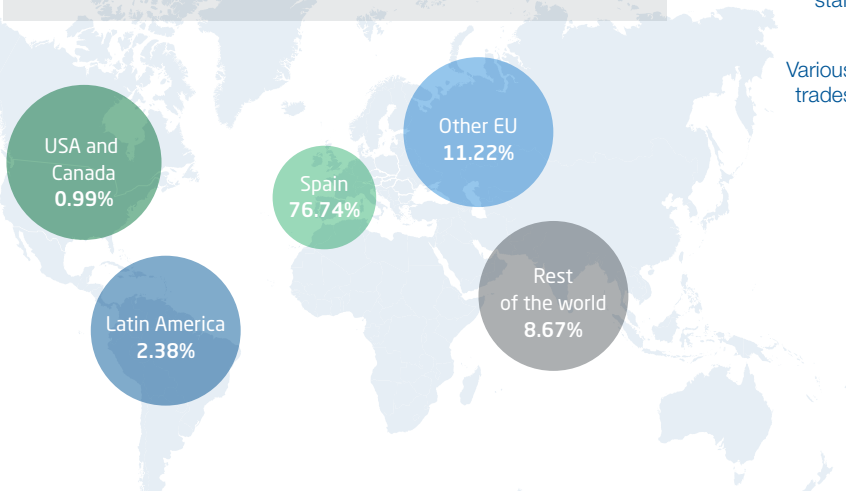
#### DISTRIBUTION OF THE WORKFORCE BY GENDER




#### DISTRIBUTION BY GENDER AND FUNCTIONAL LEVEL




#### DISTRIBUTION OF THE WORKFORCE BY GEOGRAPHICAL AREA



## Managing knowledge

As part of the FCC Group's professional development model, there is no let up in the efforts to promote the development of each person that forms part of the company.

In 2021, the **Board of Directors approved the FCC Group's Selection Policy**, renewing the bases and principles to inspire our processes, with a view to attracting, selecting and ensuring the loyalty of the best talent

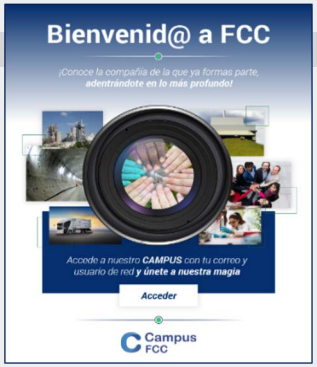
In relation to professional development, the FCC Group's cross-cutting training plan includes the following most noteworthy objectives:

- Providing management with new powers and team management knowledge.
- Developing interpersonal relation skills (individual and team coaching, development event, conflict management, etc.).
- Digitalisation aimed at optimising processes and acquiring an agile, digital mentality.
- Awareness raising in relation to diversity and equality.
- Training in Compliance matters associated with the FCC Group's Compliance Model.

In 2021, **a total of 563,971 hours of training were imparted** across the Group. The breakdown of the training hours by professional category, gender and business Area can be consulted in the FCC Group's Sustainability Report, attached to this report.

The aim of the corporate university, **Campus FCC**, is to serve as a global reference for continuous, agile learning that responds to the business' training needs (Upskilling) and makes it possible to develop new capacities that will be required in the positions of the future (Reskilling), thus achieving an increase in versatility and employability of FCC Group employees.

In 2021, Campus FCC has launched 125 *online* modules covering different topics as part of 205 training drives. Furthermore, 120 development events have been organised for members of management.




In 2021, efforts were made to consolidated the **On Boarding programme** for new recruits, with a training schedule that encourages their swift integration into the position and company.

# Progress in order to make diversity a reality

The FCC Group encourages a business culture amongst its employees based on diversity and equal opportunities.

In 2021, FCC renewed its commitment to the **Diversity Charter** for the 2021-2023 period, in line with its equality and social inclusion policies, promoting initiatives and projects that encourage diversity, social responsibility, inclusion and equality through employment.

## Gender equality

For FCC the principle of equal opportunities is a commitment to action that cannot be waived, as set out in its Code of Ethics and Conduct and in each of its Equality Plans. All business heads have received acknowledgement in the form of the **Business Equality Distinction**, a mark of excellence granted by the Spanish Ministry responsible for Equality, with the Group currently boasting five distinctions.

As a result of the FCC Group's conviction to promoting women, **the percentage of women holding management positions at the end of 2021 increased to 15.9%** of all these types of positions. Furthermore, once again, the Group has participated in training programmes aimed at creating an enriching work environment, free from discrimination and which favours diversity, with two training and development initiatives for women in leadership positions worth highlighting: the **Promociona Project** and the **EOI Development Programme**.

## Against gender violence

The FCC Group is particularly committed to the fight against gender violence in all its facets, based on two fundamental principles of action: zero tolerance for gender violence and support for the social and professional integration of victims.

To this end, the Company collaborates closely with the **"Companies for a Society free from Gender Violence"** and actively collaborates with different foundations and institutions to promote the insertion and inclusion of victims in the job market.

*Event to commemorate International Day for the Elimination of Violence Against Women at the corporate headquarters in Las Tablas (Madrid) and delivery of the prize by the Compliance and Sustainability Division.*

Against the backdrop of this fight against gender violence, and in commemoration of the International Day dedicated to this fight, FCC organised the 4th Edition of the awards recognising the work of the organisations and associations that fight against gender violence and are dedicated to the women who suffer from this evil. The awards have been delivered to: UN Women as an international institution dedicated to the fight against abuse; and the Spanish Royal Federation of Winter Sports (RFEDI), for its efforts against gender violence suffered by women and girls in sport.

## Non-discrimination and prevention of harassment

As part of the Compliance Model, and as a complement to the whistleblowing channel, the Group has a **Protocol to Prevent and Eradicate Harassment**, which is mandatory and aims to prevent, resolve and punish any cases of occupational, sexual or gender harassment.

As part of FCC's commitment to preventing occupational harassment, and promoting respectful working environments, as part of which dialogue and organisational and professional development prevail, in 2021, specific training was launched on interpersonal conflict management.

## People with disabilities and vulnerable groups

As part of FCC's commitment to diversity and inclusion in the workplace, the Group actively collaborates with specialist organisations who advise on the recruitment and occupational support for people with disabilities and vulnerable groups.

In 2021, the FCC renewed its **Inserta Agreement** with Fundación ONCE, with a view to recruiting a further 125 people with disabilities over the coming three years, bringing the total number of recruits since the start of this collaboration to 900 people with disabilities..

The number of workers at FCC with a recognised disability comes to **1,498 individuals in Spain**.

By promoting the workplace integration of particularly vulnerable groups or at risk of social exclusion, during 2021, a total of 170 were recruited.

Furthermore, the company, aware that **accessibility** is a key factor in guaranteeing full participation and inclusion, continues to design solutions that promote the creation of a working environment free from obstacles and barriers.

As part of its progress towards its Universal Accessibility certification, in 2021, the company performed a diagnostics study pursuant to the DALCO requirements (Ability to walk, Awareness, Location and Communication) established for UNE 170001-1:2007.

The number of **workers** at **FCC with a recognised disability** comes to **1,498 individuals in Spain**

# Security, health and well-being

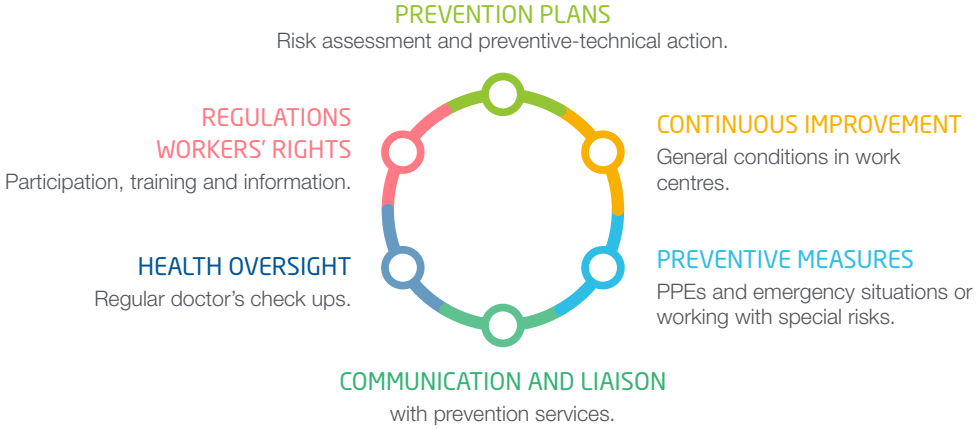
FCC structures its strategy around its **Security, Health and Well-being Policy**, which applies to its workforce as well as contractors and suppliers.

One of the company's main areas of action is to strengthen the culture of prevention and promotion of health; this objective is supported, in addition to other factors, by the certification of its health and safety systems pursuant to recognised international standards, such as **ISO 45001, covering more than 95% of the total workforce**.

As part of the **Live Healthy** project, dedicated to promoting cross cutting actions that encourage healthy habits, in 2021, activities were promoted that were dedicated to the psychological and emotional well-being of the workforce, with actions aimed at their emotional well-being, pandemic fatigue and digital disconnection.

FCC structures its strategy around its **Security, Health and Well-being Policy**, which applies to its workforce as well as contractors and suppliers

## CLAUSES MOST COMMONLY INCLUDED IN COLLECTIVE BARGAINING AGREEMENTS




## Work organisation

The organisation of time at work in the FCC Group's various companies responds to the productive needs of each activity pursuant to the standards and regulations applicable in each sector and location.

To **guarantee the well-being of employees**, the FCC Group believes it is essential to appropriately manage the organisation of work and the different actions undertaken place an emphasis on striking a work/life balance, flexibility, joint responsibility and disconnection.

A significant number of collective bargaining agreements that apply in Spain place particular focus on occupational health and safety, with recurring clauses on prevention plans, communication, health oversight and regulations on workforce training and participation.

## Evolution of accident and absenteeism rates

In 2021, **the global accident frequency rate** stood at 1.36 **and the severity rate** at 0.71, meaning that they remained below the equivalent rates published by the Ministry of Employment for each activity sector.

As regards the **absenteeism rate** due to common illness, this stood at 4.63 and the absenteeism rate due to work accidents, this stood at 0.37, down by 16% year on year.

One relevant figure is that in 2021, no fatal accidents were recorded that were directly attributable to the company's activities.

# Data boutique

With a view to ensuring that decisions are adopted based on reliable indicators, significant efforts have been dedicated to creating the Data Boutique, a new **information management platform** that pursues the following objectives:

- Providing solutions to business problems, offering support in the decision-making process and encouraging corporate collaboration.
- Increasing the integration of information systems and databases, employing reliable data to construct appropriate metrics.

| EMPLOYEE MANAGEMENT | REMUNERATION | HEALTH AND SAFETY |
|---|---|---|
| Organisational structure | Salary log | Accident rates |
| Functional level | Average remuneration | Hours of absenteeism |
| Families | Collective bargaining agreements | Accident and illness rates |
| Disability | | |

**AVE Madrid-Extremadura, section between Embalse de Alcántara- Garrovilla**, winner of the **Premios Fomento 2021** in the **civil engineering category**, awarded by FCC Construcción's Sustainability Committee, in recognition of the most noteworthy teams in the implementation of quality and innovation principles, application of best practices and excellence in implementation and processes.

# Environmental management and care

## Environmental policy and the management of environmental aspects

To ensure compliance with environmentally responsible practices and compliance with the environmental regulations in force, the FCC Group has a corporate **Environmental Policy** reflecting its principles in terms of environmental conservation and the responsible use of natural resources. This Policy, in turn, has resulted in the creation of other policies specific to each business depending on their singular nature.

The series of businesses that make up the FCC Group have **ISO 14001** certified environmental management systems in place, in addition to other environmental certifications in line with the different risks its activities pose. From a global perspective, 83.09% of the Group's activities are certified pursuant to different environmental quality standards.

When establishing measures to detect and mitigate the environmental impact, in 2021, around **64 million euros have been invested to prevent environmental risks**. This amount includes but is not limited to: investments to renew the fleet of vehicles and in more efficient machinery; environmental consultancy services; R&D project development and environmental certifications.

## Climate footprint

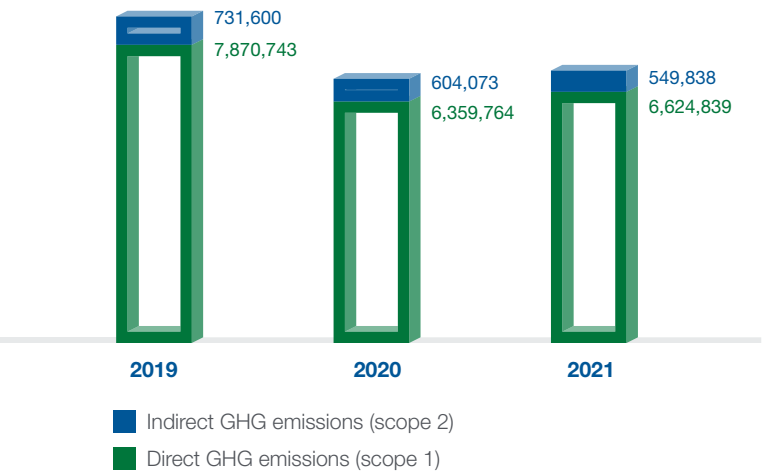
Climate change represents a major environmental challenge that today's society must face, with clear consequences on society and the economy. The FCC Group makes significant efforts to include climate change management across all its levels of operations and considers the recommendations of the **Task Force on Climate-Related Financial Disclosures** (TCFD), established by the Financial Stability Board (FSB) in relation to the dissemination of climate information.

## Emissions and prevention of pollution

With a view to reducing greenhouse gas emissions and adapting to the effects caused by climate change, the FCC Group has its own **Climate Change Strategy**. Furthermore, climate-related risks and opportunities form part of the FCC Group's Risk Management Model, performing a periodic assessment and analysis via controls to prevent and detect them.

### FCC GROUP'S DIRECT AND INDIRECT GHG EMISSIONS

($tCO_2e$)




Slight increase, in 2021, of direct GHG emissions, as a result of the increase in Cement activities.

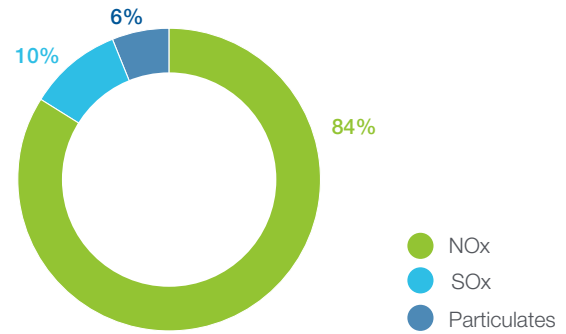
Furthermore, each year, the FCC Group voluntarily reports information on climate-related risks and opportunities via the **Carbon Disclosure Project** (CDP) initiative and calculates its annual carbon footprint, following the criteria set out in the GHG Protocol.

The measures adopted to minimise pollution and prevent the negative impact of activities include:

- **Measures to minimise emissions** (mainly NOX, SOX and particles): applying methods to trap and manage biogas; active degasification; controlling and minimising diffuse emissions generated by transport or handling dusty material; promoting alternative, less polluting forms of transport; installing electrostatic and sleeve filters to reduce concentrations in channelled sources; applying selective non-catalytic reduction techniques; installing low-emission NOX burners; controlling fuel doses; leak detection systems; etc.
- **Measures to prevent noise pollution**: acoustic insulation of machinery; installing panels, noise screens and moving screens; silencers; replacing equipment with soundproofed equipment; implementing inspection point programmes; monitoring noise and noise pollution surveys; prioritising the use of electrical equipment; training staff on driving and controlling inappropriate noise generation, etc.

**Cementos Portland Valderrivas factory in Alcalá de Guadaíra** (Seville) came into operation in 1964. As part of its production processes, it uses **the best techniques available to ensure a high level of environmental protection**, by implementing management systems, procedures to reduce GHG emissions and the potential use of non-recyclable waste.

### NOX, SOX AND PARTICULATE emissions (T)



- **Measures to minimise light pollution**: installation of movement sensors and sectioning of outdoor lighting; replacing lightbulbs to reduce the impact on the environment; using timers and presence detectors; installing more efficient night light systems and directional lighting; etc.

- **Measures to minimise spills and discharges:** authorisation of discharges and analysis of water quality by accredited external laboratories; inventory of wastewater flows; inverse osmosis system; treating water by means of purification, decanting and neutralising the pH; adaptation of storage; analytical control of the process and discharges; emergency plans, etc.

**FCC Medio Ambiente's ie-Urban**, an electric collection vehicle developed in-house with a modular platform chassis, **100% electrical**, to promote urban sustainability and minimise the environmental impact.

Awarded the **2021 Industrial Eco-Vehicle Award**, in the mixed category at the National Transport Awards.

Facilities run by Aqualia's Czech subsidiary, SmVaK, which produces **clean energy from mini-hydro plants** located in its water purifying generators.

Thanks to its cogeneration plans powered using biogas obtained from its water purifying generators, the company **produces 80% of the energy consumed in the towns in which it operates** and thanks to its renewable energy generation facilities, **avoids releasing tonnes of $CO_2$ into the atmosphere**.

## Energy consumption and energy efficiency

FCC has developed specific measures for improving energy efficiency and replacing fossil fuels with renewable energy sources, helping to mitigate climate change and the impact of business activities on the environment.

Worth particular note is the **ISO 50001 Energy saving and management certification** obtained for specific Group activities, which make it possible to continuously improve energy performance and identify additional opportunities for reducing energy consumption.

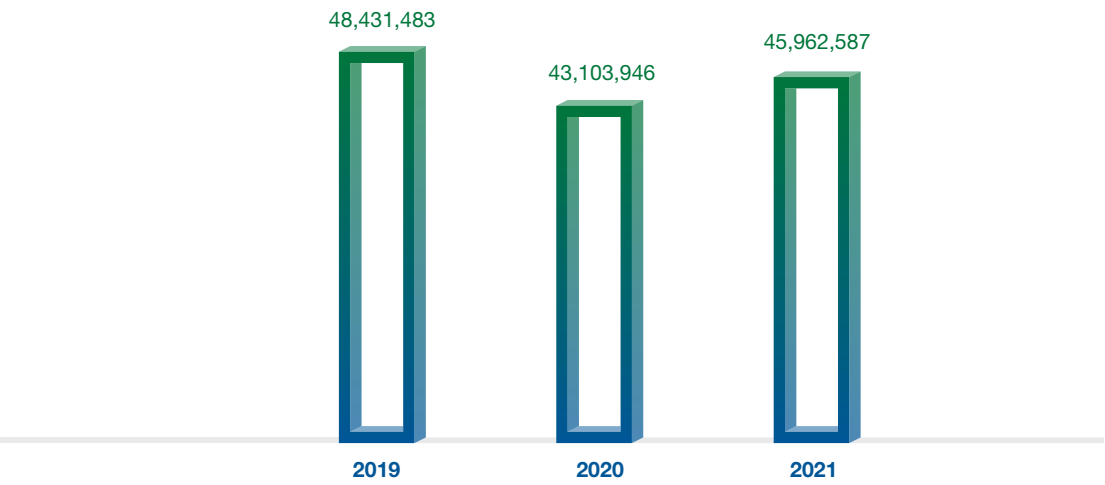
The actions undertaken to increase the energy efficiency of facilities include the following: replacing light bulbs with LED, low-consumption technology; installing presence detectors; renewing equipment using low-consumption alternatives; or purchasing and developing more energy efficient machinery. Furthermore, depending on the activity, software has been installed to monitor energy consumption; energy performance calculation and measurement systems are being improved; process, facility and production equipment optimisation; energy efficiency criteria are applied during the project design phase, etc.

Developing measures and projects to increase the **use of renewable energy** is one of the main pillars of the Group's commitment in this Area. Thus, the Group promotes waste energy reuse projects or the installation of solar panels on warehouse roofs, with the energy generated used by the company itself and put up for sale.

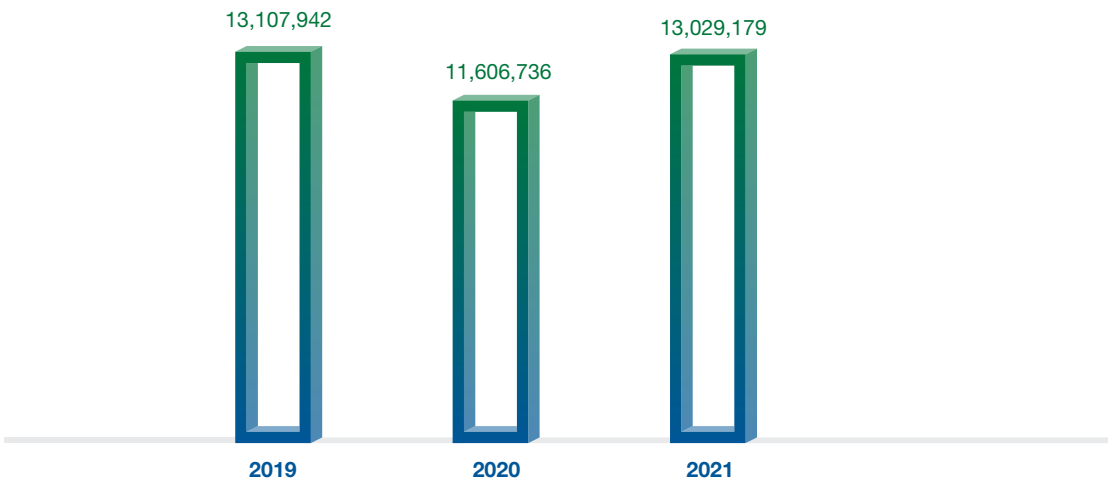
**Self-consumption solar panels at the corporate headquarters in Las Tablas** (Madrid). Horizontal installation on the building's roof, with an estimated production of 43,800 KWh/year.

The installation of solar panels and other measures to improve energy efficiency have **reduced energy consumption-related $CO_2$ emissions by 9%.**

## DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ)




## RENEWABLE ENERGY CONSUMPTION (GJ)



## Waste management

The FCC Group has proactively encouraged the integration of circular economy principles in its business management models as a path to the company's sustainable development.

The company establishes measures to reduce the environmental impact of its waste and is committed to harnessing and subsequently reintroducing waste in the chain of value, in line with the **Circular Economy** principles.

The main initiatives implemented as part of the Group's different activities include:

- Reuse of inert materials, effluents and process wastewater.
- Consumption of alternative sources of fuel, such as biomass, replacing fossil fuels.
- Consumption of secondary raw materials in different phases of the production process.
- Reduction of the volume of waste sent to landfill, transforming it into resources and new products.
- Production of certified secondary fuel from selected waste.
- Obtaining added value products as part of water treatment processes and implementation of agreements in the value chain for the reuse of products.
- Energy generation via the management or the municipal water cycle.
- Innovation projects to design new sustainable and reusable materials.

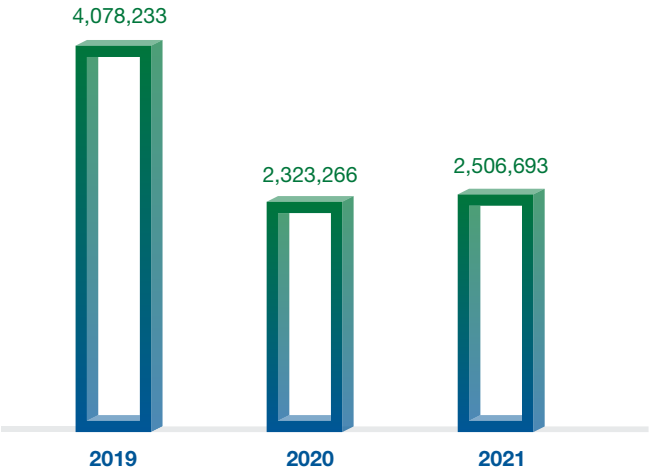
**Centre for the reuse of articles, Back2life, at FCC Environment CEE** in Trnava (Slovakia), whose objective is to **give products a second life** so that they can continue to be used.

This responds to a model for transitioning to the circular economy, extending the useful life of items, reducing waste and protecting the environment. **The income generated is dedicated to community projects and green spaces for the city.**

The Environment Area, which mainly focusses on management, treatment and safe removal of residues, participates in certain **lines of research to promote and develop the circular economy**:

- EU LIFE programmes to transform waste treatment centres into fuel producing centres (biomethane) for its use in different types of vehicles.
- Innovative processes for promoting the recycling of plastic.
- Optimisation of composting by means of bioconversion with insects to harness municipal by-products and biological waste.
- Creation of new by-products and biomaterials by recovering organic waste.
- Innovation in the management of industrial waste to decrease and replace the use of fluorinated gases, recover waste and isolate contaminating waste.

EVOLUTION OF TOTAL WASTE GENERATED (T)




The increase in the value of waste generated by the Group can mainly be attributed to the reactivation of construction projects, during the phases in which most waste is generated.

# Responsible raw material and water management and consumption

Each and every day, the Group strengthens its commitment to responsible water management and consumption, ensuring compliance with the territorial municipal supply limits of this resource, in addition to implementing measures for its rational, efficient use.

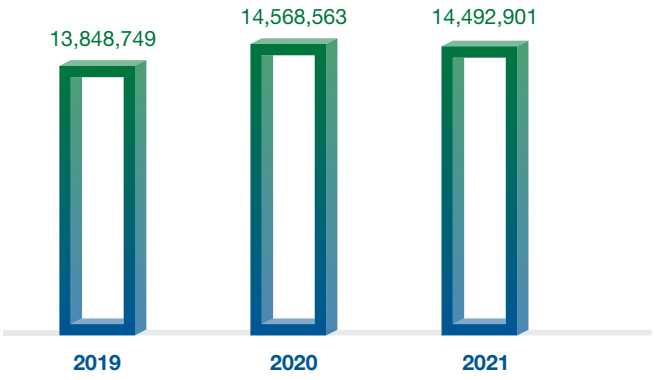
The business unit specialising in end-to-end water management, Aqualia, promotes the sustainable development of communities within its area of action by **optimising public and private water resources**. The company exhaustively controls all phases that make up the end-to-end water cycle: collection, purification, desalination, distribution, collection, treatment and reuse.

FCC Group's activities entail the inevitable use of raw materials. As part of its management activities, measures are implemented for the optimisation of its consumption; for its responsible use; for harnessing materials generated by the reuse of waste and replacement by-products; in addition to the use of alternative raw materials, such as: waste paper carbonates, industrial sludge, concrete debris, recycled fuel, recovered hydrocarbons or flying ash, **thus reducing the consumption of non-renewable natural resources**.

| **Materials used** (T) | **2021** |
|---|---|
| Raw materials (metals, minerals, wood, etc.) | 70,629,672 |
| Process materials, lubricants and reagents | 113,303 |
| Semi-manufactured products | 2,015,821 |
| Packing and packaging material (paper, cardboard, plastics) | 9,600 |
| **Total** | **72,768,396** |

The volume of materials consumed reflects the resumption of major construction projects this year and the expansion of the scope of different projects.

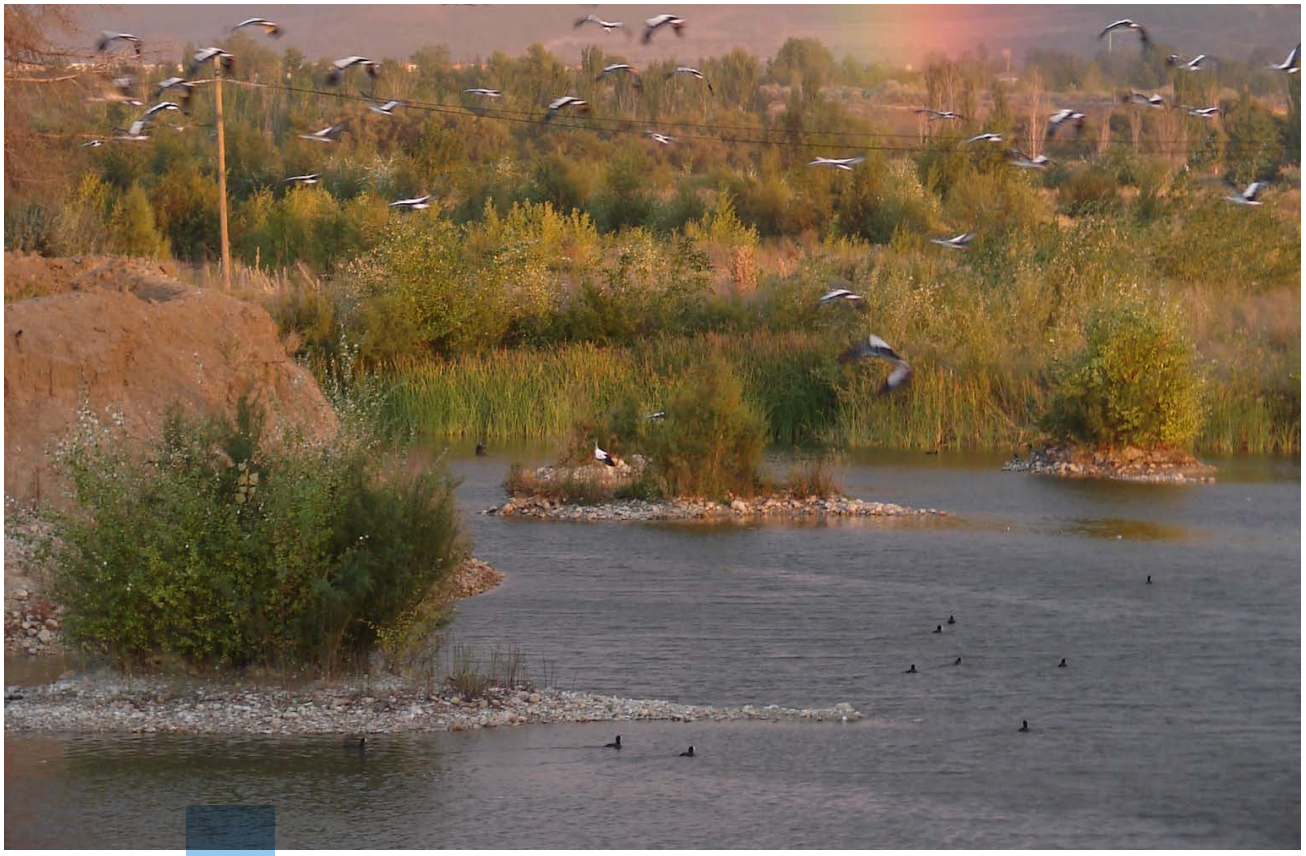
## WATER EXTRACTION ($M^3$)




Water extraction data concerning Aqualia is not considered, as this consumption is considered residual.

**Drinking Water Treatment Plant (DWTP) in Oviedo (Spain)**, located in Cabornio. The plant is equipped with modern systems that guarantee the highest quality in the treatment of water, such as **ozone use**, or different data control and alarm systems, 24 hours a day.

**Data Processing Centre**, managed by FCC Industrial, in Torija (Guadalajara, Spain). The management and execution of the construction project, which has encompassed civil engineering, construction and installations, structured around the circular economy and recovery of waste, has helped to achieve the **AENOR Zero Waste certificate.**



**Finca de El Porcal**. Old mining operation owned by Cementos Portland Valderrivas, in Rivas Vaciamadrid (Madrid, Spain), converted back into a natural ecosystem and declared a protected space in 1994.

The estate is home to **more than 180 animal species**, and its lakes are sheltered by rich wetland vegetation, making it into a rich, productive ecosystem on account of its **great biological diversity.**

In 2021, a total of **1,237 hectares** of sensitive areas **received some form of protection** from the FCC Group and **940 hectares** of affected space **have been restored**

## Protecting biodiversity

The FCC Group promotes the performance of its activities bearing in mind the conservation of natural capital, in line with its affiliation to the **Spanish Business and Biodiversity Initiative** (IEEB) and the **Biodiversity Pact**, both promoted by the Biodiversity Foundation at the Spanish Ministry for the Ecological Transition and the Demographic Challenge.

Given the specific characteristics of the different activities performed by the FCC Group, its impact on biodiversity vary, as do the initiatives and programmes undertaken by each of them. The actions undertaken include: revegetation of landfills with native species; the conservation of ecosystems by planting trees; habitat creation; developing plans to rescue wild plantlife; protecting and limiting areas of natural interest; prioritising the use of existing paths rather than creating new ones; promoting agreements with associations that protect nature; etc.

# Encouraging social and environmental progress

The FCC Group is known for its local roots, contributing to improving the living conditions in the regions in which it operates, committing to close relationships of mutual trust with the community and a search for positive synergies that help to design cutting-edge solutions.

The company plays an important role in its communities, with the creation of jobs, recruiting employees and prioritising the selection of local suppliers of materials and services. The diversification of services that this facilitates, in addition to covering the demand of customers, promotes the transformation of cities into **inclusive, distinctive and innovative environments**, under the premise of guaranteeing access to basic supplies, which ensure individual survival, health and dignity.

## Social action

The FCC Group participates in the development of in-house initiatives that enhance social cohesion, involving both society in general and its own employees as agents of change.

Since the very beginning, implementing projects with a social commitment has formed part of the company's DNA, The FCC Group supports particularly vulnerable groups, which represents progress towards the construction of a more resilient, caring society. The company dedicates its efforts to the **workplace integration** of people with disabilities, women who have suffered from gender-based violence and other groups at risk of social exclusion, facilitating their access to employment and collaborating with entities specialising in supporting the most vulnerable individuals.

Aware that **environmental awareness raising and education** are key aspects of social progress and development, FCC focusses its efforts on achieving full awareness amongst future generations. Education at an early age represents a priority area of action; with this in mind, the Group's different businesses have consolidated a network of academic institutions with which they collaborate in a range of conferences, seminars and courses.

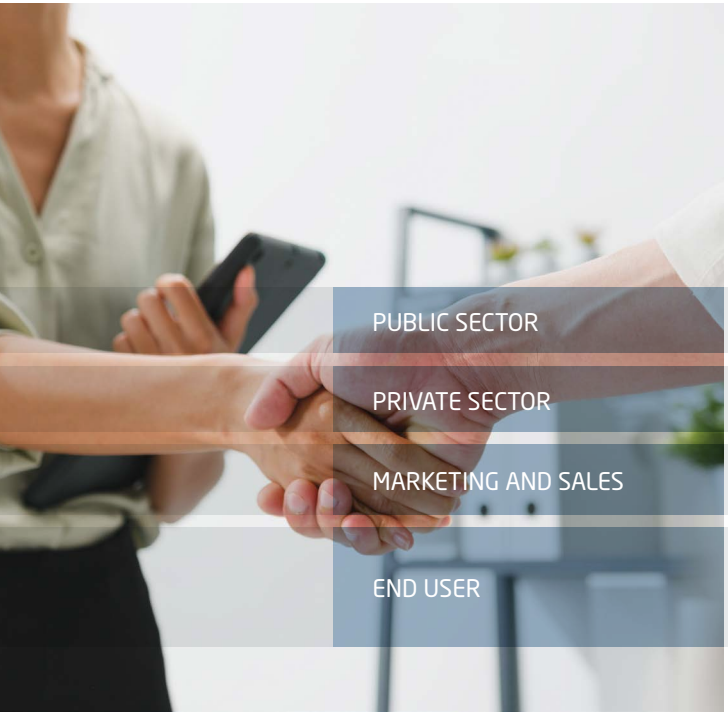
The company promotes and encourages visits by the educational community to the facilities housing the Group's different activities. This measure is reflected in the creation of a climate of transparency and increases environmental awareness raising and knowledge of young people on matters that are particularly relevant, such as energy efficiency, the ecological transition and industrial sustainability.

**Buckinghamshire Council and FCC Environment (United Kingdom)** collect more than **500 tonnes of items** for their reuse at domestic recycling centres, with the funds generated from their sale donated to South Bucks Hospice, at Butterfly House.

In line with the commitment to enhancing economic progress, reducing inequalities and the social development of cities, the FCC Group also makes monetary contributions to social institutions to satisfy the needs of the most underprivileged groups, and establishes strategic alliances and collaborative working models with a series of associations that help the company to continue guaranteeing, year after year, that it makes progress with community development.

In 2021, **the company donated around one million euros** to non-profit organisations and foundations, and has dedicated around **four million euros** to sponsorships and contributions to associations. Furthermore, **FCC Communities Foundation**, in the United Kingdom, **has contributed more than 6.6 million pounds** to a total of 151 projects related to supporting local communities and protecting heritage and the environment.

# FCC's commitment to its customers and suppliers



## Customers: service excellence

As set out in the FCC Group Code of Ethics and Conduct, the company is dedicated to promoting a culture focussed on the commitment to and care for its customers, investing year after year on **perfecting its range of distinguished products and services**, across all lines of business, with a view to satisfying demands and anticipating the needs of its customers.

The commitment to customers is reflected in adequate care and anticipating needs, and through the diversification of products and services, adapting to the different types of needs they have.

The FCC Group strives to maintain the highest standard of quality for which its products and services are known, responding to health and safety criteria, and communication with its customers, which is essential in achieving continuous improvements.

| | |
|---|---|
| PUBLIC SECTOR | Cities of the future must be the result of collaboration with a wide range of public institutions and organisations. |
| PRIVATE SECTOR | The wide range of FCC services also encompasses projects designed for the private sector. |
| MARKETING AND SALES | Guarantees the marketing of a high-quality product, in line with all the corresponding safety standards. |
| END USER | With a view to being an agent of change and developing the cities of tomorrow, the FCC Group undertakes a series of activities that ultimately aim to achieve the full satisfaction of its end users. |

One key condition for instilling trust is also guaranteeing the privacy of information; to this end, the company works under the principles of applicable European legislation and through **ISO 9001 certification** across all its lines of business.

Given the different types of customers served by the company, for the purposes of adequate and effective management, each business applies methodologies adjusted to different circumstances, with a view to appropriately listening to the concerns of the institutions and individuals it serves.

Furthermore, each line of business develops its own tools to proactively listen and respond, assuming responsibility for monitoring the satisfaction of its own customers.

The different communication mechanisms used include:

- Personalised care and communication services, through in-person online and over-the-phone options.
- Mobile app and platform to perform virtual office functions.
- Liaison to process suggestions and information received and handle customer collaboration.
- Direct communication with commercial departments.
- Registration of complaints received via IT apps for their study and analysis.
- Satisfaction surveys.
- Social networks.

# Sustainable procurement

The FCC Group, with a view to establishing long-lasting, strong relationships with its stakeholders, including its suppliers and contractors, work placing particular attention on the impact of its procurement processes on society, including ethical, social and environmental factors in its supplier approval procedure.

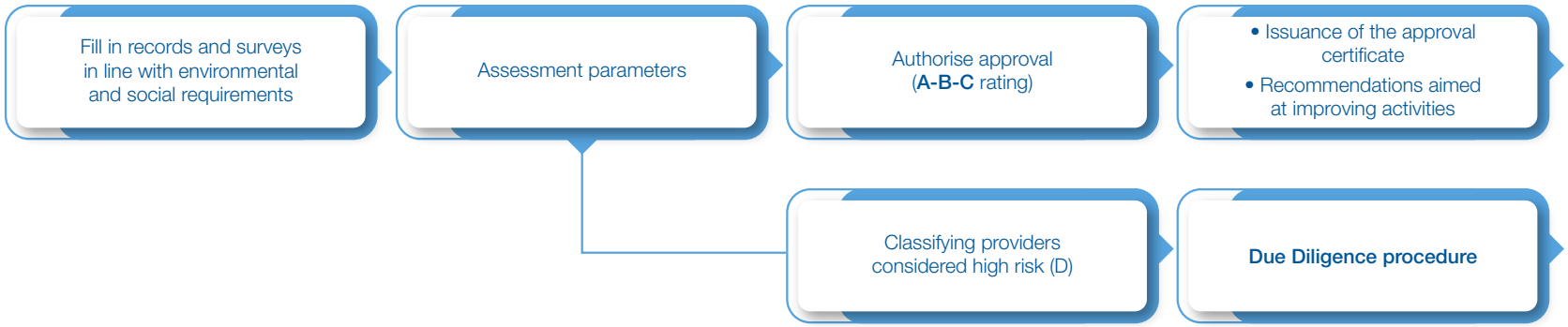
The company employs different tools that govern its activities in line with its culture of continuous improvement, renewing and updating the guidelines to be followed based on the social and environmental context, and in the application of sustainability criteria.

As part of the integrated framework to ensure **responsible procurement**, worth particular mention are:

- **The FCC Group Code of Ethics and Conduct:** setting out the basic principles that suppliers, partners and collaborators must adhere to in terms of corruption, bribery and fraud; occupational and human rights; commitment to occupational health and safety and sustainable environmental management.
- **General procurement conditions:** defining the ethics clauses that must be accepted by suppliers, including the scope of the Group's Anti-Corruption Model.
- **Procurement Manual:** promoting stable, long-lasting commercial relationships between contractors and providers, under the scope of three principles: transparency, competitiveness and objectivity.
- **Risk Map:** analysis of ESG risks for suppliers and contractors in relation to questions such as: identification of potential risks; definition of critical supplier and monitoring; control of high-risk suppliers.
- **Supplier approval procedure:** as part of this process, suppliers are analysed and registered and are required to respond to surveys including social, environmental and governance issues and criteria. They are evaluated and put in order before they are classified.

  Furthermore, the company periodically assesses suppliers using satisfaction surveys and has defined a compliance audit procedure for suppliers that may pose a greater risk. **In 2021, a total of 870 suppliers were approved**.

## SUPPLIER APPROVAL PROCESS



# Response to future challenges

## Our evolving environment

### A business model which responds to the challenges of cities of the future

FCC is one of the international benchmark groups in providing citizen services, operating in over 25 countries, providing extensive experience in environmental services, in end-to-end water cycle management, the development and management of infrastructures, the production of associated materials and real-estate management. Furthermore, in 2021, its real-estate business dedicated to the development of properties has been enhanced, increasing the lease of offices and commercial spaces.

The FCC Group's vision *"To contribute to the development and progress of cities, creating value for all citizens and for its customers, shareholders and collaborators"* gives a purpose for the entire company, guiding the Group's actions and allowing a shared goal to be established by all those who are part of the organisation and its stakeholders. Thus, a distinguishing culture is consolidated that, separate from its different lines of business, is applied to the performance of all its activities.

Through its ongoing work and business strategy, the FCC Group has positioned itself as one of the most important citizen services groups worldwide. About 41.1% of the company's turnover comes from international markets, mainly in Europe (30.1%), the Middle East (2.8%), Latin America (3.98%), North Africa (2%) and the United States (1.8%).

Since the Group was founded, the social, economic and environmental development of cities has allowed the business to progress. Sustainability is essential for cities of the future to face the main global challenges, such as climate change, population growth, poverty and equal opportunities.

In 2021, the health crisis that was triggered the year prior remained active in the form of different waves and strains, which represented a constant challenge for the functioning of cities. This meant that measures had to remain in place to prevent the spread of COVID-19, promoting hygiene in public spaces and maintaining basic services, in addition to others.

# Global trends

## Population pressure and concentration of the population in cities

Since the mid-20th century, the world population has increased at an exponential rate, from 2.5 billion people in 1950 to 7.8 billion people in 2021. According to forecasts, in 2030, the world's population will number 8.5 billion people.

Currently, more than half the world's population lives in urban areas and it is estimated by by the middle of the century, cities will be home to 68% of the world's population. This would entail the urbanisation of 1.2 million km [(1)] between now and 2050.

Current demographic trends and the concentration of the population in major urban areas will require the transformation of towns into cities, which will expand geographically, increasing their population density. This will mean new challenges for the FCC Group regarding the management of land and natural resources so that cities continue to be functional, which will require resources and infrastructures to be optimised in the short, medium and long term.

Long-term estimates continue to indicate that in the coming decades, the world will continue along its path of urbanisation, although at a slower pace in highly urbanised areas. Thus, in urban areas, addressing overcrowding and maintaining acceptable levels of hygiene in homes, shopping areas, offices and on public transportation were crucial in overcoming the pandemic[(2)].

The expansion of cities will pose major challenges in relation to supplying food and drinking water, which will require major investments in infrastructure over the coming decades, with a view to facilitating the maintenance of major urban hubs. In this context, social demands for this urbanisation to be sustainable are increasing.

To deal with this expansive trend in cities, the FCC Group it committed to the development of smart cities and sustainable urban accessibility, minimising the environmental impact of its processes and services.

(1) Source: World Bank
(2) Source: Cities in the World, OECD Urban Studies

- **56.2% of the world's population** lives in cities. **By 2030**, there are expected to be **43 megacities**, most of them in developing countries.
- The **total fertility rate** (TFR) (number of births over the course of a woman's life) is **2.3**, still above the replacement TFR of approximately 2.1 births per woman, although below the TFR rate of 3.2 in 1990.

- It is estimated that **India will see the highest absolute increase** in the size of its population between 2021 and 2050, increasing **almost 246 million to 1.64 billion**.
- **75% of global GDP** comes from **urban areas** and 60% relate to fewer than 1,000 cities and metropolitan areas with more than 500,000 inhabitants.

- Around **75% of global energy use** is concentrated in **cities**, compared to just 45% in 1990.
- Household water demand **has grown** 600% **since 1960.**
- Cities in 2030 will account for between **60% and 80% of global energy consumption** and **70% of GHG emissions**.

## Climate change and water stress on the global agenda

At the United Nations Climate Change Conference (COP26) held in Glasgow (Scotland) in 2021, a series of negotiations took place between more than 200 countries, resulting in climate change agreements that will mark the direction of the roadmap in the coming years. The Conference reaffirmed the aim of the Paris Agreement to limit the increase in average world temperature to 2 ºC above pre-industrial levels, in addition to increasing efforts to ensure this increase is limited to 1.5 ºC. At present, as published by the IPCC (Intergovernmental Panel on Climate Change) in its Sixth Assessment Report, greenhouse gas emissions into the atmosphere have caused a 1.1 ºC increase; therefore, the implementation of measures to reduce these emissions remains insufficient in stopping global warming.

The fight against climate change represents a major environmental challenge that today's society must face, with clear consequences on society and the economy. It is important to emphasise that in 2021, the proportion of $CO_2$ in the atmosphere hit a new high of 419 ppm. The last time this figure was reached was four million years ago, when global temperatures were between two and four times higher and the sea level was between 10 and 25 metres higher than today. The data gathered in recent years confirm that the concentration of $CO_2$ in the atmosphere continues to increase and has not been halted by the decrease in emissions caused by the partial suspension of activity and the decrease in global transport as a result of the COVID-19 pandemic.

In 2021, **the proportion of $CO_2$ in the atmosphere** hit a new high of **419 ppm**

The impact generated by this phenomenon include the change in weather patterns, the increase in seal level, the melting of the ice caps, a greater likelihood of extreme weather events, such as those seen in 2021, several heatwaves that resulted in record temperatures in different parts of the world, extreme rainfall that caused large-scale flooding, drought or fire.

A quarter of the world's population is facing water scarcity due to population growth, economic development and climate change. The United Nations projects that the global demand for fresh water will exceed supply by 56% by 2030.

Climate change affects land, coastal, marine and freshwater ecosystems. Furthermore, the degradation of ecosystems is advancing at an unprecedented rate and based on forecasts, will speed up further in the coming decades. The degradation of ecosystems limits their capacity to promote human well-being and damages their ability to adapt to create resilience.

As a result, the transition to a low-carbon economy is high on the public sector agenda, a transition in which the private sector plays a key role in setting emission reduction targets. In this sense, FCC strives to create innovative solutions that make it possible to reduce its environmental impact and help its customers in the transition to a low-carbon economy. This is reflected in the numerous innovation projects related to replacing fossil fuels and promoting alternative energies. Some projects are of particular importance, such as the introduction of collection vehicles with hybrid technology (electric-fuel cell) or the production of hydrogen from biogas generated in waste treatment (FCC Environment); the transformation of biogas into biomethane for the automotive industry (Aqualia); the construction of infrastructure to promote the hydrogen industry (FCC Construcción); the use of activated clays to replace clinker (Grupo Cementos Portland Valderrivas); or the use of low-impact materials and the inclusion of energy efficiency systems to construct more sustainable housing (FCC Inmobiliaria).

FCC strives to create **innovative solutions** that make it possible to reduce its environmental impact and help its customers in the transition to a **low-carbon economy**

- The proportion of $CO_2$ **in the atmosphere reached a record 419 ppm in 2021.**
- 2021 was**one of the seven hottest years** on record.
- In 2021, the **average global temperature** exceeded pre-industrial levels by **1.11 ºC**.
- Rising**sea levels worldwide** have sped up since 2013, reaching a **new maximum high in 2021**, combined with higher sea temperatures and the constant acidification of oceans.
- A quarter of the world's population is facing up to **water scarcity** due to population growth, economic development and climate change.
- The United Nations projects that **the global demand** for fresh water **will exceed supply by** 56% by 2030.

## The circular and sustainable economy

It has been demonstrated that the current straight-line model, based on extraction, production, consumption and misuse of resources is not sustainable in the long term. Therefore, it is necessary to encourage the implementation of a development and growth model that makes it possible to optimise the use of the available resources, materials, products and services by minimising contamination, preserving waste in productive assets and extending the useful life of products.

Applying a circular economy model encourages sustainable, business and industrial development associated with the optimum use and management of raw materials, increasing innovation and competitiveness. Furthermore, the circular economy plays an essential role in overcoming challenges like climate change, resource scarcity, waste, biodiversity loss and pollution.

In recent years, the circular economy has become part of the main national and international policies. The European Green Deal, pursuing the general objective that the EU will become the first climate neutral continent by 2050, requires the transition to a circular economy. In this sense, the Circular Economy Action Plan, proposed by the European Commission, focuses on preventing and managing waste and is aimed at enhancing growth, competition and EU world leadership in this field.

As part of the management models of all its business Areas, the FCC Group encourages applying the principles corresponding to the transition to a circular economy, which promotes the Group's sustainable development.

- **45% of global** GHG (greenhouse gases) emissions can be attributed to the **production of material, products and food**, and land management[3]. Industry is responsible for around 21% of global $CO_2$ emissions. The production of four materials (cement, steel, plastic and aluminium) accounts for 60% of these emissions.[4]
- The **construction industry** is responsible for more than **30% of Europe's carbon** footprint and more than **40% of Europe's** primary energy consumption.
- **Construction and demolition waste** (C&DW) account for the highest flow of waste in the EU: **839** million tonnes, followed by **622** million tonnes produced by **mining and quarrying**.[5]

- The circular economy could **reduce** the global **$CO_2$** emissions of the main industrial materials by 40% or 3.7 billion tonnes by 2050.[6]
- The transition to a **circular economy would reduce GHG emissions by 39%** and the use of **virgin resources by 28%**, thus helping to achieve the objectives set in the Paris Agreement[7].
Each year, approximately **2.1 billion tonnes of municipal waste** are generated worldwide, of which at least 33% are not managed in a way that is safe for the environment. It is expected that global waste will increase to **3.4 billion tonnes** in 2050.[8]

- It is estimated that **global demand for materials** has multiplied tenfold since the start of the 20th century and is expected to double again by 2030.
- At present, the available resources are being used **50% faster** than they can be regenerated by nature.[9]

(3) Completing the Picture - How the circular economy tackles climate change.pdf
(4) Completing the Picture - How the circular economy tackles climate change.pdf
(5) ECESP brochure - final (europa.eu)
(6) Completing the Picture - How the circular economy tackles climate change.pdf
(7) Report: CGR Global 2022.pdf - Google Drive
(8) World Bank, (2018), Trends in Solid Waste Management
(9) World Economic Forum, (2021), The Global Risks Report 2021

## The disruption of new technologies

The digital transformation, the use of new technologies and Big Data represent major opportunities for businesses, improving their margins and enhancing efficiency, in addition to other factors; however, they are also closely related to their reputation and outlook.

Information and communication technologies (ITC) and Big Data are placed at the service of infrastructures, with a view to creating economically, socially and environmentally sustainable cities. Smart cities represent a unique opportunity to limit and control the environmental and social impacts of urbanisation on our planet.

It is estimated that by 2050, 85% of the global population will live in cities. This means that cities must be equipped with appropriate resources to face the social and environmental challenges of the future. Specifically, they must be capable of reducing energy consumption, reducing $CO_2$ emissions and enhancing the well-being of residents.

Furthermore, digitalisation is a key factor in accelerating the transformation of economies and social models, technologies like 5G, Cloud, cybersecurity, artificial intelligence (IA), Big Data or the Internet of Things (IoT) are key parts of this transformation.

By optimising the potential of technological innovation, it will be easier to achieve sustainable development goals in terms of economic growth, environmental conservation and social progress.

To this end, the FCC Group is committed to the development and innovation of new technologies that are reflected in significant investment in R&D&I products undertaken by each Area to ensure each activity responds appropriately and searches for innovative solutions that aim to reduce its environmental and social impact.

- It is estimated that the number of **IoT devices** connected will surpass **75 billion** in 2025.
- Up to **20 million jobs** in the production industry could be replaced **by robots** in 2030.

- In 2030, the **virtual reality market** could be worth more than **28 billion dollars**.
- It is expected that the investment in technology by smart cities will come to **327 billion dollars** in 2025 and will generate business opportunities worth **2.46 billion dollars**.

- There are expected to be at least **26 smart cities en 2025** and that 70% of global investment in 2030 will be made in the USA, Western Europe sand China.

## Increase of public-private collaboration

Public-private collaborations, understood as different forms of cooperation between public authorities and the business world, the aim of which is to guarantee funding, construction, renovation, management or maintenance of infrastructures, represent a real, sustainable option for the future that combine private efficiency with public supervision and dedication.

Against the volatile backdrop of recovery, in which resources are limited and the achievement of the Sustainable Development Goals is an absolute priority, searching for more efficient management formulas that act as exponential vectors of innovation appear to be an urgent priority. What's more, the European Commission asserts that as part of an economic and financial crisis, in which the ability of the public treasury to raise the funds needed and allocate resources to specific projects is in decline, developing instruments that add shared value, such as private-public collaborations, is essential.

Private-public collaborations are a genuinely useful tool, as they offer necessary potential benefits. They allow the long-term structural development of strategic services and infrastructure, contributing to the development of competition in the domestic market, in addition to making it possible to harness the skills of the private sector and ultimately cooperating to achieve greater efficiencies, in particular in innovation. This creates a win-win situation between companies, the Administration and consequently, society, to make it possible to align interests and at the same time, add the vital experience of the public and private sector.

Bearing in mind the virtues of private-public collaborations, the European Union, since the dawn of the 21st century, has aimed to stimulate positive synergies between the public and private sectors through this form of cooperation. In particular, at the present the European Union is particularly committed to the Next Generation EU (NGEU) programme. The main aim of this programme is to achieve a resilient post-pandemic future, transforming our economies and creating opportunities and employment in Europe by development agile, high-impact projects that are easy to implement.

In turn, the FCC Group considers private-public collaborations as a way of joining the necessary forces in terms of funding, designing and implementing national and international infrastructure projects. From the Group's perspective, it is essential to promote real-estate rehabilitation and urban regeneration projects, water purification and sanitation network projects, public transport, safe, connected and sustainable mobility, and the digital and ecological transformation. In this way, the Group pays particular attention to the implementation of the Recovery and Resilience Facility (RRF) and internalise the current trend, with a view to contributing to the reconstruction through its more than 120 years of *expertise*.

- In 2021, in Europe **40 private-public collaborations** were undertaken, securing funding for an aggregate value of **8 billion euros**.
- In terms of value, the market **contracted by 13%** compared to 2020.
- The number of projects **decreased by just 7%** compared to 2020, despite a more significant drop in activity having been forecast on account of the impact of COVID-19.
- The most active markets were **Italy** in terms of value and **France** in terms of number of projects.
- According to the Spanish government, **public investment needs in Spain** over the next three years are expected to come to **6% of GDP** per year, brining the country in line with the ratios of the most advanced OECD countries (Organisation for Economic Co-operation and Development).

# FCC's response to the challenges and opportunities posed

## FCC Servicios Medio Ambiente

### Demographic pressure and concentration of the population in cities

| Challenges | Opportunities |
|---|---|
| 1 Managing the waste generated in cities while protecting the value of urban ecosystems, requires in-depth knowledge of the sector to face up to an increasing population. | FCC Servicios Medio Ambiente is a leading global player in the collection, storage and treatment of urban and industrial waste. The company serves more than 60 million people in almost 5,200 municipalities, managing 24 million tonnes of waste annually. These capacities put the Environmental Services Area in a privileged position when it comes to facing the growth in the waste collection needs of cities. The company is also committed to innovation, offering solutions (SHES or Smart Human & Environmental Services) to make cities more sustainable, efficient and socially responsible places. |

### Climate change and water stress on the global agenda

| Challenges | Opportunities |
|---|---|
| 1 Improve architecture and urban design in light of climate change and the risks of disasters. | The Environmental Services Area at FCC dedicates a large part of its efforts to providing municipal services, including the maintenance of sewerage systems, an activity in which it has more than 110 years of experience. With a view to minimising the risk of flooding and the effect of abundant rainfall, which are increasingly more frequent on account of climate change, FCC Servicios Medio Ambiente is continuously introducing environmental and technological improvements. |

## Climate change and water stress on the global agenda (continued)

| | Challenges | Opportunities |
|---|---|---|
| 2 | Promoting the efficient use of water and overcoming water stress. | FCC Servicios Medio Ambiente identifies water as a key factor in performing its activities. To this end, one of the priority objectives of the organisation is SDG 12 "Responsible Production and Consumption", which includes the use of water resources. Encouraging the rational and efficient consumption of water and promoting the use of this resource from alternative sources is a priority for FCC Servicios Medio Ambiente. A number of the actions implemented include the use of water-efficient machinery and promoting water saving devices at its facilities. |
| 3 | Mitigate the FCC Group's contribution to climate change. | FCC Servicios Medio Ambiente works to minimise its contribution to climate change and offer a competitive advantage in the provision of smart and sustainable services. To this end, it has prepared the 2050 Sustainability Strategy in which the fight against climate change plays an essential role, with actions aimed at achieving carbon neutrality, such as promoting alternative energies in the provision of municipal services, harnessing biogas at landfills, converting waste into electricity or biomethane, or the installation of solar panels at service facilities, in addition to others. |
| 4 | Mitigate the impact that physical and transition risks related to climate change may have on the company. | FCC Servicios Medio Ambiente is aware that its services represent an important pillar for cities during crisis times. Based on the type of activities performed by this business area, it must be prepared to face potential adverse weather events that may occur; to this end, to make the services offered to citizens adaptive and resilient, it works in line with the corresponding city contingency plans. Furthermore, different action plans are developed throughout the organisation with a view to enhancing returns, transversally mitigating climate events and promoting the Group's sustainable development. |

## The circular and sustainable economy

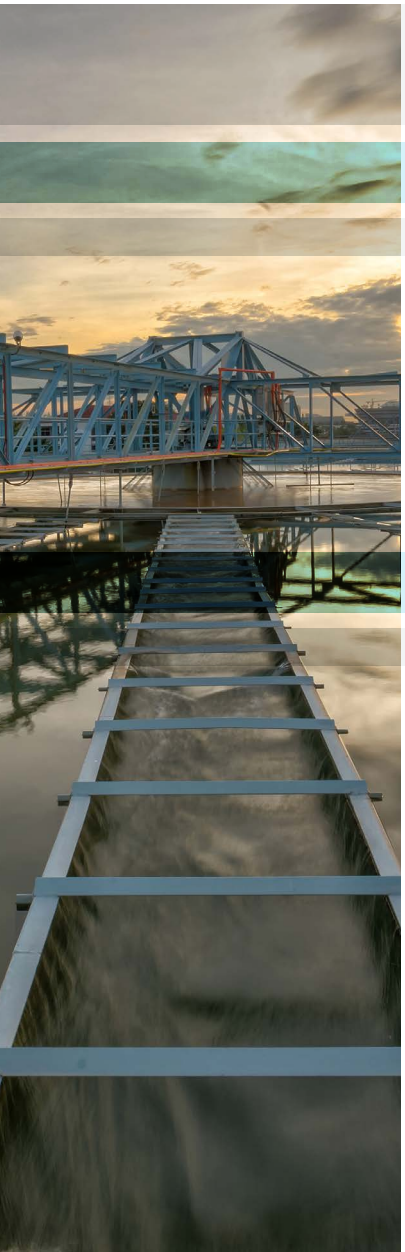
| | Challenges | Opportunities | |
|---|---|---|---|
| 1 | Reduce waste generation and include circularity principles in its processing and management. | This business area is dedicated to processing and recycling municipal waste, an activity that is reliant on the European targets set as part of the Circular Economy Package for 2035. With a dual objective when it comes to recycling:<br>- 65% of municipal waste.<br>- 75% of waste packaging.<br>A binding target has also been set to reduce disposal at landfills to a maximum of 10% for all waste.<br>Furthermore, the following initiatives are undertaken:<br>- Reduction of the volume of waste disposed of at landfills, by transforming it into resources. | - Development of infrastructures designed to obtain optimum quality from waste and transform it into new products.<br>- Safe disposal of waste that is impossible to process.<br>- Production of certified secondary fuel from selected waste.<br>- Use of different waste collection methods such as mechanical processes, AI equipment and specialist waste sorting plants.<br>- Measures for segregating waste.<br>- Establishing waste minimisation plans.<br>- Preferable acquisition of vehicles constructed using easily recoverable elements. |
| 2 | Commitment to adopting a circular economy system, in line with national and international objectives. | FCC Servicios Medio Ambiente demonstrates its commitment through initiatives like the LIFE4FILM Project to prevent the incineration and landfill of polyethylene film, applying innovative recycling technologies. | Furthermore, it has signed up to the Circular Economy Deal, thus reflecting its commitment to transitioning towards a more sustainable economic model that is respectful of the environment. |
| 3 | Awareness raising for the effective transition towards a circular and sustainable economy. | This business area's participation in a wide project portfolio with a view to promoting the Circular Economy, is worth particular mention, including the following lines of research: | biomethane, circular economy for plastic, optimising compost, creation of new by-products and biomaterials and innovation in industrial waste. |
| 4 | Transition to a circular economy supported by an energy model based on renewable energies. | FCC Servicios Medio Ambiente contributes to the transition towards a real circular economy in the wind power industry by participating in the implementation of wind turbine blade | recycling technologies and increasing recyclability from 85-90% to 100%. |

## The disruption of new technologies

| | Challenges | Opportunities |
|---|---|---|
| 1 | Technological innovations to guarantee more efficient, sustainable services. | The Environment Area includes the creation and development of innovative technology in its business strategy to make progress towards the creation of more sustainable, inclusive cities, with a particular focus on electric mobility, energy efficiency and the use of alternative energies. |
| 2 | Innovative responses to society's new demands. | FCC Medio Ambiente perceives innovation as a catalyst of progress. In other words, from its perspective, innovation makes it possible to create projects that result in progress being made to the benefit of society. To this end, the VALOMASK project is worth particular mention. This initiative is based on the industrial-scale design of an optimised process to mechanically separate masks, making it possible to categorise them, classify them, separate them and, ultimately, recycle them. This project is particularly interesting, as currently, environmental compounds are not technologically prepared to handle this new form of waste in a sustainable manner. |

## The increase of public-private collaboration

| | Challenges | Opportunities |
|---|---|---|
| 1 | Enhance the resources that both sectors can offer to promote sustainable development, innovation and research. | From FCC Servicios Medio Ambiente's perspective, public-private collaboration in the sustainable management of municipal services is essential. As a result, as part of its 2050 Sustainability Strategy, this business emphasises the need to generate partnerships between the different stakeholders involved to mobilise and exchange knowledge, technical capacity, technology and resources. At the same time, the creation of alliances represents the main pillar in achieving the commitments established in this strategy. |
| 2 | Harnessing the opportunities for progress offered by Next Generation funds. | The Environment Area has managed to obtain European funds for the H2TRUCK project, the purpose of which is to develop a 100% electric, heavy-duty chassis fuelled by a hybrid system consisting of a hydrogen fuel cell and an ion-lithium battery. This is a veritable success, as the Next Generation EU funds are considered a cornerstone for change and FCC has the opportunity to participate in this transformation. |



# Aqualia

## Population pressure and concentration of the population in cities

| | Challenges | Opportunities |
|---|---|---|
| 1 | Creation of infrastructures that guarantee quality management of the end-to-end water cycle (capture, purification, distribution, sanitation, treatment and reuse) in large cities. | Aqualia, the fourth largest water management company in Europe and the ninth in the world by population served, serves nearly 30 million people in 17 countries. Likewise, the company annually purifies and treats more than 600 million $m^3$ of water and analyses over one million samples to guarantee the quality of the water distributed. The company's extensive experience in the design, construction, financing and operation of treatment plants, as well as its commitment to developing innovative technologies, position Aqualia as a company that can provide solutions that ensure access to water and its quality in the cities of the future. |

## Climate change and water stress on the global agenda

| | Challenges | Opportunities |
|---|---|---|
| 1 | To guarantee access to water, in quantity and quality, for a growing population, taking measures that protect the resource. | Aqualia, as an international leader in the end-to-end water management cycle, develops solutions to minimising the impact that climate change can have on the availability of water resources. Likewise, aware of how key such a scarce resource is, it continuously invests in improving the distribution network to minimise losses throughout the end-to-end water cycle and implements awareness-raising measures to promote responsible consumption. |
| 2 | Facilitate access to water in developing countries, as well as develop desalination, treatment and purification technologies that respond to the needs of population. | In countries where the availability of fresh water is limited and is increasingly threatened by climate change, Aqualia develops desalination solutions that meet the needs of local populations, as well as projects with very different water needs, so technological innovation is key to improving efficiency in the use of water. |

## Climate change and water stress on the global agenda (continued)

| | Challenges | Opportunities | |
|---|---|---|---|
| 3 | Mitigate the FCC Group's contribution to climate change. | Aqualia assumes a commitment to fighting the effects of climate change and promoting different initiatives aimed at reducing water consumption, optimising energy, reducing | emissions, transferring R&D&I projects into production and restoring the ecosystem. |
| 4 | Transition to a circular economy supported by an energy model based on renewable energies. | Aqualia is committed to green hydrogen for promoting a sustainable, decarbonised economy.<br>Furthermore, it has developed projects (Zeppelin and Eclosion) structured around the development of new technolo- | gies to generate green hydrogen, with a view to improving the environmental sustainability of industry in Spain.<br>Finally, it promotes energy generation via the management or the municipal water cycle. |
| 5 | Promote circularity by optimising raw materials, extending their useful life and encouraging their reuse. | This business encourages obtaining added value products as part of water treatment processes and implementing agreements in the value chain for the reuse of products. It is also committed to using alternative resources to water. | |
| 6 | Reduce waste generation and include circularity principles in its processing and management. | Aqualia, through its Life Intext project, employs innovative technologies to recover water resources and control the wastewater flows and characteristics. | It also includes measures for recovering sludge, mainly put to agricultural use or for composting. |
| 7 | Commitment to adopting a circular economy system, in line with national and international objectives. | Like the other business areas, Aqualia has signed up to the Circular Economy Deal, reflecting its commitment to transitioning towards a more sustainable economic model that is respectful of the environment. | |

## The disruption of new technologies

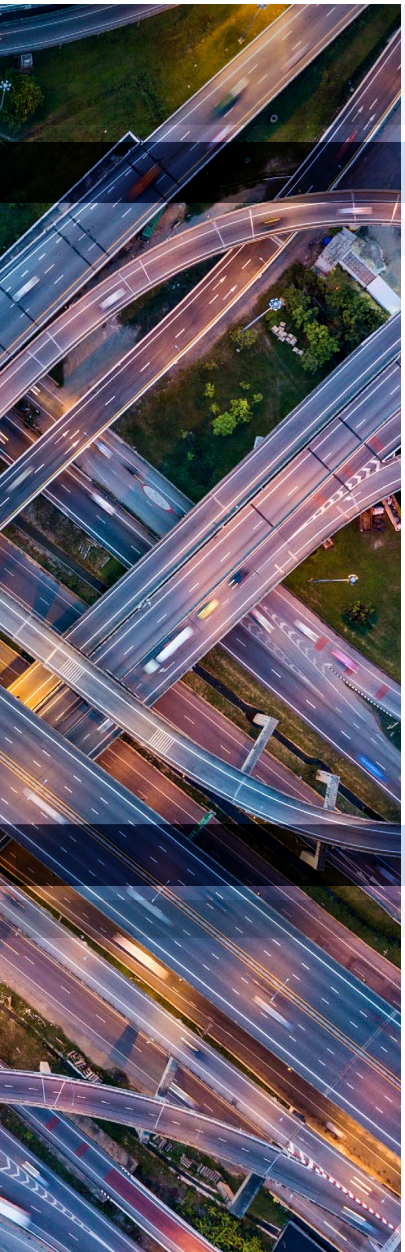
| | Challenges | Opportunities |
|---|---|---|
| 1 | Technological innovations to guarantee more efficient, sustainable services. | The Group's water business strives to serve set the benchmark in the industry when it comes to innovation. To achieve excellence in this field, it has increased its presence in strategic forums, fairs and debates in the water sector. It has also expanded its presence in international initiatives and collaborations with universities and educational institutions.<br>The investment being made by Aqualia in technological development aims to improve the efficiency and competitiveness of services; implement digitalisation services in management projects, communications and operations from a humane, environmentally friendly perspective; and promote more sustainable, social and connected towns and cities with a priority purpose: offering a better service to residents.<br>The modular, integrated platform, Aqualia Live, houses all the digital services offered by the company, converting information into knowledge via what is known as big data and sound computing. |
| 2 | Innovative responses to society's new demands. | An example of the innovative vision that Aqualia is known for is the Advisor project at the Guijuelo treatment plant (Salamanca). As part of this biofactory project, the waste generated by the agri-food industry is treated together with the sludge from the plant and is transformed into energy, biofuels, bioplastics and biofertilisers. As a result, the 3,000 tonnes of biowaste processed by the biofactory are converted into sustainable biofuel for supplying 50 vehicles. |

## The increase of public-private collaboration

| | Challenges | Opportunities |
|---|---|---|
| 1 | Enhance the resources that the public and the private sector can offer to promote sustainable development, innovation and research. | From Aqualia's perspective, public-private collaboration facilitates the development of infrastructures and public services that, for specialisation, budget or internal organisation reasons, the Administration is unable to handle, contributing to the sustainability of the service. Aqualia has such collaborations in place in 22 countries.<br>Furthermore, with a view to enhancing technological research, Aqualia creates partnerships with universities and research centres to promote the development and application of key technologies. An example of this can be seen in the agreement entered into between the Autonomous University of Madrid and Aqualia for the early detection and treatment of toxic cyanobacteria. |

## The increase of public-private collaboration (continued)

| | Challenges | Opportunities |
|---|---|---|
| 2 | Increase the market share in external public markets. | Each year, the Water Area of the FCC Group, through its subsidiary on the Arabian peninsula, handles concession and operating and maintenance agreements, which, for the most part, are concessional in nature, in response to public-private collaboration models. Thanks to these ventures, the business enhances and increases its presence in the region, serving six million residents. |
| 3 | Harnessing the opportunities for progress offered by Next Generation funds. | During 2021, Aqualia submitted a series of projects to the Spanish authorities with a view to receiving funding in the form of the European Next Generation funds for the approximate sum of 434 million euros. |
| 4 | Responding to the needs and uncertainties of the surroundings in which Aqualia operates | To this end, particular mention must be made of the acknowledgement received by Aqualia and IESE Business School from the United Nations in relation to reports on the purification plant in New Cairo (Egypt) and water supply in El Realito (Mexico). These projects are in the UN Top 20 when it comes to public-private collaboration and post-pandemic reconstruction. Furthermore, both studies have been classed as “People First PPPs” on account of their contribution to social integration and development. |



# FCC Construcción

## Population pressure and concentration of the population in cities

| | Challenges | Opportunities |
|---|---|---|
| 1 | Creation of sustainable cities, guaranteeing mobility and interurban connection, which will require the development of more complex urban infrastructures. | FCC Construcción contributes more than 120 years of experience in executing large-scale international infrastructures, demonstrating a great capacity for managing public interest projects that are unique and with a high degree of specialisation. The company undertakes its projects applying the highest standards of quality and innovation to ensure that the design and implementation of infrastructures is efficient when it comes to the consumption of more sustainable and resilient materials and resources. |
| 2 | Invest in quality and sustainable materials that meet new infrastructure needs, providing greater durability and resilience and making them more sustainable. | At FCC Construcción, constant innovation in the use of materials represents an increase in efficiency and a clear commitment to the circular economy, in which the company is a pioneer. The Life Cycle Analysis (LCA) of project elements is a fundamental factor to bear in mind, both when building new infrastructures and when adapting existing infrastructures. As a result, at FCC Construcción, innovation and technology are strategic aspects; therefore, they are encouraged to provide improved and more sustainable construction solutions, both for residential and non-residential buildings and infrastructures. Furthermore, FCC Construcción is committed to innovation in encouraging the use of new sustainable and reusable materials; harnessing recoverable elements and using recycled materials. |

## Climate change and water stress on the global agenda

| | Challenges | Opportunities |
|---|---|---|
| 1 | Improve architecture and urban design in light of climate change and the risks of disasters. | FCC Construcción develops resilient infrastructures and promotes the design of urban solutions adapted to the consequences of climate change and gives due consideration to the possible physical risks of adverse meteorological phenomena. |

## Climate change and water stress on the global agenda (continued)

| | Challenges | Opportunities |
|---|---|---|
| 2 | Mitigate the FCC Group's contribution to climate change. | FCC Construcción works to mitigate its contribution to climate change. For this reason, the company has launched various initiatives on its path to sustainability such as approving the Climate Change Strategy for 2050, the implementation of energy efficiency measures, reduction of energy consumption, fuel replacement, promotion of renewable energies, equipment renewal, energy use of waste or carbon footprint registration, among others. Likewise, FCC Construcción develops different R&D projects and give training sessions to raise awareness, encouraging participation in working groups on innovation and climate change.<br><br>FCC Construcción develops specific measures to improve its energy efficiency from the design phase of its projects, applying best practices that reduce the consumption of energy and use cleaner resources; reducing carbon emissions, both during the construction and operation of infrastructure by using less intensive processes when it comes to greenhouse gas emissions. All of this with a view to mitigating its contribution to climate change.<br><br>FCC Construcción continues working in alignment with the Group to decrease greenhouse gas emissions and has achieved its target of verifying 100% of its activity under ISO 14064 on GHG emissions.<br><br>Furthermore, FCC Construcción considers training as a powerful tool in the fight against climate change; therefore, it encourages training sessions delivered to its employees in relation to climate change and environmental sustainability to raise awareness and encourage sustainable practices. |
| 3 | Mitigate the impact that physical and transition risks related to climate change may have on the company. | FCC Construcción is aware that its activity is exposed to climate-change related risks and therefore, different action plans are drawn up depending on the type of activity performed. Bearing in mind the possible impacts related to climate change on the company's operations, it focusses its efforts on being part of the solution and maintaining its leadership in the development and management of infrastructures. Its aim is to enhance profitability, transversally mitigate the impact of climate events and promote the company's sustainable development. |

## The circular and sustainable economy

| | Challenges | Opportunities | |
|---|---|---|---|
| 1 | Reduce waste generation and include circularity principles in its processing and management. | The Construction Area pursues six areas of action defined in the ReSOLVE framework (Replace, Regenerate, Digitalise, Share, Optimize and Close the circle).<br><br>It recently obtained certification under the "Zero Waste" management traceability system, awarded by AENOR. As a result, the company has become the first construction company to receive this recognition, reflecting the implementation of an internal traceability system in waste management that ensures its recovery and prevents waste being sent to landfill. The pilot project as part of which this initiative has been applied prevented 99% of waste generated as part of construction work being sent to landfill. | Furthermore, this area performs different waste management actions in line with circular principles:<br>- Reuse of inert materials, effluents and process wastewater.<br>- Harnessing of recoverable elements and use of recycled materials.<br>- Use of packaging returnable to the provider.<br>- Segregation of of waste generated.<br>- Request of materials with packaging returnable to the provider or in bulk.<br>- Management of excavation waste or recovery of debris. |
| 2 | Promote circularity by optimising raw materials, extending their useful life and encouraging their reuse. | The Construction Area is a pioneer in its commitment to innovation, encouraging the use of more sustainable, resilient and reusable materials and promoting the responsible consumption of materials. | |

## The disruption of new technologies

| | Challenges | Opportunities |
|---|---|---|
| 1 | Adapt technology, processes and equipment to the future needs of customers and society as a whole. | The FCC Group's Construction Area steers its efforts towards developing new technologies in the fields of artificial intelligence, Big Data and digital DIM or Blockchain technologies. The Construction Area recently published its BIM-Digital Construction Implementation Plan for 2022-2025. |

## The increase of public-private collaboration

| | Challenges | Opportunities | |
|---|---|---|---|
| 1 | Harnessing the opportunities for progress offered by Next Generation funds. | FCC Construcción emphasises the importance of the surge in infrastructure programmes both in Spain and abroad, as well as the appearance of different funds and lines of funding, as key pillars for supporting the post-pandemic recovery. To this end, the Next Generation programme and other | European funds are an valuable opportunity for growth and contributing to the economic recovery of the country to achieve a net improvement in infrastructures. |
| 2 | Adapt technology, processes and equipment to the future needs of customers and society as a whole. | The design and construction of a new university based on a public private partnership, headed up by the Construction Area, will provide university services to a total of 10,000 students in Dublin (Ireland). This project demonstrates the opportunity for progress posed by public private collabora- | tions, thus representing a firm step forwards towards the development of the local community where the company operates. |

# Cementos Portland Valderrivas Group

## Population pressure and concentration of the population in cities

| | Challenges | Opportunities |
|---|---|---|
| 1 | Invest in quality and sustainable materials that meet new infrastructure needs, providing greater durability and resilience and making them more sustainable. | Cementos Portland Valderrivas is a leading producer of high-quality products adapted to the needs of its customers and each construction project. It is committed to innovation with a view to improving the quality and increase the range of its products' qualities. |

## Climate change and water stress on the global agenda

| | Challenges | Opportunities | |
|---|---|---|---|
| 1 | Mitigate the FCC Group's contribution to climate change. | The Spanish cement sector has become a key player in the ecological transition and has the capacity to contribute to the achievement of national climate neutrality targets. To this end, roadmaps have been drawn up to decrease $CO_2$ emissions in order to achieve climate neutrality in 2050. The CPV Group assumes the fight against climate change as one of its main challenges in the coming years and implements, through strategic sectoral lines, specific measures to reduce greenhouse gases. | To this end, the CPV Group focusses its efforts on increasing the renewable energy mix, at solar or wind power plants, and increase the consumption of plant biomass in the production of clinker, whose emissions are lower per tonne of cement manufactured. The replacement of raw materials and waste recovery in the Cement Area help to prevent the emission of hundreds of thousands of tonnes of $CO_2$. |

## The circular and sustainable economy

| | Challenges | Opportunities | |
|---|---|---|---|
| 1 | Transition to a circular economy supported by an energy model based on renewable energies. | Cementos Portland Valderrivas is committed to the circular economy model through energy recovery in cement production. An example of this can be seen in the implementation, at 90% of its factories, of new facilities that make it possible to replace fossil fuels with biomass, thus reducing $CO_2$ emissions. The aim of these facilities is to reduce net GHG emissions by 40%, thus contributing to reducing the | impact generated on the environment and reducing effects related to climate change.<br><br>Furthermore, a focus is placed on the energy use of waste-derived fuels in clinker kilns to reduce the $CO_2$ footprint from fossil origins, helping to recover energy that would otherwise be buried. |
| 2 | Promote circularity by optimising raw materials, extending their useful life and encouraging their reuse. | This business promotes replacing natural raw materials for fully or partially decarbonated raw materials to reduce emissions in the production of clinker, with secondary raw materials employed in different phases of the production process. | |
| 3 | Reduce waste generation and include circularity principles in its processing and management. | The CPV Group is committed to energy and waste recovery, thus avoiding sending them to landfill, replacing the use of fossil fuels with alternative fuels, such as biomass.<br><br>It is also committed to recovering waste obtained from by-products of other industries, using them to produce crude oil for the production of clinker and in the production of cement, as an addition to clinker, without affecting its quality. | The CPV Group also ensures that the waste generated at our factories is managed accordingly, prioritising the prevention of segregation of waste to be stored until it is ultimately handled by an authorised manager, with preference given to recycling, reuse and/or recovery before it is ultimately sent to landfill. |
| 4 | Awareness raising for the effective transition towards a circular and sustainable economy. | This division undertakes awareness campaigns involving stakeholders in relation to sustainability and the circular economy. | |

## The disruption of new technologies

| | Challenges | Opportunities |
|---|---|---|
| 1 | Technological innovations to guarantee more efficient, sustainable services. | The Cement Area innovates developing new technologies in the production of material, such as cement, concrete, aggregates and mortar, with a view to extending the useful life of infrastructures and improve mechanical features and durability. |

## The increase of public-private collaboration

| | Challenges | Opportunities |
|---|---|---|
| 1 | Enhance the resources that both sectors can offer to promote sustainable development, innovation, research and development. | Aware of the potential that public-private associations may have, and with a view to making activities progressively more sustainable, the cement business has undertaken different initiatives to restore biodiversity in quarries, in cooperation with public institutions and social agents. Given their activities, businesses in the construction materials sector are more exposed to biodiversity-related risks. However, the Cementos Portland Valderrivas Group views this challenge as an opportunity to demonstrate its commitment to the environment and create long-lasting partnerships. |

# FCC Inmobiliaria

## Population pressure and concentration of the population in cities

| | Challenges | Opportunities |
|---|---|---|
| 1 | Contribute to the efficient use of available urban land, smart designing its uses and properties, in line with growth expectations and the future needs of residents, in harmony with preserving the urban environment. | Undertaking land development and position management that helps to get the most out of the growing scarcity of available space, thus avoiding poor land planning, which fails to respond to the needs of inhabitable and sustainable spaces for the growing concentration of the population and demand trends in terms of alternative or multipurpose use. Ensuring the compatibility of property development and use, facilitating its coexistence with the environment and green spaces, which are scarce and necessary to preserve and improve the quality of life in major cities. |

## Climate change and water stress on the global agenda

| | Challenges | Opportunities |
|---|---|---|
| 1 | To guarantee access to water, in quantity and quality, for a growing population, taking measures that protect the resource. | FCC Inmobiliaria is committed to building progressively more sustainable properties. In this connection, it pursues greater awareness of sustainability with a view to safeguarding natural resources and improving the quality of life of residents. An example of this can be seen in the use of water saving systems in properties, which not only creates environmental benefits, but also social and economic benefits. Inclusion of a pioneering water management system in the province of Valencia (Spain) as part of one of its property developments, known as a “storm tank”, which allows rainwater to be recycled and prevent the risks created by flooding as a result of strong rainfall. |

## Climate change and water stress on the global agenda (continued)

| | Challenges | Opportunities |
|---|---|---|
| 2 | Improve architecture and building design in light of climate change and the risks of disasters. | The Real-estate Area is fully committed to promoting and managing properties that satisfy sustainable construction principles; as regards the environment, use of low-impact materials throughout the life cycle and inclusion of energy efficient materials and designing buildings adapted and updated to the European regulations on fighting climate change. |
| 3 | Contribution of FCC Inmobiliaria to mitigating climate change. | The Real-estate Area has committed to including renewable energy production systems such as aerothermal technology for heating, cooling and domestic hot water, in addition to heating and cooling distribution systems and underfloor heating, using automation control, as a critical aspect in different properties, not only on account of the comfort they offer, but also on account of their environmental factor, as by installing these systems, it is possible to optimise energy consumption and thus generate reductions and savings.<br>Use of 100% recyclable composite prefabricated materials that help to reduce water consumption and waste on construction sites. |

## Circular and sustainable economy

| | Challenges | Opportunities |
|---|---|---|
| 1 | Adaptation of holistic decarbonisation, energy efficiency and circular economy strategies that encompass all phases of the life cycle. | FCC Inmobiliaria was constituted with a view to developing sustainable properties that are respectful of their surroundings and the environment. An example of this is the exclusive use of FSC (Forest Stewardship Council) certified wood. |
| 2 | Compliance of international objectives for real-estate companies in relation to the circular economy and reducing contamination. | At FCC Inmobiliaria we are committed to responsibly using such important resources like water and actions that contribute to respecting and caring for the environment and the planet we live on. We strive to create property developments that include water-saving systems in properties to ensure responsible consumption, such as installing grey-water reuse systems or flow reducers on taps. |

## Circular and sustainable economy (continued)

| | Challenges | Opportunities |
|---|---|---|
| 3 | Invest in quality and sustainable materials that meet new infrastructure needs, providing greater durability and resilience and making them more sustainable. | At FCC Inmobiliaria, the pursuit of our customer's satisfaction represents a fundamental pillar. There is a growing concern amongst consumers that the materials used are more sustainable and therefore, more resistant and hard wearing in their homes and other properties; therefore, the Real-estate Area is committed to innovation, sustainability and social responsibility in homes, contributing to a world that is progressively more respectful of society and the environment. To this end, FCC Inmobiliaria uses materials that are i) prefabricated, reducing water consumption and generating less waste, ii) more resilient, hard wearing and sustainable, 100% recyclable on façades and iii) save energy (SATE exterior thermal insulation systems, LED lighting, dry work). |

## The disruption of new technologies

| | Challenges | Opportunities |
|---|---|---|
| 1 | Technological innovations to guarantee more efficient, sustainable services. | ESG (Environmental, Social, Governance) challenges are progressively more important as part of the *reporting* of real-estate companies, with prudent data management particularly significant. In response to this reality, the company will face this challenge focussing its efforts on efficient, proper management of data and creating robust technological solutions. Implementation of automation to make it possible to digitally manage properties remotely for the purposes of climate control, motorisation and smoke detector, flood and intrusion alarm management. |

# FCC Strategy: focus on profitable growth

Over its more than 120 years of history, FCC has demonstrated sufficient resilience to overcome all of the difficulties it has come up against. This resilience is anchored in three main components: our leadership position in the different businesses; sustainability as a source of income, focussed on the circular economy and water; and the strength of its balance sheet and shareholder structure.

The value creation model at the FCC Group aims to promote the sustainable evolution of cities, positioning itself at the cutting edge of its competitive environment, based on the following differential features of our own personality, which we use as a support for **creating value: quality and innovation; integrity in its actions; financial discipline and efficient management; and proximity and commitment.**

## VALUE CREATION LEVERS

### Quality and innovation

FCC is an operator that has significant experience in these business Areas, with a differentiated technical specialisation, able to lead large consortia in complex projects. Furthermore, it has a highly specialised and committed human team numbering almost 60,000 professionals, who prioritise protecting health and safety and who are capable of providing innovative solutions and taking care of improving people's lives on a daily basis.

### Integrity in its actions

The Group's Code of Ethics and Conduct establish everyone's commitment to the environment and people, respect for rights and dignity, and demonstrating zero tolerance against discrimination for reasons of race, religion or gender. Likewise, the Compliance Model ensures that all the Group's companies and employees are governed in accordance with the principles established in the Code of Ethics and Conduct, while strengthening internal control so as not to incur in any criminal breach. This Model includes elements such as the Crime Prevention Manual, crime/risk/control matrices, Model supervision and certification procedures and a Whistleblowing Channel for communicating potential breaches.

### Financial discipline and management efficiency

With the aim of preserving long-term profitability and sustainable growth. The FCC Group's strategy is embodied in a set of actions that seek to improve the capital structure and use of external resources, the generation of cash and the optimisation of financial costs.

### Nearby and commitment

Having a local roots in the places where its operations are carried out, allowing it to develop relationships of trust. FCC seeks to create value in the communities where it is present, favouring transforming societies into healthy, inclusive and cutting-edge environments.

# Strategic vectors of the FCC Group

The FCC Group and its businesses focus their strategy on:

- **Strengthen their competitive position** in key markets in which it is currently present.
- **Selective growth** in new markets that are attractive and aligned with the corporate culture and risks of the company.

Furthermore, **promoting sustainable development** has been and will remain one of the Group's strategic vectors by:

- Promoting the construction and management of **sustainable, resilient infrastructures**.
- Promoting the **circular economy** and harnessing the efficient use of **water**.
- Mitigating and adapting the FCC Group to **climate change**.

## Maintain leadership in key markets

To maintain its leadership position in the countries where it operates, FCC focuses its efforts on guaranteeing the quality and continuity of its services and products, which allows it to retain a competitive position in each market. Given the diversity and how they complement each other, the synergies between them help to correctly assess the risks and potential of each of project, which translates into a sustained increase in the Group's different key geographical areas.

Likewise, FCC intends to be a partner to its customers, establishing long-term relationships, providing guarantees and the reliability of a big leading company, while also remaining local and focused in the long-term on each of the regions where it operates.

The **Environment Area**, in the countries where it is present, operates against a backdrop of a sector under transformation, mainly due to the environmental requirements of each country, such as the European Directives with relation to the circular economy and climate change.

The strategy in Spain is focussed on maintaining competitiveness and leadership position, combining technical knowledge and the development of innovative technologies, offering respectful, inclusive and sustainable services (such as the fight against climate change and reduction of the carbon footprint). Furthermore, the aim is to harness potential opportunities generated by stricter regulations and new services (for example, those associated with smart cities).

In the EU, specifically in Portugal, there are opportunities in terms of soil decontamination and municipal cleaning contracts. In Central Europe, there is expected to be an increase in opportunities related to the circular economy, mainly in Poland and Slovakia. Furthermore, in 2021, worth particular mention was the award of a contract to FCC Environment CEE for municipal waste transport and processing by the Waste Processing Association of Western Tyrol.

While in the UK, activities are returning to pre-pandemic levels and opportunities are arising in relation to the country's ambitious circular economy programme.

Furthermore, the Area is looking to consolidate its position in markets like the US A. In this line, worth particular mention in 2021 was the acquisition by FCC Environmental Services of Premier Waste Services en Dallas (Texas), dedicated to the collection of tertiary waste in this Area, in addition to new awards by Wellington City Council and Hillsborough County (Florida).

The **Water Area** seeks to maintain its competitive position in end-to-end water management cycle markets in which it has a consolidated presence (Europe) and to take advantage of opportunities that arise in this activity. In this sense, worth particular note is the 2021 purchase, completed in February of this year, of 80% of the water activity of Georgia Global Utilities (GGU) for 180 million dollars or the award of the water supply management for 16 towns in Mantes-la-Ville (France).

In Spain, the concession renewal rate is expected to remain similar to the rate seen in 2021, above 90%, with the same expected for new awards across the country. In Portugal, it is expected that the concessions business will resume somewhat following the legislative elections held in 2019 and in France, it is expected that new tenders will be held for the delegation of public services. Furthermore, it is expected that there will be multiple water infrastructure opportunities in Saudi Arabia, Mexico, Colombia and Peru.

The **Construction Area's** strategy focuses on maintaining its presence in countries and markets with a certain stability and through demanding risk management that should afford access to a selective portfolio of projects that ensure profitability and cash flow generation for the company. Furthermore, the teams at FCC Construcción have the experience, technical knowledge and innovation to participate in the entire value chain of projects, from their definition and design to execution and subsequent operation.

It is worth highlighting the key position of the company in foreign markets, which accounted for 47% of income in 2021, with large projects underway in Saudi Arabia, Belgium, Mexico, Peru, Colombia, Chile, the Netherlands and Romania, among others. Also notable is the progress made in the future positioning of markets with a strong pipeline of infrastructure investments, with countries like the United States and Canada worth particular mention.

The **Cement Area** seeks to maintain its competitive position in both operational efficiency and the markets in which it operators, with a view to remaining a benchmark for the sector in the countries where it is present.

In 2021, increases in official tenders and building licenses in Spain saw cement consumption increase by 11%. Looking to 2022, growth of between 3% and 5% is expected, taking the figure past 15 million tonnes. In Tunisia, the significant internal instability has seen consumption remain at a minimum low and modest growth in the domestic market is expected in 2022.

Finally, the **Real Estate Area**, through FCC Inmobiliaria, aims to consolidate a solid, larger group, with greater management efficiency as a result of operating and financial synergies, which makes it possible to harness the growth opportunities provided by the sector. Furthermore, the aim is to considerably increase the contribution to the recurring equity activity in Realia and Jezzine across FCC Inmobiliaria as a whole.

## Selective growth in new markets

Each of the FCC Group business Areas detects opportunities of interest in the markets in which it operates, as well as in new markets. The Group's strategic planning means it can establish objectives to be achieved by each Area of activity. These objectives consider market opportunities and the risk appetite deemed acceptable in each country where these opportunities arise.

At **FCC Medio Ambiente**, the inclusion of new technologies will enable us to further consolidate our strength in the markets for waste recycling and valuation in Europe and position ourselves as key players in the circular economy.

This Area remains immersed in a complex process, the ultimate aim of which is to replace the straight-line production model with a circular model that reintroduces waste material into the production process, supported by a high level of technical knowledge and the development of new innovative technologies. In terms of new markets, initially, the company will continue to expand and consolidate its position, mainly in the U S by increasing the number of residential contracts it has and promoting commercial collection activity.

Jointly with the end-to-end water management cycle, **Aqualia** plans to promote growth via BOT (Build, Operate and Transfer) and O&M (Operation and Maintenance) in desalination and treatment in North Africa, Latin America and the Middle East, and will continue to explore possibilities in other countries such as the United States.

In this sense, Aqualia will always make full use of its broad experience in the end-to-end water management cycle in business opportunities that may arise in countries with a stable political and social climate.

At **FCC Construcción,** internationalisation was reflected in 2021 with the award of different contracts. Special mention must be made of the award of the contract to construct the RV-555 highway in Sotra (Norway), with a budget of 431 million euros, and the Puente Industrial in Chile, with a budget of approximately 125.6 million euros. Furthermore, in 2022 it is expected that at an international level, major infrastructure works will be undertaken that were awarded between 2019 and 2021 and that maintain the contribution of markets in the Americas (Mexico, Chile, Peru, Colombia) and Europe (mainly the Netherlands, United Kingdom and Romania) stable, in addition to the new positioning in places like the United States and Canada, with good news expected in the near future.

Despite the **Cementos Portland Valderrivas Group** being aware of possible growth opportunities in new markets, the strategy focuses on consolidating the markets in which it is present. To this end, the Group will continue developing its policies to seek efficient and optimal investments, as well as adapting all organisational structures to the situations in the countries where it operates.

Finally, **FCC Inmobiliaria** aims to diversify risk and geographic opportunities to expand its activities to new operating areas where it currently does not boast a presence. To this end, in 2022 it aims to continue promoting its three business lines at a national level: leasing offices and shopping centres, residential developments for sale and, in particular, property development for lease.

In 2021, the **FCC ESG Framework** was drawn up, which constitutes an analysis and study of the company for the coming years, which will be reflected in the **Group's 5th Plan known as "ESG Plan for 2025"**

## Contribution to sustainable development

Throughout its more than 120-year history, the FCC Group has developed its activity based on fostering long-lasting, transparent and mutually beneficial relationships with the stakeholders with whom it interacts.

For the FCC Group, the progress of cities must guarantee the well-being of their citizens, respect for human rights and the preservation of the environment. With activities in more than 25 countries, the Group strives to improve people's quality of life, responding to their expectations and needs of the area in which they live.

Its consolidated experience as a committed company has meant its business can continue to share value transversally, through its strengths. In this sense, and intertwined in the FCC Group's general strategy, its sustainability strategy is structured around the **Corporate Social Responsibility Policy**, approved in 2016 by the Board of Directors.

In 2021, the FCC ESG Framework was undertaken, consisting of a preliminary analysis and study of the company's Sustainability strategy for the coming years, which is reflected in the Group's 5th Plan known as the "ESG Plan for 2025", with our sights set on the targets, challenges and goals of the global strategies, the 2030 Agenda and the 2050 horizon.

To prepare the FCC ESG Framework, we have focussed on the demands and expectations of the company's stakeholders, in addition to the regulations and macrotrends, in addition to considering the main conclusions drawn at the end of the CSR Master Plan for 2020, etc. The FCC ESG Framework is the starting point for steering the future of the FCC Group's activities in relation to ESG criteria, with a focus aligned with, internationally, the 2030 Agenda, the European Green Deal, the Paris Agreement and the European Climate Law and, nationally, the Companies and Human Rights Action Plan or the Recommendations of the Code of Good Governance, in addition to others.

# FCC in 2021

Highlights of the year 2021 _ 81

Key figures _ 83

# Highlights of the year 2021

## January

- FCC Medio Ambiente reinforces its presence in the East of Spain with the waste collection and street cleansing contract in Elche (Alicante, Spain).
- FCC Medio Ambiente's ie-Urban wins Spain's Ecological Industrial Vehicle of the Year 2021 award (Spain).
- FCC Environment achieves five-star grading in the British Safety Council's Occupational Health and Safety Audit (United Kingdom).
- FCC Environment´s waste collection and street cleansing contract in the Sousa Valley starts operations (Portugal).
- The Mar de Alborán desalination plant is a technical and management challenge and becomes the first large water production infrastructure owned by Aqualia in Spain.
- FCC Construction awards the European PPP Deal of the Year award for the A465 project in Wales, United Kingdom.
- GCPV has unleashed renewable energy projects in all its factories with the aim of installing solar and/or wind power generation plants, as well as increasing the use of vegetable biomass when producing clinker.
- Beginning of the delivery of keys of the Realia "Essència de Sabadell Phase I" development. 73 homes in Sabadell (Barcelona, Spain).

## February

- The Spanish Red Cross is thankful for the commitment and social work of the FCC Group in times of the pandemic.
- FCC Medio Ambiente renews the contract for waste collection, street cleansing and sewerage maintenance in Cornellà de Llobregat (Barcelona, Spain).
- FCC Medio Ambiente reinforces its commitment to Barcelona with a new contract for waste collection and street cleansing (Spain).
- Renewal of the Solidarity Fund Agreement with the Chipiona City Council and Aqualia for the allocation of 10,000 euros to pay water, sewage, discharge and purification bills for people with economic difficulties.
- FCC Construction completes the contract to modernise the take-off and landing runway at Bacau airport in Romania.
- Expert handling systems have been implemented in our facilities to achieve greater efficiency in the processes involved when producing the products.
- Start of marketing of the FCC Real Estate development "Buenavista Tres Cantos Phase IV". 30 houses in Tres Cantos (Madrid, Spain).

Group | Infrastructures | Environment | Cement | End-to-end water management cyle | Real Estate

## March

- The Environmental Compound of the East Madrid Municipalities Association starts operations (Madrid, España).
- FCC Medio Ambiente presents its new Sustainability Strategy 2050 (Spain).
- FCC Medio Ambiente renews the contract for waste collection with the Municipalities Association for the region of Pamplona.
- Aqualia is selected to operate and maintain the desalination plant and the drinking water distribution system in the Jizan industrial area, in southwestern Saudi Arabia.
- The Minister for Infrastructure and Water Management of the Netherlands visits the A9 Badhoevedorp-Holendrecht project.
- GCPV encourages participation in sports through donations to local entities close to its factories.
- Start of marketing of the FCC Real Estate "Bórea Portablanca" development. 144 homes in Arroyo del Fresno in Mirasierra (Madrid, Spain).

## April

- FCC Corporate Services obtains the ISO 45001 certification that endorses its occupational health and safety management.
- FCC renews its commitment to the Diversity Charter.
- FCC Medio Ambiente honoured with the Distinction for Equality at the Company (Spain).
- FCC Environment reinforces its presence in the UK with the contract for food waste and recycling collection in East Lothian (Scotland).
- FCC Ámbito participates in a wind-turbine blade recycling project to promote circular economy (Spain).
- The First StepbyWater Conference places water as a key element in Europe's ecological transition.
- FCC Construction completes the "Airbus Futura Campus" in Madrid.
- FCC Construction completes the design and construction contract for two buildings of Dublin's Institute of Technology (DIT) higher education centre on the Grangegorman campus in Ireland.
- AENOR grants the "Certificate of Compliance with the Production Control of Concrete Manufactured in the Plant" to our plants in Spain.
- Start of marketing of the FCC Real Estate development "Residencial El Bercial". 40 homes in Getafe (Madrid, Spain).

## May

- FCC Medio Ambiente renews the contract for waste collection and street and beach cleansing in Mataró (Barcelona, Spain).
- FCC Environment receives double accolade at the International Institute of Risk and Safety Management (IIRSM) Excellence Awards 2021 (United Kingdom).
- FCC Environmental Services reinforces its presence in Florida with a new contract in the Village of Wellington (USA).
- Aqualia expands its presence in Mexico after being awarded the comprehensive improvement project for the Los Cabos supply network, in Baja California Sur. The contract includes the modernisation, equipping, operation and maintenance of the hydraulic infrastructures for 10 years.
- FCC Construction celebrates the 30th anniversary of the conclusion of the first High Speed station in Spain.
- Start of marketing of the Realia "Essència de Sabadell Phase II" development. 55 homes in Sabadell (Barcelona, Spain).

## June

- FCC Medio Ambiente is awarded the contract for the refurbishment and operation of the Valladolid Environmental Centre (Spain).
- FCC Medio Ambiente first entity in the sector to join the Corporate Network for LGBTI Diversity and Inclusion (Spain).
- FCC Medio Ambiente honoured at the IV Diversity and Inclusion Awards for Best practice in labour inclusion by the 4th CSR Master Plan 2018-2020 (Spain).
- FCC Environmental Services reinforces its leadership position in Florida with a contract in Hillsborough County (USA).
- A report on the detection of COVID-19 in wastewater wins the 5th Aqualia Journalism Award.
- FCC Construction completes the excavation work for the tunnel that will join the streets Bailén and Ferraz, included in the reform of Plaza de España in Madrid, Spain.
- The Group, and its social representatives and key unions began negotiations for the Collective Agreements and the Second Equality Plan that will regulate labour relations in the coming years.
- Start of work on the Valaise subsidiary development VPPL homes BtR Plot 1.4B. 43 homes in Tres Cantos (Madrid, Spain).

## July

- The FCC group receives the "COVID-19 Stars" award from FESBAL for their involvement and commitment during the health crisis.
- FCC Environmental Services obtains Gold Glass certification for its Dallas and Houston recycling facilities in the USA.
- FCC Environment expands its activities to the West Tyrol region (Austria).
- FCC Ámbito awarded the glass management contract by Ecovidrio for the Autonomous Regions of Aragón, La Rioja, Valencia and the provinces of Ávila and Segovia (Spain).
- Aqualia presents its Dénia Technology Centre (Alicante), based on fully digital management, which makes the Municipal Water Service a national benchmark. The control centre unifies all water management onto a single platform, which can control 571 million pieces of data per year. In addition, it has enabled the greatest implementation of remote meter reading in Spain (96%).
- GCPV donates baby food and nappies to the social services of the City Council of Alcalá de Guadaíra (Seville, Spain) and joins the "Ultreya" solidarity movement to help families and local business in the municipality.
- Start of marketing of the Realia "Glòries Bcn" development. 47 homes in Poblenou (Barcelona, Spain).
- Start of marketing of the Realia "Parque del Ensanche Phase II" development. 80 homes in Alcalá de Henares (Madrid, Spain).
- Commencement of work on the Valaise subsidiary development VPPL homes BtR Plot 2.1. 152 homes in Tres Cantos (Madrid, Spain).
- Start of works on the Glòries Bcn development. 47 homes (Barcelona, Spain).
- Realia Patrimonio sells a 9,200 m2 building plot located in Parc Central 22@ for €18.5 million.

## August

- FCC Medio Ambiente renews the 'Calculo-Reduzco' ('Calculate -Reduce') seal granted by the Spanish Office for Climate Change (Spain).
- Aqualia reaches 6,000 hours of digital training with the Children's Digital Drawing Contest.
- FCC Construction chosen by the Chamber of Commerce of Belgium and Luxembourg as "2021 Company of the Year".
- GCPV moved its corporate head office to Torre Realia (Madrid, Spain), a building owned by the FCC Group.
- Start of construction of the Realia Parque del Ensanche Phase II development in Alcalá de Henares (Madrid, Spain).

Group
Environment
End-to-end water management cyle
Infrastructures
Cement
Real Estate

## September

- FCC Medio Ambiente takes charge of the waste collection and street cleansing service in Torrejón de Ardoz (Madrid, Spain).
- The Guijuelo biofactory is recognised as runner-up in the first edition of the Innovation Award of the Spanish Biomass Association (AVEBIOM), for transforming the waste generated by the treatment plant itself and the local agri-food industries into energy, biofuels, biofertilisers and biodegradable plastics.
- FCC Construction achieves its objective of verifying 100% of its activity under the ISO 14064 Standard for Greenhouse Gas emissions.
- Completion of the renovation of the Acanto 22 Building Lobby with the incorporation, among other elements, of a vertical garden and a large digital screen (Madrid, Spain).
- Beginning of the delivery of keys of the Realia "Valdebebas Único" development. 40 homes in Valdebebas (Madrid, Spain).
- Beginning of the delivery of the keys of the FCC Real Estate development "Les Masies Residential Area". 118 homes Sant Joan Despí (Barcelona, Spain).

## October

- FCC Medio Ambiente renews its commitment to Madrid city services (Spain).
- FCC Medio Ambiente will build and operate the new organic material treatment facility in Valdemingómez, Madrid (Spain).
- FCC Environment is awarded the contract for the urban waste collection and treatment services for the city of Tarnobrzeg (Poland).
- Vigo City Council and Aqualia lay the first stone of the city's new Drinking Water Treatment Plant (DWTP), an estimated investment of 23 million euros, which will apply ultrafiltration membranes to improve the quality of the drinking water.
- FCC Construction renews its registration in the Carbon Footprint, offset and carbon dioxide absorption projects registry for the ninth time.
- GCPV opens the doors of its property "El Porcal", in Madrid (Spain), to various groups to offer environmental education sessions.
- GCPV presents the Energy Transition Climate Neutrality Plan for the Mataporquera factory to the Government of Cantabria (Spain).
- GCPV adheres to "Companies for the Climate" and its plan was named among the 101 best business initiatives for the climate.
- GCPV trains employees in prevention matters through workshops and encourages their involvement in ideas contests.
- Torre Realia BCN (Barcelona, Spain) obtains BREEAM® Certification with an excellent management rating and a very good building rating.

## November

- FCC Medio Ambiente publishes its eighth Sustainability Report aligned with the SDGs (Spain).
- FCC Environment delivers its 2021 Avanza Awards for quality, innovation, environment, and social initiatives (Spain).
- Through its French subsidiary, SEFO, Aqualia is selected to manage the water supply of 16 municipalities around Mantes-la-Ville, in the Île-de-France region (France).
- Bradfield Metro Consortium shortlisted for the Sydney Metro - Western Sydney Airport expansion project in Australia.
- New corporate website www.valderrivas.es launched.
- GCPV holds the Autonomous Committee to Follow-up on the Agreement on the Sustainable Use of Resources (CASA) in several factories.
- Start of land decontamination works for the future FCC Real Estate development "Portum Badalona" in the marina of Badalona (Barcelona, Spain).

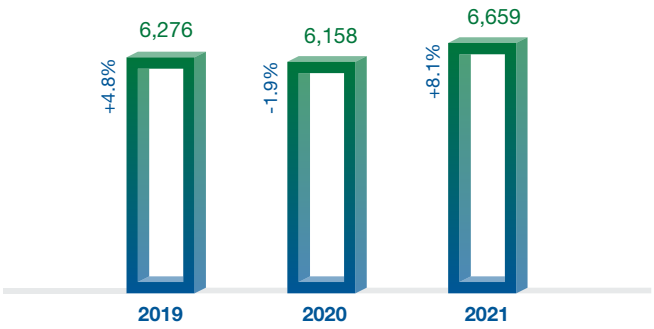
## December

- FCC renews its commitment with the ONCE Foundation and will hire up to 900 people with disabilities.
- FCC Medio Ambiente takes charge of waste collection and street cleansing in Pozuelo de Alarcón (Madrid, Spain).
- FCC Medio Ambiente awarded as a business showcase of best practice and sustainability in promoting health in the workplace. (Spain).
- Aqualia approves the 2023 Strategic Plan with the clear goal of integrating triple sustainability as a cross-cutting aspect of the strategy to be followed in the coming years and charting and measuring the company's performance in relation to the SDGs, establishing targets to be met in the short, medium and long term.
- FFCC Construction publishes its sustainability report "Environmental Communications 2021".
- GCPV employees take part in the race of the companies.
- GCPV renews its commitment to the Adecco Foundation's Family Plan in its fight for the employment or re-employment of people with disabilities.
- Completion of the construction project for a 3,015 $m_2$ warehouse in the La Noria Outlet Shopping Centre in Murcia (Spain), within the framework of the lease agreement signed with Mercadona.

# Key figures

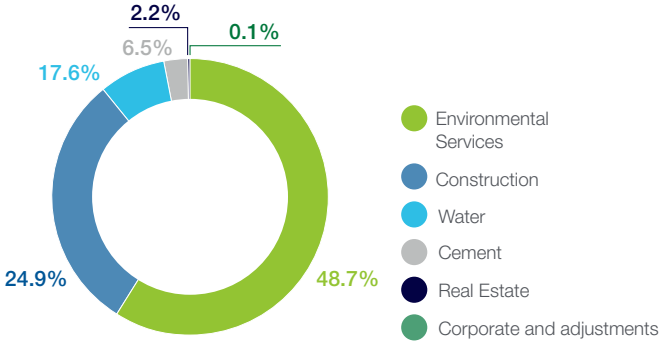
## TURNOVER

Millions of euros



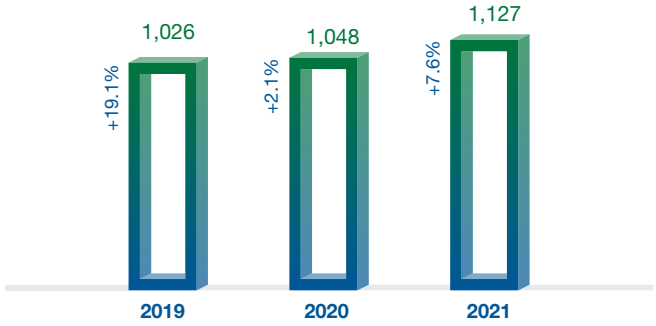

## 2021 TURNOVER BY ACTIVITY

%



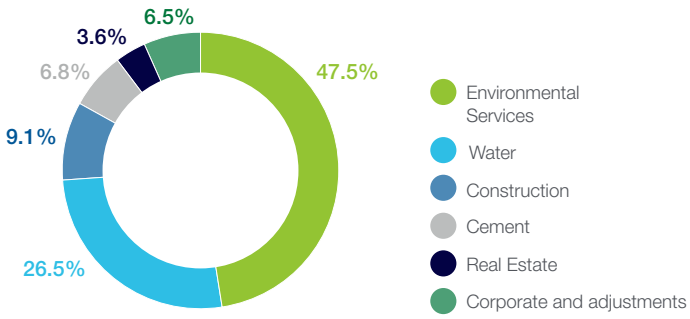

## GROSS OPERATING PROFIT (EBITDA)

Millions of euros



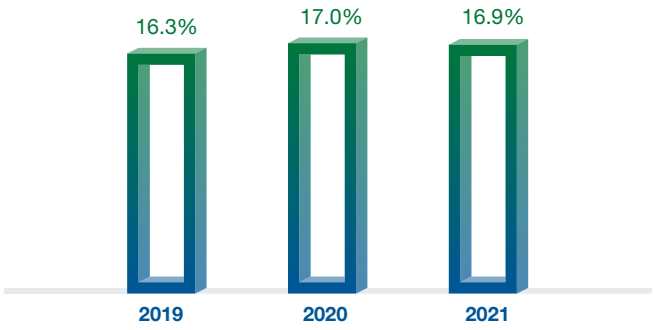

## EBITDA 2021 BY ACTIVITY

%



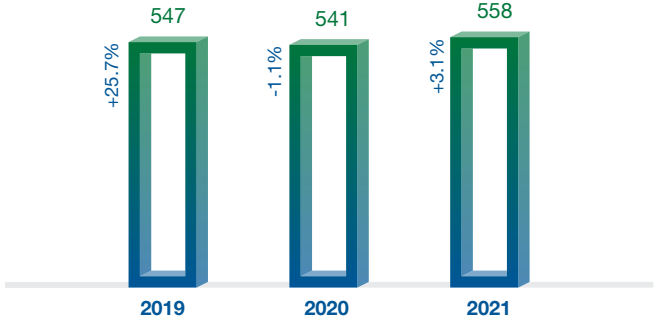

## EBITDA MARGIN

%



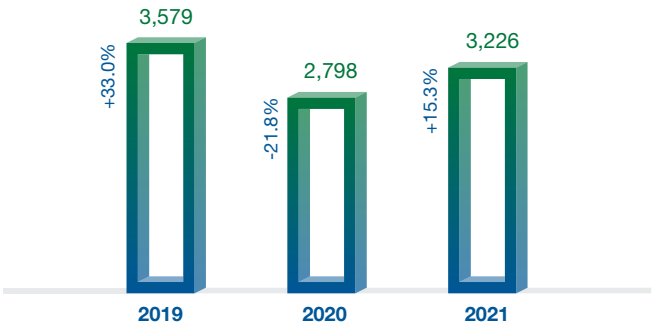

## INVESTMENTS

Millions of euros



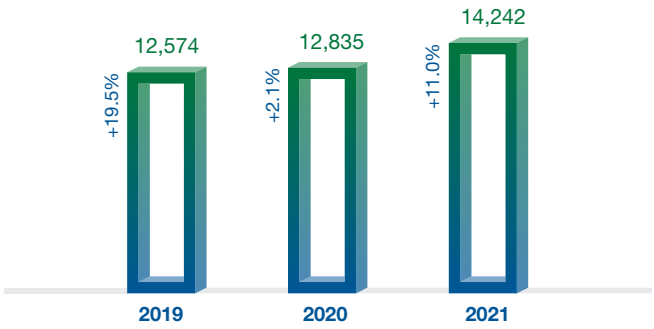
## NET FINANCIAL DEBT

Millions of euros



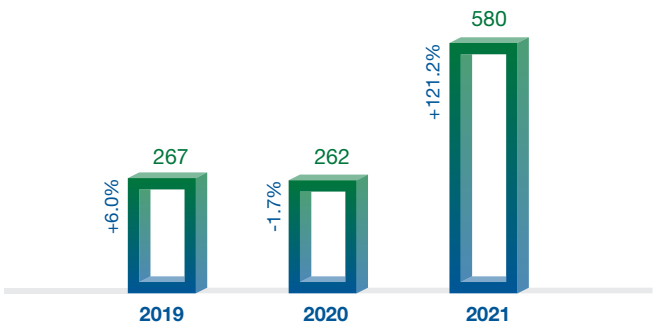

## TOTAL ASSETS

Millions of euros



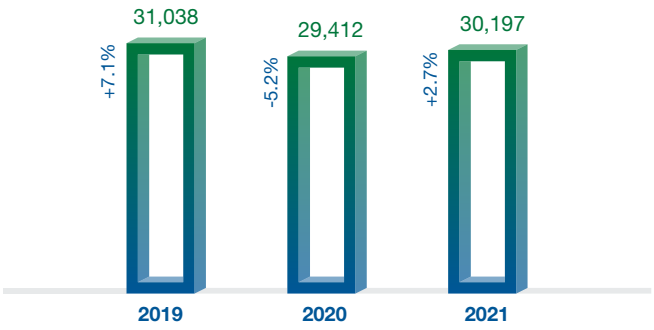

## EARNINGS ATTRIBUTABLE TO THE PARENT

Millions of euros



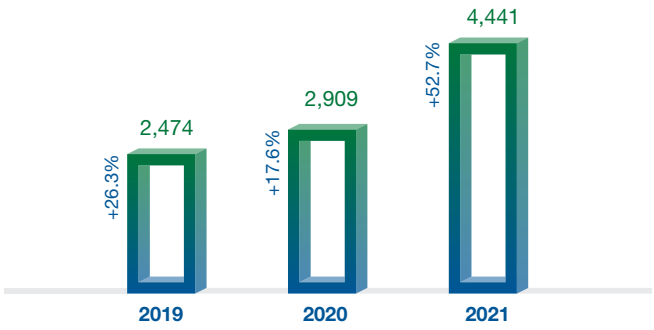

## BACKLOG

Millions of euros



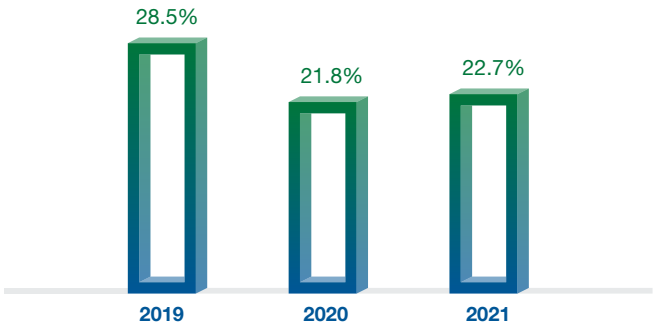

## EQUITY

Millions of euros




## FINANCIAL LEVERAGE. Net debt / Total assets

%



# 2021 Stock Market performance

## Stock Market and share price evolution

After 2020 being affected by the start of the pandemic, the start of the recovery in 2021 came with some volatility in world markets. A relative and uneven recovery that seemed to stabilise before the summer. A year also framed by the rise in inflation from the second half of the year in all countries, which forced central banks to reorient their roadmaps; with supply chain pressures hampering global trade; with energy and commodities prices on the rise; all this challenged companies and governments around the world when faced with a possible slowdown in the recovery.

International organisations such as the International Monetary Fund (IMF) started to adjust their annual growth forecasts. The latest shows that the world economy will have grown by 5.9% in 2021 (vs -3.1% in 2020) and forecasts 4.9% in 2022. For advanced economies, after falls of 4.5% in 2020, growth of 5.2% is forecast for 2021 and 4.5% for 2022. Emerging market and developing economies expect to see growth of 6.4% in 2021. The downwards revision for 2021 reflects an impairment in advanced economies – partly due to supply disruptions – and in developing countries due to the worsening dynamics created by the pandemic. This situation is partially offset by better short-term prospects for some emerging and developing economies that export raw materials. In general terms, the risks for growth are tilted downwards.

All in all, and in terms of the markets, the gains in the United States have been notable. The S&P500 has seen a 27.2% increase in value, the Nasdaq 22.1% and the Dow Jones 18.9%. Despite the persistence of the pandemic, the continuity in ultra-expansive policies, the recovery of the economy and, above all, the increase in corporate profits have accelerated positions being called in US equities.

In Europe, the CAC40 in Paris gained the most (29.2%), followed by the Ftse Mib in Milan at 23% and the Euro Stoxx 50 at 21%. The London market closed the year up 14%, half that of the French CAC. The rally in commodities has worked in its favour, although momentum has been contained by the forcefulness of the Bank of England, it becoming the first of the major central banks to raise interest rates.

The Chinese CSI300 index closed the year as one of the laggards, with annual losses of 5%. The interventionism of the Beijing authorities, the control over the country's technology companies due to increasing regulation and the crisis of Evergrande, the world's largest real estate company, prevented progress.

For its part, the Ibex35 lagged behind Western indices, with a rise of 7.9%. This decoupling is explained in part by the high weight of financial companies in our index as well as the delayed recovery of figures in sectors related to tourism and general mobility.

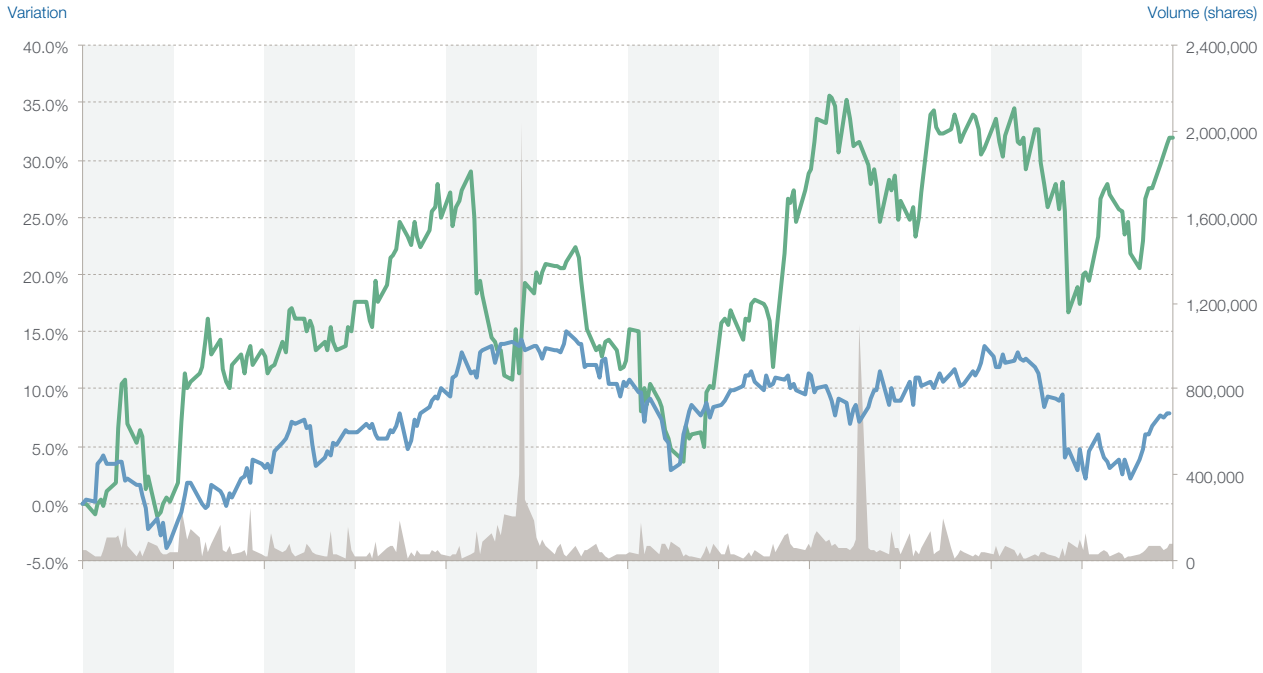
## Annual evolution of FCC's shares

FCC's shares performed well, rising 31.9% in the year compared to the fall of 16.3% the previous year. At the end of the year, the share price was 11.08 euros/share, which is a recovery to pre-pandemic levels.

The maximum price was 11.40 euros per share on 7 September the minimum was 8.80 per share at the start of the year. FCC ended the year with a market capitalisation of 4,711 million euros.

## Trading

Total trading volume this year was over 17.7 million securities, with a daily average of 71,039 shares; 5% less than in the previous year. However, the brokered volume is conditioned by the 13% free float and by the type of long-term minority investors, with a long time as a shareholder and, therefore, a low turnover ratio.




| | January | Feb. | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| % Chg. FCC | 4.9% | 11.4% | 2.5% | 8.3% | -5.1% | -5.2% | -1.5% | 12.1% | -3.1% | 5.0% | -10.4% | 12.4% | **31.9%** |
| % Chg. Ibex35 | -3.9% | 6.0% | 4.3% | 2.7% | 3.8% | -3.6% | -1.6% | 2.0% | -0.6% | 3.0% | -8.3% | 4.9% | **7.9%** |

## Shareholders

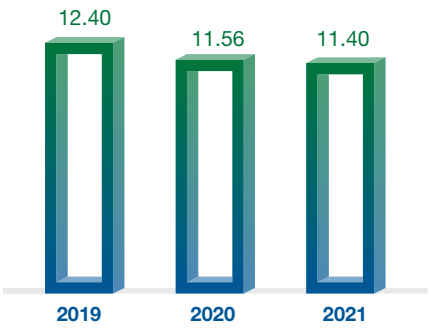
FCC, S.A.'s shares use the book entry system and are listed on the four Spanish stock exchanges (Madrid, Barcelona, Valencia and Bilbao). According to the information on file with CNMV (Spanish National Securities Market Commission) records, on the closing date of the year the main shareholders in the company were:

| Main Shareholders | % of Share Capital |
|---|---|
| Control Empresarial de Capitales, S.A. de C.V. | 74.20% |
| Slim Helú, Carlos | 7.00% |
| William H. Gates III | 5.73% |
| Koplowitz Romero de Juseu, Esther | 4.57% |
| Nueva Samede 2016, S.L.U. | 4.54% |

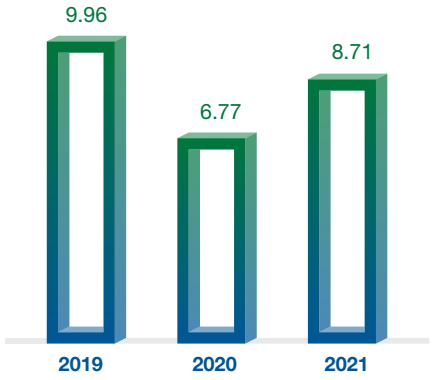
### SHARE PRICE: MAXIMUM, MINIMUM AND YEAR END

Euros/share

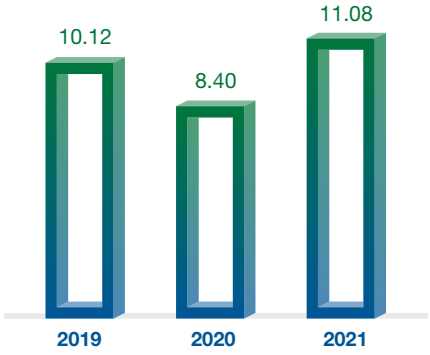
MAXIMUM




MINIMUM

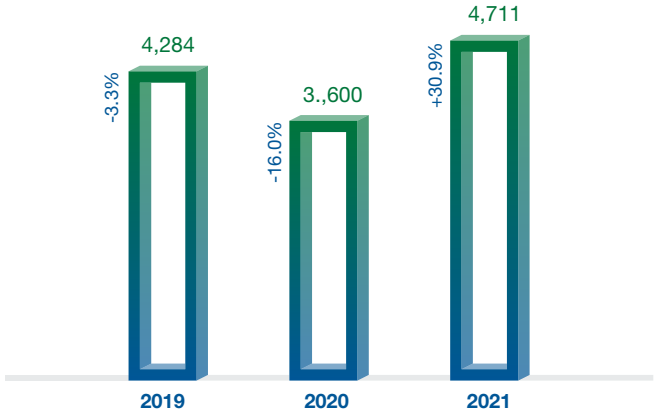



YEAR END



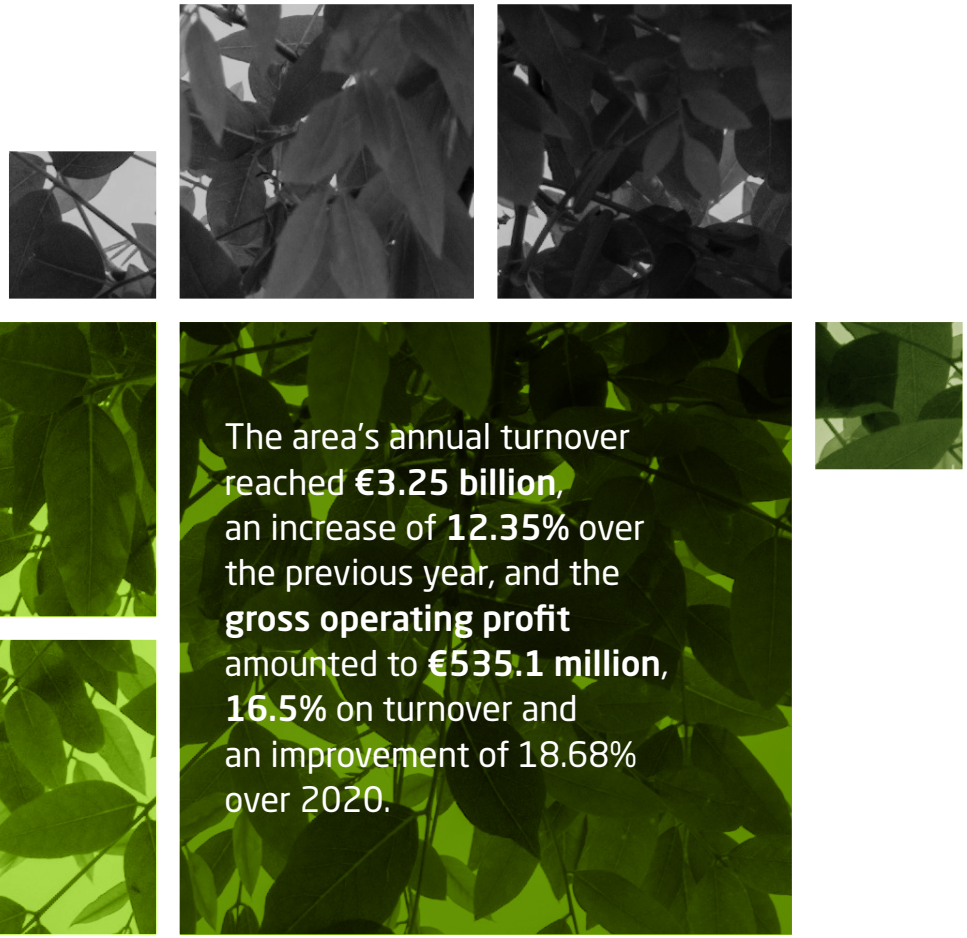

### MARKET CAPITALISATION

Millions of euros



# Business lines

Environment _ 89
End-to-end Water Management cycle _ 134
Infrastructure _ 200
Cement _ 223
Real Estate _ 236



The area's annual turnover reached **€3.25 billion**, an increase of **12.35%** over the previous year, and the **gross operating profit** amounted to **€535.1 million**, **16.5%** on turnover and an improvement of 18.68% over 2020.

# Environment

Geographical divisions and sector analysis. Strategy _ 90

Activity in the Environment Area _ 101

Highlights Environment 2021 _ 102

Other highlights _ 103

Excellence and sustainability _ 114

Innovation and technology _ 121

# Geographical divisions and sector analysis. Strategy

The Environmental Services Area of the FCC Group has been delivering **municipal services** and **end-to-end waste management**, serving today **60 million people** in more than **5,200 municipalities**

For over 110 years, the Environmental Services Area of the FCC Group has been delivering municipal services and end-to-end waste management, serving today 60 million people in more than 5,200 municipalities.

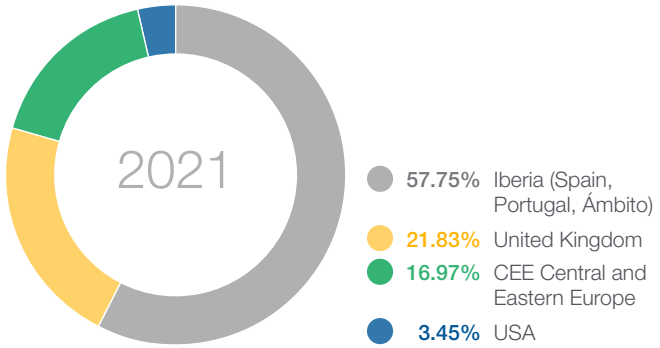
In 2021 the company operated in a total of 11 countries, providing a range of services which demonstrates its varied experience in the sector: collection, treatment, recycling, energy recovery and disposal of urban solid waste, street cleansing, maintenance of sewage systems, ground maintenance, treatment and disposal of industrial waste or the recovery of contaminated soil, among others.

**FCC Servicios Medio Ambiente Holding S.A.U.,** which is the backbone of the Environmental Services activities is structured into four geographical divisions:

- **Iberia:** FCC Medio Ambiente Spain, FCC Environment Portugal and Ámbito (Industrial Waste)
- **United Kingdom:** FCC Environment UK
- **Central and Eastern Europe:** FCC Environment CEE
- **USA:** FCC Environmental Services

During the financial year 2021, the global pandemic of COVID-19 has continued to generate very unfavourable socioeconomic circumstances and has affected the development of all economic activities. While it is true that the vaccination of a significant part of the population and the subsequent partial immunisation have enabled an upturn in economic activity, the pandemic continues to highlight the importance of the services provided by this entity, services that have been graded essential for citizens, since they must continue to be provided even in the most adverse circumstances and contribute fundamentally to the resilience of a society.

## TURNOVER 2021. DIVISIONS



Under these circumstances, the performance of FCC Servicios Medio Ambiente has been exceptional. The area's annual turnover reached €3.25 billion, an increase of 12.35% over the previous year, and the gross operating profit amounted to €535.1 million, 16.5% on turnover and an improvement of 18.68% over 2020. Particularly noteworthy is the profit before tax of €246.3 million, which represents an increase of +58.73% over 2020. Order intake rose to €4.7 billion (+123.04%) and generated a record portfolio of €10.75 billion.

Even in adverse conditions, FCC Servicios Medio Ambiente managed 24 million tonnes of waste in 2021 and produced nearly 4 million tonnes of secondary raw materials (SRM) and refuse-derived fuel (RDF). The company has more than 770 operational waste management facilities, of which over 200 are environmental compounds dedicated to the treatment and recycling of waste, including 11 waste-to-energy projects with a processing capacity of 3.2 million tonnes per annum and 360 MWe of clean non-fossil electricity.

As a relevant financial milestone for FCC Servicios Medio Ambiente Holding S.A.U. and as expressed in the recently published 'Second Green Bond Report', it should be noted that out of the €1.1 billion in ecological bonds issued according to the 'Green Bond Framework' by the company in November 2019, at the close of 2020 more than €1.025 billion had already been allocated to projects for prevention and control of pollution, biodiversity protection, energy efficiency and vehicles powered by clean energies. These investments have generated significant environmental benefits in the communities in which FCC Servicios Medio Ambiente works. In Spain and Portugal, more than 27 million inhabitants have been served through the treatment of almost 6 million tonnes of waste and a total of 1,859,252 tonnes of $CO_2e$ of greenhouse gas (GHG) emissions have been avoided. On the other hand, in United Kingdom, more than 475,000 tonnes of waste have been processed, generating 315 GWh of non-fossil energy and avoiding the equivalent of 838,000 tonnes of $CO_2$ of GHG emissions.

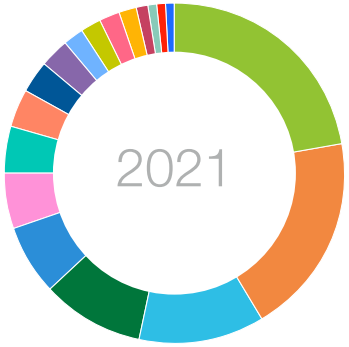
*Street cleansing service in A Coruña (Spain).*

Access the second Green Bond Report here

# FCC Medio Ambiente Iberia (Spain, Portugal and Ámbito)

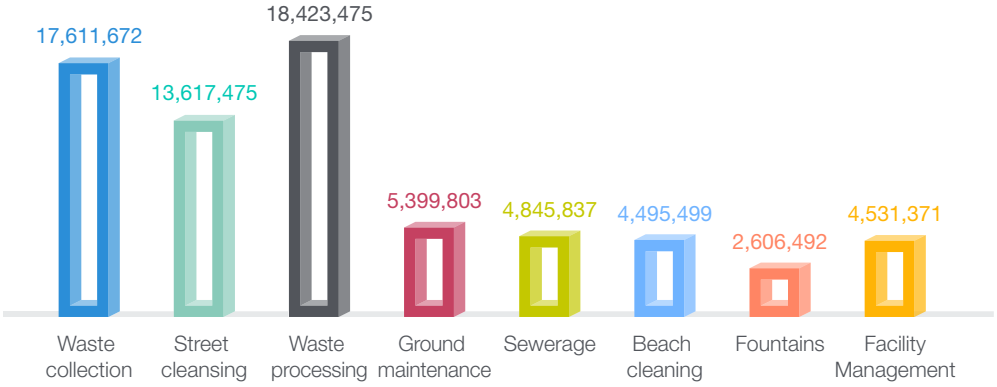
FCC Medio Ambiente provides environmental services in over 3,700 municipalities in Spain and Portugal (FCC Environment), serving a population of more than 32 million inhabitants with activities including street cleansing, the collection and transport, treatment and disposal of waste, ground maintenance, maintenance of sewage systems, beach cleaning, and energy efficiency services, among others. During the 2021 financial year, FCC Medio Ambiente Iberia managed 11.9 million tonnes of municipal solid waste.

## TURNOVER 2021. GEOGRAPHIC LOCATION

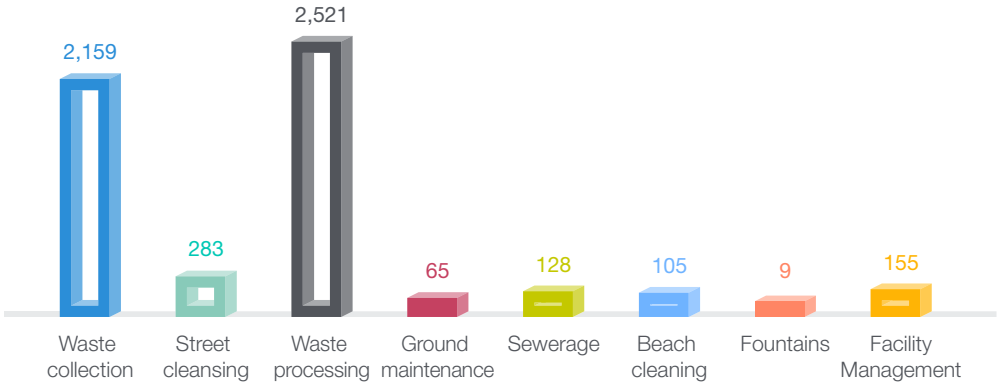



| | | | |
|---|---|---|---|
| 22.4% | Catalonia | 2.6% | Murcia |
| 19.2% | Community of Madrid | 2.0% | Portugal |
| 11.8% | Valencian Community | 2.0% | Asturias |
| 9.6% | Andalusia | 1.9% | Navarre |
| 6.7% | Basque Country | 1.6% | Balearic Islands |
| 5.5% | Aragon | 1.3% | Extremadura |
| 4.2% | Canary Islands | 0.8% | Castilla-La Mancha |
| 3.8% | Castilla y León | 0.8% | La Rioja |
| 3.0% | Galicia | 0.7% | Cantabria |

## INHABITANTS SERVED 2021




## MUNICIPALITIES SERVED 2021



Although the vaccination of a significant part of the population and the consequent partial immunisation have allowed an upturn in economic activity, the COVID-19 pandemic continues to have a particular impact in Spain and Portugal, highlighting the importance of the essential services provided by FCC Medio Ambiente and the commitment of its people, whose professionalism and dedication have made it possible to maintain excellence and a high level of service.

The European Next Generation funds of the Spanish Recovery, Transformation and Resilience Plan (in Spanish, PRTRE) are playing a key role in alleviating the unfavourable socioeconomic situation and FCC Medio Ambiente, on its own or in consortium with other entities, has presented in 2021 manifestos of interest (MOIs) and applications worth €1.5 billion. FCC Medio Ambiente will accompany its clients in this development opportunity, contributing value and know-how when addressing their approaches to the future.

In these circumstances, FCC Medio Ambiente Iberia's performance has been excellent, with the winning of important contracts such as the renewal of the collection and cleansing services in Barcelona, which have been provided since 1915 and represent a portfolio of €830.87 million. Or the contracts for street cleansing and ground and urban furniture maintenance in Madrid, with a combined value of €652 million. A record €3.4 billion were contracted, bringing the order book to €6.34 billion. Annual turnover reached €1.87 billion, an increase of 7.52% compared to 2020. The gross operating profit grew by 7.11% to €284.8 million and profit before tax increased by 20.45% over 2020 to €179.1 million.

In March 2021, FCC Medio Ambiente presented its 2050 Sustainability Strategy, which is an ambitious 30-year business development project, reflecting the company's commitment to support the achievement of the Sustainable Development Goals (SDGs) and to address economic, social and environmental challenges on a global scale. This roadmap integrates very demanding environmental, social, excellence and governance commitments with high added value.

Access here the 2050 Sustainability Strategy video

## FCC Medio Ambiente presented its **2050 Sustainability Strategy**, which is an ambitious 30-year business development project

The 2020 Sustainability Report, under the slogan "Actions showing our commitment", published at the end of the year and verified according to the principles of the Global Reporting Initiative, details the progress of the Strategy in the two-year period.

Access here the Sustainability Report 2020 Video-Summary

A fundamental part of this Strategy is innovation, an element that is in FCC Medio Ambiente's DNA and is the basis of its competitive differentiation. In this line, its multi-award-winning 100% electric chassis-platform for urban service vehicles has continued to add awards in 2021, such as the Ecological Industrial Vehicle of the Year at the National Transport Awards. Likewise, the award of European funds to the H2TRUCK project, which aims to develop a heavy-duty chassis-platform with 100% electric propulsion powered by a hydrogen cell and lithium-ion battery hybrid system.

# FCC Ámbito (Industrial Waste)

FCC Ámbito specialises in the integrated management of industrial and commercial waste, recovery of by-products and decontamination of soil. Through innovative solutions for making the most of the resources contained in the different types of waste, Ámbito has become a strategic partner of industries and businesses which, in line with the circular economy, develop their activities ensuring environmental, social and economic sustainability. Overall, it has a total of 39 treatment centres across Spain and Portugal, with more than 67process lines that guarantee the performance of the facilities. Internationally, FCC Ámbito has a significant presence in Portugal, where it operates through its subsidiary ECODEAL.

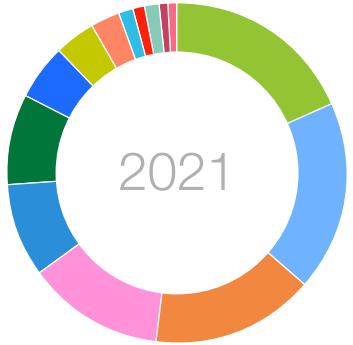
Within the Spanish market, throughout 2021, and despite the impact of the pandemic on production and consumption, an increase of industrial and commercial waste has continued to be observed. This rise has been driven by increased activity in certain industrial sectors which have managed to compensate for the decline in others more related to consumption. As a result, FCC Ámbito's activity shows a slight increase of 7% in the tonnes managed, thus consolidating the previous year trend. This growth is taking place in a context characterised by the intense competition established by the waste producers themselves and which is facilitated by the absence of subsequent responsibility of the producer when the waste is handed over to an authorised manager. Legislative changes coming into force tend towards greater control of waste traceability by the regional governments.

These changes will undoubtedly benefit waste management companies that have final treatment facilities, such as FCC Ámbito.

In Portugal, there has also been an increase in activity with the main recurring customers and a recovery of prices, so that the year closed above forecasts with an increase of 15% in tonnes.

Along this year, the industrial waste activity will continue to focus on the efficiency of operations and growing the activity. The incorporation of new technologies will allow FCC Ámbito to consolidate its position in the recycling and waste recovery markets, as that of a key player in the circular economy.

## TURNOVER 2021. GEOGRAPHIC LOCATION




| | |
|---|---|
| 18.4% Catalonia | 4.0% Asturias |
| 18.2% Portugal | 2.6% Castilla y León |
| 15.5% Community of Madrid | 1.5% Valencian Community |
| 12.9% Aragon | 1.2% La Rioja |
| 9.1% Basque Country | 1.2% Castilla-La Mancha |
| 8.6% Andalusia | 0.9% Extremadura |
| 5.2% Cantabria | 0.7% Navarre |

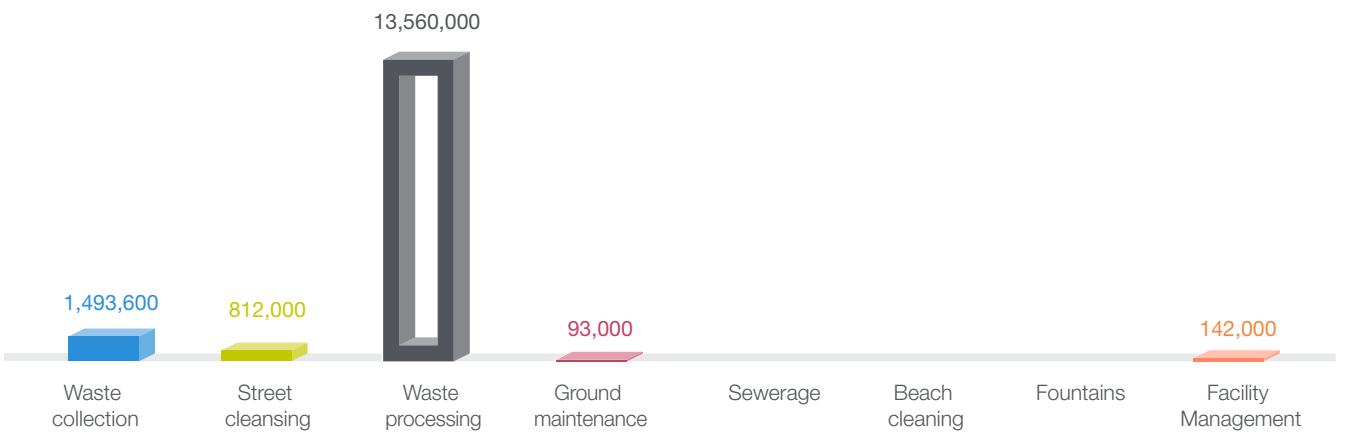
# FCC Environment UK

FCC Environment is one of the leading companies in the United Kingdom for comprehensive waste management and recycling and continues to focus on releasing the full potential from the resources it collects, targeting on greater volumes of reuse, recycling and the generation of green energy in line with Government policy as well as the regeneration of its landbank, bringing closed facilities back into positive economic use. The company has invested in a wide range of waste management facilities that aim to minimize the amount of waste disposed of at landfill sites by processing the material to ensure it reaches its full potential as a valuable resource.

Across the country, FCC Environment serves over 16 million citizens and in 2021 the business managed 6.2 million tonnes of waste as a resource, generating 117 MW of green energy from the waste than cannot be recycled.

In a year which saw the UK host COP26, the UN Climate Change Conference, the focus for the UK businesses has clearly been on delivering environmental excellence to get the country to Net Zero. On 20th April 2021, the Government in the UK announced a plan to reduce emissions 78% by 2035, compared to 1990 levels, and in October it released its Net Zero Strategy as part of COP26 commitments.

INHABITANTS SERVED 2021



FCC Environment has signed up to support this goal and the recycling and waste management sector's supporting plan to cut 8% of UK total greenhouse gas emissions to net zero by 2040, invest £10 billion and create 40,000 new jobs over the next decade.

Underpinning the push for Net Zero in the UK is the Environment Act, which was passed late in 2021 to set new, legally-binding, long-term national targets for environmental excellence. The Act regards important measures like a Plastics Tax to drive the use of recycled content in packaging, set the Extended Producer Responsibility ensuring the producer of packaging pays the full cost of its collection and either recycling or disposal, a Deposit Return Scheme for packaging and consistent collections for mandated food waste and a core list of materials and household-like business waste.

In this context FCC Environment´s performance in 2021 was excellent, with revenues of €708.3 million and a gross operating profit of €135 million, which represents increases of 17.02% and 31.40% respectively, compared to 2020.

As the COVID crisis continued to affect the globe, the UK business has been working hand in hand with the UK Government as well as municipal and business clients to ensure that the waste and recycling services offered to citizens and industry were maintained. FCC Environment in the UK is proud to have met this challenge in every way.

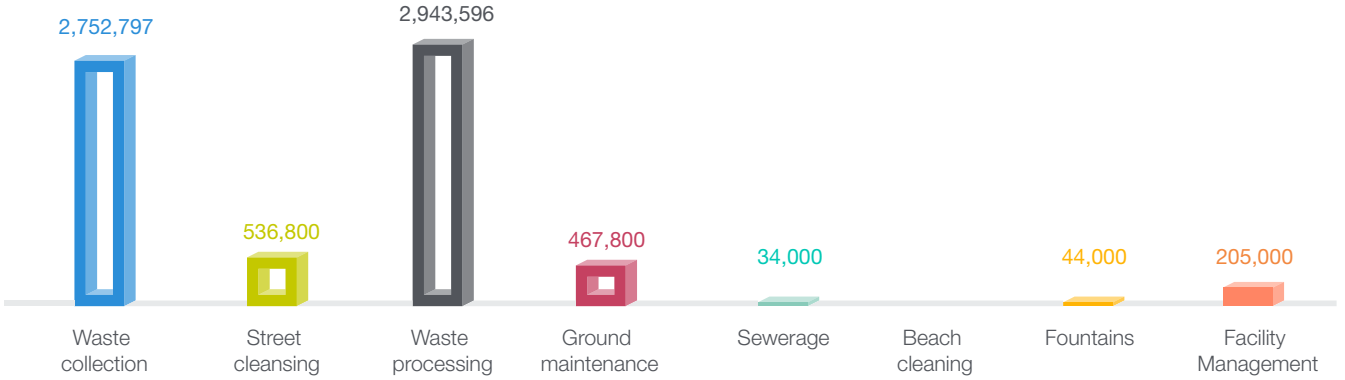
FCC Environment UK's performance in 2021 was excellent, with revenues of **€708.3 million and a gross operating profit** of **€135 million, which represents increases** of 17.02% and 31.40% respectively, compared to 2020

# FCC Environment CEE

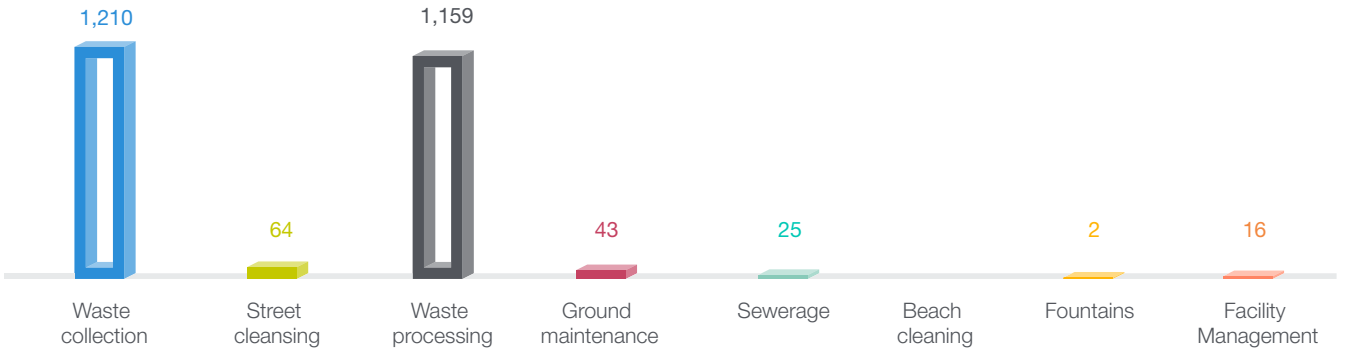
FCC Environment is one the leading global groups in Central and Eastern Europe (CEE) in the comprehensive management of urban solid waste and recovery of renewable energy. It applies innovative systems and the cleanest, most advanced technologies in the provision of quality services that are sustainable on the medium and long term and adapted to customers' needs.

The year 2021 saw a very successful performance for the Central-Eastern European business. Despite the sale of the Bulgarian activity in 2020, the annual turnover grew 18.5% compared to 2020, reaching €550.7 million, whereas EBITDA reached a value of €95.4 million and profit before tax €52.8 million, almost 30% and 180% year-to-year increase respectively. Order intake amounted to €588 million, a raise of nearly 39% on the prior year.

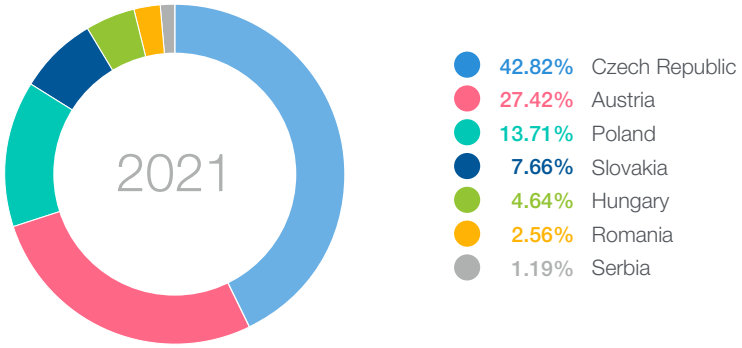
## INHABITANTS SERVED 2021




## MUNICIPALITIES SERVED 2021



## TURNOVER 2021. GEOGRAPHIC LOCATION



On one hand there was a significant GDP growth versus previous year, which led the segment of commercial and industrial waste to develop accordingly in all the countries. On the other hand, an exponential increase in secondary raw material prices took place, specially paper, ferrous metals and oil. Prices for paper thrived annually from an average of €50 per tonne to an average of €140, due to a high demand and shortage in supply. FCC Environment CEE marketed approximately 650,000 tonnes of secondary raw materials in 2021. A further boost in sales & profit was pushed by large-scale remediation projects in Czech Republic and Slovakia.

Finally, large tenders were awarded to the Group, many of which already affected this year's results. Among them, the collection and disposal services for the City of Bytom, in Poland with approximately 100,000 inhabitants; or the supply of landfill services to the community of Érd and surroundings, in Hungary, close to Budapest and with a population of around 100,000 inhabitants. In Austria, a 10-year disposal contract for the energy recovery facility of Zistersdorf with the Tyrolean Waste Management Association generated a backlog of €33 million, the largest single contract ever signed in the country.

During 2022 FCC Environment will continue the adaptation of the CEE countries business to the upcoming changes in the national waste management legislations due to the circular economy recycling and landfill deviation targets from the European Union, by developing waste-to-energy projects and promoting selective collections and sorting and bio-treatment plants.

# FCC Environmental Services USA

FCC Environmental Services is one of the top 20 companies in the United States for comprehensive management and recycling of urban solid waste. The company operates in the states of Texas, Florida and Nebraska. Across these states over 8 million inhabitants are served in 15 locations and in 2021 748,000 tonnes of waste and 272,500 tonnes of recyclable material were managed.

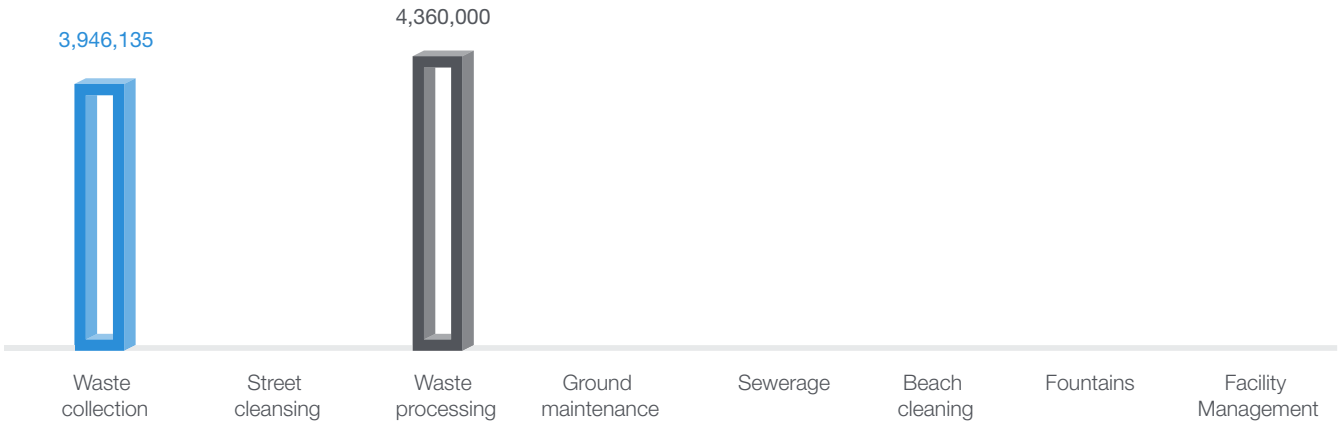
Just a few years after the start of the activity in the US, the market continues to offer important opportunities in the field of the solid waste management, in residential and commercial collection and in the treatment and recycling business.

Once again, 2021 has been exceptional with the award of several long-term contracts (up to 20 years) in some of the main municipalities in Florida, like Wellington and Hillsborough, and the acquisition of Premier Waste Services LLC, a commercial collection company in the Dallas-Fort Worth area.

FCC Environmental Services also successfully completed the startup of these two main contracts, Wellington and Hillsborough.

The acquisition of Premier Waste has consolidated the commercial business in 2021 and this fact will place FCC as the largest local commercial company in the Dallas-Fort Worth region.

## INHABITANTS SERVED 2021



# **Revenues** for 2021 reached **€111.9 million**, nearly a 50% increase on 2020

FCC Environmental Services Commercial Division has a total of seven locations across three states, including Texas (Houston and Dallas), Florida (West Palm Beach, Daytona Beach, Lakeland, and Orlando), and Nebraska (Omaha). Currently, the commercial business provides service to industrial customers such as ExxonMobil, Indorama Ventures, major manufacturing facilities and large universities.

There's a three-prong growth strategy for the commercial line of business. First, to sell front-load and roll-off services to small, medium and large businesses. Second, expanding the current customer's portfolio and market all the additional services that FCC has to offer. Third, bringing new customers in and selling them profitable business by capitalizing on/off cycle and annual price increases.

In 2021 the commercial line of business exceeded the budgeted revenues and profitability by 95% and 44% respectively. Commercial sales included over 1,200 new customers from all FCC's locations across the US. Regarding demographics of commercial customers, 60% are retail, 30% manufacturing and industrial customers and 10% miscellaneous.

Revenues for 2021 reached €111.9 million, nearly a 50% increase on 2020, and the expected figure once all the contracted business is running in 2022 will be around €250 million. In the second year of the COVID Pandemic the company multiplied its EBITDA by 2.3.

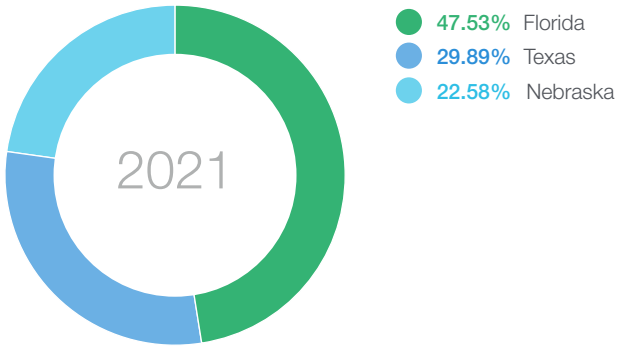
## 2021 FCC Environmental Services Activity

- City of Garland recycling material process contract renewal for 5 years (Texas, USA)
- Award of the solid waste collection contract for the Village of Wellington for 10 years (Florida, USA)
- Start of operations of the solid waste collection contract for the Village of Wellington (Florida, USA)
- Award of the solid waste collection contract for Hillsborough County for 8 years and 8 months (Florida, USA)
- Material Recycling Facilities of Houston and Dallas awarded the "gold level-certification" from the Glass Recycling Coalition of USA
- City of Mesquite recycling material process contract renewal for 1 year (Texas, USA)
- Expansion of the Omaha gas station (Nebraska , USA)
- Acquisition of Premier Waste Disposal (Texas, USA)

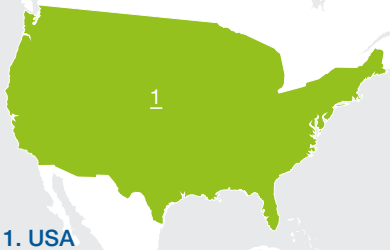
Facing 2022, FCC's strategy in USA is to keep tendering for and winning waste collection and recycling contracts and to consolidate the commercial business. It will also continue its vertical integration along the value chain, with the incorporation of post collection contracts and the acquisition of companies that fit in FCC's long-term development plan.

Regarding 2022, the Commercial line of business is budgeted to grow revenues over 60% YOY. This activity is one of the fastest growing businesses at FCC Environmental Services with limitless potential and upsides.

### TURNOVER 2021. GEOGRAPHIC LOCATION



# Activity in the Environment Area



## 1. USA

### FCC Environmental Services

**Hillsborough County (Florida)**
Waste collection.
*€247 million.*

**Village of Wellington (Florida)**
Waste collection.
*€119.11 million.*

**Garland (Texas)**
Management of recyclable materials.
*€12.35 million.*

**Mesquite (Texas)**
Management of recyclable materials.

**Huntsville (Texas)**
Management of recyclable materials.

**Dallas-Fort Worth (Texas)**
Acquisition of Premier Waste Services LLC.

## 2. SCOTLAND

### FCC Environment

**East Lothian**
Food waste and recyclables collection.
*€26.14 million.*

## 3. ENGLAND

### FCC Environment

**Buckinghamshire**
Management of nine Recycling Centres.
*€18 million.*

## 4. AUSTRIA

### FCC Environment

**West Tyrol Association**
Transport and treatment of municipal solid waste.
*€33 million.*

## 5. POLAND

### FCC Environment

**Zabrze**
Waste management.
*€11 million.*

**Tarnobrzeg**
Waste management.
*€7.5 million.*

## 6. ROMANIA

### FCC Environment

**Braila County**
Management of the Waste Treatment Plant.
*€6.5 million.*

## 7. SPAIN

### FCC Medio Ambiente

**Barcelona**
Waste collection and street cleansing.
*€830.87 million.*

**Madrid**
Street cleansing, ground and urban furniture maintenance.
*€652 million.*

Design, Building and operation of the new Organic Material Processing Plant at the Valdemingómez Technological Park.
*€33 million.*

**Pozuelo de Alarcón (Madrid)**
Waste collection and street cleansing.
*€149.97 million.*

**Valladolid**
Project, construction and operation of the Environmental Recovery Centre.
*€138.43 million.*

**Torrejón de Ardoz (Madrid)**
Waste collection and street cleansing.
*€129.58 million.*

**Cornellà de Llobregat (Barcelona)**
Waste collection, street cleansing and sewerage maintenance.
*€101.15 million.*

**Pamplona Region (Navarre)**
Project, construction and commissioning of the Environmental Recovery Centre.
*€66.19 million.*

Waste collection.
*€48.6 million.*

**Mataró (Barcelona)**
Waste collection and street cleansing.
*€50.86 million.*

**Torrox (Málaga)**
Waste collection, street cleansing and beach maintenance.
*€34.69 million.*

**Hospitalet de Llobregat (Barcelona)**
Ground and trees maintenance and renovation.
*€28.88 million.*

**Arcos de la Frontera (Cádiz)**
Waste collection and ground maintenance.
*€28.24 million.*

**Pinto (Madrid)**
Disposal site expansion works for the Southern Municipalities Association.
*€26.28 million.*

**La Ribera Municipal Association (Navarre)**
Street cleansing.
*€24.53 million.*

**Menorca (Balearic Islands)**
Beach and coastline cleansing.
*€7.26 million.*

### FCC Ámbito

**Aragón, La Rioja, Valencian Community and the provinces of Ávila and Segovia**
Selective collection and temporary storage of glass packaging waste managed by ECOVIDRIO.
*€13.5 million.*

## 8. PORTUGAL

### FCC Ámbito

**San Pedro da Cova**
Soil decontamination of an old mine.

# Highlights Environment 2021

Play

## January

- FCC Medio Ambiente reinforces its presence in the East of Spain with the waste collection and street cleansing contract in Elche (Alicante, Spain)
- FCC Medio Ambiente's ie-Urban wins Spain's Ecological Industrial Vehicle of the Year 2021 award (Spain)
- FCC Environment achieves five-star grading in the British Safety Council's Occupational Health and Safety Audit (United Kingdom)
- FCC Environment´s waste collection and street cleansing contract in the Sousa Valley starts operations (Portugal)

## February

- FCC Medio Ambiente renews the contract for waste collection, street cleansing and sewerage maintenance in Cornellà de Llobregat (Barcelona, Spain)
- FCC Medio Ambiente reinforces its commitment to Barcelona with a new contract for waste collection and street cleansing (Spain)

## March

- The Environmental Compound of the East Madrid Municipalities Association starts operations (Madrid, Spain)
- FCC Medio Ambiente presents its new Sustainability Strategy 2050 (Spain)
- FCC Medio Ambiente renews the contract for waste collection with the Municipalities Association for the region of Pamplona (Navarre, Spain)

## April

- FCC Medio Ambiente honoured with the Distinction for Equality at the Company (Spain)
- FCC Environment reinforces its presence in the UK with the contract for food waste and recycling collection in East Lothian (Scotland)
- FCC Ámbito participates in a wind-turbine blade recycling project to promote circular economy (Spain)

## May

- FCC Medio Ambiente renews the contract for waste collection and street and beach cleansing in Mataró (Barcelona, Spain)
- FCC Environment receives double accolade at the International Institute of Risk and Safety Management (IIRSM) Excellence Awards 2021 (United Kingdom)
- FCC Environmental Services reinforces its presence in Florida with a new contract in the Village of Wellington (USA)

## June

- FCC Medio Ambiente is awarded the contract for the refurbishment and operation of the Valladolid Environmental Centre (Spain)
- FCC Medio Ambiente first entity in the sector to join the Corporate Network for LGBTI Diversity and Inclusion (Spain)
- FCC Medio Ambiente honoured at the IV Diversity and Inclusion Awards for Best practice in labour inclusion by the 4th CSR Master Plan 2018-2020 (Spain)
- FCC Environmental Services reinforces its leadership position in Florida with a contract in Hillsborough County (USA)

## July

- FCC Environmental Services obtains Gold Glass certification for its Dallas and Houston recycling facilities in the USA
- FCC Environment expands its activities to the West Tyrol region (Austria)
- FCC Ámbito awarded the glass management contract by Ecovidrio for the Autonomous Regions of Aragón, La Rioja, Valencia and the provinces of Ávila and Segovia (Spain)

## August

- FCC Medio Ambiente renews the 'Calculo-Reduzco' ('Calculate-Reduce') seal granted by the Spanish Office for Climate Change (Spain)

## September

- FCC Medio Ambiente takes charge of the waste collection and street cleansing service in Torrejón de Ardoz (Madrid, Spain)

## October

- FCC Medio Ambiente renews its commitment to Madrid city services (Spain)
- FCC Medio Ambiente will build and operate the new organic material treatment facility in Valdemingómez, Madrid (Spain)
- FCC Environment is awarded the contract for the urban waste collection and treatment services for the city of Tarnobrzeg (Poland)

## November

- FCC Medio Ambiente publishes its eighth Sustainability Report aligned with the SDGs (Spain)
- FCC Environment delivers its 2021 Avanza Awards for quality, innovation, environment, and social initiatives (Spain)

## December

- FCC Medio Ambiente takes charge of waste collection and street cleansing in Pozuelo de Alarcón (Madrid, Spain)
- FCC Medio Ambiente awarded as a business showcase of best practice and sustainability in promoting health in the workplace (Spain)

2021

# Other highlights

### Distribution table of eligible investments by category in 2020

| CATEGORY | SDGs | Investment (Million €) | (%) |
|---|---|---|---|
| Pollution prevention and control | | 191 | 94.86% |
| Energy Efficiency | | 0.63 | 0.31% |
| Clean Transportation | | 8.38 | 4.16% |
| Biodiversity Conservation | | 1.33 | 0.66% |
| **TOTAL** | | **201.34** | |

### Distribution table of eligible investments by category in 2019

| CATEGORY | SDGs | Investment (Million €) | (%) |
|---|---|---|---|
| Pollution prevention and control | | 744.52 | 90.35% |
| Energy Efficiency | | 11.72 | 1.42% |
| Clean Transportation | | 60.40 | 7.33% |
| Biodiversity Conservation | | 7.37 | 0.89% |
| **TOTAL** | | **824.01** | |

## Second external verification audit on the Green Bond annual report of FCC Servicios Medio Ambiente Holding S.A.U.

During 2021, the company DNV GL Business Assurance España, S.L. (DNV GL) has carried out the second external verification audit of the Green Bond annual report of FCC Servicios Medio Ambiente Holding S.A.U., on the use of the resources from the Bond until 31st December 2020

In November 2019 FCC Servicios Medio Ambiente Holding, S.A.U. published its framework for the issuance of sustainable bonds, linked to the United Nations Sustainable Development Goals (SDGs). Days later, FCC Servicios Medio Ambiente Holding S.A.U. issued its first green bond for a total of €1.1 billion.

At the close of 2020 more than €1.025 billion had already been allocated to projects for prevention and control of pollution, energy efficiency, vehicles powered by clean energies and biodiversity protection.

These investments have generated significant environmental benefits in the communities in which FCC Servicios Medio Ambiente operates. Thus, with projects in Spain, Portugal and United Kingdom, 2.7 million tonnes of $CO_2$e of Greenhouse Gas (GHG) emissions have been avoided.

# IBERIA

## FCC Medio Ambiente Spain

### FCC Medio Ambiente takes charge of waste collection and street cleansing in Pozuelo de Alarcón (Madrid)

Pozuelo de Alarcón City Council renewed its trust in FCC Medio Ambiente and awarded the company the contract for the city's waste collection and street cleansing services, as it has been doing since 1983. The new contract involves a €150 million order book value for a 10-year period. To serve the 83,800 inhabitants of the municipality, the service has a workforce of around 240 people and a fleet of 96 vehicles and specialised machinery. The fleet is almost entirely ECO or Zero Emission environmental label. FCC Medio Ambiente's commitment to the city's sustainable development goes beyond the environmental sphere, so the company actively collaborates with the Gil Gayarre Foundation, whose mission is to attend to and support the life projects of people with intellectual disabilities and their families.

### FCC Medio Ambiente renews its commitment to Madrid city services

Madrid City Council has awarded FCC Medio Ambiente the service contracts of two lots for street cleansing and another two for the comprehensive ground maintenance, which will serve more than one and a half million inhabitants. These services, together with the recent award of the maintenance of urban furniture service for lots 1 and 2, which cover the seven districts of the city's central area, represent a total portfolio of €652 million. To serve the 1,800,000 inhabitants, cover 2,300 kilometres of streets, 1,500 hectares and 166,000 trees, the contract has a fleet of more than 540 vehicles and a staff of more than 1,100 people. It should be noted that a large majority of the street cleansing vehicles and all of ground maintenance vehicles will be ECO or Zero Emission electric vehicles, which demonstrates Madrid City Council's commitment to a more sustainable and environmentally friendly city.

### Awarded the contract for waste collection and street cleansing in Torrejón de Ardoz (Madrid)

Torrejón City Council has awarded a joint venture led by FCC Medio Ambiente the contract for municipal solid waste collection and street cleansing for the next 10 years for more than €142 million. FCC Medio Ambiente has been providing services in one of the most important towns in the Corredor del Henares area since 1983. The new service, which has a staff of 204 people, is based on greater mechanisation in the provision of services and on increasing the human and material resources on the streets, such as mixed sweeping and washing teams. 80% of the fleet will be renewed with low-emission hybrid, electric and Compressed Natural Gas (CNG) vehicles, which will have their own refuelling facilities.

# IBERIA

## FCC Medio Ambiente Spain

### FCC Medio Ambiente will build and operate the new organic material treatment facility in Valdemingómez (Madrid)

The Madrid City Council has awarded a Joint Venture led by FCC Medio Ambiente the contract for the construction and operation of a new organic material treatment facility at the Valdemingómez Technological Park, which will serve the city's more than three million inhabitants. The order book value amounts to €33 million for a term of 4 years and 9 months with a possible 2-year extension. The plant is expected to be fully operational in 2023. The technological solution awarded will guarantee a high-quality level of the more than 37,000 tonnes per year of compost expected to be obtained in the production process, which will facilitate its use as class-A compost or fertiliser in accordance with the legal criteria established for this purpose.

### FCC Medio Ambiente is awarded the contract for the refurbishment and operation of the Valladolid Environmental Centre

A Temporary Joint Venture led by FCC Medio Ambiente has been awarded the contract for the refurbishment and operation of the Domestic Waste Treatment and Disposal Centre (CTR in Spanish) by the Valladolid City Council, which serves 521,000 inhabitants all over the province. The total contract portfolio amounts to €138.43 million for a period of 11 years. The investment in the refurbishment of the environmental complex is around €45 million, it will be carried out along 15 months and aims to adapt the facility to the new waste management legislation. The new design is based on five separate lines for processing the corresponding collection fractions: organic or separately collected organic fraction (in Spanish, FORS), inorganic or residual fraction, lightweight packages, paper-cardboard, and glass. The new plant is scheduled to be operational at the end of 2022 and the contract provides for a 9-year operating period.

### FCC Medio Ambiente reinforces its commitment to Barcelona with a new waste collection and street cleansing contract

Barcelona City Council has signed with FCC Medio Ambiente the new waste collection and street cleansing contract for the city centre and Ciutat Vella. The total order book value of the contract amounts to €830.87 million and is expected to last for eight years with the possibility of a two-year extension. FCC Medio Ambiente has been providing environmental services in Barcelona since 1911, with the first collection and cleaning contract dating back to 1915. It is worth highlighting the city council's commitment to sustainable development and to the environment, since of the 572 vehicles to be incorporated into the contract, more than 93% will have a ZERO or ECO environmental label, with 65% electric or electro-hybrid vehicles and 28% Compressed Natural Gas (CNG). The most notable novelty in waste collection is that the services have been designed to increase the selective collection rate from the current 36% to 55% by 2025. The service will be staffed by a team of more than 1,081 people.

# IBERIA

## FCC Medio Ambiente Spain

### FCC Medio Ambiente renews the contract for waste collection, street cleansing and sewerage maintenance in Cornellà de Llobregat (Barcelona)

FCC Medio Ambiente has signed the renewal of the contract for waste collection, street cleansing and sewerage maintenance in Cornellà de Llobregat for a period of 10 years. The total order book value amounts to €100 million. FCC Medio Ambiente has been linked to the municipality for nearly 35 years. To attend to the almost 90,000 inhabitants of the city, the service has a staff of 145 people and a fleet of 61 vehicles and specialised machinery.

### FCC Medio Ambiente renews the contract for waste collection with the Municipalities Association for the region of Pamplona (Navarra)

FCC Medio Ambiente signed with the company Servicios de la Comarca de Pamplona S.A. (SCPSA, Services for the Region of Pamplona) the renewal of the contract for the collection of solid urban waste for four years and an order book value of €48.6 million. The relationship with the Municipalities association of Pamplona, made up of 50 municipalities in Navarre, comes from September 1985, and the service has been provided uninterruptedly since that date. The contract provides service to more than 370,000 inhabitants with a fleet of 109 vehicles, to which 12 new units will be added, and from 2022 onwards the entire fleet will begin to be renewed with Compressed Natural Gas (CNG) vehicles, in line with the association´s concern to achieve a cleaner and more sustainable environment. The workforce is formed by 183 people.

### "La Campiña" Resource Recovery Centre in Loeches, for the Eastern Municipalities Association of the Region of Madrid, starts operations

'La Campiña' comprehensive Resource Recovery Centre (RRC) owned and promoted by the Eastern Municipalities Association of the Region of Madrid, and developed and operated by ECOMESA, 100% subsidiary of FCC Medio Ambiente, is located in the municipality of Loeches. It extends over a 60-hectare site and serves the more than 735,000 inhabitants of the 31 municipalities that make up the Eastern Association. The entry into service of the complex, on 1st April 2021, will avoid the annual emission of 90,000 tonnes of $CO_2$, give a definitive boost to the Circular Economy model in the Community of Madrid and meet the demanding recycling and landfill diversion targets of the European Union.

The facility, which supposed an investment of over €130 million is at the forefront of waste recovery and recycling technology in Europe, with the capacity to process up to 265,000 tonnes per year.

# IBERIA

## FCC Medio Ambiente Spain

### Repair work on the Can Caralleu sewerage collector in Barcelona has been completed

FCC Medio Ambiente has repaired the collector of Barcelona's sewerage network that collects the water at the top of the Can Caralleu basin. The company has carried out the necessary actions and works on the collector and associated structures as a result of the blockage that caused the retention of the water that usually flows through the collector and caused serious drainage problems, including a "cushion" effect on the passage of vehicles. In order to access the collapsed area safely, a structural foundation pit of 75 square metres and 17-metre deep was built. Some of the main actions carried out were: earth-moving to prepare the working platform, soundings to locate the collector, repair of the collapsed section of the collector and its auxiliary structures, and reconstruction of the retaining wall.

## FCC Ámbito

### FCC Ámbito awarded the glass management contract for Ecovidrio

FCC Ámbito has been awarded for its glass recycling division the public contract for the selective collection and temporary storage of glass packaging waste managed by ECOVIDRIO for the Autonomous Regions of Aragón, La Rioja, Valencia and the provinces of Ávila and Segovia, the latter through the Group company Marepa. The contract represents an order book value of €13.5 million for a period of eight years from 1st February 2022 in the regions of Aragón and La Rioja, Ávila and Segovia; and three years for the Valencian Community. FCC Ámbito has been providing uninterrupted service in these regions for more than 25 years, reaffirming its commitment to building more sustainable societies and strengthening the environmental values that unite the firm with ECOVIDRIO, the integrated glass management system with which it has been collaborating since its creation. This new contract involves collecting 62,000 tonnes/year of selective glass, which are placed in more than 20,000 containers (bottle banks) located throughout the country.

### Finalisation of the second phase of soil decontamination in San Pedro da Cova (Portugal)

FCC Ámbito, through its Portuguese subsidiary ECODEAL, has executed the second phase of soil decontamination of an old mine located in the Portuguese town of San Pedro da Cova. During this phase, 163,000 tonnes of waste and contaminated soil have been removed. Most of the waste was transported via the railway network, with the consequent reduction of the carbon footprint, calculated at 461,161 kilograms of $CO_2$e.

### Waste management contract at the Port of Seville

FCC Ámbito was awarded the waste management contract in the Port of Seville for a total of €1.2 million. The work was carried out in several phases throughout 2020 and 2021 and nearly 11,000 tonnes of various types of waste from an old industrial facility were managed.

# IBERIA

## FCC Ámbito

### New waste linked to the energy transition

FCC Ámbito has continued to take firm steps to develop new lines of business related to the management of emerging waste linked to the energy transition, such as wind turbine blades, photovoltaic panels and electric vehicle batteries. During this year, a project has been launched to recycle wind turbine blades from the repowering of wind farms or those that have reached the end of their useful life or are defective, in which FCC Ámbito contributes its extensive experience in the recycling and commercialization of Secondary Raw Materials (SRM). This industrial-scale project would place Spain at the technological forefront of this industry in Europe and would contribute to the creation of more than 400 direct jobs and an innovative and exporting value chain.

# UNITED KINGDOM

## FCC Environment UK

### Buckinghamshire Council awards Household Recycling Centres contract to FCC Recycling (UK) Ltd.

Buckinghamshire Council has awarded the new contract to manage and operate its nine Household Recycling Centres to FCC Recycling UK Ltd., FCC Environment UK's subsidiary (which in turn is 100% owned by FCC Servicios Medio Ambiente) as it has been doing since 2012. This renewal is worth £15 million (nearly €18 million) for a 5-year period with a possible extension of 5 years. The contract will serve 221,200 households representing more than 540,000 inhabitants and started operations on 1st April 2022. The awarded sites cover a total land area of over 1,500 $km^2$ and handle more than 60,000 tonnes of waste a year.

BRITISH SAFETY COUNCIL

Five Star Occupational Health and Safety Audit 2020

### Five-star grading in the British Safety Council's Occupational Health and Safety Audit

FCC Environment has successfully completed the best practice Five Star Occupational Health and Safety Audit conducted by the British Safety Council, demonstrating its commitment towards the continual improvement of their health and safety management systems. The company underwent a comprehensive, quantified and robust evaluation of its occupational health and safety policies, processes and practices. The audit procedure included documentation review, interviews with senior management, employees and other key stakeholders, together with sampling of operational activities. They have also demonstrated to an independent panel of experts that they are excellent in their health and safety management throughout the business – from the shop floor to the boardroom.

# UNITED KINGDOM

## FCC Environment UK

### FCC Environment UK reinforces its presence in the UK with the contract for food waste and recycling collection in East Lothian

East Lothian Council has awarded FCC Environment the contract for food waste and recycling collection for a term of eight years. The total order book value of the contract amounts to £22.4 million (€26.14 million); service began on 1st May of this year. To service around 106,000 inhabitants of East Lothian, there will be 15 recycling vehicles and a staff of more than 40 people. Approximately 7,255 tonnes of recyclable material and 2,954 tonnes of food waste are collected annually. With the population expected to grow significantly over the length of the contract, FCC Environment will have a clear focus on driving up recycling rates and improving material quality in line with the Scottish Government's Household Recycling Charter.

### FCC Environment receives double accolade at the International Institute of Risk and Safety Management (IIRSM) 2021 Risk Excellence Awards

FCC Environment has won two prestigious accolades at the Risk Excellence Awards from the International Institute of Risk and Safety Management (IIRSM). The company won the Barry Holt Award for Outstanding Risk Practice and Paul Stokes, its head of Safety, Health, Environment and Quality, was awarded the IIRSM President's commendation. In the past few years, FCC Environment´s commitment with health and safety has been recognised with several awards, such as the 2020 International Safety Award granted by the British Safety Council or the Sword of Honour distinction which recognises companies that achieve excellence in risk management and occupational safety, among others.

### The development of the Lostock Waste-To-Energy plant continues

Work continues with the first phase of the Energy from Waste (EfW) plant in Lostock which will be one of the largest EfW plants in the UK and Europe. It will have an electrical output of 60MW, enough to meet the needs of 110,000 homes, and will offset more than 200,000 tonnes of $CO_2$ per year. Located in the Northwest of England, it will process 600,000 tonnes of waste per year contributing to the UK government's strategy to reduce landfill and waste export. In April 2019, Copenhagen Infrastructure Partners (CIP) and FCC Environment jointly started the development of the facility which represents an investment of €570 million.

# CENTRAL AND EASTERN EUROPE

## FCC Environment CEE

### Waste Collection and treatment contract in Tarnobrzeg (Poland)

FCC Environment has strengthened its position in Poland with the award of the waste collection and treatment contract for the city of Tarnobrzeg. The company has thus secured a turnover of around €7.5 million for the next three years. The collected waste will be treated at FCC Environment's treatment plant in Tarnobrzeg.

### Awarded the contract for waste collection and treatment in Zabrze (Poland)

A consortium led by FCC Environment has successfully participated in the public contracting process for waste collection and treatment services for the city of Zabrze in Poland. The contract represents a turnover of €11 million for the next two years and ensures greater utilisation of the increased capacity of the company's treatment plant located in Zabrze.

### Awarded the tender for the operation of waste treatment facilities in Braila County (Romania)

FCC Environment has won the tender for the operation of waste treatment facilities in Braila County, Romania. The company has been appointed to operate a transfer station, a sorting plant and a landfill in the region for the next eight years, with an order book value of €6.5 million. Thanks to this success, FCC Environment significantly expands its geographical reach in Romania.

# CENTRAL AND EASTERN EUROPE

## FCC Environment CEE

### FCC Environment Austria expands its activities to the West Tyrol

FCC Austria Abfall Service AG has been awarded the contract for the transport and treatment of the municipal waste of the West Tyrol Waste Disposal Association (ABV Abfallbeseitigungsverband Westtirol). The contract, which started on 1st January 2022, has a term of five years, can be extended for up to 5 more years and represents an order book value worth up to €33 million. The waste will be transported from the Roppen transfer station, which is operated by the Contracting Authority, to the waste-to-energy facility of FCC Zistersdorf Abfall Service GmbH (100% subsidiary of FCC Austria Abfall Service AG) where it will be thermally recycled in accordance with the legal conditions and official requirements. The transportation of the approximately 20,000 tonnes of waste per year will be carried out via an intermodal MOBILER system with 53 $m^3$ containers. Most of the journey (634 kilometres) will be done by rail. This solution is extremely environmentally friendly and avoids the emission of more than 1,400 tonnes of $CO_2$ every year.

### Ending of soil remediation works at the wastewater treatment facility of Mořina (Czech Republic)

FCC Environment successfully completed in June the soil remediation project at the former wastewater treatment plant in the city of Mořina, near Prague (Czech Republic). The aim of the project was to remove soil contaminated by heavy metals that were a source of pollution for surface water and groundwater near the Budňanský stream. The area of the remediation works exceeded 4,000 $m^2$ and a total of 11,603.95 tonnes of waste was removed. The excavation sites were backfilled with inert material and covered with humus soil. As part of the land reclamation, 1,120 broad-leaved trees and 330 shrubs with the capacity to absorb heavy metals through their root system were also planted. The total investment of the project was €2.1 million.

### FCC Environment continues remediation works at KIV/CIZ sewage lagoon (Czech Republic)

For the decontamination and recovery of the sewage lagoon of DIAMO s.p FCC's own patented technology is being used, based on the formation of an elastic final cover made by shredded end-of-life tyres and other recovery materials, mainly own certified products from the Hůrka and Temelín facilities. In 2021, 227,000 tonnes of both non-hazardous and hazardous waste were received at the Hůrka facility and used to produce the certified material. Approximately 560,000 tonnes of materials were used in the year in the rehabilitation of the KIV/C1Z lagoon; of these, 292,000 tonnes were of certified product, 80,000 tonnes of tyres and 188,000 tonnes of other materials. The project turnover was €9.6 million. For the remediation process, 188,000 tonnes of materials were transported to a railway siding, which has been restored and upgraded together with DIAMO s.p.

# USA

## FCC Environmental Services

### FCC Environmental Services acquires a company in the USA

FCC Environmental Services has made its first acquisition in the North American market with Premier Waste Services, a company that has been providing commercial solid waste collection services in the Dallas-Fort Worth metropolitan area for more than 20 years. The company serves over 4,000 contracts with a fleet of more than 50 lorries. Premier's historical presence in the main commercial market in Texas, together with the experience of its workforce, assets, customer base and synergies with the existing FCC Environmental Services business, will be a real catalyst for the growth of FCC's commercial division in the area.

### FCC Environmental Services obtains Gold Glass certification for its Material Recycling Facilities in the USA

FCC Environmental Services, has recently obtained the Gold Glass certification by the Glass Recycling Coalition for its Dallas and Houston Material Recycling Facilities (MRFs). This certification recognises the production of top-quality glass, as well as the efficient and state-of-the-art technology used for its recovery. It is one of the first companies in the country and the first in Texas to obtain this certification for material recovery plants. The US Glass Recycling Coalition evaluated the technology used and the saleability of the final product according to the glass quality specifications of the Institute of Scrap Recycling Industries (ISRI).

### Leadership position in Florida with the contract in Hillsborough County

Hillsborough County (Florida) has awarded FCC Environmental Services the largest of the three lots in the new contract of residential and commercial solid waste collection. The contract foresees a term of eight years and eight months, with a potential extension of 4 years, and represents a total order book value of $280 million (around €230 million). This agreement also grants FCC the exclusive franchise to provide the commercial collection service in the area which will add further $100 million to the backlog. To service the city's 105,000 residences in the awarded area and cover the apartment blocks and commercial collection service, a fleet of 96 Compressed Natural Gas (CNG) lorries will be put into service. The mentioned fleet will be based at newly built facilities and will also include the necessary gas refuelling station.

# USA

## FCC Environmental Services

### New contract for the residential urban solid waste collection service in The Village of Wellington (Florida)

The Village of Wellington in Palm Beach County (Florida) has awarded FCC Environmental Services the new contract for the residential urban solid waste collection service. The contract foresees a term of 10 years, with a possible five-year extension, and the order book value amounts up to $135 million (around €112 million). The service started on 30th December 2021 and it also includes attending more than 670 commercial businesses. This contract will be managed from the company's existing facilities in the county, taking advantage of operational synergies and demonstrating FCC Environmental Services' commitment to environmental sustainability.

### FCC Environmental Services awarded 3-year contract with the City of Garland (Texas)

FCC Environmental Services has been awarded the city of Garland's $14 million (about €12.5 million) three-year recyclables management contract. With this contract, the company will process nearly 14,000 tonnes of recyclables produced each year by Garland's 230,000 residents at its recently opened recycling plant in Dallas, Texas.

### FCC Environmental Services awarded new contracts and renewals in Texas and Nebraska

FCC Environmental Services strengthens its presence in the states of Texas and Nebraska with new contract awards and renewals. On one hand, it has been awarded a new waste collection contract in Omaha (Nebraska) for one year, and the contract for the city of Mesquite (Texas) for the management of recyclables has been extended. On the other hand, it has renewed for one year the contract for the management of recyclables for the city of Huntsville, a service provided at the company's recycling plant in Houston, Texas.

# Excelence and sustainibility

## Service excellence

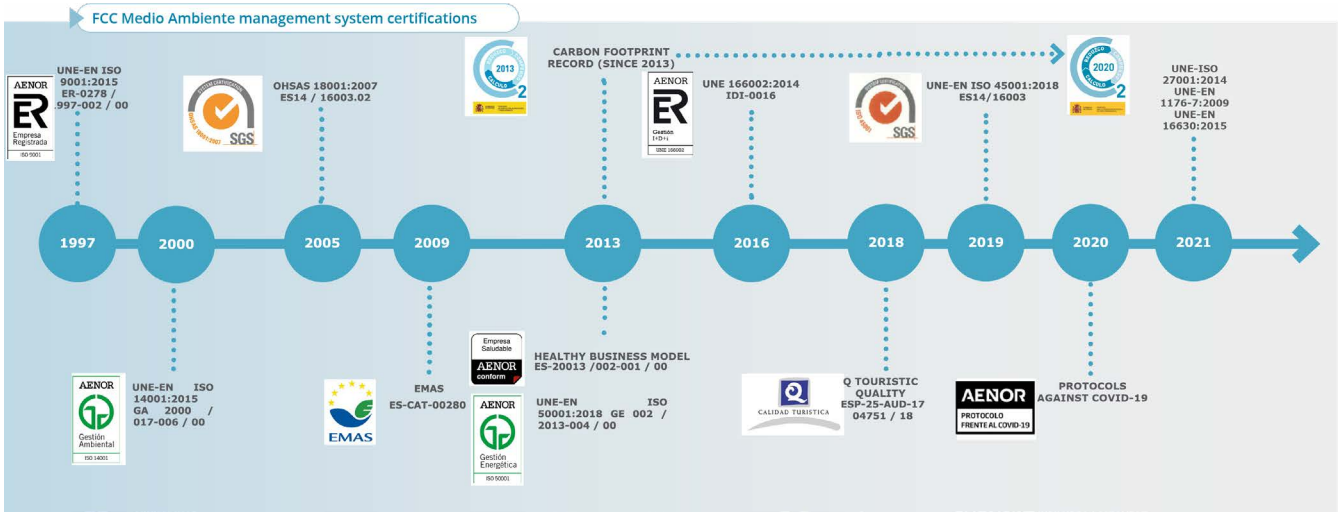
FCC Medio Ambiente's commitment to excellence benefits its entire value chain, from customers, suppliers, employees and, of course, all the citizens living in the communities in which the company provides services, mainly public customers.

For all these reasons, the services offered must have the alliances of all stakeholders and must respond to their expectations and to the trends in sustainability that mark the environment in the medium and long term in a constantly evolving context.

Since its implementation nearly 25 years ago, the FCC Environment Management System has evolved towards a 360º integrated system model (quality, environment, OHS, R&D&I and energy efficiency), based on the requirements of the main international standards of recognised prestige and standardises the work methodology developed in all the company's contracts, guaranteeing that the processes are carried out with rigour and in accordance with common procedures.

The Management System is an effective tool for assuring excellence to all stakeholders regarding quality, socially and environmentally sustainable and innovative services. The constant concern for customer satisfaction and the improvement of environmental performance is what led FCC Medio Ambiente to implement and certify management systems since 1997. The system includes procedures for Quality, Environment, Occupational Health and Safety, Energy Efficiency, Healthy Organisation, the AENOR COVID-19 Protocols and even Tourism Quality. Taking a further step forward in 2021, FCC Medio Ambiente has certified the information security system, specifically VISION, the "Smart platform for the delivery of services to cities", the tool for comprehensive management which allows to meet objectives for excellence thus responding to current and future requirements from customers, referred to the provision of services.

The following graphic shows the historical evolution of the certifications or accreditations obtained in Spain by FCC Medio Ambiente:



# 2021 Excellence Highlights

- Achievement of the certification in information security under the UNE-ISO/IEC 27001:2014 standard. The VISION comprehensive management tool was certified, enabling FCC Medio Ambiente and all its affiliates to meet the objectives set and respond to current and future requirements from customers referred to the provision of services.
- Verification of the carbon footprint corresponding to the previous year's data. The Greenhouse Gas (GHG) emissions inventory totalled 2,256,356 $tCO_2e$ in 2020, of which 364,836.15 $tCO_2e$ corresponded to scopes 1+2. Most of the emissions in these scopes are due to emissions associated with energy consumption (45%) and diffuse methane emissions in landfills (39.8%) under operational control. Biological treatment has a clear advantage over the landfill disposal option in terms of emissions (15.2%), so a roadmap has been set out in the 2050 Sustainability Strategy to promote biological treatment in order to achieve the target of limiting landfilling to 10% by 2035. In the period 2018-2020, a reduction of 4.28% in the average emission intensity was achieved compared to the previous three-year period, thus obtaining for the second consecutive year and the third time in its history the "Calculo-Reduzco" ("I calculate – I reduce") seal awarded by the Spanish Office for Climate Change (OECC in Spanish) belonging to the Ministry for the Ecological Transition and Demographic Challenge.

  The OECC has recently awarded FCC Medio Ambiente the 2020 "Compenso" ("I compensate") seal to add to the previous "Calculo-Reduzco", for making effective the commitment to reduce and participate in a $CO_2$ absorption project. Seeking to boost the environmental axis of its 2050 Sustainability Strategy #ES2050. In order to partially offset its carbon footprint, the company is working with the organisation *Bosques Sostenibles* on a certified reforestation project for 40 years in the *Sierra de Gredos*.

AENOR

Certificado del Sistema de Gestión de Seguridad de la Información

SI-0028/2021

AENOR certifica que la organización

FCC MEDIO AMBIENTE, S.A.U.

dispone de un sistema de gestión de seguridad de la información conforme con la Norma UNE-ISO/IEC 27001:2014

para las actividades: Detalladas en el anexo al Certificado

que se realizan en: Direcciones indicadas en el Anexo

Fecha de primera emisión: 2021-04-29
Fecha de expiración: 2024-04-29

Rafael GARCIA MEIRO
Director General

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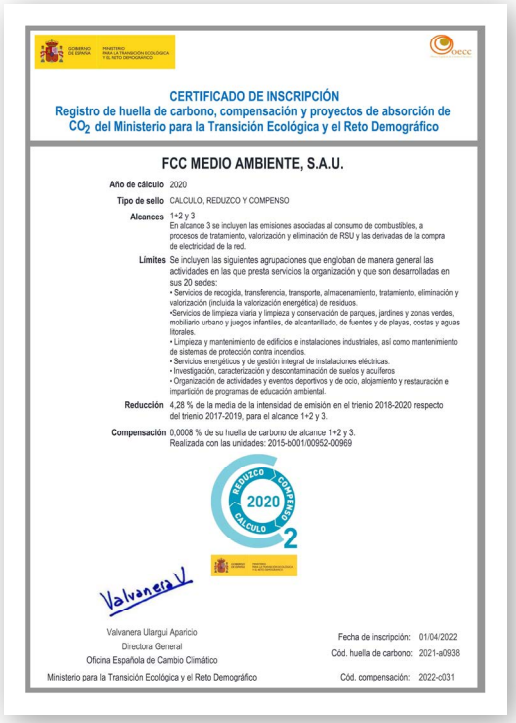
Tel. 91 432 60 00 - www.aenor.com



CERTIFICADO DE INSCRIPCIÓN
Registro de huella de carbono, compensación y proyectos de absorción de $CO_2$ del Ministerio para la Transición Ecológica y el Reto Demográfico

FCC MEDIO AMBIENTE, S.A.U.

Año de cálculo 2020

Tipo de sello CALCULO, REDUZCO Y COMPENSO

Alcances 1+2 y 3
En alcance 3 se incluyen las emisiones asociadas al consumo de combustibles, a procesos de tratamiento, valorización y eliminación de RSU y las derivadas de la compra de electricidad de la red.

Límites Se incluyen las siguientes agrupaciones que engloban de manera general las actividades en las que presta servicios la organización y que son desarrolladas en sus 20 sedes:
• Servicios de recogida, transferencia, transporte, almacenamiento, tratamiento, eliminación y valorización (incluida la valorización energética) de residuos.
•Servicios de limpieza viaria y limpieza y conservación de parques, jardines y zonas verdes, mobiliario urbano y juegos infantiles, de alcantarillado, de fuentes y de playas, costas y aguas litorales.
• Limpieza y mantenimiento de edificios e instalaciones industriales, así como mantenimiento de sistemas de protección contra incendios.
• Servicios energéticos y de gestión integral de instalaciones eléctricas.
• Investigación, caracterización y descontaminación de suelos y acuíferos
• Organización de actividades y eventos deportivos y de ocio, alojamiento y restauración e impartición de programas de educación ambiental.

Reducción 4,28 % de la media de la intensidad de emisión en el trienio 2018-2020 respecto del trienio 2017-2019, para el alcance 1+2 y 3.

Compensación 0,0008 % de su huella de carbono de alcance 1+2 y 3.
Realizada con las unidades: 2015-b001/00952-00969

Valvanera Ulargui Aparicio
Directora General
Oficina Española de Cambio Climático
Ministerio para la Transición Ecológica y el Reto Demográfico

Fecha de inscripción: 01/04/2022
Cód. huella de carbono: 2021-a0938
Cód. compensación: 2022-c031

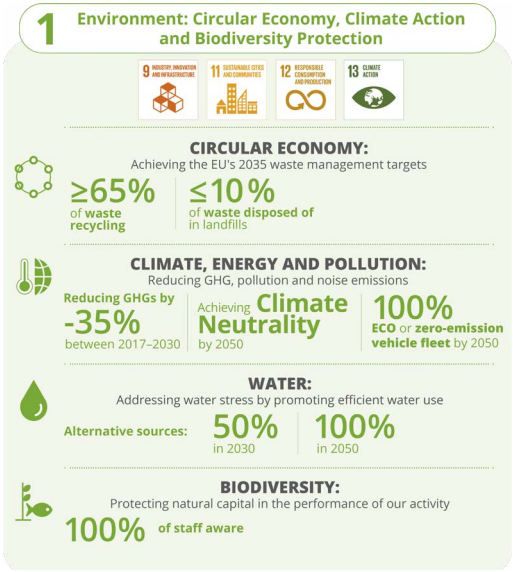
# Sustainability

## 2021 Sustainability highlights

There have been several important milestones in terms of sustainability within FCC Medio Ambiente during the year 2021:

- FCC Medio Ambiente launched its **Sustainability Strategy** with a vision to **2050,** aimed at all activities in Spain and Portugal. It is an ambitious 30-year project, reflecting the company's commitment to support the achievement of the Sustainable Development Goals (SDGs) and address economic, social and environmental challenges at a global scale.

The 2050 Sustainability Strategy reflects the commitment to support the achievement of the **Sustainable Development Goals** and **address economic, social and environmental** challenges at a global scale



- Verification of the 2019-2020 Sustainability Report which publishes the achievements of the Sustainability Action Plan 20-22. This Plan is based on an integrated and inclusive management model, aligned with the principles of the 2050 Sustainability Strategy and within the framework of the global challenges that mark the path to achieving the SDGs. The publication of the report on a biennial basis allows the company to take stock and report on the progress made in achieving the goals and targets set for the periods indicated.
- Summary of the progress achieved in these two years. The pandemic and the economic and social crisis resulting from it have not allowed the company to meet some of the challenges set for the year 2020, which has led it to extend them until the year 2022.

## The Sustainability Action Plan 20-22 is based on an integrated and inclusive management model

**Total:**

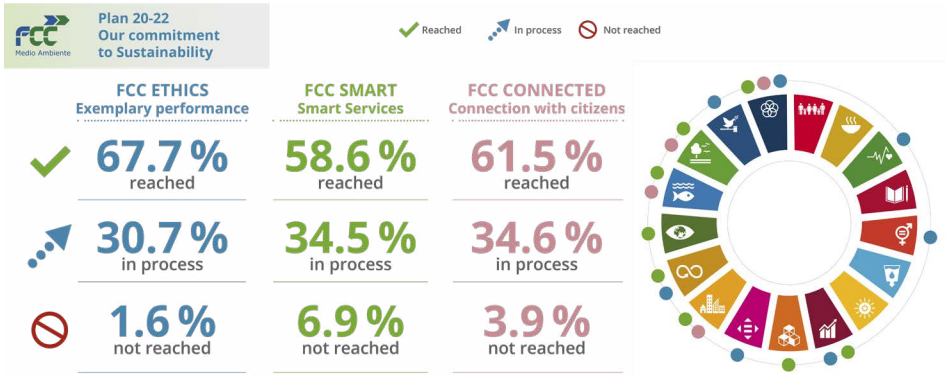
Progress made Plan 20-22

**63 % reached.**

**33 % in process.**

**4 % not reached.**

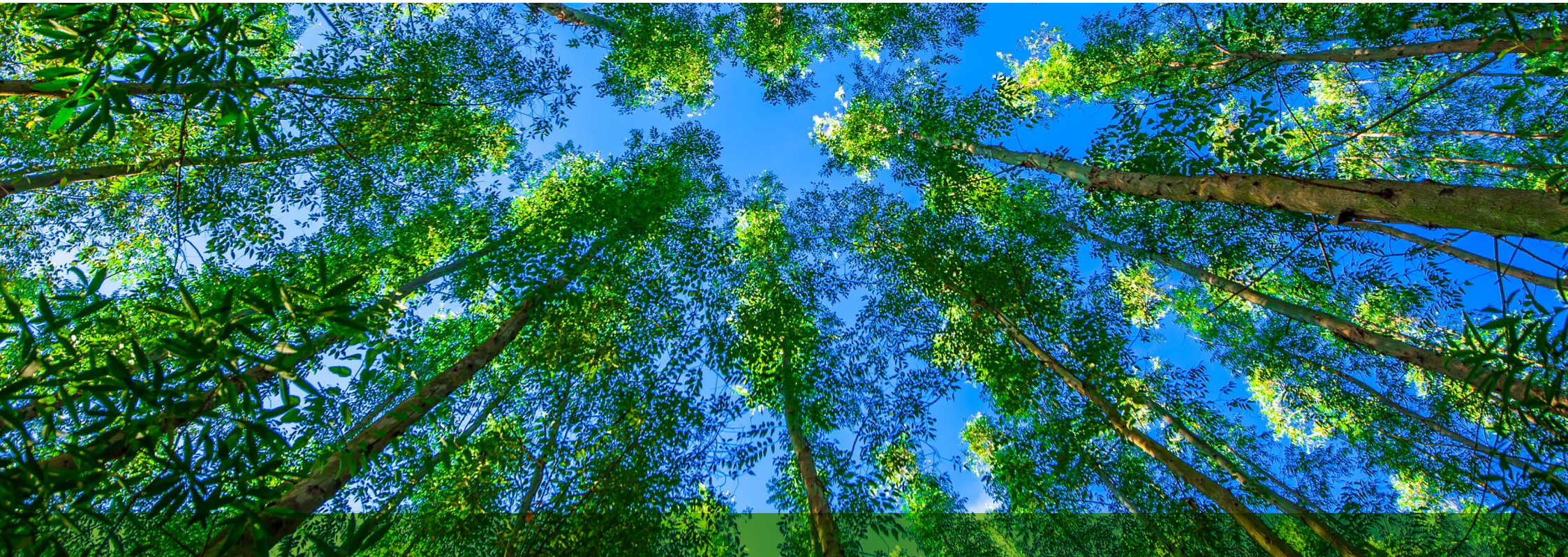
**Referred to categories:**



# Other Sustainability highlights

In terms of climate change, FCC Medio Ambiente achieved an average emission intensity reduction for the period 2018-2020 of 4.28% compared to the three-year period 2017-2019, fo r Scopes 1, 2 and 3, on its way to achieving carbon neutrality by 2050.

- The Eastern Delegation of the Industrial Waste business adhered to Catalonia's climate action commitments.
- Joining the "Sustainable Digitalisation" initiative. This solidarity initiative, promoted by the CEOE Foundation and the SCRAPS, consists of donating electrical and electronic equipment for reuse by disadvantaged people in order to reduce the digital divide in Spain.
- FCC Medio Ambiente was awarded the contract for the implementation and support of the ZERO WASTE certification in Las Tablas building (Madrid), headquarters of the FCC Group.



# AVANZA AWARDS

## Innovation Category

### Ex aequo for the projects:

- **Implementation of Multi-fraction Containers with restricted access and Smart Collection System**

  **Delegation:** Catalonia I

  **Authors:** Miquel Boix i Moradell, Francesc Esquerra i Miró, Carles Gimeno Romero and Julio Arribas Ríos

In the city of Girona, a new waste collection system has been implemented, where the usual configuration of containers for the five fractions has been replaced by a configuration of one container for the organic fraction, one container for sanitary textiles and a multi-fraction container, which each day is allocated to a different fraction (paper/cardboard, packaging, glass and residual fraction) following a predefined allocation schedule. In addition, smart containers with access control and volumetric sensors have been installed.

- **Energy recovery from combustible waste as a replacement for natural gas**

  **Delegation:** TRISA, FCC Ámbito East Delegation

  **Authors:** Alberto Arense Morales, Judit Ríos Llamas, Laura Benítez Clemente, Agustí Gil Armengol and Ignasi Oller Corney

The project proposes the use of combustible liquid waste as a fuel in the Evapo-Oxidation Unit, thus replacing natural gas. This achieves the recovery of waste as opposed to elimination or disposal, as well as a reduction in $CO_2$ emissions compared to other types of processes. In economic terms, the consumption of a resource for which we pay (natural gas) is reduced, compared to a recoverable combustible waste for which we receive an income, which means increasing the margin in the management of this waste.

## Environment Category

- **E-mobility Technologies in Building and Facility Maintenance services**

  **Delegation:** Barcelona Capital City and Balearic Islands

  **Author:** Daniel Sanz Caro

FCC Medio Ambiente is committed to the implementation of green technologies, which is why 22 units of PHEV KIA NIRO cars with the Spanish DGT's environmental Zero-Emission Label have been incorporated, previously adapted for industrial use. Moreover, additional charging points have been installed throughout the work area so that the maintenance technicians can optimise their journeys and thus maximise effective working times. In this way, employees start their working day at the customer's own centre without having to travel to the central facilities, also helping to minimise polluting emissions and reduce the $CO_2$ carbon footprint. Finally, a process of total digitalisation of the service has been carried out.

NEW FLEET WITH THE SPANISH DGT'S ENVIRONMENTAL ZERO-EMISSION LABEL FOR THE CATALAN HEALTH INSTITUTE AND CHARGING POINT FOR THE NEW ELECTRIC VEHICLES (BARCELONA)

# AVANZA AWARDS

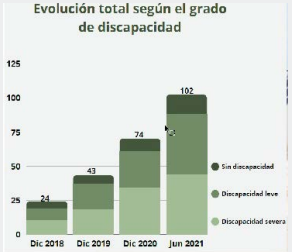
## Social Initiatives Category

- **FCC Equal Comunidad Valenciana, a place for everyone**

  **Delegation:** Levante I

  **Authors:** Manuel Lage Laredo and Sergio Verner Tarín

FCC Equal CEE Comunidad Valenciana, S.L. is a Special Employment Centre, working towards the full integration of people with functional diversity in the workplace. This project is characterised by its ambitious spirit, something that is clearly reflected in the growth of production and the number of workers, a figure that has been multiplied almost fourfold in just two years. FCC Equal Comunidad Valenciana has a young management team, almost 60% of whom are under 40 years of age, which provides great flexibility and learning capacity, and also promotes equal opportunities for both sexes, by focusing on the presence of women in positions of responsibility (71.4% of the management team).



## Quality Category

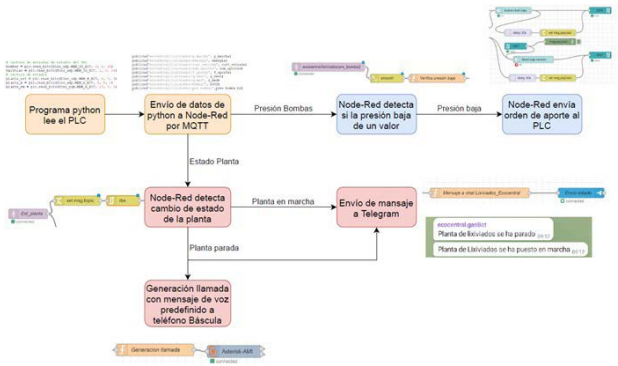
### Ex aequo for the projects:

- **Industry 4.0 with NODE-RED**

  **Delegation:** Andalucía I

  **Authors:** José María García Peinado, Carmen Cortés Valares, Miguel Ángel Ávalos Sánchez, Víctor Jesús Martín Ibáñez and Carlos Saiz Valera

Automation of processes using the Node-Red tool, from which the PLC of a facility is read and acted upon. The aim is to automatically "read" certain parameters of a facility and, for certain circumstances, define action guidelines and instructions that are automatically launched to initiate processes in the facility without the need for intervention from the site's operators. The specific project is for the automation of the leachate treatment plant at the Ecocentral Plant (Granada), achieving a 46% increase in the volume of leachate treated and an 8% reduction in energy consumption per $m^3$.




- **The Street Cleansing Influencers**

  **Delegation:** Levante II

  **Authors:** Jorge García Sánchez, Alfonso Sánchez García and Ángel Garcillán Fontecha

The aim is to inform citizens and receive their feedback through social media about the different aspects related to the provided services. The ultimate goal is to create a constantly growing network of followers with whom to interact in order to solve their doubts and complaints, as well as to receive suggestions and help citizens as far as possible.

# Innovation and technology

Throughout 2021 and despite the pandemic situation, **FCC Servicios Medio Ambiente** kept on developing innovation projects.

To alleviate the unfavourable socio-economic conditions caused by the pandemic, the **Economic and Social Recovery or Next Generation Funds** promoted by the European Union represented a development opportunity for many municipalities. FCC will bring its customers value and know-how with the mission of addressing an approach for the future based on ground-breaking and innovative changes that will set the path for growth in the coming years.

For another year, **FCC Medio Ambiente** upheld the certification of its R&D&I Management System, in accordance with the UNE 166002 standard. The projects under development or in launching phase hosted by the system reached an investment of €3.77 million in 2021 compared to €2.34 million in 2020, an increase of 60.87%. They are classified into four areas of knowledge:

- **Vehicles, mobile machinery and facilities**
- **Management and recycling of waste - Circular Economy**
- **Information and Communication Technologies**
- **Sustainable development**

The **Economic and Social Recovery or Next Generation Funds** represented a development opportunity for many municipalities

# Projects under development by line of work

## Vehicles, mobile machinery and facilities

### Projects associated with VEHICLES AND MOBILE MACHINERY

As the most important and remarkable milestone of the year 2021, FCC Medio Ambiente has been granted funds for the development of a new project named **"Research and development of a new heavy-duty vehicle for urban service applications with battery-hydrogen fuel cell hybrid technology (H2TRUCK)"** as part of the PTAS programme (Sustainable Automotive Technology Programme) in the framework of the funds granted by the Centre for the Development of Industrial Technology (CDTI) and supported by the Ministry of Science and Innovation within the Recovery, Transformation and Resilience Plan funded by the European Union.

The project is being developed by a consortium led by FCC Medio Ambiente and formed by prestigious companies such as Irizar, Jema and Calvera, and complemented by important public research bodies (PRBs) such as Insia, Tecnalia, Cidetec and the National Hydrogen Centre. It must be completed by December 2023, with a possible six-month extension, and has an eligible expenditure of over €5.5 million.

The aim of the project is to manufacture a prototype waste collection vehicle on a heavy-duty chassis-platform with 100%-electric propulsion powered by a hydrogen cell and lithium-ion battery hybrid system, with the ambitious objective that in the future this hybrid chassis can be applied to any equipment or machine that provides urban services, regardless of the number and layout of axles or the bodywork installed on it. Additionally, a mobile hydrogen-compression station will be developed thus allowing the prototype vehicle to be refuelled anywhere and therefore to work and be tested at any location.

On the other hand, throughout 2021 FCC Medio Ambiente has consolidated the new research projects launched in the previous year and, with the collaboration of its suppliers, it now has real prototypes under construction that will soon be in operation.

*Rear-loading electric compactor collector.*

**These include the following:**

- New rear-loading electric compactor collector with double-compartment bodywork, of 10 $m^3$ capacity and very small dimensions on a special narrow chassis 2.2 metres wide. It works in electric mode throughout the collection process and has a self-recharging system for the batteries by means of a CNG engine.

- 100% electric tank vehicle for watering and washing streets, pavements and pedestrian areas on a 2-metre-wide chassis with a maximum authorised mass (MAM) of 18 tonnes. FCC Medio Ambiente has worked with a European manufacturer of new generation lithium-ion batteries so that they can be installed in this first prototype.

Innovative **compressed natural gas compactor** collector on a chassis of very reduced dimensions

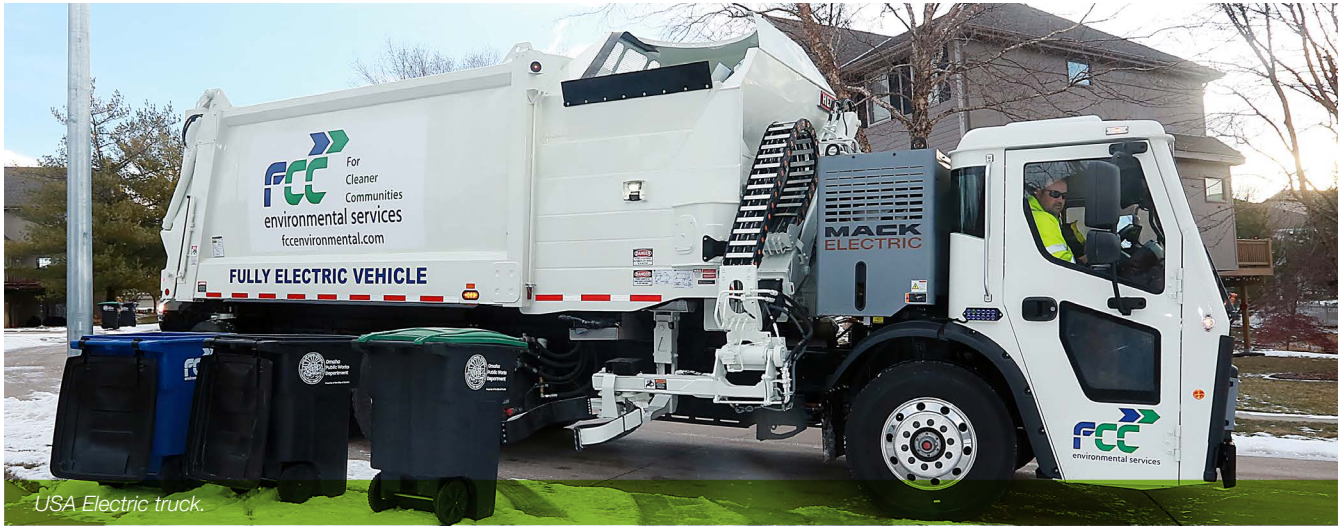
- First unit of an innovative compressed natural gas compactor collector, with a 2-metre-wide, side-loading body, on a chassis of very reduced dimensions (2 metres wide and maximum 7 metres long), which allows a legal payload of 5 tonnes of waste and which covers a range of side-loading collectors that did not exist to date.

### Pilot testing of the first all-electric urban service vehicle in Omaha, Nebraska

FCC Environmental Services has tested its first all-electric collection vehicle in Omaha Nebraska. The pilot test was conducted in extreme conditions with very low temperatures.

### Validation of the European Union project “Assets4Rail” of FCC Environment Austria

FCC Environment has been taking part in the EU project “Assets4Rail” which started in December 2018. Assets4Rail is a 30-month Shift2Rail project for cleaning drainage systems in railway tunnels without blocking the traffic. The new technology is able to clean tunnel drainage systems, including their slots, and simultaneously provide images of the pipe. During the validation test in May 2021 in the Pummersdorfer tunnel in Austria (near Vienna), FCC successfully tested the system and achieved a cleaning length of 1,024.5 metres.



*USA Electric truck.*

*Drainage system cleaning tank.*

## Projects associated with FACILITIES

### Compressed Natural Gas Station Expansion in Omaha, Nebraska

Successfully completed in 2020 the new state-of-the-art Compressed Natural Gas refuelling station in Omaha, with 72 refuelling slots and expecting an increase in customers due to the signing of several commercial contracts, FCC Environmental Services has planned an expansion to a total of 88 refuelling slots for current lorries and the future fleet, which has been carried out by TRU STAR in May 2021.

### Installation of sorting robots at the Dallas and Houston Plants

FCC Environmental Services is committed to innovation in technology as an essential tool to consolidate and develop its position in the communities in which it operates. Over the past 6 years, fully automated robots capable of sorting and separating valuable materials during the final stages of the waste sorting process have been installed at the Dallas and Houston Recovery Plants. The technology provided by the robot is based on a near-infrared (NIR) system that is highly accurate in identifying materials.

*Compressed Natural Gas refuelling station in Omaha.*

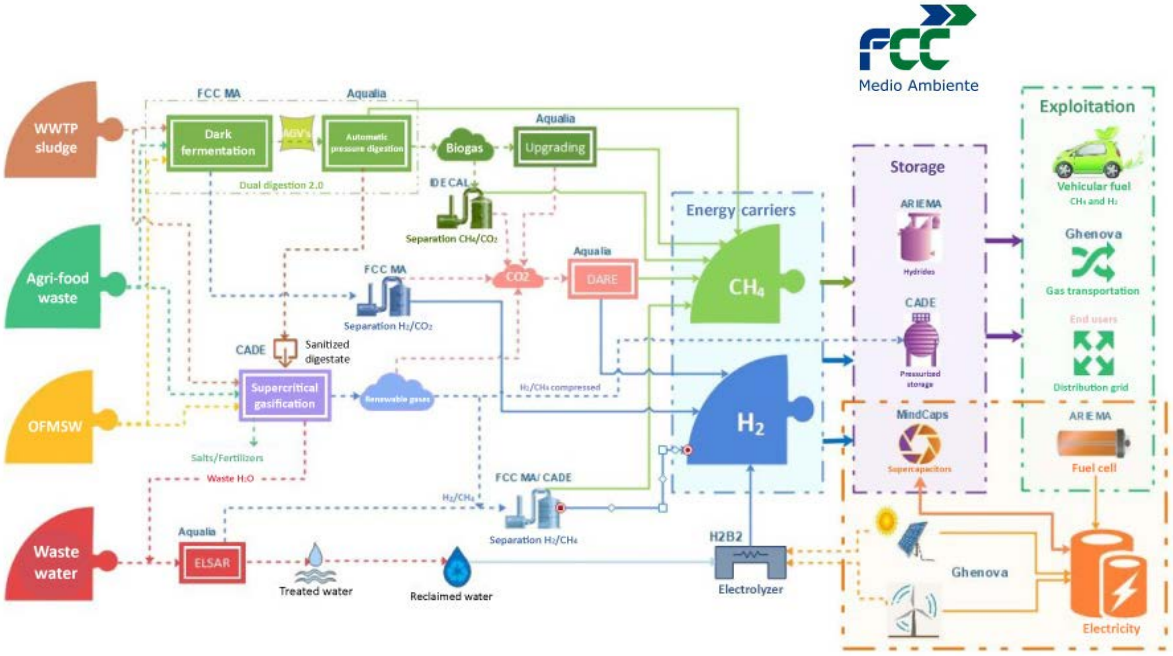
*Fully automated sorting robot.*

# Management and recycling of waste - Circular economy

## Leader in renewable fuels

FCC Medio Ambiente is committed to converting the "waste treatment centre" into a "producer of renewable fuels". To this end, it has opened a line of research through the development of several projects financed within the framework of the EU's LIFE programme and a recently created line in which hydrogen is generated from bio-waste:

**ECLOSION: New materials, technologies and processes for the generation, storage, transport and integration of renewable hydrogen and biomethane, generated from bio-waste (2021-2024)**




*ECLOSION Scheme.*

The ECLOSION project will develop new materials, technologies and processes for the generation, storage, transport and integration of renewable hydrogen and biomethane, generated from bio-waste (urban, agri-food, wastewater and sewage sludge).

Developed by a consortium of eight Spanish companies, it has the collaboration of 10 prestigious research organisations, including research and technology centres (IMDEA Energía, CSIC, CIEMAT, CARTIF and AICIA) and universities (Valladolid, Extremadura, Castilla-La Mancha, Autónoma of Madrid and Girona).

FCC Medio Ambiente will validate at the Valladolid Waste Treatment and Disposal Centre (WTDC) a novel biological (Dual Fermentation 2.0) and thermochemical (supercritical gasification) system for the energetic use of the organic fraction of municipal solid waste (MSWOF) and agri-food waste, transforming it into hydrogen and biomethane at low cost. The resulting gas mixtures will be purified using innovative polymeric membranes and membrane contactors. The technical feasibility of using the plant's leachates to produce $H_2$ by means of an electrochemical process (electrolysis) will also be investigated.

The project has a budget of €6.6 million and funding of €4.45 million from the Centre for the Development of Industrial Technology (CDTI), within the framework of the 2021 call of the MISIONES CIENCIA E INNOVACIÓN Programme (Recovery, Transformation and Resilience Plan), and is supported by the Ministry of Science and Innovation of Spain. The aid granted to the project is financed by the European Union through the EU Next Generation Fund.

Project funded by the European Commission under the Life programme LIFE19 ENV/ES/000283

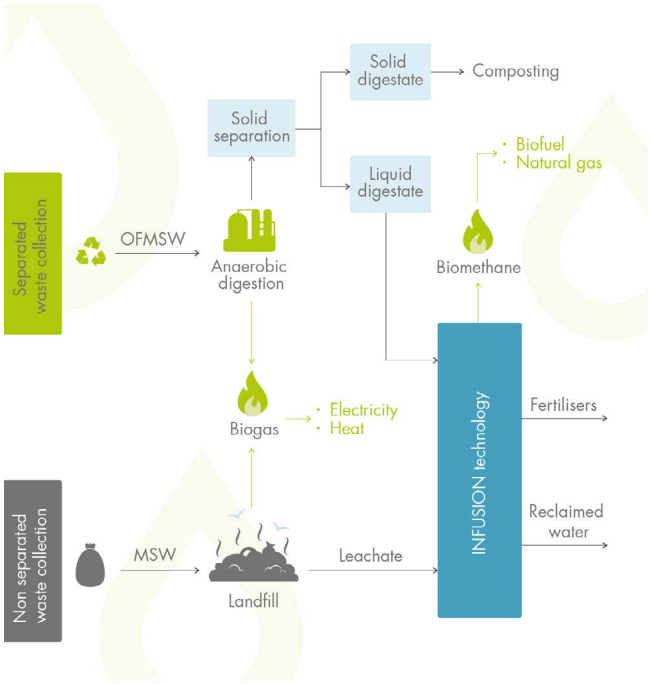
**LIFE INFUSION (LIFE19 ENV/ES/000283: Intensive treatment of waste effluents and conversion into useful sustainable outputs: biogas, nutrients, and water) (2020-2024)**

For more information: www.lifeinfusion.eu

The main objective of LIFE INFUSION is to demonstrate, with a circular economy vision, an innovative scheme for the recovery of resources (biogas, biofertilizers and reclaimed water (RW)) from effluents in municipal management through an almost zero discharge process.

Project developed by a consortium in which FCC Medio Ambiente participates through its subsidiary in Ecoparc del Besós, EBESA, together with seven entities (Fundació Eurecat as project leader, AMB, AMIU, Aqualia, Cogersa, Detricon BVBA, EBESA and IRTA), co-financed by the European LIFE programme. It has a budget of €3.12 million.

*Prototype of the valorisation of the liquid fraction of the SSOF from the Life Infusion project.*




*LIFE INFUSION Scheme.*

**LIFE LANDFILL BIOFUEL (LIFE18 ENV/ES/000256: Integral management of the biogas from landfills for use as vehicle fuel) (2019-2022)**

For more information: www.landfillbiofuel.eu

Project co-financed by the European LIFE programme and approved in June 2019. It has a budget of €4.67 million and aims to enrich landfill biogas to produce biomethane suitable for vehicle use, achieving more efficient management by obtaining biomethane from a clean and abundant energy source.

*Light vehicle powered by biomethane.*

## Leading a circular economy for plastic

FCC Medio Ambiente's strategic objective is to avoid landfill disposal of plastics contained in urban waste and reduce their processing by energy recovery, both through the implementation of innovative recycling processes. This new line of research has been under development since 2018 at the Ecocentral Environmental Compound in Granada, and in 2021 another project started at the Domestic Waste Treatment and Disposal Centre (CTR in Spanish) in Valladolid:

VALOMASK

### VALOMASK: Design and development of a sustainable management process for discarded masks (2021-2022)

Project developed by FCC Medio Ambiente with the participation of CARTIF to prevent masks from being disposed in landfills, providing a new solution to one of the major current environmental challenges arising from the context of COVID-19. This project will develop a process to characterise, classify separate and finally recover value from them.

This project has a total budget of €630,000 and will be co-financed by the Institute for Business Competitiveness of Castilla and León, within the R&D Line 2021 projects in the context of the COVID-19 outbreak.

Life plasmix

### LIFEPLASMIX (LIFE18 ENV/ES/000045: Plastic Mix Recovery and PP & PS Recycling from Municipal Solid Waste) (2019-2024)

For more information: www.lifeplasmix.com

The Plasmix Project aims to study the recovery and the flow of the Mix of Plastics from municipal waste, searching for the optimal recovery line for each type of material contained in such flow (PP, EPS and PP). It has a budget of €5.34 million.

*LIFE PLASMIX Scheme.*

Life4 film

### LIFE4FILM (LIFE17 ENV/ES/000229 Post-consumption film plastic recycling from municipal solid waste) (2018-2022)

For more information: www.life4film.com

Project led by FCC Medio Ambiente, its main objective is to avoid landfill or energy recovery of plastic film (LDPE) present in urban waste through an innovative recycling process on a semi-industrial scale using a 10,000 t/year capacity recovery line at the Ecocentral Compound in Granada, with the aim of demonstrating its profitability and replicability at a European level.

## The sustainable path for waste management in optimisation of composting

**INSECTUM: (Recovery of urban by-products and biowaste through bioconversion with insects to generate innovative products in strategic sectors)**

A CIEN (National Business Research Consortium) programme project from the CDTI (Centre for the Development of Industrial Technology), led by FCC Medio Ambiente, which involves implementing an innovative urban bio-remediation recovery system based on its bioconversion through insects in products with high added value for the industry (human food sector, nutraceuticals/pharma, animal nutrition, fertilisers and chemicals).

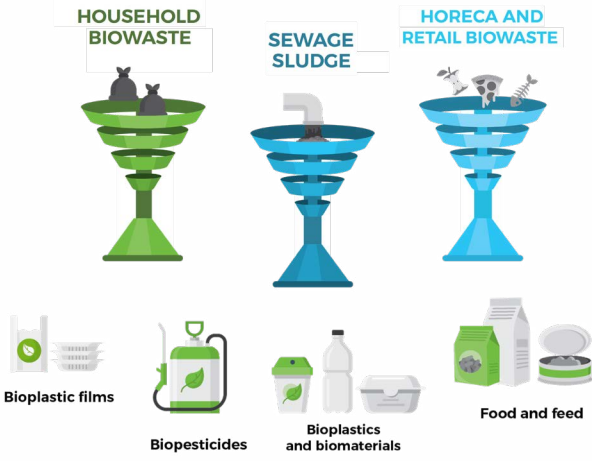
## Creation of new by-products and biomaterials

**SCALIBUR (Scalable Technologies for Bio-Urban Waste Recovery)**

For more information: www.scalibur.eu

Horizon 2020 project that seeks to make the most of bio-waste, producing new by-products and biomaterials from it. A complete study of the quality, logistics and treatment systems for municipal solid waste and WWTP sludge is carried out in order to obtain new by-products with high added value.

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 817788



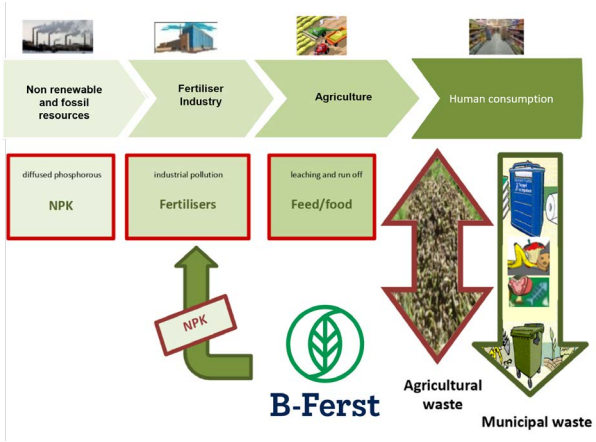

*SCALIBUR Scheme.*

## Creation of new by-products and biomaterials (cont.)

### B-FERST Bio-based fertilising products as the best practice for agricultural management sustainability

For more information: www.bferst.eu

The main goal of the project is to integrate the recovery of bio-waste into agriculture by creating new bio-based circular economy value chains, generating new mineral and organomineral fertilising products, as well as developing appropriate nutrient blends for agricultural application.

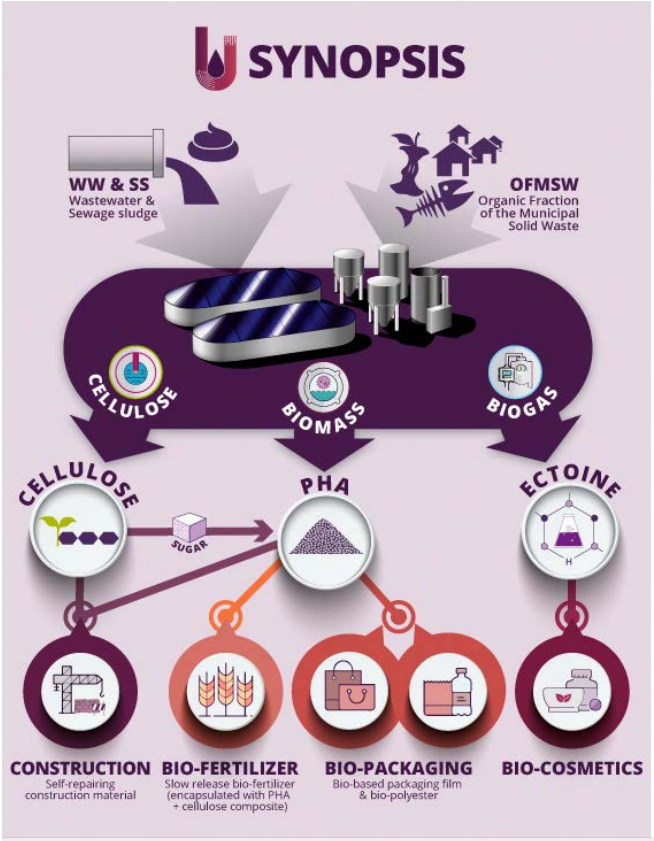



### DEEP PURPLE Domestic Extraction of Emerging Products with Purple Phototrophic Bacteria

For more information: www.deep-purple.eu

This project is co-funded by the Bio-Based Industries Joint Undertaking in the European Union's Horizon 2020 Framework Programme for Research and Innovation.

The project proposes a synergistic and integrated treatment for the valorisation of three types of bio-waste: the organic fraction of municipal solid waste, sludges from wastewater treatment plants (WWTP) and urban wastewater, by means of a multi-platform photo-biorefinery based on phototrophic purple bacteria. This new concept will enable the generation of five new bio-products with commercial applications in the cosmetics, plastics, construction and fertiliser sectors.



## Waste gasification

### RECYGAS Urban solid waste recovery through the production of recycled Syngas

For more information: https://www.energy.sener/es/proyecto/recygas-valorizacion-residuos-solidos-urbanos-mediante-gas-reciclado

The project studies in more detail waste gasification and enables the use of clean synthetic gas obtained from the gasification process to start chemical synthesis routes or its use in power generation with high efficiency cycles. The technology incorporated in the project would allow to climb the waste management hierarchy pyramid towards recycling.

## Waste management and recycling: Use of wastewater for forestry and agricultural applications

FCC Environment in Czech Republic in cooperation with experts from Technical University of Ostrava, the Institute of Environmental Technologies and the University of Ostrava, is seeking a method for the use of such waste sludge in agriculture and forestry, within the framework of the Sludge-based Substrate to Agricultural and Forest Land (SSTAFL) research project.

The aim of the project is to develop and analyse mixed substrates or soil improvers or plant preparations using dewatered, sanitized, stabilized sludge from municipal wastewater treatment plants. Knowledge and technologies applied in practice will lead to an increase in agricultural and forestry production bearing in mind the climate change (especially regarding the lack of soil water content) as well as to improved soil quality, consistent with the principles of sustainable soil management.

Europar Batasuna
Unión Europea

Fondo Europeo de Desarrollo Regional (FEDER)
"Una manera de hacer Europa"

Eskualde Garapenerako Europar Funtsa (EGEF)
"Europa egiteko modu bat"

EUSKO JAURLARITZA
GOBIERNO VASCO

# Information and communication technologies

## VISION

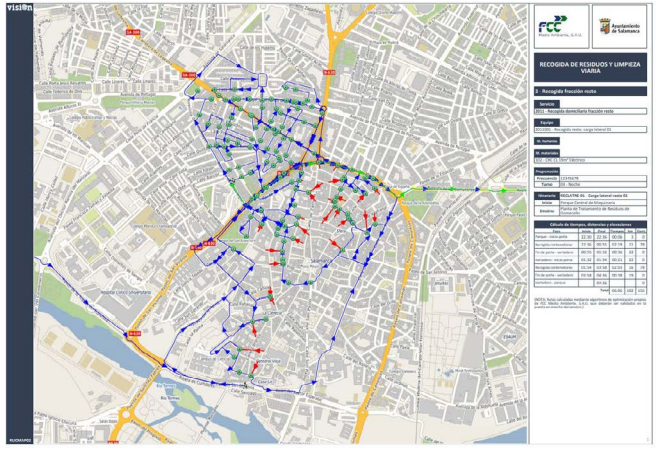
Within the framework of providing services to cities, it is essential to consolidate ICT (Information and Communication Technology) tools or technological systems that allow for the definition of main challenges and that support the provision of effective, efficient, sustainable and comprehensive services.

In order to store and manage production, legal, environmental, resources (material and human), validations and services aspects that facilitate the orientation towards excellence in the work, it is necessary that they are managed together through a comprehensive system.

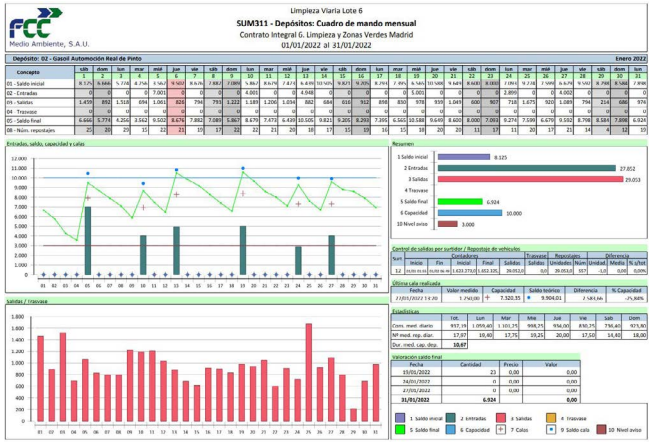
FCC Medio Ambiente has developed "VISION – Smart platform for the delivery of services to the cities" which allows to meet the objectives described, responding to the current requirements of the customers and being prepared for the future challenges that appear in the provision of the services.

During 2021 technological upgrades were undertaken to ensure performance, security and continuity for the business and specifications have been created and extended in different modules, among which the following stand out:

- Integrated management of vehicle insurance. The insurances generated by the insurance company are obtained, including the policies, and their subsequent distribution to the contracts.
- Analysis of water risk parameters associated with work centres. Based on graphic and alphanumeric information imported from an international database, it makes it possible to study the level of exposure to the main water risk parameters for each work centre.
- Map reports with VISION backgrounds. Added functionality to print reference cartography in sector maps according to user-defined backgrounds.
- Integration with SIRA, eSir and GAIA platforms to comply with RD 553/2020. Creation of the necessary entities and structures for the creation of Shipment Preliminary Notes, as well as Waste Identification Documents.
- Management of each contract's occupational health and safety risk assessment and issuance of the legal document, which is required for all contracts.
- Integration of data associated with waste collection, between the VISION platform and the management platforms from the Municipalities Association for the region of Pamplona and from El Prat de Llobregat City Council.
- Running jointly with Spot Amazon. Thanks to the operational scale of AWS, Spot instances offer scalability and cost savings for running workloads.



*Collection route with time calculations, distances and bin lifts.*



*Monthly deposit score card.*

## FCC ONLINE SOLUTIONS

In line with the priorities defined in its strategy for the 2018-2022 term, FCC Environment continues to improve the existing online products and developing and implementing new solutions and communication channels with its customers.

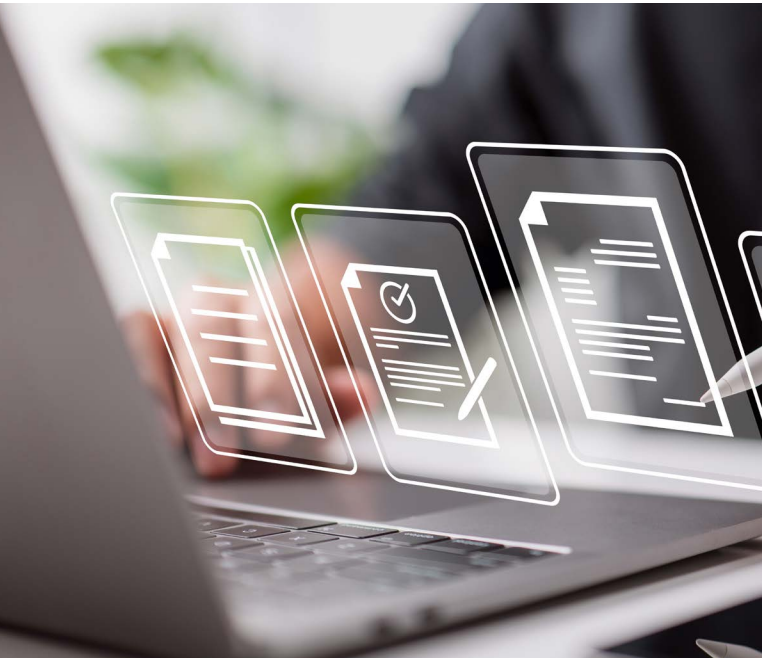
- **"Back2Life" (https://www.back2life.sk/): virtual second-hand shop** that supports the principle of reuse and the circular economy, giving a second life to waste.
- **Moje Smeti** (My rubbish): Launch in June of an Innovative automated electronic container emptying registration system for cities, municipalities and citizens in Slovakia.

# Sustainable development

## Effective sealing solution for metal mining waste deposits for the control of potentially toxic elements

Project initiated in 2021 that develops a novel effective sealing procedure for mining waste deposits consisting of the installation of a multi-layer physical barrier based on a technology proved in a pilot test on a small scale but pending validation at higher levels to see its industrial viability. In addition, during the project, the suitability of incorporating materials from waste of different origins in the formation of granular sealing layers will be researched, thus combining in the same project the development of environmental care solutions with the promotion of the circular economy.

The project has received funding from the he Centre for the Development of Industrial Technology (CDTI), with the collaboration of the Polytechnic University of Cartagena. The work will be carried out in the region of Murcia, in an area with significant environmental liabilities and it is expected that the project will provide positive results that can be applied in this region and contribute to improving its environmental quality.



## KET4F-Gas

For more information – www.ket4f-gas.eu

In 2021, after three years of development, the Interreg SUDOE project "KET4F-Gas – Reduction of the Environmental Impact of Fluorinated Gases in the Sudoe Space through Key Enabling Technologies", in which FCC Ámbito has participated, has concluded. As a result, two technologies have been achieved, which are based on "green chemistry" processes nanotechnologies, advanced separation materials and processes that are very easy to apply and have a sufficiently low implementation cost to make recycling and reuse of refrigerant gase s economically attractive.

The importance of this new technology is that, for the first time, it offers an economical alternative for separating and recovering refrigerant gases at the end of their useful life, restoring their purity and therefore their efficiency. This way, it encourages the recycling and reuse of gases instead of their emission into the atmosphere, valorising waste and introducing circular economy principles.

## Bici Sendas (Cycle Lane) Project

FCC Ámbito takes part in the Bici Sendas (Cycle Lane) CIEN project, led by FCC Construcción, which aim is the development of a new generation of cycle lanes that will be sustainable, energy self-sufficient, smart, decontaminating, integrated and safe. They will also be modular, produced with sustainable materials and can be custom-designed to integrate various technologies according to the needs to be covered.

Aqualia provides technical solutions and provides quality services in all phases of the end-to-end water cycle to improve the well-being of the people and the communities where it operates, preserving water resources and the environment and improving management efficiency.

# End-to-end Water Management cycle

Industry analysis _ 137
Activity in the Water Area _ 143
Highlights End-to-end water management cycle 2021 _ 145
Service excellence _ 146
Innovation and technology _ 156
People and culture _ 164
Communication, marketing and CSR _ 180
Regulatory compliance _ 192
Digitalisation and cybersecurity _ 196

Aqualia provides technical solutions and provides quality services in all phases of the end-to-end water cycle to improve the well-being of the people and the communities where it operates, preserving water resources and the environment and improving management efficiency. One of its main references are the United Nations' (UN) Sustainable Development Goals (SDGs), fully in accordance with the existing legal frameworks in each region.

The rapid urbanisation process in emerging countries, as well as the need to improve the population's living conditions and optimise a scarce resource during the current climate change, leads governments, regions and industrial corporations to search for specialised operators who can help them provide effective solutions to water supply, sanitation and treatment problems.

Aqualia is one of the main international operators focusing its management on specific business models and geographic areas and is guided by a growth objective that contains profitability criteria. It also integrates all the abilities of the value chain in the water cycle: from the design of facilities to the management of large investment projects in water systems.

Aqualia's most important activity is the **end-to-end water management services** in municipalities

*WWTP El Salitre, Bogota (Colombia).*

*WWTP El Salitre, Bogota (Colombia).*

The most important activity is the end-to-end water management services in municipalities through long-term concession or asset ownership models, in countries with proven regulatory systems.

Aqualia operates municipal water concessions in Spain, Portugal, Italy, France and Colombia, as well as asset ownership in the Czech Republic. One of the main aims is to consolidate growth in these markets and extend its activity to other European and Latin American countries that have consolidated regulatory models.

Aqualia also develops alternative and/or complementary business models, such as Infrastructure Concessions.

In these cases, Aqualia designs, builds, finances and operates long-term infrastructures, often treatment plants (treatment, purification, desalination) through BOT-type contracts and *take or pay* mechanisms, in which the recovery of the investment connected to the infrastructure to operate is guaranteed without taking on the risk of demand.

These formulas, which make it possible to combine technical know-how with the ability to structure complex financing, are increasingly in demand by operators or public agencies and industrial corporations in emerging countries.

Aqualia concentrates its activity through this business model in Spain, LATAM (Mexico, Peru, Chile) and MENA (Saudi Arabia, Algeria, Egypt and the United Arab Emirates).

These two business models, with significant investments, high added value and a long duration, are another of Aqualia's development lines, on which part of its growth is based.

Other business models, such as O&M or EPC contracts, are considered based on the unique opportunity of each project and with a strategic vision.

In general, Aqualia competes for projects where either the fundamental competitive factor is in the technical ability or in the quality of the services, and not exclusively the price, or are projects of a significant size, or they have a strategy interest or potential synergies due to the territory, the technology or the customer for who the contract is executed.

In EPC contracts, Aqualia takes advantage of the opportunity afforded by its experience in leading construction companies to create alliances to construct large infrastructures, which allows the risk of construction to be reduced and/or transferred.

Aqualia consolidates and develops its activity in certain territories to avoid excessive dispersion and take advantage of synergies on trade and scale.

In Europe, particularly with municipal concessions, this involves maintaining the high renewal rates on its contracts and taking advantage of the opportunities that may arise in both organic growth and acquisitions that add value.

In LATAM, this is through the consolidation of long-term contracts for municipal concessions, infrastructure concessions or emblematic design and construction projects.

In MENA, via developing a consolidated position in infrastructure or O&M concession contracts with high added value.

*Aqualia's workers during the COVID-19 state of emergency.*

# Industry analysis

## End-to-end Water Management Cycle in Spain

During 2021, the effects of the **COVID-19 pandemic** that began in Spain in March 2020 continued

The effects of the COVID-19 pandemic that began in Spain in March 2020 continued throughout 2021 in a more moderate manner than in the first months of 2020. The State of Emergency remained in place throughout the whole country until May 2021. The different autonomous communities then began to gradually relax the restrictive policies. Despite this, there was a large fifth wave of infections during the summer that happened again in December with a sixth wave.

Throughout the year, Aqualia has adapted the contingency plans in force according to the health situation at any given time. The current Plan has been adapted to the legal provisions issued by the health and labour authorities in each territory. Maintaining the appropriate labour measures (social distancing, provision of PPE (Personal Protective Equipment), etc.), allows us to provide our services normally. As a provider of a qualified essential service, Aqualia did not experience any reduction in its efficiency and quality standards while preserving occupational health and safety levels.

No outbreaks of infection occurred in any production centre in Spain, and activity has continued at all times at the water treatment stations (DWTP), purification stations (WWTP), supply and sanitation network operations, management of laboratories, etc., which resulted in a congratulatory letter being received from the Minister for Ecological Transition and Demographic Challenge.

Technological solutions have been promoted during the year that have efficiently enabled teleworking, stock controls of essential products have been reinforced, special action measures have been implemented in sports centres, non-face-to-face customer service channels have been strengthened (after specific communication campaigns with customers and city halls), as well as implementing all the necessary hygienic-sanitary measures.

In relation to tariff billing, in the first quarter of 2021 it was noted – in comparative terms with the same quarter of the previous year – that the effect of COVID-19 had had hardly any influence in the first months of the previous year. In 2021, the incidence was particularly noticeable in contracts in the Canary Islands, where there were falls in volumes billed in that quarter of up to 20.2%, mainly linked to the decline in tourism. Subsequently, consumption has been recovering gradually in all regions, except in areas where consumption by hotels has a greater weight (Canary Islands, Balearic Islands and some Mediterranean coastal areas), where they have not yet reached pre-pandemic consumption levels. On a constant scope, end-user water consumption (retail sale of water) has grown by 0.25% in Spain as a whole in 2021 and the amounts billed by 1.55% compared to 2020. If compared against 2019, the last year prior to COVID-19, the average volume billed is still 0.8% lower, although the amounts are similar in terms of tariff income. All this is despite –throughout the year – consumption levels being lower than those of the pandemic: 10.1% in the Canary Islands, 6.7% in the Balearic Islands and 2.0% in the province of Cadiz, in Andalusia, which is estimated to recover in 2022.

Regarding the sale of water in bulk, the volumes supplied recovered by 4.9% in 2021 compared to 2020, with 8.9% still remaining to reach the values of 2019. However, this type of supply has little weight for Aqualia.

In October 2020, the Government of Spain presented the European Union (EU) with its **Recovery, Transformation and Resilience Plan** for the Spanish economy, initially allocated 72 billion euros. In December, the Law that implemented it was approved and, in April 2021, the final proposal was sent. Finally, in June the final amount of 69.5 billion euros was approved. Of these funds, the Ministry of Ecological Transition and Demographic Challenge (MITECO) has approved 2 billion euros for its WWTP construction, energy transition and flood prevention projects. Aqualia is developing proposals for photovoltaic generation, water reuse and digitalisation. In this final area, the Minister for Ecological Transition and Demographic Challenge has publicly announced the approval of a Strategic Project for Economic Recovery and Transformation (PERTE) for the digitalisation of water uses in Spain – with a budget of 3 billion euros – in which the specific urban water sector, where we are a key player, has been allocated 1.92 billion euros. The first actions should be awarded in the first half of 2022.

In the **institutional and legislative field**, the tenders for the Urban Water Cycle Table have been maintained throughout 2021, with the presence of the Ministry, business associations, unions and users, and is seen as the embryo of the future Urban Water Observatory of Spain, included in the aforementioned PERTE. Also noteworthy is the suspension of the Budget Stability Law during 2021 and 2022, which will allow municipalities with a cash surplus to allocate the surpluses to undertake investments. The Congress approved the Climate Change and Energy Transition Law, which gives priority to green electricity sources and the reduction of $CO_2$ emissions. The Government has also approved the third review of the River Basin Hydrological Plans for 2022–2027, with a planned investment of 21 billion euros. Finally, the Water Laws of Extremadura, Aragón, Castilla-La Mancha and Galicia are under review, with a strong commitment to regulating the urban water cycle.

*Aqualia's workers during the COVID-19 state of emergency.*

During the state of emergency that was extended until the end of the year, **cutting off the supply of water** to vulnerable customers who had failed to pay their bills was prohibited, but this had no material impact on Aqualia's capacity to generate revenue.

In the year, work was done to reinforce the **Spanish Association of Urban Water Services Management Companies (AGA)** and the management of the **Spanish Association of Water Supply and Sanitation (AEAS)**, which include the public and private companies operating in the sector. Amongst other aspects, the objective is to make society aware of management companies' high social commitment, the existence of a very relevant global technological transfer, and the affordability of tariffs for family economies in Spain, which are still low in comparative terms relative to other Organisation for Economic Co-operation and Development (OECD) countries.

The company's permanent policy is the search for **efficiency in operational management**, with the effort made in 2021 to reduce costs, particularly in reducing variable consumption (energy and water purchases) has been noteworthy, an action that has allowed us to improve the efficiency ratios, measured as the gross result of the activity in relation to turnover.

Since the beginning of the year, the Spanish **electricity market** has undergone a 145% increase in tariffs compared to the same period the year before. The theoretical impact that this resource could have had on the company in Spain has been partially mitigated by efficient energy purchase management, which was done by combining fixed-price contracts (18%), the purchase of futures (41%) and PPA (Power Purchase Agreement) (17%) contracting, which left only 23% of consumption exposed to the market, and transferred to tariffs based on contractual mechanisms.

Likewise, during the year, there has been a greater focus on reducing costs linked to customer management through policies to prosecute fraud in consumption measurements, the promotion of electronic invoicing, the increase in direct debiting of bills and control of bank fees, the reduction of on-site assistance and moving this to other channels (telephone, social networks and online).

In **digitalisation**, the technology centres of Dénia (Alicante) and Toledo – where the comprehensive digital management tool for **Aqualia Live** water services is being developed – have started operations, which allows for the integrated management of the water networks, incidents, work orders, asset management and meters. We are in the implementation phase in six other territorial centres. The progress achieved here will allow us to face up to the great digitalisation project of the water sector – promoted by the Government of Spain – in very favourable conditions.

Aqualia has promoted actions in Spain as a socially committed company, renewing the agreements in place with ACNUR, Caritas and the environment through several initiatives that seek to reduce greenhouse gas emissions, prioritising green energies. Within the social, economic and environmental responsibility policy, the 2021–2023 Sustainability Plan has been approved.

Likewise, Aqualia, a founding partner of the **StepbyWater Alliance**, has promoted the development of its founding objectives. Felix Parra, CEO of Aqualia, presided over the celebration of the First European Conference of the Alliance, which had the presence of the Third Vice President of the Government of Spain and Minister for Ecological Transition and Demographic Challenge and the European Commissioner for the Environment, Oceans and Fisheries.

In September, a drought was decreed in the Guadalquivir basin and it is likely that it will extend to the Guadiana and other Andalusian basins. It is not expected to affect our water distribution capacity, as urban water is a preferred supply over agricultural, sports and industrial water.

# End-to-end water management cycle in International

Internationally, Aqualia concentrated its 2021 activity in Europe, the Middle East and North Africa (MENA) and Latin America (LATAM).

## Europe

In 2021, the COVID-19 pandemic affected consumption in Europe, reducing the supply volume to residential and non-residential customers in Portugal and the wholesale water activity in the Czech Republic. However, Aqualia was able to maintain the quality and continuity of service levels without notable operational effects. The company moved forwards with its business consolidation in **France** and its complete cultural and operational integration in Aqualia to improve the service to the more than 140,000 citizens who benefit from our water supply and sanitation network management. In addition to the various services that the acquired company had in 2019, in 2020 and 2021 new management, operation and renewal contracts for water and sanitation networks were added, such as the water distribution contract for Mantes and other municipalities in the province de Yvelines (55,000 inhabitants), the sanitation contract for Carrières-sous-Poissy and other nearby communities (27,000 inhabitants) or the first sanitation contract with a large treatment plant (with a treatment capacity of more than 225,000 $m^3$/year) in Sausseron. On the other hand, the dynamics of the French market have been largely conditioned by the takeover bid carried out by two of the largest water and environment groups in the world.

During 2021 in the **Czech Republic**, the political and social debate has continued in regard to public action to guarantee the water supply; this debate has been ongoing for a number of years now as a result of the frequent droughts and flooding experienced in the country, and has been promoted in the political sphere by defenders of the public management of water, who are against operators receiving economic incentives. Within its powers, the Ministry of Industry and Commerce and Transport – for 2022 to 2026 – has approved a review of the tariff framework in line with other provisions on the matter promoted by different areas of the public sector. The review has focussed on the adjusted calculation of investment needs, regulatory capital and regulatory profit, using the replacement cost. Both Aqualia, through its subsidiary SmVaK, and the association of water operators, took an active role in the debates, in which they were able to defend the maintenance of the economic balance as a consequence of the regulatory amendment. It is therefore estimated that the regulatory change will not have a significant impact on the economic sustainability of Aqualia's Czech business. On the other hand, Aqualia was awarded new contracts in the country, such as those for sanitation in Novojicinsko, Mosnov and Orlová (wastewater) or the end-to-end cycle in Frenstat.

In **Italy**, there were no major developments at the regulatory and commercial level, and the market is waiting for news on the consequences of the corporate operation between two large global operators with considerable exposure to the Italian market.

In **Portugal**, after the municipal elections in autumn 2021, it is expected that various infrastructure development projects or improvements to the management of the end-to-end water cycle will gradually materialise within the robust Portuguese concession framework.

The pace at which work is being performed to expand the Glina treatment facilities in **Romania**, was affected by the restrictions imposed by the authorities in response to COVID-19. Despite this, progress has been made with civil engineering and the procurement of equipment to minimise the impact on the works plan from the disruptions caused by the pandemic and the subsequent crisis.

In the **Balkans** the contracts for the Berane and Pljevlja projects were resolved on grounds attributable to customers; the works in relation to these projects were already complete and the facilities were in operation. Meanwhile, the established dispute resolution and winding up mechanisms were rolled out for both plants. The Prziren project reached the hand over of the work and is in the guarantee and assisted operation period.

*Desalination plant in Mostaganem (Algeria).*

# MENA

In **Algeria**, the commissioning of the Mostaganem desalination plant at full capacity was completed following the completion of works for the additional capture of seawater, obtaining provisional acceptance. The plant has increased its actual capacity and is protected from the impact of adverse sea conditions.

In terms of the operations of the desalination plants, given the huge impact that the pandemic has had, and thanks to the dedication and high level of planning undertaken by the management team at the plants, they have remained at full capacity with no major incidents at the Mostaganem and Cap Djinet desalination plants, thus providing an essential service to the local population.

In **Egypt**, Aqualia ended the year having guaranteed the operation of the El Alamein desalination plant, offering a capacity of 150,000 $m^3$ per day, and obtained an extension on the contract until 2022.

The completion of the El Alamein desalination plant to the customer's full satisfaction offers an unrivalled reference for new projects set out in the desalination plan established by the Egyptian government with a view to reducing water stress in the country's Mediterranean and Red Sea regions.

In terms of the completion of the project at the Abu Rawash wastewater treatment plant, despite the impact of the pandemic, the pace of work at the plant has remained healthy, and it is due to be commissioned in 2022.

In **Saudi Arabia**, Aqualia completed the acquisition of 51% of Qatarat and Haaisco from the prestigious Saudi group, Ali Reza, in January. Qatarat is the concession holder for the King Abdulaziz de Jeddah International Airport saltwater desalination plant. Haaisco, in turn, operates the plant and other important plants in the country, such as the desalination plant at Kaust University. All plants have been running at full capacity to provide these essential services to the population during the pandemic.

Furthermore, progress has been made in executing the diversion and adaptation works for affected supply and sanitation services on the Riyadh metro, where Aqualia is responsible for the activities to divert services and provide provisional and definitive connections for Lines 5 and 6.

Over the course of the year, significant commercial efforts have been made to participate in the ambitious desalination programme organised by the Saudi Government, with very competitive bids submitted for different projects.

Likewise, efforts have been dedicated to developing other lines of commercial activity as part of the VISION 2030 programme to improve infrastructures, such as the new wastewater treatment projects, contracts for the rehabilitation, operation and maintenance of existing treatment facilities and service provision contracts for end-to-end water management across the country.

In the **United Arab Emirates**, our subsidiary, Aqualia MACE, has continued to provide the operation and maintenance of the collector networks, pumping stations and wastewater treatment plants in the geographical areas of Al Ain and Abu Dhabi without incidents and at full capacity throughout the pandemic.

*Port Sohar Intake (Oman).*

During 2021 in **Oman**, Aqualia has continued with the end-to-end management of the cycle in the Sohar port area through its subsidiary Oman Sustainable Services Company, without incidents despite the pandemic. One important milestone this year was AENOR's certification of the asset management system; very few water management companies in the world have received this certification.

In **Qatar**, work has started to commission the Al Dhakhira wastewater treatment facilities to the north of the country, run by Hyundai, with capacity for 55,000 $m^3$/d to be operated by Aqualia MACE once the service is definitively commissioned in 2021.

Furthermore, a *joint venture* has been constituted, led by Aqualia and with the participation of prestigious local partners, to develop projects to improve the sewerage, treatment and reuse network, which will provide services to Qatar's Ministry of Public Works and Sanitation.

## USA

During 2021, Aqualia enhanced its commercial activities in the United States, maintaining its active search for new projects and business opportunities.

The main growth opportunities for the company in certain states appear to be water shortages, obsolete water infrastructure, and the scarce penetration of private sector operators in the industry.

However, the COVID-19 health crisis, the general elections and the eventful political transition have seen the economy, and in particular projects in relation to water and sanitation, slow down.

New legislation in relation to controlling and eliminating emerging contaminants to protect water bodies and surface water represent a business opportunity to be explored in the coming years.

## LATAM

The deficit of water infrastructure and the search for efficiency in the existing infrastructure are two factors that enhance Aqualia's growth possibilities.

In 2021, Aqualia has consolidated its presence in Mexico, setting a benchmark in the sector with a very diversified asset portfolio.

The experience obtained in the BOT (Build, Operate, Transfer) contracts at the Acueducto II project in Querétaro and Realito in San Luis de Potosí, is providing us with a basis for proposing similar projects to institutional customers, as the technical and financial skills employed have placed Aqualia in a position of leadership in the country.

The Guaymas desalination plant, awarded in 2018 by CEA de Sonora, the implementation of which has had to be pushed back slightly on account of the pandemic, is now practically complete and will be commissioned in 2022.

In **Colombia**, the construction of the El Salitre WWTP (Wastewater Treatment Plant) in El Salitre continued, with the pandemic having a minimal impact on works thanks to the strict protocols implemented. This series of measures has placed Aqualia at the forefront of health and safety in hydraulic infrastructure works, receiving recognition from public institutions and multilateral banking.

Despite the increased difficulties resulting from the COVID-19 pandemic, Aqualia fully integrated the services acquired in the department of Córdoba, Aguas de Sinú, Uniaguas and OPSA, as well as the municipality of Villa del Rosario into its management in 2020.

In **Peru**, the government is evaluating the efficiency of its public supply services to allow the entry of private sector companies wherever management indicators are lowest. In 2017, five private initiatives for the treatment of wastewater were submitted. These were declared relevant in 2018 and are currently in the formulation phase. In 2021, a private initiative was also submitted and declared as being of relevance, for the desalination project in Ilo, which is now in the development phase. At present, Aqualia is analysing different projects both as a service provider for Public Service Companies and as the supplier of financing, design, construction and operation of major hydraulic infrastructures.

# Activity in the Water Area

## 1. SPAIN

### Community of Madrid

**Madrid**

Contract to renew pipes in the Canal de Isabel II (Lot 7) supply network for a period of 4 years.
*€34.4 million.*

Urgent renewal and repair actions to the drinking water supply network and reclaimed water network of Canal de Isabel II (Lot Tajo) for a period of 4 years.
*€26.4 million.*

### Castilla-La Mancha

**Toledo**

Operation and maintenance services of the wastewater treatment plants included in Zone 1 (Toledo) for a period of 4 years.
*€18.3 million.*

**Almadén and Chillón (Ciudad Real)**

Concession for the water treatment service in the municipalities for a period of 20 years.
*€7.5 million.*

**Albaladejo, Puebla del Príncipe and Terrinches (Ciudad Real)**

Public treatment service for a period of 15 years.
*€2.4 millions.*

**Cazalegas (Toledo)**

Concession of the public water treatment service in Cazalegas for a period of 20 years.
*€1.5 million.*

**Piedrabuena (Ciudad Real)**

Concession of the drinking water supply service in Piedrabuena and El Alcornocal for a period of 5 years.
*€1.3 million.*

### Andalusia

**Dos Hermanas (Seville)**

Project to construct the Copero environmental complex for a period of 1.4 years.
*€17 million.*

**Seville**

Cleaning project for sanitation networks in the territorial areas of EMASESA for a period of 2.4 years.
*2€.9 million.*

**Vilches (Jaén)**

Renovation and expansion of the wastewater treatment plant at the Vilches de Aceites Coosur factory, including operation and maintenance services for a period of 5 years.
*€2.1 million.*

**Guadahortuna (Granada)**

Project and work to group discharges and the wastewater treatment plant for a period of 2 years.
*€1.9 million.*

**Darro (Granada)**

Concession of the public drinking water supply and sewerage service for a period of 10 years.
*€1.3 million.*

**Malaga**

Inspection service, preventive maintenance and cleaning of the sanitation network for a period of 1 year.
*€0.9 million.*

**Morelábor (Granada)**

Concession of the drinking water supply and sewerage service for a period of 10 years.
*€0.6 million.*

## 2. MEXICO

**Los Cabos**

Improved Comprehensive Management in the Los Cabos area that includes investment, operations, conservation and maintenance through the Public-Private Partnership scheme for a period of 10 years.
*€48.3 million.*

## 3. FRANCE

**Mantes-la Jolie (Yvelines)**

Concession of the public drinking water service for a period of 6 years.
*€29 million.*

**Puiseux-en-France**

Concession of the public drinking water distribution service of the Syndicat Mixte d'Alimentation en Eau Potable SMAEP DAMONA for a period of 8 years.
*€6.9 million.*

**Nesles-la-Vallée (Ile-de-France)**

Concession of the public supply service for a period of 7 years.
*€2.3 million.*

**Carrières-sous-Poissy, Aulnay-sur-Mauldre, La Falaise, Nézel, Juziers and Vaux-sur-Seine**

Public lease service for the supply networks and execution of works for a period of 5 years.
*€1.6 million.*

**Yvelines**

Contract for the retail water supply for a period of 9 years.
*€1.3 million.*

## 4. QATAR

Contract to renew assets and improve the network for a period of 1.4 years.
*€11.2 million.*

## 5. SAUDI ARABIA

**Jeddah**

Design and construction of the drainage system and storm tanks for the Formula 1 circuit.
*€4.6 million.*

**Jizan**

Contract to operate and maintain a seawater desalination plant for a period of 3 years.
*€9.3 million.*

## 6. CZECH REPUBLIC

**Koprivnice**

Contract to operate and maintain the sanitation system in the municipalities of Koprivnice, Novy Jicín, Morkov and Zivotice for a period of 10 years.
*€5 million.*

**Frydek-Mistek (Moravia-Silesia)**

Management of the supply service and sewage network in the city for a period of 10 years.
*€4.7 million.*

**Frenstat pod Radhostem**

Concession of the water and sewerage service for a period of 10 years.
*€1.7 million.*

**Orlová and Mosnov**

Contract to operate and maintain of the sewerage networks for a period of 5 and 10 years, respectively.
*€1 million.*

# Expansions and extensions to already managed contracts in Spain

Domestically, it is worth noting the renewal of 354 contracts amounting to 873 million euros, among which the following stand out:

- **Salamanca**

  Extension of the management of the water supply, sanitation and treatment service in the city for a period of 5 years.
  *95.4 million euros*

- **Güímar (Santa Cruz de Tenerife, Canary Islands)**

  Concession of the drinking water supply and sewerage service of the municipality for a period of 25 years.
  *85.3 million euros*

- **The Port of Santa María (Cadiz)**

  Service for the operation, maintenance and conservation of the city's wastewater treatment plant, sewage networks and pumping stations, for a period of 10 years.
  *51.1 million euros*

- **Talavera de la Reina (Toledo)**

  Extension of the water and sewerage service in the city for a period of 5 years.
  *40.9 million euros*

- **Consorcio de Louro (Pontevedra)**

  Operation, conservation, maintenance and other related services of the facilities that are part of the Consortium to manage the urban water cycle for a period of 3 years.
  *94 million euros*

- **Ibiza (Balearic Islands)**

  Extension of the management of the water and sewerage service in the city for a period of 1 year.
  *9 million euros*

- **Vigo (Pontevedra)**

  Extension of the management of the technical-teaching services for the City Council's indoor swimming pools and gyms for a period of 1 year.
  *2.8 million euros*

- **Bilbao (Vizcaya)**

  Maintenance service and breakdown management for the secondary supply networks of the municipalities in Zone A of the Bilbao Bizkaia Water Consortium for a period of 2 years.
  *2.6 million euros*

- **Sollano-Llantada (Zalla, Vizcaya)**

  Operation, control and maintenance service of the drinking water treatment station for a period of 2 years.
  *2.3 million euros.*

- **Mutxamel (Alicante)**

  Extension of the operation and maintenance service for the municipal desalination plant and its water distribution network for a period of 1 year.
  *1.3 million euros*

# Highlights End-to-end water management cycle 2021

## January
The Mar de Alborán desalination plant is a technical and management challenge and becomes the first large water production infrastructure owned by Aqualia in Spain.

## February
Renewal of the Solidarity Fund Agreement with the Chipiona City Council and Aqualia for the allocation of 10,000 euros to pay water, sewage, discharge and purification bills for people with economic difficulties.

## March
Aqualia is selected to operate and maintain the desalination plant and the drinking water distribution system in the Jizan industrial area, in southwestern Saudi Arabia.

## April
The First StepbyWater Conference places water as a key element in Europe's ecological transition.

## May
Aqualia expands its presence in Mexico after being awarded the comprehensive improvement project for the Los Cabos supply network, in Baja California Sur. The contract includes the modernisation, equipping, operation and maintenance of the hydraulic infrastructures for 10 years.

## June
A report on the detection of COVID-19 in wastewater wins the 5th Aqualia Journalism Award.

## July
Aqualia presents its Dénia Technology Centre (Alicante), based on fully digital management, which makes the Municipal Water Service a national benchmark. The control centre unifies all water management onto a single platform, which can control 571 million pieces of data per year. In addition, it has enabled the greatest implementation of remote meter reading in Spain (96%).

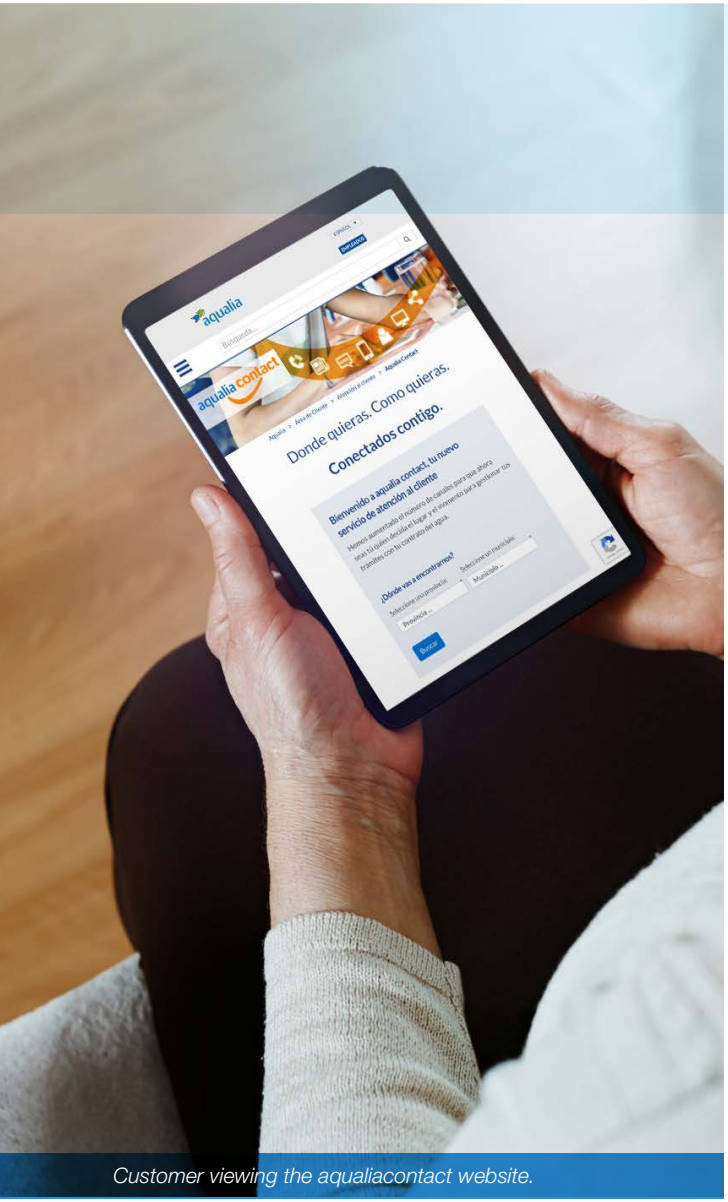
## August
Aqualia reaches 6,000 hours of digital training with the Children's Digital Drawing Contest.

## September
The Guijuelo biofactory is recognised as runner-up in the first edition of the Innovation Award of the Spanish Biomass Association (AVEBIOM), for transforming the waste generated by the treatment plant itself and the local agri-food industries into energy, biofuels, biofertilisers and biodegradable plastics.

## October
Vigo City Council and Aqualia lay the first stone of the city's new Drinking Water Treatment Plant (DWTP), an estimated investment of 23 million euros, which will apply ultrafiltration membranes to improve the quality of the drinking water.

## November
Through its French subsidiary, SEFO, Aqualia is selected to manage the water supply of 16 municipalities around Mantes-la-Ville, in the Île-de-France region (France).

## December
Aqualia approves the 2023 Strategic Plan with the clear goal of integrating triple sustainability as a cross-cutting aspect of the strategy to be followed in the coming years and charting and measuring the company's performance in relation to the SDGs, establishing targets to be met in the short, medium and long term.




*Customer viewing the aqualiacontact website.*

# Service excellence

## Customer management

It is essential for Aqualia to expand the Company's commitment to society, seeking the goal of excellence in customer service. The company aims to stand out in the market by developing services adapted to its users' needs. In 2021, progress continued in terms of gearing the strategy towards end customers, particularly focusing on the quality of the channels used to interact with our users, enhancing the investment in technology particularly during this year that has been so hard hit by the pandemic.

## Customer service channels

In 2021, the main management indicators for our **aqualiacontact** customer service channels are the following:

- **Telephone customer service**. In 2021, **1,203,947 calls** were received by the Customer Service Centre.

  The over-the-phone Customer Service Centre was used to set up an appointment service to prevent waiting times and overcrowding at in-person offices, improving not only the over-the-phone service, but also providing a faster, effective and pleasant service in general with all the health guarantees.

- The **specialised service** of our managers, in addition to the proactive nature and speed in carrying out the telephone service using the Presence (Evolution) solution, allows customers to receive assistance with no downtime via the different customer service and fault reporting channels, such as; Telephone Customer Service Centre, Virtual Office, App, Twitter and Email.

- **Virtual office**, aqualiacontact. In 2021, **177,940 interactions** were handled, 8.16% more than 2020. In total, 31.93% interactions were related to amending data, 22.67% electronic invoicing and 23.98% bank card payments.

- **App for mobile devices**. In 2021, using the app available to our customers, **117,439 interactions** were processed, 45.42%% up on 2020, with 76.69% of these regarding payment by bank card and 13.53% to amend data.

*Aqualia Call Centre, aqualiacontact, Madrid (Spain).*

- **Twitter** Through the **@aqualiacontact** account, messages sent by users are managed and dealt with (1,107 in 2021). SMS messages for notifications of bills and incidents and warnings of failures in networks are also possible (915,097 SMS messages in 2021).
- **Electronic invoicing**. In 2021, **87,356 customers** asked to activate the electronic invoicing service, up by **87%** year on year.

The efficiency of all customer relationship channels allows for a **very reduced number of claims**; **0.43%** in 2021 with a **maximum claim response time set at 15 calendar days**. The maximum average meter installation time (from request) of **five calendar days** is also noteworthy.

To meet the high expectations our customers have of the service offered by Aqualia, we will continue making progress to be able to provide all our customers with a quality omnichannel experience when they interact with the company.

The following objectives have been set for this:

1 **Integration of all the channels**

Channels functioning in unison, interrelated in real time. The new project for implementing a Microsoft Dynamics CRM, which will come online at the start of 2022, will enable all the channels to be interrelated in real time with better accessibility, availability and integrity of the information in the interactions. The objective of the project is to have a new customer service module that must be integrated with other systems, such as the Diversa commercial system, which provides sufficient flexibility, guarantees availability and agile and flexible access to information through guided processes.

2. **A better quality and more pleasant experience for customers**

- Any operation from any channel.
- Single processes for every channel.

3. **More responsive and capable service**

- Multi-platform customers.
- Use of resources, development of communication skills by channel.

4. **Search for resources and technologies allowing greater service, with a more streamlined and efficient management for our customers,** such as:

- WhatsApp professional.
- Click to call from the website.
- Payments through Bizum.
- Electronic invoicing management by mail.
- Customer management web platform for communication via SMS, mail, bill payment link, etc.
- Electronic signing of documentation.

# Billing and managing collections

The Customer Management department has kept the same strategic vision in the evolution of management tools, as well as in advancing new utilities in the Business Intelligence tool. New improvements have been developed regarding fraud information, including the type of fraud and the final status of the file. In large consumers, the average age of the meters is included and, with respect to the unbilled production, the information has been improved by adding the overview by service provided, type of customer, concept and billing cycle. The guarantee management information control panel has also been developed, with status values and their evolution. On the other hand, the gathering of the requirements necessary to implement the billing and debt management tool for non-rate concepts in services in France has been completed.

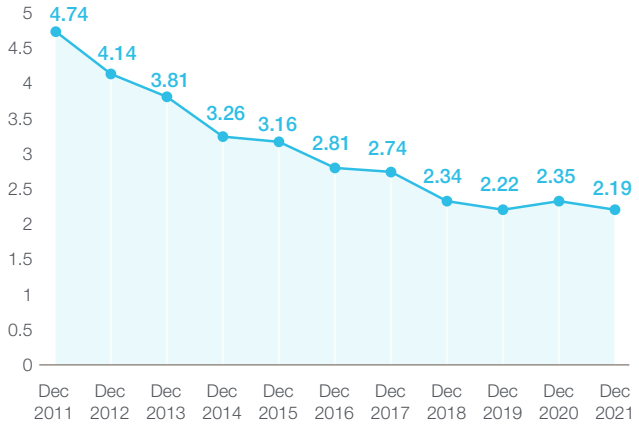
At December 2021, billing has varied compared to the previous year with a slight increase in $m^3$ consumption by 0.04%, mainly due to the increase in non-domestic consumption (4.60%) and wholesale water consumption (3.95%), with a decrease in domestic (2.07%). This trend means that, at the end of December 2021, there is **a 2.43% increase in the billing amount compared to 2020, and a 0.52% increase compared to 2019 prior to pandemic data, which ratifies the recovery of billing at the end of 2021** (data excludes Colombia).

## 1. Average collection period and non-payment

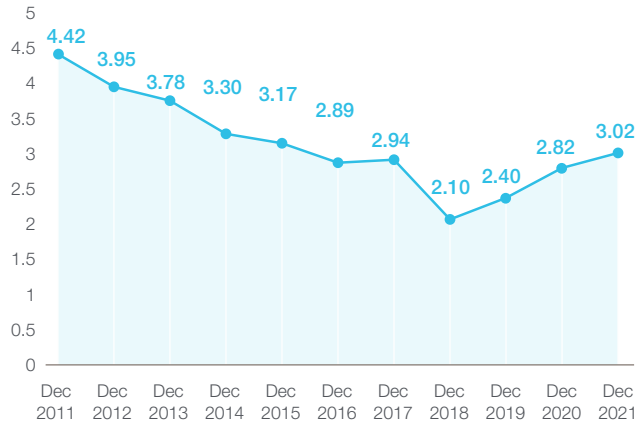
The continuous improvement of management has brought the average collection period tariff in Spain to 1.93 months and a total of 2.19, maintaining the trend seen in the previous years. This has been achieved by stepping of managing has allowed the correct management of payments, despite the impact of the pandemic.

Globally, Aqualia has seen a slight upturn in the average collection period on account of the increase in activity in the international area over the past two years, with the inclusion of the concessions in the regions of Córdoba and Villa del Rosario acquired in Colombia in 2020, the acquisition of the French companies of the SPIE Group in 2019, the acquisition of Qatarat and Haaisco (Saudi Arabia) in January 2020 and the takeover and initial consolidation of Acueducto El Realito (Mexico) in June 2021. This figure has also been affected by progress with the works at the Glina WWTP (Romania) and the El Salitre WWTP (Colombia).

AVERAGE COLLECTION PERIOD. SPAIN

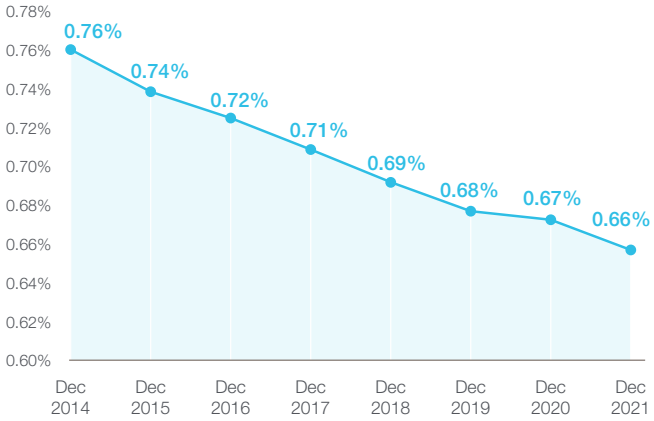



AVERAGE COLLECTION PERIOD. INTERNATIONAL AREA



In the tariff processes, the structural default has been improving every year, with Spain improving most, and has developed as follows:

STRUCTURAL DEFAULT. SPAIN




Aqualia has maintained the campaign to promote the use of electronic invoicing and to gradually replace as many paper invoices as possible. This action has allowed for a 17.2% increase in the number of bills issued electronically up to December 2021 compared to the previous year, reaching a global rate of 17.9% in Spain and a cumulative global rate of 15.9%, contributing to preserving the environment, with 627,499 customers choosing to receive this type of bill.

To minimise the difference between the volume of water supplied into the network and the actual volume consumed is an essential goal for a company such as Aqualia. To achieve this, in addition to using sophisticated smart network monitoring systems and renewing those that become obsolete to prevent leaks insofar as possible, plans are designed to detect the fraudulent use or actions involving drinking water. From January to December 2021, over 20,304 frauds, worth an equivalent consumption amount of 4.6 million euros, were detected. In addition to these actions, over 360,913 metering devices were renewed in many different contracts.

## 2. Meter Reading Mobility Project

In 2019 and 2020, an ambitious project for meter readings was undertaken. The project aims to update the implemented mobility solution for taking meter readings (TPL), providing it with online and offline functions with the current DIVERSA commercial system used at Aqualia. The solution is run on smartphones in order to provide functions related to taking and managing meter readings.

With this project, Aqualia aims to improve the current meter reading and management processes, making them efficient in the shortest time possible and with the smallest economic impact. The pilot launch, which took place in January 2020, was completed successfully, with the remaining operations being rolled out gradually.

Roll out in production Meter reading module project

- This pilot project was completed satisfactorily in Alcalá de Henares in Madrid.

- It was then rolled out in Ávila, Salamanca, Lleida, Lliria, Sant Josep (Ibiza), Écija, Jaén, Sanlúcar de Barrameda (Cadiz) and Mérida with satisfactorily results, allowing the mass roll out of the project.
- At December 2020, it was implemented in:
  - 439 services implemented (Spain) and 6 (Italy and Portugal).
  - 5,296,171: readings taken to date with the new App.
  - 20,241: reading routes exported to the App.
  - 2,589,927: contracts exported to be read on the App.
- The total the roll out was completed in the FIRST QUARTER (Q1) 2021.

## 3. CRM Microsoft Dynamics

The new customer services module uses Microsoft Dynamics CRM 365. This solution provides customers with a comprehensive overview, technological innovation and improvements in business processes.

- The solution includes a new website for customers that will replace the virtual office that is currently in place. The Call Centre and a new virtual office will be implemented for customers, covering all operations, with the corresponding updates to the CRM currently in place.
- The tests carried out by technical team and the business team in 2021 saw satisfactory results and production is planned to start in the first quarter of 2022.

## 4. Electronic document signature project

The face-to-face contracting process carried out in our offices involves customers signing various documents, which are scanned and stored in a virtual SharePoint repository.

The advanced electronic signature project has been developed to optimise this manual process.

The electronic signature project includes two types:

- Biometric signature. Customers sign the document on an electronic device that collects their signature and biometric data.
- OTP (One-Time Password) signature. A signature system with a personal password and one-time code, which is sent to the customer by SMS to digitally sign documents.

Associated with this process is the *"signature operation record"*, which is the document where all the electronic evidence of the signing process is collected. This record is signed electronically with a certificate, thereby guaranteeing the integrity of the record.

The signed documents, the signature and the record are automatically stored in the virtual SharePoint repository.

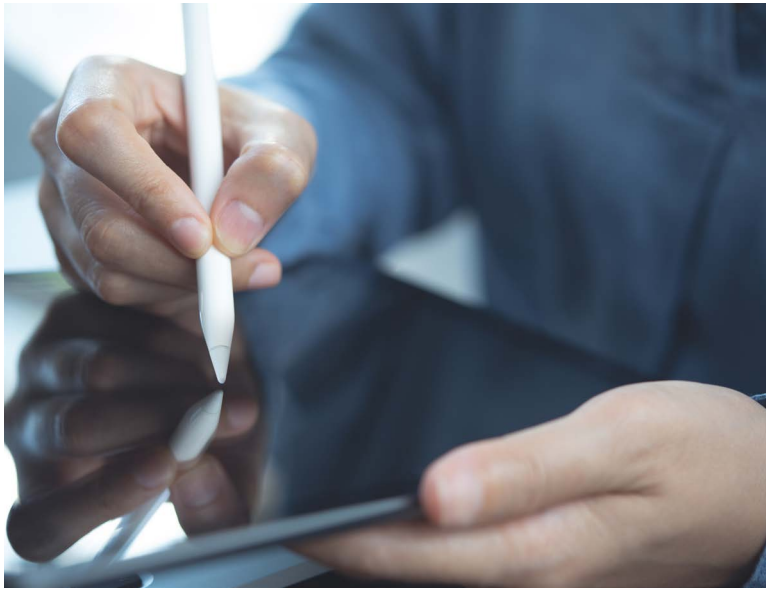
Tests are currently being conducted by the technical team and the business team, and it is scheduled to go live in the first quarter of 2022.

# Data protection

In Spain, following the entry into force of Regulation EU 2016/679, GDPR, on 25 May 2018, and the entry into force of Organic Law 3/2018, on Personal Data Protection and the Guarantee of Digital Rights (LOPDGDD) on 5 December 2018, Aqualia embarked on a regulatory adaptation process in relation to data protection.

The new developments established in the Regulation required data protection amendments to be made across all companies, given that they apply to all the affected areas in relation to the following areas:

1. Employees.
2. Customers.
3. Suppliers.
4. FCC Group's contractual relations.
5. Public administration contractual relations.
6. Documentation and internal management.
7. Information Technology and Information Security.
8. Technical and organisational measures.



As part of the adaptation process, the e-privacy tool has been rolled out. This tool is used to record the data processing activities of all companies. It features a document and evidence manager, in addition to a risk assessment tool.

The tool allows a quarterly risk status report to be generated, in addition to constant improvement assessments following the implementation of corrective and preventive actions.

### INITIAL STATUS MAY 2018

RISKS:
LIKELIHOOD

| | | | | |
|---|---|---|---|---|
| Very high - Maximum | 0 | 0 | 0 | 0 |
| High - Significant | 4 | 171 | 0 | 0 |
| Average - Limited | 132 | 468 | 224 | 0 |
| Low - Immaterial | 0 | 1 | 0 | 0 |
| | Very low - Immaterial | Average - Limited | High - Significant | Very high - Maximum |

IMPACT

### STATUS DECEMBER 2021

RISKS:
LIKELIHOOD

| | | | | |
|---|---|---|---|---|
| Very high - Maximum | 0 | 0 | 0 | 0 |
| High - Significant | 0 | 0 | 0 | 0 |
| Average - Limited | 10 | 92 | 18 | 0 |
| Low - Immaterial | 127 | 631 | 203 | 0 |
| | Very low - Immaterial | Average - Limited | High - Significant | Very high - Maximum |

IMPACT

For 2021, the extension of the adaptation work started in 2020 was planned, such as:

- International data transfer project between FCC Group companies.
- Storage terms project for FCC Group data.
- Adaptation of Aqualia's National Security Framework.
- Review and approval of the data protection clause relating to vehicles, specifically that relating to geolocation and telemetry (in addition to retention periods).
- Review of the data protection clause in relation to the use of personal contact data of employees who hot desk.

## Social action

Although the capacity to set rates and regulate the services provided in the end-to-end water cycle in Spain lies exclusively with the Administration, at Aqualia we actively promote social action mechanisms in the rates and solidarity funds for underprivileged users. The company has also worked to improve the coordination with the city councils' social services to protect customers at risk of social exclusion. As an example, within its CSR policy, Aqualia has been renewing its partnership agreement with Caritas Española to support the initiatives of this humanitarian organisation in Spain, since 2015, and with ACNUR since 2019. Furthermore, access to water has been guaranteed for those in vulnerable situations and payment terms have been extended for all customers affected by the pandemic.

Information on tariffs and social vouchers has been published on the Aqualia website and is available to all users. In turn, in the notifications sent to customers, Aqualia reports on the possibility of setting up deferred payment plans. During this year, more than 6,906 payment plans have been agreed.

It is essential for Aqualia to expand the Company's commitment to society, seeking the goal of excellence in customer service. The company aims to stand out in the market by developing services adapted to its users' needs. In 2021, progress continued in terms of gearing the strategy towards end customers, particularly focusing on the quality of the channels used to interact with our users, enhancing the investment in technology particularly during this year that has been so hard hit by the pandemic.

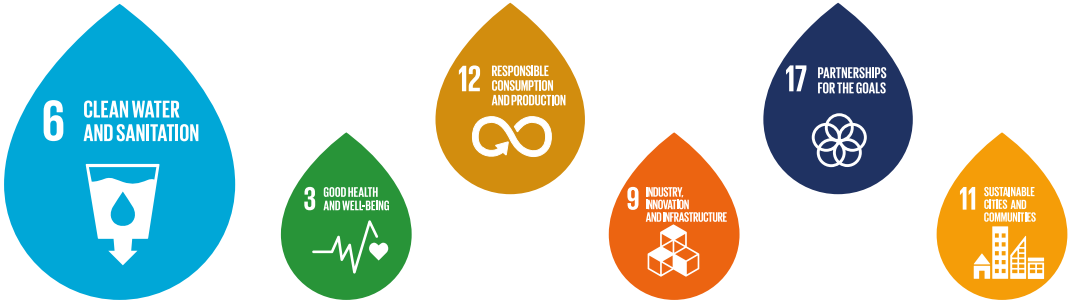
# Efficient and sustainable management

## Management systems

As one of its main objectives, Aqualia continues to support compliance with the United Nations' Sustainable Development Goals (SDG), focusing on those that affect the water sector and its stakeholders:

**No. 3** Promote well-being for all.
**No. 6** Sustainable water and sanitation.
**No. 7** Non-polluting energy.
**No. 8** Promote sustained economic growth.
**No. 9** Build resilient infrastructure.
**No. 11** Create sustainable cities.
**No. 12** Ensure sustainable consumption and production patterns.
**No. 13** Take urgent action to combat climate change.
**No. 14** Conserve marine resources sustainably.
**No. 15** Combat desertification and protect biodiversity.
**No. 17** Alliances to achieve the objectives.

### PRIORITY COMMITMENTS ON ACCOUNT OF ITS ACTIVITIES




### CORPORATE COMMITMENTS

*Rafael García Meiro, CEO of AENOR, presenting the certificate as the first operator of the end-to-end water cycle to certify its contribution to the SDGs, to Félix Parra, CEO of Aqualia.*

Likewise, Aqualia continues with its strategy of creating shared value, heeding the expectations of its stakeholders and further developing the tools to know and measure the social and environmental impact, supporting the creation of economic value and increasing the company's competitiveness (calculating our social and environmental footprint). That is why, in 2020, we have worked on the following aspects:

1. **Implementation of the new ISO 45001** in Aqualia's Management System, revising and updating all the procedures and coordinating internal and external audit processes (AENOR).
2. **Increase in the efficiency of internal audit processes**, publishing integrated reports, and external audit processes by collaborating with very highly-qualified auditors who perform audits on the Quality, Environmental and Energy Management systems, calculate the carbon footprint and audit occupational health and safety.
3. **Certification of asset management** under an international agreement, making it possible to increase efficiency and guarantee operations with managed infrastructures.
4. Increase in the scope of the **Energy Management and Climate Change** strategy.
   - Monitoring contracts with energy review.
   - Calculating and verifying the Carbon Footprint of all Aqualia's activities in Spain and Portugal.
   - Inclusion in the Carbon Footprint Registry of the OECC (Spanish Climate Change Office) of MITECO (Ministry of Ecological Transition and the Demographic Challenge) for all Aqualia's activities in Spain.
   - Review of the Plan to Reduce the Carbon Footprint of Aqualia's activities.
   - Verification of the emissions avoided in the CLIMA Project of the OECC of MITECO, approved in 2018, for the use of alternative fuels, which come from the company's activity, in vehicles.
   - Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.
5. Adaptation of the general procedures of the **Management System to FCC Group's Compliance model** to respond to the designation of process owners and their corresponding controls.

Aqualia continues with the **strategy of creating shared value**, responding to the expectations of its stakeholders and making greater use the tools that allow the social and environmental impacts to be **known and measured**

6. Participation in **AENOR** meetings and conferences and in **AEC (Spanish Quality Association)** work groups
7. Participation in the **Circular Economy Commission** of the Spanish Chamber of Commerce, where legislative initiatives are analysed and meetings are held with policy makers.

In addition to the above, the strategy with the company's stakeholders has been maintained. This consists of incorporating the treatment of Aqualia's stakeholders into the Management System and the company's context analysis as a requirement of the new Standards and as support for other Aqualia departments in their daily work (Customers, Compliance, Communication, Corporate Social Responsibility, HR, etc.).

# Energy management

The energy management of production facilities is a strategic line of action for the company since it was founded, with the optimisation of energy consumption an objective of continuous improvement.

This is reflected in the calculation of the company's Carbon Footprint for its operations in Spain, verified based on the guidelines of UNE-EN ISO 14064 from AENOR, where the impact of energy management (Scope 2) can be seen in a 13% reduction in emissions compared to the previous year.

To this end, several projects were implemented in 2020 that seek to reduce greenhouse gases (GHGs).

The signing of a PPA (Power Purchase Agreement) for 76 GWh/year of renewable energy (solar), that came into force in July will help to reduce emissions by 15,200 tonnes of $CO_2$ eq/year.

Furthermore, the installation project for 3.2 MWp of peak power in the form of solar panels, supplying 26 consumption points, with an annual expected production of 5 GWh/year, which translates into a reduction in GHG emissions of 1,000 tonnes of $CO_2$ eq/year.

During 2021, the second phase of installing solar panels began, where the objective is to reduce a further 820 tonnes of $CO_2$eq/year through the installation of 3.14 MWp of photovoltaic panels, which will supply 52 consumption points.

A special mention should be given to the installation of a 0.84 MWp photovoltaic park in the La Cartuja WWTP, in Jerez de la Frontera.

## Improvements for reducing energy consumption

Since 2016, and every four years, the company submits a set of production facilities that consume more than 85% of the company's total consumption to energy auditors (in accordance with ISO 50001 - Energy Management Systems). To monitor the opportunities for improvement detected in the audits, an IT tool has been launched. This tool is integrated with Aqualia's technical analysis/reporting tool (AqualiaRT/AqualiaBI), enabling the activities and results obtained to be monitored.

Among the actions being carried out is the pilot for an energy optimisation system for offices and warehouses, to initially be developed in seven locations with the aim of rationalising the use of energy for lighting and air conditioning in these administrative centres. The implementation is expected between the end of 2021 and the first quarter of 2022.

### GREENHOUSE GAS EMISSIONS 2020

| | t $CO_2$ | t $CH_4$ | t $N_2O$ | GHG 2020 (t $CO_2$e) | % |
|---|---|---|---|---|---|
| Scope 1 | 9,984.80 | 2,233.50 | 24.30 | 78,971.30 | 45.49% |
| Scope 2 | 63,437.10 | 0.00 | 0.00 | 63,437.10 | 36.54% |
| Scope 3 | 14,571.00 | 0.00 | 62.80 | 31,201.40 | 17.97% |
| **Total** | **87,992.90** | **2,233.50** | **87.10** | **173,609.80** | |

### GREENHOUSE GAS EMISSIONS. SPAIN 2019

| | t $CO_2$ | t $CH_4$ | t $N_2O$ | GHG 2020 (t $CO_2$e) | % |
|---|---|---|---|---|---|
| Scope 1 | 7,615.4 | 2,173.3 | 24.2 | 74,876.9 | 37.5% |
| Scope 2 | 94,583.3 | 0.0 | 0.0 | 94,583.3 | 47.4% |
| Scope 3 | 13,346.2 | 0.0 | 63.3 | 30,111.1 | 15.1% |
| **Total** | **115,544.8** | **2,173.3** | **87.4** | **199,571.3** | |

# Technical management

Over the course of 2021, the implementation and development of activities to improve operational management and the roll out of new platforms to standardise technical best practices across the company has continued. Those worth particular mention include:

## Energy management

- Implementation of the monitoring and control platform structured around improvement proposals and goals under different contracts, in relation to energy efficiency, pursuant to ISO 50001-Energy Management Systems.
- Connection of the new electricity billing control platform, Synergica, with the technical reporting platform, AqualiaRT.

  This allows the ratios of the various energy-dependent variables to be tracked, eliminating the possibility of human error.
- A new Energy Efficiency Working Group began operations, whose main work will focus on publishing “good practices” and the approval of high-efficiency devices.

## Asset management

Work has started to roll out the new Asset Management and Maintenance IT Tool, which will allow for the standardisation of maintenance activities, depending on the size and purpose of the service provided in addition to better centralised control of the inventory of managed assets. This will make it possible not only to obtain information on the status and current value of the inventory, but also develop and plan “Smart” proposals for renovation actions and/or the expansion of the infrastructure operated by the company.

Once installed in different locations in Spain, its roll out in France and Italy will begin.

## Approval of hydraulic devices

During this year, a system for approving materials and devices to be used in supply networks is being implemented.

Whenever the average life of managed networks rises, with very low renewal rates, it is essential to promote the use of materials with the best guarantees of durability and performance.

Laboratories and collaborating entities are being studied to start this activity, as well as preparing the approval flows.

## Technology transfer

Over the course of 2020, a new tool was launched to complement the work performed by the Innovation department: technology transfer.

During this year, projects such as ABAD (conversion of biogas from purification into automotive biogas) and Remembrane (recovery of desalination membranes for reuse) have been approved for production.

## Accredited laboratories

A new drinking water laboratory of the Aqualia Group in Vigo has achieved accreditation from ENAC (National Accreditation Entity).

With this new laboratory, Aqualia has a network of ten accredited laboratories across Spain, Italy and the Czech Republic.

Also worth note are the activities performed by the company in terms of monitoring COVID-19; experts at the company, in cooperation with the CSIC (Spanish National Research Council), through the signing of an agreement, are analysing the wastewater of different towns of Levante, Andalusia and the Balearic Islands.

As part of the same agreement, the company’s staff are receiving training and comparison exercises for the implementation of a PCR technique to be included in the range of services offered by the laboratory in Oviedo (Asturias).

# Innovation and technology

Innovation at Aqualia is guided by European Green Deal policies, to reduce the carbon footprint to zero, thanks to the transition to a circular economy with no environmental impact. The Innovation and Technology department (DIT) develops new smart management tools and new proposals for sustainable services, supporting the company in achieving the United Nations' Sustainable Development Goals (SDGs). The priority points are: an affordable and high-quality water and sanitation service (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and the contribution to sustainable production and consumption (SDG 12).

The following table shows the projects carried out in the Innovation and Technology department in 2021 (in addition to the completion dates) to strengthen Aqualia's technological proposal across four lines of work: Quality, Eco-efficiency, Smart Management and Sustainability.

In 2021, three projects were carried out:

- An Interconecta project (ERDF): **Advisor**.
- Two projects as part of the EU's H2020 framework: **Sabana** and **Run4Life**.

Work has continued on the other 14 projects under way:

- A JPI WATERWORKS project **MarAdentro** (extended until June 2022).
- A Regional RIS3 Idepa project in Asturias: **ReCarbon**.
- Five from the European Life programme: **IntExt, Ulises, Infusion, Phoenix** and **Zero Waste Water**.
- Two from the EU Common Initiative / Bio-Based Industries (BBI): **B-Ferst** and **Deep Purple**.
- Four from the EU's H2020 programme: **Scalibur, Rewaise, Sea4Value** and **Ultimate**.
- One Marie Sklodowska Curie (MSCA) training project: **Rewatergy**.

In addition to the technological development, the latter is focused on scientific training, participating as an industrial partner in the Rewatergy project under the H2020 Marie Sklodowska Curie programme for academic networks in Europe, headed by Rey Juan Carlos University. Two PhD researchers joined in 2021 to carry out practical work at Aqualia:

- From the University of Cambridge (United Kingdom), focussing on the production of hydrogen from the ammonium in wastewater, in the WWTP in Lerida.
- From the University of Ulster (Northern Ireland), developing photo disinfection and electro-disinfection processes to remove micro-contaminants from drinking water and wastewater in the Jerez WWTP.

Thanks to the tenders in 2020, has started on two new projects in 2021:

- One from the European Life programme: **Reseau.**
- One from the EU's H2020 programme: **Nice.**

PROJECTS DEVELOPED BY THE DIT

**Quality**

- Life Zero Waste Water (2024)
- Life Infusion (2024)
- Life Reseau (2025)

**Intelligent Management**

- H2020 Run4Life (2021)
- H2020 Rewaise (2025)

**Eco-efficiency**

- INTERCONECTA Advisor (2021)
- WATERWORKS Maradentro (2022)
- RIS3 IDEPA Recarbon (2022)
- H2020 Scalibur (2022)
- H2020 MSCA REWATERGY (2023)
- H2020 BBI Deep Purple (2023)
- H2020 BBI B-Ferst (2023)
- H2020 Sea4Value (2024)
- H2020 Ultimate (2024)

**Sustainability**

- H2020 Sabana (2021)
- Life Ulises (2022)
- Life IntExt (2023)
- Life Phoenix (2024)
- H2020 Nice (2025)

# Projects completed in 2021

The following results have been obtained from the three projects completed in 2021:

- **Interconecta (ERDF) Advisor**

  With the aim of achieving a circular economy in the agro-industrial activity of Guijuelo (Salamanca), and avoiding the cost and impact of waste management from the meat industry, new recovery solutions have been demonstrated at the WWTP operated by Aqualia. Adapting co-digestion to slaughterhouse waste, with the validation of thermal pretreatment and innovative control systems, the treatment plant has increased its energy self-sufficiency. The increased production of biogas, and its enrichment with the ABAD Bioenergy® process, allows biomethane to be supplied to service vehicles.

  The ELSAR process, a new anaerobic reactor with bio-electrochemical intensification, a patent shared with the University of Alcalá (Madrid), has also been demonstrated. In addition, transforming fatty residues into bioplastics has been assessed and, in collaboration with farmers in the region, the fertiliser value of the by-products has been demonstrated.

- **H2020 Sabana**

  Led by The University of Almeria, the consortium of 11 entities from five countries (including the Czech Republic and Hungary) includes three major companies: Aqualia, Westphalia (Germany) and the Italian food group Veronesi. The project has optimised the production of new biofertilisers and biostimulants from algae, and in the WWTPs managed by Aqualia in Mérida (Badajoz) and Hellín (Albacete) two biorefineries have been set up from algae cultivation that total five hectares.

- **H2020 Run4Life**

  Led by Aqualia, this consortium brings together fifteen entities across seven countries at four demo locations (Sneek (the Netherlands), Ghent (Belgium), Helsingborg (Sweden) and Vigo (Spain) to investigate new nutrient recovery concepts from separating grey and black water. In the Zona Franca of Vigo, Aqualia operates a membrane reactor (MBR) for grey water in an office building, which is reused in toilets. Black water is transformed into bioenergy in an anaerobic MBR. For effluents, several nutrient recovery options have been tested, followed by advanced oxidation to eliminate viruses and emerging contaminants to favour reuse. A larger-scale prototype facility has been prepared in the Balaídos neighbourhood of Vigo, with effluents from the Citroën industrial estate.

  At the other two demonstration sites, grey and black water are separated in hundreds of new apartments in Ghent and Helsingborg, and organic kitchen waste is included in anaerobic reactors. After opening the homes in 2020, and the energy and nutrient recovery facilities entering service, the service has been optimised through talking with users, reducing water and energy consumption through decentralised management.

*Roberto Marín, Mayor of Guijuelo, in Salamanca (Spain), refuelling a vehicle with the biogas generated in the biofactory of the municipal WWTP.*

In Sneek, new vacuum toilets have been installed in about 30 houses, with minimal water consumption, facilitating direct thermophilic digestion of sewage in a novel bioreactor that allows a fertiliser to be produced directly. A key task was assessing the effect of new fertilisers, verifying the quality and safety of the effluents and by-products of the various nutrient recovery processes through greenhouse cultivation trials.

# Projects due to be completed in 2022

Another three projects, one as part of the RIS3 programme organised by IDEPA in Asturias, one by JPI WATER cofunded by the CDTI and two as part of the H2020 programme, are in the final phase of development in 2021, and are due to be completed in 2022:

- **RIS3 ReCarbón**

  Financed by the Asturian agency IDEPA using ERDF and led by INGEMAS, a local engineering company in Gijón (Asturias) with two local SMEs (Biesca and InCo), Aqualia supports CSIC's INCAR (Carbon Science and Technology Institute) and the CTIC (Information and Communication Technology Centre) in researching contaminant adsorption methods using regenerated active carbon and biochar. This sustainable and affordable adsorbent is being assessed for the cleaning of biogas in the Chiclana de la Frontera (Cadiz), Lérida and Jerez de la Frontera (Cadiz) WWTPs, as well as in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

  Biochar is also being tested in innovative micropollutant adsorption units, for which Aqualia's accredited laboratory in Oviedo develops advanced analysis methods, and new sensors have been validated that allow real-time monitoring at the El Grado WWTP and Cabornio DWTP in Oviedo.

- **JPI MarAdentro**

  The "Managed Aquifer Recharge: ADrEssiNg The Risks Of re-generated water" project is led by the Institute of Environmental Diagnostics and Water Studies (IDAEA-CSIC) as part of the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, with the participation of partners in France, Italy and Sweden, and studies soil as a tertiary treatment unit.

  A 400 square metre infiltration system is being constructed at the Medina del Campo WWTP (Valladolid) for the advanced treatment of purified water and its reuse in the Groundwater Recharge process compared to conventional tertiary treatments. The scientific institutes develop system design and simulation tools to optimise the operation and costs to eliminate emerging contaminants.

- **H2020 Scalibur**

  The project led by the Itene technology centre brings together 21 partners from 10 countries, and focuses on the reduction and recovery of waste on a European scale. With participation from FCC Environment, the project is focussed on improving waste transformation plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and foster the circular economy.

  Along these lines, Aqualia has implemented new sludge treatment processes at the Estiviel WWTP (Toledo), testing improvements in the thickness and dual digestion across two phases, simplifying the stabilisation of muds without the use of heated concrete structures. The project has facilitated the initial innovation activities at SmVaK in the Czech Republic to convert organic matter into by-products and bioenergy, and prototypes are being constructed at the Karviná WWTP.

# Ongoing projects

Another five projects with European H2020 funding were in full development in 2021, two in the BBI (Bio-Based Industries) initiative, and two in the H2020 "Water Smart Economy" tender, in addition to one focused on the recovery of minerals from the desalination of brine. Also, in the EU's LIFE programme, four projects are have been implemented in facilities operated by Aqualia, and another in cooperation with FCC Environment:

*Symbolic start-up of the LIFE INText project in the Talavera de la Reina WWTP, Toledo (Spain).*

- **BBI Deep Purple**

  Led by Aqualia and supported by thirteen partners across six countries, the project implements a new biorefining model at a demo scale, which includes purple phototrophic bacteria (PPB) in anaerobic carousels. These bacteria use solar energy to purify non-aerated wastewater and transform the organic content of wastewater and urban waste into raw materials for biofuels, plastics, cellulose and new inputs for the chemical and cosmetics industry.

  Aqualia's initial prototype is in operation at Toledo-Estiviel WWTP, and a demonstration reactor ten times the size of this prototype is being constructed in the Linares WWTP (Jaén). Parallel activities are also planned for the SmVaK WWTP in the Czech Republic and another planned demonstration site.

- **BBI B-Ferst**

  Led by Fertiberia, and with ten partners across six different countries, Aqualia is involved in the development of new bio-fertilisers using urban wastewater and by-products from the agri-food industry. The potential of raw materials recovered from urban waste and effluents to produce fertilisers in three countries (Spain, Italy and the Czech Republic) is being studied. A struvite precipitation system has also been built at the Jerez WWTP to incorporate the recovered phosphorus into a new Fertiberia biological-based fertiliser demonstration plant in Huelva.

- **LIFE IntExt**

  The project to optimise low-cost treatment technologies in small towns is led by Aqualia, with the AIMEN and CENTA technology centres and the University of Aarhus in Denmark, supporting SMEs from Germany, Greece and France. The aim is to minimise the cost of energy, the carbon footprint and purification residues, providing sustainable solutions from an ecological and economic perspective to urban centres with fewer than 5,000 inhabitants. The demonstration platform for 16 technologies was launched at the Talavera de la Reina WWTP in Toledo, operated by Aqualia, which will offer a tailor-made solution for isolated urbanisations.

*Valdebebas WWTP, Madrid (Spain).*

- **LIFE Ulises**

Three technology centres, CENTA, EnergyLab and CieSol of the University of Almería, support Aqualia coordinating the transformation of conventional WWTPs into "energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pre-treatment with the PUSH reactor has been implemented at the El Bobar WWTP in Almería, operated by Aqualia, and has also been successfully assessed at two WWTPs in Portugal. To improve the energy balance, digestion with hydrolysis is intensified to use bio-methane as fuel for vehicles with an ABAD BioEnergy refining system and a dispenser.

- **LIFE Infusion**

After concluding the LIFE Methamorphosis project in Ecoparc 2, the Metropolitan Area of Barcelona (AMB) wanted to extend the operation of the pilots to prepare the designs of several new resource recovery from urban solid waste plants. In collaboration with the EureCat centre for technology and the operator of Ecoparc 2, EBESA, the leachate digestion system will be optimised with technology developed by Aqualia, AnMBR and ELAN, adding an ammonium stripping system produced by Belgian firm Detricon. Two waste management firms, Cogersa in Asturias and AMIU in the region of Genoa (Italy) are responsible for assessing the options for implementing the solutions at their plants.

- **LIFE Phoenix**

Led by Aqualia and supported by the CETIM and CIESOL technology centres, this project will optimise the tertiary treatment to achieve the most ambitious goals of the new European water reuse regulation (EU 2020/741). To assess different effluents, for ADP in Portugal, the Regional Government of Almeria and the Guadalquivir Hydrographic Confederation, are constructing three mobile plants, one with a physical and chemical treatment capacity of 50 $m^3$/hour, one with a filtering capacity of 30 $m^3$/hour to be combined with various refining skids for ultra and nanofiltration membranes.

Furthermore, the European subsidiary Newland Entech has provided ozone ($O_3$) and ultraviolet UV disinfection, which will allow advanced oxidisation and disinfection. A sensor from the Dutch SME MicroLan for on-line microbiological measurements is also being tested.

- **LIFE Zero Waste Water**

The project, led by Aqualia, with Canal de Isabel II as a partner, is to install a combined treatment unit for Urban Wastewater (ARU) and Organic Fraction of Urban Solid Waste (FORSU) at the Valdebebas WWTP (Madrid). A 50 cubic metre3/day anaerobic AnMBR reactor will be fed, which will be followed by the ELAN process at the water line, allowing purification with a neutral carbon footprint. The use of FORSU at a municipal level, using the sewerage system for transporting the mixture in a single flow will be assessed.

In addition to the University of Valencia (co-holder of the AnMBR patent) and the University of Santiago (Lugo) (co-holder of the ELAN patent), the Portuguese SME Simbiente is involved in developing an advanced management system, combining with the online microbiology quality monitoring from the Austrian SME VWS (Vienna Water Systems).

*Desalination Innovation Centre in Dénia, Alicante (Spain).*

- **H2020 Sea4Value**

The EureCat technology centre coordinates 14 partners from seven countries to recover resources from concentrated brines at seawater desalination plants (SWDP). Thanks to 100% EU funding, at least eight innovative technological solutions are in development at a basic scientific level. The aim is to enrich the most valuable components of seawater (lithium, caesium and rubidium) and recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a level of purity that makes market exploitation feasible.

To analyse the technical and economic impact, pilot units are to be implemented in the various SWDPs operated by Aqualia to reinforce the Aqualia Desalination Innovation Centre in Dénia (Alicante) and develop a new platform in Tenerife (Canary Islands), adding the development of solutions to recover brine to the new desalination methods. Work will be done on the solar concentration of brine, selective magnesium precipitation, the acquisition of chlorine dioxide and the optimisation of permeated remineralisation with micronised limestone, reducing $CO_2$ consumption, cloudiness and the size of facilities.

- **H2020 Ultimate**

As part of the “Smart Water Economy” initiative, Aqualia is involved in two of the five chosen consortia, which receive up to 15 million euros of support from the EU per project. In Ultimate, the Dutch technology centre KWR will coordinate 27 partners who will implement nine industry and water service synergy demonstrations.

At the Mahou WWTP in Lérida, operated by Aqualia, an industrial-scale fluidised anaerobic reactor (FBBR / Elsar) is being installed, which will later be compared against an AnMBR to recover biomethane and feed a fuel cell. Yeast co-digestion is also being studied, as is support for another project partner, Aitasa in Tarragona, where Aqualia is constructing a new treatment for industrial effluents.

- **H2020 Rewaise**

Of the five projects financed in the EU’s “Smart Water Economy” tender, Aqualia leads the one with the largest business involvement, as the 24 entities in the consortium include water companies from the United Kingdom (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with seven SMEs and various universities in Croatia, Italy, Poland, the Czech Republic, Sweden and the United Kingdom, new circular economy and digital management solutions are being implemented in “living laboratories” including Aqualia operations in Badajoz, the Canary Islands, Dénia and Vigo.

Rewaise reinforces Aqualia’s technological development strategic lines, via sustainable desalination and new membranes, the recovery of brine materials, the reuse of wastewater and its transformation into energy and by-products, in addition to the simulation of process operation and control and networks to optimise service efficiency and water quality.

# Projects launched in 2021

In 2021, work began on two new European projects, taking the Aqualia's involvement in each of the major European support programmes, LIFE and H2020, to eleven:

- **H2020 Nice**

  The project, led by the CETIM technology centre with 14 partners from nine countries, focuses on natural solutions for the purification and recovery of resources from wastewater, such as wetlands or green belts. These options aimed at sustainable cities will be implemented in a dozen sites, including Aqualia's facilities in Vigo, Talavera and Algeciras. The pilots integrate developments by SMEs and Universities from Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **LIFE Reseau**

  The Reseau project seeks to increase the resistance of existing hydraulic sanitation infrastructure against the impact of climate change. Aqualia leads this project with the involvement of ITG (Fundación Instituto Tecnológico de Galicia) and VCS (VandCenterSyd AS) in Odense (Denmark). In Moaña (Pontevedra), sensors (speeds, flows, etc.) will be installed in the sanitation network to monitor and model its behaviour.

In addition, a 500 $m^3$ aerobic granular reactor will be built at the Moaña WWTP (Pontevedra) to treat up to 2,000 $m^3$/day of wastewater. Compared to conventional activated sludge technology, this advanced biofilm system multiplies the biological treatment capacity several times, improving the WWTP's ability to react to flow variations, and limiting the space needed for its implementation. It also significantly reduces the environmental impact of the treatment by reducing energy needs and avoiding the emission of greenhouse gases.

*Drinking water treatment facility in Vigo (Spain).*

*Moaña WWTP, Pontevedra (España).*

# Patents

Throughout 2021, a new European patent, as well as an American one, have been obtained as a PCT extension of European patents from 2020:

- Bioelectrochemical system that transforms salt and $CO_2$ into a disinfectant (Bioelectrochemical system for simultaneous production of water disinfection agents and carbon-neutral compounds./Device for disinfectant synthesis from salt coupled to methanation of carbon dioxide - DARE, with the University of Girona). EP18382099.2 granted on 19/05/2021.
- Microbial Desalination Cell (MDC, together with IMDEA Agua): after approving EP 3336064 A1 in 2020, the American patent was received in March 2021 under no. 10954145

Three trademarks and a utility model were also registered:

- ELSAR (Electro Stimulated Anaerobic Reactor) for the bio-electrochemical fluidised bed patent process that has been developed with the University of Alcala. Method for Treating Waste Water in a Fluidised Bed Bioreactor.
- AQUAVITE for the Struvite/Vivianite-based fertiliser product obtained from co–o precipitation reactors in B-Ferst (Jerez) or Run4Life (Guillarei).
- ANPHORA" (Anaerobic PHOtotropic RAceways) for purple bacteria reactors in DEEP PURPLE (Advansist Patent with URJC).
- From the LIFE Icirbus project, the process for removing heavy metals in sludge for agricultural use is protected by ES1268689.

These patents form part of Aqualia's industrial property, with ELAN® (EP 2740713 A1, and its extension EP 3255016 A1), ABAD Bioenergy® (EP 15382087.3) and LEAR algae reactors (EP 2875724 B1 y EP 2712917 B1).

# Publications and events

After the cancellation of many events due to COVID restrictions in 2020, activities are recovering in terms of publications and participation in conferences. The following table demonstrates that the rate of references in various media is already close to one mention per business day.

The documentary "Brave Blue World" (youtube.com/netflix trailer BraveBlueWorld) that includes Aqualia DIT activities was launched on Netflix in October 2020, and has been distributed in more than 50 countries, winning such awards as "Best of Show " at indiefest/winners-feb-2021. In September, the DIT also participated in a piece by cbsnews.com/Aqualia-committed-to-water-circularity:

*Brave Blue World, the documentary that presents the most sustainable future of water.*

PUBLICATIONS AND EVENTS

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Scientific articles | 12 | 5 | 6 |
| Sector press | 108 | 63 | 69 |
| General press | 139 | 93 | 186 |
| International events | 24 | 14 | 30 |
| National events | 19 | 11 | 26 |
| **Total** | **302** | **186** | **317** |

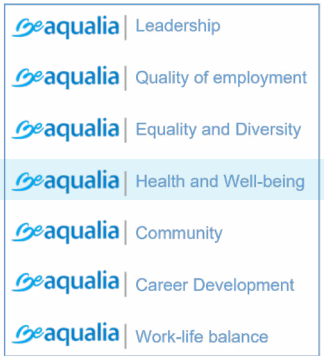
# People and culture

## General action lines

Around the "Be Aqualia" project, the various functions of the People and Culture department converge under the common direction and motto: people working for people.

Be Aqualia is the company's cultural transformation project through coherent and consistent intervention from human resources. This intervention is in accordance with the company's strategic plan and business vision and is supported by people management led by the company's directors.

During this year, and with the key objective of becoming a **Healthy Organisation**, work has continued on the basis of the seven blocks of action identified as "health assets" that constitute the different lines of work to be detailed later in the different sections.



# Conciliation

Aqualia keeps its **efr** (family responsible company) certification obtained in 2017 and recently renewed until 2023. The audit was carried out by AENOR in February 2021. Aqualia has increased its score since initial certification, and is now a **C+** company.

In the interviews carried out by AENOR with the staff in February, it is noted that:

- 80% consider the work-life balance conditions to have improved since the initial certification.
- 43% consider Aqualia to be above the sector in terms of work-life balance and 45% say it is within the average.
- 94% consider that senior management and managers support a work-life balance.

In addition, a series of objectives have been set in terms of work-life balance for 2021-2023 that have been approved by the company's management and are available to employees. These are:

- Analyse and segment the "Be Aqualia Measures Catalogue" to adapt it to the real needs of the different groups.
- Communicate the "Be Aqualia Measures" effectively by group.
- Extend the culture/ leadership in work-life balance.
- Extend the efr culture to the value chain.

# Diversity and equality

## Diversity and inclusion social

Aqualia maintains its collaboration agreements with different associations.

In 2021, Aqualia renewed its involvement in the **Diversity Charter**, which it joined in 2018. By signing this charter, Aqualia states that it respects current regulations on equal opportunities and anti-discrimination, and assumes the following basic principles:

- Raise awareness: the principles of equal opportunities and respect for diversity must be included in the company's values and be disseminated among employees.
- Move forwards with building a diverse workforce.
- Promote inclusion.
- Consider diversity in all people management policies.
- Promote conciliation through a balance in work, family and leisure times.
- Extend and communicate the commitment to stakeholders.

**Joining the #CEOPorLaDiversidad alliance** (signed by Félix Parra, CEO of Aqualia, in March 2021), a pioneering initiative in Europe led by the Adecco Foundation and the CEOE Foundation to unite companies and the people who run them around the values of diversity, equity and inclusion. Aqualia is the only company in its sector to be part of this agreement.

Within the Leading Programme, aimed at Aqualia managers (carried out between April and June), a module on **the importance of diversity and inclusion in the business environment** was included.

**Training in Diversity and management strategies** aimed at personnel from the people and culture department. The aim of this course, taught by the Adecco Foundation, was to raise awareness about co-responsibility in diversity management and acquire the tools to define a diversity strategy and launch initiatives and projects that respond to the goals set. Twenty-four people underwent this training in May 2021.

**Awareness raising in Diversity and Inclusion to the entire workforce**. This awareness raising develops the concepts of equity, uniqueness and unity to move forwards with the commitment to diversity in Aqualia. Employees with email access do the course through the FCC Campus and a campaign is being carried out through posters in different countries for employees without access to a computer.

In 2021, a total of 1,960 people completed the first part of the training. This awareness raising will continue throughout 2022 to contribute to the following challenges:

1. To promote an inclusive culture and leadership where diversity is managed taking into account its four dimensions: 1. *Personality*. 2. *Internal Dimension* (age, race, sex, sexual orientation, ethnicity, physical abilities). *3. External Dimension* (family situation, values, beliefs, hobbies, etc.). *4. Corporate Dimension* (category, position, etc.).
2. To extend the culture and inclusive leadership in those countries where Aqualia carries out its activity, provided that it is adjusted to the legislation and culture of each country.
3. To reduce unconscious sex and discrimination biases of people involved in selection processes.

With the Adecco Foundation, Aqualia continues to develop the Family Plan aimed at children of employees with a certified disability greater than or equal to 33%. It also maintains the Collaboration Agreement with the Down Syndrome Foundation and with FSC Inserta of ONCE.

# Equality

## Mentoring/Training

In 2020, the Fourth Mentoring Programme to Promote Female Talent began. This Programme is aimed at continuing to promote the presence, visibility and involvement of women in the organisation of the company and thereby facilitate the development of their professional careers. This edition had seven "mentees" and three male mentors and four female mentors. This program ended in November 2021.

## Equality Distinction

Aqualia retains its "Equality in the Company" Distinction. In December 2020, the Third Extension was granted for a period of three years. This distinction implies recognition of the Company's commitment to diversity and equal opportunities for men and women from the Ministries of Health, Equality and Inclusion, Social Security, and Migration.

## Equality Plan

In 2021, Aqualia continued with its second Equality Plan in which both the company and the majority state-wide unions reiterated their commitment to equal opportunities between men and women.

On 5 October 2021, Aqualia signed its Third Equality Plan for the period 2021-2025, thereby renewing its commitment to guaranteeing equality between sexes (SDG 5) and the reduction of inequalities (SDG 10).

*Participants of the 2021 "Development Programme for Management – Women with High Potential" by the School of Industrial Organisation (EOI).*

*Equality campaign developed in 2021 in Lleida (Spain).*

*Campaign against sex-based violence, developed in 2021 in Colombia.*

The Third Equality Plan is adapted to the requirements of R.D 901/2020 of 13 October regulating equality plans and their registration, and R.D 902/2020 of 13 October on equal pay between men and women.

This Plan extends its application and thereby links all workers who provide services in any FCC Aqualia, S.A. work centre, as well as any subsidiary company with 50 or more workers and where the Aqualia's direct or indirect shareholding is greater than 50% of the capital.

## Campaigns: Women's Day, Sex-based Violence, etc.

The company continues to show its commitment against sex-based violence by launching and participating in different awareness raising campaigns carried out in different municipalities and with the collaboration of Aqualia's staff.

## Executive Development Programme for Women

In 2021, a new edition of the "Development Programme for Management – Women with High Potential" by the School of Industrial Organisation (EOI) was held, with three members of the Aqualia workforce participating.

# Leadership

During 2021, the **Leading Programme** was held, aimed at all Aqualia managers, with the aim of developing the new leadership skills that – now more than ever – are necessary to manage teams in this changing environment.

The contents of the programme have focused on these points:

- The person in the centre.
- Emotions and their place in the work environment.
- The purpose that unites the team.
- Communication and team management.
- The new leadership.
- The importance of diversity and inclusion in the business environment.

# Working environment

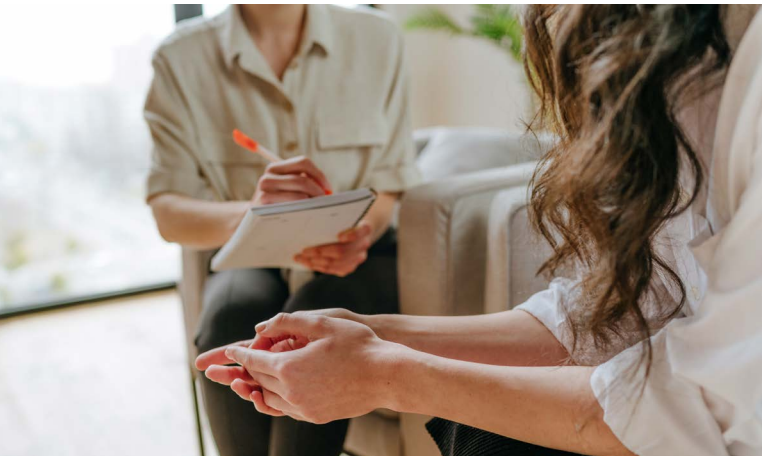
Aqualia, within its organisational culture of a commitment to people, stages a work environment survey every two years. A specific questionnaire was prepared in 2019 and, at the end of 2021, it was decided to reassess the situations previously studied and also adding key questions about the current situation resulting from the international pandemic that began in 2020 and whose effects are still present.

It should be noted that the 2019 study was carried out in Spain, while the following countries where Aqualia operates were also included in 2021: Mexico, Colombia, Czech Republic, Egypt, France, Italy, Oman and Portugal

Overall participation was 51.3% and 10 dimensions were analysed: communication, company vision, culture, work-life balance, processes, organisation, development, relationships, management, involvement.

As an overall result, it should be noted that 89% stated that they feel proud to work at Aqualia and 95.1% like their work. In addition, 80.3% of those surveyed claimed that they have felt accompanied and supported by the company during times of lockdown.

# Development



## Professional and personal development

To contribute to the well-being of its employees, Aqualia has maintained the measures included in the **Psicopack Be Aqualia** in 2021:

### Psicomet

Aqualia makes this tool available to all employees that allows them to check their mental and emotional well-being levels, helping employees with the early identification of any psychological issue they may be experiencing.

### Employee Assistance Program (PAE)

Psychological care service offered by expert psychologists to help employees resolve any possible psychological and emotional discomfort they are experiencing, either personally or at work. The psychological care service is available 24 hours a day, 7 days a week, no appointment is necessary and its use is unlimited.

### Interpersonal Conflict Management Procedure

This aims to be an effective tool to manage and resolve conflicts that arise in the workplace through mediation (a voluntary process in which the conflicting parties try to reach an agreement by themselves with the assistance of an impartial and neutral third person called a mediator).

### Standard Jobs Manual

Throughout 2021, job descriptions in the organisation were prepared, according to professional families and – within each position – differentiating the mission, functions/responsibilities and requirements (academic training, experience, technical knowledge and languages). This manual is to be a basic tool for organisational processes such as:

- Job assessment
- Staff selection
- Career plans
- Performance evaluation

### Training

Training at Aqualia is linked to the Company's strategic objectives, to improving the performance of workers' roles and to ensuring health and well-being. Work is being done for this to develop training adapted to the requirements of each job within the Company.

In the health crisis that was still present in 2021, Aqualia continued with **coronavirus training** for employees who had not yet received it, and 311 people completed this course this year.

The purpose of this course was to provide the organisation with specific and up-to-date information on the organisational, hygienic and technical measures implemented by the company that allow us to create habits for high professional performance in times of crisis.

The criterion followed by Aqualia for the 2021 Training Plan until September was mainly to carry out mandatory training and that which could be delivered effectively virtually and online.

Face-to-face training resumed in September due to the improved COVID-19 health situation.

Overall, in all countries where Aqualia operates, **1,561 training courses were organised in 2021 and 7,524** (5,769 men and 1,755 women) employees received 141,080 hours of training.

In October 2021, Aqualia published its new **Language Training Policy**.

Throughout 2021, courses on the Office 365 Tools required for the digital transformation process have continued to be taught.

In addition, a course on **interpersonal conflict management** was offered and taken by 2,411 people.

Likewise, in 2021 the training the **Code of Ethics and Conduct** continued to be developed. Training has also been carried out on **anti-corruption: the relationship with public officials in the FCC Group**.

In 2021 **courses** have been given on the **Office 365 Tools** necessary for the **digital transformation process**

Training in **digital disconnection** was also very important in 2021, and 2,496 people took this course that intends to contribute to guaranteeing the right to digital disconnection: the employee's right not to use or connect to corporate online media outside working hours, provided that they do not have to comply with any urgent obligation or responsibility of their job during that time. Similarly, it aims to prevent 'techno-stress' among employees.

Finally, **cybersecurity** training must be highlighted, which makes workers aware of their crucial role in information security, creates a culture of security and lays the foundations for protection, both for our confidential information and that of our customers and suppliers. Training completed by 2,155 people.

### Accreditation of Professional Skills

Aqualia continues to promote and develop processes for the accreditation of professional skills. In 2021, the second call for the accreditation process began, registering 45 workers from Aragón, La Rioja and Navarre (21 workers in Energy and Water and 24 workers in Safety and Environment).

On the other hand, in 2021 the *Department of Education* has published two public calls for staff in Catalonia for Energy and Water certificates.

In the first call, Aqualia registered 11 workers, of which 10 have achieved full certification and one worker partial certification.

In the second call, Aqualia registered seven workers. This call is in the registration phase.

In the Valencian Community there are two public calls in process:

- Call aimed at managers of water networks in which 12 Aqualia workers have registered.
- Call aimed at monitors of Sports Centres in which 13 Aqualia workers have registered.

It should be noted that two workers from Aqualia, from Aragon, took the course to qualify as experts in the accreditation process, allowing them to participate as advisors and assessors of the Safety and Environment family and after passing it, the *Department of Education* enabled them to participate in the next calls.

Aqualia currently has 19 authorised experts (12 for energy and water, seven for Safety and the Environment).

Looking ahead to 2022, Aqualia has already begun talks to renew the agreement that ends on 31/12/2022 since, due to the pandemic, there are 535 workers left to be accredited.

## Selecting and Attracting Talent

Aqualia's Selection and Professional Practices department continues to work in line with the company's policies, using different recruitment methods and sources to **attract talent, guaranteeing cases objectivity and equal opportunities** in the personnel selection and recruitment processes at all times.

To this end, **throughout 2021 the new Personnel Selection procedures worked on during 2020 have been implemented** in Aqualia, in which the necessary amendments have been contemplated to adapt them to the different areas and to Aqualia's business, nationally and internationally, with the aim of **improving selection processes and their quality**.

**In line with the job map** also prepared in 2021, work has been done on the **description and assessment of jobs and professional profiles**, the **application format for opening selection processes** and the **publishing style for job offers**.

In addition, in 2021 the **Employer Brand Image of Aqualia** has been worked on when publishing our job offers, investing in the **Employer Branding** service the regular publication channels and based on the **Talent Attraction Project 4.0**, especially for people with a STEM profile (Aqualia's adaptation to the climate emergency, new technologies, renewable energies, etc.).

Example Employer Branding Infojobs: https://fcc-Aqualia.ofertas-trabajo.infojobs.net/

In 2021, the quality of interviews improved with a new **Interview Script**, which is still being worked on with a view to its final implementation in 2022, and in which the **curricular profile** of the candidates, their skills and abilities are also analysed, and ultimately, the **adjustment to the company and our values and key skills, as previously defined by the company**.

During 2021, Aqualia once again invested in the major national and international job portals such as **Infojobs** and its ATS **E-Preselec** or **LinkedIn**, and in adapting the skills and job map of the **The Key Talent** platform tests contracted in 2020.

Aqualia promotes internal mobility as a source of recruitment, publishing all positions that are required in the company in the **Internal Mobility** (MI) channel, to which all FCC Group workers have access. Likewise, **work is being done on action plans to feed the database extracted from Aqualia's own website**, redirecting candidates who arrive through other channels.

- **External publications:** average of about 70 monthly publications in the national areas and Central Services (national and international).
- **Selection processes:** average of 150 selection processes per year per national zone/Central Services. (data includes production and structure selection processes).

The number of **new people hired** throughout 2021 is detailed below:

| ODS 8 | Men | Women | Total |
|---|---|---|---|
| New people contracted Central Services | 32 | 37 | 69 |
| New people contracted Spain (Zones) | 541 | 124 | 665 |
| New people contracted international | 247 | 116 | 363 |

Regarding the recruitment of young talent, we worked on some amendments in the **Professional Practices Procedure** in 2021 that will be definitively implemented in 2022 with a dual purpose:

- **Improve the procedure and processes for recruiting interns** who will be the talent of the future.
- Collaborate with the **employment of young people** in projects with a clear and necessary future to achieve a sustainable world.

| ODS 8 | Men | Women | Total |
|---|---|---|---|
| Internship Students 2020/2021 | 18 | 18 | 36 |

During 2021, Aqualia once again **invested** in the **major** national **and** international **employment portals**

We are working on a **plan to integrate young people into the company**, and with this vision, we have carried out some noteworthy actions to date:

- **All agreements with universities with which Aqualia has been collaborating for years have been renewed,** which required approval of new validity periods, and others have been signed with new schools, **universities and Vocational Training centres** in various regions (CUNEF, University of Castilla-La Mancha, University of Malaga, among others).
- For the third consecutive year, four interns joined the Instituto de La Paloma in Madrid for the 2021-2022 academic year of the **Higher Level Qualification in Water Management** and the **Intermediate Level Qualification in Water Networks and Treatment Plants** of the Dual Vicational Training, promoted by Canal de Isabel II.
- **70% of the students of the Dual Vocational Training programme have joined our workforce** through Aqualia to date, **making it one of the companies in the programme with the greatest involvement and success** and with the best percentage of joining the company after the internship period. It has been positively appraised by students, the study centre itself and the other collaborating companies.
- The number of students in full internships who manage to join the Aqualia workforce once their internship has finished has also increased.

# Health and Well-Being

The actions and priorities of the Health and Well-being area in 2021 were framed by the current situation, the different scenarios and resulting requirements and responsibilities necessary to limit and minimise the impact of COVID-19 in Aqualia, while remaining in line with the objectives and guidelines in terms of health and safety and the continuous need for evolution and improvement. The following are strategic axes:

- The effective and efficient management of the pandemic to protect the health and general well-being of people in Aqualia.
- The increase in the integration of preventive activities through direct collaboration with the production areas of the Zones and promoting coordinated actions against critical risks (asbestos, ATEX, road safety, etc.).
- The establishment of guidelines, actions and tools to promote organisational learning, thereby improving the effectiveness of preventive activity through the digitalisation of processes, means and technical development.
- The improvement of preventive management and specialised assistance on works projects, which has led to the strengthening of the Health and Well-being team.
- The design and implementation of a new policy to manage contractors and suppliers, from the initial approval process, to the oversight and control of the development of the work, with the aim of improving performance in terms of health and safety.

Among the monitoring of some of the most significant activities carried out during the year, the following can be highlighted:

## Aqualia's management of COVID-19

From the beginning of the health crisis, Aqualia's main goal was to establish an action line throughout the company to limit and minimise the impact on Aqualia's employees, its assets (maintaining the continuity of the activity) and ensure a proper service to our users and customers.

The ability to react, plan and organise made it possible to confront the health crisis by taking the necessary measures to protect workers and their families and to ensure the continuity of an essential service such as end-to-end water management, in the event of an unexpected and unknown situation.

Now, looking back a year and a half later, we realise that Aqualia's strategy enabled huge success in managing this health crisis, maintaining a very low incidence rate for the entire workforce, and not having had to interrupt the service at any time, with the reliability of not having suffered any work-related outbreak at any time.

Aqualia's commitment to updating the measures has not changed since the beginning of the health crisis on 15 March 2020 and, to date, Aqualia has drawn up a total of nine contingency plans and a Preventive Action Protocol to adapt the technical-sanitary measures proposed to the social situation at all times.

Each update of the **Company's Contingency Plan** has responded to the necessary amendments **to the initial plan to update the measures implemented**

The summary of the documents prepared in chronological order is:

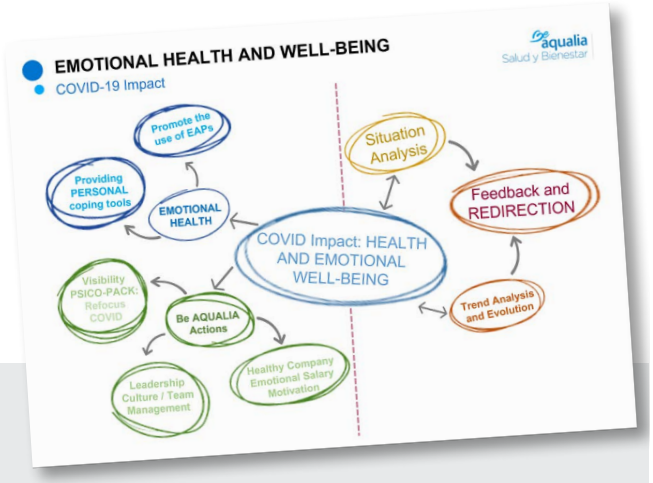
- COVID-19 Contingency Plan – version 1 (03/13/2020)
- COVID-19 Contingency Plan – version 2 (03/16/2020)
- COVID-19 Contingency Plan – version 3 (04/09/2020)
- COVID-19 Return Plan – version 4 (05/04/2020)
- COVID-19 Return Plan – version 5 (06/05/2020)
- COVID-19 New Normality Plan – version 6 (09/01/2020)
- COVID-19 Contingency Plan – version 7 (11/01/2020)
- COVID-19 Contingency Plan – version 8 (03/22/2021)
- COVID-19 Contingency Plan – version 9 (06/14/2021)
- COVID-19 Preventive Action Protocol – version 1 (12/16/2021)

Each update of the Company's Contingency Plan has responded to the amendments needed to the initial plan to update the measures implemented and adapt them to regulations implemented by Health Authorities, the Ministry of Health, Labour Inspection and Autonomous Communities as the health crisis progressed.

Among the major milestones related to Aqualia's management of the pandemic, the following can be highlighted:

Definition of contingency plans, guides and protocols, both those specific to Aqualia and the corresponding corporate ones and in collaboration with the Insurance Company and with the FCC Corporate Prevention Service and FCC Medical Services.

1. Bringing a health technician into the department with the aim of providing support, guidance and personalised monitoring (by telephone) of each reported COVID-19 incident according to an adapted and personalised protocol for the detection, notification, study and management of cases and contacts.
2. Parallel follow-up to the health authority: individualised medical follow-up of each COVID Incident that has been maintained throughout the pandemic. At 30 September 2021, 2,549 incidents had been managed.
3. After a period of non exhaustive monitoring of incidents, this was reactivated during the last fortnight of December 2021 due to the emergence of the new Omicron variant with the following data (at 4 January 2022): 293 new cases and 137 preventive isolations in Spain, 27 new cases and 13 preventive isolations in Europe and MENA, and 2 new cases and 3 preventive isolations in America.
4. Management of Vulnerable Workers. 84 cases of vulnerability were managed.
5. Specific health campaigns based on the needs at each time such as:
   - Different prevention campaigns through serological tests. The diagnostic tests carried out by the company to date are:
     - Rapid antibodies serological test: 2332
     - ELISA serological test: 58
     - PDIA (Antigen test): 598
     - PCR: 115
   - Campaign for the preparation, periodic monitoring and updating of specific contingency plans by contract or work centre.
   - Campaign on ventilation and indoor air quality.
   - Communication and awareness campaigns for the commitment to the personal and individual responsibility of the workers.
   - COVID Preventive Plan – Easter 2021.
   - Preventive measures reminder campaign aimed at stopping the outbreak of the new Omicron variant.
   - Awareness campaign: Promoting vaccination.
6. Periodic reports to the Board of Directors of the status and management of the pandemic in Aqualia.




## Health and Emotional Well-being project "Challenge: COVID-19"

Making a special commitment to the more humane nature of the pandemic crisis, the People and Culture area essentially wanted to reinforce people's psychological health care, strengthening and focusing in a very particular manner on the emotional well-being of all our workers and that of their closest relatives, thereby promoting synergies focused both on co-responsibility, as well as with SDG3 and our corporate social responsibility given the current health and socio-economic reality.

As a summary, the general actions developed have been aimed at:

1 Establishing the necessary methods and mechanisms to internally analyse the situation and the validation of the best strategies to be developed.

2 Developing specific psychosocial inquiry tools aimed at the "in situ" assessment of the impact of COVID on our workers, as well as the possible impact on the work climate or environment and the corresponding training of all SPM members for diagnosis and psychosocial intervention.

3 The generation, provision and invigoration of quality initiatives developed by expert psychologists for the individual approach in favour of emotional health, such as:

- **PSICOMET-COVID adaptation:** thanks to the advice of Affor (expert entity in psychosocial well-being), the individual emotional health status assessment tool was modified to be able to assess the "COVID-19 impact". With the dual purpose of detecting harm early (being able to promote the implementation of all those measures necessary for prevention) and that of being a very valuable source of information regarding the provision of indicators that will help design strategies to promote emotional well-being inside the company.
- **Extension of the Employee Assistance Program (PAE) to family members:** to facilitate psychological support so that they can use it whenever they need psychological advice and/or support resources to resolve any possible emotional discomfort they are experiencing in their day-to-day activities, both personally and professionally.
  - **Information and awareness through TIPs and psychoeducational campaigns:** multi-channel campaigns, accessible to all workers and run by specialised psychologists, in which practical resources are provided for self-care of emotional health.

Finally, the effectiveness of the actions developed to manage the impact of the pandemic on Emotional Well-being has been assessed.

1 The results of the Aqualia "Employee Voice" Survey show that 100% of those interviewed affirm that Aqualia has acted appropriately in managing the COVID-19 crisis.

2 From the analysis of the Results of the Psychosocial Diagnoses carried out by the Health and Well-being technicians in the work centres, it can be concluded that the impact of COVID-19 is not seriously affecting the psychosocial factors associated with the different jobs. In addition, based on the answers and perceptions received during the personal interviews – representatively focusing only on the Resources/Help/Emotional and Psychological Support section – we can determine a high degree of satisfaction in relation to the results obtained:

- In 63% of work centres, the tools available to take care of our emotional health are known.
- In 86% of Work Centres, it is known that Aqualia has implemented psychosocial support strategies to manage the emotional impact of this situation (informative or support conversations, recognition, provision of specialised help, etc.).
- In 83% of the cases, workers consider that the company correctly managed the psychological and emotional support.

  From the analysis of absenteeism due to psycho-emotional health issues, it currently only represents 3% in Aqualia (with 42 cases identified).

## Contractor Management – Use of Nalanda

Based on the preventive and safety culture of our company, a significant effort was made this year to achieve the objective of ensuring that contractors with whom Aqualia works have an excellent health and safety record and that it is monitored from prior to contracting until the completion of the work.

Given the previous lack of sufficiently clear supervision protocols, the non-monitoring of indicators and the lack of a policy to extend our health and safety requirements to our contractors, all of this together with the reinforcement of the implementation and use of Nalanda (or similar), the strategic guidelines mark our roadmap in the management of contractors in Aqualia as summarised below:

**Health & Safety** ● Implementation plan H&S Contractor Policy aqualia

| | |
|---|---|
| **1º Contractor evaluation** | |
| - Define an OHS performance evaluation system<br>- Prepare a list of contractors of hazardous activities | March 2021 |
| **2º Analysis and simplification of documentation exchange criteria** | |
| - Establish which are the essential documentation to exchange for aqualia<br>- Define the minimum limits required for contractors | July 2021 |
| **3º Aqualia specific protocol** | |
| - Preparation of a protocol for the internal functioning of Aqualia´s documentation exchange<br>- Implement within Nalanda a specific manual with the particularities of aqualia | July 2021 |
| **4º Specific training program** | |
| - Program for administrators and approvers (document system)<br>- Program for heads of services and foremen and managers (effective supervision) | November 2021 |
| **5º Effective control of contractors** | |
| - On-site supervision by JS and foremen and managers (via APP)<br>- Actions of the Health and Welfare technicians with the contractors | February 2022 |

For the latest actions in which we are currently included, we could state that:

- Resources are being dedicated to reinforce the use of Nalanda.
- An Implementation Guide for the Coordination of Business Activities has been prepared.
- A training plan on the use of Nalanda has been designed and implemented.
- The implementation of specific actions in dangerous activities has been defined: coordination meetings, access control, training, etc.

## Actions on Management Systems

Throughout 2021, here it is worth mentioning the development of the country's Technical Instructions in the international arena for the integration of health and well-being in the Management System according to ISO 45001.

## Analysis of Absenteeism and Promotion of organisational learning

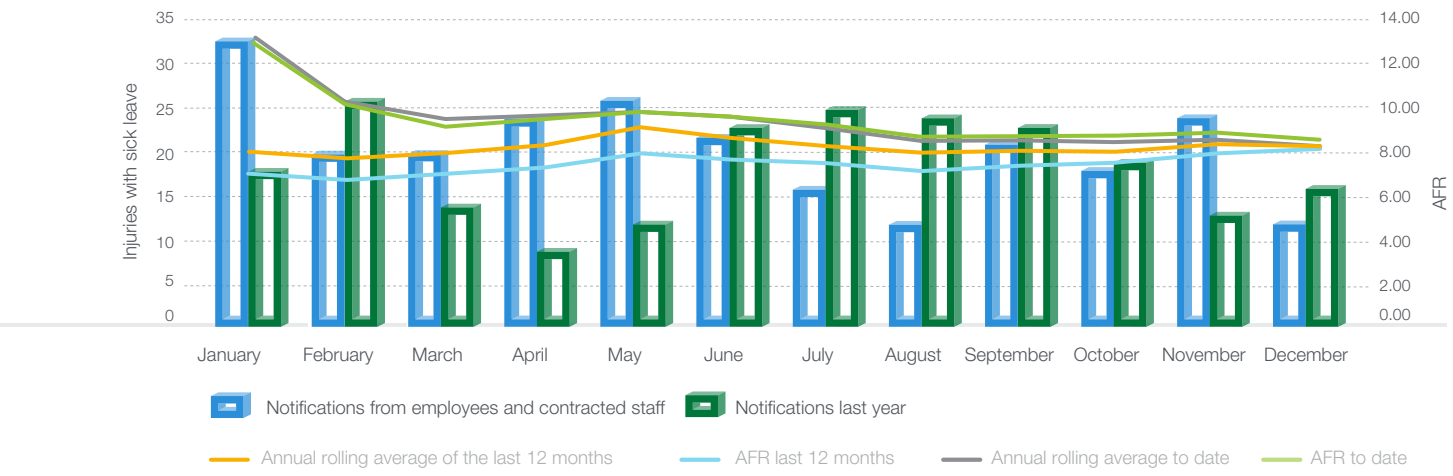
Regarding the evolution of the accident rate, in 2021 (data at year-end), the AFR frequency index (relates the number of accidents with sick leave according to the number of hours worked) has seen a slight but continuous downwards trend which seems to stabilise at the end of the year around 8.5AFR; an improvement compared to the 9.14AFR in 2019.

In 2021, there were three serious accidents involving the company's personnel. To date, two of the workers have recovered and without any consequences of the accidents, with only one remaining, which occurred in November, and still on medical leave.

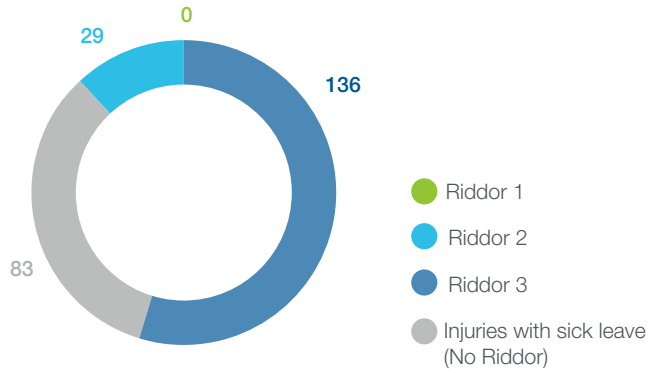
Regarding the different actions related to the analysis of our absenteeism, some of the most relevant throughout the year are:

- The improvement of the action process to investigate incidents through the implementation and application of the new Communication and Investigation of Accidents Procedure.
- The promotion of organisational learning through the implementation of, among others, initiatives such as:
  - Implementation of general measures and actions such as:
    - Detailed analysis based on relevant characteristics
    - Development of tools for organisational learning of major accidents
    - Centralised management of measures to prevent incidents (development of new training, etc.)
  - Periodic dissemination of "Lessons learned" and "We must know" through the Be Aqualia App.

INJURIES WITH SICK LEAVE/AFR




INJURIES REPORTED FROM DECEMBER 2021 TO DATE = 248



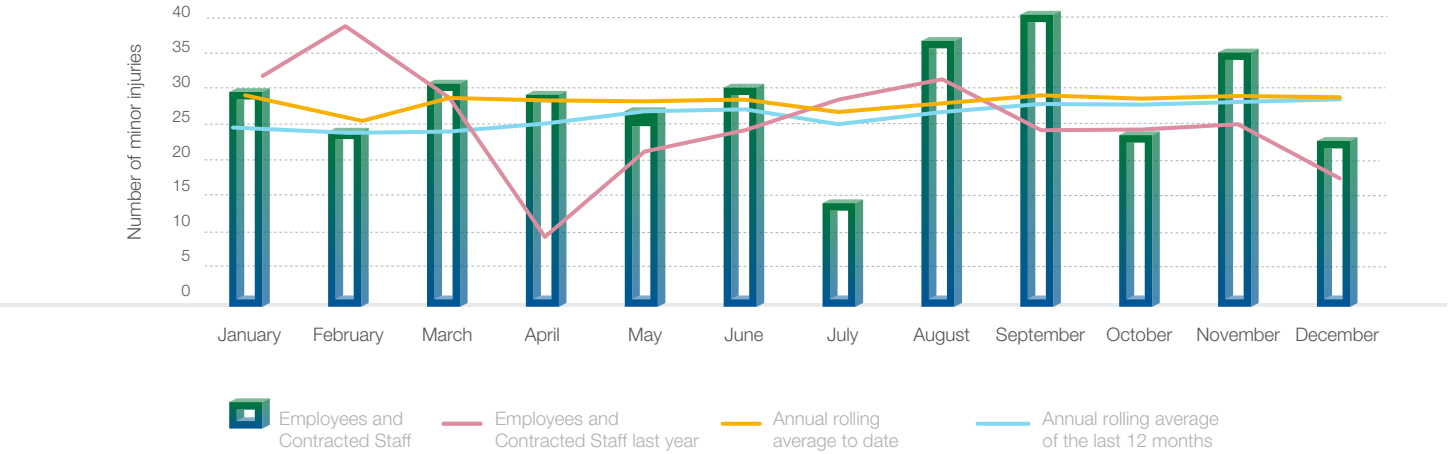
# Job quality:

## Collective bargaining, Labour Relations and Personnel Administration

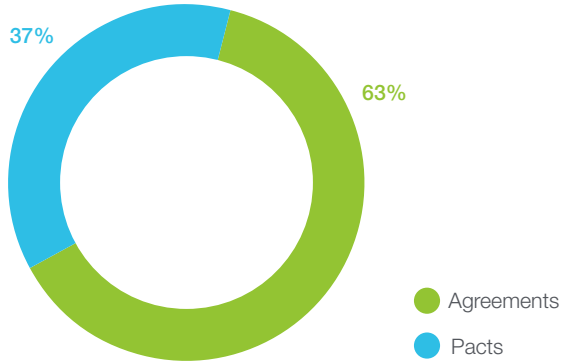
In terms of collective bargaining, it is worth highlighting the agreement reached in December 2020 between the signatories of the Sixth State Water Agreement, by which the increase planned for 2021 has been amended by 50% due to the impact of the pandemic on the economy and the sector. This agreement reflects the stability and fluid collaboration between the most representative trade unions (UGT and CC.OO.) and the companies that represent the sector at the employer (AGA) and union level, extending the duration of the Sixth agreement by a year. The extension provides and demonstrates the stability of the sector at a union and company level and further strengthens labour relations between workers and companies in the sector, keeping disputes in the work centres where it applies to a minimum.

As in 2020, the consolidation and extension of the State Water Agreement has been one of the most significant successes in terms of Labour Relations, however, the percentage of work centres with agreements or collective agreements has remained the same as 2020.

### MINOR INJURIES



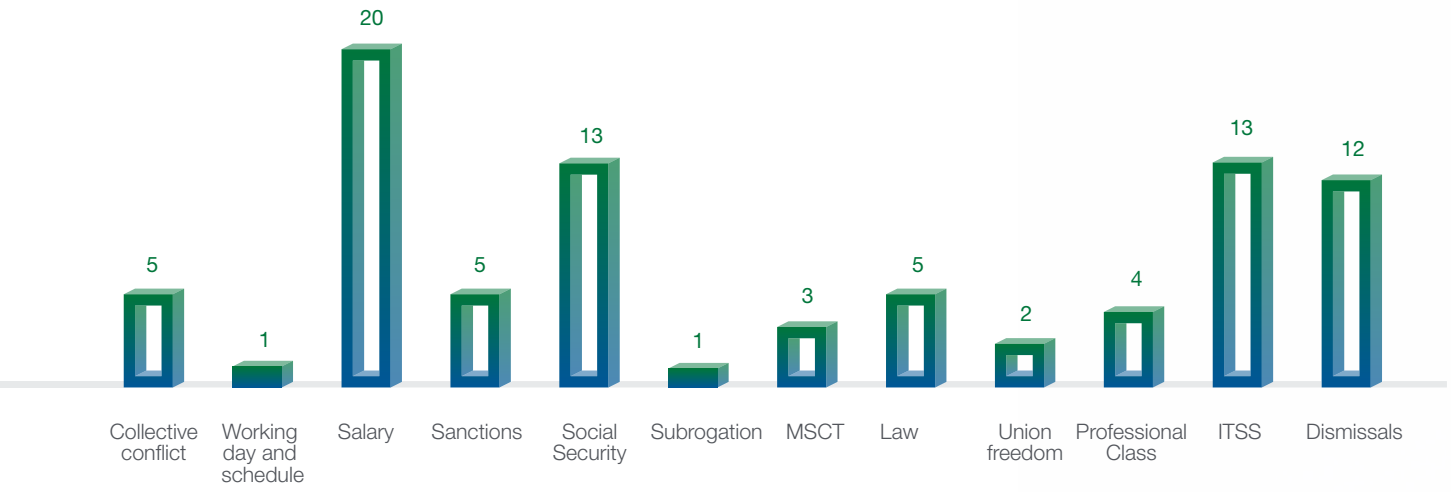

### CURRENT AGREEMENTS AND PACTS 2021



Labour disputes have remained at a residual level, as in 2020, with no declared strikes throughout 2021, and court cases and Labour Inspections reduced by 28.21% compared to the previous year.

Labour **disputes** remained at a **residual level**, as in 2020

## TRIALS - LABOUR INSPECTIONS



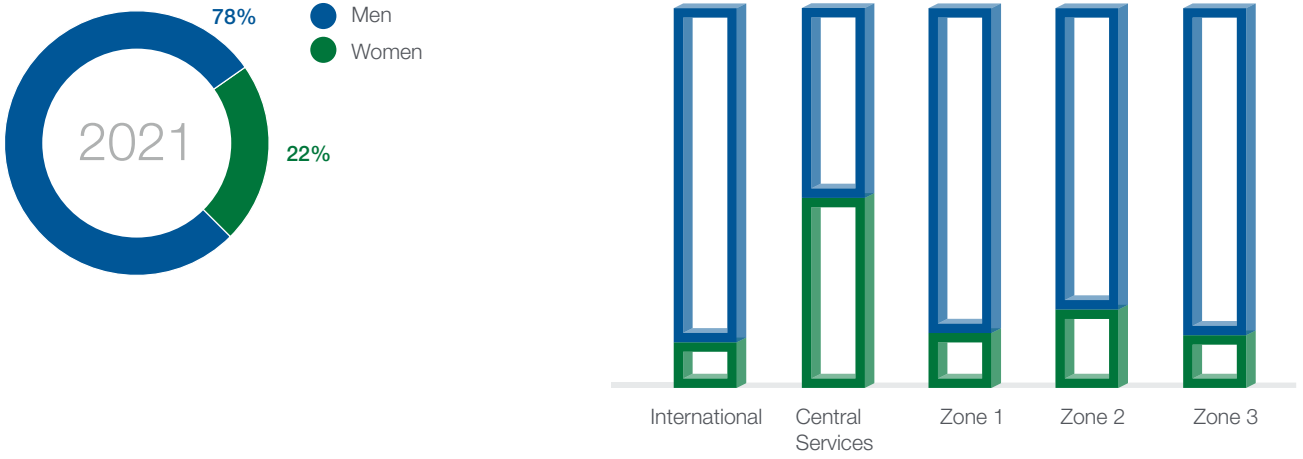
Regarding the quantitative data, the employment stability policy is kept in 2021, seeing a result of 87.01% permanent contracts compared to 86.45% in 2020 and, in terms of sex, the proportion of women employed compared to 2020 is the same, with the distribution by sex being 78% men and 22% women.

Regarding compliance with regulations regarding personnel with varying abilities, the Aqualia Group fully complies with these regulations, adhering to the 2% required for staff with varying abilities in companies with more than 50 workers. While FCC Aqualia S.A. and Aguas de Alcalá UTE comply with the regulations through the corresponding alternative measures, having not reached the necessary 2%, the Group obtained its approval for FCC Aqualia S.A for 2020-2023 in August 2020.

Finally, looking at ERTEs, as a consequence of the impact of COVID-19 and the restrictive measures initially implemented by the Government and by the autonomous communities and City Councils, this led to closures and reduced activity in all Sports Centres (21 Sports Facilities) affecting 409 workers in March 2020. Currently all have resumed their activity, closing all the files and there are no workers currently covered by an ERTE.

## 2021 CONTRACTS

## CONTRACTS ACCORDING TO SEX



# Communication, marketing and CSR

## Communication

### COVID-19 communication

Carrying out efficient water management not only represents an essential service for citizens, but also contributes to the economic and social development of society as a whole. The tremendous impact of COVID-19 over the last two years has further highlighted the importance of ensuring sustainable water services from a social, economic and environmental point of view, not just as the first prevention barrier against the pandemic, but as a basic element for progress.

Aqualia has faced this particular situation through two axes: one, developing more active listening oriented towards all its stakeholders: public administrations, users, employees, consumer organisations, NGOs, suppliers, the media and shareholders. And two, increasing the information offered to these stakeholders, especially through its digital channels. In addition to focusing its efforts on maintaining the water cycle services, the company has opted to strengthen its strategy of continuous, useful and responsible communication, as befits the operators of an essential public service.

### Communication Plan

The uncertainty of the final months of 2020 continued into the beginning of 2021, which started with the purpose of exiting from the consequences of the COVID-19 health crisis in a scenario framed by social and health restrictions. In these circumstances, the sector has taken on a new way of understanding and applying the concept of “health and safety”, which is now more important in all areas. This aspect is in addition to the main challenges that those involved in the end-to-end water cycle were already facing prior to the outbreak of the pandemic (fight against the social gap, climate emergency and technological disruption).

Arising from this, Aqualia proposed its Communication and CSR Plan as a response to these significant challenges and as a roadmap to position the company as a responsible business from the perspective of the SDGs, the 2030 Agenda and the International Decade for the “Water for Sustainable Development (2018-2028)” Action.

#### STRATEGIC LINES

**01**

Achieve a position as a leading company with the ability to influence the sector (social licence).

**02**

Communicate that the company contributes real value to the municipalities/ country through the management of the end-to-end water cycle.

**03**

Give value the company’s technological evolution and adaptation to climate change with a focus on education and awareness of sustainability.y sensibilización en sostenibilidad.

With a view to complying with the roadmap, a total of 681 press releases were released to both online and offline media throughout 2021 and 147 meetings held with national, regional, sectoral and economic information media.

On **World Water Day**, held every 22 March, Aqualia chose an advertising and information campaign that sought a direct, rapid, bold impact with a clear, forceful message, dedicated to the work carried out by all professionals in the company. Despite the tireless work of Aqualia's workforce, this effort may be imperceptible to the rest of society, who may not properly value the role of water operators. This is summed up in the campaign's key phrase: **"We are people working for people providing an essential public service"**. For the campaign, a video was released on Aqualia's YouTube channel, which had 17,578 views in the first 24 hours and reached 75,000 in one week. This is an outstanding result, especially considering the additional competition, as many companies in the sector have their own campaigns that day.

After analysing the data, users that showed the most interest were between 25 and 34 years old, followed by those between 35 and 44 years old. Another highlight was that more than half of those who saw the campaign (52.3%), did so on a Smart TV, which means fully entering into a new medium. In addition, there were 741 click-throughs to the Aqualia website, which is quite an achievement in terms of digital marketing.

In a full surge of online events, Investagua was held in April. This was a digital meeting that dealt with the main current issues in the sector, for two weeks, between 12 to 23 April. Aqualia took part in three key dialogue tables: one on purification and sanitation between Marta Casao, head of Purification and R&D of Zone I, and Alejandro Maceira, partner of iAgua. The company also participated in a session on Reuse with Zouhayr Arbib, responsible for Sustainability in the Innovation and Technology department. Finally, the 'Top Executive Roundtable', brought together some of the senior executives of Acciona, Gestagua, Miya Water, Almar Water Solutions, Schneider Electric and Aqualia, which was chaired by Santiago Lafuente, director for Spain.

The **iAgua 2020 Awards** were presented during this event, where Aqualia was awarded **"Best Company of 2020"** by the readers and followers of iAgua magazine, the leading media outlet in the sector in Spain and Latam. Aqualia was in first place, ahead of other candidates such as Acciona, Schneider Electric, Ídrica and Hidroconta. This is the fourth time (2015, 2017, 2019 and now 2020) that Aqualia has received this recognition as the most representative entity in the sector.

The company was also present at the **National Environment Congress, CONAMA 2020**, the first major event held in person (delayed by a year delay due to the pandemic) and which brought together the main players in the environmental sector. The Minister for Ecological Transition, Teresa Ribera, opened the Congress, where representatives of Aqualia attended various sessions. One was Juan Pablo Merino, director of Communications and CSR, who took part in the debate dedicated to communication on essential environmental services during the COVID-19 health crisis.

In the last half of 2021, certain events have resumed, the majority in a hybrid format. One was the informative breakfast, staring the Mayor of Jerez, Mamen Sánchez. Félix Parra, CEO of Aqualia, joined the mayor for her speech.

*Félix Parra, CEO of Aqualia, presents the first prize of the 5th edition of Aqualia journalism to Rosa María Domínguez, a journalist from La Gaceta de Salamanca.*

Another important communication milestone was presenting the **5th Aqualia Journalism Award**, at a ceremony held in June on World Environment Day. A total of 65 journalistic works from audiovisual, print and digital media were submitted, a record number since the start of the contest in 2016. Throughout the five editions of the Award, 230 journalistic works have been submitted and 175 authors from 133 media outlets have participated.

## One of the company's **greatest milestones** has been the support and dissemination of the **1st Stepbywater European Conference**

*"Hunting a resurgence of coronavirus in the wastewater of Salamanca",* published by the journalist Rosa María Domínguez in La Gaceta de Salamanca, was the winning work. The report addresses the common challenge for researchers and water management companies in detecting traces of COVID-19 in wastewater. Félix Parra presented the award at a ceremony held at the head office of the Madrid Press Association (APM) before a small number of attendees, complying with the health and safety measures established by the authorities. The event was also attended by Nemesio Rodríguez, president of the Federation of Associations of Journalists of Spain (FAPE), who reflected on the journalism-water binomial.

In July, the **Technological Centre of Dénia (Alicante)** and the fully digital management project of the Municipal Water Service of this town were presented. This allows 571 million pieces of data per year to be captured, analysed and transformed into benefits for the City Council and users. This digital control centre – a pioneer in the services managed by Aqualia in Spain – unifies all the management of the end-to-end water cycle into a single platform.

From the associative point of view, one of the company's greatest milestones has been the support and dissemination of the **1st Stepbywater European Conference,** held on 21 April. Félix Parra, president of the StepbyWater alliance and CEO of Aqualia, opened the Conference with a speech in which he pointed to the need to consider water as a strategic axis for the recovery and promotion of a more social and sustainable economy. The event was attended by the EU Commissioner for the Environment, Oceans and Fisheries, Virginijus Sinkevičius, the Minister for Ecological Transition and Demographic Challenge, Teresa Ribera, and MEPs from the European Parliament, Clara Aguilera and Juan Ignacio Zoido, and those responsible for the sustainability of public institutions and private companies that are members of StepbyWater.

To end the year, Aqualia's head office in Las Tablas (Madrid) organised a new meeting of the StepbyWater (SbW) alliance on 15 December. The meeting, in a hybrid format, saw the participation of representatives from 20 allied entities and served to define the Alliance's Action Plan for 2022.

The development of new solutions aimed at optimising the management of the end-to-end water cycle, which contribute to decarbonisation and a circular economy, garner significant attention from the media. Therefore, initiatives developed by Aqualia to publicise the milestones in its **innovation** have been a success from a communication standpoint. An example of this is the presentation of the biofactory at the Guijuelo treatment plant (Salamanca). In these facilities, the waste generated by the agri-food industry is treated together with the sludge from the plant and is transformed into energy, biofuels, bioplastics and biofertilisers. On 16 September, the biofactory was presented at an in-person event and was also streamed to more than 200 viewers, with the participation of all those involved in the project, from representatives of the City Council to companies and industrialists and producers of the area that will benefit from the resources generated by this innovative plant.

Another outstanding milestone took place in Talavera de la Reina (Toledo) on 30 November when the president of the Castilla-La Mancha Community Board, Emiliano García-Page, inaugurated the facilities of the Life INText project in the treatment plant there. The event was also attended by the mayor of the city, Tita García, and Aqualia's Spain director, Santiago Lafuente. Numerous local and regional media outlets attended the event.

Aqualia's performance in **media relations** following the strategic lines of the PCOM is reflected in various collaborations with local, regional, national media or with professional associations. In this sense, the collaboration between Aqualia and APIA, the Association of Environmental Information Journalists, at the 14th Congress of Environmental Journalism stands out, held in Madrid on 22 and 23 November under the title "A question of global health". The alliance between both entities reinforces Aqualia's role as a qualified source for the dissemination of content related to the end-to-end water cycle offering meticulous information from a technical point of view.

Other actions of note within the scope of local information include the management of communication prior to and during the cold snap and **storm "Filomena"**, which severely affected the services in Toledo, Ávila and Madrid in January. In Almería, the official presentation to the media and Public Administration of the **Mar de Alborán** desalination plant project (Almería), owned by Aqualia, took place. In Vigo, the symbolic act of laying "the first stone" of the new Drinking Water Treatment Plant (DWTP) of the city was held. **The new customer service offices in Oviedo** have stamped the company's new office style

At the **international level**, communications have been marked by the development of an ***ad hoc* Communication Plan for Colombia**, which defines and sets the objectives and the strategy and action plan to achieve them. It also contains an analysis with the main emphasis on the implementation and consolidation of the brand image and services in the areas where Aqualia has been providing end-to-end cycle services since last year. The special emphasis on communication in Colombia is due to the obsolete state of the water infrastructure and the delicate social and media situation involved in managing water resources, particularly in the municipalities of Sahagún and Planeta Rica, in the district of Córdoba.

In Mexico, active listening was done and communication material prepared for the operation of the **El Realito aqueduct**, a water infrastructure that carries water from the El Realito dam (located on the Santa María river, in the north of the state of Guanajuato) to the metropolitan area of San Luis Potosí (ZMSLP).

Information was also prepared and disseminated about the new water supply management contracts in the Jizán industrial complex (Saudi Arabia) and the improvement of the Los Cabos supply network, in the main tourist area of Baja California (Mexico).

This year, case studies of New Cairo (Egypt) and El Realito (Mexico) were carried out by the **United Nations Center-IESE PPP for Cities** were given honourable mentions by UNECE (United Nations Economic Commission for Europe) within the top 20 worldwide in terms of public-private partnership since 2016. Both projects have been cited as Building-B ack Better Projects for their contributions to post-pandemic reconstruction by an international jury of this multilateral organization at the *5th UNECE International Public-Private Partnerships Forum 2021.*

The collaboration between **Aqualia** and **APIA** for the **14th Congress of Environmental Journalism** under the title **"A question of global health"**

## Digital communication

From the outset of the pandemic, Aqualia adopted a contingency plan that considered communication and promoting the use of online customer service channels, grouped under the name Aqualia Contact. A year later, in April, the result was more than significant: at the end of 2021, the Aqualia.com website recorded 2,628,603 visits.

Social networks are an environment where everything is connected and where there is much competition. It is where the main operators of the urban water cycle and all the company's stakeholders are present and interact. Given this scenario, Aqualia launched a Usage and Participation Manual for Employees on social networks with the aim of keeping control of official channels and the activity of our employees regarding the Aqualia brand, guaranteeing compliance with both the Code of Ethics and Conduct and the company's Brand Manual.

On social networks, the number of followers grew notably throughout the year: more than 400 new followers on Twitter (6,546 in total) and more than 8,000 on LinkedIn (25,833 in total). Aqualia's channel on YouTube exceeds 1.8 million views and has grown to 2,880 subscribers.

During 2021 the new website for the Aguas de Guadix joint venture became a reality. The migration of all content and applications of this website by the IT department was carried out under the corporate image of Aqualia.

The joint venture Aguas de Ubrique needed to have its own website to host its profile as the contractor for the public tenders that it will carry out. Together with the IT department, the website www.aguasdeubrique.com was created

Internationally, the French version of the Aqualiaeduca.com website was adapted and launched under the name Aqualiacademie.fr. This adaptation to the language and context of this country is a powerful training tool on water management and a good platform for raising awareness of the value and importance of this resource.

# Internal communication

The situation caused by the pandemic has made internal communication considerably more important due to the need to provide the entire Aqualia workforce with all kinds of information through the different channels and formats available, both online and *offline*. During the year, 169 informative flash briefings and 86 briefings were sent by email, in addition to another 42 communications from the Be Aqualia App.

Aqualia again renewed its **certificate as a Family-Responsible Company (EFR)**, which it has held since 2017, for the 2021-2023 period. In its audit report, AENOR highlighted the advances in communication regarding work-life balance matters that affect the company

On the other hand, since the launch of the **Employee Assistance Programme (PAE)** in December 2019, the Communications and CSR and People and Culture departments have worked together to promote its use among employees. This is a free psychological care service that the company makes available to the entire workforce in Spain. It is accessed by phone or through the "My psico" App, and is available 24 hours a day, every day of the week.

Within the framework of the PAE Programme, a series of webinars (psycho-educational campaigns) have also been coordinated around emotional health and that extend throughout the year, at the rate of one thematic event per month. The campaign, only in Spain, started with the theme "Guidelines for coping with pandemic fatigue". These actions are communicated via email and the Be Aqualia App, thereby promoting the application's use among employees.

*Family Day with family members of the Aqualia Call Centre, at the Estiviel treatment plant, Toledo (Spain).*

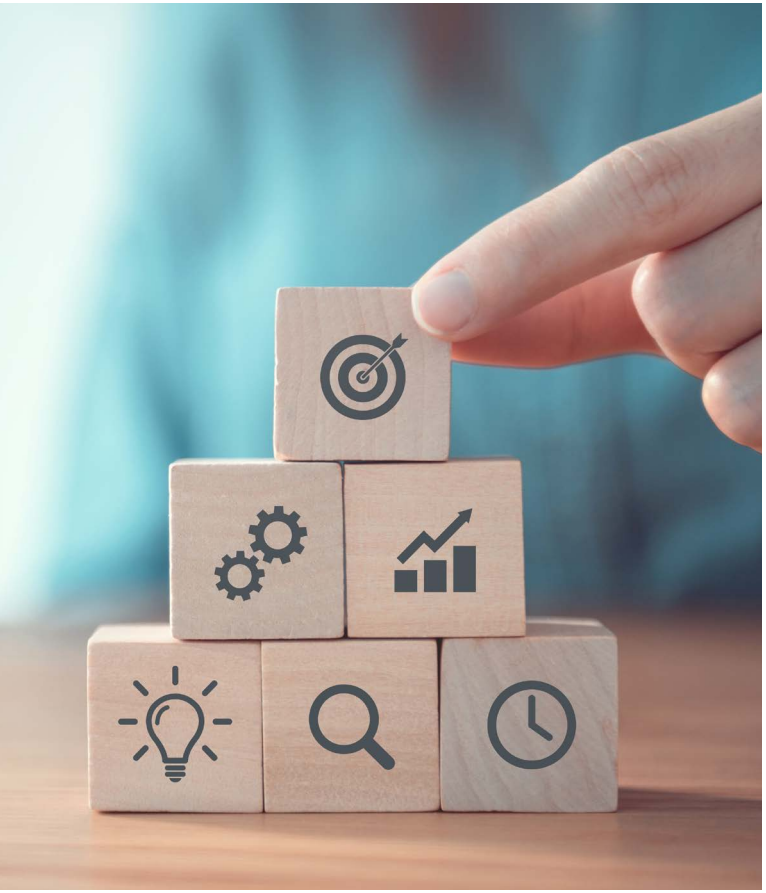
In 2021, Aqualia launched two exclusively internal campaigns: Be International and i4U, the First Aqualia Innovation Awards. The first, promoted by the People and Culture department of the International Area was to promote the expatriation of internal talent to other countries where Aqualia has offices. The aim is for expatriates to share their knowledge and experience of Aqualia with other local colleagues.

On the other hand, the 'i4U' **First Aqualia Innovation Awards** sought to find innovative and transformative ideas focused on sustainability with the involvement of all employees under the strapline "For a world driven by innovation, for you, an Aqualia professional, and for the benefit of all society".

On 7 July, the Communication department organised an **event jointly with UGT to thank workers** in the sector. In front of an audience made up of union delegates and managers and staff of the company were Pepe Álvarez, Secretary General of the UGT; Pedro Hojas, president of AGFITEL and general secretary of UGT FICA; and Félix Parra, CEO of Aqualia. Representatives of political parties (PSOE, PP and Podemos) then discussed the "Blue and Green Jobs" as a commitment to the future. Gustavo Vargas, secretary of the Energy and Water Sector of UGT FICA, closed the event.

Of note also is the special event organised for family members of the Aqualia Customer Service Centre (CAC) within the company's EFR (Family Responsible Company) plan. The *Family Day* involved a visit to the Estiviel treatment plant in Toledo, where parents and children were shown how the plant works. The group then participated in various educational tests where they learned various issues about the water cycle and its care. The thirty participants viewed the organisation of the event very positively.

# Marketing



The Communication Plan (PCOM) for 2021 is focused around the decade for action "Water for Sustainable Development" with the Sustainable Development Goals (SDG) as the central axis of the new strategic umbrella. Getting citizens to perceive Aqualia as a company that adds value to their municipalities has been one of the goals of the PCOM 2021 and framed actions carried out throughout the year.

During the first quarter of the year, the success of another campaign launched the year before was consolidated. **The advertising campaign "H2Ohh!"**, by Aqualia and the Vigo City Council, was recognised at the 27th edition of the *Advertising in Galician Awards* in the radio category.

For another year – with the aim of highlighting the daily work involved in bringing water from nature to the tap and returning it to the natural environment in optimal condition – Aqualia launched a new edition of its **Children's Digital Drawing Contest** around the microsite www.Aqualiayods6.com. Participation this year grew more than 58% compared to last year, which shows the consolidation of the initiative and the involvement of schools, families and children with this educational tool. In total, www.Aqualiayods6.com received 10,450 jobs providing 5,966 hours of training and entertainment (57% more than the previous year). The increase in sessions registered on the website is similar to before, with 60% more than in the previous edition, reaching 42,969, during which children were able to complete their canvas, in addition to learning much more about the SDGs.

The **Communication Plan** for 2021 is focused around the decade for action **"Water for Sustainable Development"**

In October, the Aqualia Children's Digital Contest was recognised as "Best Comprehensive Communications Strategy" in the 12th Edition of the **2021 Ibero-American Co-Responsible Awards**. Juan Royo, from CulturaRSC.com, presented the Award to Juan Pablo Merino, Director of Communications and CSR at Aqualia, at a ceremony held at the Ministry of Work and Social Economy.

These initiatives are an example of Aqualia's contribution to education and its support of academic institutions and public administrations to offer a quality education to all. SDG 4, "Quality Education", is of cross-cutting importance in achieving the 2030 Agenda, and is one of the most effective tools to improve the quality of life of people and the environment. **The broad participation by the public, both internal and external, of Colombia in both contests stands out**.

Work was done in 2021 to **reinforce the perception** of Aqualia as a **glocal company**

Also during 2021, work was done to reinforce the perception of Aqualia as a 'glocal' company (global management with a strong local commitment), a close-knit company that provides local and international value, open to new cultures. The company was therefore present at internationally significant events and strategic forums. From among them all, Aqualia's involvement in the first **Digital Congress of the Spanish Desalination and Reuse Association (AEDyR)** stands out. On this occasion, the organisation presented a compilation video of all its R&D activity in a format akin to a videoconference.

On World Sanitation Day (November 19), action to provide information was taken in City Hall square in Oviedo. A marquee was set up with different technical and technological elements that the service uses for its sanitation and sewage maintenance work in the municipality, as well as different tests and "experiments" related to this service: an inspection robot, samples to see the degradation of different compounds in the water, screens with explanatory sanitation and purification videos, *roll up displays* of the #nolotires campaign, and different *merchandising* elements.

Internationally, and together with its French subsidiaries SEFO and CEG, Aqualia participated in the ***Salon des Maires et des Collectivités Locales*** (SMCL), held in Paris between 22 and 24 November. The event was dedicated to municipal services with a broad perspective that included sectors such as the environment, sustainable transport, water treatment or smart services.

On the other hand, in Peru, Aqualia's involvement in Expoagua was arranged within the round table "Contributions to forge an education and culture of appreciating water". Aqualia was invited to participate in this event by Sunass (the sector's regulatory entity in Peru) following the news published in iAgua about the Corresponsables Prize for the Best Communication Strategy for the Children's Drawing Contest.

Educativa Sunass 2021 was an institutional event aimed at the educational community in general, mainly headteachers, teachers and students at all levels (nursery, primary, secondary), in regular, special and alternative education. The table that we organised and chaired was entitled "Caring for water. A 360 communication action". Raquel López, representing the Marketing and CSR department, gave a presentation and was accompanied by Arturo García, head of the Aqualia service in Talavera de la Reina (Toledo) and councillor of the City Council.

# Corporate Social Responsibility (CSR)

Aqualia sees CSR as a cross-cutting element in its business model. As a result, economic profitability and competitiveness are integrated into the social and environmental factors of its surroundings, which are so important both for the future of its business and in contributing to sustainable development.

The climate emergency and the health crisis have framed the beginning of the decade. In the first months of 2021, Aqualia launched the **2021-2023 Strategic Sustainability Plan**, aligned with the company's strategy and the 2030 Agenda. The Plan establishes the lines of action and proposes specific initiatives aimed at maximising Aqualia's contribution to sustainable development – including the mitigation of risks – taking into account the significance that a "water crisis" such as the one considered by the *World Economic Forum* in its annual report on global risks could have.

The definition of the Plan is based on the strategic materiality analysis Aqualia did in 2020, where the expectations of the company's internal and external stakeholders were identified and prioritised, as well as the SDGs to which Aqualia should contribute. From the conclusions of this work, a SWOT analysis emerged, which was the starting point to prepare the Strategic Sustainability Plan 2021-2023.

The Plan marks the route to progress in Aqualia's purpose: to ensure the well-being and advancement of the people and communities in which it works by providing a public service; the sustainable management of water. Finally, it ensures the universal/glocal right to water with pride and commitment.

## Sustainability Report

Aqualia's **2020 Sustainability Report** puts conversations with citizens and other stakeholders at the forefront to continue moving forwards in compliance with the 2030 Agenda, one of the company's main commitments. Under the title of *#Conversa,* this year's report continues the listening process started in 2019, when an in-depth analysis of strategic materiality and active listening with more than 18,000 people was carried out. The company points to dialogue and collaboration with all social agents as the two axes on which to respond to the new post-pandemic challenges and to continue to contribute to the Sustainable Development Goals (SDGs), which have been part of Aqualia's strategy for many years.

"2020 was a very complicated year where we have had to deal with the health emergency without neglecting the climate emergency, which is so assuming and worries citizens and institutions," explains Félix Parra, CEO of Aqualia, in the interview that opens the Report. In it, the chief executive emphasises the work carried out by workers, as they were designated as an essential group during the pandemic. *"They have always shown their great vocation for public service; and today we can say that – thanks to that spirit – we have managed to respond to one of the greatest challenges that humanity has faced"*, the CEO underlined.

Among its action principles, Aqualia's Management System Policy establishes the achievement of the Sustainable Development Goals. These also represent a reference framework in defining a Strategic Sustainability Plan that determines the SDGs in which it will make a contribution and integrates quantification and reporting. In the audit report issued by AENOR on the **Sustainability Strategy certification process and its contribution to the SDGs**, it highlights the integration of the different management systems in Aqualia's international policy as a strong point and indicates how the company's activity contributes to achieving the SDGs. In particular, AENOR highlighted initiatives such as Aqualia's Internal and External Communication Plan for disseminating the SDGs through projects such as #StepbyWater, the www.compromisoreal.com campaign and the educational website www.Aqualiaeduca.com.

These efforts are reflected in the *"Environmental, Social and Governance ESG Vulnerability Score 100 Utilities"* report prepared by the risk rating agency Fitch on the vulnerability of the utilities sector (electricity and water services), and is considered 'the world Sustainability ranking'. This index assesses the companies best positioned to face a sustainable transition, measuring their level of risk in terms of financial credit ratings according to environmental, social and governance (ESG) factors.

There were 100 companies analysed in this report, which was dominated by European companies, where the Spanish ones had the best scores. Aqualia and FCC Environment are two of those that appear in an excellent position. **Aqualia's Sustainability Reports, which have been published since 2006, reflect the value that the company places on the environmental, social and governance factors analysed by the Fitch report.**

# The 2021-2023 Strategic Sustainability Plan

Aqualia's **2021-2023 Strategic Sustainability Plan** has been designed to overcome its weaknesses and enhance its strengths, so that it is capable of avoiding threats and making the most of opportunities. Work has been done on the strategic lines that make up the Plan to establish the projects and actions required to achieve each goal, as well as defining the corresponding performance indicators.

In November, Aqualia presented its 2021-2023 Strategic Sustainability Plan, in which sustainability is integrated as a cross-cutting and implicit aspect. The document integrates the commitment to sustainability through measurable and quantifiable objectives that allow its contribution to the 2030 Agenda to be known. This new roadmap, approved by the Management Committee and the ESG Committee for the next 3 years, has been prepared by the Corporate Social Responsibility department jointly with the teams involved and includes the perspective of all stakeholders, who were previously consulted in an active listening process that involved 18,000 people.

To publicise this document, the company implemented a dissemination plan aimed at both employees and the public as a whole. A press release was sent to the media and information agencies and it was disseminated through the company's social networks and digital channels. The Plan was communicated internally through an informative broadcast. Looking ahead to 2022, face-to-face training is planned at Aqualia offices in Spain.

STRATEGIC LINES

01

Strategic communication

02

Climate emergency and care for the environment: mitigation, adaptation to climate change

03

Technology for integrated management

04

People management

05

Ethics and compliance

06

Social impact

07

Strategic alliances

## CSR actions

Aqualia is committed to being close to and working hand-in-hand in the communities where it operates and carries out its activities.

At the local level, in Almería, Servicios Hídricos carried out an act of thanks this summer for the irrigators who support the **Mar de Alborán** project and who had expressed their desire to receive water from the desalination plant when it starts up. About 60 representatives of irrigation communities and the company met to comment on the progress of the project, update dates, resolve doubts and present the experienced team of professionals chosen to manage it. Thanks to the 20 cubic hectometres per year that the desalination plant will provide, it will be possible to manage the water from wells more rationally, which will enable the recovery of groundwater.

Lastly, on the sixth anniversary of the Sustainable Development Goals, held on 25 September, Aqualia launched the **#apoyamoslosODS (we support the SDGs)** campaign involving its 10,525 employees around the world. The aim was to disseminate the SDGs among its stakeholders and publicise the "Decade of Action".

All these videos was also disseminated on social networks with the hashtag #apoyamoslosODS and, on this sixth anniversary, Aqualia also created a new space on its Aqualia.com website where it compiled – with multimedia elements adapted to all audiences – interesting information about the SDGs and the six main measures to move forwards in the specific fulfilment of SDG 6, one of the pillars of the 2030 Agenda.

In line with the promotion of initiatives aimed at mitigating and adapting to climate change, Aqualia – in collaboration with the Fundación Universidad Autónoma de Madrid (FUAM) – began a two-year project seeking to develop **innovative technologies for the early warning and efficient elimination of toxic cyanobacteria in supply waters. The ultimate goal of the agreement signed between the company and the UAM is the technology transfer of the results obtained in the research project**. In Spain, *"blooms"*, or uncontrolled growth of cyanobacteria, are a frequent phenomenon, which is estimated to regularly affect more than 30% of the reservoirs in our country (Quesada et al., 2004; Wörmer et al., 2011).

In addition, linked to the dissemination of the company's innovative actions, Aqualia presented the **Deep Purple project in Linares (Jaén)**, in an event where the mayor, Raúl Caro-Accino, and the director of the Aqualia office in Jaén, Jose Colomina, presided over the signing of the agreement. This agreement establishes that the town hall cedes the necessary space in the current treatment plant, next to the Córdoba-Valencia road, to allow a demonstration plant for the "Deep Purple" project to be constructed.

With the goal of improving citizens' quality of life, Aqualia presented the **H2020 NICE project** in June, which aims to demonstrate the viability of using natural systems such as green walls and roofs, infiltration gardens, artificial wetlands and sustainable drainage in cities, integrating them into the urban water cycle and into the architectural landscape of large cities.

**Aqualia** is committed to **being close to** and **working hand-in-hand with the communities** where it operates and carries out its activities

Among the eleven pilots that will be developed in different European cities, an artificial wetland will be installed in **Algeciras** to purify and reuse rainwater within the Lago Marítimo municipal project. *Demo sites* of the project will also be implemented in Vigo (Pontevedra), Talavera de la Reina (Toledo), Benalmádena (Málaga) and Madrid. This project represents another step by Aqualia in developing initiatives that contribute to protecting environmental resources and preserving biodiversity and ecosystems in the territories where it provides services, thereby aligning its activity with the United Nations Sustainable Development Goals. In this case, specifically, H2020 NICE has a direct impact on SDG 11 "Sustainable Cities and Communities" and SDG 15 "Life on Land".

During 2021, a wide range of actions were carried out at Aqualia in its commitment to transfer the culture and ethical values and compliance to the entire organisation and the supply chain, together with the action principles that appear in the Code of Ethics, which are articulated around three axes linked to CSR and the exemplary performance strategic line: honesty and respect; rigour and professionalism; loyalty and commitment.

*#Sedsolidarios Campaign.*

**Aqualia**, in collaboration with the Spanish **UNHCR** Committee, launched a **new edition** of its www.sedsolidarios.com campaign

In this context, Aqualia contributed to the **goals of equality and diversity** with different initiatives during 2021. The awareness campaigns developed for International Women's Day (8 March) stand out. Under the motto "**Who is behind the Management of the End-to-end Water Cycle?… Them too"**, this year Aqualia wanted to recognise the role of water professionals and give them the prominence they deserve. The company opened the website www.aqualiaigualdad.com so that employees, professionals in the sector and the public in general could share their photographs and messages of support for gender equality, with the *hashtag* #Aqualialgualdad.

On this Day, a corporate press release was issued to report on the aforementioned campaign, participation in the eighth edition of the #EmpleoParaTodas Report and other actions that Aqualia carries out to favour equality. Messages were also posted on social networks, with an impact of 21,480 impressions on Twitter (number of times users saw the tweet) and 6,325 impressions on LinkedIn. Internally, Aqualia organized a virtual meeting with Matilde Fernández, former Spanish Minister for Social Affairs and honorary member of UNHCR. Nearly 200 employees from all territories participated in the event.

The Day for the Elimination of Violence against Women (25 November) was also promoted. Under the slogan "Take the leap!", the company invited all citizens to participate in the equalling challenge, by jumping the height of the largest waterfall in the world: the Angel Falls, where the water falls one kilometre. To participate, people had to share on the website www.Aqualiacontigo.com of them jumping and also share it on Twitter with the *hashtag* #AqualiaContigo. The massive response the campaign has received this year meant that regional governments from different localities and various countries, with their mayors and councillors leading citizen participation, joined the proposal and made it entirely their own.

On the other hand, to help reduce the problems experienced by refugees, Aqualia launched a new edition of its www.sedsolidarios.com campaign in collaboration with the Spanish **UNHCR** Committee. Through this initiative, Aqualia collaborates in the Spanish UNHCR Committee's water and sanitation programme in the **refugee camps in Chad**, which host 368,781 people from Sudan. The programme involves the maintenance and repair of water points for the particularly vulnerable population.

In May 2021, Aqualia signed its adherence to the #CEOPorLaDiversidad (CEO For Diversity) alliance, personified in its CEO and General Manager, Félix Parra. The initiative is pioneering in Europe and is led by the Adecco Foundation and the CEOE Foundation.

Aqualia also renewed its commitment to the **Diversity Charter**, which it has been committed to since 2018. This is the European charter of principles that numerous companies and organisations in Spain sign on a voluntary basis to make their commitment to diversity and inclusion in the workplace visible.

In addition during 2021, **various initiatives have continued to guarantee access to drinking water and sanitation for citizens who cannot pay their water bills due to economic reasons or social exclusion**. Services such as Chipiona (Cádiz), Llagostera (Girona) or Novelda (Alicante) are some examples of this initiative that Aqualia intends to transfer to all areas where it operates. The goal is to ensure that no citizens are deprived of a domestic water service for economic reasons in collaboration with the owner of the service (city hall) and its social services.

After several years collaborating on different research projects, the fruitful relationship between **Aqualia and the University of Almería** culminated in the creation of the **Aqualia Chair of the End-to-end Water Cycle**. The agreement was signed for a two-year period, extendable for two more, and focuses on research to apply solar energy to the various water cycle processes. The teaching and research tasks of this initiative seek to be in alignment with the UN Sustainable Development Goals, prioritising research that can contribute to achieving them. With its creation, Aqualia contributes directly to SDG 6, which guarantees the availability and sustainable management of water and sanitation, and to SDG 17 in the search for partnerships between institutions and companies.

Among other actions carried out in 2021 with a high social impact, one that stands out is the **SOS Gorriones project in Jerez de la Frontera (Cadiz)**, where Aquajerez – a subsidiary company of Aqualia in the city of Cadiz – signed an agreement with the environmental association FauNatura to implement a project to help repopulate sparrows in the urban areas and outskirts of Jerez. Wooden nesting boxes will be manufactured in collaboration with associations for people with disabilities, schools or the elderly in the city. These nests, which will have a brass plate with the Aquajerez logo, are installed in trees in city schools next to bird feeders.

*Presentation of the #SOSGorriones Project, whose goal is to facilitate the proliferation of sparrows and other urban species in Jerez de la Frontera, Cadiz (Spain).*

# Regulatory compliance

Among the Compliance department's goals for 2021 was the continuation of the extended Compliance Model in some investee companies within the international activity, thereby continuing with its implementation, especially in MENA where work is being done to reach agreements with partners on this issue.

It should be noted that 2021 was the year of international expansion for Compliance, as local Compliance Officers have been appointed in America, the Czech Republic, France and Portugal, all reporting to Aqualia's Chief Compliance Officer.

The supplier approval system was implemented in the FCC Group in 2021, which is initially in its development phase for the activity in Spain. Depending on the risk initially determined by Compliance, reinforced *due diligence* may be required to verify the warning signs that could arise during approval.

Based on the approval of the Compliance Risk Assessment Procedure, the methodology for carrying out the criminal risk assessment was determined, which allowed it to be updated in the first quarter of the year.

Two self-assessments was carried out during the year by the control and process owners to verify the execution of the controls aimed at mitigating the Compliance risks that had subsequently – through sampling – been monitored by the Compliance Function to detect gaps and find possible improvements in the system. From the third line of defence, FCC Internal Audit reviewed the Compliance Model where its proper development has been verified and recommendations made aimed towards its continuous improvement.

In 2021, the **Compliance Risk Assessment Procedure** was approved, which establishes the methodology for performing the Compliance risk analysis

## Compliance policies and procedures

In 2021, the Compliance Risk Assessment Procedure (Compliance Management) was approved, which establishes the methodology for performing the Compliance risk analysis.

The Procedure for Selecting and Contracting Agents has also been approved as a development of the Agents Policy that establishes the categories of agents with whom relationships can be made and the suitability analysis to be carried out prior to any contracting with these third parties.

In addition, the following procedures that have an impact on the Model and the controls aimed at mitigating Compliance risks have been updated:

- Procedure to manage and control sponsorships and donations (Communications and CSR management).
- Staff selection procedure (National and International) (People and Culture management).
- National and International Purchasing Procedure (Purchasing management).
- Cash Management Procedure (Financial management).
- Purchase Order Generation Procedure/receipt of delivery note in SAP (Financial management).
- Open Order Management Procedure (Financial management).
- Human Consumption Water Quality Incidents Procedure (Operations management).

Work has been done on updating the Due Diligence Procedure for third parties on Compliance issues to extend due diligence analyses to private clients, to suppliers that require enhanced due diligence during the supplier approval process and to M&A processes.

The FCC Group has also updated both the Selection Policy (FCC Group Human Resources management) and the Supplier Management Procedure (FCC Group Purchasing management), which includes the approval of suppliers by issue, including Compliance.

## Training and awareness

As a fundamental part of developing the Compliance Model, a training plan was established for 2021 that allowed online courses to be taken through the FCC Campus, expanding its reach internationally arena, as in the case of employee training on the Code of Ethics and Conduct that were developed and adapted to each language in Portugal, the Czech Republic and France. Likewise, the online training on “6 keys for a smooth tender process” was given through FCC Campus to key employees directly or indirectly involved in tender processes.

All new employees who joined Aqualia (in the national activity) who had online access, where trained on the Code of Ethics and Conduct through FCC Campus. Acque di Caltanissetta SpA also provided this training in-person for new employees.

As a complement to this, and because of the restrictions due to COVID-19, digital platforms (Teams) were used for training given directly to key employees, as in the case of the training given by the Chief Compliance Officer on the Code of Ethics and Conduct to the Senior Management of Aqualia France who attended from their offices in Andrésy (France).

For employees in Spain, Portugal, France, Italy, the Czech Republic and Latin America who may have a relationship with public officials due to their work, training was carried out whereby the basic regulatory principles were included (Criminal Code and international standards: FCPA, UK Bribery Act, World Bank Integrity Guidelines) for the fight against corruption and bribery.

Anti-corruption training was provided to the new process and control owners, which also explained the purpose and operations of the company’s Crime Prevention Model.

A training session was also held on the due diligence processes from the approval of the Due Diligence Procedure with third parties on compliance issues for all employees in the Communications and CSR department, the Legal Advice Area and production departments that may have a relationship with *business parties*, as they have to know what measures must be taken to align third parties with Aqualia's ethical principles and values before establishing a relationship with them.

As part of raising employees' awareness on Compliance issues, the so-called 'Compliance Tips' were periodically disseminated by email – advice with which its main policies have been influenced – where, among other matters, explanations were given on what the Compliance system is, what is a conflict of interest, the gifts policy, the measures to prevent and eradicate harassment, the members of the Compliance Committee and what its functions are, or the proper use of the Aqualia brand.

The intention was also to reach offline personnel by disseminating the Compliance Tips through the BeAqualia App.

It should be noted that based on the due diligence carried out on business parties (third parties with whom Aqualia establishes a contractual relationship), if a low culture of Compliance is detected in the analyses, the key employees of those third parties (who are going to have a relationship with Aqualia) will undergo training on the Code of Ethics and Code of Conduct and – in some cases – will also get training on the prevention of corruption to disseminate the Group's ethical principles and values and international anti-corruption standards.

## Risk controls assessment

Based on the risk assessment carried out and the controls established to mitigate the risks, two certifications on the execution of controls by their control and process owners were carried out in 2021, which occurred in May-June and November-December. In both certifications, all the control owners self-assessed the execution of their controls, ascertaining the evidence that the activity has been carried out and, therefore, the corresponding risk being mitigated. Likewise, all the process owners verified the information provided by the each control owner that makes up the different processes.

Based on the information provided by control and process owners in the certification, Compliance management analysed the data sent by the corresponding process owners to work on the improvements detected.

The subsidiaries Acque di Caltanissetta SpA, SmVaK and Aqualia France joined the self-assessment process to execute anti-corruption controls, which was carried out between November and December 2021 which verified the activity carried out between May and October 2021.

At the same time as the certification process, Compliance management monitored the processes assessed by the control owners and reviewed by the process owners, analysing whether the risks have been covered and highlighting any deficiencies detected, which were passed on in meetings held with process owners.

# Due diligence with third parties in Compliance issues

In 2021, Compliance management continued with Aqualia's third-party analysis activities on compliance issues, consolidating the entire organisation's application and knowledge of the due diligence measures considered in the Procedure approved in June 2020, and also through the call for internal training courses on this subject aimed at the requesting departments.

The evaluation of third parties is carried out using the principle of proportionality and with a focus on risk. Having identified the different types of business party (partners, agents, collaborators, special suppliers, etc.), the third-party's risk level (high, medium or low) is determined according to the project, the sector and the country where the activity will take place. The analysis scope for evaluating the final risk is established on the basis of the initial risk from the basic information provided by the requesting department and includes anything from consulting lists of sanctions up to requesting a *background check* by the FCC Intelligence department.

In terms of the scope of due diligence measures, Compliance management this year worked on establishing the analysis criteria for Aqualia's private clients. On the other hand, it began its involvement in the supplier approval process, which is being carried out by FCC's Purchasing department, providing the minimum requirements for the certification of suitability of these third parties in terms of compliance.

At 31 December 2021, the due diligence of 116 third parties identified in 45 projects had been initiated. Of these 116 *business parties*, a final assessment report has been obtained for 71%; some 8% corresponding to projects that were cancelled before the completion of the due diligence and 22% still in the analysis phase. Of the final assessment reports issued by Compliance management, 23% of third parties were classified as high risk; 57%, medium risk and 20%, low risk. Depending on the risk levels, mitigation measures are applied.

# Ethics Channel *(Whistleblowing line)*

Until 31 December 2021, a total of 52 alerts were received via the Ethics Channel on matters related to customer management (21%), issues that may cause environmental harm (6%), labour conflicts between employees (4%), non-compliance with internal regulations (2%), prevention of occupational risks (2%), harassment (2%) and not considered relevant due to their being queries, complaints or claims from clients that need to be managed through Aqualiacontact (63%).

Alerts classified as high or medium risk are analysed in detail and, where appropriate, an investigation opened to clarify the facts and, if necessary, their resolution through an action plan.

# Digitalisation and cybersecurity

In recent years, Aqualia has made a clear commitment to digitalisation as it is a key tool to confront the various challenges related to sustainability, reducing the environmental impact and continuously improving customer service.

For this reason, Aqualia began process to digitally transform the end-to-end water cycle a few years ago, and it is now a reality. Our work as a global water operator affords us a privileged position to offer a comprehensive and flexible solution to current and future service problems. As expected, this comes with the highest cybersecurity standards.

Our work as a **global water operator** allows us to offer a **comprehensive** and **flexible solution** to the current and future problems of the service

# AqualiaLive

New technologies make it possible to improve connectivity and therefore accessibility to significant data (IoT), turning information into knowledge much faster (Big Data and Cloud Computing). It also helps decision-making, management and process monitoring (AI/ML).

AqualiaLive incorporates these technologies to offer a modular and integrated platform that allows managers of the end-to-end water cycle to have the most advanced tools to manage the process in the most efficient and sustainable manner, as well as providing the best service to citizens.

The platform is made up of independent and fully integrated modules, to cover all management needs. The design of the platform is based on Aqualia's experience in the water sector and the use of the most advanced technology to benefit the management of the end-to-end water cycle.

AqualiaLive includes all the tools needed to manage the end-to-end water cycle:

- IoT – Management of connected devices (*smart meters*, sensors, remotes, etc.).
- Geographic information system.
- Management of the complete life of the Assets (water treatment plants, treatment plants, desalination plants, supply and sanitation networks, etc.)
- Customer management, incorporating all communications channels with customers (office service, call centre, virtual office, App, etc.), in addition to all back office processes (readings, billing, collections, etc.).
- Laboratory management and integration with certifying entities.
- And, of course the smart management of processes in AWA – Aqualia Water Analytics is the analytical platform to manage the water cycle smartly. Information from IoT devices through the use of Big Data, Cloud Computing, Machine Learning and AI technologies.

# Continuous digitalisation

*Aqualia worker using the company's digital tools.*

Aqualia currently has two technology centre where innovative initiatives are designed and tested and have their viability verified, before finally being developed and industrialized for subsequent roll out into the rest of Aqualia.

These two centres are both specialised:

- Toledo Technological Centre: specialised in managing supply and sanitation networks.
- Dénia Technology Centre: specialised in *Smart meters.*

## Toledo Technology Centre

Toledo was the city chosen to host the **first Technological Centre** that Aqualia set up. This is the most advanced facility of this type in the sector, a fully functional centre that allows centralised and online access to all Aqualia's information.

The Toledo Technology Centre came up with Aqualia Water Analytics, which is the analytical platform for the smart management of the water cycle and is part of the Aqualia Live platform. This platform captures information from the IoT devices in the water cycle, and converts it into knowledge and business intelligence through Big Data, Cloud Computing, Machine Learning and AI technologies.

The platform encompasses the complete data cycle from collection from IoT devices, real-time processing, enrichment and transformation, and the generation of business intelligence, allowing process automation and integration with the other solutions that make up AqualiaLive.

The platform was designed taking a plural ecosystem of connected devices into account, a range of communications technologies and a multitude of field technological solutions. As a result, AWA affords Aqualia greater adaptability and flexibility in prescribing IoT solutions based on the specific needs of each location.

AWA is the analytical tool that offers Aqualia a cross-cutting analysis of the end-to-end water cycle, allowing OT and IT information to be analysed, in addition to external information sources. All of this is done within a secure framework, following strict cybersecurity policies.

*Image of the Aqualia Water Analytics platform.*

Applying AI/ML techniques, the AWA platform offers Aqualia's users smart management tools in an analytical environment designed to provide the best user experience.

The analytical platform is designed along three key axes:

- Geospatial analytics, which allow user analyses through geopositioning on maps that include navigation features and interactive data viewing.
- Comparative analytics, which allow users to generate tailored queries and analyse them on interactive graphs.
- Advanced analytics, through AI/ML, *advanced analytics* tools are provided.

*Presentation of the new Dénia Technological Centre, Alicante (Spain).*

## Dénia Technology Centre

The municipality of Dénia is a national benchmark for its high rate of remotely read meters (96% of the meter pool). This clearly exceeds the average of 16.7% of meters read remotely in our country's main cities at present. In addition, Dénia (Alicante) combines the most innovative communication technologies, LoRaWAN and NB-IoT (5G), which is all managed by Aqualia Water Analytics within AqualiaLive.

As well as being an innovative and efficient remote meter reading system, remote reading improves service management as it allows users to check their water consumption at any time. State-of-the-art technology is available for this, which allows detailed access to online information through Aqualia contact, the Aqualia App for water management by citizens.

Among other things, this allows citizens to have an alarm system for internal leaks to know instantly if they are losing water as very high consumption will be seen. This allows a solution to the leak to be anticipated and the possibility of receiving high consumption bills reduced.

In addition to remote metering, the Dénia technology centre incorporates real-time monitoring of the urban water cycle, from its capture to sanitation. This data is available thanks to sensors installed across more than 500 kilometres of supply networks and other facilities.

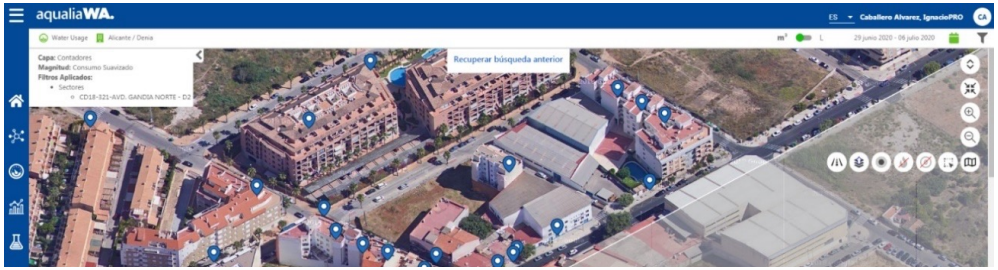
# Digital assessment

In 2021, McKinsey carried out a "digital opportunity assessment" on Aqualia. In this analysis, McKinsey assessed Aqualia's digital maturity, rating it above the average for utilities (electricity, gas and water companies).

# Cybersecurity

In 2021, the main cybersecurity initiatives were:

- To identify and develop the necessary cybersecurity skills and knowledge in the different areas and foster a culture of cybersecurity across all levels of the organisation.
- To implement and prioritise cybersecurity measures based on an analysis of risks and threats and focusing on the systems that support critical infrastructure and essential services.
- To establish mechanisms to supervise the cybersecurity status in the different areas of the company and guarantee compliance with applicable internal and external regulations.



In 2021, the Infrastructure Area of the FCC Group recorded an **aggregate total** attributable portfolio of **3.98 billion euros**. The **gross operating profit** (EBITDA) reached **102.6 million euros** and **turnover** increased **3.0%** compared to the previous year to **1.66 billion euros**.

# Infrastructure

Industry analysis _ 202
Activity in the Infrastructure Area _ 206
Highlights Infrastructure 2021 _ 217
Sustainability and excellence _ 218
Innovation and technology _ 221

With cumulative experience of **over 120 years**, the Infrastructure Area of the FCC Group is present in 24 countries (Spain, Canada, United States, Mexico, Brazil, Colombia, Chile, Peru, Panama, Costa Rica, Dominican Republic, Nicaragua, Guatemala, Romania, United Kingdom, Belgium, Norway, the Netherlands, Ireland, Portugal, Egypt, Saudi Arabia and Qatar) and its activities cover all areas of engineering and construction.

It is a **leader in implementing transport infrastructure, as well as residential and non-residential construction**. It is currently the fourth largest construction company in Spain, in terms of contract volume, and in the **top 40 in the world** according to the ranking by the international magazine, ENR (Engineering News-Record). It has proven track-record in implementing projects under the concession regime, and has a group of companies dedicated to the industrial sector, grouped together under the FCC Industrial brand, as well as other activities related to the construction sector.

In 2021, Infrastructure Area of the FCC Group recorded an **aggregate total attributable portfolio of 3.98 billion euros**. The gross operating profit **(EBITDA) reached 102.6 million euros and turnover increased 3.0%** compared to the previous year to 1.66 billion euros. In 2021, the portfolio of international projects dropped by 22.8% and **income from domestic activities increased by 4.3%** compared to the previous year, at over 885 million euros.

*North Runway extension, Dublin International airport (Ireland).*

## Experience and ability

- More than **700 km** of **tunnels**.
- More than **8,500 km** of **roads and motorways**.
- **1,650 bridges**.
- More than **2,600 km of railways**, of which **900 km** are **High Speed** and **326 km** are **metro**.
- **48 dams** and **76 km of wharfs**.
- More than **4,500,000 m²** of **airport runways**.
- More than **2,300,000 m²** of **airport terminals**.
- More than **3,000 km of oil** and **gas pipelines**.

# Industry analysis

*A-465. Sections 5-6, Wales (United Kingdom).*

## Domestic market

### Spain

The construction sector accounts for around 12.5% of Spain's GDP and employs more than 1.3 million people. The sector has had to overcome multiple impacts on its operations and market structure since 2020.

It is currently facing increased raw materials prices, with the consequent increase in construction costs of more than 13%, as well as growing demand for qualified labour to execute the projects.

All international forecasts project 49% net growth on residential projects, 20% on non-residential construction projects and 14% on civil engineering projects.

The sector has shown its resilience, which was put to the test by the sharp global financial crisis of 2008, demonstrating that it is a fundamental sector for the country. It continues to show strength and solvency despite the situation of recent months.

*Guillermo Gaviria Echeverri tunnel (Colombia).*

# International market

In 2021, the sector grew **5.6%** in Europe, and will retain enough inertia to grow further in 2022 (3.6%)

## Europe

The sector presents an intense economic recovery, which has normalised demand in a very short period of time and generated extra demand. On the contrary, strong inflation is driving up the costs of projects and is compounding the recurring labour shortage issue.

In 2021, the sector grew 5.6% in Europe, and will retain enough inertia to grow further in 2022 (3.6%).

Looking at subsectors, residential construction grew strongly in 2021, standing at 7.3%. During the first months of 2022, the order book has grown and has stood at 4.5%, a symptom of greater demand.

**Non-residential construction** continues to be the subsector with the greatest difficulty in its recovery, and is not expected to return to pre-pandemic production levels until 2023. The growth forecast for 2022 is 4.3%. By market niche, the recovery will come more gradually: in logistics; in offices, healthcare buildings and industrial buildings.

In **civil engineering**, upcoming years will be positive for infrastructure in Europe; the NextGenerationEU funds will allow all this latent potential to materialise and not be postponed. The 2021 financial year closed with growth of 5.1%. Growth of 4% is expected in 2022; becoming more expansive in Norway and the United Kingdom.

## Latin America

Latin America in 2021 presented investment growth in infrastructures of 2.6%. However, the IDB (Inter-American Development Bank) recommends investment of 100 billion dollars per year for the next few years to improve and strengthen infrastructure and promote commercial development in the region.

The outlook for infrastructure investment in Latin America shows full growth:

- Transport infrastructure (33.6 billion dollars).
- Energy infrastructure (6.6 billion dollars).
- Urban planning and services projects (4.2 billion dollars), with important projects in the tender, design or construction phase, such as the Agua Negra binational tunnel, which will connect Argentina and Chile through Los Andes (1.5 billion dollars), the electric train network of the Greater Metropolitan Area of Costa Rica (1.6 billion dollars) or the Buenos Aires Regional Express Network in Argentina (2.3 billion dollars).

# North America

The outlook is positive. In the near future, the possibilities of developing projects resulting from the US Infrastructure Development Plan will be expanded, which has an amount of 1.2 trillion dollars, of which 550 billion dollars is for civil engineering projects, including funds for roads, bridges, airports and rail systems.

The infrastructure development plan is split into the following items:

- 110 billion dollars (95.2 billion euros) to reconstruct road infrastructure.
- 46 billion dollars (39.8 billion euros) to rail, including 21.8 billion to the Washington-New York-Boston corridor.
- 25 billion dollars (21.6 billion euros) to airport infrastructure.
- 17 billion dollars (14.7 billion euros) to ports.
- 55 billion dollars (46.7 billion euros) to improve the supply of drinking water.
- 65 billion dollars (56 billion euros) to expand broadband telecommunications.
- 65 billion dollars (56 billion euros) to renew the electricity network, with priority given to generation through renewables.

*Gerald Desmond Bridge (United States).*

# Middle East

Middle Eastern countries have overcome the difficulties imposed by COVID by developing a strict vaccination plan. Work is currently underway to combat the sharp rise in government deficits and national debt across all countries in the Middle East. Although spending and monetary easing will support the potential growth of the infrastructure sector.

# Australia

The Australia Infrastructure Plan was published in 2021. The plan responds to the 180 challenges and opportunities. Infrastructure Australia's vision for 2036 is to have an infrastructure that improves the sustainability of the country's economic, social, environmental and governance environments, supports quality of life for all Australians and is resilient to emerging stresses.

More than 110 billion dollars of investment in infrastructure, to provide the backbone of Australia.

*Data Processing Centre.*

FCC Industrial develops its activity in various subsectors, from the **design and execution** of facilities and **maintenance** of infrastructure, electricity networks and railways, through **industrial construction** to the development of **management systems for defence, mobility and infrastructure**

# Industrial activity

FCC Industrial carries out its activities in various sub-sectors, ranging from manufacturing to operation and maintenance, as well as the design and construction of industrial facilities.

The economic situation in Spain has seen the growth of investment and internal consumption curbed by the pandemic, although the National Integrated Energy and Climate Plan (PNIEC) and the recovery, transformation and resilience plan are acting as catalysts for the growth of the renewable energy and digitisation and new technology sectors.

The increase in uncertainty internationally, different trade relations and the rise in oil prices will have a moderating effect on growth. Internationally, oil prices are affecting large international projects in the oil and gas and fossil-fuel-based power generation sectors, but there is some growth in renewable energies worldwide and, in Europe, in waste recovery, sectors in which FCC Industrial is present as part of the diversification of activities and markets strategy.

# Activity in the Infrastructure Area

## Market 2021

**National:** Portfolio of contracts: €1,368.0 million.
Revenue: €885.2 million.

**International:** Portfolio of contracts: €2,613.3 million.
Revenue: €774.4 million.

- Civil engineering
- Non-residential construction
- Hydraulic works

- New contracts awarded
- In progress

**1. SPAIN**
- Remodelling of Santiago Bernabéu Stadium in Madrid.
- Environmental Centre of the Pamplona Region (Navarre).
- Comprehensive remodelling of Plaza España in Madrid.
- Closure of the circular road in Tenerife, the Canary Islands.
- Remodelling of Nudo Norte in Madrid.
- Mirroring of the R-3 commuter train line in Barcelona.

**2. CANADA**
- 195 kilometres of Trans-Canadian motorway. *€205 million (30 years).*

**3. MEXICO**
- Tren Maya. Section 2. *€637 million.*

**4. PANAMA**
- Line 2 branch of Panama metro to Tocumen Airport. *€81.8 million.*

**5. COLOMBIA**
- Toyo tunnel. *€366.7 million.*
- "El Salitre" wastewater treatment plant. *€398 million.*

**6. PERU**
- Line 2 and Line 4 branch of the Lima metro. *€3,900 million.*

**7. CHILE**
- Parque Mapocho Río. *€55 million.*
- Industrial Conception Bridge. *€116 million.*

**8. PORTUGAL**
- Modernisation of the Torres Vedras rail corridor. *€39 million.*
- Modernisation of the railway line between Covilhã and Guarda. *€61.4 million.*
- Extension of the A4 motorway in Aguas Santas. *€13.4 million.*

**9. SAUDI ARABIA**
- Additional stations on Line 4 of Riyadh Metro. Park and Ride on Line 4. Science Park on Line 5. *€612 million.*
- Lines 4, 5 and 6 of the Riyadh Metro. €7,528 million.

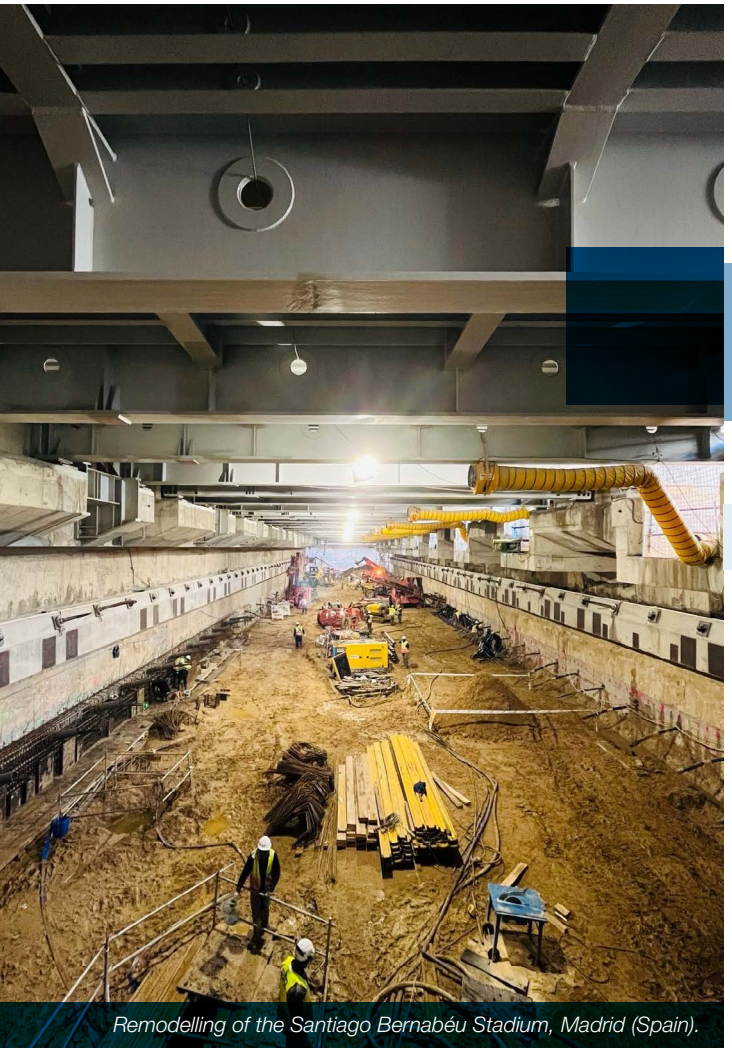
**10. NETHERLANDS**
- Section of the Badhoevedorp-Holendrecht A9 motorway. *8€45 million.*

**11. NORWAY**
- Rv. 555 Sotrasambandet, the Sotra Connection. *€1,210 million.*

**12. BELGIUM**
- Haren prison. *€322 million.*

**13. UNITED KINGDOM**
- Section of the A465 dual carriageway. *€665 million.*
- Design of Jersey hospital. *€32.8 million.*

**14. ROMANIA**
- Railway lines in Transylvania and new railway awards. *€1,480 million.*
- Design and construction of the wastewater treatment plant and sludge incinerator in Glina, Bucharest. *€113 million.*



*Remodelling of the Santiago Bernabéu Stadium, Madrid (Spain).*

☐ Awarded ◧ In progress ■ Complete

# Projects in development

Throughout 2021, the Infrastructure Area was awarded contracts worth approximately **802.2 million euros**.

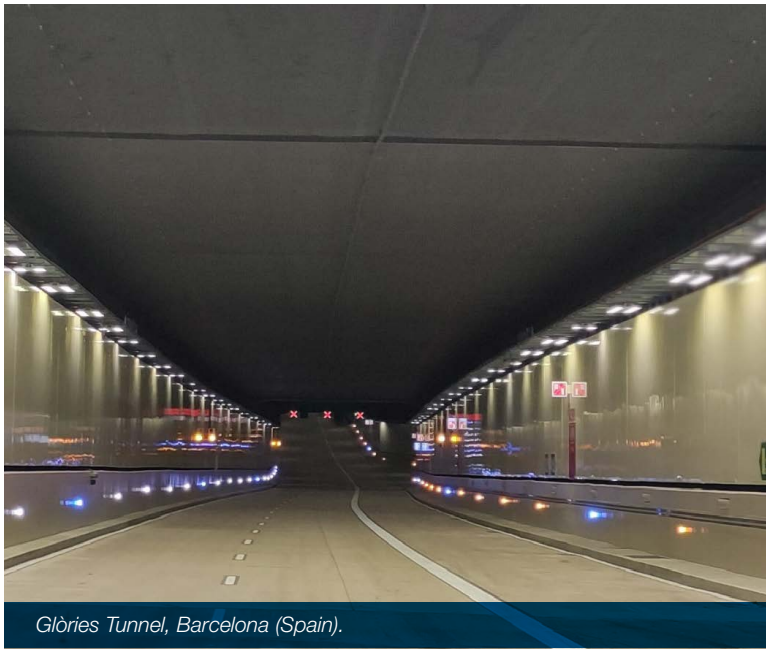
## CONSTRUCTION

### Residential construction

- ■ Construction of 48 homes in San Sebastián de los Reyes, Madrid (Spain).
- ■ Construction of 104 homes in Torremolinos, Málaga (Spain).
- ■ Construction of 114 homes in Cancelada, Málaga (Spain).
- ■ Construction of 123 homes in Torremolinos, Málaga (Spain).
- ■ Construction of 132 homes in PAU Ciudad Deportiva FC Barcelona in Sant Joan Despí, Barcelona (Spain).
- ■ Construction of 86 homes Volpelleres de Sant Cugat del Vallès, Barcelona (Spain).
- ■ Construction of 108 homes with commercial premises, garage and storage in calle Almazora 2, Valencia (Spain).
- ■ Construction of 68 homes, premises and car parks on plot P1-P2, sector 10 Marina, on Paseo de Zona Franca in Barcelona (Spain).
- ☐ Construction of 142 homes, premises and car parks on plot P1-P2,, sector 10 Marina, on Paseo de Zona Franca in Barcelona (Spain).
- ◧ Construction of 77 homes, car park and storage in Avenida de Navarra 18, in Badalona, Barcelona (Spain).
- ◧ Building at Sousa Martins 21 (Pocoas Belair), Lisbon (Portugal).
- ☐ Construction of 56 homes (Portugal).
- ◧ Building at Luis Bivar, 91, Lisbon (Portugal).
- ◧ Building at Sousa Martins, 21, Lisbon (Portugal).
- ■ 116 homes in Alcalá de Henares, Madrid (Spain).
- ◧ 40 homes in Valdebebas, Madrid (Spain).
- ◧ 85 homes in Tres Cantos, Madrid, (Spain).
- ■ 144 homes in Arroyo Fresno, Madrid (Spain).
- ■ 42 homes in Arroyo Fresno, Phase I, Madrid (Spain).
- ◧ 80 homes in Alcalá de Henares, Madrid (Spain).

## Non-residential construction

- ■ Construction and maintenance of deodorising systems at the biomethane production and biogas treatment plants at the Valdemingómez Technology Park, Madrid (Spain).
- ◧ Works at the controlled tailings deposit run by the South Owners' Association, with the expansion of Phase IV, sealing and degasification of Phase III and the expansion of leachate processing capacity in the towns of Pinto, Getafe and San Martín de la Vega, Madrid (Spain).
- ◧ Remodelling of the Santiago Bernabéu Stadium, Madrid (Spain).
- ■ Construction of the Ensanche de Vallecas Municipal Sports Centre, Madrid (Spain).
- ◧ Lot 4 of the framework agreement for the district of Hortaleza in the City Council of Madrid, Madrid (Spain).
- ◧ Lot 1 of the framework agreement for subsidiary implementation operations, emergency actions and adoption of security measures in municipal buildings, Madrid (Spain).
- ■ Lot 2 of the framework agreement for performing rectification works on issues in the set of heritage buildings and those subject to any type of use by the Madrid city council, Madrid (Spain).
- ◧ Construction of the Loeches Environmental Recycling Complex, Madrid (Spain).
- □ Rehabilitation work of Building III "Tercio" of the General Directorate of the Guardia Civil in Madrid, on the building located at calle de Guzmán el Bueno, 112 Madrid (Spain).
- □ Construction of an underground building with three basement levels to house the future 132/15KV Electrical Substation in Plaza de España, Madrid (Spain).
- ◧ Expansion and renovation of Soria hospital, Soria (Spain).
- ■ Salamanca hospital, Salamanca (Spain).
- ◧ Phase 0 of the Master Plan for La Coruña University Hospital Complex (Spain).
- □ ■ Regional Biocontainment Unit, La Rioja (Spain).
- □ Drafting of the project, execution of the work and commissioning of the Environmental Centre of the Pamplona Region (CACP), Navarre (Spain).
- ◧ Expansion of San Juan de Dios Hospital, Seville (Spain).
- ◧ Refurbishment of Club de Mar de Mallorca in Palma de Mallorca, Balearic Islands (Spain).
- ◧ Expansion of the "Las Marinas" integrated waste processing plant in El Campello, Alicante (Spain).
- ◧ Construction of the GRIFOLS office building on Avenida Generalitat and connecting underpass to the existing corporate building in Sant Cugat del Vallès, Barcelona (Spain).
- ◧ Renovation of the Philosophy and Humanities building of the University of Zaragoza, Zaragoza (Spain).
- ◧ Construction of the Business Creation Centre of the University of Alicante, Alicante (Spain).



*Glòries Tunnel, Barcelona (Spain).*

- □ Execution of the works for the tertiary building and car park for the Digital District on Dock 5 of the Port of Alicante, Alicante (Spain).
- □ Remodeling Facilities of the ASTA Building in the Port of Barcelona, Barcelona (Spain).
- □ Office Building on plot P1-P2, sector 10 Marina Paseo de Zona Franca in Barcelona (Spain).
- □ Authentic Bicas hotel complex, Grândola (Portugal).
- ■ Santa Luzia primary school, Elvas (Portugal).

□ Awarded ◧ In progress ■ Complete

*Railway bridge. Renovation of railway sections in Transylvania (Romania).*

## Railways

- ■ Lowering and adaptation of platforms L1 and L9 and renovation of the sidings and railway installations, FGV TRAM Network, Lot 1, Benidorm, Alicante (Spain).
- ◧ Execution of the Tunnel and Station works for the Zona Universitaria-Sagrera Meridiana section of Line 9 of the Barcelona Metro – Section III – IVB, Prat de la Riba, Sarrià, Mandri, Barcelona (Spain).
- ◧ Improved accessibility and adaptation to the interchange regulations of Maragall station (L4 and L5 FMB), Phase 1, Barcelona (Spain).

□ Awarded ◧ In progress ■ Complete

- □ Execution of the works for the Quisi Viaduct construction project in the Calp-Teulada section of line 9 of the TRAM network, Alicante (Spain).
- ◧ Rehabilitation of the railway between Pinhão and Tua (Portugal)
- ■ Modernisation of the railway between Covilhã and Guarda (Portugal).
- ◧ Track assembly and access, Leon (Spain).
- ◧ Maintenance of the north-east high-speed line. Brihuega and Calatayud bases (Catalonia, Spain).
- ◧ Maintenance of the north-east high-speed line. Montagut, Vilafranca and Sant Feliu bases (Catalonia, Spain).
- ◧ Maintenance of the south high-speed line. Hornachuelos, Cordoba, and Antequera, Malaga, bases (Spain).
- ◧ Trackbed works on the Totana-Lorca section of the Murcia-Almeria high-speed line (Spain).
- ■ Works on platforms across Line 12 of the Madrid metro. Móstoles-Conservatorio Hospital, Madrid (Spain).
- ◧ Improvement works to subsection 2.3 (Alfarelos/Pampilhosa) of the North railway line (Portugal).
- ■ Contract for the assembly of the high-speed line between León and Asturias. Section: La Robla-Campomanes (Asturias, Spain).
- ■ High-speed track assembly contract for the Campobecerros-Taboadela section, Galicia (Spain).
- ◧ Adaptation of the Sagunto-Teruel-Zaragoza line. Estivella, Teruel, Ferreruelas and Cariñena stations (Spain).
- ◧ Trackbed works on the Níjar-rio Andarax section of the Murcia-Almeria high-speed line (Spain).
- ■ Infrastructure maintenance and Conventional Network Track for ADIF - Lot 1 Centre (Spain).
- ■ Infrastructure maintenance and Conventional Network Track for ADIF - Lot 6 South (Spain).
- □ Services, infrastructure and track maintenance for ADIF 2021-2022 conventional and metric gauge lines. Lot 2 North Operations Division (Spain).
- □ Services, infrastructure and track maintenance for ADIF 2021-2022 conventional and metric gauge lines. Lot 5 Central Operations Division (Spain).
- ◧ Contrato de servicio para el mantenimiento integral de la superestructura de vía de Metro de Madrid (Lote 3 aproximadamente el 50% de la red de Metro de Madrid) (España).

*Riad-Al Hamra Metro Station (Saudi Arabia).*

☐ Awarded ◧ In progress ■ Complete

- ☐ Services, infrastructure and track maintenance for ADIF 2021-2022 conventional and metric gauge lines. Lot 6 South Operations Division (Spain).
- ◧ Comprehensive maintenance service contract of the Madrid Metro track superstructure (Lot 3, approximately 50% of the Madrid Metro network) (Spain).
- ◧ Accesses to La Sagrera station, Barcelona (Spain).
- ◧ Valladolid arterial railway network. East diversion (Spain).
- ■ Complete replacements of track devices given the condition of the materials in the southern head of Puerta de Atocha station, Madrid (Spain).
- ■ Construction of the Vila Franca de Xira connection branch (Portugal).
- ☐ Replacement of the Ciudad Real-Portuguese Border conventional network bridge.
- ☐ Removal of the level crossing at the entry to Monfragüe located on the conventional line (Cáceres, Spain).
- ☐ Comprehensive track renovation in the Gijón-Laviana section of the metric gauge network in Asturias (Spain).
- ☐ Gauge extension on overpasses, on the route not affected by the San Julián variant, between Ourense-Monforte-Lugo (Spain).
- ☐ New track configuration as a result of the elimination of the Ferrol-Ortigueira telephone blocks (Spain).
- ☐ Implementation of standard width in the Mediterranean Corridor. Castellón-Vinaroz section (Spain).
- ☐ Execution of the works corresponding to the diversion renovation project (Phase 1) on the Madrid-Seville HSL (Spain).
- ☐ Modernisation of the Torres Vedras and Caldas Da Rainha railway line (Portugal).

## Hydraulics

- ◧ Project and adaptation work of the WWTP. El Endrinal de Collado Villalba, Madrid (Spain).
- ☐ Lot 7 of the Pipeline Renovation Works for the Canal de Isabel II supply network, Madrid (Spain).
- ■ Gouvães dam (Vila Pouca de Aguiar, Portugal).
- ■ Construction of a storm reservoir in the area of Arbeyal, Gijón (Spain).
- ■ Construction of the Castrovido dam, Burgos (Spain)
- ◧ Heightening of the Yesa dam, Navarre (Spain).
- ◧ Construction of the storm tank for the WWTP Galindo, (Vizcaya, Spain).
- ◧ Distribution network works for the Segarra-Garrigues System. Sector 10-11-14. Secondary network Floor C Perimeter I, El Cogul, Lleida (Spain).
- ■ Gouvães dam (Vila Pouca de Aguiar, Portugal).

## Maritime

- ◧ Expansion of the Port of Playa Blanca, Lanzarote, Canary Islands (Spain).
- ■ Expansion of the esplanade on the Poniente Norte pier in the Port of Palma de Mallorca, Mallorca, Balearic Islands (Spain).
- ■ Construction using floating caissons of the Balearic Dock in the Port of Tarragona, Phase I, Tarragona (Spain).
- ◧ Port Adriano, rehabilitation of the breakwater, Balearic Islands (Spain).

- ◧ Berthing of liquid bulk project on the bottom bank of the South Dock at the Port of Castellón, Castellón (Spain).
- ◧ Rehabilitation and functional improvements to the Breakwater Overhang at the Olympic Port in Barcelona, Barcelona (Spain).

## Roads

- ◧ Construction on the remodelling of Calle 30 North interchange, Madrid (Spain).
- ◧ Construction of "Anillo Insular de Tenerife", Canary Islands (Spain).
- ■ Access to El Altet airport. Dualing of road. N-338, Section: N-332-A-70, Alicante (Spain).
- ■ Emergency Works: damage to infrastructure due to storm "Gloria". Lot 2, Repair and Conditioning of Passage and Slope Works, Cartagena, Murcia (Spain).
- ■ Emergency Works: Lot 2 – Works and Installations Mediterranean Motorway E-15/AP-7. Section: Almussafes-San Joan D'Alacant. Valencia (Spain).
- ■ Execution works for the Plaça de les Glòries road tunnel, a Tunnel between Carrer de Badajoz and Rambla del Poblenou. Lot 5. Barcelona (Spain).
- ◧ Renovation of the Águas Santas tunnel (Portugal).
- □ Structural renovation of the Central and South galleries of the Aguas Santas tunnel (Portugal).
- ■ Tâmega and Oura bridges (Portugal).
- ■ Extension of the A4 motorway in Aguas Santas (Portugal).

## Urbanisation

- ■ Urbanization of plot T.P.T 10 of the "A. R. Nuevo Tres Cantos", Madrid (Spain).
- ◧ Urbanisation of stage 1 of U.Z.P. 2.04 Los Berrocales (Madrid, Spain).
- ◧ Remodelling of Plaza España and its surroundings, Madrid (Spain).
- ◧ Renovation of the La Gavia park Phase II, Madrid (Spain).
- ◧ Urbanisation of A.P.E. 027 Nuevo Mahou-Calderón, Madrid (Spain).
- ◧ Sanitation network, transformation centre and reflection centre within the U.Z.P. 2.04 Los Berrocales, Madrid (Spain).
- ◧ Block bounded by Glorietas G-2, G-3, G-4, G-5 and Vial H-8 within the U.Z.P. 2.04 Los Berrocales (Madrid, Spain).
- □ Earthworks and Sanitation Stage 3 located between the Gran Vía del Sureste, A3 and M-50 within the U.Z.P. 2.04 Los Berrocales (Madrid, Spain).

*Alicante airport access improvement project. Dualing of N-338, Alicante (Spain).*

## Industrial

In 2021, FCC Industrial was awarded the following contracts:

- □ 220 MW Ciudad Rodrigo photovoltaic farm, Salamanca (Spain).
- □ Electromechanical installations and systems for the "Reforma Plaza de España" project, Madrid (Spain).
- □ Installations of the building of the General Police Station in the Canillas Police Complex, Madrid (Spain).

□ Awarded ◧ In progress ■ Complete

*Transformation centre of the Segura Hydrographic Confederation (Spain).*

- ☐ ASTA Installations, Barcelona (Spain).
- ☐ Electrical installations for the new Alcañiz Hospital, Teruel (Spain).
- ☐ Installations in Cuatro Caminos Station, Madrid (Spain).
- ☐ Comprehensive maintenance, CPD Torija, Guadalajara (Spain).
- ☐ Maintenance of high and medium voltage electrical installations and lines, infrastructure of the Tajo-Segura Post-Transfer (Spain).
- ☐ Fuentes Alcarria Photovoltaic Plant Substation, Guadalajara (Spain).
- ☐ Elevated substation in Iglesias, Burgos (Spain).
- ☐ Microsoft Algete Substation, Madrid (Spain).

**Main international projects in progress**

- ◧ Electromechanical Installations Riyadh metro, Riyadh (Saudi Arabia).
- ◧ 100 MW Puertollano photovoltaic farm, Ciudad Real (Spain).
- ◧ ■ 50 MW Barcience photovoltaic farm, Bargas, Toledo (Spain).
- ◧ 590 MWp Francisco Pizarro photovoltaic farm, Cáceres (Spain).
- ◧ Electromechanical Installations in Santiago Bernabéu Stadium, Madrid (Spain).
- ◧ Electromechanical Installations in Soria hospital, Soria (Spain).
- ◧ ■ Electromechanical Installations in San Juan de Dios Hospital, Seville (Spain).
- ◧ Maintenance of thermosolar power plants (Spain).
- ◧ Maintenance of Iberdrola electrical networks (Spain).
- ◧ Francisco Pizarro Photovoltaic Plant Substation, Cáceres (Spain).

☐ Awarded ◧ In progress ■ Completes

## MAINTENANCE AND CONSERVATION

### Maintenance of motorways and roads

Carrying out maintenance on more than **1,200 kilometres of motorways and 3,000 kilometres of conventional network roads** belonging to several Public Administrations (Ministry of Transport, SEITT, Gran Canaria City Hall, Autonomous Communities, Provincial Councils, and Concessions). This network provides service to **more than 20 kilometres of tunnels**.

The following contracts were obtained in 2021:

- Conservation and operation of the N-330, RN-134 and the Somport tunnel, in Aragón (Spain).
- Conservation of high capacity roads in Gran Canaria, Canary Islands (Spain).
- Renewal of the conservation and operations contract for the BU-03 sector in the province of Burgos (Spain).
- Renewal of the conservation and operations service on the EX – A1 Regional Motorway and other roads for the Junta de Extremadura (Spain).

In addition, the provision of the service has continued in another 16 conservation contracts for different administrations (MITMA, Guipúzcoa Provincial Council, Palencia Provincial Council, SEITT and AUCONSA).

*Maintenance operations after the snow from storm Filomena (Spain).*

## Maintenance of roads for city councils

In 2021, the maintenance of the roads of the city of Huelva has continued for two years with the possibility of an extension for another two years, as well as with the maintenance service of the roads and their signalling of the municipality of Telde on Gran Canaria (Canary Islands, Spain).

## Maintenance of transport systems

The maintenance contracts for the Zaragoza and Murcia trams (Spain) have continued.

## Port infrastructure maintenance

In 2021, the conservation, maintenance and small works service contract began in the Port of Malaga (Málaga, Spain).

## Hydraulic infrastructure maintenance

During 2021, two dam maintenance contracts continued in the Guadiana Hydrographic Confederation:

- Operation, maintenance and conservation of the Cancho del Fresno, Ruecas, Sierra Brava, Gargáligas, Cubilar, Azud de Ruecas, Alcollarín and Búrdalo dams.
- Operation, maintenance and conservation of dams in zone 3 of the middle basin of the River Guadiana.

Two-year extension on the service contract to optimise the functioning, updating, maintenance and joint operation of automatic hydrological data systems and flow volume measurement station control networks for the Júcar River Authority.

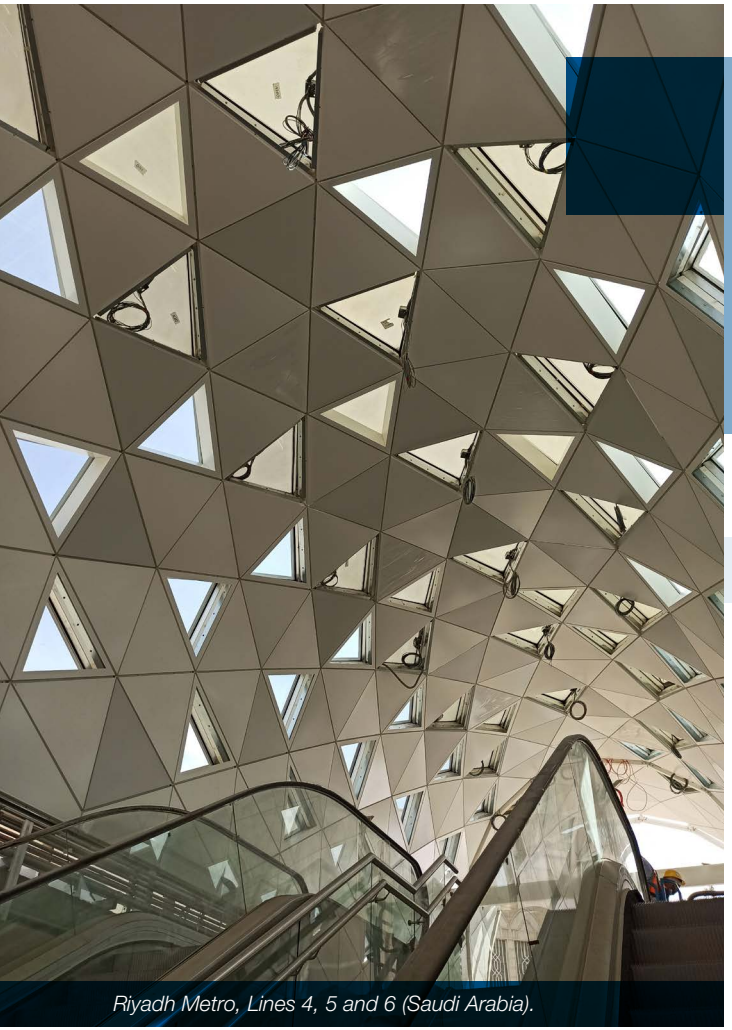
## Management of emergency and forest fire services

The provision of the following services has continued:

- Prevention and extinction of forest fires in the eastern part of the Community of Madrid (Spain).
- Fire prevention for the Provincial Fire Brigade of the Region of Castellón (Valencian Community, Spain).

## Environmental services

- Control of vegetation in the area surrounding the overhead electrical lines in western and southern Madrid for Iberdrola.
- Management of recycling points in National Heritage historical gardens.
- Silvo-pastoral plan for the Riofrío forest in San Ildefonso, in Segovia (Spain).
- Conservation of River Manzanares where it passes through the municipality of Madrid (Spain).
- Environmental conservation of La Herrería Forest in the municipality of El Escorial (Madrid, Spain) for National Heritage.
- Conservation and cleaning of Bosquesur, for the Community of Madrid (Spain).
- Conservation of the vegetation on the banks of ADIF lines in the central and southern zones (Spain).
- Control and reduction of the Argentine parrot and Kramer parrot population in the municipality of Madrid (Spain).
- Execution of the works associated with the competences of the General Directorate for Water Management and Green Areas of Madrid (Spain).
- Environmental restoration of mountains affected by the forest fire in Cortes de Pallás for the Generalitat Valenciana (Spain).



*Riyadh Metro, Lines 4, 5 and 6 (Saudi Arabia).*

☐ Awarded ◧ In progress ■ Complete

In 2021, the following were produced in the Delta Prefabricated factories:

- More than **51 km of concrete pipe** with steel jacket.
- **18 km of glass-fibre** reinforced pipes (GRP).
- **74,200 concrete sleepers** of various types.

## PREFABRICATED CONSTRUCTION

### Supplies for hydraulic conduits

**Concrete pipes with steel jacket:**

- ■ Execution of works included in the comprehensive project to modernise the hydraulic infrastructure owned by Comunidad de Regantes Santa Cruz de Alcolea de Cinca, in Huesca (Spain).
- ■ Irrigation of Sector XI of Canal de Monegros, Comunidad de Regantes de Orillena in Huesca (Spain).
- ■ Direct connection channel, Huesca (Spain).
- ■ Irrigation modernisation project in the Canal del Páramo Irrigation Community. Sectors IV, VI and Matalobos II Regulating pool, León (Spain).
- ■ Irrigation modernisation for the El Molinar Phase II Comunidad de Regantes, Aragón (Spain).
- ☐ Irrigation modernisation project in the Canal del Páramo Irrigation Community. Sectors IV, VI and Matalobos II Regulating pool, León (Spain).
- ☐ Actions to improve the intake and transport network of the Llíria Comunidad de Regantes from intake VII of the main channel of the Campo del Turia, Valencia (Spain).

**Glass-Fibre Reinforced Pipes (GRP):**

- ■ Updated project for the Irrigation Pumping Station and Network for Sector XV of Subzona de Payuelos, irrigation area of the Riaño, first phase, León and Valladolid dam (Spain).
- ■ Galindo – Beurko storm tank for the Bilbao Bizkaia water consortium (Spain).

**Supply for railway contracts**

- ■ Supply and transportation of sleepers for the renovation of the track on the Mérida – Los Rosales Line between kilometre points 106+00 and 111+000. Llerena–Fuente del Arco Section (Spain).
- ☐ Supply of sleepers to the Madrid-Seville high-speed line, (Spain).
- ☐ Supply of monobloc concrete sleepers for works and maintenance needs on the general interest railway network. Lot 1: Central operational territorial area and Lot 6: Southern operational territorial area (Spain).
- ☐ Supply and transport of sleepers for the comprehensive renovation of infrastructure and track. Section: Calañas – Peguerillas. Zafra – Huelva Line (Spain).

## CORPORATE IMAGE

- Implementation of a new corporate image for Renault Europe in Spain, Portugal and Italy.
- Implementation of the corporate image in the Dacia dealer network in Spain, Portugal and Italy.
- Supply of the new Nissan logo for Europe.
- Implementation of the image restyling project for Nissan Europe in dealerships in Spain, Portugal and Italy.
- Supply of image elements for BP service stations across Europe.
- Participation in the development of corporate image prototypes for interior and exterior elements of the new KIA image.
- Supply and installation of the new KIA logo at the brand's head office in Alcobendas (Madrid, Spain).
- Supply and installation of the Yamaha image for dealers in Europe.

*Lima Metro Line 2 (Peru)*

## CONCESSIONS

In 2021, measures geared towards reducing mobility have been partially maintained, with an impact on concessions related to:

- **Urban public transport**, such as the Murcia Tram and the Zaragoza Tram, in Spain, where the number of passengers has partially recovered, although passenger figures are around 70% compared to 2019, prior to the pandemic.
- **Road transport**, including Ibiza-San Antonio motorway and Conquense motorway concessions (Spain), which have seen volumes of traffic increase by between 20 and 33% but continue to be lower than the traffic recorded in 2019, with falls of between 10 and 14%.
- **Office space rental**, as in the case of the WTCB, in which the buildings and facilities are being adapted to ensure social distancing and implement contactless technologies.
- **Construction concessions**, such as the Lima metro (Peru) or Haren prison (Belgium), where, given the number of workers involved in construction, very significant measures have been taken to avoid infections as much as possible.

## Roads

- **Conquense motorway, Spain (100% FCC):** a 136-kilometre shadow toll concession with a duration of 19 years, ending in December 2026. It is part of the first generation motorway plan promoted by the Ministry of Public Works in 2007.
- **Ibiza - San Antonio motorway, Spain (50% FCC):** the contract lasts for 25 years and ends in August 2032. The length of the concession is 14 kilometres with a 600-metre tunnel. The payment mechanism is a shadow toll.
- **Underwater tunnel in Coatzacoalcos, Mexico (85% FCC):** the concession lasts for 45 years until 2062. The design and delivery of the underwater tunnel is the first construction of this type in Mexico and also the first in Latin America.
- **Mersey Bridge in Liverpool, United Kingdom (25% FCC):** contract for the design, construction, financing, maintenance and operation, on a payment for availability basis. The bridge opened in October 2017 and serves some 80,000 vehicles per day.
- **A465 dual carriageway, Heads of the Valleys consortium, in Wales, United Kingdom (42.5% FCC):** contract for the construction, financing, maintenance and operation of the expansion of the 17.3-km stretch of the A-465 dual carriageway between Dowlais Top and Hirwaun in Wales, United Kingdom. Currently under construction, the contract runs until 2055.

## Metro and Tramways

- **Murcia tramway, Spain (50% FCC):** contract awarded in 2009 for the construction and operation until 2049 of line 1 of the Murcia tramway. It has a fleet of 11 trams, 28 stops and a total length of 18 kilometres.
- **Zaragoza tramway, Spain (16.60% FCC):** line 1 of the Zaragoza tramway consists of 12.8 kilometres, 21 trams and 25 stops. The tramways have a charging and energy accumulation system to travel the 2-kilometre section that runs through the historic centre. The contract was awarded in 2009 and lasts for 35 years.
- **Lima Metro Line 2, Peru (18.25% FCC):** design, financing, construction, electromechanical equipping, systems equipment and provision of rolling stock, operation and maintenance for a period of 35 years until 2049 on a payment for availability basis.

## Social

- **Health centres in Mallorca, Balearic Islands, Spain (82.5% FCC):** reverted to the Health Administration in April 2021 with complete satisfaction.
- **World Trade Centre Barcelona, S.A., Spain (24% FCC):** in December 2021, occupancy was 93.3% in premises and offices.
- **Haren Prison, Belgium (15% FCC):** this contract covers the design, construction and maintenance for 25 years on a payment for availability basis of a new prison complex in Haren, near Brussels.

*Haren prison (Belgium).*

## Ports

- **Torredembarra Port, Spain (17.8% FCC):** concession for a marina in Torredembarra, in Catalonia.

FCC has a minority stake in two tramways in Barcelona (Tranvía Metropolità del Besòs and Tranvía Metropolità).

# Highlights Infrastructure 2021

## January

FCC Construction awards the European PPP Deal of the Year award for the A465 project in Wales, United Kingdom.

## February

FCC Construction completes the contract to modernise the take-off and landing runway at Bacau airport in Romania.

## March

The Minister for Infrastructure and Water Management of the Netherlands visits the A9 Badhoevedorp-Holendrecht project.

## April

FCC Construction completes the "Airbus Futura Campus" in Madrid.

FCC Construction completes the design and construction contract for two buildings of Dublin's Institute of Technology (DIT) higher education centre on the Grangegorman campus in Ireland.

## May

FCC Construction celebrates the 30th anniversary of the conclusion of the first High Speed station in Spain.

## June

FCC Construction completes the excavation work for the tunnel that will join the streets Bailén and Ferraz, included in the reform of Plaza de España in Madrid, Spain.

## July

All areas of the FCC Group receive the "COVID-19 Stars" awards from FESBAL for their involvement and commitment during the health crisis.

## August

FCC Construction chosen by the Chamber of Commerce of Belgium and Luxembourg as "2021 Company of the Year".

## September

FCC Construction achieves its objective of verifying 100% of its activity under the ISO 14064 Standard for Greenhouse Gas emissions.

## October

FCC Construction renews its registration in the Carbon Footprint, offset and carbon dioxide absorption projects registry for the ninth time.

## November

Bradfield Metro Consortium shortlisted for the Sydney Metro - Western Sydney Airport expansion project in Australia.

## December

FCC Construction publishes its sustainability report "Environmental Communications 2021".

2021

# Sustainability and excellence

## Sustainability

### Aligned with the SDGs

The United Nations 2030 Agenda is a clear and shared path to eradicate poverty and promote sustainable and equal development between 2016-2030. **FCC Construction has integrated the Sustainable Development Goals into its activity and into its value creation model.**

The material aspects of the organisation and the SDGs have been linked. Likewise, the 2021-2024 Management Objectives for the Management and Sustainability System are associated with the SDGs.

We would like to highlight the CEO of FCC Construction's commitment to the Sustainable Development Goals, which we understand to be a new, united and responsible approach from which companies can, and should, contribute to the creation of a more sustainable world and the dissemination and training of employees on SDGs with training sessions, courses and awareness campaigns.

### Sustainable construction.

FCC Construction believes that the achievements reached and processes developed should be the normal behaviour and part of the culture of the construction sector worldwide and that it should provide the community with the knowledge and criteria acquired which is why it **participates and leads multiple forums and national and international technical committees**.

Some of the most relevant organisations with which FCC Construction partners in setting sustainability criteria related to construction are: the International Standardization Technical Committee ISO/TC59/SC17 "Sustainability in Building Construction", the European Committee CEN TC350 "Sustainability of Construction Works ", the International Technical Committee ISO/TC207" Environmental Management ", the Scientific-Technical Association of Structural Concrete, the Technical Association of Ports and Coasts-PIANC, the National and International Committee of Large Dams (ICOLD and SPANCOLD), the Corporate Responsibility Committee of the EIC or the SEOPAN Quality, Environment and R&D Committees, among others.

On the other hand, FCC Construction has pioneered SAMCEW its own methodology for evaluating the sustainability of its civil engineering projects – thereby contributing to the adopting measures that increase the sustainability of its works.

## Environmental management

FCC Construction has an Environmental Management System, certified according to ISO 14001, which covers almost 100% of its activity.

The company has also implemented a Best Practices® system, on top of legislative or contractual requirements or those from any other source, and actions that guarantee improved environmental results. The system is made up of a series of measures performed voluntarily by the FCC Construction projects, so that these measures establish more ambitious environmental objectives than those established by the applicable environmental legislation or the requirements of customers or third parties. The application of these best practices has the end goal of preventing or minimising the environmental impacts of the projects and enhancing the benefits of certain actions carried out during their execution.

## Commitment to climate change

We are aware of the importance of integrating s into our activity; for this reason, as the leading Construction Company in Spain, we have been verifying our Greenhouse Gas (GHG) emissions since 2010. In addition, since 2012, FCC Construction has held the AENOR **"Environment CO2 verified"** carbon footprint certificate.

We were the **first construction company to register their carbon footprint** in the "Carbon Footprint Registry, offset and absorption projects" at the Ministry for Ecological Transition and the Demographic Challenge, which has given us the "calculate and reduce" stamp in recent years.

In 2017, we published a **strategy** to combat climate change and started to implement the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**) working group at the Financial Stability Board. The update to this strategy is currently under development to incorporate the measures aimed at achieving the goal of zero emissions in 2050 approved by the Sustainability Committee in 2021.

One of FCC Construction's Management Objectives is to extend the verification of the greenhouse gas (GHG) emissions inventory to international level, so that 100% of the activity would be verified under Standard ISO 14064-1:2012 in 2020. In 2021, AENOR verified the GHG emissions produced in all countries where FCC Construction was active during 2020.

## Circular economy

At FCC Construction, the circular economy represents a fundamental strategy for reducing the impact of our activity on the environment, improving the efficiency of productive activities, extending the life and optimising the use of the resources we use and minimising the waste we generate.

In 2017, FCC Construction structured its progress towards the circular economy around the Ellen MacArthur Foundation's ReSOLVE framework and in 2018 it signed up to the Pact for a Circular Economy, promoted by the Spanish Ministries of Environment and Economy. In 2019, through its subsidiary FCC Industrial, FCC Construction obtained the "Zero Waste" waste management traceability system certificate, granted by AENOR, and became the first construction company to receive this certificate that guarantees the recovery of waste and avoids its final disposal in landfill. The project where this initiative was applied recovered 99% of the waste generated in the work. It is currently in the certification process for its corporate buildings.

# Excellence

## Service excellence

The participation of FCC Construction in any infrastructure project involves offering **a company with over 120 years' experience** in the sector, with great technical ability, and a firm commitment: to efficiently overcoming challenges. This all comes with absolute respect for the environment, while promoting development and innovation through the use of the best construction techniques.

In its work, FCC Construction **creates value for society** and for its shareholders, providing the management and services required to design, build and operate infrastructure and services that efficiently, sustainably and safely contribute to the well-being of people. In this respect, the company contributes **solutions aimed at improving society, sustainable development and the well-being of people**.

In line with its objective of continuous improvement, to get recognition by stakeholders and give greater confidence to its clients, FCC Construction has its **system certificated for almost 100%** of its business.

## Customer satisfaction

FCC Construction's **priority is to meet the needs of its clients**, with the commitment to fulfil their requirements with quality guaranteed. The main objective is excellence in the performance of the work by providing personalised attention and ongoing dedication, always focusing on fulfilling their expectations.

Clients assess FCC Construction's activity every year. In all the surveys combined, the most valued attributes are the **professional abilities of the construction team**, **consideration of customers' instructions** and the **ability to deal with problems and unexpected events** that arise in the project. These ratings remain high, year after year, and confirm our expectations.

These **excellent results** enable us to state that the stringency and quality of FCC Construction are factors that set us apart from the competition.

***What our customers say:***

*"Having a work team with extensive experience guarantees optimal development of the entire construction process. Undoubtedly, an experience to repeat."*

*"In this consortium, the consortium of which FCC is part, has demonstrated that through good project management and the technical quality and effort of the construction company's staff, a project can be executed by improving the deadline forecasts, without any impairment of quality and maintaining the best conditions for the public service throughout the work (which is the priority of this Administration)."*

*"I highlight the professionalism of each person who is part of FCC's team. Specifically, I highlight the project management, the quality of execution, the speed in detecting problems, the ability to adapt to all changes, the solvency in the development of constructive solutions according to the criteria of this D.O., the coordination with all the agents and the tireless search for excellence, balancing not only compliance with the scope but also achieving the customer's cost and deadline objectives."*

## Awards in 2021

Follow this link to see the awards received in 2021.

## Management Pioneers

The **Management and Sustainability System at FCC Construction** is a dynamic system that constantly adapts to the new challenges and processes required by the market. FCC Construction has always stood out as a **pioneer in the implementation** of the latest developments and management systems, and is the **only ISO 44001 certified company in Spain** for the management of collaborative business relationships.

To demonstrate compliance to third parties and greater transparency in its management, the company has its Management and Sustainability System **certified by an accredited external agency**.

# Innovation and technology

FCC Construction promotes an active technological development policy, with a firm commitment to research, sustainability and contribution to the quality of life of society as a differentiating factor in the current, highly competitive and internationalised market. The development and use of innovative technologies to carry out the works additionally involves an intrinsic added value for the company.

Within its activity, FCC Construction and its invested companies develop projects in conjunction with other companies in the industry, often with technology-driven SMEs, which makes it possible to perform open innovation projects with a participation in the value chain and, occasionally, on a horizontal cooperation basis. Some of the projects are also carried out in consortia with Public Authorities, such has been the case with the European LIFE "Impacto Cero" project, *"Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines"*, coordinated by the Spanish Railway Infrastructure Manager (ADIF), or the BICISENDAS *"Sustainable, energetically self-sufficient, smart, anti-pollution, integrated and safe bicycle lane"* project, where actions are taken with different city councils to roll out this pilot bicycle lane project.

**Nationally**, during 2021, work has been done mainly on the following projects:

**Internationally**, FCC Construction has worked on the completion of the following project:

**Desarrollo y demostración de la eficacia de una pantalla anticolisión para aves en líneas ferroviarias de alta velocidad**

Grant agreement Nº LIFE12 BIO/ES/000660

FCC Construction, due to its solid position in the market and having a competitive advantage in the sector, uses the different available mechanisms to protect industrial and intellectual property in the processes it deems strategic.

In 2021, the **protection** was performed in the following processes:

**PROCEDIMIENTO DE GUIADO LÁSER PARA CONSTRUCCIÓN**

PATENTE Nacional

La presente invención es aplicable en el Sector de Construcción, concretamente, en el sector de la construcción en Túneles y de Obra Marina, empleando láseres para proyectar puntos del contorno de una obra.

Permite un guiado a través de un modelo 3D tanto para obra marítima como para túneles. Se realiza un replanteamiento en secciones situadas en determinados puntos kilométricos de la obra, proyectando mediante varios láseres y, posteriormente se toman una serie de medidas que son trasladadas a una base de datos, y se calculan coordenadas de los puntos reales de la construcción, que son introducidas en una herramienta de tipo BIM que genera un archivo 3D de la obra.

*Titular: FCC Construcción*

**PROCEDIMIENTO DE GESTIÓN INTEGRAL DE UNA CUENCA HIDROGRÁFICA**

PATENTE Nacional

La presente invención se puede incluir en el campo técnico de la gestión de recursos naturales, en particular, de los recursos hídricos. El objeto de la invención se refiere a un procedimiento de gestión integral de una cuenca hidrográfica, que hace uso de 5 módulos: **Módulo hidrológico**, para simular comportamiento de masas de agua superficiales y realizar predicción de avenidas; **módulo hidrogeológico**, para simular comportamiento de masas de agua subterránea; **módulo de gestión** de recursos hídricos para pronosticar el estado de los embalses a futuro, ante determinados escenarios de aportaciones y desagües; **módulo hidromorfológico**, para caracterizar regímenes de 10 caudales ecológicos en ecosistemas fluviales; **módulo de calidad del agua**, para modelizar comportamiento de fenómenos de transporte de solutos contaminantes; todo ello integrado a través de una única plataforma online con base de datos e interfaz gráfica. **El procedimiento constituye un sistema de ayuda a la toma de decisiones en gestión de una cuenca hidrográfica.**

*Titulares: MATINSA (85%) y CETEC (15%)*

***CYRENE***

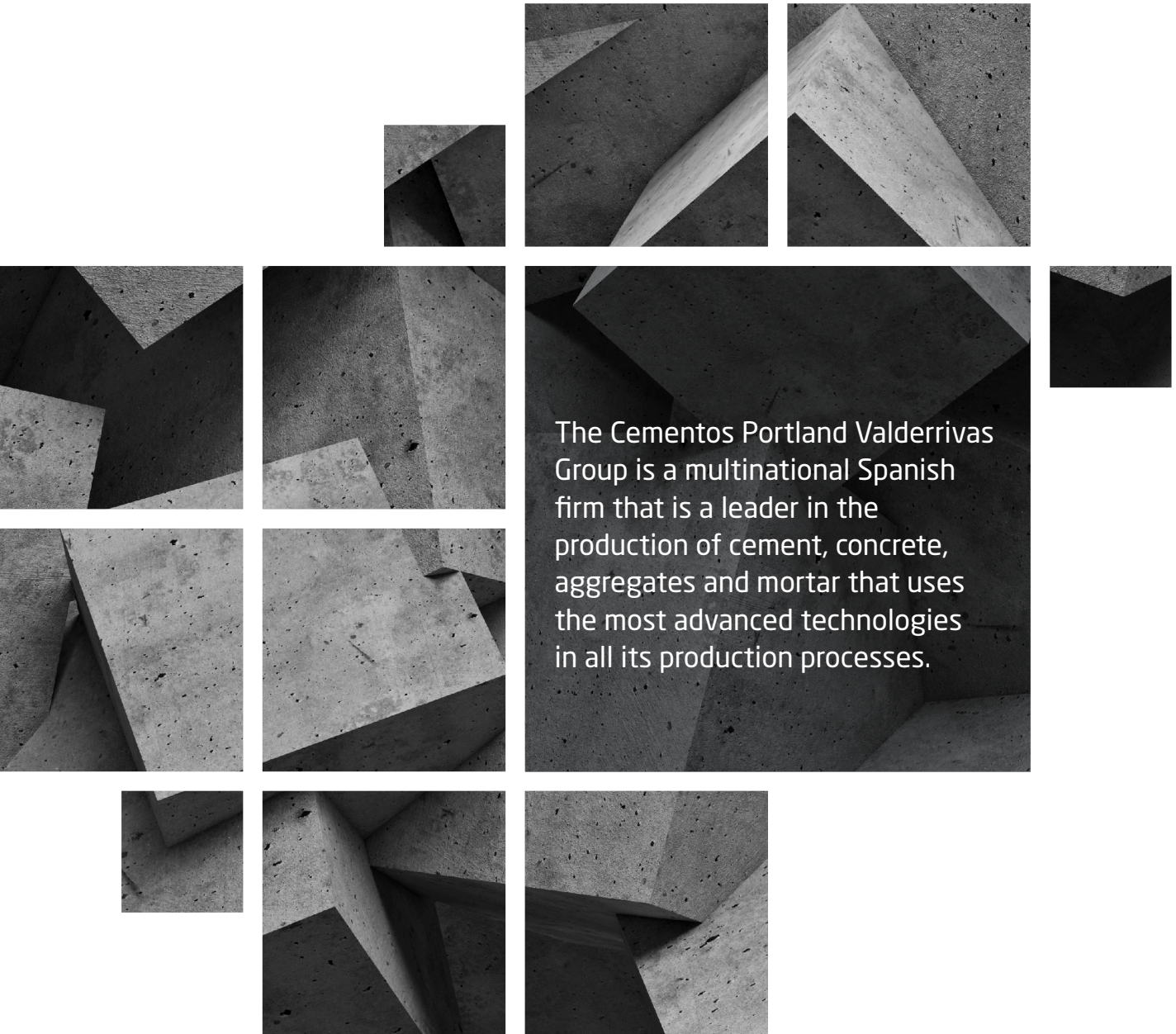
MARCA EUIPO

Registro Copyright Oficina de Propiedad Intelectual de Estados Unidos (USCO)

Nuevo **sistema para la gestión integral de túneles de carretera** que contenga el control de todas las instalaciones e implemente estrategias optimizadas de gestión global.

*Titular: MATINSA y TELICE*

*Pinhão Tua railway line (Portugal).*



The Cementos Portland Valderrivas Group is a multinational Spanish firm that is a leader in the production of cement, concrete, aggregates and mortar that uses the most advanced technologies in all its production processes.

# Cement

Products _ 225

Industry analysis _ 226

Group activities by country and business line _ 227

Highlights Cement 2021 _ 230

Environment and research and development activities _ 231

Service excellence _ 233

Performance in 2021 _ 234

*El Alto cement factory, Morata de Tajuña, Madrid (Spain).*

The company supplies its products in Spain from its **seven cement factories** and exports products to the international market

The Cementos Portland Valderrivas Group (GCPV) is a multinational Spanish firm that is a leader in the production of cement, concrete, aggregates and mortar. Founded in 1903, the Group has been around for more than 118 years and has evolved in response to the changing needs of society and markets. It employs the most advanced technologies in its production processes to achieve cost efficiency and comply with environmental standards, seeking the commitment to sustainability in all its undertakings.

In relation to manufacturing cement, it has seven strategically located factories in Spain covering cover most of the peninsular including the North, East, Centre and South and three of the country's large cities (Madrid, Barcelona and Seville). Outside of Spain, it is also a leader in the cement industry in Tunisia, where it operates a cement factory with a capacity of 2 million tonnes, making it the biggest cement plant in the country. In the United Kingdom, it operates through two import terminals, Dragon Portland and Dragon Alfa. Finally, cement and clinker *trading* is done from the Netherlands.

# Products

## Cement

Portland cement is obtained by mixing, in the correct proportions, raw materials, finely grinding them and heating them until they start to merge, creating clinker. This process is performed in rotary furnaces.

When the clinker cools, it is mixed with a small amount of plaster that regulates the setting process, and after grinding it, Portland cement is obtained, thus rounding off the production process.

The different qualities of cement are obtained by adding materials such as limestone, fly ash, pozzolans, etc. to obtain specific characteristics for their use.

## Concrete

Concrete is a calcareous conglomerate generally used as a structural element in construction; it is obtained by mixing materials like cement, aggregates and other additives with water, in the correct proportions, depending on the purpose for which the concrete is to be used and the environmental conditions in the place where it is to be employed.

## Mortar

This is a mix of conglomerate, sand and additives used in construction either to hold elements together or on top of a base layer, to cover, waterproof or finish construction works.

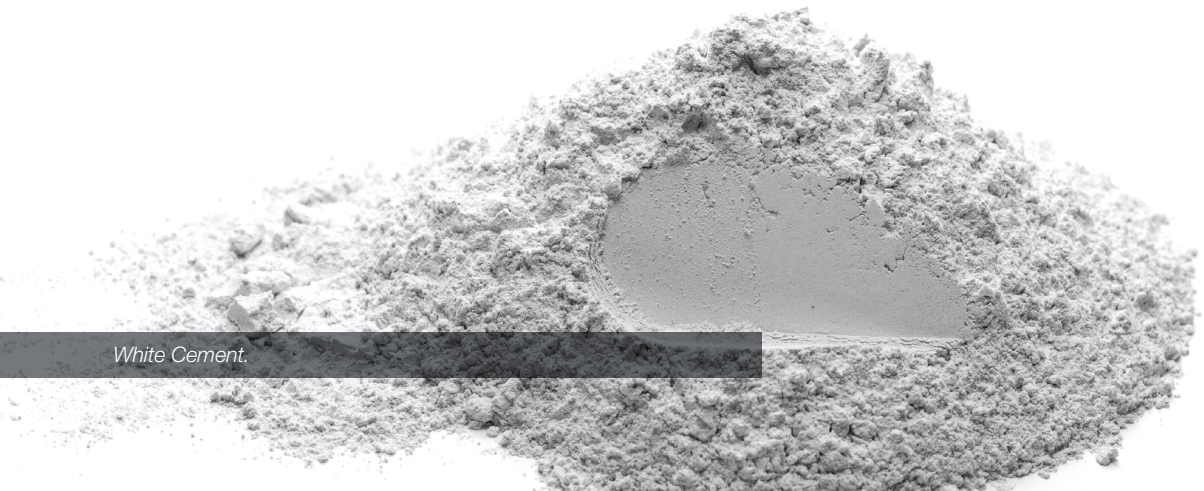
## Aggregates

Aggregates are defined as mineral materials, inert solids that, at the appropriate grain size and with the appropriate characteristics, and pursuant to regulatory specifications, are used to manufacture resistant artificial products by adding hydraulic conglomerates or bituminous binders.

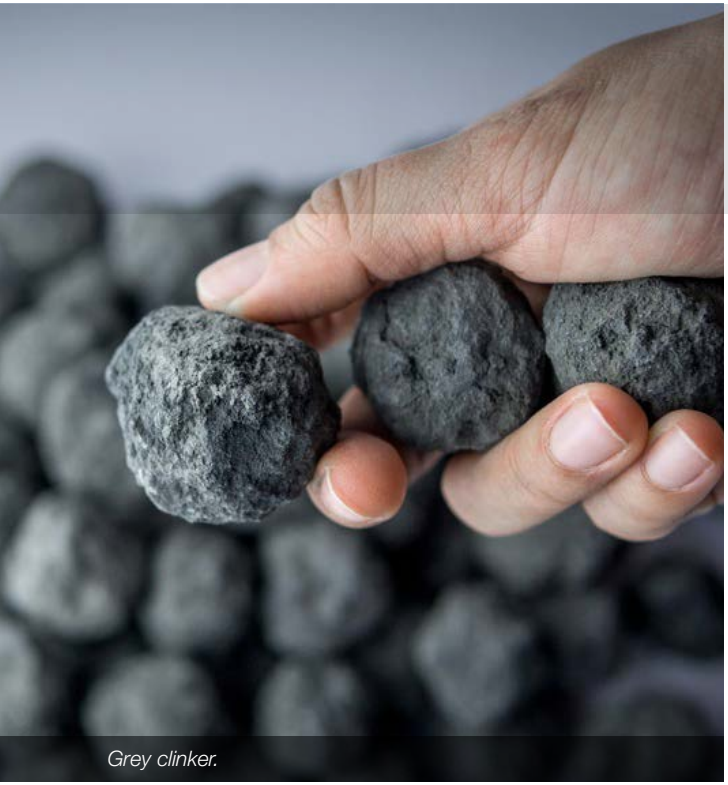
Its use is varied: concrete, roads, breakwaters, raw materials for industry (cements, filters, micronised, etc.), asphalt binders, etc.

Aggregates are obtained by means of mechanical extraction from sand and gravel, without consolidation, or by blasting and crushing in relation to consolidated rocks.

These materials are transported to plants to be classified, washed and selected.



*White Cement.*



*Grey clinker.*

# Industry analysis

## Spain

Instability in the world economy is the main characteristic left behind by 2021. The health crisis caused in 2020 by COVID-19 continued throughout 2021, along with the economic consequences caused by the successive waves of the virus. During the year, there has been a significant rise in maritime freight and especially in the gas, electricity and $CO_2$ markets. These increases have been transferred on one hand as interruptions in supply chains and on the other are the main source of inflationary stresses that have been transferred onto practically all products and services.

This led to the Bank of Spain revising Spain's GDP growth for 2021 downwards to 4.5% last December. For 2022, it forecasts growth of 5.4% with an unemployment rate of 14.2%, slightly lower than expected for 2021. The Spanish economy will not recover to pre-pandemic levels until the end of 2022.

According to estimates by the Association of Construction Companies and Infrastructure Concessionaires (SEOPAN), official tenders until November 2021 increased by 80.2% compared to the same period in 2020. New construction building permits grew by 22% and public procurement is estimated to increase by 36% compared to 2020.

These increases transfer to consumption of cement, which reached 14.9 million tonnes in 2021, 11% higher than in 2020 according to data provided by the sector's association, Oficemen (Association of Spanish cement manufacturers). This volume is similar to that of 2019, the last year not affected by the pandemic.

On the other hand, total exports (cement and clinker) reached 6.78 million tonnes (6.16 million in 2020). By 2022, the employers' association estimates that consumption will close in a range of between 3% and 5%, exceeding 15 million tonnes.

## Tunisia

In Tunisia in 2021, the domestic market reached 5.9 million tonnes, 2.5% higher than in 2020. The high level of domestic political instability has kept consumption levels low. Despite the sharp increase in exports during the year, these have been limited by the temporary closures of the border with Libya – the main export destination – due to the COVID-19 pandemic. For 2022, growth of 1.6% has been forecast for the domestic market to 6 million tonnes.

In this context, the Cementos Portland Valderrivas Group will continue to implement its policies to contain expenditure and optimise investment and adapt all organisational structures to the reality of the various markets in which it operates, in order to improve cash flow generation.

# Group activities by country and business line

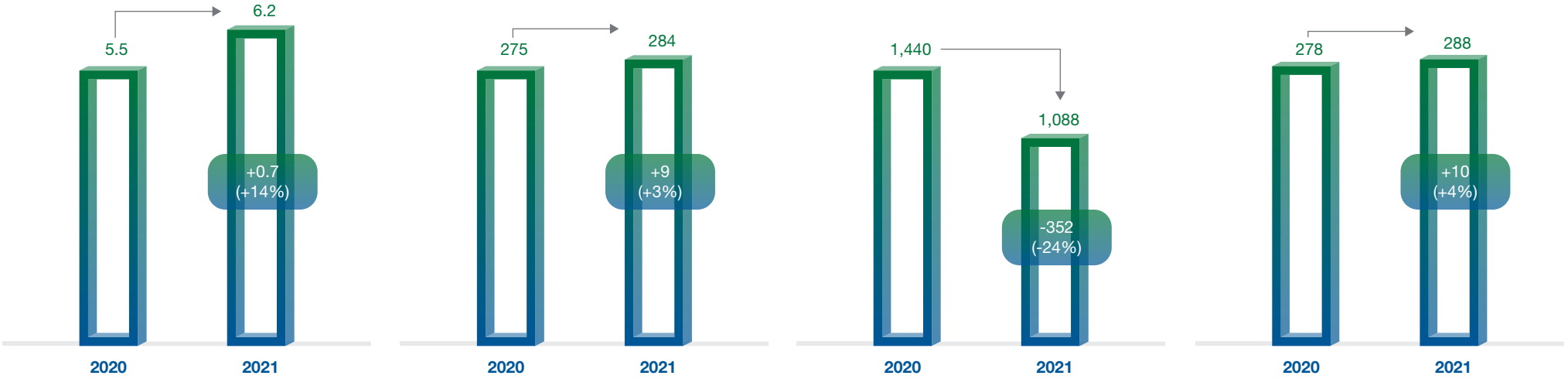
## Group sales

The volume of cement and clinker sold in 2021 reached 6.2 million tonnes, 14% up on 2020.

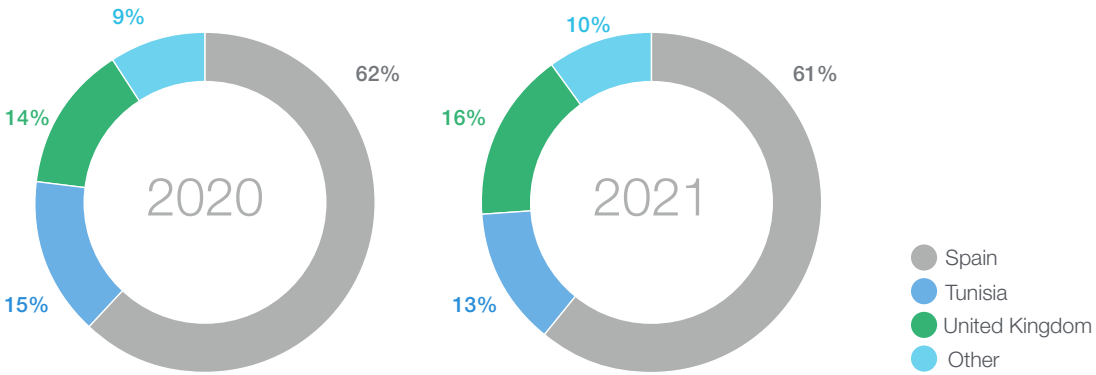
In Spain, 4.6 million tonnes were sold, and 1.4 million were sold in Tunisia.

The volume of cement and clinker sold in 2021 was **14% up** on 2020

**Cement** (t M) | **Concrete** ($m^3$ k) | **Aggregate** (t k) | **Mortar** (t k)

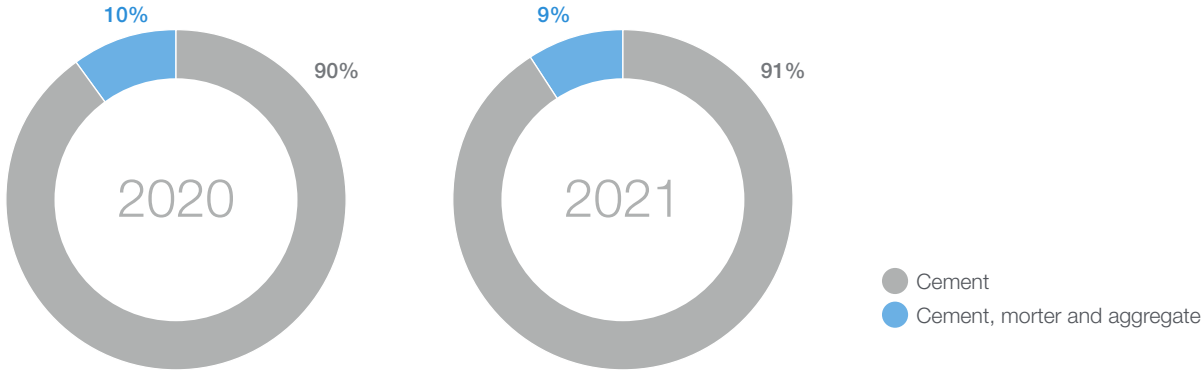


## DISTRIBUTION OF ACTIVITY BY COUNTRY




In 2021, international sales accounted for **39.4% of turnover**, a slight increase over 2020 when it **was 37.8% of the total**

## DISTRIBUTION OF ACTIVITY BY BUSINESS




The product mix has remained very stable compared to the previous year. **The cement business accounts for 90.6% of revenues**

*Cantera de Vallcarca, Barcelona (Spain).*

# Turnover

Turnover in 2021 increased 13% on 2020 to 433.8 million euros.

In Spain, billings increased 15.3% to 346.9 million euros, mainly due to the good performance of national volumes and the increase in exports.

Turnover in Tunisia increased 11.7% to reach 70.8 million euros. In this case, the low demand in the local market has been offset by a strong increase in exports and a favourable evolution of prices.

**Turnover** in 2021 **increased 13%** on 2020 to **433.8 million euros**

# Gross profit/(loss) from operations

The Group's EBITDA reached 76.1 million euros, 45% lower than the previous year. The main impact of the fall has been the sales operations of greenhouse gas rights. In 2020, sales of 58.9 million euros were made compared to 7.7 million in 2021.

Gross profit/(loss) from operations, without considering income from $CO_2$, came to 68.3 million euros compared to 80.9 million in 2020, down by 16%. The positive impact of higher sales volumes and better prices has been offset by the sharp increase in electricity and fuel costs in the second half of the year.

# Cash flow

In 2021, the net cash flow generated by operations was 63.97 million euros, and the flow from investments was -17.2 million euros, mainly due to the investments made by the Group for production and environmental improvements in Spain and Tunisia.

During 2021, the syndicated debt of 115.5 million euros was repaid in full. The repayment was made with cash generated by the Group during the year – 40.5 million – and new bank financing – 75 million.

At 31 December 2021, the net debt with third parties stood at 126.6 million euros.

# Highlights Cement 2021

## January

GCPV has unleashed renewable energy projects in all its factories with the aim of installing solar and/or wind power generation plants, as well as increasing the use of vegetable biomass when producing clinker.

## February

Expert handling systems have been implemented in our facilities to achieve greater efficiency in the processes involved when producing the products.

## March

GCPV encourages participation in sports through donations to local entities close to its factories.

## April

AENOR grants the "Certificate of Compliance with the Production Control of Concrete Manufactured in the Plant" to our plants in Spain.

## June

The Group, and its social representatives and key unions began negotiations for the Collective Agreements and the Second Equality Plan that will regulate labour relations in the coming years.

## July

GCPV donates baby food and nappies to the social services of the City Council of Alcalá de Guadaíra (Seville, Spain) and joins the "Ultreya" solidarity movement to help families and local business in the municipality.

## August

GCPV moved its corporate head office to Torre Realia (Madrid, Spain), a building owned by the FCC Group.

## October

GCPV opens the doors of its property "El Porcal", in Madrid (Spain), to various groups to offer environmental education sessions.

GCPV presents the Energy Transition Climate Neutrality Plan for the Mataporquera factory to the Government of Cantabria (Spain).

## November

New corporate website www.valderrivas.es launched

GCPV holds the Autonomous Committee to Follow-up on the Agreement on the Sustainable Use of Resources (CASA) in several factories.

GCPV adheres to "Companies for the Climate" and its plan was named among the 101 best business initiatives for the climate.

GCPV trains employees in prevention matters through workshops and encourages their involvement in ideas contests.

## December

GCPV employees take part in the race of the companies.

GCPV renews its commitment to the Adecco Foundation's Family Plan in its fight for the employment or re-employment of people with disabilities.

2021

*Biomass use facility in Alcalá de Guadaira (Seville).*

# Environment and research and development activities

## Climate change action plan

The 2015 Paris Agreement represented a historic milestone in the global fight against climate change by committing the signatory countries to contain the increase in the earth's temperature. At the end of 2019 the EU presented the European Green Deal, , which proposes a new strategy for achieving a prosperous and fair society, based on an efficiency economy in terms of the consumption of resources and sets 2050 as the target for achieving climate neutrality, establishing a greenhouse gas emissions reduction target of 50% by 2030 compared to 1990 levels.

To comply with these European policies, Spain published the Integrated National Energy and Climate Plan 2021-2030 in March 2021, which proposes specific objectives to reduce greenhouse gas emissions.

The Spanish cement industry, through Oficemen, is able to contribute to the national climate neutrality targets and has created roadmaps for decreasing $CO_2$ emissions with a view to achieving climate neutrality by 2050.

The Cementos Portland Valderrivas Group, as a major part of the sector, develops specific actions to reduction greenhouse gases based on the sectoral strategic lines.

These measures are implemented bearing in mind the actual context of each facility, their technological, human and financial resources, the applicable legislation and the expectations of the interested parties. To improve the environmental and climate indicators, the following lines of action are implemented:

- **Circular economy**. Increasing the recovery of material and energy, enhancing the use of demineralised raw materials, recoverable waste fuels and biomass.
- **Reduction of greenhouse gas emissions**. Decrease of emission factors in the demineralisation of raw materials and the oxidation of alternative fuels.
- **Increase in energy efficiency**. Optimisation of the fuel mix, expert systems in the production process and transition towards LED light technology.
- **Increase in the renewable energy mix**. Projects for installing solar power plants and/or wind farms and increase in the consumption of plant biomass in the production of clinker.

In 2021, the Group's factories in Spain used over 212,500 tonnes of alternative fuels with biomass content, an increase of 13% over the previous year.

# Research and development

In 2021, there was an extension of the project due to delays resulting from the COVID-19 pandemic. Therefore, in 2021, the Cementos Portland Valderrivas Group continued to participate in the European R&D project in which it is a key partner, known as “BioRECO2Ver-Horizonte 2020”.

This project’s aim is to obtain alternative processes for the production of certain chemical projects on a commercial scale (such as isobutene and lactic acid) in a more sustainable manner by capturing industrial $CO_2$ emissions. The end goal is to use this industrial $CO_2$ as a raw material and stop depending on fossil resources to create these products.

In 2021, several tests were carried out by the technological partners LTU and Enobraq with the emission gases provided by Cementos Portland Valderrivas to the consortium of researchers. These tests generated conclusive results, so it has not been necessary to organise new emission gas captures *in situ*.

The conclusions of the project will be presented in the first quarter of 2022.

*Robotic quality control. Cement Factory, Mataporquera, Cantabria (Spain).*

# Service excellence

The Group's human resources aim to continue providing a professional response to the new challenges on the horizon. A personalised service, a dedication to making improvements, high quality targets and environmental responsibility have made the Group a leader in the markets in which it operates. In all these markets, the most important construction firms have made the Cementos Portland Valderrivas Group their trusted partner and at the same time, caring for the distribution work, the Group's products reach anybody wherever it operates. All efforts are focused on providing quality services guaranteeing close attention and we tackle our day-to-day commercial activity based on the principle of customer-oriented trust.

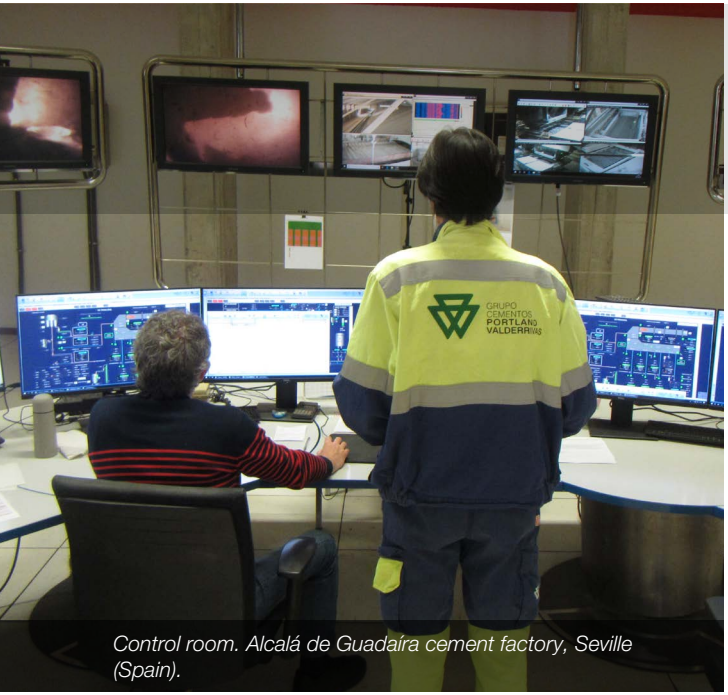
Some of our services are:

1. **Commercial consulting** service to focus on each project with the best products.
2. **Commercial technical advice** to focus on each project with the best products.
3. **Delivery** of product at destination.
4. **Automatic loading** in production centres.
5. 24 hour loading **service**.
6. Urgent incident **resolution**.
7. **Digital Account Administration Management**, through the Digital Management Channel at www.valderrivas.es.
8. **Safety assessment** service.
9. **International sales** with customer support and advice.

Aware that service is everything in this business, we have implemented various communications channels with our stakeholders, facilitating access to all necessary information and documentation, and seeking to create long-lasting relationships with high satisfaction levels.

The success of the Cementos Portland Valderrivas Group would not have been possible without its customers. With them, we have achieved our biggest milestones, developing products that are of a progressively higher quality, ensuring the growth and development of advanced societies.

*Alcántara bridge (Cáceres).*




*Control room. Alcalá de Guadaíra cement factory, Seville (Spain).*

# Performance in 2021

## Human Resources

The Group has continued to adapt to the different emergency scenarios resulting from COVID-19 in all work centres throughout 2021, promoting the use of healthy habits and safe hygiene, promoting the use of masks, hand-cleaning gels and clean surfaces, carrying out frequent temperature controls and Covid detection tests, as well as adapting to more flexible working hours, which make the health and safety of people compatible with the company's productive activity, and to continue supplying the different markets with cement and its derivatives.

At 31 December 2021, the Group's total workforce is 1,041 people spread across three continents, an increase of almost 1% on 2020. This increase in staff is mainly due to covering partial retirements derived from the Relief Contract.

The Group, its social representatives and its key unions have begun negotiations for the Collective Agreements that will regulate labour relations in the coming years. Agreements are expected to be finalised throughout 2022.

The **total workforce** of the Group in 2021 is made up of **1,041 people** spread over three continents

Additionally, according to the expected schedule, an agreement will be reached with the unions and workers' representatives on the II Equality Plan in the first quarter of 2022. With this agreement, the company will complete its adaptation in terms of Equality, in application of Royal Decree 901/2020 of 13 October regulating equality plans and their registration.

Lastly, the Cementos Portland Valderrivas Group moved its corporate head office to Torre Realia, a building belonging to the FCC Group, providing better infrastructure, means and communications to the employees who regularly provide their services there.

*Cement engineering.*

*Workshop to improve employee leadership.*

# Equality

Cementos Portland Valderrivas plans to sign its II Equality Plan in April 2022, adapting, firstly, to the new regulations, specifically Royal Decree 901/2020 of 13 October regulating equality plans and their registration. Second, to make the principle of transparent remuneration contained in RD 902/2020 effective. This law establishes a series of specific measures to promote equal treatment and non-discrimination between men and women, such as: the preparation of the remuneration register before a salary audit, as well as the job evaluation system. Regarding the registry, an agreement was signed on 15 September 2021 on the minimum content to be included in it, with the two majority unions present in the Group.

# Health and Safety

The CPV Group's Occupational Health and Safety Policy establishes the commitment of ensuring its employees enjoy healthy and safe working conditions. To development this Policy, action plans are prepared with objectives based on continuous improvement. The Health and Safety Management System – certified in accordance with ISO 45001 and implemented in all the Group's factories – makes it possible to ensure that safety is effectively integrated into all operations.

In terms of accident rate data, the accident frequency rate resulting in leave in 2022 was 5.22, a 0.57% improvement on the previous year and below the average for the past five years (5.65).

A total of 51% of **training hours** related to Occupational Health and Safety actions

# Training

In terms of training, in 2020, 7,454 hours of training were imparted at the Group, of which 51% related to occupational health and safety actions.

The Real Estate Area of the **FCC Group**, whose parent company is FCC Real Estate, is made up of Jezzine Uno and the Realia Group, whose parent company is a listed company with more than **30 years of experience**, with the corporate purpose of **developing, managing and operating all types of real estate.**

# Real Estate

Industry analysis _ 238

Activity in the Real Estate Area _ 240

Highlights Real Estate 2021 _ 248

Service excellence _ 249

Innovation and technology _ 251

# Development of spaces with an integral vision

The Real Estate Area of the FCC Group, whose parent company is FCC Real Estate, is made up of Jezzine Uno and the Realia Group, whose parent company is a listed company with more than 30 years of experience, with the corporate purpose of developing, managing and operating all types of real estate.

The philosophy that presides over the Real Estate activity is the generation of value, both for customers, through the offer of products and services adapted to new habits and trends, and for shareholders, through the maximisation of profitability.

The professionals who make up the Real Estate team have extensive experience in the sector and bring solid knowledge in all phases of the production process and service provision, combining two types of profiles: the experience of the seniors and the digital knowledge and skills of the new generations. In this way, it is possible to carry out all productive activities with an integral, dynamic and modern vision that creates a “brand” in all of them.

The commitment to innovation, sustainability, social responsibility and the optimisation of the user experience guides the design of the spaces planned, built and managed, in the search for a world that is increasingly respectful of society and the environment.

FCC’s Real Estate Area carries out its activity in three main lines of business, either directly or through its investee companies:

## EQUITY BUSINESS

- Leasing and management of office buildings, commercial premises and shopping centres.
- Development and operation of projects aimed at housing rental.

## DEVELOPMENT BUSINESS

Development and sale of real estate products (mainly housing).

## LAND MANAGEMENT

Urban land management at different stages of urban development.

# Industry analysis

*(Sources consulted for the preparation of this section: CBRE Real Estate Market Outlook Spain 2022 - CG Capital Europe Year Review 2021- Colegio de Registradores - Asociación Española de Centros comerciales (AECC)).*

After record year-on-year GDP growth in the first half of 2021 (+14.8%), the Spanish economy slowed down in the second half, mainly due to the late waves of Covid-19 and the energy crisis in Europe. As a result, GDP growth for the full year stood at 5%. With regard to 2022, according to the latest news, the government will revise its growth forecast downwards to 5%, in line with national bodies such as the Bank of Spain and international bodies such as the ECB, thus taking into account the impact of rising inflation and the effects of the Russia-Ukraine war and other factors destabilising the global socio-economic balance.

The aforementioned forecast of 5% GDP growth in 2022 will be supported by three main drivers: the recovery of the tourism sector, the impact of the Next Generation European Funds (NGEU) and the accumulated savings from 2020 and 2021 (estimated at €45 billion).

Although not yet reaching pre-pandemic levels, 2021 has been a year of high positive impact and consolidation in the Spanish real estate sector with a solid recovery in the sector as uncertainty over Covid-19 fades and investor appetite is restored (+34% vs 2020 in investment volume).

In 2021, home sales (new and used) reached their highest figure in the last 14 years. According to the Association of Registrars, 564,569 transactions were registered; 34.5% more than in 2020.

Investment in Spanish **residential real estate** by foreigners is also recovering from the pandemic. After a first quarter in which it fell to 9.7%, it accumulated three consecutive quarters of improvement and between October and December reached 12.6%; an increase of 1.84 points over the previous quarter, reaching 17,800 purchases.

The **BtR** market has shown continuous growth. In 2021, it grew by 30% compared to 2020, and 10% growth is expected in 2022.

**Prime offices** are perceived by investors as a **stable investment**, thanks to the security of their **cash flows**

Rental housing stood at around 25% of total housing stock in 2021, and this segment is estimated to grow to 27% by 2025 (+550 units) driven by socio-economic reasons.

Investment volume in the Spanish **office sector** in 2021 reached €2.8 billion (up 40% compared to 2020) due to the dampening of the impact of the Covid-19 health crisis, which has boosted transactions that suffered a slowdown in 2020. 59% of the total investment volume in 2021 corresponds to Barcelona, due to the strong commitment to 22@.

Prime CBD rents have grown slightly in Madrid and Barcelona (+2% and +3%, respectively), compared to 2020; reaching rents of 36 and €27.5/m$^2$/month. Prime net yields fell slightly to 3.75% in Madrid and 3.5% in Barcelona (historic low).

2021 closes with total contracted office space slightly above the forecasts made at the beginning of the year. A total of 414,000 m$^2$ have been contracted in Madrid and 300,000 m$^2$ in Barcelona, an increase of 22% and 89%, respectively, compared to 2020. The increase is expected to continue in 2022, with projected hiring growth of 30-35% in Madrid and 15-20% in Barcelona, thanks to an increase in employment in sectors demanding office space.

*Prime* offices are perceived by investors as a stable investment, thanks to the security of their cash flows backed by long-term prime leases, and have accounted for 65% and 53% of total office investments in Madrid and Barcelona, respectively. Core and Core Plus assets withstood the impact of Covid-19, while returns on value-added and opportunistic assets increased slightly.

In 2021, the **shopping centre** sector has experienced recovery after the 2020 slump in footfall and sales caused by health restrictions.

As restrictions have loosened, consumers have regained confidence by returning to the social and leisure activities that are a key part of what shopping centres and retail parks offer.

During 2021, sales registered growth that has led the sector to contribute 1% of the country's GDP and 10.8% of the services sector, *according to data published by the Spanish Association of Shopping Centres [Asociación Española de Centros Comerciales - AECC].*

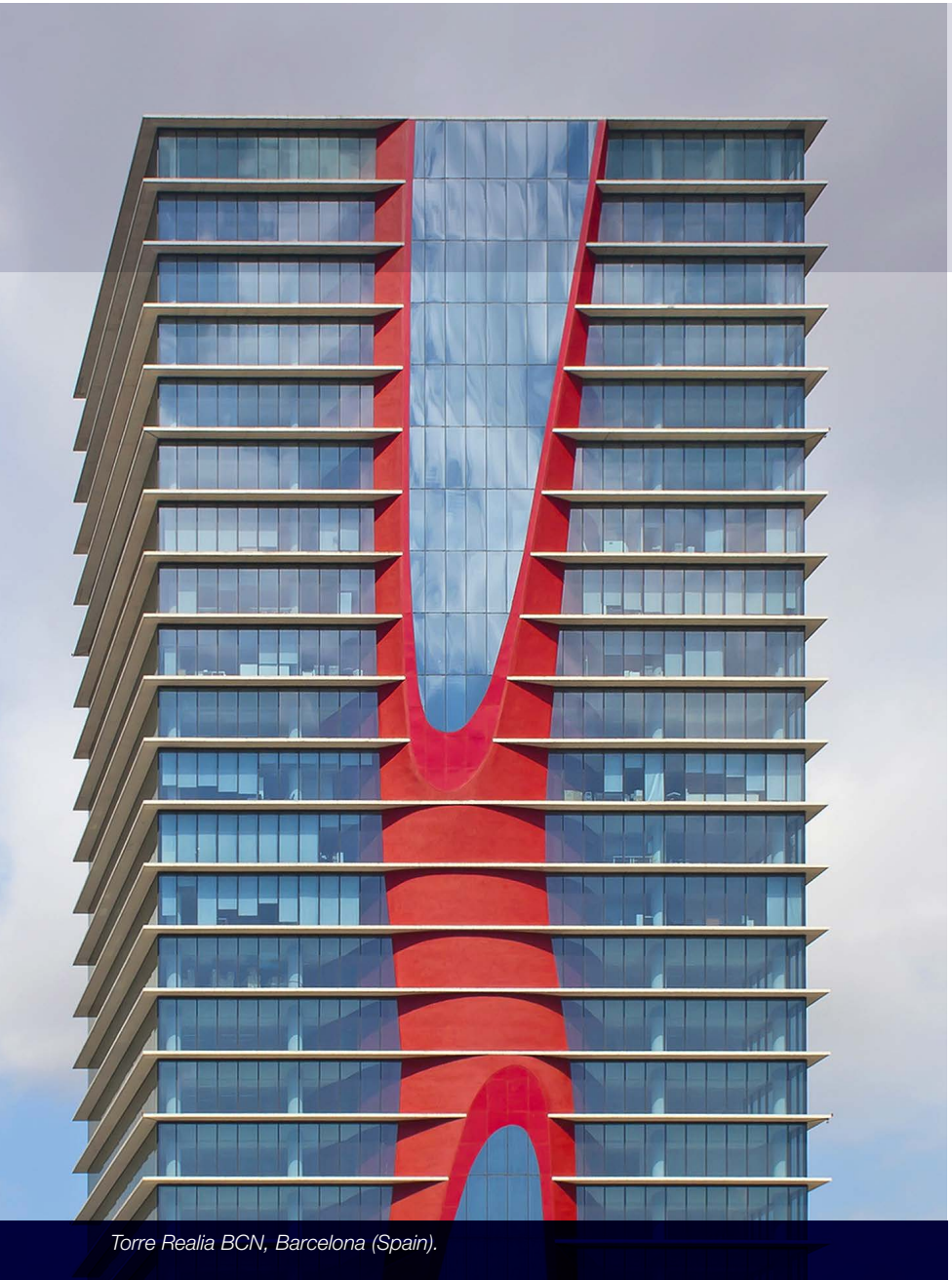
On a quarterly basis, mall revenues and footfall began to recover from the second quarter (when restrictions were eased); a period in which sales soared 76.4% compared to the same months in 2020.

In 2021, footfall to shopping centres and retail parks grew by 19.6%, with 1.52 billion visits, but still fell short of the figures recorded in 2019.

With respect to transactional investment, it should be noted that during 2021 the sector was involved in 22 transactions, exceeding €980 million. The figure for investment in refurbishments is also very relevant, as at least 17 assets were renovated in 2021, representing 898,000 m$^2$ of GLA (Gross Lettable Area) in which approximately €240 million were invested. According to the AECC, the investor profile is quite international with very diversified portfolios.

According to the *Spanish Association of Shopping Centres*, the signs of robustness in the sector also extend to new projects. Over the next three years, 30 new projects are expected to be started up at different stages, in contrast to the pace of the last few years, when only six new projects were started up per year. These centres and retail parks, planned for the coming years, will be located in practically all communities and are expected to exceed 787,068 m$^2$ of new GLA, according to data provided by the developers themselves. Specifically, there will be eight new shopping centres and 22 parks, which shows the growing interest in this second commercial segment.

Spain currently has 570 shopping centres, which account for 16.5 million square metres of gross leasable area and include more than 33,400 establishments. The sector employs nearly 794,000 workers in the country and receives about 1,520 visits per year. The weight of shopping centres in Spain's Gross Domestic Product (GDP) is 1%; contributing 11,454 million euros.



*Torre Realia BCN, Barcelona (Spain).*

# Activity in the Real Estate Area

The Real Estate Area operates in three main lines of business, either directly or through its investee companies:

BUSINESS EQUITY

DEVELOPMENT BUSINESS

LAND MANAGEMENT

# Equity Business

- Leasing and management of office buildings, commercial premises and shopping centres
- Operation of projects aimed at housing rentalsas

The portfolio of leased offices is concentrated into 26 buildings that stand out due to their strategic location in Madrid, Barcelona and Seville and, in some cases, due to their iconic or historic character. In addition, the portfolio of shopping centres consists of six commercial and leisure assets, located in Madrid city, Leganés (Madrid), Guadalajara (Castilla-La Mancha), Murcia and Santiago de Compostela (La Coruña).

In addition, in 2021, the company Jezzine Uno was integrated into the Real Estate Area of the FCC Group, which has led to the contribution of a significant volume of rental assets focused on the operation of 405 premises throughout Spain, although with a greater concentration in Catalonia. This is a long-term lease, until December 2037, to a single lessee (Caixabank S.A.).

Taking into account the unstoppable trend of residential rental, given the active demand in this segment and the still scarce professional supply in Spain, a few years ago the subsidiary Valaise was strengthened in order to invest in this business segment. BtR's activity is currently concentrated into one asset, already in the operating phase, and two assets in the construction phase, located in the municipality of Tres Cantos (Madrid). Between the three of them, they total 280 public housing units.

The asset already in operation is "Jardín de Tres Cantos" Residential Area, comprising 85 homes, 85 storage rooms and 132 garages. Its lease commenced in July 2020 and was 100% leased at the end of financial year 2021. This project has involved an investment of 15.6 million euros.

The two projects under construction, Nao (43 homes) and Provenza (152 homes), will be completed and in operation in 2023, after a total investment of 42.9 million euros.

*Feria Plaza shopping centre, Guadalajara (Spain).*

*Jardín de Tres Cantos (85 homes), Madrid (Spain).*

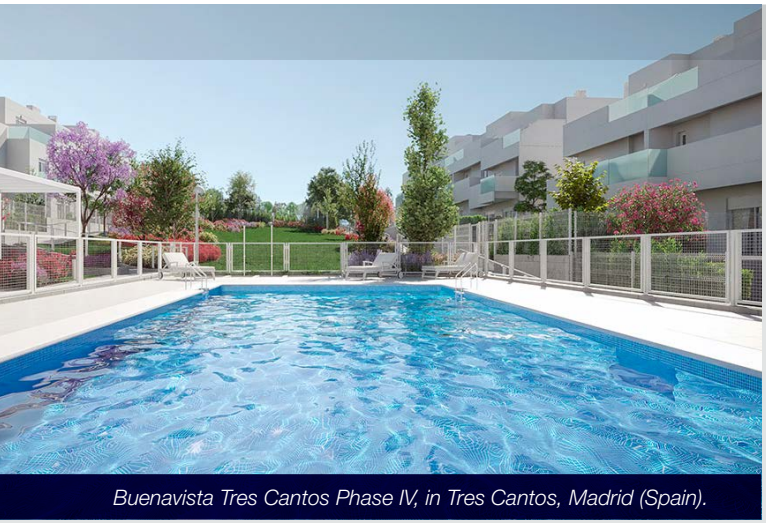
# Development Business

Development and sale of real estate products (mainly housing)

In 2021, the marketing of the following developments began:

## Buenavista Tres Cantos Phase IV

FCC Real Estate is developing 30 4-bedroom semi-detached single-family homes in the town of Tres Cantos, Madrid. This complex stands out due to its white prefabricated concrete facades and large terraces, as well as for its location in front of the Arroyo de Bodonal park. The common areas have green areas and a swimming pool that encourage residents to enjoy the outdoors.



*Buenavista Tres Cantos Phase IV, in Tres Cantos, Madrid (Spain).*

## Bôrea Portablanca

FCC Real Estate is developing 144 1-, 2-, 3- and 4-bedroom homes in Arroyo del Fresno (Mirasierra, Madrid), with large terraces, garage and storage room. The development has large common areas with infinity pool, gym, games room and paddle tennis court.

*Bôrea Portablanca, in Arroyo del Fresno, Madrid (Spain).*

## El Bercial Residential Area

FCC Real Estate is developing 40 3-bedroom apartments with large terraces in the Madrid town of Getafe. It is a housing complex located in an excellent consolidated area, next to El Corte Inglés, surrounded by green areas and parks.

*El Bercial Residential Area, in Getafe, Madrid (Spain).*

## Essència de Sabadell Phase II

Realia is developing 55 1-, 2- and 3-bedroom homes in the centre of Sabadell, in Barcelona. The development stands out due to its terraces, ventilated façade, landscaped common areas and swimming pool. Its central location guarantees privileged communications, with direct access to the Gran Vía and the highways that cross the Vallés region.

*Essència de Sabadell Phase II, in Sabadell, Barcelona (Spain).*

## Glòries BCN

Realia is developing 47 2-, 3- and 4-bedroom homes in Plaza de Glorias, in Barcelona. The building stands out due to the design of its façade, its spacious terraces, and its communal rooftop swimming pool with saline purification and spectacular views of the Agbar Tower, the Barcelona Design Museum, the new Glorias Park and the Sagrada Familia. It also has landscaped areas and a children's playground.

*Glòries BCN, Barcelona (Spain).*

## Ensanche Park Phase II

Realia is developing 80 2-, 3- and 4-bedroom homes in Alcalá de Henares (Madrid). All of them are pass-through, have 2 bathrooms and spacious terraces. The complex has access control, extensive landscaped areas, a swimming pool for adults and children and two paddle tennis courts.

*Parque del Ensanche Phase II, in Alcalá de Henares, Madrid (Spain).*

# Land management

More than 2.3 million $m^2$ of buildable land (15,000 homes) in different stages of urban development.

To ensure the future of real estate activity, it is important to maintain a balanced land portfolio, both geographically and urbanistically. Through internal urban management, the impact of the cost of land can be reduced while at the same time generating value due to its greater maturity.

## PRINCIPALES DESARROLLOS:

**URBANO**

**"AR Nuevo Tres Cantos"**

**262.450 $m^2$ de techo edificable (1.822 viv.) Tres Cantos, Madrid.**

**URBANIZABLE**

(Con planeamiento de desarrollo)

**"Retamar de la Huerta"**

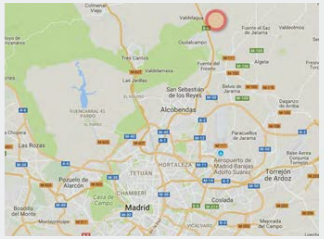
**30.134 $m^2$ de techo edificable (291 viv.) Alcorcón, Madrid.**

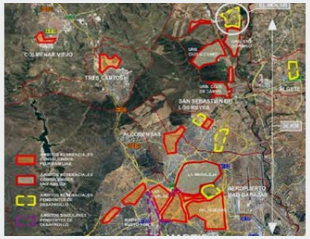
**URBANIZABLE**

(Pte. de planeamiento de desarrollo)

**SAU-21 de El Molar.**

**429.664 $m^2$ de techo edificable (2.500 viv.). El Molar, Madrid.**



# Key figures forecast for 2022

TURNOVER

+250

millions of euros

EBITDA

+110

millions of euros

VALUE OF EQUITY ASSETS

+of 2,000

millones de euros

DEVELOPMENT & LAND ASSET VALUE

+of 750

millions of euros

GRADO DE OCUPACIÓN ACTIVOS

90%

HUMAN TEAM

74

people as at Dec. 2021 (*)

(*) Excluding staff assigned to the Janitor's Office of rented buildings

## EXPERIENCE

- More than 30 years of experience in the real estate sector.

- **November 2021**
  - Integration/Consolidation of three large estates:
    - FCC Real Estate
    - Realia Group
    - Jezzine One

## SCALE

- More than 500,000 m² surface area for rent.

- 280 BtR homes:
  + 85 housing units in operation
  + 195 homes under construction.

- More than 2.3 million m² of buildable land (15,000 homes) in different stages of urban development.

## IMPLANTATION

- National presence in 15 Spanish autonomous communities.

- International presence in Romania, Croatia and Panama.

# Relevant events in 2021

## OCTOBER

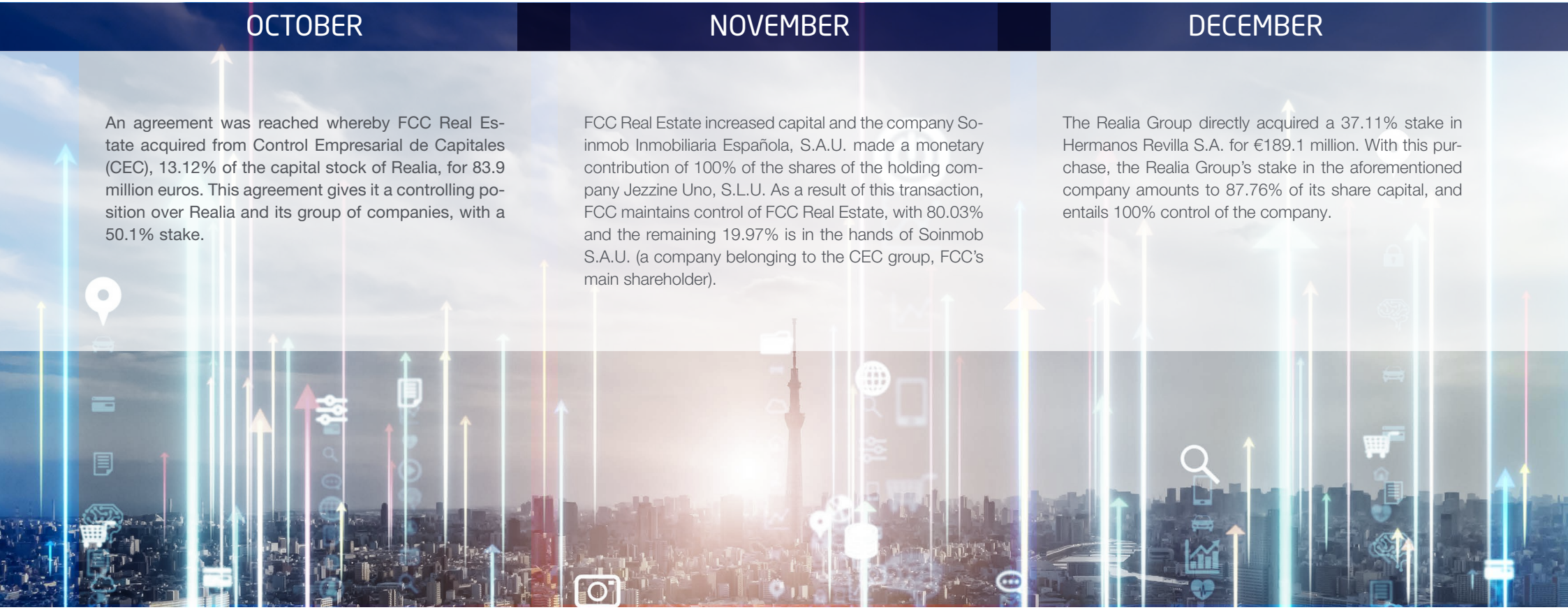
An agreement was reached whereby FCC Real Estate acquired from Control Empresarial de Capitales (CEC), 13.12% of the capital stock of Realia, for 83.9 million euros. This agreement gives it a controlling position over Realia and its group of companies, with a 50.1% stake.

## NOVEMBER

FCC Real Estate increased capital and the company Soinmob Inmobiliaria Española, S.A.U. made a monetary contribution of 100% of the shares of the holding company Jezzine Uno, S.L.U. As a result of this transaction, FCC maintains control of FCC Real Estate, with 80.03% and the remaining 19.97% is in the hands of Soinmob S.A.U. (a company belonging to the CEC group, FCC's main shareholder).

## DECEMBER

The Realia Group directly acquired a 37.11% stake in Hermanos Revilla S.A. for €189.1 million. With this purchase, the Realia Group's stake in the aforementioned company amounts to 87.76% of its share capital, and entails 100% control of the company.



# Highlights Real Estate 2021

## January

Beginning of the delivery of keys of the Realia "Essència de Sabadell Phase I" development. 73 homes in Sabadell (Barcelona, Spain).

## February

Start of marketing of the FCC Real Estate development "Buenavista Tres Cantos Phase IV". 30 houses in Tres Cantos (Madrid, Spain).

## March

Start of marketing of the FCC Real Estate "Bôrea Portablanca" development. 144 homes in Arroyo del Fresno in Mirasierra (Madrid, Spain).

## April

Start of marketing of the FCC Real Estate development "Residencial El Bercial". 40 homes in Getafe (Madrid, Spain).

## May

Start of marketing of the Realia "Essència de Sabadell Phase II" development. 55 homes in Sabadell (Barcelona, Spain).

## June

Start of work on the Valaise subsidiary development VPPL homes BtR Plot 1.4B. 43 homes in Tres Cantos (Madrid, Spain).

## July

Start of marketing of the Realia "Glòries Bcn" development. 47 homes in Poblenou (Barcelona, Spain).

Start of marketing of the Realia "Parque del Ensanche Phase II" development. 80 homes in Alcalá de Henares (Madrid, Spain).

Commencement of work on the Valaise subsidiary development VPPL homes BtR Plot 2.1. 152 homes in Tres Cantos (Madrid, Spain).

Start of works on the Glòries Bcn development. 47 homes (Barcelona, Spain).

Realia Patrimonio sells a 9,200 m2 building plot located in Parc Central 22@ for €18.5 million.

## August

Start of construction of the Realia Parque del Ensanche Phase II development in Alcalá de Henares (Madrid, Spain).

## September

Completion of the renovation of the Acanto 22 Building Lobby with the incorporation, among other elements, of a vertical garden and a large digital screen (Madrid, Spain).

Beginning of the delivery of keys of the Realia "Valdebebas Único" development. 40 homes in Valdebebas (Madrid, Spain).

Beginning of the delivery of the keys of the FCC Real Estate development "Les Masies Residential Area". 118 homes Sant Joan Despí (Barcelona, Spain).

## October

Torre Realia BCN (Barcelona, Spain) obtains BREEAM® Certification with an excellent management rating and a very good building rating.

## November

Start of land decontamination works for the future FCC Real Estate development "Portum Badalona" in the marina of Badalona (Barcelona, Spain).

## December

Completion of the construction project for a 3,015 $m^2$ warehouse in the La Noria Outlet Shopping Centre in Murcia (Spain), within the framework of the lease agreement signed with Mercadona.

2021

# Service excellence

The Real Estate Area carries out its activity with the philosophy of offering its customers high quality products and services, adapted to new living habits and market trends.

## Homebuyers

They are served through an omnichannel network that seeks to guarantee a good shopping experience.

Face-to-face service is provided at the sales offices of each development, the branch offices and the head office, by trained and experienced professionals who advise customers throughout the decision-making process, show the properties, explain the economic and contractual conditions and facilitate the process of handing over the homes, whether they are for rent or for sale.

Customers can also find out about all the real estate on offer in the area on its websites www.realia.es and www.fccrealestate.es, where, through their technical data sheets, they can view images and large-scale plans of the products, 360º virtual tours, videos, 3D real-world implementations and request virtual appointments with sales representatives. Customers can request information about each property by filling out a simple form and also have a personal online advisor who responds within 24 hours to the questions asked.

The Real Estate Area is committed to eco-sustainability, which is why the homes developed have an A or B energy rating. This is described in detail in the technical data sheets available on the website.

Social networks play an important role as a communication channel, allowing the promotion and dissemination of valuable content for customers on topics such as decoration trends, sustainability, technical aspects and current events in the sector. Throughout 2021, the company's presence on social networks attracted a remarkable number of followers.

## Tenants

The Real Estate Area's philosophy involves offering high quality spaces, keeping them constantly updated with the latest technological innovations and sustainability. It also focuses on providing its tenants with high value-added services that facilitate the development of their businesses and provide a friendly and healthy experience for their occupants.

On the other hand, a rigorous building operating cost control policy is applied, taking advantage of the data analytics of its BMS (Building Management System) and the economy of scale generated by having a portfolio of a relevant size. This cost control is in the tenants' best interest by containing the pass-through costs that they must pay along with the rent. The Real Estate Area develops building operations with multidisciplinary professional teams (maintenance, legal, architecture, construction, commercial, urban planning and economic-financial). In the case of shopping centres, management is carried out by specialised consultants coordinated internally.

A rigorous building **operating cost control** policy is applied

## Shopping centre users

To ensure a pleasant shopping experience, all complexes have been designed with functionality and accessibility in mind. Thus, they combine leisure and commercial areas and have large common areas and spaces designed to provide a comfortable stay and fluid circulation.

As part of their commitment to sustainability and corporate social responsibility, the shopping centres carry out many dynamic actions focused on promoting responsible recycling behaviours, healthy nutrition, support for local entrepreneurship, preservation of native flora and fauna, etc.

# Innovation and technology

In 2021, the Real Estate Area maintained its commitment to caring for the environment, developing its developments in accordance with the principles of sustainable architecture and implementing sustainability improvement strategies in its rental buildings.

Following the basic principles of environmental protection, the company applies the 3R rule (Reduce, Reuse and Recycle) and maintains a preventive rather than a corrective approach to its projects.

Environmental management is articulated in **four lines of work**:

## 1 Energy efficiency

The leased buildings underwent an energy audit in 2020 in compliance with Royal Decree 56/2016 of 12 February, which transposed Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012, regarding energy audits, accreditation of service providers and energy auditors and promotion of energy supply efficiency. In accordance with the law, the company will re-audit the buildings after four years have elapsed since they were last audited.

Throughout the 2021 financial year, we have continued to evaluate consumption and $CO_2$ emissions and to introduce efficiency measures in the buildings. Thanks to this policy, in recent years there has been a downward trend in both consumption and the emission of polluting gases.

## 2 Proper management of waste

The Real Estate Area promotes selective waste collection in its offices and shopping centres, providing tenants with a recycling point in each building. This system allows the recycling of paper, cardboard and toner and the separation of waste considered toxic and hazardous for subsequent collection and delivery to authorised waste managers.

Additionally, we collaborate with different companies and organisations in the collection of waste, depending on the type of material collected.

In construction and rehabilitation activities, the Real Estate Area applies the 3R criterion (Reduce, Reuse and Recycle), from the planning of the architectural project to the end of construction, managing waste efficiently.

## 3 Sustainable construction

The buildings constructed comply with the principles of sustainable construction: respect for the environment, use of low-impact materials throughout their life cycle and inclusion of energy efficiency measures. All residential projects comply with the standards of the Technical Building Code.

In order to achieve a better energy rating for the homes, a series of constructive and quality improvements are being made to the materials used, so as to save energy and water consumed by the homes and minimise the environmental impact.

All residential projects comply with the standards of the **Technical Building Code**

## 4 Promoting responsible behaviour

The Real Estate Area promotes environmentally responsible conduct, both within the company and among its customers and in the supply chain, adopting the best habits in the use of materials and products, energy management, waste treatment and transportation. At the same time, the company promotes recycling in the workplace.

In commercial and office spaces, it promotes sustainable behaviour among its users through signage and messages on its digital screens

In retail complexes, maintenance teams inform retailers and store managers of possible measures to be taken to reduce energy consumption, such as time adjustments or insulation improvements.

# More sustainable housing

The Real Estate Area is committed to the **design** and c**onstruction** of increasingly **sustainable and environmentally friendly housing**

The availability of water and energy saving systems in homes is becoming increasingly important and valued, providing environmental, social and economic advantages.

The Real Estate Area is committed to the design and construction of homes that are increasingly sustainable and respectful of their surroundings and the environment. For this reason, we are incorporating flow controls, rainwater reuse mechanisms and consumption control devices at all supply points, both in the homes and in the common areas of the development through the programming of irrigation and energy consumption

Water is one of the most necessary and used resources for life, yet it is one of the most wasted, so we must all focus on the rational and efficient use of this resource

In addition, the Real Estate Area uses renewable energy production systems such as aerothermal energy for heating, cooling and DHW (Domestic Hot Water) and low temperature heat and cold distribution systems such as underfloor heating. Home automation is a fundamental aspect in many homes, not only for the convenience of use (controllable from smartphones) but also for its environmental factor, since through the installation of these systems energy consumption can be optimised with the consequent savings.

An example of all the above is the “Bôrea Portablanca” development located in Arroyo del Fresno (Madrid, Spain), which has incorporated a system where the production of heat, cold and DHW is generated by a renewable energy system of heat pump powered by **aerothermal energy**.

Aerothermal energy consists of extracting free energy from the outside (ambient) air and the heat pumps used are designed and built to obtain maximum performance in severe outdoor climatic conditions, both in winter and summer.

The main advantages of an aerothermal system are the considerable energy savings compared to conventional heat and domestic hot water production systems, large savings with low temperature heating systems such as underfloor heating and renewable energy and the generation of clean energy with low $CO_2$ emissions.

# More sustainable buildings

Obtención y mantenimiento de la certificación **BREEAM®**

Three of the Real Estate Area’s office buildings (Torre Realia Icon (Madrid), Edificio Acanto 22 (Madrid) and Torre Realia BCN (Barcelona)) are BREEAM® certified.

The first building to obtain certification in 2019, was Torre Realia\ The Icon. In 2020, the certificate was obtained for the Acanto 22 Building and most of the work was carried out to obtain the BREEAM certificate for Torre Realia BCN, which was obtained in 2021. These buildings are benchmarks in sustainability and energy savings, as they have been recognised with BREEAM® certification with an “Excellent” level of management.

BREEAM® certification is the international sustainability assessment and certification scheme, operating since 1990 and present in more than 77 countries, which allows the evaluation of the actual performance of a non-residential property through information on the environmental performance, invoices and other consumption records of the property.

Obtaining and maintaining BREEAM® certification involves an in-depth and continuous analysis of all building operating processes. Based on this analysis, measures to optimise sustainability performance in energy, health and wellness, and materials and waste are implemented on an ongoing basis.

# Financial Statements

Consolidated Group _ 255

Fomento de Construcciones y Contratas, S.A. _ 449

# Consolidated Group

Consolidated Balance Sheet _ 256

Consolidated income statement _ 258

Consolidated statements of recognised income and expense _ 259

Total statement of changes in the consolidated equity _ 260

Statement of consolidated cash flows (indirect method) _ 261

Notes to the consolidated financial statements _ 263

Management Report _ 407

# Consolidated Balance Sheet

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021 (in thousands of euros)

| ASSETS | NotEs | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | **9,074,069** | | **7,130,413** |
| **Intangible fixed assets** | 7 | | **2,445,233** | | **2,437,859** |
| Concessions | 7 and 11 | 1,439,706 | | 1,378,160 | |
| Goodwill | | 948,976 | | 1,007,015 | |
| Other intangible fixed assets | | 56,551 | | 52,684 | |
| **Property, plant and equipment** | 8 | | **2,862,556** | | **2,810,199** |
| Land and buildings | | 987,119 | | 1,016,848 | |
| Plant and other items of property, plant and equipment | | 1,875,437 | | 1,793,351 | |
| **Investment property** | 9 | | **2,069,187** | | **–** |
| **Investments accounted for using the equity method** | 12 | | **533,842** | | **722,786** |
| **Non-current financial assets** | 14 | | **604,020** | | **580,874** |
| **Deferred tax assets** | 24 | | **559,231** | | **578,695** |
| **CURRENT ASSETS** | | | **5,168,089** | | **5,704,189** |
| **Non-current assets held for sale** | 4 | | **–** | | **1,392,268** |
| **Inventory** | 15 | | **1,107,262** | | **765,604** |
| **Trade and other receivables** | 16 | | **2,277,734** | | **2,039,451** |
| Trade receivables for sales and services | | 1,845,214 | | 1,651,094 | |
| Other receivables | | 258,165 | | 287,122 | |
| Current tax assets | 24 | 174,355 | | 101,235 | |
| **Other current financial assets** | 14 | | **184,365** | | **228,652** |
| **Other current assets** | 16 | | **63,203** | | **56,105** |
| **Cash and cash equivalents** | 17 | | **1,535,525** | | **1,222,109** |
| **TOTAL ASSETS** | | | **14,242,158** | | **12,834,602** |

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

# Consolidated Balance Sheet

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021 (in thousands of euros)

| LIABILITIES AND EQUITY | Notes | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| **EQUITY** | 18 | **4,440,665** | **2,908,694** |
| **Equity attributable to the Parent** | | **3,007,094** | **2,288,313** |
| Shareholders' equity | | 3,121,227 | 2,564,012 |
| Capital | | 425,174 | 409,107 |
| Accumulated earnings and other reserves | | 2,142,592 | 1,910,738 |
| Shares and equity interests | | (26,674) | (18,012) |
| Profit for the year attributable to the Parent company | | 580,135 | 262,179 |
| Valuation adjustments | | (114,133) | (275,699) |
| **Non-controlling interests** | | **1,433,571** | **620,381** |
| **NON-CURRENT LIABILITIES** | | **5,565,941** | **5,531,296** |
| **Subsidies** | | **192,185** | **192,961** |
| **Non-current provisions** | 19 | **1,167,340** | **1,064,384** |
| **Non-current financial liabilities** | 20 | **3,732,997** | **3,977,288** |
| Bonds and other marketable securities | | 1,878,804 | 2,780,935 |
| Bank borrowings | | 1,284,368 | 607,599 |
| Other financial liabilities | | 569,825 | 588,754 |
| **Deferred tax liabilities** | 24 | **322,219** | **148,794** |
| **Other non-current liabilities** | 21 | **151,200** | **147,869** |
| **CURRENT LIABILITIES** | | **4,235,552** | **4,394,612** |
| **Liabilities related to non-current assets held for sale** | 4 | **–** | **1,051,285** |
| **Current provisions** | 19 | **147,874** | **195,152** |
| **Current financial liabilities** | **20** | **1,820,176** | **874,443** |
| Bonds and other marketable securities | | 1,152,739 | 449,346 |
| Bank borrowings | | 458,189 | 212,421 |
| Other financial liabilities | | 209,248 | 212,676 |
| **Trade and other payables** | **22** | **2,267,502** | **2,273,732** |
| Suppliers | | 1,072,129 | 1,055,643 |
| Other payables | | 1,167,215 | 1,209,150 |
| Current tax liabilities | 24 | 28,158 | 8,939 |
| **TOTAL EQUITY AND LIABILITIES** | | **14,242,158** | **12,834,602** |

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

# Consolidated income statement

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021 (in thousands of euros)

| | Notas | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| **Net business turnover** | 27 | **6,659,283** | **6,158,023** |
| Self-constructed assets | | 53,323 | 33,857 |
| Other operating income | 27 | 247,999 | 293,305 |
| Changes in finished goods and work in progress inventories | | (13,631) | 15,230 |
| Consumables | 27 | (2,476,145) | (2,300,242) |
| Staff costs | 27 | (2,040,229) | (1,971,110) |
| Other operating expenses | | (1,304,013) | (1,181,564) |
| Amortisation of fixed assets and allocation of grants for non-financial and other assets | 7, 8 and 9 | (443,936) | (477,342) |
| Impairment and gains/(losses) on disposal of fixed assets | 27 | 123,577 | 6,870 |
| Other gains/(losses) | 27 | (4,018) | (4,287) |
| **OPERATING PROFIT/(LOSS)** | | **802,210** | **572,740** |
| Finance income | 27 | 24,819 | 33,470 |
| Finance costs | 27 | (135,321) | (187,429) |
| Miscellaneous financial results | 27 | 57,519 | (51,057) |
| **FINANCIAL PROFIT/(LOSS)** | | **(52,983)** | **(205,016)** |
| Profit/(loss) of entities valued using the equity method | 27 | 58,233 | 62,149 |
| **PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS** | | **807,460** | **429,873** |
| Corporate income tax | 24 | (130,180) | (86,273) |
| **PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS** | | **677,280** | **343,600** |
| **CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR** | | **677,280** | **343,600** |
| **Profit attributable to the Parent** | | **580,135** | **262,179** |
| **Profit attributable to non-controlling interests** | 18 | **97,145** | **81,421** |
| **EARNINGS PER SHARE (euros)** | 18 | | |
| Basic | | 1.40 | 0.66 |
| Diluted | | 1.40 | 0.66 |

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

# Consolidated statements of recognised income and expense

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021 (in thousands of euros)

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| **CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR** | | **677,280** | | **343,600** |
| **Other comprehensive income - Items that are not reclassified to profit/(loss) for the period** | | **7,002** | | **(3,753)** |
| **Actuarial profits and losses (*)** | | **8,066** | | **(4,863)** |
| **Tax effect** | | **(1,064)** | | **1,110** |
| **Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period** | | **203,643** | | **(72,541)** |
| **Financial assets at fair value with changes in other comprehensive income** | | **(26)** | | **17** |
| Valuation gains/(losses) | – | | – | |
| Amounts transferred to the statement of profit and loss | (26) | | 17 | |
| **Cash flow hedges** | | **23,086** | | **(14,758)** |
| Valuation gains/(losses) | 28,841 | | (30,907) | |
| Amounts transferred to the statement of profit and loss | (5,755) | | 16,149 | |
| **Translation differences** | | **65,569** | | **(78,254)** |
| Valuation gains/(losses) | 65,569 | | (79,350) | |
| Amounts transferred to the statement of profit and loss | – | | 1,096 | |
| **Participation in other comprehensive profit recognised by investments in joint ventures and associates** | | **122,983** | | **8,952** |
| Valuation gains/(losses) | 18,049 | | (6,926) | |
| Amounts transferred to the statement of profit and loss | 104,934 | | 15,878 | |
| **Tax effect** | | **(7,969)** | | **11,502** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **887,925** | | **267,306** |
| **Attributable to the Parent Company** | | **755,291** | | **218,605** |
| **Attributable to non-controlling interests** | | **132,634** | | **48,701** |

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

(*) Amounts that under no circumstances will be charged to the statement of profit and loss.

# Total statement of changes in the consolidated equity

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021 (in thousands of euros)

| | Notes | Share capital | Share premium and reserves | Interim dividend | Shares and equity interests | Profit/(loss) for the year attributed to the Parent Company | Other equity instruments | Valuation adjustments | Equity attributable to shareholders of the Parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 18.a | 18.b | | 18.c | | | 18.d | 18 | 18.II | |
| **Equity as at 31 December 2019** | | **392,265** | **1,601,284** | **0** | **(16,068)** | **266,704** | **0** | **(292,923)** | **1,951,262** | **522,497** | **2,473,759** |
| **Total income and expenses for the year** | | | **(1,988)** | | | **262,179** | | **(41,586)** | **218,605** | **48,701** | **267,306** |
| **Transactions with shareholders or owners** | | **16,842** | **(29,357)** | **0** | **(1,944)** | **0** | **0** | **0** | **(14,459)** | **(40,917)** | **(55,376)** |
| Capital increases/(reductions) | | 16,842 | (16,921) | | | | | | (79) | 366 | 287 |
| Distribution of dividends | | | (12,436) | | | | | | (12,436) | (41,283) | (53,719) |
| Transactions with treasury shares or equity instruments (net) | | | | | (1,944) | | | | (1,944) | | (1,944) |
| **Other changes in equity** | 18 | | **340,799** | | | **(266,704)** | | **58,810** | **132,905** | **90,100** | **223,005** |
| **Equity as at 31 December 2020** | | **409,107** | **1,910,738** | **0** | **(18,012)** | **262,179** | **0** | **(275,699)** | **2,288,313** | **620,381** | **2,908,694** |
| **Total income and expenses for the year** | | | **11,364** | | | **580,135** | | **163,792** | **755,291** | **132,634** | **887,925** |
| **Transactions with shareholders or owners** | | **16,067** | **(25,788)** | **0** | **(8,662)** | **0** | **0** | **0** | **(18,383)** | **(42,530)** | **(60,913)** |
| Capital increases/(reductions) | | 16,067 | (16,157) | | | | | | -90 | (437) | (527) |
| Distribution of dividends | | | (9,631) | | | | | | (9,631) | (42,093) | (51,724) |
| Transactions with treasury shares or equity instruments (net) | | | | | (8,662) | | | | (8,662) | | (8,662) |
| **Other changes in equity** | | | **246,278** | | | **(262,179)** | | **(2,226)** | **(18,127)** | **723,086** | **704,959** |
| **Equity as at 31 December 2021** | | **425,174** | **2,142,592** | **0** | **(26,674)** | **580,135** | **0** | **(114,133)** | **3,007,094** | **1,433,571** | **4,440,665** |

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

# Statement of consolidated cash flows (indirect method)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021 (in thousands of euros)

| | Notes | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| **Profit/(loss) before tax from continuing operations** | | **807,460** | **429,873** |
| **Adjustments to profit** | | **203,866** | **538,330** |
| Amortisation of fixed and non-current assets | 7, 8 and 9 | 452,267 | 488,907 |
| Impairment and gains/(losses) on disposal of fixed assets | 7, 8 and 27 | (123,577) | 6,870 |
| Other adjustments to profit/(loss) (net) | 27 | (124,824) | 42,553 |
| **Changes in working capital** | **16** | **(167,910)** | **(302,060)** |
| **Other cash flows from operating activities** | | **(97,170)** | **(61,069)** |
| Dividend collections | | 38,431 | 35,665 |
| Collections/(Payment) for income tax | | (135,601) | (96,734) |
| **TOTAL CASH FLOWS FROM OPERATING ACTIVITIES** | | **746,246** | **605,074** |
| **Investment payments** | | **(557,923)** | **(541,275)** |
| Group companies, associates and business units | | (147,897) | (95,672) |
| Property, plant and equipment, intangible assets and real estate investments | 7, 8 and 9 | (387,392) | (407,933) |
| Other financial assets | | (22,634) | (37,670) |
| **Divestment receipts** | | **568,619** | **75,920** |
| Group companies, associates and business units | | 478,022 | 6,214 |
| Property, plant and equipment, intangible assets and real estate investments | 7, 8 and 9 | 52,224 | 20,223 |
| Other financial assets | | 38,373 | 49,483 |
| **Other cash flows from investing activities** | | **182,386** | **63,807** |
| Interest received | | 13,050 | 13,675 |
| Other collections/(payments) from investing activities | | 169,336 | 50,132 |
| **TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES** | | **193,082** | **(401,548)** |

# Statement of consolidated cash flows (indirect method)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021 (in thousands of euros)

| | Notes | 31/12/2021 | 31/12/2020 |
|---|---|---|---|
| **Proceeds from and payments for equity instruments** | 18 | **(200,929)** | **186,374** |
| Issue/(redemption) | | (524) | 22 |
| (Acquisition)/disposal of treasury shares | | (200,405) | 186,352 |
| **Proceeds from (payments on) financial liabilities** | 20 | **(269,321)** | **(142,639)** |
| Issuance | | 1,125,829 | 1,689,907 |
| Repayment and amortisation | | (1,395,150) | (1,832,546) |
| **Dividends paid and payments on equity instruments** | 6 | **(63,150)** | **(36,643)** |
| **Other cash flows from financing activities** | | **(94,327)** | **(145,529)** |
| Interest paid | | (99,105) | (151,370) |
| Other collections/(payments) from financing activities | | 4,778 | 5,841 |
| **TOTAL CASH FLOWS FROM FINANCING ACTIVITIES** | | **(627,727)** | **(138,437)** |
| **EFFECT OF VARIATIONS IN EXCHANGE RATES** | | **1,815** | **(61,524)** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | **313,416** | **3,565** |
| **Cash and cash equivalents at the start of the period** | 17 | **1,222,109** | **1,218,544** |
| **Cash and cash equivalents at the end of the period** | 17 | **1,535,525** | **1,222,109** |

The accompanying Notes 1 to 33 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2021 consolidated income statements.

# Notes to the consolidated financial statements

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021


1. Group activity 264
2. Basis of presentation and basis of consolidation of the consolidated income statement 264
3. Accounting policies 266
4. Non-current assets held for sale and liabilities related to non-current assets held for sale and discontinued operations 277
5. Changes in the scope of consolidation 279
6. Distribution of profit 283
7. Intangible assets 284
8. Property, plant and equipment 290
9. Real estate investments 293
10. Leases 295
11. Service concession arrangements 298
12. Investments accounted for using the equity method 302
13. Joint agreements. joint operations 309
14. Non-current financial assets and other current financial assets 310
15. Inventories 312
16. Commercial debtors, other accounts receivable and other current assets 314
17. Cash and cash equivalents 316
18. Equity 317
19. Non-current and current provisions 322
20. Non-current and current financial liabilities 326
21. Other non-current liabilities 334
22. Trade and other accounts payable 334
23. Derivative financial instruments 335
24. Tax matters 339
25. Pension plans and similar obligations 343
26. Guarantee commitments to third parties and other contingent liabilities 345
27. Income and expenditure 346
28. Information by activity segments 350
29. Environmental information 360
30. Financial risk management policies 362
31. Information on transactions with related parties 370
32. Fees paid to auditors 374
33. Events after the closing date 374

**Annexe I** Fully consolidated subsidiaries 375

**Annexe II** Companies jointly controlled with third parties outside the Group (consolidated using the equity method) 387

**Annexe III** Associates consolidated using the equity method 390

**Annexe IV** Changes in the scope of consolidation 395

**Annexe V** Temporary Joint Ventures and other contracts jointly managed with third parties outside the Group 397

# 1. Group activity

The FCC Group comprises the parent company Fomento de Construcciones y Contratas, S.A. and a group of national and international investee companies.

| Company identification data | |
|---|---|
| Name of the reporting entity or other means of identification | Fomento de Construcciones y Contratas, S.A. |
| Legal form of the entity | Public Limited Company (In Spain: Sociedad Anónima) |
| Address of the entity's registered office | C. Balmes 36, 08007 Barcelona, Spain |
| Address of the entity | Avenida Camino de Santiago 40, 28050, Madrid, Spain |
| Country of incorporation | Spain |
| Main place of business | Spain |
| Name of the parent company | Control Empresarial de Capitales, S.A. de C.V. |
| Name of the controlling parent of the group | Control Empresarial de Capitales, S.A. de C.V. |

The Group operates in the following business areas:

- **Environmental Services.** Services related to urban sanitation, industrial waste management, green space conservation, including both construction and operation of treatment plants, and energy recovery from waste. This includes concession agreements related to environmental services.
- **End-to-end Water Management.** Services relating to the end-to-end water cycle: collection, purification and distribution of water for human consumption; wastewater collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services, etc. Concession agreements related to the end-to-end water cycle are also included.
- **Construction.** Specialised in the construction of infrastructure, buildings and similar facilities: motorways, motorways, roads, tunnels, bridges, hydraulic works, ports, airports, urban developments, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.
- **Real Estate.** Dedicated to the promotion of housing and the rental of offices and commercial premises.
- **Cement.** Dedicated to the operation of quarries and mineral deposits, manufacture of cement, lime, gypsum and prefabricated derivatives, and also to the production of concrete and mortar.
- **Concessions.** Mainly includes concession agreements related to the operation of highways, tunnels and other similar infrastructures.

International activities account for approximately 41% (40% in 2020) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States.

# 2. Basis of presentation and basis of consolidation of the consolidated income statement

## a) Basis of presentation

The accompanying financial statements and the notes thereto that comprise this Report and which make up these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all the implementing provisions and interpretations.

The 2021 consolidated financial statements of the FCC Group have been formulated by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement. The 2020 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 29 June 2021.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as of 31 December 2021 and 2020, as well as the results of the operations, changes in equity and consolidated cash flows that occurred in the Group during those years.

The consolidated financial statements of the FCC Group have been prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and its investee companies. These records, in accordance with the procedures and operating systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In 2021 and 2020, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

### Reclassifications made

There were no significant reclassifications in business years 2021 and 2020.

### Rules and interpretations issued but not in force

The Group intends to adopt standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, when they become effective, if applicable to it. Although the Group is currently analysing its impact, based on its analysis to date, it believes that its initial application will not have a significant impact on its consolidated financial statements.

### Significant rules and interpretations applied in 2021

The standards and interpretations applied in the preparation of these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2020, as none of the standards, interpretations or amendments that are applicable for the first time in this business year have had an impact on the Group's accounting policies.

## b) Basis of consolidation

### Subsidiaries

The consolidation is carried out using the global integration method for the subsidiaries indicated in Annexe I, in which Fomento de Construcciones y Contratas, S.A. exercises control, that is, when it has the power to direct its relevant activities, it is exposed to variable returns as a result of its participation in the investee and has the ability to exercise said power to influence its own returns, directly or through other companies controlled by it.

The value of the participation of non-controlling shareholders in equity is presented under the heading "Non-controlling interests" of the liability side of the accompanying consolidated balance sheet and the participation in the profit/(loss) is presented under the heading "Profit attributed to non-controlling interests" of the accompanying consolidated income statement.

Where appropriate, goodwill is determined in accordance with the provisions of Note 3.b) of this Report.

### Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one of more of the FCC Group companies with other companies outside the Group (note 12), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 13).

The Group applies its professional judgement to evaluate its rights and obligations over joint agreements taking into account the financial structure and legal form of the agreement, the terms agreed by the parties and other relevant facts and circumstances to evaluate the type of joint agreement. Once such an analysis has been carried out, two types of joint agreements are distinguished:

a) Joint operation: When the parties hold rights over the assets and obligations over the liabilities.

b) Joint business: When the parties hold only rights over the net assets.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

The joint operations, mainly in the Construction and Environmental Services activities that mostly take the form of temporary joint ventures and other similar entities, have been integrated in the attached consolidated accounts based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

Annexe II lists the business jointly controlled with third parties outside the Group and Annexe V lists the joint operations carried out with third parties outside the Group, mainly through temporary joint ventures and other entities with similar characteristics.

### Associates

The companies listed in Annexe III, in which Fomento de Construcciones y Contratas, S.A. does not exercise control but has significant influence, are included in the accompanying consolidated balance sheet under the heading "Investments accounted for by applying the equity method", integrated using said method. These companies' contribution to the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated income statement.

### Transactions between Group companies

In transactions between consolidated companies, the profit/(loss) of internal operations are eliminated, being deferred until they are made against third parties outside the Group. This elimination does not apply in the "Concession agreements" since the result is considered to be realised against third parties (note 3.a).

Group work on its own fixed and non-current assets is measured at production cost, eliminating the intra-group profit/(loss).

Reciprocal credits and debits have been eliminated from the consolidated financial statement, as well as internal income and expenses from the collection of the subsidiaries that are consolidated.

### Changes in the scope of consolidation

Annexe IV shows the changes made in 2021 in all consolidated companies using global integration and the equity method. The profit/(loss) of these companies are included in the consolidated income statement as from the effective acquisition date or until the effective disposal or derecognition date, as appropriate.

The heading "Change in scope" in the corresponding notes to this Report shows the effect of the additions and derecognitions of companies from the scope of consolidation. Additionally, Note 5 of this Report "Changes in the scope of consolidation", shows the most significant inclusions in and exclusions from said scope.

# 3. Accounting policies

The accounting policies applied to the consolidated financial statements of the FCC Group are detailed below:

## a) Service Concession Arrangements

Concession contracts involve agreements between a granting public entity and FCC Group companies to provide public services such as water distribution, filtration and sewage treatment, landfill management, motorways and tunnels, etc. by operating the infrastructure. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of this infrastructure. Likewise, a common characteristic is the existence of obligations to acquire or build all the items required to provide the concession service over the contract term.

When the above conditions are met, said concession contracts are registered by the provisions of IFRIC 12 "Service Concession Arrangement". In general, there are two clearly differentiated phases, the first one in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress, with a counterpart in an intangible or financial asset, and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure. In both cases, income is recognised in accordance with the provisions of IFRS 15 "Revenue from contracts with customers" (note 3.s).

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

There may be mixed situations in which the demand risk is shared between the concessionaire and the grantor.

For concessions classified as intangible assets, provisions for dismantling, removal or restoration and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the discounting of such provisions 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 attributable to infrastructure financing are recognised as an expense in the period, capitalising, only in the intangible asset model, those that accrue during the construction phase and until the related infrastructure is put to use.

The amortisation of these intangible assets is carried out according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The Group's most important concession businesses are in the water supply and sanitation business, which depreciates its assets based on water consumption, which, in general, remains constant over time due, on the one hand, to a reduction in water consumption as a result of water saving policies and, on the other hand, to an increase in water consumption as a result of population growth; in the environmental services business, mainly waste recycling and energy recovery plants, which are depreciated on the basis of the tonnes treated; and in the concessions business, mainly toll roads and motorways, which are depreciated on the basis of traffic. The amortisation is completed in the concession period, which is generally between 25 and 50 years.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. In accordance with the amortised cost method, the corresponding income is recognised in profit or loss as net turnover based on the effective interest rate resulting from forecasts of the concession's cash flows and payments. Finance expenses arising from the financing of these assets are classified under "Financial expenses" in the consolidated income statement. As stated above, for the provision of maintenance or operating services, income and expenses are allocated to profit/(loss) in accordance with IFRS 15 "Revenue from contracts with customers".

## b) Business combinations and goodwill

The assets and liabilities of the companies and subgroups over which control is acquired are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new data.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest, the amount of the non-controlling interests and the fair value at the date on which control over these interests is acquired when control is obtained in stages, and (b) the fair value of identifiable assets and liabilities.

When the difference obtained according to the previous paragraph is a negative amount, a bargain purchase occurs. In these situations, the Group reviews the identification and assessment of the assets and liabilities acquired and if this difference is confirmed, it is recognised as a positive result in the year under "Impairment and gains/(losses) on disposals of fixed assets".

In general, non-controlling interests are valued by the proportional part of the fair value in the assets and liabilities of the acquired company.

If control over a business combination is achieved in stages, the difference between the fair value at the time control over the preceding interest is obtained and the carrying amount of that interest is recognised in profit/(loss).

Once control is obtained over an investee, and until that control is lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is not amortised. However, it is tested for impairment at least at each balance sheet date, in order to recognise it at the lower of its recoverable value, estimated on the basis of expected cash flows, or acquisition cost, less any prior years' impairment losses. The accounting policies used to determine impairment are detailed in section f) of this note.

## c) Intangible Assets

Except as indicated in the two previous sections of this note regarding the agreements for the concession of services and goodwill, the other intangible assets contained in the accompanying financial statements are valued at their acquisition cost. These intangible assets include investments related to operating contracts and licenses, rights to build and software applications.

Such registered intangible assets have a finite useful life. Amortisation is carried out during its useful life, which is generally between 20 and 35 years, that is, the period during which it is estimated that they will generate income, using the linear method, except when the application of the consumption pattern reflects its depreciation more faithfully. Software applications are generally amortised within a period of 5 to 10 years.

## d) Property, plant and equipment

Property, plant and equipment are recorded at their cost price (updated, where appropriate, with various legal provisions prior to the date of transition to IFRS), less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been acquired through business contributions as stated in section b) of this note, they are initially recognised at their fair value on the acquisition date.

The work carried out by the Group for its fixed and non-current assets is valued at production cost.

Conservation and maintenance expenses that do not involve an extension of the useful life or productive capacity of the corresponding assets are charged to the profit/(loss) of the year in which they are incurred.

When the construction and commissioning of fixed and non-current assets require a period of long construction, the interests derived from their financing accrued during said period are activated.

Companies depreciate their fixed and non-current assets following the linear method, distributing the cost thereof between the following years of estimated useful life:

| | |
|---|---|
| Natural resources and buildings | 25-100 |
| Plant, machinery and transport items | 5-30 |
| Furniture and tools | 7-12 |
| Other fixed and non-current assets | 5-10 |

However, some contracts may have terms shorter than the useful life of the related fixed and non-current assets, in which case they are depreciated over the term of the contract.

The residual value, useful life and depreciation method applied to the Group's PP&E are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment. This review is carried out through an in situ evaluation and technical analysis, taking into account their current conditions and estimating the remaining useful life of each asset, based on their ability to continue providing the functionalities for which they were defined. Subsequently, these internal analyses are compared against third parties outside the Group, such as manufacturers, installers, etc. to ratify them.

The companies periodically assess, at least at the end of each reporting period, whether there is any indication of impairment of an asset or group of assets in order to proceed, where appropriate, as indicated in section f) of this note, to the impairment or reversal of the asset or group of assets in order to adjust its net book value to its value in use, without exceeding in any case the reversals of previous impairment losses.

## e) Real Estate Investments

Real estate investments, or investment property, is land, buildings and other structures that are held either for rental or for capital appreciation as a result of future increases in their respective market prices.

Following the acquisition of control of the Realia Group and Jezzine Uno, S.L.U. (note 5), the FCC Group has included €2,069 million of real estate investments in the accompanying consolidated balance sheet (no investment property was recognised in 2020).

Investment property is stated at fair value at the reporting date and is not subject to depreciation. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise and are recognised under "Changes in value, impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated income statement.

The Group periodically determines the fair value of investment property so that, at year-end, the fair value reflects the market conditions of the investment property items at that date. This fair value is determined half-yearly on the basis of the assessments made by independent experts.

## f) Impairment of the property, plant and equipment and intangible asset value

Intangible assets with finite useful lives and property, plant and equipment items are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and results obtained on the disposal of assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or collections on lending operations and corporate income tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows are obtained from the projections made by the Directorate of each of the CGUs that generally use periods of five years, except when the business characteristics advise longer periods and that include growth rates supported by the different approved business plans, whose review is carried out periodically, generally considering zero growth rates for those periods beyond the years projected in the aforementioned plans. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of income, operating margins, and discount rates, in order to foresee the impact of future changes in these variables.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

## g) Leasing

All leasing transactions (with certain exceptions due to their small amount or duration) in which the Group acts as lessee give rise to the recognition of an asset for the right of use, which by its nature is mainly recorded as a tangible asset, and a liability for the future payment obligations incurred. This liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made.

A contract contains a lease when the lessor transfers control of an identifiable underlying asset for a certain period of time in exchange for a consideration. An asset is identifiable when it is explicitly specified in the contract or implicitly when it is made available to the customer. However, if the supplier has the right to replace the asset during the period of use, that is, when it has alternative assets and can economically benefit from such substitution, the asset is not considered identifiable and therefore the contract will not contain a lease.

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially If it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

Subsequently, during the term of the lease contract, the right of use is systematically amortised and the financial expenses associated with the affected liability are recorded applying the amortised cost method.

Substantially all of the agreements in which the Group acts as lessor, which are mostly carried out in the Real Estate business, are classified as operating leases, as not substantially all the risks and rewards incidental to ownership of the asset are transferred. The revenue generated by the agreement is recognised on a straight-line basis over the term of the agreement and is included as revenue in the profit and loss account to the extent that it is of an operating nature. Direct costs incurred on entering into a lease agreement are incorporated as an increase in the value of the leased asset and amortised over the lease term on the same basis as income. Contingent payments are recognised as income in the period in which they are earned.

## h) Investments accounted for using the equity method

Interests in joint ventures and associates are initially assessed at acquisition cost and subsequently restated to the amount of the interest with the results generated by these companies that are not distributed by way of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These include translation differences and adjustments caused by changes in the fair value of financial derivatives of cash flow hedges acquired by the companies themselves.

They undergo an impairment test as long as there are indications of impairment that may reveal a decrease in the recoverable value below the carrying amount of the investment, using both internal and external sources.

## i) Financial assets

Financial assets are initially recorded at fair value, which is generally the same as their acquisition cost, adjusted for the operation costs directly attributable to it, except in the case of financial assets at fair value with changes in profit/(loss) that are attributed to that year's profit/(loss).

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets in order to obtain its contractual cash flows, so it values them according to the amortised cost method, that is, initial cost less principal charges plus accrued income based on its effective interest rate pending collection, adjusted for any recognised impairment loss. The effective interest rate consists of the rate that equals the initial cost of the total cash flows estimated for all the items throughout the remaining life of the investment. As an exception to the above, it should be noted that the Group values certain financial assets at fair value in the following cases:

– Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.

– Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

Financial assets at fair value have been recorded at fair value at the closing date of the financial statements. Fair value is understood as the value by which a financial instrument could be exchanged between informed and experienced parties in a free transaction (independent between third parties).

In the case of financial assets at fair value with changes in the profit/(loss), the profits or losses resulting from the change in fair value are attributed to the net profit/(loss) of the year, while financial assets at fair value with changes in other comprehensive income are attributed to equity, until the asset is disposed of, at which time the profit previously accumulated in equity will be included in that year's profit/(loss).

In assets that are valued at amortised cost, an impairment loss is recorded if, on the closing date of the financial statements, it is determined that credit losses will be incurred throughout their entire life. That is, impairment losses are recorded immediately when there is credit risk. Credit risk is understood as the risk of one of the parties to the financial instrument causing a financial loss to the other party if it breaches an obligation.

Collection rights arising from a service concession arrangement are valued according to the criteria indicated in section a) of this note.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, given that they generally mature within twelve months, adjusted by any expected credit losses over the course of their lives. Accounts receivable with maturities greater than twelve months are valued at their current value.

The Group, based on the short-term cash flow needs, transfers credit from customers to financial entities. The amount of these credit assignments is reported in Note 16.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

To the extent that the risks and rewards inherent to the accounts receivable are substantially transmitted through these sales and assignments of collection rights, as well as the control over them, without there being any repurchase agreements signed between the Group companies and the credit institutions that have acquired the assets and that they can freely dispose of said acquired assets without the Group companies being able to limit the aforementioned right in any way, the aforementioned sales and assignments are posted as "without recourse". Consequently, in accordance with the criteria established by IFRS, balances receivable from debtors assigned or sold under the conditions indicated are written off in the consolidated balance sheet.

## j) Inventory

Inventory is valued at the average acquisition price or the average production cost, applying the necessary value corrections to adapt these values to the net realisable value if it were lower.

The Group's real estate activity includes land and plots, as well as ongoing developments and finished properties that are held for sale or for integration into a real estate development. Land and plots are valued at their acquisition price, plus any urbanisation costs and other expenses related to their purchase (property transfer tax, registration fees etc.) and the financial costs of their financing during execution of the works, or their recoverable amount if this is less.

Ongoing developments are the costs incurred in real estate development, or part thereof, whose construction has not been completed at the end of the business year. The cost of completed real estate developments is classified as finished products.

Impairment of land and plots, ongoing real estate developments and finished products is recorded when their net realisable value is lower than their book value (note 15). The net realisable value is determined mainly on the basis of end-market references, by calculating the residual value of the land on the existing market value in the locality in which they are located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their assessment.

The goods received through credit collection in exchange for work executed or to be executed are valued at the lowest amount from between the amount that was registered for the credit corresponding to the goods received, or the cost of production or net realisable value.

## k) Foreign currency

### k.1) Translation differences

Converting the financial statements of foreign companies denominated in currencies other than the euro into euros has generally been carried out at the closing rate, except for:

- Capital and reserves, which were converted at historical exchange rates.
- The income statement items of foreign operations that were converted at the average exchange rates for the period.

Translation differences for the foreign companies from the consolidation scope, generated by the application of the year-end exchange rate method, are included in the equity of the accompanying consolidated balance sheet, as shown in the accompanying statement of changes in the equity.

### k.2) Exchange differences

The balances of accounts receivable and payable from monetary items in foreign currency are valued in euros by applying the exchange rates in force at the date of the consolidated balance sheet, allocating the differences that are generated to profit/(loss), except as regarding advances, which, when considered non-monetary items, are kept converted at the exchange rate that existed at the time of the transaction.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Meanwhile, the exchange differences that occur in relation to the financing of investments in foreign companies, with both the investment and the financing being registered in the same currency, are directly recognised in equity as translation differences that offset the effect of the difference in conversion to euros of the foreign company.

## l) Equity instruments

Equity or capital instruments are recorded for the amount received, net of direct issuance costs.

The treasury shares acquired by the Parent Company during the year are recognised at the value of the consideration given, as a decrease in equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the profit and loss statement.

## m) Grants

Grants are recognised according to their nature.

### m.1) Capital grants

Capital grants are those that involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.

### m.2) Operating subsidies

Operating grants are those other than those defined above that do not relate directly to an asset or group of assets. Operating income is considered the amount received at the time of its concession, except if it is granted to finance specific expenses, in which case its allocation to profit/(loss) will be made as those expenses accrue.

## n) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events for which the companies consider it probable that there will be an outflow of funds 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 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 has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

In addition, some Group companies provide provisions for restructuring costs when there is a detailed formal plan for such restructuring that has been communicated to the affected parties. As at 31 December 2021 no liabilities of a substantial amount have been recognised for this item.

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the normal operating cycle of the activity giving rise to the provision.

## o) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These financial liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

## p) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or another type of 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 that may not be financial.

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 relating to the value 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 are recognised provisionally under equity, and are taken to income when the hedged item materialises.
- Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in income by offsetting changes in the fair value of the hedged item.
- Hedges of a net investment in a foreign operation: this type of hedges are aimed at covering foreign currency risk and are treated as cash flow hedges.

IFRS 9 “Financial Instruments” states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

The qualitative requirements that must 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.
- The effectiveness requirements must be met. This means that there is a financial relationship between the hedged item and the hedging instrument such that both generally move in opposite directions upon the occurrence of the hedged risk. Credit risk must not have a dominant effect on the changes in the value of the hedged items and the hedging ratio must be equivalent to the percentage of the exposure to the covered risk.

The hedge is considered to be fully effective provided that the qualitative effectiveness test shows that it complies with those criteria. If not, the hedge would cease to be treated as a hedge and the hedge relationship would cease, recognising the derivative at its fair value through changes in profit or loss.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future deviations relating to the hedge.

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (note 23):

- In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the contracted derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the income statement.

A distinction must be made between the designated portion and the non-designated portion of cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS:

- The treatment of the designated portion will be similar to that indicated for IRSs.
- The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive income when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect results for the period (for example, when a planned sale takes place).

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

The value is calculated using defined methods and techniques based on observable market inputs, such as:

- The interest rate swaps 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 there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.
- The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swamps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (note 30).

Note 23 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

## q) Income tax

The expense for corporate income tax is calculated on the basis of the consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between tax loss/taxable profit and accounting profit/(loss). The corresponding tax rate based on the legislation applicable to each country is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit/loss and taxable profit/tax loss for Corporate Income Tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed, without performing financial discounting at any time.

The Group activates deferred asset taxes corresponding to temporary differences and negative tax bases to be offset, except in cases where there are reasonable doubts about their future recovery.

## r) Pension commitments

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in Note 25 of this Report.

## s) Operating income and expenses

Revenue is recognised when the control of the good or service is transferred to the customer, in general, only when there is approval from the customer applying a homogeneous method to contracts of a similar nature. Revenues are valued at the expected amount of the consideration that is to be received that can be estimated reliably and that is not expected to be reversed in the future. After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

As regards variable consideration, only one income is recognised for the value, and it is highly probable that it will not suffer significant reversion when the uncertainty about it is subsequently resolved. Also, in the case that the contracts include price revision clauses, the income that represents the best estimate of the amount to be charged in the future and under the same probability criteria mentioned for the variable consideration is recorded.

In general, the Group has not identified significant financial components in its contracts with customers. The financial component is only separated from the consideration to be received and the corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than twelve months.

In the construction activity, performance obligations are paid over time, so revenue is recognised using a product-based method, i.e. that is in-line with the degree of progress criterion. Only income that is protected by a main contract signed with the property and in modifications thereto approved by it is recognised. If the modification is approved without the amount being fixed, the income is only estimated as a variable consideration when the criteria of probability and significant non-reversal mentioned above are met. Budgeted losses are recognised as profit/(loss) for the year.

Meanwhile, in this activity the costs are recognised in accounts according to their accrual. The costs for obtaining the contract, mainly related to the study and preparation of the project, are not activated as they cannot be considered as incremental, since they are incurred regardless of whether the contract is finally obtained or not. Two main costs for fulfilling the contract can be distinguished: engineering and study costs and those related to general and specific facilities (mainly accessory facilities such as concrete plants, auxiliary works or building booths necessary to provide the services). The main contracts in which the aforementioned expenses are incurred are of the design and construction type, in which the remuneration to be received for the work to be carried out in engineering and studies and those of the benefit is identified by separate work units of construction services. Therefore, in general, the expenses derived from engineering and studies are not activated and are recognised in accordance with their accrual as services are rendered. Costs related to the general and specific facilities are recorded as expenses according to the degree of progress when a separate works unit with its corresponding remuneration is identified in the contract, and assets are only activated within the heading when the contract does not identify them separately, and profit/(loss) is charged together with the rest of the contract costs using the aforementioned degree of progress.

In the service provision activities, which are mainly carried out in the Environmental Services, End-to-end Water Management and Real Estate segments when the Group acts as lessor under lease agreements, income and expenses are recognised on an accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises. These are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

In the Real Estate activity, the Group recognises the costs passed on to tenants of its investment property as income under “Other operating income” in the accompanying consolidated income statement (note 10.b).

In the aforementioned activities (other than construction), the costs of obtaining the contract are not incremental, so they are not activated and are recognised based on their accrual. Meanwhile, no relevant contract fulfilment costs are incurred and are therefore recorded as operating expenses in general.

With regard to the service concession agreements, it should be noted that the Group recognises the interest income derived from the collection rights of the financial model as net turnover, since the value of this financial asset includes both construction and maintenance and upkeep services, which from an operational point of view are identical to those represented by the intangible model and, consequently, it is considered that since both models are related to the company’s operating activity, the true and fair view is better represented by including the income derived from the financial asset as belonging to operations (note 3.a).

Also recognised as operating profit/(loss) are those produced in the disposals of shares in subsidiaries when it implies the loss of control over them.

## t) Related-party transactions

The Group performs all of its transactions with related parties on an arm’s length basis.

Note 31 of this Report details the main transactions with significant shareholders of the Parent Company, with administrators and senior executives, between companies or Group entities and with companies invested in by shareholders of the Group.

## u) Consolidated statement of cash flows

The FCC Group prepares its statement of cash flows in accordance with IAS 7 "Statement of cash flows" following the indirect method, using the expressions below in the following ways:

- Cash flows are the inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the company's ordinary income, and also other activities that cannot be classified as investment or financing activities. Among the operating cash flows, it is worth highlighting the heading "Other adjustments to profit/(loss)" which basically includes items that are included in the Profit/(Loss) Before Tax but have no impact on the change in cash, as well as items that are already included in other headings of the Cash Flow Statement according to their nature.
- Investing activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.
- Financing activities are the activities that generate changes in the size and composition of own capital and loans taken by out the company.

For the purposes of preparing the consolidated statements of cash flows, the "cash and cash equivalents" have been considered as cash and on-demand bank deposits, as well as those short-term, highly liquid investments, which are easily convertible into specific amounts of cash, subject to an insignificant risk of changes in their value.

## v) Use of estimates

In preparing these 2021 and 2020 Group consolidated financial statements, estimates were made to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

- Impairment losses on certain assets (notes 7, 8, 9, 12 and 14).
- Goodwill measurement (note 7).
- The recoverability of the work executed pending certification (notes 3.s and 16).
- The recoverability of deferred tax assets (note 24).
- The amount of certain provisions and, in particular, those related to claims and litigation and the losses budgeted in construction contracts (note 19).
- The useful life of PP&E and intangible assets (notes 7 and 8).
- The determination of the fair value of investment property (note 9).
- The determination of the recoverable amount of inventory (note 15).
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 19 and 25).
- The market value of derivatives (note 23).
- Cost of business combinations (note 5).

Although these estimates have been made based on the best information available at the date of preparing these consolidated financial statements on the events analysed, it is possible that events that may take place in the future may require them to be modified (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding future financial statements.

IFRS 7 "Financial instruments: information to be disclosed" requires that the fair value valuations of financial instruments, both assets and liabilities, be classified according to the relevance of the variables used in the valuation, establishing the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than prices quoted that are observable for the financial instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: data for the financial instrument that are not based on observable market data.

Almost all of the Group's financial assets and liabilities, which are valued at fair value, are level 2.

## x) Non-current assets and related liabilities held for sale

Assets and liabilities whose book value is recovered through a sale transaction and not through continued use are classified as non-current assets held for sale and liabilities related to non-current assets held for sale. This condition is considered fulfilled only when the sale is highly probable and the asset is available for immediate sale in its current state and it is estimated that it will be completed within a period of one year from the classification date.

Non-current assets and related liabilities classified as held for sale are valued at the lower of their book value and fair value less expected selling costs.

# 4. Non-current assets held for sale and liabilities related to non-current assets held for sale and discontinued operations

Assets with sales plans that also meet the requirements of International Financial Reporting Standard 5 "Non-current assets held for sale and discontinued operations" (note 3.x) are reclassified to this item in the accompanying consolidated balance sheet.

In 2021, there are no assets held for sale and no liabilities linked to non-current assets held for sale.

In 2020, FCC agreed to sell its entire stake in three concessions located in Spain to Vauban Infrastructure Partners, a non-Group company, as part of its policy of rotation and selective development of projects in this activity. Specifically, the agreement signed included the transfer of 51% in Grupo Cedinsa, the controlled company that manages the concession of four motorways in Catalonia, and 49% in Concessió Estacions Aeroport L9, S.A. (consolidated by the equity method), concessionaire of section 1 of line 9 of the Barcelona metro and 29% in Urbs Iudex et Causidicus, SA (consolidated by the equity method), which is operated by Ciudad de la Justicia, also in Barcelona. The transaction was completed in March and April 2021 for €377,138 thousand. After deducting the dividends received following the sale agreement.

Assets held for sale, net of their liabilities, have been assessed at their carrying amount, which is lower than the expected proceeds from their sale net of costs to sell.

The following sections detail the main headings that constitute the results, cash flows and the balance sheet, corresponding to the assets and liabilities held for sale. The sale of these companies does not imply the discontinuation of the FCC Group's concessions activity, which is why the results continue to be presented by their nature in the consolidated income statement.

## Profit and Loss Account

The breakdown by nature of the profit after tax of the companies whose assets and liabilities have been reclassified as assets and liabilities held for sale is as follows:

| 2020 | Total | Cedinsa Group | oncessió Estacions Aeroport L9, S.A. | Urbs Iudex et Causidicus, S.A. |
|---|---|---|---|---|
| Net business turnover | 92,913 | 92,913 | – | – |
| Operating expenses | (47,951) | (47,951) | – | – |
| **Operating Profit/(Loss)** | **44,962** | **44,962** | **–** | **–** |
| **Profit/(loss) before tax from continuing operations** | **34,524** | **19,518** | **12,789** | **2,217** |
| Corporate income tax | (5,523) | (5,523) | – | – |
| **Profit/(loss) for the year from continuing operations** | **29,001** | **13,995** | **12,789** | **2,217** |
| **Profit attributable to the parent company** | **24,390** | **9,384** | **12,789** | **2,217** |
| **Profit attributable to non-controlling interests** | **4,611** | **4,611** | **–** | **–** |

## Cash flow statement

The statement of cash flows corresponding to companies whose assets and liabilities have been reclassified as assets and liabilities held for sale is as follows:

| 2020 | Cedinsa Grou |
|---|---|
| Profit/(loss) before tax from continuing operations | 19,518 |
| Adjustments to profit | 65,535 |
| Changes in working capital | 13,211 |
| Other cash flows from operating activities | (10,222) |
| **Cash flow from business activities** | **88,042** |
| Investment payments | (8,616) |
| Divestment receipts | 6,058 |
| Other cash flows from investing activities | – |
| **Cash flow from investment activities** | **(2,558)** |
| Proceeds from and payments for equity instruments | – |
| Proceeds from (payments on) financial liabilities | (26,771) |
| Other cash flows from financing activities | (61,871) |
| **Cash flows for financial activities** | **(88,642)** |
| **Total cash flows** | **(3,158)** |

## Balance sheet. Headings of non-current assets and liabilities held for sale

The different assets and liabilities reclassified as held for sale under the respective headings of the attached balance sheet are detailed below:

| 2020 | Total | Cedinsa Group | Concessió Estacions Aeroport L9, S.A. | Urbs Iudex et Causidicus, S.A. |
|---|---|---|---|---|
| Intangible fixed assets | 1,016,607 | 1,016,607 | – | – |
| Property, plant and equipment | 651 | 651 | – | – |
| Non-current financial assets | 305,541 | 234,152 | 70,249 | 1,140 |
| Deferred tax assets | 14,638 | 14,638 | – | – |
| Current assets | 54,831 | 54,831 | – | – |
| **Non-current assets held for sale** | **1,392,268** | **1,320,879** | **70,249** | **1,140** |
| Non-current financial liabilities | 848,499 | 848,499 | – | – |
| Rest of non-current liabilities | 159,404 | 159,404 | – | – |
| Current financial liabilities | 31,771 | 31,771 | – | – |
| Rest of current liabilities | 11,611 | 11,611 | – | – |
| **Liabilities relating to assets held for sale** | **1,051,285** | **1,051,285** | **–** | **–** |

# 5. Changes in the scope of consolidation

The main changes experienced in the scope of consolidation in 2021 are the following:

## a) Business combinations

- In October 2021, F C y C, S.L. acquired a stake in Realia Business, S.A., representing 13.12% of the share capital, in addition to the 37.40% previously held. The aforementioned shareholding was acquired from Control Empresarial de Capitales, S.A. de C.V. (note 31) for an amount of €83,941 thousand, which has been recorded under the heading "Payments for investments" in the accompanying cash flow statement. As a result of the aforementioned transaction, the FCC Group has gained control of the aforementioned company, recording a positive operating profit of €241,701 thousand in the business combination (note 27), as the consideration paid was less than the fair value of the assets acquired. In addition, a negative result of €58,158 thousand was recorded under "Profit/(loss) of entities valued using the equity method" as a result of the fair value of the stake held by the aforementioned company prior to the takeover (note 27).
- Additionally, the company Jezzine Uno, S.L.U., a commercial property rental company, was incorporated in October (note 31). This transaction was carried out by means of a non-cash capital increase in F C y C, S.L., fully subscribed by Soinmob Inmobiliaria Española, S.A., a subsidiary of Control Empresarial de Capitales, S.A. de C.V. Consequently, Soinmob Inmobiliaria Española. S.A. now holds 19.97% of the share capital of F C y C, S.L. (note 18).
- On 31 December 2021, the Environment division acquired 100% of Premier Waste Services, Llc. in the United States for €30,019 thousand. The amount paid has been recorded in the accompanying cash flow statement under "Payments for investments".

The composition of the balance sheets for business combinations is detailed below:

| 2021 Financial Year | Realia Business Group | Jezzine Uno, S.L.U. | Premier Waste Services, Llc. |
|---|---|---|---|
| **Non-current assets** | **1,651,725** | **608,859** | **30,350** |
| Intangible fixed assets | 77 | – | 21,614 |
| Property, plant and equipment | 2,102 | 2 | 8,736 |
| Investment property | 1,470,575 | 600,404 | – |
| Investments accounted for using the equity method | 59,941 | – | – |
| Non-current financial assets | 9,526 | 5,263 | – |
| Deferred tax assets | 109,504 | 3,190 | – |
| **Current assets** | **465,916** | **13,215** | **1,200** |
| Inventory | 334,828 | – | – |
| Trade and other receivables | 16,668 | 305 | 980 |
| Other current financial assets | 21,060 | – | – |
| Other current assets | 4,796 | – | 132 |
| Cash and cash equivalents | 88,564 | 12,910 | 88 |
| **Total assets** | **2,117,641** | **622,074** | **31,550** |
| **Equity** | **1,359,256** | **212,696** | **30,019** |
| **Non-current liabilities** | **711,928** | **381,251** | **–** |
| Subsidies | – | – | – |
| Non-current provisions | 12,019 | – | – |
| Non-current financial liabilities | 515,937 | 320,950 | – |
| Deferred tax liabilities | 183,972 | 60,301 | – |
| Other non-current liabilities | – | – | – |
| **Current liabilities** | **46,457** | **28,127** | **1,531** |
| Current provisions | 293 | – | – |
| Current financial liabilities | 5,312 | 18,310 | – |
| Trade and other payables | 40,852 | 9,817 | 1,531 |
| **Total equity and liabilities** | **2,117,641** | **622,074** | **31,550** |

As a result of the aforementioned business combinations, the fair value of the assets acquired was determined. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

| 2021 Financial Year | Realia Business Group | Jezzine Uno, S.L.U. | Premier Waste Services, Llc. |
|---|---|---|---|
| Investment property | – | 241,205 | – |
| Inventory | 28,000 | – | – |
| **Total assignments to assets** | **28,000** | **241,205** | **–** |
| Non-current liabilities (deferred tax liabilities) | 7,000 | 60,301 | – |
| **Total assignments to liabilities** | **7,000** | **60,301** | **–** |
| **Total net assignments** | **21,000** | **180,904** | **–** |

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

| 2021 Financial Year | Realia Business Group | Jezzine Uno, S.L.U. | Premier Waste Services, Llc. |
|---|---|---|---|
| Acquisition value | 83,941 | 212,696 | 30,019 |
| Fair value Minority interests acquired | 547,445 | – | – |
| Fair value previous interest | 236,602 | – | – |
| – Fair value net assets | (1,109,689) | (212,696) | (8,405) |
| **Goodwill** | **(241,701)** | **–** | **21,614** |

The above business combinations have contributed the following revenues and results to the accompanying consolidated income statement:

| 2021 | Realia Business Group | Jezzine Uno, S.L.U. | Premier Waste Services, Llc. |
|---|---|---|---|
| Net business turnover | 39,899 | 6,284 | – |
| Other income | 3,005 | 350 | – |
| **Operating Profit/(Loss)** | **27,659** | **6,176** | **–** |
| **Profit/(loss) before tax from continuing operations** | **26,081** | **5,450** | **–** |
| **Profit attributable to the parent company** | **7,632** | **3,272** | **–** |
| **Non-controlling interests** | **13,011** | **816** | **–** |

If the above companies had been consolidated since 1 January 2021, revenues and profit/(loss) they would have contributed would have been as follows:

| 2021 | Realia Business Group | Jezzine Uno, S.L.U. | Premier Waste Services, Llc. |
|---|---|---|---|
| Net business turnover | 161,815 | 37,743 | 16,066 |
| Other income | 18,260 | 2,291 | 1,292 |
| **Operating Profit/(Loss)** | **67,676** | **28,292** | **1,848** |
| **Profit/(loss) before tax from continuing operations** | **93,512** | **25,169** | **1,517** |
| **Profit attributable to the parent company** | **23,581** | **15,107** | **1,475** |
| **Non-controlling interests** | **47,843** | **3,770** | **–** |

These initial estimates are provisional and the Group has a period of one year from the control date to adjust them in line with subsequent more relevant and complete information that it has been able to obtain.

The following business combinations were carried out in 2020:

FCC Aqualia, S.A. acquired control of the following businesses by acquiring the stakes detailed below:

- In January 2020, a 51% stake in Qatarat Saqia Desalination Company Ltd., the concessionaire of the desalination plant at Jeddah International Airport, for €12,914 thousand, acquiring control. The amount paid was recorded in the accompanying cash flow statement under "Payments for investments".
- In June 2020, an additional 2% stake in Aquos El Realito, S.A. de C.V., a company that operates a water treatment plant in San Luis de Potosí, for €355 thousand, in which it previously held 49% and consolidated using the equity method, bringing its stake and control to 51%. Consequently, Aquos el Realito, S.A. de C.V. was fully consolidated, which entailed the recognition of €8,671 thousand under "Minority interests" (note 18) in the accompanying consolidated balance sheet. As a result of the transaction, a positive impact of €635 thousand was recognised under "Profit/(loss) of entities valued using the equity method" due to the fair value of the pre-transaction shareholdings and the recognition in profit or loss of the assessment adjustments (note 27).

The composition of the balance sheets drawn up by the business combinations in 2020 is detailed below:

| 2020 Financial Year | Qatarat Saqia Desalination Company Ltd. | Aquos el Realito, S.A. de C.V. |
|---|---|---|
| **Non-current assets** | **54,097** | **76,181** |
| Intangible fixed assets | 53,906 | 24,645 |
| Property, plant and equipment | 191 | 8 |
| Investments accounted for using the equity method | – | – |
| Non-current financial assets | – | 51,071 |
| Deferred tax assets | – | 457 |
| **Current assets** | **16,565** | **15,160** |
| Inventory | 17 | – |
| Trade and other receivables | 10,189 | 3,128 |
| Other current financial assets | – | 4,823 |
| Other current assets | – | – |
| Cash and cash equivalents | 6,359 | 7,209 |
| **Total assets** | **70,662** | **91,341** |
| **Equity** | **25,321** | **17,697** |
| **Non-current liabilities** | **38,110** | **65,616** |
| Subsidies | – | – |
| Non-current provisions | 64 | – |
| Non-current financial liabilities | 35,730 | 53,603 |
| Deferred tax liabilities | 2,316 | 12,013 |
| Other non-current liabilities | – | – |
| **Current liabilities** | **7,231** | **8,028** |
| Current provisions | – | – |
| Current financial liabilities | – | 3,643 |
| Trade and other payables | 7,231 | 4,385 |
| **Total equity and liabilities** | **70,662** | **91,341** |

As a result of the aforementioned business combinations, the fair value of the acquired assets was determined, as all of these companies operate concessions, and the fair value of the concession-based assets was determined applying the discount at a market rate for the cash flows estimated during the time horizon of the concessions currently in force. These flows were estimated internally based on the Group's past experience, based, as applicable, on the Financial and Economic Plans of the concessions, applying the assumptions and appropriate macroeconomic variables in each case. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

| 2020 Financial Year | Qatarat Saqia Desalination Company Ltd. | Aquos el Realito, S.A. de C.V. |
|---|---|---|
| Intangible fixed assets | 11,578 | 9,522 |
| Property, plant and equipment | – | – |
| Non-current financial assets | – | – |
| **Total assignments to assets** | **11,578** | **9,522** |
| Non-current liabilities (deferred tax liabilities) | 2,316 | 2,857 |
| **Total assignments to liabilities** | **2,316** | **2,857** |
| **Total net assignments** | **9,262** | **6,665** |

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

| 2020 Financial Year | Qatarat Saqia Desalination Company Ltd. | Aquos el Realito, S.A. de C.V. |
|---|---|---|
| Acquisition value | 12,914 | 355 |
| Fair value Minority interests acquired | 12,407 | 8,671 |
| Fair value previous interest | – | 8,671 |
| – Fair value net assets | (25,321) | (17,697) |
| **Goodwill** | **–** | **–** |

The above business combinations have contributed the following revenues and results to the accompanying consolidated income statement:

| 2020 | Qatarat Saqia Desalination Company Ltd. | Aquos el Realito, S.A. de C.V. |
|---|---|---|
| **Net business turnover** | **15,817** | **8,577** |
| Other income | – | – |
| **Operating Profit/(Loss)** | **4,928** | **3,881** |
| **Profit/(loss) before tax from continuing operations** | **6,692** | **1,192** |
| **Profit attributable to the parent company** | **703** | **363** |
| **Non-controlling interests** | **2,001** | **1,226** |

If the above companies had been consolidated since 1 January 2020, the ordinary income and profit/(loss) they would have contributed would be as follows:

| 2020 | Qatarat Saqia Desalination Company Ltd. | Aquos el Realito, S.A. de C.V. |
|---|---|---|
| **Net business turnover** | **15,817** | **14,325** |
| Other income | – | – |
| **Operating Profit/(Loss)** | **4,928** | **3,902** |
| **Profit/(loss) before tax from continuing operations** | **6,692** | **(16)** |
| **Profit attributable to the parent company** | **703** | **39** |
| **Non-controlling interests** | **2,001** | **111** |

## b) Other changes in scope

In March and April 2021, the sale to Vauban Infrastructure Partners, a non-Group company, of the FCC Group's entire interest in three concessions located in Spain was completed for €377,138 thousand (note 4), which was recognised under "Proceeds from disposals of investments in Group companies, associates and business units" in the accompanying cash flow statement. Specifically, 51% of the Cedinsa group, a controlled company that manages the concession of four motorways in Catalonia, and 49% of Concessió Estacions Aeroport L9, S.A. were sold. (consolidated by the equity method), concessionaire of section 1 of line 9 of the Barcelona metro, and 29% of Urbs Iudex et Causidicus, S.A. (consolidated by the equity method), which operates the Ciudad de la Justicia (City of Justice), also in Barcelona. This transaction gave rise to a pre-tax profit before tax of €39,256 thousand for the FCC Group, which includes the allocation to income of value adjustments for a sum of €(93,029) thousand (note 27).

In April 2021, the Group agreed to sell FM Green Power Investments, S.L. and its investee companies to Plenium Partners, S.L. As a result of the aforementioned sales, the Group received €93,000 thousand, which was recognised under "Proceeds from Disposals of Group Companies, Associates and Business Units" in the accompanying cash flow statement, and a current financial asset of €5,000 thousand for the amount receivable at 31 December 2021. This transaction gave rise to a gain of €39,464 thousand for the FCC Group under "Profit/(loss) of entities valued using the equity method" in the accompanying consolidated income statement (refer to note 27).

On 21 December 2021, the Realia Group, through its subsidiary Realia Patrimonio, S.L.U., acquired an additional 37.11% stake in Hermanos Revilla, S.A. for €189,061 thousand, which is recognised in the accompanying cash flow statement under "Proceeds and payments for equity instruments". With this acquisition, the Realia Group's direct and indirect shareholding in the aforementioned company amounts to 87.76%. Since prior to the acquisition, the Group already had control of both investees, the difference between the purchase price and the book value of the minority interests acquired has generated a decrease in reserves of €2,946 thousand (note 18).

In relation to 2020, in July, FCC Medio Ambiente UK, S.L. agreed the sale to Icon Infrastructure Partners of a minority stake of 49% of the capital of its new subsidiary Green Recovery Projects Limited, owner of five energy recovery plants (incinerators) following the corporate reorganisation undertaken by the Environment Area in the United Kingdom. The transaction was completed in November for an amount of €188,403 thousand, which was recorded under the heading "(Acquisition)/Disposal of own securities" in the accompanying cash flow statement. As control was not lost, the transaction was recorded as an equity transaction and resulted in the recording of €60,718 thousand under "Minority interests" and €74,215 thousand in reserves as a result of the difference between the sale price and the value of the minority interests recorded. In addition, the assessment adjustments increased by €55,300 thousand due to the attribution of the proportionate share to minority interests of the aforementioned existing adjustments prior to the sale transaction (note 18).

# 6. Distribution of profit

Fomento de Construcciones y Contratas, S.A. distributed a scrip dividend in 2021 and 2020, resulting in a cash outflow of €9,631 thousand (€12,436 thousand in 2020) and the delivery of 16,067,018 shares (16,841,792 shares in 2020) (note 18). Additionally, certain subsidiaries with minority partners have distributed dividends.

The following table shows the dividends paid to its shareholders by the Group companies as of 31 December 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Shareholders of Fomento de Construcciones y Contratas, S.A. | 9,631 | 12,436 |
| Other non-controlling shareholders of other companies | 53,519 | 24,207 |
| | **63,150** | **36,643** |

The increase in the line "Other minority shareholders of other companies" relates mainly to the payment of dividends to the minority shareholder of FCC Aqualia, S.A. amounting to €29,400 thousand at 31 December 2021. In 2020 FCC Aqualia, S.A. did not distribute dividends.

# 7. Intangible assets

The breakdown of net intangible assets at 31 December 2021 and 2020 is as follows:

| | Cost | Accumulated amortisation | Impairment | Net value |
|---|---|---|---|---|
| **2021** | | | | |
| Concessions (Note 11) | 2,718,925 | (1,224,776) | (54,443) | 1,439,706 |
| Goodwill | 1,922,704 | – | (973,728) | 948,976 |
| Other intangible assets | 378,188 | (305,143) | (16,494) | 56,551 |
| | **5,019,817** | **(1,529,919)** | **(1,044,665)** | **2,445,233** |
| **2020** | | | | |
| Concessions (Note 11) | 2,549,048 | (1,115,658) | (55,230) | 1,378,160 |
| Goodwill | 1,854,133 | – | (847,118) | 1,007,015 |
| Other intangible assets | 360,060 | (292,218) | (15,158) | 52,684 |
| | **4,763,241** | **(1,407,876)** | **(917,506)** | **2,437,859** |

## a) Concessions

The changes in this heading of the consolidated balance sheet in 2021 and 2020 were as follows:

| | Concessions | Accumulated Depreciation | Impairment | Net value |
|---|---|---|---|---|
| **Balance at 31 December 2019** | **3,680,629** | **(1,249,755)** | **(56,254)** | **2,374,620** |
| Additions or allocations | 106,578 | (137,591) | (97) | (31,110) |
| Disposals, derecognitions or reductions | (29,368) | 6,901 | 1,121 | (21,346) |
| Translation differences | (61,806) | 7,219 | – | (54,587) |
| Change in scope, transfers and other changes | (1,146,985) | 257,568 | – | (889,417) |
| **Balance at 31 December 2020** | **2,549,048** | **(1,115,658)** | **(55,230)** | **1,378,160** |
| Additions or allocations | 60,984 | (109,918) | (144) | (49,078) |
| Disposals, derecognitions or reductions | (11,314) | 6,715 | 1,052 | (3,547) |
| Translation differences | 29,597 | (4,875) | 2 | 24,724 |
| Change in scope, transfers and other changes | 90,610 | (1,040) | (123) | 89,447 |
| **Balance at 31 December 2021** | **2,718,925** | **(1,224,776)** | **(54,443)** | **1,439,706** |

This heading includes the intangible assets corresponding to the service concession arrangements (note 11).

The most significant entries in 2021 within the Environmental Services segment relate to projects in progress carried out by Ecoparque Mancomunidad del Este S.A. for €23,763 thousand (€52,226 thousand in 2020) and FCC Medio Ambiente, S.A. for €17,878 thousand (€8,231 thousand in 2020) and, within the Integral Water Management segment, to Acque di Caltanisseta, S.P.A. for €17,878 thousand (€8,231 thousand in 2020). for €17,878 thousand (€8,231 thousand in 2020) and, within the End-to-end Water Management segment, Acque di Caltanisseta, S.P.A. for €5,846 thousand (€4,155 thousand in 2020) and FCC Aqualia, S.A. for €7,350 thousand (€2,851 thousand in 2020).

Changes in scope, transfers and other movements in the service concession agreements in 2021 include the recognition of future investment commitments included in the tariff as an increase in the value of intangible assets with a balancing entry in provisions (note 11) in the company FCC Aqualia, S.A. amounting to €76,306 thousand (€2,629 thousand in 2020)

Changes in scope, transfers and other movements in 2020 also includes a decrease due to the transfer to assets held for sale of the Cedinsa subgroup (note 4) amounting to €1,308,452 thousand gross value and accumulated depreciation of 291,291,847 thousand euros of accumulated depreciation, and an increase due to the acquisition of Qatarat Saqia Desalination Company Ltd. amounting to €76,514 thousand gross value and €22,608 thousand of accumulated depreciation (notes 5 and 12).

Cash inflows and outflows are recorded in the accompanying cash flow statement as "Payments for investments" and "Proceeds from disposals" of "Property, plant and equipment, intangible assets and investment property" respectively.

No interest has been capitalised during business year 2021 (as it was not capitalised in 2020) and the total capitalised interest amounts to €36,970 thousand (€43,848 thousand in 2020).

## b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2021 and 2020 was as follows:

| | 2021 | 2020 |
|---|---|---|
| Cementos Portland Valderrivas, S.A. | 339,386 | 439,386 |
| FCC Environment Group (UK) | 310,586 | 290,290 |
| FCC Environment Group (CEE) | 136,793 | 136,793 |
| FCC Aqualia, S.A. | 82,764 | 82,764 |
| FCC Ámbito, S.A. | 23,311 | 23,311 |
| FCC Industrial e Infraestructuras Energéticas, S.L.U. | 21,499 | 21,499 |
| Premier Waste Services, Llc. | 21,614 | – |
| Canteras de Aláiz, S.A. | 4,332 | 4,332 |
| Cementos Alfa, S.A | 3,712 | 3,712 |
| Resto | 4,979 | 4,928 |
| | **948,976** | **1,007,015** |

The movements of goodwill in the attached consolidated balance sheet in 2021 and 2020 were as follows:

| | | |
|---|---|---|
| **Balance at 31 December 2019** | | **1.023.511** |
| **Exchange differences, change in consolidation scope and others:** | | |
| FCC Environment Group (UK) | (16,455) | |
| Rest | (41) | (16,496) |
| **Balance at 31 December 2020** | | **1,007,015** |
| **Exchange differences, change in consolidation scope and others:** | | |
| FCC Environment Group (UK) | 20,296 | |
| Premier Waste Services, Llc. | 21,614 | |
| Cementos Portland Valderrivas, S.A. | (100,000) | |
| Rest | 51 | (58,039) |
| **Balance at 31 December 2021** | | **948,976** |

The item "Changes in the scope of consolidation, translation differences and other movements" in 2021 mainly relates to the impairment of goodwill of Cementos Portland Valderrivas, S.A. amounting to €100,000 thousand, the acquisition of Premier Waste Services, Llc. in the Environmental Services segment amounting to €19,949 thousand and the effect of the appreciation of the pound sterling against the euro (depreciation of the pound sterling in 2020).

The impairment analysis policies applied by the Group to its goodwill are described in Note 3.b). Based on the methods used and on the estimates, projections and assessments available to Group management, no impairment losses in addition to the impairment referred to in the preceding paragraph have been identified.

The estimates made and the sensitivity analysis of the most significant goodwill impairment tests are discussed below.

It should be noted that in preparing the impairment tests, cash flows have been estimated on the basis of Group management's best estimates and that upward or downward variations in the key assumptions considered, both in the discount rate and operating margins, among other factors, may affect the recoverable amount of the cash-generating unit considered.

### Cementos Portland Valderrivas

Composed of two separately identifiable goodwill items recorded in the individual books of Cementos Portland Valderrivas, S.A.:

- One arising from the merger by absorption of the parent company of the Corporación Uniland Group and some of its subsidiaries for an amount of €225,881 thousand,
- €113,505 thousand corresponding to the cash generating unit (CGU) comprising the Alcalá de Guadaira factory.

The main hypotheses used in each of the impairment tests of the two previous CGUs are described below:

#### 1) Corporación Uniland

The shareholding in Uniland was acquired in several stages between 2006 and 2013, until 100% of the shareholding was acquired for a total amount of €1,898,973 thousand.

An impairment of goodwill associated with the above purchases amounting to €239,026 thousand was recorded in 2011 as a result of the sharp market contraction in the cement sector, which was not expected to recover in the short to medium term. An additional impairment of €187,191 thousand was recognised in 2016 and in 2019 the impairment test was updated to take into account the slower growth in cement consumption, largely as a result of the slowdown in the real estate market, whereby future forecasts were adjusted to take into account uncertain demand scenarios and an additional impairment of €70,011 thousand was recognised.

During business year 2021 the Group has reassessed the impairment test, taking into account the current economic situation and market circumstances, which inevitably impact the projected cash flows. As a result of the assessment, an impairment loss of €100,000 thousand was recognised under "Impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated income statement.

Instability in the global economy is the main characteristic of 2021. The health crisis caused by COVID-19 in 2020 has continued into 2021 and with it the economic consequences of successive waves of the virus. During the year, there has been a significant increase in the cost of maritime freight and, above all, in the gas, electricity and $CO_2$ markets. These increases have been passed on as supply chain disruptions on the one hand, and on the other hand are the main source of inflationary pressures that have been passed on to virtually all products and services.

The key hypotheses used in this test are detailed below:

Firstly, based on the historical information of the last 50 years in the cement industry, it is considered that the term that best reflects the life cycle of the cement market is ten years, a period used in the projections made.

Since Uniland operates in two clearly different geographic markets, various pre-tax discount rates have been used to assess flows from different countries. A pre-tax discount rate of 8.20% has been used to evaluate goodwill from flows in Spain, and 21.85% for flows from Tunisia. The discount rates used in 2020 were 7.12% and 15.93% respectively. It should be noted that the flows for Spain represent a substantial part of the total contemplated in the test.

The Group bases its cash flow forecasts on historical data and on both internal future forecasts and future forecasts by external sectoral bodies. In the short term, the income forecasts considered in the impairment test are made according to estimates of cement consumption by Ofimen, the employer association of the sector, and internal estimates. For the medium and long term, the projections are prepared according to external projections of macroeconomic data on inflation and GDP (Bank of Spain, Funcas, Statista etc.) and historical trends.

According to information from Oficemen, the Spanish cement sector employers' association, cement consumption in 2021 has closed at 14.93 million tonnes, 11% higher than the figure for 2020. This volume is similar to that of 2019, the last year not affected by the pandemic. On the other hand, total exports (cement and clinker) have reached 6.78 million tonnes (6.16 million tonnes in 2020). By 2022, the employers' organisation estimates that consumption will close in a range of between 3% and 5%, exceeding 15 million tonnes.

Average electricity prices in 2021 have increased by 228% compared to the 2020 average, rising especially in the second half of the year. The price of $CO_2$ has also maintained the upward trend that began at the end of 2020, closing the year at record highs, with an average in the month of December at approximately 80 €/right.

In this context, in 2021 the Company has updated the flows of its "Business Plan" for the period 2022-2031 which serves as the basis for the calculation of the impairment tests in which the evolution of the cost of electricity, fuels and $CO_2$ are of significant importance.

For the Spanish market, the residual value assumed in the flow projections is calculated based on consumption considered sustainable, which is around 20-25 million tonnes, with no growth in perpetuity. The main inputs used for the determination of this consumption range are consistent with historical and expected series of relative weights of public works on GDP in Spain, as well as with the forecasts of the number of approvals for new housing that have been considered as standardised levels according to different sector reports. The cyclical nature of the sector is considered in this value, assuming that this level of long-term sustainable consumption would be the average of one cycle, in which the years of higher consumption would be offset by those with a lower consumption. The sustainable residual value considered is the average of the values of the last five years of the projections.

In Tunisia in 2021, the domestic market has reached 5.9 million tonnes, 2.5% higher than in 2020. High domestic political instability has kept consumption levels low. Despite the strong increase in exports during the year, exports were limited by the temporary closures of the border with Libya, the main export destination, due to the COVID-19 pandemic. By 2022, the domestic market is expected to grow by 1.6% to 6 million tonnes. The strategy focuses on volume growth in the domestic market and the consolidation of price increases made in recent years.

Costs are estimated on the basis of expected inflation, expectations of the evolution of fuel prices and the electricity market, and the strategy of increasing the valorisation of alternative fuels.

The variation in working capital included in the analysis for each of the years remains stable in the way it is calculated and is linked to the general evolution of the unit analysed.

The trend in investment is also linked to the general development of the activity analysed. The value of the investments reflected in the perpetuity rate presents the value that the company estimates should be the target investments to be made in order to maintain the productive activity at the required sustainable level.

The cash flow estimates made with these inflation assumptions, the increase in costs associated with the greater environmental pressures that impact on the allowance allocation policy and its price, the increase in the price of energy and the increase in the discount rate considered, have resulted in the aforementioned impairment.

The main variables used in the test are listed below:

- Discounted flow period for Uniland Spain and Tunisia: 2022 to 2031
- Discount rate before taxes: 8.20% (Spain) and 21.85% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 46.4%
- Compound annual growth rate Cement Market Spain (without $CO_2$), terminal value for business year 2022:
  - Turnover domestic market: 4.7%
  - Export market turnover: -12.6%
  - Gross Operating Profit: 6.5%
- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over business year 2022:
  - Turnover domestic market: 5.8%
  - Export market turnover: 0%
  - Gross Operating Profit: 5.0%

The result of this test is sensitive to variations in the key assumptions; a 10% increase in projected flows would result in a buffer on the already impaired value of approximately €61,790 thousand and a 10% decrease would result in an additional impairment of around €61,790 thousand. Furthermore, a 10% increase in the discount rate considered would result in an additional impairment of around €52,120 thousand and a 10% decrease in the already impaired value of approximately €63,428 thousand.

However, the Parent Company's management considers that the impairment recorded has adjusted the value of goodwill to its fair value according to the best estimates available at year-end.

2) Alcalá de Guadaira

The cement demand forecasts and the sector expectations, at the national level, described above for the Corporación Uniland goodwill are equally applicable to Cementos Atlántico.

The Alcalá de Guadaira factory continues to benefit from its geographical location to offset the decrease in the volume of the national market with a greater volume of exports.

The main variables used in the test are the following:

- Discount of flows period: 2022 to 2031
- Discount rate before taxes: 8.18%
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 57.8%
- Recoverable amount allowance over book value: €35,484 thousand
- Compound annual growth rate (without $CO_2$), terminal value over business year 2021:
  - Total turnover: 2.3%
  - Gross Operating Profit: 29.6%

The year 2022 is particularly impacted by the percentage of (lower margin) export sales versus domestic sales in total sales.

Cementos Atlantico's goodwill test has room to support up to a pre-tax discount rate of approximately 10%, while supporting an annual cash flow decline of approximately 20% from projected cash flows.

Based on the foregoing, the company considers that the excess of the impairment test allows deviations significant enough to not give rise to any value impairments of CGU assets.

### FCC Environment group (UK) before WRG group

The FCC Group acquired 100% of the stake in the FCC Environment (UK) group in 2006 for an investment cost of 1,693,532 thousand euros in 2006.

From the moment of its acquisition, the Group considers the FCC Environment (UK) subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

It should be noted that in 2012 there was an impairment of goodwill amounting to 190,229 thousand euros as a result of the decrease in cash flows of its activities due to changes in its calendar and amount. On the other hand, in 2013 there was an additional impairment of goodwill amounting to 236,345 thousand euros, mainly as a result of the decrease in the volume of tons treated in landfills. Finally, in 2014 there was an impairment of the items of property, plant and equipment affected by landfill activity amounting to 649,681 thousand euros.

It should be noted that during 2020, as a result of the internal reorganisation and the creation of the new subsidiary Green Recovery Projects Limited, prior to the sale of 49% (note 5), various companies were transferred to the latter, mainly the companies that managed the Allington and Eastcroft incinerators, and therefore the composition of the CGU changed with respect to 2019. In 2021, this organisation and composition of the CGU will be maintained.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the mix of activities expected in the future. The relative weight of the different activities will vary as other waste treatment alternatives are promoted, mainly recycling and recovery, which is currently being carried out by the subgroup, offsetting the progressive abandonment of landfill activity.

The main assumptions used envisage a slight decrease in revenues in 2022 compared to the previous year with an expected increase in revenues in the range of approximately 1.3%–3.1%, except for a growth of 15.9% in 2024 and 11.6% in 2025 as a result of the commissioning of the Lostock energy recovery plant, currently under construction, which becomes fully operational. The landfill sector is where the decrease in sales is taking place, following the expected market evolution, compensated by the diversification of activities. The gross operating margin as a percentage of sales will increase from 19.5% in 2022 and decrease to around 13% in the last two years. The pre-tax discount rate used was 8.71% and a time horizon of 10 years was considered for the estimates given the structural characteristics of its business and the long useful life of its assets. A growth rate of 1% has been considered in the calculation of the perpetual income representing 41.5% of the total recoverable value. The test result shows an excess of the recoverable amount over the carrying amount of the cash-generating unit of €237,346 thousand, an increase of more than 1,300 basis points without incurring impairment, a decrease in the present value of cash flows of 10% would reduce the excess to €200,359 thousand. If a zero growth rate had been assumed, the excess would have decreased to €219,716 thousand.

As indicated in note 3.f) of these financial statements, the general criterion is not to consider growth rates in perpetual income, but in the case of the FCC Environment (UK) subgroup, given the transformation that is taking place in the mix of activities, it is considered that a growth rate of 1% more accurately reflects the reality of the business in the context of the change that is taking place in the United Kingdom in the waste management activity, with a drastic fall in the disposal of waste in landfills and an increase in alternative waste management activities that is expected to be sustained over a prolonged period of time.

In addition, given the slack shown in the impairment test and the fact that the main assets and liabilities of its business are referenced in the same currency (pound sterling), no impairment should be evident.

## c) Other intangible assets

The changes in this heading of the consolidated balance sheet in 2021 and 2020 were as follows:

| | Other intangible assets | Accumulated Depreciation | Impairment | Net value |
|---|---|---|---|---|
| **Balance at 31 December 2019** | **359,776** | **(285,106)** | **(14,403)** | **60,267** |
| Additions or allocations | 12,363 | (20,021) | (756) | (8,414) |
| Disposals, derecognitions or reductions | (13,188) | 10,544 | – | (2,644) |
| Translation differences | (1,767) | 1,085 | 1 | (681) |
| Change in scope, transfers and other changes | 2,876 | 1,280 | – | 4,156 |
| **Balance at 31 December 2020** | **360,060** | **(292,218)** | **(15,158)** | **52,684** |
| Additions or allocations | 12,142 | (11,187) | (1,384) | (429) |
| Disposals, derecognitions or reductions | (3,237) | 2,985 | 70 | (182) |
| Translation differences | 2,031 | (992) | (23) | 1,016 |
| Change in scope, transfers and other changes | 7,192 | (3,731) | 1 | 3,462 |
| **Balance at 31 December 2021** | **378,188** | **(305,143)** | **(16,494)** | **56,551** |

This heading mainly includes:

- amounts paid to public or private entities as fees for the award of agreements that are not classified as concessions, within the scope of IFRIC12 “Service Concession Arrangements”, mainly in the Environmental Services Area,
- amounts recognised on initial recognition of certain business combinations representing items such as customer portfolios and agreements in place at the time of purchase,
- quarrying rights in the Cement Area, and
- software applications.

# 8. Property, plant and equipment

The net composition of property, plant and equipment at 31 December 2021 and 2020 is as follows:

| | Cost | Accumulated amortisation | Impairment | Net value |
|---|---|---|---|---|
| **2021** | | | | |
| **Land and buildings** | **1,661,173** | **(572,202)** | **(101,852)** | **987,119** |
| Land and natural resources | 694,516 | (172,501) | (87,045) | 434,970 |
| Buildings for own use | 966,657 | (399,701) | (14,807) | 552,149 |
| **Plant and other items of property, plant and equipment** | **8,185,089** | **(5,653,086)** | **(656,566)** | **1,875,437** |
| Plant | 4,997,778 | (3,438,120) | (618,330) | 941,328 |
| Machinery and vehicles | 2,320,002 | (1,674,652) | (34,568) | 610,782 |
| Advances and PP&E under construction | 92,561 | – | – | 92,561 |
| Other PP&E | 774,748 | (540,314) | (3,668) | 230,766 |
| | **9,846,262** | **(6,225,288)** | **(758,418)** | **2,862,556** |

| | Cost | Accumulated amortisation | Impairment | Net value |
|---|---|---|---|---|
| **2020** | | | | |
| **Land and buildings** | **1,616,955** | **(534,345)** | **(65,762)** | **1,016,848** |
| Land and natural resources | 683,055 | (163,737) | (50,816) | 468,502 |
| Buildings for own use | 933,900 | (370,608) | (14,946) | 548,346 |
| **Plant and other items of property, plant and equipment** | **7,795,156** | **(5,396,157)** | **(605,648)** | **1,793,351** |
| Plant | 4,721,372 | (3,241,318) | (568,532) | 911,522 |
| Machinery and vehicles | 2,215,724 | (1,628,062) | (33,720) | 553,942 |
| Advances and PP&E under construction | 109,411 | – | – | 109,411 |
| Other PP&E | 748,649 | (526,777) | (3,396) | 218,476 |
| | **9,412,111** | **(5,930,502)** | **(671,410)** | **2,810,199** |

The movements in the various fixed and non-current assets headings in 2021 and 2020 were as follows:

| | Land and natural resources | Buildings for own use | Terrenos y Construc-ciones | Plant | Machinery and vehicles | Advances and PP&E under construction | Other PP&E | Plant and other items of property, plant and equipment | Accumulated Depreciation | Impairment |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2019** | **677,323** | **929,768** | **1,607,091** | **4,844,195** | **2,176,843** | **87,257** | **696,229** | **7,804,524** | **(5,842,216)** | **(705,507)** |
| Additions or allocations | 10,161 | 33,457 | 43,618 | 37,974 | 166,278 | 130,049 | 68,607 | 402,908 | (330,085) | (7,170) |
| Disposals, derecognitions or reductions | (868) | (23,020) | (23,888) | (26,960) | (131,939) | (33,076) | (35,099) | (227,074) | 102,289 | 12,377 |
| Translation differences | (2,730) | (9,242) | (11,972) | (171,391) | (32,022) | (2,258) | (3,628) | (209,299) | 123,588 | 32,679 |
| Change in scope, transfers and other changes | (831) | 2,937 | 2,106 | 37,554 | 36,564 | (72,561) | 22,540 | 24,097 | 15,922 | (3,789) |
| **Balance at 31 December 2020** | **683,055** | **933,900** | **1,616,955** | **4,721,372** | **2,215,724** | **109,411** | **748,649** | **7,795,156** | **(5,930,502)** | **(671,410)** |
| Additions or allocations | 4,930 | 48,216 | 53,146 | 31,783 | 154,912 | 77,196 | 54,451 | 318,342 | (333,705) | (51,405) |
| Disposals, derecognitions or reductions | (993) | (35,409) | (36,402) | (19,043) | (117,319) | (465) | (40,121) | (176,948) | 175,889 | 4,487 |
| Translation differences | 2,734 | 7,998 | 10,732 | 205,173 | 34,805 | 786 | 5,347 | 246,111 | (144,145) | (39,843) |
| Change in scope, transfers and other changes | 4,790 | 11,952 | 16,742 | 58,493 | 31,880 | (94,367) | 6,422 | 2,428 | 7,175 | (247) |
| **Balance at 31 December 2021** | **694,516** | **966,657** | **1,661,173** | **4,997,778** | **2,320,002** | **92,561** | **774,748** | **8,185,089** | **(6,225,288)** | **(758,418)** |

Significant "Additions" in 2021 include investments made for the performance of the agreements for the Environmental Services activity, mainly in different companies that carry out their activity in the United States for a total of €36,983 thousand (€110,602 thousand in 2020), in FCC Medioambiente, S.A. (Spain) for a total of €98,249 thousand (€76,877 thousand in 2020), in the FCC Environment group (UK) for a total of €32,838 thousand (€28,932 thousand in 2020) and in FCC Environment CEE (Central Europe) for a total of €43,848 thousand (€40,249 thousand in 2020), as well as those carried out in the End-to-end Water Management activity, mainly in the company FCC Aqualia,S.A. (Spain) for €22,406 thousand (€19,191 thousand in 2020) and in SmVak (Czech Republic) for €28,453 thousand (€25,266 thousand in 2020) and in the construction business, mainly in FCC Construcción, S.A. for €23,190 thousand (€21,107 thousand in 2020).

During 2021, land and natural assets (quarries) of the Cement business have been impaired by €36,011 thousand (note 27) as a result of the expected shortening of their useful lives.

"Derecognitions, disposals or reductions" include disposals and derecognition of inventory corresponding to assets that, in general, are almost fully amortised due to having exhausted their useful life.

Inflows and outflows that have resulted in cash inflows or outflows are recorded in the accompanying cash flow statement as "Payments for investments" and "Proceeds from disposals" of "Property, plant and equipment, intangible assets and investment property", respectively.

No interest has been capitalised during the business years 2021 and 2020 and the total capitalised interest at source as at 31 December 2021 amounts to €6,383 thousand (2020: €29,076 thousand).

As at 31 December 2021, in property, plant and equipment, €8,331 thousand (€11,565 thousand as at 31 December 2020) has been charged as income from capital grants.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At year-end, the Parent estimates that there is no hedging deficit related to said risks.

The gross amount of fully depreciated property, plant and equipment which is nevertheless used in the production activity because it is in a good usable status amounts to €3,023,954 thousand at 31 December 2021 (31 December 2020: €3,145,430 thousand).

Tangible assets net of depreciation in the accompanying consolidated balance sheet located outside Spanish territory amount to €1,473,477 thousand at 31 December 2021 (€1,383,491 thousand at 31 December 2020).

## Restrictions on title to assets

Of the total tangible assets on the consolidated balance sheet, €790,359 thousand at 31 December 2021 (€864,639 thousand at 31 December 2020) are subject to ownership restrictions as follows:

| | Cost | Accumulated amortisation | Impairment | Net value |
|---|---|---|---|---|
| **2021** | | | | |
| Buildings, plants and equipment | 1,419,292 | 686,066 | (4,364) | 728,426 |
| Other property, plant and equipment | 163,012 | 101,515 | – | 61,933 |
| | **1,582,304** | **787,581** | **(4,364)** | **790,359** |
| **2020** | | | | |
| Buildings, plants and equipment | 1,443,430 | (631,338) | (3,762) | 808,330 |
| Other property, plant and equipment | 163,104 | (106,795) | – | 56,309 |
| | **1,606,534** | **(738,133)** | **(3,762)** | **864,639** |

The restrictions on ownership of these assets arise from the lease agreements explained in note 10 of these notes to the consolidated financial statements, and also from assets assigned to the operation of certain agreements with characteristics similar to those of concession arrangements, but to which IFRIC 12 “Concession arrangements” (note 3.a) does not apply.

## Purchase commitments

In the course of their activities, the Group companies have entered into purchase commitments for property, plant and equipment amounting to €24,510 thousand at 31 December 2021 (€4,873 thousand at 31 December 2020).

| | 2021 | 2020 |
|---|---|---|
| Land and natural resources | – | – |
| Buildings for own use | – | – |
| Plant | – | – |
| Machinery and vehicles | 22,075 | 4,556 |
| In-progress property, plant and equipment and advances | – | 102 |
| Other PP&E | 2,435 | 215 |
| | **24,510** | **4,873** |

# 9. Real estate investments

As stated in note 3.e), investment property is measured at fair value based on the assessments made by an independent expert.

In the case of the assessments corresponding to the Realia Business Group, the methodology for determining the fair value of the investment property is based on the RICS principles, which basically use discounted cash flows as the valuation method, which consists of capitalising the net rents of each property and discounting the future flows, applying market discount rates, over a ten-year time horizon and a residual value calculated by capitalising the estimated rent at the end of the projected period at an estimated yield. The properties were assessed on an individual basis, taking into account each of the agreements in force at year-end and their duration. For buildings with vacant areas, these have been assessed on the basis of estimated future rents, discounting a marketing period.

The key variables in this method are the determination of the net income, the duration of the lease agreements, the time period over which the leases are discounted, the approximation of value at the end of each period and the target internal rate of return used to discount the cash flows.

The key variables used in the assessments using the discounted cash flow method are:

- Current gross income: contractual income of the agreements outstanding at the date of the assessment, without taking into account bonuses, grace periods and expenses not passed on.
- Current net income: the revenue generated by each property at the date of the assessment, net of allowances and deficiencies and taking into account the non-chargeable expenses in accordance with the agreements and for vacant spaces.
- Estimated revenue for vacant space and/or new leases over the years of the cash flow.
- Exit Yield: required rate of return at the end of the assessment period on the sale of the asset. At the end of the discount period it is necessary to determine an exit value of the property. At that point it is not possible to reapply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the rent being generated by the property at the time of sale, provided that the cash flow projection assumes a stabilised rent that can be capitalised in perpetuity.
- IRR: interest rate or rate of return offered by an investment, the value of the discount rate that makes the NPV equal to zero, for a given investment project.
- ERV: Market return on the asset at the assessment date.

In the case of the investment property of Jezzine Uno, S.L.U., given the characteristics of the agreement, which includes a period of assured rental income until 2037, when the lessee has the option to repurchase at fair value, the assessment method used was the discounted cash flow method. Discounted cash flow ("DFC") is a method generally accepted by valuation experts from both a theoretical and practical point of view as the method that best incorporates all factors affecting the value of a business into the valuation result, considering the company as a real investment project.

This methodology considers the results of the operating activity and also the investment and working capital policy to calculate the future cash flow generation capabilities of the assets linked to the business, which are discounted to the assessment date to obtain the present value of the business.

The sum of the following two components has been considered for the determination of the fair value:

- Estimated cash flows over the life of the agreement until its completion in 2037: The calculation is based on the amount of rents expected to be obtained, including the expenses chargeable to the lessee under the agreement (property tax, community charges and other fees), less the operating costs incurred for the management of the properties and the corresponding operating taxes. The cash flows obtained are discounted in line with expected inflation.

– Divestment value: An exit value of the property has been estimated at the end of the lease term. At that point it is not possible to re-apply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the expected market rent that the properties could be generating at the time of sale and which can be capitalised in perpetuity. The market rent in 2037 has been determined on the basis of an analysis of the possible market rent of the premises, assuming that the market rent will vary annually until 2037 in line with expected annual inflation rates in the future. For the purpose of determining the net capitalisable income in perpetuity, the total amount of asset-related expenses expected in 2037 (no longer chargeable in the context of a market sale) has been deducted. It has also been assumed that minor investments will be necessary to adapt the assets for their sale on the market, estimating the marketing costs that would be incurred in their sale. The corresponding tax effect has been deducted from the amount of capital gain thus obtained.

The key variables used in the above assessment are as follows:

– Amount of net rents during the lease agreement calculated as explained above.

– Discount rate: The WACC has been calculated taking as components those corresponding to the market in which it operates and its debt structure.

– Exit yield: Required rate of return at the end of the lease agreement on the sale of the assets.

The fair value of investment property amounts to €2,069,187 thousand, at 31 December 2020, the Group had no investment property recorded.

The following is a sensitivity analysis of the main variables affecting the assessment at fair value of the Realia Business Group's real estate inventories.

The effect of the change in the required rates of return (Exit yield), calculated as income on the market value of the assets, in terms of "Net Asset Value", on the consolidated assets and the consolidated profit and loss account, in respect of the investment property in operation, would be as follows:

| 2021 | Assets | Consolidated profit/ (loss) for the year |
|---|---|---|
| Increase of 25 basis points | (47,305) | (35,479) |
| Decrease of 25 basis points | 52,515 | 39,386 |

In addition, the sensitivity analysis of a 10% change in the ERV (market rent of the asset at the assessment date) would be as follows:

| 2021 | Assets | Consolidated profit/ (loss) for the year |
|---|---|---|
| 10% increase | 113,315 | 84,986 |
| 10% decrease | (111,470) | (83,603) |

Finally, the sensitivity analysis of a quarter point change in the IRR would be as follows:

| 2021 | Assets | Consolidated profit/ (loss) for the year |
|---|---|---|
| Increase of 25 basis points | (26,610) | (19,958) |
| Decrease of 25 basis points | 27,460 | 20,595 |

In the case of Jezzine Uno, S.L.U.'s investment property, a sensitivity analysis of the main variables affecting its assessment is provided below.

The impact of a change in the discount rate used to determine the present value of both the contract rents and their divestment value is as follows:

| 2021 | Assets | Consolidated profit/ (loss) for the year |
|---|---|---|
| Increase of 25 basis points | (13,044) | (9,783) |
| Decrease of 25 basis points | 13,487 | 10,116 |

The impact of a change in the exit yield is as follows:

| 2021 | Assets | Consolidated profit/ (loss) for the year |
|---|---|---|
| Increase of 25 basis points | (5,535) | (4,151) |
| Decrease of 25 basis points | 5,904 | 4,428 |

The movements in the various investment property items in the business years 2021 and 2020 were as follows:

| | |
|---|---|
| **Balance at 31 December 2019** | **2,798** |
| Additions | 42 |
| Disposals, derecognitions or reductions | (2,582) |
| Change in scope, transfers and other changes | (258) |
| **Balance at 31 December 2020** | **–** |
| Additions | 4,836 |
| Disposals, derecognitions or reductions | (23,260) |
| Change in fair value | 16,628 |
| Change in scope, transfers and other changes | 2,070,983 |
| **Balance at 31 December 2021** | **2,069,187** |

As “Change in the scope of consolidation” in 2021, it is worth highlighting the real estate assets incorporated due to the takeover of Realia Business, S.A., amounting to €1,470,575 thousand, and Jezzine Uno, S.L.U., a company dedicated to the rental of commercial properties, amounting to €600,404 thousand (note 5).

In 2020, FCC Inmobilien Holding GmbH sold an office building and a plot of land in Germany for €3,950 thousand, whose net book value at the time of sale amounted to €2,582 thousand, generating a capital gain of €1,368 thousand, which is recognised under “Impairment and gains/ (losses) on disposal of fixed assets” (note 27).

Cash inflows and outflows are recorded in the accompanying cash flow statement as “Payments for investments” and “Proceeds from disposals” of “Property, plant and equipment, intangible assets and investment property” respectively.

At the end of the 2021 and 2020 business years, the Group had no firm commitments to acquire or construct any real estate investments.

# 10. Leases

## a) Leases where the Group acts as lessee

As a lessee, the Group has entered into agreements to lease underlying assets of various kinds, mainly machinery in the Construction business and technical installations and buildings for its own use in all the Group’s activities.

Among the agreements entered into in previous years, those for the Group’s Central Services buildings stand out, on the one hand, the agreement for the lease of the office building located in Las Tablas (Madrid), effective from 23 November 2012 and for 18 years, extendable at the option of the FCC Group in two periods of five years each, with a rent that can be updated annually in accordance with the CPI.

Additionally, the agreement signed in 2011 for the buildings located at Federico Salmón 13, Madrid and Balmes 36, Barcelona, for a minimum committed rental period of 30 years, extendable at the Group’s option in two periods of 5 years each with a rent that can be updated annually according to the CPI. These buildings were transferred to their current owners by means of a sale and leaseback agreement. The owners, in turn, have granted a purchase option to Fomento de Construcciones y Contratas, S.A., exercisable only at the end of the rental period, for the fair value or the amount of the sale discounted by the CPI, whichever is higher.

In general, the leases entered into by the Group do not include variable payments, only certain agreements include clauses for the discounting of rent, mainly in line with inflation. In some cases, these agreements contain restrictions on use, the most common restrictions being those limiting the use of the underlying assets to geographical areas or to use as office or production premises. The agreements do not include significant residual value guarantee clauses.

The Group determines the duration of the agreements by estimating the length of time the entity expects to continue to use the underlying asset based on its particular circumstances, including extensions that are reasonably expected to be exercised.

The carrying amount of the right-of-use assets amounts to €356,811 thousand at 31 December 2021 (€364,192 thousand at 31 December 2020). The carrying amount, additions and write-downs during the business years 2021 and 2020 are detailed below by underlying asset class:

| 2021 | Cost | Accumulated amortisation | Impairment | Net value | Additions | Amortisation charge |
|---|---|---|---|---|---|---|
| **Land and buildings** | **449,574** | **(101,577)** | **(602)** | **322,495** | **42,182** | **(38,283)** |
| Land and natural resources | 53,759 | (8,662) | (602) | 33,382 | 4,800 | (3,563) |
| Buildings for own use | 395,815 | (92,915) | – | 289,113 | 37,382 | (34,720) |
| **Plant and other items of property, plant and equipment** | **173,634** | **(71,246)** | **–** | **34,316** | **20,430** | **(37,996)** |
| Plant | 5,674 | (3,095) | – | 2,579 | 74 | (1,072) |
| Machinery and vehicles | 133,451 | (53,746) | – | 21,548 | 16,017 | (29,746) |
| Other PP&E | 34,509 | (14,405) | – | 10,189 | 4,339 | (7,178) |
| | **623,208** | **(172,823)** | **(602)** | **356,811** | **62,612** | **(76,279)** |

| 2020 | Cost | Accumulated amortisation | Impairment | Net value | Additions | Amortisation charge |
|---|---|---|---|---|---|---|
| **Land and buildings** | **428.905** | **(72.571)** | **–** | **320.446** | **22.502** | **(33.694)** |
| Land and natural resources | 46,940 | (5,304) | | 24,430 | 3,633 | (2,995) |
| Buildings for own use | 381,965 | (67,267) | | 296,016 | 18,869 | (30,699) |
| **Plant and other items of property, plant and equipment** | **198,138** | **(73,877)** | **–** | **43,746** | **56,694** | **(33,224)** |
| Plant | 5,795 | (2,154) | | 3,640 | 80 | (1,180) |
| Machinery and vehicles | 164,889 | (60,566) | | 29,266 | 48,478 | (23,240) |
| Other PP&E | 27,454 | (11,157) | | 10,840 | 8,136 | (8,804) |
| | **627,043** | **(146,448)** | **–** | **364,192** | **79,196** | **(66,918)** |

Lease liabilities recognised amount to €432,851 thousand at 31 December 2021 (€445,086 thousand at 31 December 2020), of which €64,870 thousand (€68,599 thousand at 31 December 2020) are classified as current in the accompanying consolidated balance sheet, as they mature within the next twelve months (note 20). Lease liabilities have generated an interest charge of €12,905 thousand at 31 December 2021 (€12,645 thousand at 31 December 2020). Lease payments made during the year amount to €109,301 thousand at 31 December 2021 (31 December 2020: €96,658 thousand) and are recognised under "Receivables and (payments) on financial liability instruments" and "Interest payments" in the accompanying consolidated cash flow statement. Details of non-current lease liabilities by maturity are shown below:

| 2021 | 2023 | 2024 | 2025 | 2026 | 2027 y siguientes | Total |
|---|---|---|---|---|---|---|
| Liabilities for non-current leases | 41,433 | 60,324 | 27,958 | 33,211 | 205,055 | 367,981 |

Certain agreements are excluded from the application of IFRS 16, mainly because they are low value assets or because their term is less than twelve months (note 3.g), and are recognised as an expense under "Other operating income" in the accompanying consolidated income statement, the amount of which is as follows for 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Low value assets | 1,048 | 2,115 |
| Leases with term less than 12 months | 61,738 | 73,677 |
| | **62,786** | **75,792** |

## b) Leases in which the Group acts as lessor

All lease agreements in which the Group acts as lessor are classified as operating leases, as substantially all the risks and rewards of ownership of the asset are not transferred.

In its position as lessor, the Group recognises operating income, mainly in the Real Estate business, amounting to €25,126 thousand (€3,081 thousand at 31 December 2020), as follows:

| | 2021 | 2020 |
|---|---|---|
| Revenue from leases | 21,887 | 3,081 |
| Revenue from common pass-through expenses | 3,239 | |
| | **25,126** | **3,081** |

The change between the two years is mainly due to the takeover of Realia Business, S.A. and Jezzine Uno S.L. (note 5).

Leased assets are mainly recorded under investment property in the accompanying consolidated balance sheet. The typology of investment property is as follows:

| | 2021 | 2020 |
|---|---|---|
| Offices and commercial premises | 1,468,782 | – |
| Banking entities | 600,405 | – |
| | **2,069,187** | **–** |

In addition, the Group leases tangible fixed assets, mainly machinery in the construction business, the carrying amount of which is not material.

At 31 December 2021, the Group has contracted minimum lease payments of €856,356 thousand with tenants in the Realia Group and Jezzine Uno, S.L.U., in accordance with the current agreements in force, without considering the repercussion of common expenses, future CPI increases or future updates of contractually agreed rents, with the following maturities:

| | 2021 |
|---|---|
| Within one year | 101,593 |
| Between two and five years | 270,975 |
| After five years | 483,788 |
| | **856,356** |

# 11. Service concession arrangements

This note presents an overview of the Group's investments in concession businesses which are recognised under various asset headings in the accompanying consolidated balance sheet.

The following table sets out the total of such assets held by Group companies under service concession arrangements and included in intangible assets, non-current and current financial assets and investments in companies accounted for using the equity method (both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2021 and 2020.

| | Intangible fixed assets (Note 7) | Financial assets (Note 14) | Joint concessionary businesses | Associated concessionary companies | Total investment |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Water services | 1,795,243 | 230,770 | 28,679 | 44,627 | 2,099,319 |
| Motorways and tunnels | 389,584 | – | 8,401 | – | 397,985 |
| Environment and Others | 534,098 | 235,058 | 56,025 | 41,199 | 866,380 |
| **TOTAL** | **2,718,925** | **465,828** | **93,105** | **85,826** | **3,363,684** |
| Accumulated | (1,224,775) | – | – | – | (1,224,775) |
| Impairment | (54,444) | – | – | – | (54,444) |
| | **1,439,706** | **465,828** | **93,105** | **85,826** | **2,084,465** |
| **2020** | | | | | |
| Water services | 1,710,822 | 223,303 | 27,454 | 46,343 | 2,007,922 |
| Motorways and tunnels | 378,515 | – | 8,204 | – | 386,719 |
| Environment and Others | 459,711 | 227,216 | 43,222 | 28,801 | 758,950 |
| **TOTAL** | **2,549,048** | **450,519** | **78,880** | **75,144** | **3,153,591** |
| Accumulated | (1,115,658) | – | – | – | (1,115,658) |
| Impairment | (55,230) | – | – | – | (55,230) |
| | **1,378,160** | **450,519** | **78,880** | **75,144** | **1,982,703** |

Below is a breakdown of the main concessions included in the above categories, detailing their main characteristics:

| | Net book value as at 31 December 2021 | | | |
|---|---|---|---|---|
| | Intangible fixed assets | Financial assets | Granting entity | Collection mechanism |
| **Water services** | **791,535** | **230,771** | | |
| Jerez de la Frontera (Cádiz - Spain) | 66,397 | – | City Council of Jerez de la Frontera. | User based on consumption |
| Caltanissetta (Italy) | 46,734 | – | Consorzio Ambito Territoriale Ottimale | User based on consumption |
| Jeddah desalination plant (Saudi Arabia) | 43,955 | – | General Authority of Civil Aviation (Saudi Arabia) | User based on consumption |
| Lleida (Spain) | 32,779 | – | Lleida City Council | User based on consumption |
| Santander (Cantabria, Spain) | 32,049 | – | Santander City Council | User based on consumption |
| Vigo (Pontevedra, Spain) | 28,503 | – | Vigo City Council | User based on consumption |
| Adeje (Tenerife, Spain) | 27,571 | – | Adeje City Council | User based on consumption |
| Badajoz (Spain) | 24,178 | – | Badajoz City Council | User based on consumption |
| Acueducto Realito (Mexico) | 23,735 | 57,810 | State Water Commission (Mexico) | Mixed model |
| Oviedo (Asturias, Spain) | 20,207 | – | Oviedo City Council | User based on consumption |
| Mostaganem Desalination Plant (Algeria) | – | 141,974 | Algerian Energie Company S.p.a. | Cubic meters with guaranteed minimum |
| Guaymas Desalination Plant (Mexico) | – | 24,469 | State Water Commission | Cubic meters with guaranteed minimum |
| Other contracts | 445,427 | 6,518 | | |
| **Motorways and tunnels** | **250,383** | – | | |
| Coatzacoalcos submerged tunnel (Mexico) | 203,179 | – | Government of the State of Veracruz | Direct toll paid by the user |
| Conquense motorway (Spain) | 47,204 | – | Ministry for Economic Development | Shadow toll |
| **Environment and others** | **397,788** | **235,057** | | |
| Buckinghamshire plant (United Kingdom) | 139,599 | 9,403 | Buckinghamshire County Council | Fixed amount plus variable amount per ton |
| Loeches Plant (Alcalá de Henares, Spain) | 112,481 | – | Commonwealth of the East | According to tons treated |
| Campello Plant (Alicante, Spain) | 49,130 | – | Plan Zonal XV Consortium of the Community of Valencia | According to tons treated |
| Edinburgh Plant (United Kingdom) | 22,852 | 94,931 | City of Edinburgh and Midlothian Council | Variable per ton with guaranteed minimum |
| Granada plant (Granada, Spain) | 21,039 | – | Provincial council of Granada | According to tons treated |
| Houston recycling plant (United States) | 20,440 | – | City of Houston | Fixed amount plus variable amount per ton |
| Gipuzkoa II plant | – | 29,443 | Gipuzkoa Waste Consortium | Variable per ton with guaranteed minimum |
| RE3 plant (United Kingdom) | – | 29,701 | Councils of Reading, Bracknell Forest and Workingham | Fixed amount plus variable amount per ton |
| Manises Plant (Valencia, Spain) | – | 20,103 | Metropolitan Entity for Waste Treatment | Fixed amount plus variable amount per ton |
| Wrexham I plant (United Kingdom) | – | 19,811 | Wrexham County Borough Council | Fixed amount plus variable amount per ton |
| Wrexham II plant (United Kingdom) | – | 16,938 | Wrexham County Borough Council | Fixed amount plus variable amount per ton |
| Other contracts | 32,247 | 14,727 | | |
| **FCC Group Total** | **1,439,706** | **465,828** | | |

| | Net book value as at 31 December 2020 | | | |
|---|---|---|---|---|
| | Intangible fixed assets | Financial assets | Granting entity | Collection mechanism |
| **Water services** | **774,358** | **223,303** | | |
| Jerez de la Frontera (Cádiz - Spain) | 70,483 | – | City Council of Jerez de la Frontera. | User based on consumption |
| Jeddah desalination plant (Saudi Arabia) | 46,432 | – | General Authority of Civil Aviation (Saudi Arabia) | User based on consumption |
| Caltanissetta (Italy) | 43,596 | – | Consorzio Ambito Territoriale Ottimale | User based on consumption |
| Santander (Cantabria, Spain) | 35,514 | – | Santander City Council | User based on consumption |
| Lleida (Spain) | 34,828 | – | Lleida City Council | User based on consumption |
| Adeje (Tenerife, Spain) | 33,684 | – | Adeje City Council | User based on consumption |
| Badajoz (Spain) | 25,241 | – | Badajoz City Council | User based on consumption |
| Acueducto Realito (Mexico) | 23,984 | 55,534 | State Water Commission (Mexico) | Mixed model |
| Oviedo (Asturias, Spain) | 21,143 | – | Oviedo City Council | User based on consumption |
| Mostaganem Desalination Plant (Algeria) | – | 142,275 | Algerian Energie Company S.p.a. | Cubic meters with guaranteed minimum |
| Guaymas Desalination Plant (Mexico) | – | 19,083 | State Water Commission | Cubic meters with guaranteed minimum |
| Other contracts | 439,453 | 6,411 | | |
| **Motorways and tunnels** | **252,851** | **–** | | |
| Coatzacoalcos submerged tunnel (Mexico) | 197,735 | – | Government of the State of Veracruz | Direct toll paid by the user |
| Conquense motorway (Spain) | 55,116 | – | Ministry for Economic Development | Shadow toll |
| **Environment and others** | **350,951** | **227,216** | | |
| Buckinghamshire plant (United Kingdom) | 140,283 | 8,830 | Buckinghamshire County Council | Fixed amount plus variable amount per ton |
| Loeches Plant (Alcalá de Henares, Spain) | 78,336 | – | Commonwealth of the East | According to tons treated |
| Campello Plant (Alicante, Spain) | 35,147 | – | Plan Zonal XV Consortium of the Community of Valencia | According to tons treated |
| Edinburgh Plant (United Kingdom) | 22,314 | 90,969 | City of Edinburgh and Midlothian Council | Variable per ton with guaranteed minimum |
| Granada plant (Granada, Spain) | 22,167 | – | Provincial council of Granada | According to tons treated |
| Houston recycling plant (United States) | 20,086 | – | City of Houston | Fixed amount plus variable amount per ton |
| Gipuzkoa II plant | – | 29,376 | Gipuzkoa Waste Consortium | Variable per ton with guaranteed minimum |
| RE3 plant (United Kingdom) | – | 28,947 | Councils of Reading, Bracknell Forest and Workingham | Fixed amount plus variable amount per ton |
| Manises Plant (Valencia, Spain) | – | 21,624 | Metropolitan Entity for Waste Treatment | Fixed amount plus variable amount per ton |
| Wrexham I plant (United Kingdom) | – | 20,920 | Wrexham County Borough Council | Fixed amount plus variable amount per ton |
| Wrexham II plant (United Kingdom) | – | 17,571 | Wrexham County Borough Council | Fixed amount plus variable amount per ton |
| Other contracts | 32,618 | 8,979 | | |
| **FCC Group Total** | **1,378,160** | **450,519** | | |

The water services activity is characterised by a very high number of agreements, the most significant of which are detailed in the table above. The main activity of the agreements is the end-to-end water cycle, from the collection, transport, treatment and distribution to urban centres through the use of distribution networks and complex water treatment facilities for drinking water purification, to the collection and treatment of wastewater. It includes both construction and maintenance of water and sewerage networks, desalination plants, water treatment plants and wastewater treatment plants. Billing is generally based on subscribers' use of the service, so in most cases cash flows depend on water consumption, which is generally constant over time. However, the agreements usually incorporate periodic tariff review clauses to ensure the recoverability of the investment made by the concessionaire, in which future tariffs are set on the basis of consumption in previous periods and other variables such as inflation. In order to carry out their activities, the concessionaires build or receive the right to use the distribution and sewerage networks, as well as the complex installations necessary for drinking water treatment and purification. The concession periods for this type of concession range from different periods, up to a maximum of 75 years, and the facilities revert to the concession grantor at the end of the concession period, without receiving any compensation.

In most of the fully consolidated agreements, the amount of the collections depends on the use made of the service and is therefore variable, as the concession holder bears the demand risk, which is why they are recorded as intangible assets. However, in exceptional cases, mainly in the case of desalination plants, payment is received on the basis of the cubic metres actually desalinated, with the grantor guaranteeing a minimum insured level irrespective of volume, whereby such guaranteed amounts are classified as financial assets as they cover the fair value of the construction services.

The main activity of the toll road and tunnel concessions is the management, promotion, development and operation of land transport infrastructures, mainly toll roads and tunnels. It includes both the construction and the subsequent conservation and maintenance of the aforementioned infrastructures over a long concession period, which can range from 25 to 75 years. Invoicing is usually based on traffic intensity, both through direct vehicle tolls and shadow tolls, so cash flows are variable in relation to the aforementioned traffic intensity, and generally show an increasing trend as the concession period progresses, which is why, as the concessionaire bears the demand risk, they are recorded as intangible assets. The agreements generally comprise both the construction or improvement of the infrastructure over which the concessionaire receives a right of use, and the provision of maintenance services, with the infrastructure reverting at the end of its useful life to the grantor, usually without compensation. In certain cases, compensation mechanisms exist, such as an extension of the concession period or an increase in the toll price, so as to ensure a minimum return to the concessionaire.

The "Other" activity mainly includes agreements relating to the construction, operation and maintenance of waste management facilities in Spain, the United Kingdom and the United States. The agreements incorporate price revision clauses based on various variables, such as inflation, energy costs or wage costs. For the classification of concessions as intangible or financial assets, the contracts have been analysed to determine which part of the agreement bears the demand risk. In those agreements in which billing is determined solely on the basis of the fixed charge and a variable amount depending on the tonnes treated, given that the latter is residual and the cost of construction services is substantially covered by the fixed charge, the entire concession has been considered as a financial asset, except in the case of the Buckinghamshire and Edinburgh plants (both in the UK), in which the intangible component is significant and are therefore recorded as mixed models.

It should also be noted that the concession companies in which the Group has holdings are obliged, in accordance with the concession agreements, to acquire or construct, during the concession period, fixed assets for an amount of €176,283 thousand at 31 December 2021 (€124,031 thousand at 31 December 2020).

Finally, it is worth mentioning that the recoverable value of the main concession assets has been re-estimated in 2021. As a result of the analysis carried out, no impairment was shown to be necessary given that a substantial part of the concession assets are related to the water and environment businesses, activities that have generally been considered as "core" in the different jurisdictions, being particularly resilient to the impacts of the pandemic. In addition, a significant portion of the concessional asset portfolio corresponds to agreements not subject to demand risk, which significantly reduces the risk of impairment.

# 12. Investments accounted for using the equity method

This heading includes the value of investments in companies accounted for using the equity method, as well as non-current loans granted to these companies which, as indicated in note 2.b), is applied to both joint ventures and associates, the breakdown of which is as follows:

| | 2021 | 2020 |
|---|---|---|
| **Joint ventures** | **200,291** | **181,937** |
| Investment value | 72,283 | 40,842 |
| Loans | 128,008 | 141,095 |
| **Associates** | **333,551** | **540,849** |
| Investment value | 133,030 | 382,126 |
| Loans | 200,521 | 158,723 |
| | **533,842** | **722,786** |

## a) Joint ventures

The breakdown of this caption by company is shown in Annexe II to these annual accounts, which lists the joint ventures.

The movements for the business years 2021 and 2020 by item are as follows:

| | Balance at 31 December 2020 | Profit/(loss) for the year (note 27.g) | Distributed Dividends | Changes in the fair value of financial instruments allocated to reserves | Committee | Conversion differences and other movements | Change in credits granted | Balance at 31 December 2021 |
|---|---|---|---|---|---|---|---|---|
| Sociedad Concesionaria Tranvía de Murcia, S.A. | 43,222 | 1,856 | – | – | – | – | 1,195 | 46,273 |
| As Cancelas Siglo XXI, S.L. | – | 535 | – | – | – | 36,719 | – | 37,254 |
| Orasqualia for the Development of the Waste Treatment Plant S.A.E. | 11,977 | 1,617 | – | – | – | 991 | 2 | 14,587 |
| Zabalgarbi, S.A. | 16,060 | 3,024 | (3,000) | (2,250) | – | – | – | 13,834 |
| Mercia Waste Management Ltd. | 11,782 | 4,712 | (8,696) | – | – | 916 | – | 8,714 |
| Atlas Gestión Medioambiental, S.A. | 9,808 | 1,186 | (2,365) | – | – | (2) | – | 8,627 |
| Ibisan Sociedad Concesionaria, S.A. | 8,204 | 1,889 | (2,454) | 808 | – | (46) | – | 8,401 |
| Ecoparc del Besós, S.A. | 7,803 | 2,192 | (2,813) | 207 | – | – | – | 7,389 |
| Construcciones Olabarri, S.L. | 5,735 | 86 | – | – | – | (1) | – | 5,820 |
| Empresa Municipal de Aguas de Benalmádena, S.A. | 4,760 | 285 | (180) | – | – | (92) | (789) | 3,984 |
| Aguas de Langreo, S.L. | 4,260 | (29) | – | – | – | (25) | (365) | 3,841 |
| FM Green Power Investments, S.L. | 16,462 | 17,672 | – | 7,289 | – | (41,423) | – | – |
| Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V. | – | (1,136) | – | – | – | 22,124 | (20,988) | – |
| Rest | 41,864 | 1,575 | (2,395) | – | – | (7,335) | 7,858 | 41,567 |
| **Total joint ventures** | **181,937** | **35,464** | **(21,903)** | **6,054** | **–** | **11,826** | **(13,087)** | **200,291** |

| | Balance at 31 December 2019 | Profit/(loss) for the year (note 27.g) | Distributed Dividends | Changes in the fair value of financial instruments allocated to reserves | Committee | Conversion differences and other movements | Change in credits granted | Balance at 31 December 2020 |
|---|---|---|---|---|---|---|---|---|
| Sociedad Concesionaria Tranvía de Murcia, S.A. | 40,745 | 1,323 | – | – | – | – | 1,154 | 43,222 |
| FM Green Power Investments, S.L. | 17,074 | 22,329 | (26,410) | 3,022 | – | 447 | – | 16,462 |
| Zabalgarbi, S.A. | 17,234 | 2,637 | (3,000) | (811) | – | – | – | 16,060 |
| Orasqualia for the Development of the Waste Treatment Plant S.A.E. | 11,735 | 1,143 | – | – | – | (899) | (2) | 11,977 |
| Mercia Waste Management Ltd. | 10,682 | 4,307 | (2,602) | – | – | (605) | – | 11,782 |
| Atlas Gestión Medioambiental, S.A. | 11,933 | 751 | (2,876) | – | – | – | – | 9,808 |
| Ibisan Sociedad Concesionaria, S.A. | 7,291 | 544 | – | 369 | – | – | – | 8,204 |
| Ecoparc del Besós, S.A. | 6,638 | 2,782 | (1,834) | 217 | – | – | – | 7,803 |
| Empresa Municipal de Aguas de Benalmádena, S.A. | 5,700 | 273 | (346) | (89) | – | – | (778) | 4,760 |
| Constructora Nuevo Necaxa Tihuatlán S.A. de C.V. | – | (1,565) | – | – | – | 5,974 | (4,409) | – |
| OHL CO Canada & FCC Canada Ltd. Individual | – | (32) | – | – | – | (2,317) | 2,349 | – |
| North Tunnels Canada Inc. | 6,978 | (12) | – | – | – | 120 | (7,086) | – |
| Rest | 49,422 | 3,689 | (2,464) | (376) | – | (990) | 2,578 | 51,859 |
| **Total joint ventures** | **185,432** | **38,169** | **(39,532)** | **2,332** | **–** | **1,730** | **(6,194)** | **181,937** |

In 2021, the column "Translation differences and other movements" includes, on the one hand, the decrease of €41,423 thousand in FM Green Power Investments, S.L., due to its sale in the current year (note 5) and, on the other hand, the increase of €36,719 thousand in As Cancelas Siglo XXI, S.L., owned by the Realia Group, which has been classified as a joint venture in the same year.

The following are the key financial statement aggregates of the joint ventures in proportion to the percentage interest held in the joint ventures at 31 December 2021 and 2020.

| | 2021 | 2020 |
|---|---|---|
| Non-current assets | 302,127 | 783,948 |
| Current assets | 161,114 | 223,706 |
| Non-current liabilities | 320,000 | 669,463 |
| Current liabilities | 133,354 | 311,268 |
| **Results** | | |
| Net business turnover | 230,669 | 247,455 |
| Operating Profit/(Loss) | 49,773 | 44,069 |
| Profit before tax | 42,469 | 44,078 |
| Profit attributable to the Parent Company | 35,464 | 38,169 |

The main activities carried out by the joint ventures are the operation of concessions, such as motorways, concessions related to the end-to-end water cycle, urban sanitation activities, tunnels and passenger transport and the rental of real estate assets.

The change in the balance sheet items between the two years is mainly due to the aforementioned disposal of FM Green Power Investments, S.L. in the current year.

In relation to joint ventures with third parties outside the FCC Group, guarantees amounting to €7,564 thousand (€19,885 thousand in 2020) have been provided, mostly to public bodies and private customers to guarantee the successful completion of the agreements for the Group's various activities. The decrease in guarantees between the two years is due to the aforementioned sale of FM Green Power Investments, S.L. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

In general, the joint ventures consolidated by the Group using the equity method take the legal form of public or private limited companies and, therefore, as joint ventures, the distribution of funds to their respective parent companies requires the agreement of the other jointly controlling shareholders in accordance with the mechanisms established by their corporate agreements.

## a) Associates

The breakdown of this caption by company is shown in Annexe III to these annual accounts, which lists the associated companies.

The movements for the business years 2021 and 2020 by item are as follows:

| | Balance at 31 December 2020 | Profit/(loss) for the year (note 27.g) | Distributed Dividends | Changes in the fair value of financial instruments allocated to reserves | Committee | Conversion differences and other movements | Change in credits granted | Balance at 31 December 2021 |
|---|---|---|---|---|---|---|---|---|
| FCC Group PFI Holdings | 82,777 | (609) | – | – | 8,584 | 1,591 | 29,152 | 121,495 |
| Realia Business Group | 278,104 | 10,716 | – | 901 | – | (289,721) | – | – |
| Metro de Lima Línea 2, S.A. | 26,215 | 3,143 | – | – | – | 2,326 | – | 31,684 |
| Future Valleys Project Co. Limited | 24,134 | (3,395) | – | 5,423 | – | (98) | 4,909 | 30,973 |
| Giant Cement Holding | 9,973 | 3,132 | – | 4,453 | – | 769 | – | 18,327 |
| Aguas del Puerto Empresa Municipal, S.A. | 13,229 | (371) | – | – | – | 386 | (1,296) | 11,948 |
| World Trade Center Barcelona, S.A. de S.M.E. | 10,137 | 443 | (676) | – | – | – | – | 9,904 |
| Suministro de Agua de Querétaro, S.A. de C.V. | 9,135 | 1,465 | (1,561) | – | – | 286 | – | 9,325 |
| Tirme Group | 6,782 | 3,902 | (2,528) | – | – | – | – | 8,156 |
| Lázaro Echevarría, S.A. | 8,065 | (21) | – | – | – | (85) | – | 7,959 |
| Aigües del Segarra Garrigues, S.A. | 7,182 | 269 | – | – | – | 22 | – | 7,473 |
| A.S.A. Group | 6,309 | 2,421 | (1,485) | (16) | – | (81) | – | 7,148 |
| Codeur, S.A. | 6,560 | 13 | (181) | – | – | 111 | – | 6,503 |
| Hormigones y Áridos del Pirineo Aragonés, S.A. | 5,940 | 193 | (43) | – | – | – | – | 6,090 |
| Gestión Integral de Residuos Sólidos, S.A. | 5,298 | 33 | – | – | – | – | – | 5,331 |
| Aigües del Vendrell | 5,307 | (19) | – | – | – | (19) | (1) | 5,268 |
| Cafig Constructores, S.A. de C.V. | 3,518 | 2,838 | (2,079) | – | – | 220 | – | 4,497 |
| Rest | 32,184 | 604 | (753) | – | – | 401 | 9,034 | 41,470 |
| **Total associates** | **540,849** | **24,757** | **(9,306)** | **10,761** | **8,584** | **(283,892)** | **41,798** | **333,551** |

| | Balance at 31 December 2019 | Profit/(loss) for the year (note 27.g) | Distributed Dividends | Changes in the fair value of financial instruments allocated to reserves | Committee | Conversion differences and other movements | Change in credits granted | Balance at 31 December 2020 |
|---|---|---|---|---|---|---|---|---|
| Realia Business Group | 276,540 | 2,872 | – | 262 | – | (1,570) | – | 278,104 |
| FCC Group PFI Holdings | 34,326 | (1,339) | – | – | 14,834 | (525) | 35,481 | 82,777 |
| Metro de Lima Línea 2, S.A. | 25,704 | 2,882 | – | – | – | (2,371) | – | 26,215 |
| Aguas del Puerto Empresa Municipal, S.A. | 14,548 | (385) | (164) | 365 | – | – | (1,135) | 13,229 |
| Giant Cement Holding | 13,661 | (3,737) | – | 1,124 | – | (1,075) | – | 9,973 |
| Suministro de Agua de Querétaro, S.A. de C.V. | 10,376 | 1,349 | (1,171) | – | – | (1,419) | – | 9,135 |
| Lázaro Echevarría, S.A. | 8,041 | 164 | (196) | 56 | – | – | – | 8,065 |
| Aigües del Segarra Garrigues, S.A. | 6,905 | 277 | – | – | – | – | – | 7,182 |
| Tirme Group | 7,423 | 2,486 | (3,127) | – | – | – | – | 6,782 |
| A.S.A. Group | 6,264 | 1,293 | (1,067) | 16 | – | (197) | – | 6,309 |
| Hormigones y Áridos del Pirineo Aragonés, S.A. | 5,886 | 54 | – | – | – | – | – | 5,940 |
| Aigües del Vendrell | 5,302 | 19 | – | (13) | – | – | (1) | 5,307 |
| N6 (Construction) Limited | 1,035 | – | – | – | – | – | – | 1,035 |
| Constructora Terminal Valle de México | 8,915 | 474 | (9,146) | – | – | 178 | – | 421 |
| Concessió Estacions Aeroport L9, S.A. | 63,127 | 12,789 | (4,844) | (4,140) | – | (9,927) | (57,005) | – |
| Aquos El Realito, S.A. de C.V. | 14,483 | (835) | – | – | – | (6,664) | (6,984) | – |
| Urbs Iudex et Causidicus, S.A. | – | 2,217 | – | 2,110 | – | (4,327) | – | – |
| Rest | 53,556 | 2,765 | (808) | 20 | 2 | 1,724 | 23,116 | 80,375 |
| **Total empresas asociadas** | **556,092** | **23,345** | **(20,523)** | **(200)** | **14,836** | **(26,173)** | **(6,528)** | **540,849** |

In 2021, in the column “Translation differences and other movements” it is worth highlighting the decrease of €289,721 thousand generated by the change in the consolidation method of the Realia Business Group, which, following its takeover (note 5), is now fully consolidated.

In 2020, the “Translation differences and other movements” column includes a decrease of €9,927 thousand and €4,327 thousand due to the transfer to non-current assets held for sale of Concessió Estacions Aeroport L9, S.A. and Urbs Iudex et Causidicus, S.A.,respectively (note 4) and a decrease of € 6,664 thousand as a result of the takeover of control of Aquos El Realito, S.A. de C.V. (note 4). respectively (note 4) and the decrease of € 6,664 thousand as a result of the acquisition of control of Aquos El Realito, S.A. de C.V. (note 5). Also, in the column “Variation in loans granted” there is a decrease of €57,005 thousand in Concessió Estacions Aeroport L9, S.A. due to the aforementioned transfer to non-current assets held for sale (note 4).

The assets, liabilities, turnover and results for 2021 and 2020 are presented below in proportion to the percentage interest in the share capital of each associate.

| | 2021 | 2020 |
|---|---|---|
| Non-current assets | 568,152 | 1,463,563 |
| Current assets | 270,297 | 601,179 |
| Non-current liabilities | 519,558 | 1,366,879 |
| Current liabilities | 171,514 | 283,914 |
| Net business turnover | 375,865 | 433,155 |
| Operating Profit/(Loss) | 45,090 | 83,416 |
| Profit before tax | 33,625 | 42,501 |
| Profit attributable to the Parent Company | 24,757 | 23,345 |

The variations observed between the two years are mainly due to the change in the consolidation method of the Realia Business group (note 5) explained above.

With regard to the 37.40% stake in the Realia Business Group at 31 December 2020, it should be noted that the value of the stake, based on the stock market price, amounted to €206,269 thousand, lower than its book value of €278,104 thousand. However, its recoverable value was considered to be higher than the stock market value as there were unrealised capital gains on its real estate assets. The summarised financial information at 31 December 2020 to which the equity method was applied is presented below:

| | Balance Sheet |
|---|---|
| | 2020 |
| **Non-current assets** | **1,013,251** |
| **Current assets** | **440,637** |
| Cash and equivalents | 74,822 |
| Other current assets | 365,815 |
| **TOTAL ASSETS** | **1,453,888** |
| **Equity** | **792,231** |
| **Equity Parent Company** | **676,034** |
| Capital | 196,864 |
| Reserves | 480,813 |
| Own Shares | (7,526) |
| Profit/(Loss) Parent Company | 7,693 |
| Valuation adjustments | (1,810) |
| **Non-controlling interests** | **116,197** |
| **Non-current liabilities** | **576,698** |
| Non-current financial liabilities | 533,602 |
| Other non-current liabilities | 43,096 |
| **Current liabilities** | **84,959** |
| Current financial liabilities | 47,278 |
| Other current liabilities | 37,681 |
| **TOTAL LIABILITIES** | **1,453,888** |

| | Income statement |
|---|---|
| | 2020 |
| **Revenue** | **85,893** |
| **Other income** | **18,543** |
| Operating expenses | (66,655) |
| Depreciation of fixed and non-current assets | (12,441) |
| Other operating income/(losses) | (2,979) |
| **Operating Profit/(Loss)** | **22,361** |
| Finance income | 10,609 |
| Finance costs | (15,741) |
| Miscellaneous financial results | 524 |
| **Financial Profit/(Loss)** | **(4,608)** |
| Profit/(loss) of equity-accounted affiliates | 813 |
| Net income from impairment of fixed and non-current assets | – |
| **Profit/(loss) before tax from continuing operations** | **18,566** |
| Corporate income tax | (4,005) |
| **Profit/(loss) for the year from continuing operations** | **14,561** |
| Profit/(loss) from interrupted operations | – |
| **PROFIT/(LOSS) FOR THE YEAR** | **14,561** |
| Profit/(Loss) Parent Company | 7,693 |
| Profit/(loss) non-controlling interests | 6,868 |

# 13. Joint agreements. joint operations

As indicated in note 2.b), section "Joint arrangements", the Group companies carry out part of their activity through participation in contracts that are operated jointly with other non-Group partners, mainly through joint ventures and other entities with similar characteristics, contracts that have been proportionately included in the accompanying financial statements.

The main aggregates of the jointly operated agreements included under the various headings of the accompanying consolidated balance sheet and consolidated income statement are presented below, in proportion to the interest held in them, at 31 December 2021 and 2020.

| | 2021 | 2020 |
|---|---|---|
| Non-current assets | 204,452 | 208,784 |
| Current assets | 1,246,213 | 1,206,073 |
| Non-current liabilities | 55,787 | 67,603 |
| Current liabilities | 1,344,532 | 1,354,315 |
| **Results** | | |
| Net business turnover | 1,063,186 | 1,194,580 |
| Gross Operating Profit/(Loss) | 108,883 | 48,541 |
| Net Operating Profit/(Loss) | 69,161 | 18,406 |

Agreements managed through joint ventures, joint ventures and other similar entities imply joint and several liability for the activity carried out by the participating partners.

In relation to contracts managed jointly with third parties outside the Group, guarantees totalling €1,429,454 thousand (€1,551,830 thousand in 2020) were provided, mostly to public bodies and private customers, to guarantee the successful completion of urban sanitation works and contracts.

The joint ventures have no relevant property, plant and equipment acquisition commitments.

# 14. Non-current financial assets and other current financial assets

There are no significant "Non-current financial assets" or "Other non-current financial assets" in arrears. The most significant items in the accompanying consolidated balance sheet under the aforementioned headings break down as follows:

## a) Non-current financial assets

Non-current financial assets at 31 December 2021 and 2020 are distributed as follows:

| | Financial assets at amortised cost | Financial assets at fair value charged to reserves | Financial assets at fair value charged to profit and loss | Hedging derivatives | Total |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Equity instruments | – | 33,700 | – | – | 33,700 |
| Derivatives | – | – | 621 | 92 | 713 |
| Collection rights concession arrangements | 421,883 | – | – | – | 421,883 |
| Deposits and guarantees | 73,781 | – | – | – | 73,781 |
| Other financial assets | 73,571 | 372 | – | – | 73,943 |
| | **569,235** | **34,072** | **621** | **92** | **604,020** |
| **2020** | | | | | |
| Equity instruments | – | 34,640 | – | – | 34,640 |
| Derivatives | – | – | 5 | 104 | 109 |
| Collection rights concession arrangements | 397,267 | – | – | – | 397,267 |
| Deposits and guarantees | 62,115 | – | – | – | 62,115 |
| Other financial assets | 86,743 | – | – | – | 86,743 |
| | **546,125** | **34,640** | **5** | **104** | **580,874** |

In 2021 there are no significant changes.

The breakdown of "Equity instruments" at 31 December 2021 and 2020 is shown below:

| | % Effective ownership | Fair value |
|---|---|---|
| **2021** | | |
| **Participations equal to or greater than 5%:** | | |
| Shariket Miyeh Djinet, S.p.a | 13.01% | 10,167 |
| Cafasso N.V. | 15.00% | 8,777 |
| Vertederos de Residuos, S.A. | 16.03% | 8,764 |
| Consorcio Traza, S.A. | 16.60% | 3,628 |
| Rest | | 1,869 |
| **Participations below 5%:** | | |
| Rest | | 495 |
| | | **33,700** |
| **2020** | | |
| **Participations equal to or greater than 5%:** | | |
| Shariket Miyeh Djinet, S.p.a | 13.01% | 10,400 |
| Cafasso N.V. | 15.00% | 8,777 |
| Vertederos de Residuos, S.A. | 16.03% | 8,764 |
| Consorcio Traza, S.A. | 16.60% | 3,628 |
| Rest | | 1,959 |
| **Participations below 5%:** | | |
| Resto | | 1,112 |
| | | **34,640** |

The expected maturities of "Deposits and guarantees", "Receivables under concession agreements" and "Other financial assets" are as follows:

| | 2023 | 2024 | 2025 | 2026 | 2027 and beyond | Total |
|---|---|---|---|---|---|---|
| Deposits and guarantees | 5,456 | 2,191 | 833 | 1,069 | 64,232 | 73,781 |
| Collection rights concession agreement (notes 3.a) and 11) | 23,886 | 23,472 | 22,989 | 22,549 | 328,987 | 421,883 |
| Non-commercial loans and other financial assets | 10,214 | 8,677 | 8,989 | 8,607 | 37,456 | 73,943 |
| | **39,556** | **34,340** | **32,811** | **32,225** | **430,675** | **569,607** |

Non-commercial loans mainly include the amounts granted to public entities for debt refinancing, mainly in the water services activity, that accrue interest in accordance with market conditions. There were no events during the year that suggests uncertainty regarding the recovery of these loans.

The deposits and guarantees basically correspond to those made by legal or contractual obligations in the development of the activities of the Group companies, such as deposits for electrical connections, for the guarantee in the execution of works, for rental of real estate, etc.

## b) Other current financial assets

This heading of the accompanying consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (note 11) maturing within less than twelve months, current financial investments made for more than three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details of "Other Current Financial Assets" at 31 December 2021 and 2020 is as follows:

| | Financial assets at amortised cost | Hedging derivatives | Total |
|---|---|---|---|
| **2021** | | | |
| Derivatives | – | 73 | 73 |
| Collection rights concession arrangements | 43,945 | – | 43,945 |
| Deposits and guarantees | 61,643 | – | 61,643 |
| Other financial assets | 78,704 | – | 78,704 |
| | **184,292** | **73** | **184,365** |
| **2020** | | | |
| Collection rights concession arrangements | 53,252 | – | 53,252 |
| Deposits and guarantees | 56,879 | – | 56,879 |
| Other financial assets | 118,521 | – | 118,521 |
| | **228,652** | **–** | **228,652** |

Other financial assets mainly comprise current loans and other receivables from joint ventures and associates amounting to €23,892 thousand (€46,210 thousand in 2020), current loans to third parties amounting to €29,276 thousand (€30,477 thousand in 2020) and deposits with credit institutions amounting to €16,654 thousand (€35,417 thousand in 2020).

The average rate of return obtained by these items is in market returns according to the term of each investment.

# 15. Inventories

The breakdown of "Inventory net of impairment" at 31 December 2021 and 2020 was as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Real estate | | 804,423 | | 452,633 |
| Raw materials and other supplies | | 216,302 | | 225,880 |
| Construction | 79,924 | | 102,914 | |
| Cement | 80,534 | | 71,236 | |
| End-to-end Water Management | 20,469 | | 22,474 | |
| Environmental Services | 34,013 | | 27,907 | |
| Real Estate | 6 | | – | |
| Concessions | 192 | | 197 | |
| Corporation | 1,164 | | 1,152 | |
| Finished goods | | 16,729 | | 14,813 |
| Advances | | 69,808 | | 72,278 |
| | | **1,107,262** | | **765,604** |

The item "Real estate" includes plots of land for property development, mostly for residential use. This item also includes property developments in the course of production, for which there are sales commitments for a final delivery value to customers of €105,518 thousand (€47,100 thousand in 2020). The advances that some customers have paid on behalf of the aforementioned "Real Estate" are guaranteed by insurance contracts or bank guarantees, in accordance with the requirements established by the regulations in force.

The Group classifies property developments as current on the basis of their production cycle, distinguishing between property developments in progress and completed developments. Property developments in progress are classified as short-cycle when the period to completion is estimated to be less than twelve months, and as long-cycle otherwise. After the development is completed, it is classified as a completed property development.

The composition of the balance of the item "Real estate" at 31 December 2021 and 2020 is as follows:

| | Cost | Impairment | Net value |
|---|---|---|---|
| **2021** | | | |
| Land and plots | 730,234 | (103,079) | 627,155 |
| Short-cycle property developments in progress | 44,181 | (800) | 43,381 |
| Long-cycle property developments in progress | 143,819 | (62,537) | 81,282 |
| Finished property developments | 61,694 | (9,089) | 52,605 |
| **Total** | **979,928** | **(175,505)** | **804,423** |
| **2020** | | | |
| Land and plots | 466,330 | (100,393) | 365,937 |
| Short-cycle property developments in progress | 38,074 | (6,745) | 31,329 |
| Long-cycle property developments in progress | 82,323 | (56,593) | 25,730 |
| Finished property developments | 40,701 | (11,064) | 29,637 |
| **Total** | **627,428** | **(174,795)** | **452,633** |

The movements in the various items under the heading "Real estate" in the business years 2021 and 2020 were as follows:

| | Land and plots | Short-cycle property developments in progresst | Long-cycle property developments in progress | Finished property developments | Impairment |
|---|---|---|---|---|---|
| **Balance at 31 December 2019** | **470,828** | **22,456** | **84,322** | **25,921** | **(238,112)** |
| Additions or allocations | 6,767 | 17,683 | 18,249 | 18,016 | (4,615) |
| Disposals, derecognitions or reductions | (11,265) | (2,065) | (20,248) | (3,236) | 67,932 |
| **Balance at 31 December 2020** | **466,330** | **38,074** | **82,323** | **40,701** | **(174,795)** |
| Additions or allocations | 17,771 | 40,779 | 3,686 | – | (6,955) |
| Disposals, derecognitions or reductions | (38,243) | (25,592) | – | (33,503) | 6,963 |
| Translation differences | 2 | – | – | – | (2) |
| Change in scope, transfers and other changes | 284,374 | (9,080) | 57,810 | 54,496 | (716) |
| **Balance at 31 December 2021** | **730,234** | **44,181** | **143,819** | **61,694** | **(175,505)** |

In 2021, "Changes in scope, transfers and other movements" mainly includes the incorporation of the Realia Business Group, following its takeover, amounting to €334,317 thousand (note 5).

A breakdown of the main real estate products is shown below:

| | 2021 | 2020 |
|---|---|---|
| Estates and promotions Tres Cantos (Madrid) | 190,411 | 200,366 |
| Estates and promotions Arroyo Fresno (Madrid) | 68,407 | 59,406 |
| Estates and Promotions El Molar (Madrid) | 53,060 | – |
| Estates and promotions Sant Joan Despí (Barcelona) | 43,180 | 66,889 |
| Estates and promotions Badalona (Barcelona) | 38,207 | 35,804 |
| Estates and Promotions Ensanche Vallecas (Madrid) | 25,136 | – |
| Estates and Promotions San Gregorio (Zaragoza) | 13,800 | – |
| Estates and Promotions Arroyo Encomienda (Valladolid) | 12,230 | – |
| Estates and Promotions Esencia Sabadell (Barcelona) | 12,040 | – |
| Estates and Promotions Nueva Condomina Golf (Murcia) | 11,610 | – |
| Estates and Promotions Marítimo (Valencia) | 10,850 | – |
| Estates and Promotions Valdebebas (Madrid) | 9,910 | – |
| Estates and Promotions Torres del Mar (Las Palmas) | 9,330 | – |
| Estates and Promotions Las Glorias (Barcelona) | 9,320 | – |
| Other properties and developments | 296,932 | 90,168 |
| | **804,423** | **452,633** |

The increases shown in the table above with respect to 2020 are due, on the one hand, to the balances contributed by the Realia Business Group, as indicated above, and, on the other hand, to new developments under development and the materialisation of commitments to purchase plots of land during the year.

Property inventories are valued at the lower of acquisition or production cost adjusted, where appropriate, to market value.

In order to determine whether impairment exists, the Group has estimated the fair value of the main assets comprising its real estate inventory portfolio through independent third parties (TINSA, Aguirre Newman and GESVALT). The valuations were made following the criteria of IVSC (International Valuation Standards Committee). The Dynamic Residual, comparison and cash flow discount methods were applied as the best approximation of the value. The Dynamic Residual Method is the basic, essential and fundamental method used in the assessment of land and property, and is the most widely accepted method by real estate market participants. However, as it uses different variables in its operating scheme, the data to be used as variables must be extracted directly from the market, through the instrumental use of the benchmarking method.

Through the application of the comparison method, the necessary comparable data are obtained by means of an analysis of the real estate market based on concrete information, which can be used as variables in the dynamic residual method. In the aforementioned selection, the values of those variables that are abnormal have been previously checked in order to identify and eliminate those from transactions and offers that do not meet the conditions required in the definition of fair value, as well as those that could include speculative elements or those that include particular conditions specific to a specific agent and which are far removed from the reality of the market. After defining, determining and specifying the variables to be used in the dynamic residual method, the value of the land, discounted to the closing date of the accompanying consolidated financial statements, is calculated considering the future flows associated with the development and promotion of this land, both collections and payments, based on market price assumptions (basically sale and construction prices) and development, construction and marketing periods in accordance with the circumstances of each specific case.

For the assessments carried out by the independent expert for completed properties, the assessment method used is that of direct comparison with market transactions.

These fair values are extremely sensitive to stress situations or needs to liquidate the asset within a shorter time frame than the assessment. No significant impairment of real estate assets occurred in 2021, as there was previous comfort in prior years' assessments.

The key assumptions considered in making the assessments are:

- Temporary deadlines affecting the obtaining of licences and the commencement of urbanisation and/or construction works.
- Sales range: which affect both a range of sales prices, and the percentage and timing of marketing, and the actual and effective sale of the different properties.
- Discounted rates of cash flows generated that reflect risk and time value of money.

In business year 2021 the total accumulated balance of impairment of property inventories amounts to €175,505 thousand (€174,795 thousand in 2020).

There are no significant commitments to purchase real estate assets at year-end.

The "Raw materials and other supplies" include facilities necessary for the execution of works pending incorporation, building materials and storage elements, spare parts, fuel and other materials necessary in the development of activities.

# 16. Commercial debtors, other accounts receivable and other current assets

## a) Trade receivables

This heading of the accompanying consolidated balance sheet includes the value of the production and services rendered pending collection, valued as indicated in Note 3.s), which provide the various Group activities and which are the basis of the operating profit.

The following is the breakdown of "Receivables external to the Group" at 31 December 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Progress billings receivable and trade receivables for sales | 1,046,885 | 934,499 |
| Completed output pending certification | 676,371 | 589,130 |
| Warranty retainers | 67,133 | 67,336 |
| Production billed to associated and jointly controlled companies | 54,825 | 60,129 |
| Trade receivables for sales and services | 1,845,214 | 1,651,094 |
| Advances received for orders (Note 22) | (357,807) | (403,626) |
| **Total trade receivables for sales and services** | **1,487,407** | **1,247,468** |

The total shown corresponds to the net balance of debtors, after taking into account adjustments for bad debt risk amounting to €212,501 thousand (€246,764 thousand at 31 December 2020) and deducting the item for advances received for orders shown under "Trade and other payables" on the liabilities side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

The loans for commercial operations in default are as follows:

| | 2021 | 2020 |
|---|---|---|
| Construction | 58,238 | 51,739 |
| Environmental Services | 266,083 | 276,540 |
| Water | 115,391 | 113,744 |
| Corporation | 46 | 111 |
| **TOTAL** | **439,758** | **442,134** |

Balances are considered to be in default when their due date has passed and they have not been paid by the counterpart. However, it must be taken into account that given the different characteristics of the different sectors in which the FCC Group operates, although certain assets are in default, there is no risk of default, since most of its clients are public clients, in which only delays in collections can occur, as it is entitled to claim the corresponding delay payment surcharges.

The item "Certified production receivable and sales receivables" mainly includes the amount of certifications issued to customers for work performed in the Construction segment amounting to €239,180 thousand (€242,051 thousand at 31 December 2020) and services rendered by the other segments amounting to €807,705 thousand (€692,448 thousand at 31 December 2020), pending collection at the consolidated balance sheet date. In general, there are no disputes in relation to the above.

The difference between the amount of production recorded at inception for each of the works and contracts in progress, assessed according to the criteria set out in note 3.s), and the amount certified up to the date of the consolidated financial statements is recorded as "Production executed pending certification".

The heading "Completed production pending certification" includes completed work pending certification corresponding to the construction agreements carried out by the Group amounting to €342,375 thousand (€298,199 thousand at 31 December 2020). The aforementioned balance mainly includes the differences between the production executed, valued at selling price, and the certification carried out to date in accordance with the contract in force, amounting to €313,075 thousand (€274,844 thousand at 31 December 2020), i.e. production recognised according to the degree of progress arising from differences between the time at which the production of the work, covered by the contract signed with the customer and approved by the latter, is executed and the time at which the latter proceeds to its certification.

In addition, the heading "Production executed pending certification" includes services rendered mainly in the Environment and Water activities which are invoiced more frequently than monthly, basically corresponding to work carried out in the normal course of business amounting to €249,179 thousand (€232,455 thousand at 31 December 2020).

The amount of customer receivables assigned to financial institutions without recourse against Group companies in the event of default amounted to €2,187 thousand at year-end (at 31 December 2020: €111,103 thousand). The impact on cash flows of loan assignments is reflected in the "Changes in working capital" heading of the Statement of Cash Flows. This amount has been reduced from the "Progress billings receivable and trade receivables for sales". The variation between the two years is due to the decrease of €107,133 thousand non-recourse disposals of the End-to-end Water Management activity as a result of financial optimisation policies (note 20).

## b) Other receivables

The breakdown of the "Other receivables" at 31 December 2021 and 2020 was as follows:

| | 2021 | 2020 |
|---|---|---|
| Public Administrations - VAT receivable (Note 24) | 88,648 | 108,169 |
| Public Administrations - Other taxes payable (Note 24) | 61,581 | 61,896 |
| Other receivables | 106,264 | 115,496 |
| Advances and credits to staff | 1,672 | 1,561 |
| **Total other receivables** | **258,165** | **287,122** |

## c) Other current assets

This heading mainly includes amounts paid by the Group in relation to certain agreements for the provision of services, which have not yet been recognised as expenses in the accompanying income statement as they had not yet been accrued at the end of these financial statements.

# 17. Cash and cash equivalents

This item includes the Group's cash and cash equivalents, as well as bank deposits and deposits with an original maturity of three months or less. These balances were remunerated at market interest rates in both 2021 and 2020.

The breakdown by currency of the cash and cash equivalents position is as follows for the business years 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Euro | 1,041,926 | 754,035 |
| Pound sterling | 214,423 | 185,751 |
| United States dollar | 74,134 | 95,609 |
| Romanian leu | 49,960 | 21,532 |
| Czech koruna | 30,318 | 22,322 |
| Algerian dinar | 22,730 | 27,317 |
| Other European currencies | 3,157 | 1,320 |
| Latin America (various currencies) | 42,746 | 61,544 |
| Rest | 56,131 | 52,679 |
| **Total** | **1,535,525** | **1,222,109** |

Under certain financing agreements, especially project finance, there is an obligation to hold minimum amounts as security for obligations under such agreements amounting to €317.1 million.

# 18. Equity

The accompanying Statement of Changes in Total Equity at 31 December 2021 and 2020 shows the evolution of equity attributed to the shareholders of the Parent and non-controlling interests in the respective years.

The Ordinary General Shareholders' Meeting held on 29 June 2021 resolved to distribute a scrip dividend by issuing new ordinary shares with a par value of 1 euro each, without a share premium, of the same class and series as the shares already in circulation, with a charge to reserves. This resolution also included an offer by the company to acquire the free allocation rights at a guaranteed price.

At its meeting on 29 June 2021, following the General Shareholders' Meeting, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to execute the scrip dividend distribution resolution adopted by the Shareholders' Meeting, the most significant characteristics of which are described below:

- Maximum value of the scrip dividend: 163,642,647.20 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.
- The number of free allotment rights required to receive a new share was set at 25. Shareholders who chose this option also received a compensatory cash dividend of 0,416 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period of the free-of-charge allocation rights on 20 July 2021, holders of 401,675,483 (98.18%) rights opted to receive new shares, while shareholders holding 7,431,135 rights opted to accept the Company's offer to acquire their rights at a guaranteed price. Accordingly, the final number of bonus shares with a par value of 1 euro issued was 16,067,018 shares, corresponding to 3.93% of the share capital prior to the increase, resulting in a cash outflow for the compensatory dividend and also for the rights acquired by the Company of €9,631 thousand.

On 28 July 2021, the public deed to increase the Company's paid-up capital with a charge to voluntary reserves was registered at the Barcelona Companies Registry.

In addition, at the Ordinary General Shareholders' Meeting held on 2 June 2020, a decision was taken to distribute a scrip dividend, with the following characteristics:

- Maximum value of the scrip dividend: 156,905,960.40 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.
- The number of free allotment rights required to receive a new share was set at 23. Shareholders who chose this option also received a compensatory cash dividend of 0,624 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period for the free allocation rights on 22 June 2020, holders of 387,361,229 (98.75%) rights had chosen to receive new shares, while shareholders holding 4,903,597 rights opted to accept the company's offer to acquire their rights at the guaranteed price. Accordingly, a total of 16,841,792 bonus shares with a nominal value of 1 euro were issued, representing 4.29% of the capital stock prior to the increase.

In October 2021, F C y C, S.L. acquired a stake representing 13.12% of the share capital of Realia Business, S.A. (note 5) in which it previously held significant influence with 37.40%. This transaction has enabled the FCC Group to take control of the Realia subgroup, which has led to an amount of €797,010 thousand being recorded under "Minority interests" in the accompanying consolidated balance sheet.

Additionally, in October, the company Jezzine Uno, S.L.U. joined the FCC Group through a non-monetary capital increase in F C y C, S.L., fully subscribed by Soinmob (note 5), so that the latter now holds 19.97% of F C y C, S.L.'s share capital. Consequently, an amount of €226,200 thousand has been recorded under "Minority interests".

On 21 December 2021, the Realia Group, through its subsidiary Realia Patrimonio, S.L.U., acquired an additional 37.11% stake in Hermanos Revilla, S.A. (note 5). With this acquisition, the Realia Group's direct and indirect shareholding in the aforementioned company amounts to 87.76%. Since prior to the acquisition, the FCC Group already had control of both investees, the difference between the purchase price and the book value of the minority interests acquired has generated a decrease in reserves of €2,946 thousand.

On 29 June 2020, the investee company FCC Aqualia, SA acquired an additional 2% stake in Aquos el Realito, SA de CV, in which it previously held 49% and was consolidated by the equity method, giving the Group a 51% stake (note 5). The aforementioned acquisition allowed Aquos el Realito, S.A. de C.V. to be fully consolidated, which led to the recording of €8,671 thousand under the heading "Minority interests" in the accompanying consolidated balance sheet.

In July 2020, FCC Medio Ambiente UK, SL agreed to sell Icon Infrastructure Partners a minority percentage of 49% of the capital of its subsidiary Green Recovery Projects Limited (note 5). The transaction resulted in the recording of €60,718 thousand under the heading "Minority interests" and €74,215 thousand in reserves, additionally the assessment adjustments increased by €55,300 thousand as the proportional part of the aforementioned existing adjustments prior to the sale transaction was attributed to the minority interests.

The rest of the "Other changes in equity" in the attached Statement of Total Changes in Equity basically includes the distribution of the results obtained by the Group in the previous year.

## I. Equity attributable to the Parent Company

### a) Capital

The share capital of Fomento de Construcciones y Contratas, S,A. comprises 425,173,636 ordinary shares represented through book entries with a nominal value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the capital stock of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

On 10 June 2020, Samede Inversiones 2010, S.L., a company 100% owned by Esther Koplowitz Romero de Juseu, transferred the 100% holding it held in Dominum Dirección y Gestión, S.L., which in turn held shares in Fomento de Construcciones y Contratas, S.A. representing 15.43% of the capital stock to Control Empresarial de Capitales, S.A. de C.V.

On 27 November 2020, Dominum Dirección y Gestión, S.L. transferred shares in Fomento de Construcciones y Contratas, S.A. representing 7% of its share capital to Finver Inversiones 2020, S.L.U.

Following the aforementioned movements, in relation to the part of the capital held by other companies, directly or through their subsidiaries, when it exceeds 10%, according to the information provided, the company Control Empresarial de Capitales, S.A. de C.V., controlled by the Slim family, holds directly and indirectly, at the date of preparation of these accounts, 69.66%. Furthermore, as indicated in the previous paragraph, the company Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 7% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4.54% of the capital. Esther Koplowitz Romero de Juseu also holds 138,599 direct shares in Fomento de Construcciones y Contratas, S.A.

### b) Accumulated earnings and other reserves

The composition of this heading of the accompanying consolidated balance sheet as at 31 December 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Reserves of the Parent | 1,667,259 | 1,442,223 |
| Consolidation reserves | 475,333 | 468,515 |
| | **2,142,592** | **1,910,738** |

#### b.1) Reserves of the Parent

This corresponds to the series of reserves set up by Fomento de Construcciones y Contratas, S.A., parent of the Group, mainly based on retained profits and capital gains and, where appropriate, in compliance with the different applicable legal provisions.

The breakdown at 31 December 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Share premium | 1,673,477 | 1,673,477 |
| Legal reserve | 81,821 | 78,453 |
| Reserve for redeemed capital | 6,034 | 6,034 |
| Voluntary reserves and losses from previous years | (94,073) | (315,741) |
| | **1,667,259** | **1,442,223** |

### Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

### Legal reserve

In accordance with the Spanish Corporate Enterprises Act, as amended, 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 cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

As a result of the capital increase arising from the scrip dividend mentioned at the start of this note, the Board of Fomento de Construcciones y Contratas, S.A. decided to provide an additional amount of €3,213 thousand as legal reserve in the distribution of 2021 profit.

### Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002 and 2008 charged to available reserves, in accordance with the provisions of article 335.c of the Spanish Corporate Enterprises Act. The reserve for amortised capital is unavailable, other than with the same requirements as for capital reduction.

### Voluntary reserves

Reserves for which there is no type of limitation or restriction on their availability, freely constituted through profits and capital gains of the Parent Company once the distribution of dividends has been applied and the provision to legal reserve or other unavailable reserves in accordance with the current legislation.

## b.2) Consolidation reserves

This heading of the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the areas of activity. Also, in accordance with IFRS 10 “Consolidated financial statements”, those derived from changes in the shareholding of Group companies are included as long as control is maintained, for the difference between the amount of the purchase or additional sale and the book amount of the interest. Meanwhile, in accordance with IAS 19 “Employee benefits”, this section includes the actuarial profit and loss of pension plans and other social security benefits. The breakdown of this item as at 31 December 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Environment | 259,873 | 130,288 |
| Water | 172,730 | 145,213 |
| Construction | 37,670 | 29,715 |
| Cement | 42,441 | 36,416 |
| Real Estate | (31,376) | (6,918) |
| Corporation | (6,005) | 133,801 |
| | **475,333** | **468,515** |

### c) Shares and equity interests

This heading includes the Parent Company shares owned by this or other Group companies valued at the cost of acquisition.

The Board of Directors and the subsidiaries are authorised by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A. to buy back treasury shares within the limits and pursuant to the requirements set out in Article 144 et seq. of the Capital Companies Law.

The movement and balance of treasury shares at 31 December are set out below:

| | |
|---|---|
| **Balance at 31 December 2019** | **(16,068)** |
| Acquisitions | (1,944) |
| Balance at 31 December 2020 | (18,012) |
| Acquisitions | (8,662) |
| **Balance at 31 December 2021** | **(26,674)** |

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Fomento de Construcciones y Contratas, S.A. | 2,410,758 | (26,674) | 1,544,773 | (18,012) |
| **TOTAL** | **2,410,758** | **(26,674)** | **1,544,773** | **(18,012)** |

As at 31 December 2021, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.57% of the capital stock (0.38% as of 31 December 2020).

### d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2021 and 2020 was as follows:

| | 2021 | 2020 |
|---|---|---|
| Changes in the fair value of financial instruments | (722) | (125,966) |
| Translation differences | (113,411) | (149,733) |
| | **(114,133)** | **(275,699)** |

#### d.1) Changes in the fair value of financial instruments:

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (note 14) and of cash flow hedging derivatives (note 23) are included in this heading.

The breakdown of the adjustments due to a change in the fair value of the financial instruments as at 31 December 2021 and 2020 is as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Financial assets at fair value with changes in other comprehensive income** | | **7,730** | | **7,785** |
| Vertederos de Residuos, S.A. | 7,657 | | 7,657 | |
| Rest | 73 | | 128 | |
| **Financial derivatives** | | **(8,452)** | | **(133,751)** |
| Concessió Estacions Aeroport L9, S.A. (nota 4) | – | | (83,369) | |
| Cedinsa Group (note 4) | – | | 8,054 | |
| Urbs Iudex et Causidicus, S.A. (nota 4) | – | | (29,749) | |
| Future Valleys Project Co. Limited | 5,402 | | – | |
| FCC Group - PFI Holdings | (5,391) | | (9,479) | |
| Green Recovery Group | (1,937) | | (7,236) | |
| Ibisan Sociedad Concesionaria, S.A. | (1,668) | | (2,429) | |
| FM Green Power Investments, S.L. | – | | (2,181) | |
| Rest | (4,858) | | (7,362) | |
| | | **(722)** | | **(125,966)** |

The decrease in this heading is mainly due to the sale to Vauban Infrastructure Partners of 51% of the Cedinsa Group, 49% of Concessió Estacions Aeroport L9, S.A. and 29% of Urbs Iudex et Causidicus, S.A. (note 4).

d.2) Translation differences

The amounts comprising this item for each of the most significant companies at 31 December 2021 and 2020 are as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **United Kingdom:** | | | | |
| FCC Environment Group (UK) | (54,249) | | (55,100) | |
| Green Recovery Group (Note 5) | (36,687) | | (52,281) | |
| Dragon Alfa Cement Limited | (3,084) | | (3,453) | |
| Rest | (7,563) | (101,583) | (13,566) | (124,400) |
| **United States of America:** | | | | |
| FCC Group Construcción de América | 5,918 | | 11,911 | |
| Giant Cement Holding, Inc. | (1,567) | | (2,526) | |
| Rest | 3,738 | 8,089 | (6,354) | 3,031 |
| **Egypt:** | | | | |
| Orasqualia Devel. Waste T.P. S.A.E. | (5,874) | | (6,380) | |
| Egypt Environmental Services, S.A.E. | (3,633) | | (3,764) | |
| Rest | (2,480) | (11,987) | (2,725) | (12,869) |
| **Tunisia** | | | | |
| Societé des Ciments d'Enfidha | (25,927) | | (25,927) | |
| Rest | (808) | (26,735) | (833) | (26,760) |
| **Latin America:** | | | | |
| FCC Group Construcción de América | 3,130 | | 2,790 | |
| Rest | 11,054 | 14,184 | 9,366 | 12,156 |
| **Resto Divisas** | | | | |
| Resto | 4,621 | 4,621 | (891) | (891) |
| | | **(113,411)** | | **(149,733)** |

The change in the year is mainly due to the depreciation of the € against the pound sterling and the US dollar.

The net investment before deducting non-controlling interests in currencies other than the euro (converted to euros in accordance with note 3.k), grouped by geographic markets is as follows:

| | 2021 | 2020 |
|---|---|---|
| United Kingdom | 517,829 | 407,302 |
| Argelia | 171,624 | 157,335 |
| Latin America | 179,721 | 124,810 |
| Czech Republic | 78,180 | 70,128 |
| United States of America | 53,077 | 44,161 |
| Rest | 190,262 | 137,311 |
| | **1,190,693** | **941,045** |

## e) Earnings per share

Basic earnings per share are obtained by dividing the profit attributable to the parent company by the weighted average number of ordinary shares outstanding during the year, with earnings per share of €1.40 in 2021 (€0.66 in 2020).

| | 2021 | 2020 |
|---|---|---|
| **Profit or Loss** | | |
| Profit attributed to the Parent | 580,135 | 262,179 |
| **Outstanding shares** | | |
| Weighted average shares | 414,184,156 | 399,978,217 |
| **Earnings per share (in euros)** | **1.40** | **0.66** |

As at 31 December 2021 the Group has not issued any kind of instruments that can be converted to shares, so the diluted earnings per share coincide with the basic earnings per share.

## II. Non-controlling interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of those companies in which the Group's non-controlling shareholders have ownership interests.

The breakdown of the balance of non-controlling interests of the main companies at the close of 2021 and 2020 is as follows:

| | Equity | | | |
|---|---|---|---|---|
| | Capital | Reserves | Results | Total |
| **2021** | | | | |
| F C y C Group (note 5) | 11,132 | 835,054 | 14,455 | 860,641 |
| FCC Aqualia Group | 71,050 | 331,065 | 69,988 | 472,103 |
| Green Recovery Group (Note 5) | 5 | 75,699 | (1,972) | 73,732 |
| Cementos Portland Valderrivas Group | 1,196 | 15,824 | 1,100 | 18,120 |
| Rest | 6,197 | (10,796) | 13,574 | 8,975 |
| | **89,580** | **1,246,846** | **97,145** | **1,433,571** |
| **2020** | | | | |
| FCC Aqualia Group | 71,050 | 283,182 | 67,884 | 422,116 |
| Cedinsa Group | 118,912 | (14,260) | 4,611 | 109,263 |
| Green Recovery Group (Note 5) | 5 | 59,175 | 306 | 59,486 |
| Cementos Portland Valderrivas Group | 1,869 | 17,955 | 2,370 | 22,194 |
| Rest | 6,844 | (5,772) | 6,250 | 7,322 |
| | **198,680** | **340,280** | **81,421** | **620,381** |

The main change in this heading in 2021 is due to the full consolidation of the Realia Business subgroup and the entry of a minority shareholder in F C y C, both operations mentioned above (note 5).

# 19. Non-current and current provisions

The detail of the provisions at 31 December 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| **Non-current** | **1,167,340** | **1,064,384** |
| Liabilities for long-term employee benefits | 16,831 | 24,347 |
| Dismantling, removal and restoration of fixed assets | 110,001 | 98,586 |
| Environmental actions | 290,115 | 261,914 |
| Litigation | 67,705 | 53,548 |
| Contractual and legal guarantees and obligations | 82,613 | 70,769 |
| Actuaciones mejora o ampliación capacidad en concesiones | 246,983 | 167,281 |
| Other provisions for risks and expenses | 353,092 | 387,939 |
| **Current** | **147,874** | **195,152** |
| Close-outs and losses on construction contracts | 128,271 | 175,456 |
| Other provisions | 19,603 | 19,696 |

The changes in the provisions heading in 2021 and 2020 were as follows:

| | Non-current provisions | Current provisions |
|---|---|---|
| **Balance at 31 December 2019** | **1,130,199** | **249,581** |
| Asset withdrawal or dismantling expenses | 11,180 | – |
| Change of obligations for employee benefits for actuarial profits and losses | 4,889 | – |
| Actions to improve or expand the capacity of concessions | | – |
| Endowments/(Reversals) | 86,053 | (4,943) |
| Applications (payments) | (111,568) | (46,699) |
| Change of scope, conversion differences and other movements | | (2,787) |
| **Balance at 31 December 2020** | **1,064,384** | **195,152** |
| Asset withdrawal or dismantling expenses | 15,117 | – |
| Change of obligations for employee benefits for actuarial profits and losses | (7,851) | – |
| Actions to improve or expand the capacity of concessions | | – |
| Endowments/(Reversals) | 103,170 | (43,617) |
| Applications (payments) | (130,728) | (10,448) |
| Change of scope, conversion differences and other movements | | 6,787 |
| **Balance at 31 December 2021** | **1,167,340** | **147,874** |

The item "Provisions (reversals)" includes provisions for environmental measures amounting to €37,422 thousand (35,844 thousand euros at 31 December 2020), and also provisions for future replacement or major repairs to concessions amounting to €15,270 thousand (€23,485 thousand at 31 December 2020). It also includes provisions for litigation related to Construction activity works amounting to €29,724 thousand (reversal of €7,051 thousand at December 2020).

The item "Applications (payments)" includes €38,946 thousand (€9,149 thousand at 31 December 2020) for the application of provisions for risks and expenses related to construction work in the Construction business. Also included are payments of €22,369 thousand (€20,401 thousand euros at 31 December 2020), and €11,189 thousand (€13,651 thousand at 31 December 2020) for environmental actions, and for replacement and major repair actions on concessions, respectively. The above movements have an impact on the heading "Other adjustments to profit/(loss) (net) in the consolidated cash flow statement. Additionally, €19,767 thousand (€12,419 thousand at 31 December 2020) and €9,690 thousand (€9,112 thousand at 31 December 2020) are included for actions to improve or expand capabilities in concessions, and provisions for decommissioning and retirement of fixed assets, respectively. These amounts have an impact on the consolidated statement of cash flows under "Payments for investment in property, plant and equipment, intangible assets and investment property".

The movement in current provisions is mainly due to construction losses in the Construction business.

The item "Changes in scope, transfers, translation differences and other movements" in 2020 includes €59,716 thousand as a result of the transfer to non-current liabilities held for sale of provisions belonging to the Cedinsa subgroup (note 4).

The provisions shown in the accompanying consolidated balance sheet are considered to cover the liabilities that may arise in the course of the Group's various activities.

The schedule of expected payments at 31 December 2021, as a result of the obligations covered by non-current provisions, is as follows:

| | Up to 5 years | Up to 5 years | Total |
|---|---|---|---|
| Liabilities for long-term employee benefits | 4,697 | 12,134 | 16,831 |
| Dismantling, removal and restoration of fixed assets | 71,345 | 38,656 | 110,001 |
| Environmental actions | 53,713 | 236,402 | 290,115 |
| Litigation | 60,099 | 7,606 | 67,705 |
| Contractual and legal guarantees and obligations | 57,463 | 25,150 | 82,613 |
| Actions to improve or expand the capacity of concessions | 140,632 | 106,351 | 246,983 |
| Other provisions for risks and expenses | 215,921 | 137,171 | 353,092 |
| | **603,870** | **563,470** | **1,167,340** |

**Liabilities for long-term employee benefits**

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance, as indicated in note 25.

**Dismantling, removal and restoration of fixed assets**

The "Expenses for the withdrawal or dismantling of assets" item includes the counterpart of the highest asset value corresponding to the updated value of the expenses that will be incurred at the time the asset stops being used.

**Actions to improve or expand the capacity in concessions**

The "Actions to improve or expand the capacity of concessions" item includes both the counterpart of the highest value of fixed and non-current assets corresponding to the updated value of the actions on the infrastructure that the concessionaire will carry out during the concession period for improvements and capacity expansion, as well as the cost of future replacement actions or major repairs in concessions of the intangible model.

**Environmental actions**

The FCC Group develops an environmental policy based not only on strict compliance with current legislation on the improvement and protection of the environment, but also through the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities the Group carries out.

The Management of the FCC Group considers that the contingencies relating to the protection and improvement of the environment at 31 December 2021, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 29 to these notes to the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

**Provisions for litigation**

Provisions for litigation cover the contingencies of the FCC Aqualia Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. Any litigation, which may be significant in number according to estimates made on its final outcome, is not expected to have an impact on the Group's equity.

Appeal proceedings against the sale of Alpine Energie Holding AG terminated in March 2020.

**Contractual and legal guarantees and obligations**

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

**Provision for settlement and loss of works**

This corresponds to budgeted construction losses in accordance with the assessment principles set out in note 3.v), and also to the expenses incurred on construction work after completion until final settlement, systematically determined on the basis of a percentage of the production value throughout the execution of the work in accordance with experience in the construction activity.

**Other provisions for risks and expenses**

This heading includes those items not included in the previous denominations, including certain provisions related to Alpine for €23,832 thousand, which are discussed in greater detail in the following paragraphs.

The amount of Other provisions for risks and expenses not related to Alpine covers various risks arising from the Group's activity, which in the normal course of business is exposed to claims mainly due to construction defects or discrepancies in services rendered amounting to €164,238 thousand (€194,964 thousand at December 2020), and also to tax and fiscal claims amounting to €29,641 thousand (€28,874 thousand at December 2020). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

It also includes provisions resulting from recognising additional losses above the initial value of the investment in associates after incurring legal or constructive obligations in relation to the investment in the associate, amounting to €37,788 thousand (December 2020: €33,933 thousand), the remaining provisions being of lesser significance and related to the normal operation of the Group.

In relation to the provisions and risks arising from the winding up of the Alpine Group, 2021 saw no significant changes in terms of the amount reported in the Group's 2020 Financial Statements.

In 2006, the FCC Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary company, Alpine Bau GmbH, hereinafter AB. Seven years later, on 19 June 2013, AB filed for insolvency before the Commercial Court of Vienna, but after the unfeasibility of the reorganisation proposal was established, the insolvency administrator filed for, and the court decreed, the bankruptcy, closure and liquidation of the company. On 25 June 2013, the liquidation of the company was commenced. As a consequence of the bankruptcy of AB, its parent company, AH filed for bankruptcy before the Commercial Court on 2 July 2013, which declared the bankruptcy and liquidation of AH.

As a result of both bankruptcies, FCC Construcción, S.A. loses control over the Alpine Group, interrupting its consolidation.

As of the date of these consolidated financial statements, the insolvency administrators have reported recognised liabilities of approximately €1,669 million at AB and €550 million at AH in the respective liquidation proceedings. The share of the bankrupt estate in AB currently amounts to 15% whereas for AH's bankruptcy, the bankruptcy administrator has not been able to estimate and determine the share.

Eight years after the bankruptcy of both companies and having definitively closed the criminal proceedings, won proceedings brought by bondholders and settled a backdating action, two proceedings brought by the insolvency administrators against Fomento de Construcciones y Contratas, S.A. and FCC Construcción S.A. are still pending, in addition to other proceedings against auditors, former directors and banks involved in the acquisition of bonds issued by AH in 2010, 2011 and 2012 and admitted to trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of €290 million.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. As of 31 December 2021, provision for this item amounted to 23,832 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were issued, a number of proceedings were instigated against the Group and directors of AH and AB. At 31 December 2021, and as far as FCC could be directly or indirectly affected, two commercial proceedings and one labour proceeding are still in progress:

- In April 2015, the bankruptcy administrator of Alpine Holding GmbH filed a claim for €186 million against FCC Construcción, S.A. and other ex-executive of AB, considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were allegedly provided by this company for its subsidiary, Alpine Bau GmbH, without the necessary guarantees and complying with a "mandate-order" from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. Having filed appeals and cassation appeals for procedural infringement, in April 2020, the Austrian Supreme Court declared the need to return the Orders to the Court of Instance so that the testimonial evidence could be practiced in person before the Judge of First Instance. Such testimonial statements took place in June 2021 and, in light of the mandate contained in the Supreme Court Judgment, the judge has yet to decide whether to consider the procedure closed or whether to agree to the practice of the expert evidence requested by the bankruptcy trustee AH.
- In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was notified of a suit in which an AB bankruptcy administrator made a joint and several claim against the former finance director of Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of €19 million for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law. The proceedings are still at the evidentiary phase, the court expert having issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have caused any loss to AB. Given the multiplicity of allegations made by the bankruptcy administrator, the judge is weighing the request for a complementary expert report.
- Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Social Claims Court for 72 million euros. The claimant argues that this amount represents the damage to the bankruptcy estate caused by the alleged delay in initiating insolvency proceedings. In the event that the insolvency administrator's claim is successful and a final judgement is handed down, the subsidiary liability of the FCC Group could be raised in a remote case due to the explanation contained in note 16 on contingent liabilities.

In relation to these lawsuits, the FCC Group and its legal advisors have not assessed as probable future cash outflows prior to the issuance of these consolidated financial statements and, therefore, no provision has been made, as the Group considers these to be contingent liabilities (note 26).

# 20. Non-current and current financial liabilities

The general policy of the FCC Group is to provide all companies with the most adequate financing for the normal development of their activity.

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (note 23).

In certain financings, and especially in structured financing without recourse, the funder includes a contractual clause stating that there must be some type of interest rate coverage, studying the best hedging instrument according to the profile of the cash flows presented by the project, as well as the debt repayment schedule.

## a) Non-current and current obligations and loans

El detalle de las emisiones de obligaciones y empréstitos vigentes es el siguiente:

| | Non-current | Current | Total |
|---|---|---|---|
| **2021** | | | |
| FCC Aqualia, S.A. | 650,598 | 714,925 | 1,365,523 |
| FCC Servicios Medio Ambiente Holding, S.A.U. | 1,096,168 | 181,600 | 1,277,768 |
| Severomoravské Vodovody a Kanalizace Ostrava, A.S. | – | 219,605 | 219,605 |
| Fomento de Construcciones y Contratas, S.A. | – | 30,000 | 30,000 |
| FCC Environment UK Group | 132,038 | 6,609 | 138,647 |
| | **1,878,804** | **1,152,739** | **3,031,543** |

| | Non-current | Current | Total |
|---|---|---|---|
| **2020** | | | |
| FCC Aqualia, S.A. | 1,350,000 | 15,301 | 1,365,301 |
| FCC Servicios Medio Ambiente Holding, S.A.U. | 1,094,868 | 123,107 | 1,217,975 |
| Fomento de Construcciones y Contratas, S.A. | – | 302,300 | 302,300 |
| Severomoravské Vodovody a Kanalizace Ostrava, A.S. | 205,830 | 2,460 | 208,290 |
| FCC Medio Ambiente Reino Unido, S.A.U. | 130,237 | 6,178 | 136,415 |
| | **2,780,935** | **449,346** | **3,230,281** |

The details of the non-current and current obligations and loans formalised by the Group are detailed below:

– On 8 June 2017, FCC Aqualia, S.A. successfully completed two simple bond issues. One in the amount of €700 million with an annual remuneration of 1,413% and maturing in 2022, which is why it was reclassified as current in 2021, and the second in the amount of €650 million with an annual remuneration of 2,629% and maturing in 2027.

  Both issues have the following guarantees:

  , Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplan 11, S.A. and Aigues de Vallirana, S.A. Unipersonal, and 97% of the shares of Entemanser, SA.

  , Pledge on 100% of the shareholdings of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses, S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech, S.L.

  , Pledge on 98% of the shares of Acque di Caltanisseta S.p.A., pending formalisation to extend the pledge to 99.5%; and on 100% of Aqualia Mexico, SA de CV.

  , Pledge on the collection rights over certain accounts.

The issuance and circulation of both bonds took place on 8 June 2017, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch rating agency. This rating was ratified on 22 September 2021, alongside the rating of FCC Aqualia (BBB ).

The balance at 31 December 2021 shown for this item amounts to €1,365,523 thousand (€1,365,301 thousand in 2020), including €15,301 thousand for accrued and unpaid interest (€15,301 thousand in 2020).

At 31 December 2021, the bond prices were 100,263% for the €700 million bond and 109,749% for the €650 million bond.

FCC Aqualia, S.A. was granted a credit line of €900,000 thousand as a contingent credit facility, which matures on 4 May 2022, extendable at the Company's discretion for a further six months, to cover the amount of FCC Aqualia's and SmVak's obligations, which mature in June and July 2022, respectively. This facility has accrued a structuring fee of €900 thousand, of which €450 thousand has been recognised and is pending disbursement at 31 December 2021. On 2 February 2022, an extension of the maturity of the credit facility was signed at the Company's discretion until 31 January 2023.

– On 4 December 2019, FCC Servicios Medioambiente Holding S.A.U., successfully completed two simple bond issues. One in the amount of €600 million, with an annual remuneration of 0,815% and maturing in 2023; and the second in the amount of €500 million, with an annual remuneration of 1,661% and maturing in 2026.

  Both issues have the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

  Both bonds were issued and circulated in December 2019, and they were admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, with an investment grade rating from the Fitch rating agency. This rating was ratified on 2 December 2021, with a stable outlook.

  Both issues have an opinion by an independent institution, CICERO Shades of Green, stating that the governance procedures of the Company were rated as "Good" and the Bond issues were rated as "Light Green" issues. On the second anniversary of the issuance, November 2021, the certification body DNV GL confirmed that more than 93% of the total funds raised were already applied to eligible and environmentally sustainable projects.

  The balance at 31 December 2021 shown for this item amounts to €1,097,267 thousand (2020: €1,096,075 thousand), including €1,100 thousand for accrued and unpaid interest (2020: €1,207 thousand).

  At 31 December 2021, the bond prices were 101,376% for the €600 million bond and 105,152% for the €500 million bond.

  FCC Servicios Medioambiente Holding S.A.U. also registered in July 2020 and renewed in 2021 a Euro Commercial Paper Programme (ECP) on the Irish stock exchange (Euronext Dublin) for €400 million, at a fixed interest rate and with a maximum maturity of one year, which allows issues with maturities of between 1 and 364 days from the date of issue, in order to meet the financial needs of the area.

  At 31 December 2021 the outstanding amount was €180.5 million spread over different maturities from 4 to 6 months.

– Since November 2018, Fomento de Construcciones y Contratas, S.A. has had a Euro Commercial Paper Programme (ECP) registered on the Irish stock exchange (Euronext Dublin) for an amount of €600 million at December 2021, at a fixed interest rate and with a maximum maturity of one year, which allows it to issue notes with maturities of between 1 and 364 days from the issue date, in order to meet the financial needs of the Group's parent companies.

  At 31 December 2021 the outstanding amount was €30,000 thousand (at 31 December 2020: €302,300 thousand), maturing in 2 months.

– The company Severomoravské Vodovody a Kanalizace Ostrava, A.S. (Smvak) issued a local bond in July 2015 to repay another one issued in 2005, with its main characteristics being a fixed rate, a term of 7 years and for an amount of 5,400,000 thousand CZK, with a coupon of 2,625% and with an investment grade rating from the Fitch rating agency.

  The balance at 31 December 2021 shown for this item amounts to €219,605 thousand (at 31 December 2020 it was €208,290 thousand), including €2,598 thousand for accrued and unpaid interest (€2,460 thousand in 2020).

  There is no collateral for this issue.

– In the context of the Azincourt refinancing process carried out in June 2018, FCC Medio Ambiente Reino Unido issued debt in the total amount of 145,000 thousand pounds sterling in two institutional tranches, both structured through the issuance of Private Placement bonds.

One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4,145%, both due on 17 June 2038. 6,342 thousand pounds were repaid in 2021.

The guarantees of this issue are detailed in section 3. of this note.

The balance at 31 December 2021 shown for this item amounts to €138,647 thousand (€136,415 thousand in 2020).

## b) Non-current and current payables to credit institutionss

The breakdown at 31 December 2021 and 2020 is as follows:

| | Non-current | Current | Total |
|---|---|---|---|
| **2021** | | | |
| Credits and loans | – | 200,322 | 200,322 |
| Debts without recourse to the parent | 965,765 | 230,871 | 1,196,636 |
| Debts with limited recourse for project financing: | 318,603 | 26,996 | 345,599 |
| FCC Medio Ambiente Reino Unido, S.A.U. | 180,659 | 11,572 | 192,231 |
| Aquajerez, S.L. | 48,574 | 4,839 | 53,413 |
| Rest | 89,370 | 10,585 | 99,955 |
| | **1,284,368** | **458,189** | **1,742,557** |

| | Non-current | Current | Total |
|---|---|---|---|
| **2020** | | | |
| Credits and loans | 20,011 | 156,079 | 176,090 |
| Debts without recourse to the parent | 204,697 | 19,690 | 224,387 |
| Debts with limited recourse for project financing: | 382,891 | 36,652 | 419,543 |
| FCC Medio Ambiente Reino Unido, S.A.U. | 178,886 | 10,516 | 189,402 |
| Aquajerez, S.L. | 52,946 | 4,730 | 57,676 |
| Rest | 151,059 | 21,406 | 172,465 |
| | **607,599** | **212,421** | **820,020** |

The previous table shows three different Debt groups:

### 1. Credits and loans

At 31 December 2021, as in 2020, this section mainly includes the financing facilities of FCC, S.A. in the form of credit facilities and bilateral loans signed for an amount of 400 million (€648.5 million at 31 December 2020) with various financial institutions. At 31 December 2021, the balance drawn down from these loans was €200 million (€175 million at 31 December 2020).

## 2. Debts without recourse to the parent

This item mainly includes financing corresponding to the Real Estate, Water, Cement and Services areas.

– Within the Real Estate Area, since October 2021 and as a result of the takeover of the Realia Group and the company Jezzine Uno S.L.U. (note 5), a debt of €498.2 million and €334.2 million, respectively, has been incorporated.

  The Realia Group's debt comprises a syndicated loan signed by Realia Patrimonio S.L.U. and several bilateral financings signed by Hermanos Revilla, S.A.

  The syndicated loan was signed by Realia Patrimonio on 27 April 2017, for a total amount of €582 million, with partial maturities and final maturity in April 2024.

  On 27 April 2020, it entered into a non-extinguishing modifying novation of the aforementioned loan, extending the maturity until 27 April 2025 and renegotiating a reduction in the margin applicable to the reference rate for the calculation of interest and ratifying the current guarantees. As a consequence of this novation, the applicable interest rate is Euribor plus a variable margin based on the Loan to Value ratio.

  In addition, the aforementioned company entered into an interest rate swap agreement (IRS) for 70% of the outstanding balance of the loan to reduce the risk of interest rate fluctuations and their impact on cash flows associated with the hedged financing (note 23).

  This financing requires compliance with a series of financial ratios until maturity. At 31 December 2021, the Company is in compliance with the covenants.

  At 31 December 2021 the outstanding balance of this loan is €465.2 million, excluding IFRS 9 assessment adjustments and arrangement costs arising from the granting of the loan in the amount of €14.1 million and accrued interest in the amount of €1.0 million.

  Additionally, the Realia Group includes the company Hermanos Revilla, S.A., which at 31 December 2021 has credit facilities and loans with a limit of €68 million, of which €46 million have been drawn down. The maturity of the bilateral loans will occur during the years 2022-2024.

  The financing of the company Jezzine Uno S.L.U. corresponds to a loan agreement signed on 19 October 2021, amounting to €335 million, with partial maturities and final maturity on 19 October 2026. The interest rate applicable to this loan is a fixed market rate.

  At 31 December 2021, the outstanding balance of this loan is €335 million, excluding loan arrangement fees of €1.6 million and accrued interest of €0.8 million.

– In the Water Area, the total amount of debt in this section is €203.5 million, including a loan signed by FCC Aqualia S.A. for €200 million, which is fully drawn down at 31 December 2021.

– In the Cement Area, on 29 April 2021 Cementos Portland Valderrivas, SA (CPV) proceeded to the full voluntary repayment of the syndicated loan in the amount of €115.5 million.

  For cancellation of part of the debt, on the same date an intra-group loan was signed between Fomento de Construcciones y Contratas, S.A. as lender and Cementos Portland Valderrivas, S.A. as borrower in the amount of €82.5 million and maturing on 29 April 2022.

  During 2021, the aforementioned intra-group loan was voluntarily repaid in full. To repay part of this loan, two bilateral financing operations of €25 million and €50 million were concluded, maturing in June 2026 and July 2024 respectively. Both loans are fully drawn down at 31 December 2021 and bear interest at Euribor plus a market spread.

  CPV also has a subordinated financing agreement for an original amount of €79.5 million, maturing on 29 January 2023. On 19 July 2021 an agreement was signed modifying its variable interest rate to a fixed market rate.

  At 31 December 2021 and 2020, the outstanding balance of this loan is €70.4 million.

– The rest of the debt in this section corresponds to debt in the Services Area, mainly of the FCC Environment CEE subgroup and other national investees.

  In addition, at 31 December 2021 FCC Medio Ambiente S.A.U. has signed and undrawn credit facilities of €115 million (€323.5 million at 31 December 2020); and the FCC Environment CEE Group has €22.2 million, of which it has drawn down €0.4 million at 31 December 2021 (€32.9 million signed and undrawn at 31 December 2020).

### 3. Debts with limited recourse for project financing

These include all financing secured solely by the project itself and its cash-generating capabilities, which will support the entire debt service payment, and which, under no circumstances, will be guaranteed by the parent company Fomento de Construcciones y Contratas, S.A. or any other FCC Group company.

– FCC Medio Ambiente Reino Unido. The FCC Environment (UK) Group currently has a revolving credit facility of £30 million undrawn at 31 December 2021 and maturing in December 2023.

  In 2018, FCC Energy Ltd, whose assets are the Eastcroft and Allington incinerators, issued £207.4 million of debt. This debt has a 20-year term (final maturity on 17 June 2038) and three different tranches, two institutional for an initial total amount of 145 million pounds sterling described in section a) of this note, and a commercial tranche of 62.4 million pounds sterling. The interest rate of the commercial tranche is a variable rate hedged with an exchange of interest that makes it fixed plus an upward margin of up to 2.75% during the life of the project.

  2.7 million pounds were repaid from commercial tranche in 2021.

  The FCC Energy Ltd financing, being project finance, includes the standard guarantees for this type of financing, such as the pledge of the company's shares and the rest of its assets, which include the companies that operate the two waste incineration plants.

  Additionally, in October 2016 FCC Environment Developments Ltd. signed a £142 million agreement to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC), Midlothian, located on the outskirts of Edinburgh. The plant initially had two syndicated loans, a £75.71 million loan maturing in August 2042 and a £36.9 million loan maturing in May 2020. The margins on the loan maturing in 2042 range from 3% to 3.5%. Write-downs during 2021 amounting to £2.6 million have been made. At the end of 2021 the outstanding debt to be repaid is 70.2 million pounds sterling.

  As a result of the foregoing, at 31 December 2021, of the total bank borrowings of FCC Medio Ambiente Reino Unido, S.L.U., €59.7 million (€58.8 million at 31 December 2020) relate to FCC Energy Ltd. and FCC E&M (Edinburgh), an investee of FCC Environment Developments Ltd, €82.6 million (€80.0 million at 31 December 2020); the remaining debt with limited recourse for project financing, up to a total amount of €192.2 million, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

– The financing of Aquajerez, S.L. was signed in 2016 and amounted to €40 million, for a term of 15 years with half-yearly repayments from January 2017. During 2019, FCC Aqualia, S.A., which already held 51% of this company, acquired the remaining 49% and proceeded to extend the initial loan to €65 million. At 31 December 2021 the amount of this debt is €53.4 million (57.7 million in 2020).

– Other debt with limited recourse for project financing" includes companies with project financing in the areas of Water, Aquos El Realito, S.A. de C.V. with €40.0 million; Environmental Services, Gipuzkoa Ingurumena Bi, S.A. with €23.4 million; and Concessions, Concesionaria Túnel de Coatzacoalcos, S.A. de C.V. with €7.5 million.

It was cancelled early in 2021: in the Water Area, the debt of Shariket Tahlya Mostaganem, S.p.A. whose balance at 31 December 2020 was €32.9 million; and in the Concessions area, the debt with credit institutions of Autovía Conquense, S.A. which at 31 December 2020 had a balance of €26.9 million.

As at 31 December 2021 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2022.

The guarantees granted on these loans are real and are based on the financed assets that repay the debt with own flows, without additional guarantees granted by the Parent to pledge the shares in the vehicle companies that own the aforementioned financial assets that may have been granted.

The breakdown of the debts with credit institutions by currency and amounts available at 31 December 2021 and 2020 is as follows:

| | Euros | US dollars | Pounds Sterling | Czech koruna | Rest | Total |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Credits and loans | 200,076 | 246 | – | – | | 200,322 |
| Debt without recourse t o the parent | 1,191,109 | – | – | – | 5,527 | 1,196,636 |
| Debts with limited recourse for project financing | 91,472 | – | 192,231 | – | 61,896 | 345,599 |
| | **1,482,657** | **246** | **192,231** | **–** | **67,423** | **1,742,557** |
| **2020** | | | | | | |
| Credits and loans | 175,227 | 851 | – | – | 12 | 176,090 |
| Debt without recourse to the parent | 206,876 | 507 | – | 8,741 | 8,263 | 224,387 |
| Debts with limited recourse for project financing | 128,376 | – | 189,402 | – | 101,765 | 419,543 |
| | **510,479** | **1,358** | **189,402** | **8,741** | **110,040** | **820,020** |

The credits and loans in US dollars mainly finance assets in the Construction Area and in 2020 also in Services; those contracted in pounds sterling correspond to the financing of assets of FCC Environment UK; those contracted in Czech crowns financed in 2020 the operations of FCC Environment CEE in the Czech Republic; and in the rest of the currencies, in 2021 the financing of Aquos El Realito, S. A. de C.V. in Mexican pesos in the amount of 40,044 thousand and Qatarat Saquia Desalination in Saudi Arabian riyals in the amount of €14,354 thousand At 31 December 2020, the Other currencies included the debt of Shariket Tahlya Mostaganem, S.p.A. in Algerian dinars amounting to €32,903 thousand, which was repaid early in 2021.

## c) Other non-current financial liabilities

| | 2021 | 2020 |
|---|---|---|
| **Non-current** | | |
| Lease debt (Note 10) | 367,981 | 376,487 |
| Third party financial debts outside the group | 99,940 | 115,374 |
| Derivative financial liabilities (Note 23) | 19,640 | 38,504 |
| Deposits and guarantees received | 65,082 | 41,995 |
| Other concepts | 17,182 | 16,394 |
| | **569,825** | **588,754** |

“Derivative financial liabilities” mainly include financial derivatives for risk hedging, mainly interest rate swaps. (note 23).

## d) Other current financial liabilitiess

| | 2021 | 2020 |
|---|---|---|
| **Current** | | |
| Lease debt (Note 10) | 64,870 | 68,599 |
| Interim dividend payable | 8,182 | 18,457 |
| Third party financial debts outside the group | 23,740 | 22,008 |
| Suppliers of fixed assets and bills payable | 50,817 | 35,002 |
| Debts with associated companies and joint ventures | 5,274 | 4,120 |
| Derivative financial liabilities (Note 23) | 2,386 | 5 |
| Deposits and guarantees received | 53,845 | 60,772 |
| Other concepts | 134 | 3,713 |
| | **209,248** | **212,676** |

"Guarantees and deposits received" includes the advance payment received for the agreement to sell the shareholding in Concesionaria Túnel de Coatzacoalcos, S.A. for 48,396 thousand euros in both years, owned by a company linked to the majority shareholder of the Parent Company. The sale is subject to conditions precedent, not fulfilled at the date of formulation of these consolidated annual accounts.

## e) Schedule of expected due dates

The schedule of expected due date of debts with credit institutions, obligations and loans and other non-current financial liabilities, is as follows:

| | 2023 | 2024 | 2025 | 2026 | 2027 and beyond | Total |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Bonds and other marketable securities | 604,176 | 6,210 | 7,145 | 505,656 | 755,617 | 1,878,804 |
| Non-current bank borrowings | 136,159 | 151,098 | 464,542 | 299,741 | 232,828 | 1,284,368 |
| Other financial liabilities | 68,842 | 68,614 | 37,550 | 77,908 | 316,911 | 569,825 |
| | **809,177** | **225,922** | **509,237** | **883,305** | **1,305,356** | **3,732,997** |

## f) Changes in financial liabilities that affect cash flows from financing activities

Below are details of the changes in non-current and current financial liabilities, differentiating those that affected cash flows from financing activities in the Statement of Cash Flows from the remaining changes:

| | | | With no impact on cash flows | | | | |
|---|---|---|---|---|---|---|---|
| | Balance at 1 January 2021 | Cash flows from financing activities | Exchange differences | Change in fair value | Change consolidation method | Other changes | Balance at 31 December 2021 |
| **Non-current** | **3,977,288** | **(113,779)** | **40,077** | **(21,148)** | **836,828** | **(986,269)** | **3,732,997** |
| Bonds and other marketable securities | 2,780,935 | 1,020 | 15,417 | – | – | (918,568) | 1,878,804 |
| Bank borrowings | 607,599 | (108,135) | 16,086 | – | 811,563 | (42,745) | 1,284,368 |
| Other financial liabilities | 588,754 | (6,664) | 8,574 | (21,148) | 25,265 | (24,956) | 569,825 |
| **Current** | **874,443** | **(249,389)** | **14,093** | **80** | **26,967** | **1,153,982** | **1,820,176** |
| Bonds and other marketable securities | 449,346 | (273,637) | 5,686 | – | – | 971,344 | 1,152,739 |
| Bank borrowings | 212,421 | 138,355 | 1,311 | – | 18,437 | 87,665 | 458,189 |
| Other financial liabilities | 212,676 | (114,106) | 7,096 | 80 | 8,530 | 94,972 | 209,248 |

| | | | Sin impacto en flujos de caja | | | | |
|---|---|---|---|---|---|---|---|
| | Balance at 1 January 2020 | Cash flows from financing activities | Exchange differences | Change in fair value | Change consolidation method | Other changes | Balance at 31 December 2020 |
| **Non-current** | **5,030,270** | **(68,305)** | **(60,635)** | **31,320** | **153,446** | **(1,108,808)** | **3,977,288** |
| Bonds and other marketable securities | 2,800,345 | 1,425 | (22,177) | – | 7,732 | (6,390) | 2,780,935 |
| Bank borrowings | 1,319,267 | (96,469) | (32,695) | – | 75,144 | (657,648) | 607,599 |
| Other financial liabilities | 910,658 | 26,739 | (5,763) | 31,320 | 70,570 | (444,770) | 588,754 |
| **Current** | **683,611** | **(219,865)** | **(7,675)** | **223** | **23,216** | **394,933** | **874,443** |
| Bonds and other marketable securities | 324,604 | 64,981 | (703) | – | 311 | 60,153 | 449,346 |
| Bank borrowings | 155,400 | (109,815) | (3,454) | – | 132 | 170,158 | 212,421 |
| Other financial liabilities | 203,607 | (175,031) | (3,518) | 223 | 22,773 | 164,622 | 212,676 |

In 2021, under the item "Change in consolidation method", the amount contributed by the Realia Business Group for €521,169 thousand as a result of being fully consolidated following its takeover in 2021 and €339,251 thousand contributed by the company Jezzine Uno, S.L.U. as a result of its entry into the scope of consolidation on the same date (note 5) are noteworthy.

In 2020, the decrease in the column "Other movements" was mainly due to the transfer to non-current liabilities held for sale of the Cedinsa subgroup (note 4) amounting to €861,282 thousand.

# 21. Other non-current liabilities

This heading mainly includes performance obligations under the Buckinghamshire plant concession (note 11) arising from the collection of the intangible component in accordance with the conditions set out in the agreement amounting to €122,790 thousand at 31 December 2021 (€118,375 thousand at 31 December 2020).

# 22. Trade and other accounts payable

The breakdown of the "Trade and other payables" heading in the liability side of the balance sheet as at 31 December 2021 and 2020 is as follows:

| | 2021 | 2010 |
|---|---|---|
| Suppliers | 1,072,129 | 1,055,643 |
| Current tax liabilities (Note 24) | 28,158 | 8,939 |
| Other payables to Public Administrations (Note 24) | 322,006 | 316,883 |
| Customer advances (Note 16) | 357,807 | 403,626 |
| Remuneration payable | 76,518 | 69,841 |
| Other payables | 410,884 | 418,800 |
| | **2,267,502** | **2,273,732** |

With regard to the Spanish Institute of Accounting and Accounts Auditing (ICAC) Resolution of 29 January 2016, issued in compliance with the mandate of the Second Additional Provision of Law 31/2014 of 3 December, which amends the Third Additional Provision of Law 15/2010 of 5 July, establishing measures to combat late payment in commercial transactions, in 2021 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004 of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the provisions of section 5 of article 228 of the current Consolidated Text of the Public Sector Contract Law (CTPSCL) apply to the works and supplies derived from contracts signed by the Group with the different Public Administrations.

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in 2021 in the sectors in which the Group operates.

The Group's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) Payments to suppliers under agreements entered into by the Group with the public authorities, pursuant to article 228.5 of the CTPSCL, and b) Payments to remaining suppliers under the Second transitional provision of Law 15/2010, and, where appropriate, that provided for in article 9 of Law 3/2004, which excludes from the abusive nature the "deferral of the payment for objective reasons" taking into consideration, in both cases a) and b) the usual payment period in the sectors in which the Group operates.

The Group also acknowledges and pays suppliers, always by mutual agreement, any late-payment interest agreed in the contracts, providing negotiable payment methods accompanied by exchange procedures. Such agreements, aside from being expressly provided for, as mentioned, in the CTPSCL, are admissible under Directive 2011/7/EU of 16 February, of the European Parliament and the Council.

The Group has also entered into confirming line and similar contracts with different financial institutions to facilitate early payment to suppliers. In accordance with these contracts, a supplier may exercise its collection rights against the Group companies or entities and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities and, in some cases, amounts withheld as guarantee. The total amount of contracted lines amounts to €42,795 thousand at 31 December 2021 (€99,270 thousand at 31 December 2020), with a drawn down balance of €11,999 thousand at 31 December 2021 (€8,478 thousand at 31 December 2020). The above-mentioned contracts do not modify the main payment conditions (interest rate, deadline or amount), so they are classified as commercial liabilities.

In compliance with the aforementioned Resolution, a table is set out below with information on the average payment period to suppliers for companies located in Spain, for those commercial operations accrued from the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014:

| | 2021 | 2020 |
|---|---|---|
| | Days | Days |
| Average payment period to suppliers | 96 | 104 |
| Ratio of paid operations/transactions | 92 | 97 |
| Ratio of operations/transactions pending payment | 108 | 126 |
| | Amount | Amount |
| Total payments made | 1,788,644 | 1,429,479 |
| Total payments pending | 486,798 | 445,894 |

# 23. Derivative financial instruments

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in note 3.p) of this Report, that is, they are operations that hedge real positions.

The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied.

During business year 2021, an international reform, known as the "IBOR reform", was implemented, which envisages the replacement of certain benchmark interbank offered rates (IBORs) with alternative, almost risk-free rates.

The IBOR reform is an aspect of continuous monitoring for the FCC Group, as the indices affected by it are references in the Group's financing agreements and derivative financial instruments.

Euribor-linked financial instruments are not exposed to uncertainty at 31 December 2021.

For the rest of the IBOR indices affected by the reform, their publication has ceased on 31 December 2021 (except in the case of Libor-dollar, for which the cessation of publication for most of the index maturities has been delayed to June 2023), so that the main market players (regulators, central banks, banks, institutions, etc.) are working on defining the equivalences between these indices and the new near risk-free benchmarks (Risk Free Rate benchmarks, hereafter "RFRs").

In the particular case of the FCC Group, the exposure to IBOR indices affected by the aforementioned reform focuses on its financing and derivatives referenced to LIBOR - GBP (pound sterling), so this reform has not had a significant impact on the Group's financial position or results. However, in view of the uncertainty in the transition period, the Group has identified the transactions affected, in particular the Libor-GBP indexed financial debt and the accompanying hedging derivatives.

The Group has made adjustments to the financing agreements and hedging derivatives affected by the transition.

At 31 December 2021 the FCC Group has contracted hedging transactions with derivative instruments in its fully consolidated companies for an aggregate notional amount of €697,981 thousand (€335,672 thousand at 31 December 2020), mainly in the form of interest rate swaps (IRS), where Group companies pay fixed rates and receive floating rates.

Details of the hedges and their fair value for fully consolidated companies are shown below:

| | Derived type | Hedging type | % hedge | Notional 31.12.21 | Notional 31.12.20 | Valuation at 31 December 2021 | Valuation at 31 December 2020 | Due date |
|---|---|---|---|---|---|---|---|---|
| **Empresas consolidadas por integración global** | | | | | | | | |
| FCC Medio Ambiente S.A.U. | IRS | FE | 57% | 7,164 | 8,211 | (468) | (770) | 02/04/2024 |
| | IRS | FE | 22% | 3,340 | 3,448 | (40) | (68) | 02/04/2024 |
| | Option | FE | 57% | 7,164 | 8,211 | 55 | 108 | 02/04/2024 |
| RE3 Ltd. | IRS | FE | 82% | 18,439 | 18,721 | (2,751) | (4,136) | 30/09/2029 |
| FCC Energy Ltd. | IRS | FE | 100% | 9,838 | 9,681 | (499) | (1,179) | 17/06/2038 |
| | IRS | FE | 100% | 61,431 | 60,446 | (3,190) | (7,476) | 17/06/2038 |
| FCC Wrexham PFI Ltd. | IRS | FE | 95% | 17,265 | 17,508 | (3,855) | (5,250) | 30/09/2032 |
| FCC Wrexham PFI (Phase II) Ltd. | IRS | FE | 50% | 7,173 | 7,254 | (550) | (998) | 30/09/2032 |
| | IRS | FE | 50% | 7,173 | 7,254 | (553) | (1,004) | 30/09/2032 |
| FCC (E&M) Ltd. | IRS | FE | 50% | – | – | – | – | 06/05/2020 |
| | IRS | FE | 50% | – | – | – | – | 06/05/2020 |
| | IRS | FE | 50% | 42,125 | 40,826 | (1,312) | (4,385) | 06/05/2042 |
| | IRS | FE | 50% | 42,125 | 40,826 | (1,389) | (4,475) | 06/05/2042 |
| Integraciones Ambientales de Cantabria, S.A. | IRS | FE | 75% | 1,575 | 3,830 | (36) | (158) | 31/12/2022 |
| Aquajerez | IRS | FE | 70% | 21,083 | 22,708 | (541) | (1,143) | 15/07/2031 |
| | IRS | FE | 30% | 16,684 | 18,145 | (87) | (503) | 15/07/2031 |
| Gipuzkoa Ingurumena | IRS | FE | 38% | 8,946 | 9,378 | (560) | (956) | 30/06/2034 |
| | IRS | FE | 38% | 8,946 | 9,378 | (551) | (950) | 30/06/2034 |
| Qatarat | IRS | FE | 100% | 10,219 | 11,610 | (454) | (790) | 07/06/2026 |
| | IRS | FE | 100% | – | 480 | – | (6) | 25/03/2021 |
| | IRS | FE | 100% | 3,886 | 4,816 | (96) | (206) | 28/11/2024 |
| Aquos El Realito S.A. de C.V | IRS | FE | 100% | 32,458 | 32,941 | (420) | (3,847) | 22/01/2025 |
| Realia | IRS | FE | 21% | 106,905 | – | (1,401) | – | 27/04/2024 |
| | IRS | FE | 21% | 106,905 | | (1,401) | | 27/04/2024 |
| | IRS | FE | 13% | 64,178 | – | (841) | – | 27/04/2024 |
| | IRS | FE | 9% | 47,105 | | (619) | | 27/04/2024 |
| | IRS | FE | 6% | 31,432 | – | (412) | – | 27/04/2024 |
| Total FCC Environment CEE GMBH | FX | FE | 100% | 14,422 | – | 125 | – | 22/11/2023 |
| **Total global integration** | | | | **697,981** | **335,672** | **(21,846)** | **(38,192)** | |

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2021 and broken down in the previous table:

| | 2022 | 2023 | 2024 | 2025 | 2026 and beyond |
|---|---|---|---|---|---|
| Companies consolidated by global integration | 50,315 | 44,109 | 360,250 | 41,475 | 201,832 |

At 31 December 2021 the total notional amount of hedges of companies consolidated using the equity method is €40,506 thousand (31 December 2020: €186,256 thousand) and their fair value is €2,842 thousand (31 December 2020: €24,874 thousand).

At 31 December 2020 the derivative hedges of the companies whose assets and liabilities had been transferred to held for sale (note 4) had a total notional amount of €844,043 thousand and a fair value of (€294,109) thousand. Details of the hedges and their fair value are shown below:

| | Derived type | Hedging type | % hedge | Notional 31.12.21 | Notional 31.12.20 | Valuation at 31 December 2021 | Valuation at 31 December 2020 | Due date |
|---|---|---|---|---|---|---|---|---|
| Cedinsa Eix. Llobregat | IRS | FE | 70% | | 114,730 | | (36,561) | 01/05/2033 |
| Cedinsa Eix. Transversal | IRS | FE | 80% | | 291,800 | | (96,946) | 30/10/2033 |
| Cedinsa d'Aro | IRS | FE | 85% | | 30,943 | | (9,777) | 01/05/2033 |
| **Total global integration** | | | | **–** | **437,473** | **–** | **(143,284)** | |
| Urbs ludex et | | | | | | | | |
| Causidicus, S.A. | IRS | FE | 100% | | 59,432 | | (39,666) | 30/12/2033 |
| Concessió Estacions Aeroport L9 | IRS | FE | varios | | 347,138 | | (111,159) | 23/12/2033 |
| **Total equity method** | | | **–** | **406,570** | **–** | **(150,825)** | | |

The following table details the amounts of financial derivatives that the fully consolidated companies have entered into for hedging purposes, but which cannot be considered as such for accounting purposes:

| | Derived type | Hedging type | No ional 31.12.21 | No ional 31.12.20 | Valuation at 31 December 2021 | Valuation at 31 December 2020 | Due date |
|---|---|---|---|---|---|---|---|
| **Companies consolidated by global integration** | | | | | | | |
| FCC Environment CEE GmbH | FX SWAP | ESP | | 19,938 | | (208) | 22/11/2023 |
| **Total global integration** | | | **–** | **19,938** | **–** | **(208)** | |

The following table provides a reconciliation of the change in the assessment of derivatives, distinguishing hedging derivatives from speculative derivatives and identifying the amounts of which have been recorded in the accompanying consolidated income statement and which in "Other comprehensive income" in the consolidated statement of recognised income and expense:

| | Balance at 1 January 2021 | Profit/loss from valuation of reserves | Profit/loss from valuation of results | Transfers to the income statement | Inefficiency of the hedging | Other changes | Balance at 31 December 2021 |
|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | |
| Hedging | (38,192) | 28,841 | – | (5,755) | – | (6,740) | (21,846) |
| Speculative | (208) | – | 622 | – | – | (414) | – |

| | Balance at 1 January 2020 | Profit/loss from valuation of reserves | Profit/loss from valuation of results | Transfers to the income statement | Inefficiency of the hedging | Other changes | Balance at 31 Decembere 2020 |
|---|---|---|---|---|---|---|---|
| 2020 | | | | | | | |
| Hedging | (171,010) | (30,907) | – | 16,149 | – | 147,576 | (38,192) |
| Speculative | (312) | – | 175 | – | – | (71) | (208) |

The column "Other movements" for 2020 mainly includes the reclassification to liabilities held for sale of the Cedinsa subgroup (note 4).

# 24. Tax matters

This Note describes the headings in the accompanying consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the corporate income tax expense.

In accordance with file 18/89, the Parent Company of the FCC Group is subject to the Corporation Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. Likewise, part of the subsidiaries that carry out the Water, Real Estate (with regard to the Realia subgroup), Environmental Services in the United Kingdom and FCC Environment Group in Austria, are also taxed in their own consolidated tax group.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The Tax Administration filed a claim against the Group for a total amount (instalment and late payment interest) equal to 111 million euros. FCC has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The Group, in accordance with the opinion of its legal advisors, considers it probable that the amounts already paid under such recovery procedure will be returned. Within the framework of this procedure, the Tax Administration has recognised a negative tax base in favour of the FCC Group that has generated an activated tax credit for the amount of €63.2 million.

In June 2020, the tax authorities notified the start of corporate income tax audits of the tax group headed by FCC, S.A., business year 2015 to 2017, the VAT corresponding to the period from June 2016 to December 2017 of FCC, S.A., FCC Construcción, FCC Aqualia, FCC Industrial e Infraestructuras Energéticas and Cementos Portland Valderrivas, and also the withholdings/receipts on account for employment income and professional income corresponding to the period from June 2016 to December 2017 for FCC, S.A., FCC Construcción and FCC Aqualia, and for the period from January to December 2017 for Cementos Portland Valderrivas. In relation to years and taxes open to inspection, contingent tax liabilities could arise, the amount of which cannot be objectively quantified at present. However, the Group's management considers that the potential liabilities resulting from this situation would not significantly affect the Group's equity.

## a) Deferred tax assets and liabilities

Deferred tax assets mainly relate to provisions recognised, losses and impairments of assets held for sale, non-deductible financial expenses that will be deductible for tax purposes from taxable income in future years, tax credits and tax loss carry forwards/offsets and differences between accounting and tax depreciation and amortisation.

Specifically, the FCC Group has recognised deferred tax assets corresponding to tax loss carryforwards and deductions pending application, as it considers that there are no doubts as to their recoverability, amounting to €418,642 thousand (€345,095 thousand at 31 December 2020). The increase compared to 2020 is mainly due to the incorporation of the Realia tax group, which at 31 December 2021 contributes capitalised tax credits of €72,619 thousand.

The Group Management has evaluated the recoverability of deferred tax assets by estimating future tax bases, concluding that there is no doubt surrounding their payment.

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted. Based on profit projections, it is estimated that there will be sufficient positive taxable income to substantially absorb both the tax losses recognised in the balance sheet and the deferred tax assets over an estimated period of around eleven years.

The estimated accounting profit for the year for the tax group headed by Fomento de Construcciones y Contratas, S.A. is based on the Strategic Plan prepared by the Group for the period 2022-2024. Turnover growth of 7.3% in 2022, 1% in 2023 and 4.3% in 2023 is assumed, mainly due to an improvement in the Cement business, which is expected to increase its contribution, while the projected EBITDA margin ranges between 13.5% and 15% for the period 2022 to 2024. In the subsequent periods, a vegetative growth in profit before tax of 2% is projected. For the tax group headed by FCC Aqualia, S.A., a vegetative growth of 2% has been applied to the profit before tax. In the case of the tax group headed by Realia, the taxable income is estimated on the basis of the projected accounting profit up to 2036 adjusted by those temporary and permanent differences that are expected to reverse in each year.

The deferred tax liabilities recognised by the Group mainly arise from the following:

– The differences between the tax and accounting valuation due to the fair value of assets derived from the corporate acquisitions in the different segments of the Group's activity, as indicated in notes 3.b). In general, these liabilities will not entail any future cash outflows because they revert at the same rate as the amortisation of revalued assets.

– From the tax amortisation of leasing contracts and that of certain items of property, plant and equipment under accelerated tax amortisation plans, and from the unrestricted amortisation on the investments made, which allows them to be fully amortised as long as certain requirements are fulfilled.

– From the profits of temporary joint ventures that will be included in the tax base of the following year's corporate income tax.

The Group, pursuant to the provisions of IAS 12 "Corporation Tax", has offset the deferred tax assets and liabilities corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. At 31 December 2020, deferred tax assets and liabilities were offset in the amount of 224,506 thousand euros (123,695 thousand euros at 31 December 2020).

The following table shows the breakdown of the main deferred tax assets and liabilities:

| | 2021 | | | | 2020 | | |
|---|---|---|---|---|---|---|---|
| **ASSETS** | **Tax Group Spain** | **Realia Tax Group** | **Rest** | **TOTAL** | **Tax Group Spain** | **Rest** | **TOTAL** |
| Provisions and impairments | 106,844 | 4,709 | 43,071 | 154,624 | 119,011 | 40,219 | 159,230 |
| Tax loss carryforwards | 329,197 | 72,619 | 16,826 | 418,642 | 332,327 | 12,768 | 345,095 |
| Non-deductible financial expense | 6,141 | 29,926 | 4,623 | 40,690 | 21,817 | 5,626 | 27,443 |
| Planes de pensiones | 818 | – | 917 | 1,735 | 455 | 2,214 | 2,669 |
| Amortisation/depreciation differences | | | | | | | |
| Other | 11,058 | 548 | 13,668 | 25,274 | 12,514 | 9,822 | 22,336 |
| Otros | 110,739 | 1,384 | 30,648 | 142,771 | 112,002 | 33,615 | 145,617 |
| **Total** | **564,797** | **109,186** | **109,753** | **783,736** | **598,126** | **104,264** | **702,390** |

| | 2021 | | | | 2020 | | |
|---|---|---|---|---|---|---|---|
| **LIABILITIES** | **Tax Group Spain** | **Realia Tax Group** | **Rest** | **TOTAL** | **Tax Group Spain** | **Rest** | **TOTAL** |
| Fair value assets from allocation of acquisition differences (IFRS 3) | 53,513 | 12,604 | 78,046 | 144,163 | 60,907 | 68,524 | 129,431 |
| Investment property at fair value (IAS 40) | – | 79,213 | 145,336 | 224,549 | – | – | – |
| Accelerated amortisation/ depreciation | 2,288 | | 108,266 | 110,554 | 1,698 | 89,242 | 90,940 |
| Profit/(loss) Temporary Joint Ventures | 13,091 | – | 4,217 | 17,308 | 11,914 | 6,332 | 18,246 |
| Tax impairment of goodwill | 2 | – | – | 2 | 1,175 | – | 1,175 |
| Financial leasing | 5,270 | – | 2,503 | 7,773 | 4,837 | 1,993 | 6,830 |
| Other | 18,935 | 1,770 | 21,670 | 42,375 | 19,667 | 6,199 | 25,866 |
| **Total** | **93,099** | **93,587** | **360,038** | **546,724** | **100,198** | **172,290** | **272,488** |

Below are the expected maturity dates of the deferred taxes:

| | 2022 | 2023 | 2024 | 2025 | 2026 and beyond | Total |
|---|---|---|---|---|---|---|
| Assets | 78,870 | 73,759 | 65,830 | 138,895 | 426,382 | 783,736 |
| Liabilities | 36,087 | 35,934 | 30,967 | 30,967 | 412,769 | 546,724 |

The Group has tax credits corresponding to negative tax bases (NTBs), which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 244.3 million euros. The estimated maturity of non-activated NTBs is shown below:

| Maturity time frame | Tax credits (millions of euros) |
|---|---|
| From 2022 to 2026 | 35.0 |
| From 2027 to 2031 | 15.5 |
| From 2032 onwards | 27.9 |
| No maturity | 165.9 |
| | **244.3** |

Additionally, the Group has unactivated tax credits, corresponding to tax deductions credited and pending application, totalling €20.4 million.

## b) Public administrations

The breakdown at 31 December 2021 and 2020 of the current assets and liabilities included under the "Public administrations" heading is as follows:

### Current assets

| | 2021 | 2020 |
|---|---|---|
| Value Added Tax receivable (Note 16) | 88,648 | 108,169 |
| Current tax | 174,355 | 101,235 |
| Other tax items (Note 16) | 61,581 | 61,896 |
| | **324,584** | **271,300** |

### Current liabilities

| | 2021 | 2020 |
|---|---|---|
| Value Added Tax payable (Note 22) | 83,175 | 93,616 |
| Current tax (note 22) | 28,158 | 8,939 |
| Social Security payable and other tax items (note 22) | 238,831 | 223,268 |
| Deferrals | 84 | 257 |
| | **350,248** | **326,080** |

## c) Corporate income tax expense

The corporation tax expense incurred in the year amounted to 130,180 thousand euros (86,273 thousand euros in 2020), as detailed in the accompanying consolidated income statement. Below is the reconciliation between expense and accrued tax payment:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| **Consolidated accounting profit for the year before taxes from continuing activities** | | | **807,460** | | | **429,873** |
| | **Additions** | **Reductions** | | **Additions** | **Reductions** | |
| Permanent differences | 167,434 | (497,846) | (330,412) | 74,606 | (123,814) | (49,208) |
| **Adjusted consolidated accounting profit/(loss) of continuing activities** | | | **477,048** | | | **380,665** |
| Temporary differences | | | | | | |
| – Arising in the year | 84,601 | (97,173) | (12,572) | 179,277 | (96,207) | 83,070 |
| – Arising in prior years | 145,623 | (211,951) | (66,328) | 112,651 | (286,239) | (173,588) |
| **Consolidated tax base of continuing activities (taxable profit)** | | | **398,148** | | | **290,147** |

From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. The final amount payable will be determined in the tax settlement to be carried out in 2022, so the final settlement may vary as explained in note 3.q) of these notes to the consolidated financial statements.

In 2021, permanent differences include, as decreases, the positive result arising from the business combination whereby control of Realia Business, S.A. is taken over in the amount of €241,701 thousand and also the positive results from the disposals mentioned in note 5. Additionally, as an increase, the amount of the impairment recognised in the goodwill of Uniland (note 7) in the amount of €100,000 thousand is included.

Below is the reconciliation of the expense for corporation tax:

| | 2021 | 2020 |
|---|---|---|
| Adjusted consolidated accounting profit/(loss) of continuing activities | 477,048 | 380,665 |
| Profit tax | (115,308) | (95,802) |
| Tax credits and tax relief | 1,683 | 3,585 |
| Adjustments for tax rate change | (15,599) | (10) |
| Other adjustments | (956) | 5,954 |
| **Corporate income tax** | **(130,180)** | **(86,273)** |

In 2020 the assets and liabilities of the Cedinsa group were reclassified as non-current assets held for sale and liabilities related to non-current assets held for sale respectively (note 4), contributing to the attached income statement a result before tax of €19,518 thousand and a tax on profits of (€5,523) thousand.

Tax rate change adjustments include a negative amount of €14,739 thousand in the UK as a result of the change in tax rate from 19% to 25%.

The main components of the corporate income tax, distinguishing between the current tax, i.e, tax corresponding to the current year and the deferred tax, the latter understood as the impact on profit/(loss) of the origination or reversal of temporary differences that affect the amount of deferred tax assets or liabilities recognised in the balance sheet, is as follows:

| | 2021 | 2020 |
|---|---|---|
| Current tax | (83,726) | (71,412) |
| Deferred taxes | (46,454) | (14,861) |
| **Corporate income tax** | **(130,180)** | **(86,273)** |

# 25. Pension plans and similar obligations

The Spanish Group companies have not generally established any pension plans to supplement the social security pension plans. However, under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the companies externalise pension and similar obligations to its employees.

The Parent Company has taken out insurance to cover death, permanent employment disability, retirement bonuses and pensions and other concepts for some executive directors and company officers. The contingencies that might give rise to compensation include the termination of the employment relationship for any of the following reasons:

a) Unilateral decision of the company.

b) Dissolution or disappearance of the Parent for any reason, including mergers or disposals.

c) Death or permanent disability.

d) Other causes of physical or legal incapacitation.

e) Substantial modification of professional conditions.

f) Termination after reaching the age of 60, at the request of the officer and in agreement with the company.

g) Termination after reaching the age of 65 at the officer's sole discretion.

In 2021 and 2020, no new premium contributions have been made for this insurance. As at 31 December 2021, the fair value of the premiums provided covers all the actuarial obligations entered into.

In accordance with article 38.5 of the Bylaws, Fomento de Construcciones y Contratas, S.A. holds a civil liability insurance that covers Directors and Managers. This is a collective policy covering all the Group's executives, and in 2021 a premium of 1,751 thousand euros was paid over (1,474 thousand euros in 2020).

Fomento de Construcciones y Contratas, S.A. has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the year amounts to €5 thousand (€6 thousand in 2020).

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (note 19).

The main benefits referred to in the preceding paragraph are the following:

– The companies in the FCC Environment (UK) Group that are resident in the United Kingdom incorporate the benefits undertaken with their employees, represented by assets, in the accompanying consolidated balance sheet at 31 December 2021, in accordance with the plans to pay the benefits, whose fair value amounts to 73,815 thousand euros (62,478 thousand euros at 31 December 2020), with an actuarial value of the accrued obligations of 70,353 thousand euros (70,758 thousand euros at 31 December 2020). The net difference represents an asset of €3,462 thousand, which is not recognised in the accompanying consolidated balance sheet as the company is not entitled to repayments or reductions in future contributions. In the year 2020, a provision of €8,280 thousand was recognised as non-current provisions in the accompanying consolidated balance sheet. Personnel expenses" in the accompanying consolidated income statement includes a cost of €470 thousand (€420 thousand at 31 December 2020) for the net difference between the cost of services and the return on plan assets. The average actuarial rate used was 1.8% (1.5% in 2020).

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

## 2021 Business Year

### Actual performance of the current value of the obligation

| | FCC Environment Group (UK) |
|---|---|
| **Balances of obligations at the beginning of the year** | **70,758** |
| Cost of services for the current year | 252 |
| Interest costs | 1,083 |
| Contributions of the participants | 18 |
| Actuarial profits/losses | (4,887) |
| Exchange differences | 4,947 |
| Benefits paid during the year | (1,818) |
| Cost of past services | – |
| Settlements | – |
| **Balance obligations at end of year** | **70,353** |

### Actual performance of the fair value of affected assets

| | FCC Environment Group (UK) |
|---|---|
| **Affected active balances at the beginning of the year** | **62,478** |
| Expected return on assets | 962 |
| Actuarial profits/losses | 6,024 |
| Exchange differences | 4,368 |
| Contributions made by the employer | 1,879 |
| Contributions made by the participant | 18 |
| Benefits paid | (1,914) |
| Settlements | – |
| **Balance of affected assets at the end of the year** | **73,815** |

### Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet

| | FCC Environment Group (UK) |
|---|---|
| **Net balance obligations less affected assets at the end of the year** | **(3,462)** |

## 2020 Business Year

### Actual performance of the current value of the obligation

| | FCC Environment Group (UK) |
|---|---|
| **Balances of obligations at the beginning of the year** | **64,939** |
| Cost of services for the current year | 201 |
| Interest costs | 1,210 |
| Contributions of the participants | 17 |
| Actuarial profits/losses | 9,669 |
| Exchange differences | (3,484) |
| Benefits paid during the year | – |
| Cost of past services | 25 |
| Settlements | (1,819) |
| **Balance obligations at end of year** | **70,758** |

### Actual performance of the fair value of affected assets

| | FCC Environment Group (UK) |
|---|---|
| **Affected active balances at the beginning of the year** | **59,501** |
| Expected return on assets | 1,116 |
| Actuarial profits/losses | 5,202 |
| Exchange differences | (3,192) |
| Contributions made by the employer | 1,754 |
| Contributions made by the participant | 16 |
| Benefits paid | (1,919) |
| Settlements | – |
| **Balance of affected assets at the end of the year** | **62,478** |

### Reconciliation of the actual performance of the obligation less the affected assets and the balances effectively recognised in the balance sheet

| | Grupo FCC Environment (UK) |
|---|---|
| **Net balance obligations less affected assets at the end of the year** | **8,280** |

# 26. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2021, the Group incurred contingent liabilities, mainly guarantees to third parties, mostly before public bodies and private clients, to secure the correct performance of the urban sanitation works and contracts, for 3,952,987 thousand euros (3,833,058 thousand euros at 31 December 2020).

Additionally, the Group has granted letters of indemnity to certain directors with management and administration duties at subsidiaries, without the any risks for which provisions should be set aside identified during the preparation of these financial statements. Such letters of indemnity are a common practice in multinational companies that expatriate employees due to their double status as company employees and executives of the subsidiary, and are of subsidiary execution in the event that the respective directors' policies do not fully cover the contingency. Letters of indemnity were granted to five executives in relation to the businesses that were maintained by the Group in Alpine.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are defendants in litigation concerning liability for different activities carried out by the Group in the performance of contracts awarded and for which provisions have been set aside (note 19). These lawsuits, which in number may be significant, are for insignificant amounts when considered on a one-by-one basis. Therefore, give proven experience and existing provisions, the resulting liabilities would not significantly affect the Group's assets.

In relation to the main contingent liabilities arising from the Alpine subgroup's bankruptcy proceedings, it should be noted that the possible financial effects would be the cash outflow of the amount indicated in the respective lawsuits detailed in note 19 of these notes to the consolidated financial statements, plus interest and costs, if any.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. This ruling affects various companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, the judgments handed down by the National High Court were notified, upholding the contentious-administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, S.A. Unipersonal, both companies owned by FCC, against the Resolution of the CNMC imposing several sanctions for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014, initially estimated at 82 million dollars, which might not be justified and, may, therefore be illegal. The application of the procedures contained in the FCC Group's set of compliance rules made it possible to identify the facts, and the company proceeded to bring them to the attention of the public prosecutors' offices in Spain and Panama, to which it has been providing since then the maximum collaboration for the clarification of the facts within the framework of the "zero tolerance" principle against corruption that permeates the entire FCC Compliance System.

In the context of the aforementioned collaboration, on 29 October 2019, the Central Court of Instruction no. 2 of the National High Court agreed to have FCC Construccion, S.A. and two of its subsidiaries, FCC Construccion America, S.A. and Construcciones Hospitalarias, S.A., investigated within Preliminary Proceedings 34/2017. The case is still in the investigation period, without us being able to determine at this time what type of charges could be filed, if any. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

Additionally, the 2018 agreement for the sale of the 49% FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent proceedings. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco S.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the Parent Company of the Group for the amount of 806,479 thousand euros. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 13).

In relation to the guarantees received, it should be noted, in general, that the Group only receives guarantees in relation to amounts paid as advances for the purchase of highly specialised equipment that has been ordered, mainly in the Construction and Water segments, for a non-significant amount as a whole. The Group has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

# 27. Income and expenditure

## a) Operating income

The Group records operating income under "Net turnover", including interest income from the concession financial model collection rights under IFRIC 12 amounting to €36,374 thousand at 31 December 2021 (31 December 2020: €38,269 thousand), except for work on own property, plant and equipment and other operating income.

Note 28 "Information by activity segments" shows the contribution of the business segments to consolidated net turnover.

Operating income of €32,943 thousand (at 31 December 2020: €35,327 thousand), mainly in the Construction segment, has been recognised in 2021 from performance obligations satisfied or partially satisfied in prior years.

During 2021, €309,111 thousand (at 31 December 2020: €229,065 thousand) previously recognised as customer advances and pre-certified work (notes 16 and 22), which were recognised as revenue under "Trade and other payables", mainly in the Construction segment, have been recognised under liabilities.

The breakdown of the other operating income for 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Income from sundry services | 81,297 | 115,526 |
| $CO_2$ emission allowances (note 29) | 7,766 | 58,909 |
| Reimbursement from insurance compensation | 4,129 | 6,782 |
| Grants related to income | 34,497 | 18,130 |
| Other income | 120,310 | 93,958 |
| | **247,999** | **293,305** |

"Income from sundry services" mainly includes additional services derived from construction contracts or provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. "Other income" mainly includes excess provisions and rental income when the Group acts as lessor in operating leases in activities other than real estate.

At year-end 2021, the Group has outstanding performance obligations primarily for services rendered in the Environmental Services segment and arising from construction agreements mainly in the Construction and Water segments amounting to €14,801,564 thousand (€14,434,994 thousand at year-end 2020) which it expects to recognise as revenue in accordance with the following schedule:

| | up to 1 year | 2 to 5 years | more than 5 years | Total |
|---|---|---|---|---|
| Environmental Services | 1,694,610 | 4,078,929 | 4,972,856 | **10,746,395** |
| Construction | 1,602,978 | 2,378,347 | – | **3,981,325** |
| End-to-end Water Management | 37,176 | 36,668 | – | **73,844** |
| | 3,334,764 | 6,493,944 | 4,972,856 | **14,801,564** |

## b) Procurements

The breakdown of the balance of supplies and other external expenses as of 31 December 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Subcontracting and work performed by other companies | 1,442,802 | 1,397,896 |
| Purchases and procurements | 1,033,343 | 902,346 |
| | **2,476,145** | **2,300,242** |

## c) Staff costs

Below is a breakdown of staff expenses for 2021 and 2020:

| | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 1,541,542 | 1,498,269 |
| Social security contributions | 447,639 | 432,248 |
| Other staff costs | 51,048 | 40,593 |
| | **2,040,229** | **1,971,110** |

Information on the number of employees and their distribution by functional level and gender is provided in the Statement of Non-Financial Information which forms part of the Management Report accompanying these consolidated financial statements.

## d) Impairment and gains/(losses) on disposal of fixed assets

The breakdown of the balance of the Impairment and gains/(losses) on disposal of fixed assets in the years 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Profit/(loss) from takeover of Realia Business, S.A. (notes 5) | 241,701 | – |
| Impairment of the commercial fund (note 7) | (100,000) | – |
| Changes in fair value of investment property (note 9) | 16,628 | – |
| Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 7 and 8) | (49,304) | 3,955 |
| Profit/(loss) from disposals of other tangible and intangible assets | 4,622 | 2,357 |
| Other concepts | 9,930 | 558 |
| | **123,577** | **6,870** |

The following results are to be highlighted for 2021:

- as a result of the takeover of Realia Business, S.A. following the acquisition in October 2021 of an additional 13.12% stake by F C y C S.L., a positive operating profit of €241,701 thousand was recognised as the consideration paid was lower than the fair value of the assets acquired (note 5).
- the impairment of goodwill of Corporación Uniland for an amount of €100,000 thousand (note 7) and the impairment of quarries in the Cement business as a result of the expected reduction in their useful life for an amount of 36,011 (note 8).
- a positive result due to the change in the fair value of investment property amounting to €16,628 thousand as a result of the assessment carried out by independent experts of the Realia Group's investment property (note 9).
- A pre-tax gain of €9,643 thousand from the sale of 51% of the Cedinsa Group, included under "Other items" (note 5).

There were no notable events in 2020.

The amount of this item is included in the accompanying consolidated cash flow statement under "Impairment and gains/(losses) on disposal of fixed assets" in the consolidated statement of cash flows.

## e) Financial income and financial expenses

The breakdown of the financial income, according to the assets that generate said income, in 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Financial assets at fair value with changes in other comprehensive income | 1,447 | 325 |
| Financial assets at amortised cost | 18,218 | 16,430 |
| Other financial income | 5,154 | 16,715 |
| | **24,819** | **33,470** |

The decrease in "Other finance income" is mainly due to the lower pass-through of finance costs agreed in relation to the deferral of the collection of certain works in the Construction segment (€710 thousand passed through in 2021 compared to €6,316 thousand passed through in 2020).

The breakdown of financial expenses in 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Bonds and other marketable securities | 52,775 | 53,761 |
| Credits and loans | 25,975 | 41,689 |
| Debts with limited recourse for project financing | 15,862 | 24,869 |
| Creditors from leases | 12,905 | 12,644 |
| Assignment of credits | 1,440 | 9,691 |
| Financial update of provisions and other liabilities | 19,347 | 23,704 |
| Other financial expenses | 7,017 | 21,071 |
| | **135,321** | **187,429** |

## f) Other financial loss

The breakdown of other financial expenses in 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Change in fair value of current financial instruments | 6,553 | 175 |
| Exchange gains/(losses) | 24,482 | (51,259) |
| Impairment and profits/losses on disposal of financial Instruments | 26,484 | 27 |
| | **57,519** | **(51,057)** |

In 2021, "Change in fair value of current financial instruments" includes a gain of €5,440 thousand from the contingent collection arising from the sale of 49% of FCC Aqualia, S.A. in 2018 without loss of control (note 26).

The increase in 2021 in exchange rate differences is mainly due to the appreciation of the US dollar (in the year 2020 the US dollar depreciated).

In addition, in 2021, €15,999 thousand of the gain on the disposal of the stake in Nalanda Global, S.A. is included in "Impairment and gains/losses on disposal of financial instruments".

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

## g) Profit/(loss) of entities valued using the equity method

The breakdown for this heading is as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Profits/(losses) for the year (Note 12) | | 60,221 | | 61,514 |
| Joint ventures | 35,464 | | 38,169 | |
| Associates | 24,757 | | 23,345 | |
| Profits/(losses) on disposals and others | | (1,988) | | 635 |
| | | **58,233** | | **62,149** |

In the business year 2021, the line "Gains/losses on disposals and other" includes those from the following transactions:

- sale of 49% of the companies Concessió Estacions Aeroport L9, S.A. and 29% of Urbs Iudex et Causidicus, S.A., which gave the FCC Group a pre-tax profit of €17,617 thousand (note 5).
- sale to Plenium Partners, S.L. of FM Green Power Investments, S.L. and its investees, which gave rise to a pre-tax gain of €39,464 thousand (note 5).
- the acquisition of control of the Realia Business Group, indicated in section d) of this note, which gave rise to a negative result of €58,158 thousand as a result of the fair value of the stake held by the aforementioned company prior to the acquisition of control (note 5).

In the year 2020, this item included a positive result of €635 thousand from the acquisition of control of the company Aquos El Realito, S.A. de C.V.

## h) Profit attributable to non-controlling interests

At 31 December 2021 the result attributable to minority interests amounts to €97,145 thousand (€81,421 thousand at 31 December 2020), mainly due to the amount corresponding to the 49% held by the minority shareholder of the Aqualia subgroup, a segment that contributes an amount of €69,988 thousand at 31 December 2021 (€67,883 thousand at 31 December 2020) (note 28).

In addition, as a result of the incorporation in October 2021 of the company Jezzine Uno, S.L. through a non-monetary capital increase in F C y C, S.L., subscribed by Soinmob Inmobiliaria Española, S.A., this company now holds 19.97% of the share capital of F C y C, S.L., the parent company of the Real Estate activity, a segment that contributes an amount of €14,455 thousand at 31 December 2021 (note 5).

# 28. Information by activity segments

## a) Activity segments

The activity segments presented coincide with the business areas, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporation" column includes the activity of the functional areas that carry out support tasks for operations and the operation of those companies whose management is not assigned to any of the business areas.

"Eliminations" includes the elimination of operations between different activity segments.

### Income statement by segments

In particular, the information reflected in the following tables includes, as profit/(loss) for 2021 and 2020:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.
- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.
- The share in the profits/(losses) of the companies accounted for under the equity method.
- Corporation tax payable corresponding to the transactions carried out by each segment.
- "Contribution to the profit/(loss) of the FCC Group" contains the contribution of each area to the equity attributed to the shareholders of Fomento de Construcciones y Contratas, S.A.

| 2021 | Total Group | Environmental Services | End-to-end Water Management | Construction | Cement | Real Estate | Concessions | Corporation | Eliminations |
|---|---|---|---|---|---|---|---|---|---|
| Net business turnover | 6,659,283 | 3,244,944 | 1,169,450 | 1,659,593 | 433,755 | 147,928 | 54,975 | 66,402 | (117,764) |
| From external customers | 6,659,283 | 3,238,334 | 1,167,521 | 1,615,172 | 427,365 | 149,148 | 54,975 | 6,768 | – |
| From transactions with other segments | – | 6,610 | 1,929 | 44,421 | 6,390 | (1,220) | – | 59,634 | (117,764) |
| Other income | 301,322 | 76,137 | 73,385 | 113,605 | 17,629 | 4,961 | 13,947 | 41,225 | (39,567) |
| From external customers | 301,322 | 74,918 | 72,076 | 114,191 | 17,435 | 4,923 | 13,947 | 3,832 | – |
| From transactions with other segments | – | 1,219 | 1,309 | (586) | 194 | 38 | – | 37,393 | (39,567) |
| Operating expenses | (5,834,018) | (2,786,012) | (943,924) | (1,670,620) | (375,315) | (112,848) | (31,728) | (72,224) | 158,653 |
| Amortisation of fixed assets and allocation of grants for non-financial and other assets | (443,936) | (234,064) | (121,021) | (30,898) | (31,422) | (55) | (7,835) | (18,822) | 181 |
| Other operating income/(losses) | 119,559 | (15,613) | 3,428 | (578) | (134,987) | 258,327 | 8,982 | – | – |
| **Operating Profit/(Loss)** | **802,210** | **285,392** | **181,318** | **71,102** | **(90,340)** | **298,313** | **38,341** | **16,581** | **1,503** |
| Percentage of revenue | 12.05% | 8.79% | 15.50% | 4.28% | (20.83%) | 201.66% | 69.74% | 24.97% | (1.28%) |
| Finance income | 24,819 | 6,534 | 36,927 | 3,497 | 741 | 146 | 6,009 | 42,338 | (71,373) |
| Finance costs | (135,321) | (68,887) | (49,212) | (2,575) | (6,059) | (3,079) | (13,745) | (35,116) | 43,352 |
| Miscellaneous financial results | 57,519 | 4,337 | (332) | 34,787 | 304 | 74 | 12,773 | 167,890 | (162,314) |
| Profit companies accounted for using the equity method | 58,233 | 18,922 | 2,815 | 1,966 | 3,905 | (46,006) | 25,958 | 53,973 | (3,300) |
| **Profit/(loss) before tax from continuing operations** | **807,460** | **246,298** | **171,516** | **108,777** | **(91,449)** | **249,448** | **69,336** | **245,666** | **(192,132)** |
| Corporate income tax | (130,180) | (66,041) | (42,860) | (27,406) | 613 | (12,822) | (7,839) | 26,550 | (375) |
| **Profit/(loss) for the year from continuing operations** | **677,280** | **180,257** | **128,656** | **81,371** | **(90,836)** | **236,626** | **61,497** | **272,216** | **(192,507)** |
| **Consolidated profit/(loss) for the year** | **677,280** | **180,257** | **128,656** | **81,371** | **(90,836)** | **236,626** | **61,497** | **272,216** | **(192,507)** |
| Non-controlling interests | 97,145 | 6,805 | 69,987 | 1,352 | 1,101 | 14,456 | 3,444 | – | – |
| **Profit attributable to the parent company** | **580,135** | **173,452** | **58,669** | **80,019** | **(91,937)** | **222,170** | **58,053** | **272,216** | **(192,507)** |
| **Contribution to the profit of the FCC Group** | **580,135** | **173,452** | **58,669** | **80,019** | **(91,937)** | **222,170** | **58,053** | **272,216** | **(192,507)** |

| 2020 | Total Group | Environmental Services | End-to-end Water Management | Construction | Cement | Real Estate | Concessions | Corporation | Eliminations |
|---|---|---|---|---|---|---|---|---|---|
| Net business turnover | 6.158.023 | 2.888.150 | 1.188.348 | 1.610.990 | 382.639 | 34.810 | 123.532 | 63.545 | (133.991) |
| From external customers | 6.158.023 | 2.882.658 | 1.182.248 | 1.552.026 | 376.232 | 34.810 | 123.532 | 6.517 | – |
| From transactions with other segments | – | 5.492 | 6.100 | 58.964 | 6.407 | – | – | 57.028 | (133.991) |
| Other income | 327.162 | 91.180 | 60.833 | 189.726 | 64.718 | 924 | 10.911 | 63.897 | (155.027) |
| From external customers | 327.162 | 89.983 | 59.871 | 73.214 | 64.680 | 924 | 10.909 | 27.581 | – |
| From transactions with other segments | – | 1.197 | 962 | 116.512 | 38 | | 2 | 36.316 | (155.027) |
| Operating expenses | (5.437.686) | (2.528.479) | (966.252) | (1.747.133) | (307.504) | (39.522) | (39.812) | (98.004) | 289.020 |
| Amortisation of fixed assets and allocation of grants for non-financial and other assets | (477.342) | (233.826) | (117.776) | (34.718) | (32.929) | (4) | (39.069) | (19.201) | 181 |
| Other operating income/(losses) | 2.583 | (1.368) | 2.258 | 2.071 | (116) | – | (166) | 9 | (105) |
| **Operating Profit/(Loss)** | **572.740** | **215.657** | **167.411** | **20.936** | **106.808** | **(3.792)** | **55.396** | **10.246** | **78** |
| Percentage of revenue | 9.30% | 7.47% | 14.09% | 1.30% | 27.91% | (10.89%) | 44.84% | 16.12% | (0.06%) |
| Finance income | 33.470 | 3.403 | 37.940 | 24.075 | 705 | 5 | 10.685 | 163.116 | (206.459) |
| Finance costs | (187.429) | (74.457) | (47.405) | (23.011) | (10.068) | (14.229) | (33.970) | (38.925) | 54.636 |
| Miscellaneous financial results | (51.057) | (4.478) | (2.526) | (42.819) | (1.368) | – | 89 | 71.678 | (71.633) |
| Profit companies accounted for using the equity method | 62.149 | 15.045 | 1.707 | 922 | (2.607) | 680 | 20.573 | 22.409 | 3.420 |
| **Profit/(loss) before tax from continuing operations** | **429.873** | **155.170** | **157.127** | **(19.897)** | **93.470** | **(17.336)** | **52.773** | **228.524** | **(219.958)** |
| Corporate income tax | (86.273) | (27.859) | (33.338) | 1.261 | (21.858) | 4.517 | (9.186) | 234 | (44) |
| **Profit/(loss) for the year from continuing operations** | **343.600** | **127.311** | **123.789** | **(18.636)** | **71.612** | **(12.819)** | **43.587** | **228.758** | **(220.002)** |
| Consolidated profit/(loss) for the year | 343.600 | 127.311 | 123.789 | (18.636) | 71.612 | (12.819) | 43.587 | 228.758 | (220.002) |
| Non-controlling interests | 81.421 | 6.148 | 67.883 | 481 | 2.370 | – | 4.539 | – | – |
| **Profit attributable to the parent company** | **262.179** | **121.163** | **55.906** | **(19.117)** | **69.242** | **(12.819)** | **39.048** | **228.758** | **(220.002)** |
| **Contribution to the profit of the FCC Group** | **262.179** | **121.163** | **55.906** | **(19.117)** | **69.242** | **(12.819)** | **39.048** | **228.758** | **(220.002)** |

The contribution of the "Corporation" segment to the results of the FCC Group mainly includes the billing of the support services provided to the rest of the Group's activities under "Other operating income", the impairment of the investments on the parent companies' shares from the other segments, as well as dividends distributed by group companies that are subsidiaries of the Group's parent company, the financial expenses billed by other group companies as a result of intra-group loans granted to the parent company by other subsidiaries and the financial income billed to other group companies as a result of intra-group loans granted by the parent company to other subsidiaries. All these concepts, as transactions with Group companies, are eliminated as shown under "Eliminations". Also included are the financial expenses for debts with credit institutions detailed in note 20.

## Balance sheet by segments

| 2021 | Total Group | Environmental Services | End-to-end Water Management | Construction | Cement | Real Estate | Concessions | Corporation | Eliminations |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| **Non-current assets** | **9,074,069** | **2,988,252** | **2,595,915** | **614,852** | **933,400** | **2,169,896** | **403,192** | **3,717,710** | **(4,349,148)** |
| Intangible fixed assets | 2,445,233 | 928,593 | 889,339 | 77,933 | 347,885 | 69 | 251,164 | 6,590 | (56,340) |
| Additions | 73,127 | 48,109 | 23,165 | 46 | 29 | – | – | 1,778 | – |
| Property, plant and equipment | 2,862,556 | 1,567,870 | 489,862 | 142,099 | 482,968 | 2,344 | 58 | 197,930 | (20,575) |
| Additions | 368,094 | 240,204 | 65,939 | 45,104 | 15,442 | 10 | 28 | 1,367 | – |
| Investment property | 2,069,187 | – | – | – | – | 2,069,187 | – | – | – |
| Additions | 4,836 | – | – | – | – | 4,836 | – | – | – |
| Investments accounted for using the equity method | 533,842 | 199,099 | 67,966 | 39,850 | 42,012 | 48,126 | 127,234 | 9,307 | 248 |
| Non-current financial assets | 604,020 | 234,742 | 1,117,636 | 4,690 | 3,840 | 14,940 | 15,585 | 3,392,058 | (4,179,471) |
| Deferred tax assets | 559,231 | 57,948 | 31,112 | 350,280 | 56,695 | 35,230 | 9,151 | 111,825 | (93,010) |
| **Current assets** | **5,168,089** | **1,410,000** | **1,107,069** | **1,719,351** | **212,344** | **910,279** | **56,819** | **461,787** | **(709,560)** |
| Inventory | 1,107,262 | 38,007 | 34,218 | 144,874 | 93,252 | 796,635 | 202 | 1,240 | (1,166) |
| Trade and other receivables | 2,277,734 | 888,935 | 387,845 | 773,992 | 83,755 | 16,620 | 6,881 | 165,663 | (45,957) |
| Other current financial assets | 184,365 | 66,942 | 78,684 | 446,915 | 12,740 | 25,272 | 291 | 215,958 | (662,437) |
| Other current assets | 63,203 | 35,687 | 4,399 | 17,548 | 1,022 | 4,310 | 86 | 151 | – |
| Cash and cash equivalents | 1,535,525 | 380,429 | 601,923 | 336,022 | 21,575 | 67,442 | 49,359 | 78,775 | – |
| **Total assets** | **14,242,158** | **4,398,252** | **3,702,984** | **2,334,203** | **1,145,744** | **3,080,175** | **460,011** | **4,179,497** | **(5,058,708)** |

| 2021 | Total Group | Environmental Services | End-to-end Water Management | Construction | Cement | Real Estate | Concessions | Corporation | Eliminations |
|---|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | | |
| **Equity** | **4,440,665** | **689,679** | **810,664** | **900,839** | **789,434** | **1,780,671** | **136,049** | **2,388,847** | **(3,055,518)** |
| **Non-current liabilities** | **5,565,941** | **2,784,715** | **1,162,409** | **292,139** | **248,348** | **1,027,295** | **265,147** | **1,079,484** | **(1,293,596)** |
| Subsidies | 192,185 | 4,882 | 38,719 | – | 89 | – | 148,495 | – | – |
| Non-current provisions | 1,167,340 | 520,563 | 198,499 | 214,953 | 22,250 | 25,312 | 39,791 | 145,972 | – |
| Non-current financial liabilities | 3,732,997 | 1,993,949 | 868,744 | 60,097 | 158,961 | 837,678 | 76,846 | 933,129 | (1,196,407) |
| Deferred tax liabilities | 322,219 | 117,701 | 52,867 | 17,089 | 67,048 | 164,305 | 15 | 383 | (97,189) |
| Other non-current liabilities | 151,200 | 147,620 | 3,580 | – | – | – | – | – | – |
| **Current liabilities** | **4,235,552** | **923,858** | **1,729,911** | **1,141,225** | **107,962** | **272,209** | **58,815** | **711,166** | **(709,594)** |
| Current provisions | 147,874 | 5,177 | 13,961 | 118,978 | 4,897 | 1,798 | 1,366 | 1,697 | – |
| Current financial liabilities | 1,820,176 | 306,990 | 1,189,076 | 21,117 | 21,104 | 185,273 | 50,483 | 686,687 | (640,554) |
| Trade and other payables | 2,267,502 | 608,153 | 526,874 | 1,001,130 | 81,961 | 85,138 | 6,966 | 26,082 | (68,802) |
| Internal relations | – | 3,538 | – | – | – | – | – | (3,300) | (238) |
| **Total liabilities** | **14,242,158** | **4,398,252** | **3,702,984** | **2,334,203** | **1,145,744** | **3,080,175** | **460,011** | **4,179,497** | **(5,058,708)** |

| 2020 | Total Group | Environmental Services | End-to-end Water Management | Construction | Cement | Real Estate | Concessions | Corporation | Eliminations |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| **Non-current assets** | **7,130,413** | **2,792,235** | **2,541,972** | **953,282** | **1,082,897** | **290,314** | **388,476** | **3,920,561** | **(4,839,324)** |
| **Intangible fixed assets** | **2,437,859** | **836,432** | **870,908** | **77,945** | **448,025** | **–** | **253,633** | **7,254** | **(56,338)** |
| Additions | 118,940 | 87,847 | 28,670 | 34 | 448 | – | 73 | 1,868 | – |
| Property, plant and equipment | 2,810,199 | 1,493,773 | 456,512 | 137,603 | 527,285 | 296 | 45 | 212,961 | (18,276) |
| Additions | 406,764 | 242,515 | 116,383 | 31,019 | 14,019 | 23 | 19 | 2,786 | – |
| Investment property | – | – | – | – | – | – | – | – | – |
| Additions | 42 | – | 42 | – | – | – | – | – | – |
| Investments accounted for using the equity method | 722,786 | 163,983 | 68,269 | 37,860 | 35,514 | 278,758 | 111,913 | 25,714 | 775 |
| Non-current financial assets | 580,874 | 223,597 | 1,115,194 | 329,324 | 7,545 | 223 | 14,800 | 3,555,477 | (4,665,286) |
| Deferred tax assets | 578,695 | 74,450 | 31,089 | 370,550 | 64,528 | 11,037 | 8,085 | 119,155 | (100,199) |
| **Current assets** | **5,704,189** | **1,304,234** | **901,514** | **1,391,258** | **185,434** | **507,014** | **1,472,069** | **261,771** | **(319,105)** |
| Non-current assets held for sale | 1,392,268 | – | – | – | – | – | 1,392,268 | – | – |
| Inventory | 765,604 | 31,442 | 37,449 | 172,914 | 82,262 | 445,469 | 205 | 1,232 | (5,369) |
| Trade and other receivables | 2,039,451 | 841,458 | 283,235 | 751,333 | 79,992 | 27,609 | 11,624 | 93,219 | (49,019) |
| Other current financial assets | 228,652 | 74,420 | 90,251 | 125,655 | 5,442 | 34,907 | 2,165 | 160,529 | (264,717) |
| Other current assets | 56,105 | 32,989 | 4,458 | 19,261 | 1,973 | (2,980) | 86 | 318 | – |
| Cash and cash equivalents | 1,222,109 | 323,925 | 486,121 | 322,095 | 15,765 | 2,009 | 65,721 | 6,473 | – |
| **Total activo** | **12,834,602** | **4,096,469** | **3,443,486** | **2,344,540** | **1,268,331** | **797,328** | **1,860,545** | **4,182,332** | **(5,158,429)** |

| 2020 | Total Group | Environmental Services | End-to-end Water Management | Construction | Cement | Real Estate | Concessions | Corporation | Eliminations |
|---|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | | |
| **Equity** | **2,908,694** | **456,785** | **726,720** | **796,793** | **876,661** | **708,540** | **464,401** | **2,132,708** | **(3,253,914)** |
| **Non-current liabilities** | **5,531,296** | **2,749,342** | **2,048,130** | **275,622** | **300,127** | **10,769** | **260,504** | **1,471,721** | **(1,584,919)** |
| Subsidies | 192,961 | 4,243 | 44,365 | – | 100 | – | 144,253 | – | – |
| Non-current provisions | 1,064,384 | 466,145 | 140,026 | 234,302 | 28,321 | 10,694 | 39,099 | 145,797 | – |
| Non-current financial liabilities | 3,977,288 | 2,023,120 | 1,812,827 | 21,599 | 197,507 | 75 | 77,137 | 1,325,519 | (1,480,496) |
| Deferred tax liabilities | 148,794 | 111,729 | 47,148 | 19,721 | 74,199 | – | 15 | 405 | (104,423) |
| Other non-current liabilities | 147,869 | 144,105 | 3,764 | – | – | – | – | – | – |
| **Current liabilities** | **4,394,612** | **890,342** | **668,636** | **1,272,125** | **91,543** | **78,019** | **1,135,640** | **577,903** | **(319,596)** |
| Liabilities related to non-current assets held for sale | 1,051,285 | – | – | – | – | – | 1,051,285 | – | – |
| Current provisions | 195,152 | 4,900 | 13,273 | 169,393 | 3,081 | 1,451 | 1,431 | 1,623 | – |
| Current financial liabilities | 874,443 | 276,694 | 93,936 | 39,261 | 19,593 | 42,483 | 76,337 | 564,391 | (238,252) |
| Trade and other payables | 2,273,732 | 598,044 | 561,427 | 1,063,471 | 68,869 | 34,085 | 6,587 | 22,269 | (81,020) |
| Internal relations | – | 10,704 | – | – | – | – | – | (10,380) | (324) |
| **Total liabilities** | **12,834,602** | **4,096,469** | **3,443,486** | **2,344,540** | **1,268,331** | **797,328** | **1,860,545** | **4,182,332** | **(5,158,429)** |

## Cash flows by segment

| | Total Group | Environmental Services | End-to-end Water Management | Construction | Cement | Real Estate | Concessions | Corporation | Eliminations |
|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | |
| Operating activities | 746,246 | 440,012 | 95,239 | (42,577) | 70,476 | 94,419 | 25,474 | 85,662 | (22,459) |
| Investment activities | 193,082 | (282,058) | (12,205) | (285,750) | (17,464) | 51,648 | 378,873 | (14,050) | 374,088 |
| Financing activities | (627,727) | (112,296) | 30,010 | 334,153 | (47,575) | (80,634) | (400,445) | 692 | (351,632) |
| Other cash flows | 1,815 | 10,846 | 2,759 | 8,101 | 373 | – | (20,263) | (1) | – |
| **Cash flows for the year** | **313,416** | **56,504** | **115,803** | **13,927** | **5,810** | **65,433** | **(16,361)** | **72,303** | **(3)** |
| **2020** | | | | | | | | | |
| Operating activities | 605,074 | 265,343 | 223,652 | (53,175) | 136,557 | (29,825) | 117,457 | 208,971 | (263,906) |
| Investment activities | (401,548) | (221,014) | (75,839) | 19,926 | (3,658) | (17,895) | (18,111) | (203,633) | 118,676 |
| Financing activities | (138,437) | (6,151) | (83,484) | (4,273) | (132,192) | 44,933 | (92,506) | (9,994) | 145,230 |
| Other cash flows | (61,524) | (7,107) | 268 | (15,319) | (603) | – | (38,813) | 50 | – |
| **Cash flows for the year** | **3,565** | **31,071** | **64,597** | **(52,841)** | **104** | **(2,787)** | **(31,973)** | **(4,606)** | **–** |

## b) Activities and investments by geographic markets

The Group performs approximately 41% of its activity abroad (40% in 2020).

The net turnover realised abroad by the Group companies for the business years 2021 and 2020 is distributed among the following markets:

| | Total Group | Environmental Services | End-to-end Water Management | Construction | Cement | Real Estate | Concessions | Corporation | Eliminations |
|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | |
| United Kingdom | 855,745 | 708,332 | – | 79,626 | 67,787 | – | – | – | – |
| Czech Republic | 346,605 | 235,784 | 110,815 | 6 | – | – | – | – | – |
| Rest of Europe and Others | 811,555 | 351,759 | 83,670 | 339,667 | 30,197 | – | – | 6,381 | (119) |
| USA and Canada | 117,145 | 111,852 | – | 1,709 | 3,584 | – | – | – | – |
| Latin America | 258,609 | – | 48,433 | 207,594 | 281 | – | 2,306 | – | (5) |
| Middle East and Africa | 325,804 | – | 112,363 | 145,784 | 69,001 | – | – | – | (1,344) |
| | **2,715,463** | **1,407,727** | **355,281** | **774,386** | **170,850** | **–** | **2,306** | **6,381** | **(1,468)** |
| **2020** | | | | | | | | | |
| United Kingdom | 668,618 | 605,328 | – | 10,651 | 52,639 | – | – | – | – |
| Czech Republic | 285,251 | 184,605 | 100,644 | 2 | – | – | – | – | – |
| Rest of Europe and Others | 802,884 | 307,285 | 83,322 | 379,110 | 27,803 | – | – | 5,845 | (481) |
| USA and Canada | 84,999 | 75,133 | – | 9,866 | – | – | – | – | – |
| Latin America | 176,598 | – | 57,256 | 116,292 | 941 | – | 2,055 | – | 54 |
| Middle East and Africa | 467,404 | – | 162,809 | 246,231 | 63,369 | – | – | – | (5,005) |
| | **2,485,754** | **1,172,351** | **404,031** | **762,152** | **144,752** | **–** | **2,055** | **5,845** | **(5,432)** |

The following items included in the accompanying financial statements are shown below by geographical areas:

| | Total Group | Spain | United Kingdom | Czech Republic | Rest of Europe and Others | United States of America and Canada | Latin America | Middle East and Africa |
|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | |
| **ASSETS** | | | | | | | | |
| Intangible fixed assets | 2,445,233 | 1,352,303 | 487,559 | 2,336 | 250,436 | 46,543 | 262,101 | 43,955 |
| Property, plant and equipment | 2,862,556 | 1,389,079 | 624,145 | 323,186 | 320,259 | 160,345 | 11,646 | 33,896 |
| Investment property | 2,069,187 | 2,069,187 | – | – | – | – | – | – |
| Deferred tax assets | 559,231 | 520,752 | 5,717 | 4,874 | 16,261 | – | 9,551 | 2,076 |
| **2020** | | | | | | | | |
| **ASSETS** | | | | | | | | |
| Intangible fixed assets | 2,437,859 | 1,398,446 | 462,520 | 2,111 | 251,362 | 22,603 | 254,385 | 46,432 |
| Property, plant and equipment | 2,810,199 | 1,426,708 | 619,374 | 298,248 | 307,572 | 122,881 | 16,867 | 18,549 |
| Investment property | – | – | – | – | – | – | – | – |
| Deferred tax assets | 578,695 | 522,830 | 25,076 | 4,251 | 14,990 | – | 8,460 | 3,088 |

## c) Personnel

The average number of people employed in 2021 and 2020 by business areas is as follows:

| | 2021 | 2020 |
|---|---|---|
| Environmental Services | 41,206 | 40,362 |
| End-to-end Water Management | 9,935 | 10,296 |
| Construction | 7,134 | 7,936 |
| Cement | 1,041 | 1,049 |
| Real Estate | 33 | – |
| Concessions | 33 | 158 |
| Corporation | 360 | 328 |
| | **59,742** | **60,129** |

# 29. Environmental information

During the meeting held on 3 June 2009, the FCC Board of Directors approved the Environmental Policy of the FCC Group, which responded to the initial objectives of the Corporate Responsibility Master Plan reinforcing the socially responsible commitment in the FCC Group strategy, which is very involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

### Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.

### Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.

### Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.

### Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.

### Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

### The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.

b) The reduction of environmental impacts through proper planning.

c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

a) The identification of environmental aspects and applicable legislation.

b) Impact evaluation criteria.

c) The measures to be taken.

d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services Area is aimed at the protection and conservation of the environment, not only through productive activity: (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services Area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2021, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,496,463 thousand euros (2,330,205 thousand euros at 31 December 2020). Environmental provisions, mainly for landfill sealing and closing costs, amount to 452,963 thousand euros (396,384 thousand euros as of 31 December 2020).

The activities carried out by Aqualia are directly linked to the protection of the environment, as the guiding thread of its actions, in collaboration with the different Public Administrations, is the efficient management of the end-to-end water cycle and the search for guarantees for the availability of water resources that allow for the sustainable growth of the populations where it provides its services. One of FCC Aqualia's fundamental objectives is continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.

Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes.

At year-end the Cementos Portland Valderrivas Group has investments related to environmental activities recorded under intangible assets and property, plant and equipment for a total amount of €137,742 thousand (€137,178 thousand in 2020), with accumulated amortisation of €103,775 thousand (€98,447 thousand in 2020). In 2021, it also incurred expenses of €2,380 thousand (2020: €2,437 thousand) to ensure the protection and improvement of the environment, which were recognised under "Other operating expenses" in the accompanying consolidated income statement.

For the cement activity, the Group receives free $CO_2$ emission rights in accordance with the corresponding national allocation plans. In this regard, it should be noted that in 2021 emission allowances equivalent to 2,710 thousand tonnes per year (5,200 thousand tonnes per year in 2020) have been received, corresponding to the companies Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

"Operating income" in the accompanying consolidated income statement includes income from the sale of greenhouse gas emission allowances in 2021 amounting to €7,766 thousand (€58,909 thousand in 2020).

The Construction Area adopts environmental practices in the execution of the works that allow for a respectful action with the environment, minimising its environmental impact by reducing the emission of dust into the atmosphere, controlling the level of noise and vibrations, controlling water discharges with special emphasis on the treatment of fluids generated by the works, the maximum reduction of waste generation, the protection of the biological diversity of animals and plants, protection of the urban environment due to occupation, pollution or loss of soils and the development of specific training programmes for technicians involved in the process of making decisions with an environmental impact, as well as the implementation of an "Environmental performance code" that establishes the requirements for subcontractors and suppliers regarding the protection and defence of the environment.

The Real Estate Area, in carrying out its usual development activities, considers the environmental impact of its projects and investments as a key aspect. However, it has not been necessary to incorporate systems, equipment or installations for the protection and improvement of the environment into tangible fixed assets.

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as at 31 December 2021 that may have a significant impact on the accompanying financial statements.

For more information on the provisions of this note, the reader should refer to the Statement of Non-Financial Information the Group publishes annually, among other channels, on the web page www.fcc.es.

# 30. Financial risk management policies

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

## a) Capital risk

To manage capital, the main objective of the Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The Group's basic capital base is equity in the balance sheet which, for management and monitoring purposes, excludes the item "Changes in fair value of financial instruments" and "Translation differences".

The first of these headings is disregarded for management purposes as it is considered as part of interest rate management, since it is the result of the assessment of instruments that transform floating-rate debt into fixed-rate debt. Translation differences, meanwhile, are managed within the exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

Proof of the foregoing are the extensions made in 2014 for 1,000,000 thousand euros and in 2016 for 709,519 thousand euros, both aimed at strengthening the capital structure of the Company.

As described in Note 20 on Non-current and current financial liabilities, two simple bonds were issued in December 2019 by FCC Servicios Medioambiente Holding, S.A.U. in the amount of 1.1 billion euros. Additionally, in July 2020, FCC Servicios Medioambiente Holding S.A.U. registered a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market, which it has renewed in 2021 for an amount of €400 million; and Fomento de Construcciones y Contratas, S. A. has had a Euro Commercial Paper Programme (ECP) registered in the same market since November 2018 for €600 million, with the balance drawn down at 31 December 2021 amounting to €30 million. In 2021 new financing facilities were also taken out in the form of lines of credit and bilateral loans.

In addition, in 2021 Cementos Portland Valderrivas S.A. voluntarily repaid in advance all of its syndicated financing for a total of €115.5 million and arranged new bilateral financing facilities.

These operations have made it possible to continue completing the process of debt reduction and financial reorganisation and to continue with the policy of diversifying the sources of financing, all of which has contributed to achieving a much more solid and efficient capital structure, with amounts, terms and costs of financing appropriate to the nature of the different business areas.

The Finance Division, as responsible for financial risk management, regularly reviews the debt-equity ratio and compliance with financing covenants, together with the capital structure of the subsidiaries.

## b) The FCC Group is exposed to currency exchange risk

A noteworthy consequence of the Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is mainly found in debt denominated in foreign currency, except when this entails a natural hedge of the assets financed since they are denominated in the same currency, in investments in international markets, and in collections and payments in currencies other than the euro.

The following shows the composition by currencies of the Group's gross debt at 31 December 2021:

| | CONSOLIDATED (thousands of euros) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Euro | Dollar | Pound | Czech Koruna | Rest of Europe non-euro | Latin America | Rest | TOTAL |
| Gross debt | 4,254,887 | 25,475 | 358,263 | 219,113 | 5,559 | 62,275 | 19,955 | 4,945,527 |
| Financial assets | (1,117,040) | (88,676) | (235,384) | (54,949) | (55,043) | (64,424) | (104,302) | (1,719,818) |
| **Total consolidated net indebtedness** | **3,137,847** | **(63,201)** | **122,879** | **164,164** | **(49,484)** | **(2,149)** | **(84,347)** | **3,225,709** |
| % Net Debt of the total | 97.3% | (2.0%) | 3.8% | 5.1% | (1.5%) | (0.1%) | (2.6%) | 100.0% |

Note 17 of these financial statements provides a breakdown of cash and cash equivalents by currency, where 67.9% is denominated in Euros (61.7% at 31 December 2020).

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

A summary table of the sensitivity to exchange rate changes in the translation of foreign currency financial statements in the main currencies in which the Group operates is shown below (note 18):

| | 10% | |
|---|---|---|
| | Profit and Loss | Equity |
| Pound sterling | | |
| US Dollar | (449) | 41.525 |
| Algerian dinar | (748) | 5.308 |
| Czech koruna | 1,386 | 17,162 |
| Corona checa | 3,067 | 7,818 |
| **Total** | **3,256** | **71,813** |

| | -10% | |
|---|---|---|
| | Profit and Loss | Equity |
| Pound sterling | | |
| US Dollar | 449 | (41.525) |
| Algerian dinar | 748 | (5.308) |
| Czech koruna | (1,386) | (17,162) |
| Corona checa | (3,067) | (7,818) |
| **Total** | **(3,256)** | **(71,813)** |

The impact on sterling is mainly due to the translation of the net assets corresponding to the investment held in the FCC Environment UK subgroup.

## c) The FCC Group is exposed to interest rate risk

The Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, totalling 85.4% of the Group's total gross debt at the end of the year, including hedging on structured project financing.

The following table shows a breakdown of the gross debt of the Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

| | Total Group | Construction | Environmental Services | Cement | End-to-end Water Management | Concessions | Real Estate | Corporation |
|---|---|---|---|---|---|---|---|---|
| Total Gross External Debt | | | | | | | | |
| Hedging and Financing at fixed rate at 31.12.21 | 4,945,527 | 18,307 | 1,735,400 | 148,174 | 1,922,238 | 49,955 | 838,448 | 233,005 |
| Coberturas y Financiaciones a tipo fijo a 31.12.21 | (4,225,908) | (1,779) | (1,705,509) | (72,947) | (1,654,527) | (47,482) | (713,664) | (30,000) |
| **Total variable rate debt** | **719,619** | **16,528** | **29,891** | **75,227** | **267,711** | **2,473** | **124,784** | **203,005** |
| **Ratio: Variable-rate debt / Gross External Debt at 31.12.21** | **14.6%** | **90.3%** | **1.7%** | **50.8%** | **13.9%** | **5.0%** | **14.9%** | **87.1%** |

The following table summarises the effect on the Group's income statement of upward movements in the interest rate curve on gross borrowings, after excluding fixed-rate debt and debt associated with hedging agreements:

| | Gross indebtedness | | |
|---|---|---|---|
| | +25 pb | +50 pb | +100 pb |
| Impact on profit or loss | 1,799 | 3,598 | 7,196 |

In view of the uncertainty in the transition period imposed by the "IBOR Reform" (note 23), the Group has initiated an action plan with the objective of minimising any potential negative impact by first identifying the affected operations, quantifying their notional and reviewing the wording of the agreements.

The Group currently uses interest rate derivatives (interest rate swaps) as cash flow hedging instruments (note 23), which are indexed to floating interest rates, namely Euribor, GBP LIBOR, TIIE28D and SAIBOR. Similarly, some of the Group's bank financing is linked to these reference rates. At 31 December 2021, the Group has adjusted all its financing agreements and hedging derivatives that have been affected by the transition to RFR rates.

In view of any developments by the authorities on IBOR indices, the Group will make the appropriate contractual amendments to incorporate the new replacement benchmark interest rate into its financing and hedging derivatives agreements.

## d) Solvency risk

At 31 December 2021 the Group's net financial indebtedness shown in the accompanying balance sheet amounted to €3,225,709 thousand as shown in the table below:

| | 2021 | 2020 |
|---|---|---|
| Bank borrowings | 1,742,556 | 820,021 |
| Debt instruments and other loans | 3,031,543 | 3,230,281 |
| Other interest-bearing financial debt | 171,428 | 198,225 |
| Current financial assets | (184,293) | (228,652) |
| Treasury and cash equivalents | (1,535,525) | (1,222,109) |
| **Net interest-bearing debt** | **3,225,709** | **2,797,766** |
| **Net debts with limited recourse** | **3,551,740** | **2,696,161** |
| **Net indebtedness with recourse** | **(326,031)** | **101,605** |

The increase in net financial debt and also in net debt with limited recourse is mainly due to the acquisition of control of the Realia Business Group and Jezzine Uno, S.L.U. (notes 5 and 20).

## e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The Group's capabilities to obtain financing depend on many factors, many of which are beyond its control, such as general economic conditions, the availability of funds at financial institutions, the depth and availability of capital markets and the monetary policy of the markets in which it operates. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to perform the Group's activities.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve mo nths. However, FCC Group's ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent Group's capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2021, the Group had the following schedule of maturities of external gross debt, which amounts to 1,653,984 thousand euros for 2022:

| 2022 | 2023 | 2024 | 2025 and beyond | TOTAL |
|---|---|---|---|---|
| 1,653,984 | 781,020 | 170,769 | 2,339,754 | 4,945,527 |

A significant part of the gross financial debt, amounting to €4,694,215 thousand, has no recourse to the parent company, of note being the debt of the End-to-end Water Management segment amounting to €1,922,238 thousand, and of the Environmental Services segment amounting to €1,735,400 thousand at 31 December 2021.

At 31 December 2021, the Group had working capital of 932,537 thousand euros (1,309,577 thousand euros at 31 December 2020).

In order to manage liquidity risk, at 31 December 2021, the Group had 394.5 million euros in undrawn bilateral financing lines, and 1,525,272 thousand euros in cash, in addition to the following current financial assets and cash equivalents, whose maturities are shown below:

| Thousands of euros | Amount | 1-3 months | 3-6 months | 6-9 months | 9-12 months |
|---|---|---|---|---|---|
| Other current financial assets | 184,293 | 23,392 | 10,222 | 5,509 | 145,170 |

| Thousands of euros | Amount | 1 month | 1-2 months | 2-3 months |
|---|---|---|---|---|
| Cash equivalents | 10,253 | 763 | – | 9,490 |

## f) Concentration risk

This is risk arising from the concentration of lending transactions with common characteristics, and it is distributed as follows:

- Funding sources: In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.
- Markets/geography (domestic, foreign): The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.
- Products: The Group uses various financial products: loans, credit facilities, obligations, syndicated loans, assignments and discounting, etc.
- Currency: The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2021 the weight of the external activity has been 41% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

During 2021, the acquisition of a controlling position in the Realia subgroup and the incorporation of Jezzine Uno S.L.U. (note 5), enabled the creation of a solid, large-scale real estate holding company, which diversified its risk and geographic opportunities by extending its activity to new areas of operations in which it was not present.

## g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as of 31 December 2021 as shown in the following table:

| | |
|---|---|
| Financial credits granted | 945,708 |
| Trade and other receivables (note 16) | 2,277,734 |
| Derivative financial assets (note 23) | 180 |
| Cash and cash equivalents (Note 17) | 1,535,525 |
| Guarantees granted (Note 26) | 3,952,987 |
| **TOTAL** | **8,712,134** |

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial credits or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and Corporation activities, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

With respect to credit quality, the Group applies its best judgement to impair financial assets for which lifetime credit losses are expected to be incurred (note 3.i). The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

During 2021, despite the impact of COVID-19, there was no significant increase in the risk of bad debts, with the Group's average collection periods remaining in line with historical levels.

### Risk hedging financial derivatives

In general, the financial derivatives contracted by the Group are treated for accounting purposes in accordance with the accounting hedging regulations set out in these financial statements. The main financial risk hedged by the Group through derivative instruments relates to changes in the floating interest rates to which the financing of Group companies is linked. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing three bullish scenarios of the basic interest rate curve of the Euro, coming in at around 0.05% in the medium/long term as at 31 December 2021, assuming an increase of 25 bp, 50 bp and 100 bp.

The amounts in thousands of euros obtained in relation to derivatives outstanding at year-end with an impact on equity (note 23), after applying, where applicable, the percentage of ownership interest, are shown below.

| | Hedging derivatives | | |
|---|---|---|---|
| | +25 pb | +50 pb | +100pb |
| Impact on Equity: | | | |
| Global consolidation | 4,982 | 10,190 | 21,224 |
| Equity method | 3,056 | 5,995 | 11,444 |

## h) Brexit risk

Exposure to Brexit is mitigated by the natural hedge of keeping assets and liabilities in the same currency. At the close of these consolidated financial statements, the Group's activities in the country were not affected by Brexit.

The Group's activity in the United Kingdom is primarily concentrated in the Environmental Services business area, mainly through its shareholding in the FCC Environment UK subgroup, which engages in the treatment, disposal and collection of waste, and also in the management of waste recovery and incineration plants. In addition, although to a lesser extent, the FCC Group maintains a presence in the country by exporting cement and carrying out construction projects. At the end of the current year, the FCC Group has recorded €855,745 thousand in turnover (€668,618 thousand in 2020) (note 28) and holds assets totalling €1,765,509 thousand (€1,712,455 thousand in 2020) in the United Kingdom.

The net investment held in pounds sterling amounts to €517,829 thousand at year-end 2021 (€407,302 thousand in year 2020) (note 18.d). A sensitivity analysis is provided below showing the potential impact on the Group's results and equity in the event that the exchange rate of the pound sterling against the euro were to increase or decrease by 10%:

| | Profit and Loss | Equity |
|---|---|---|
| + 10% | (449) | 41,525 |
| - 10% | 449 | (41,525) |

The gross financial debt held in pounds sterling at 31 December 2021 amounts to €358.3 million (€364.9 million in 2020) and is concentrated in the aforementioned FCC Environment UK subgroup, comprising various loans and project finance bonds at fixed or variable rates hedged with hedging derivatives that transform it into a fixed rate at a weighted average rate of 4.5%, so there is no interest rate risk in the cash flows arising from the debt denominated in pounds sterling.

## i) COVID-19 risk

The COVID-19 pandemic has had a series of impacts on the accompanying consolidated financial statements both in operational and liquidity terms, which has also led to an update of the main estimates that affect the half-yearly financial statements.

In operational terms, the impact of the COVID-19 crisis on the Group has been limited given that the Water and Environment segments, which represent the most substantial part of the Group's revenues and results, include activities that the various national authorities have considered as essential without relevant interruptions in activity or loss of profitability in most of the assets. In relation to the other activities, such as Construction, which has a smaller weight in the Group's total activity, the pandemic has led to the temporary interruption of part of the portfolio of construction contracts in progress, and also, where appropriate, to some inefficiencies in the supply chain, circumstances which inevitably have an impact on project costs and delivery times. Measures have been taken to bring costs in line with the new activity levels and as of today all activity has resumed, so no material unprovisioned impairments are expected. The Cement Area shows a similar evolution in relation to COVID-19 risk, although it has been adversely affected by the rise in energy prices.

In this regard, as shown in the accompanying consolidated income statement, the Group maintains a positive "Profit from operations" of €802,210 thousand (€572,740 thousand in 2020), which represents 12.0% of turnover (9.3% in 2020). "Cash flows from operating activities" amounted to €746,246 thousand (€605,074 thousand in 2020), as can be seen in the accompanying consolidated cash flow statement.

In the light of the status created by the COVID-19 crisis, the Group has carried out an analysis of the main estimates affecting the accompanying consolidated financial statements:

- Goodwill: The Group has updated the various impairment tests for goodwill recognised. Although the goodwill corresponding to Corporación Uniland's cash-generating unit has been impaired, this impairment did not arise from the impact of COVID-19 (note 7).
- Real estate investments: Following the acquisition of control of the Realia Business Group and the company Jezzine Uno, S.L.U., the FCC Group has included €2,069,187 thousand of investment property in its accompanying consolidated balance sheet, which is measured at fair value at the end of the period, with no decrease in fair value (notes 3 and 9).
- Rest of fixed assets. The recoverable value of the main fixed and non-current assets that could show signs of impairment has been reviewed, in particular, those associated with the concession businesses (Notes 7 and 8). The only significant impairment that has occurred during the year has been that corresponding to quarries of the Cement activity as a result of the expected reduction of their useful life for an amount of €36,011 thousand (note 27).
- Financial instruments: The recoverable value of the main financial instruments has been reviewed, with special attention paid to investments accounted for using the equity method (Note 12).
- Furthermore, with regard to trade sales ledgers, no significant non-payment problems were identified. There are no unimpaired doubtful material trade receivables. The collection periods are in line with previous years.
- Deferred tax assets: The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2020, have been updated, with the result that under the same criteria used on that date, the impact of Covid-19 does not involve a reversal of the assets for deferred tax or a significant modification of recovery periods.
- Provisions: The level of provisions (note 19) is considered suitable to cover all risks considered probable.
- Real estate inventory assessment: The heading "Inventories" includes real estate assets with a net book value of €804,423 thousand at year-end 2021 (€452,633 thousand at the end of the previous year). In this regard, during the year the fair value estimates of some of the main real estate inventories were updated by independent third parties and there were no significant impairment losses (note 15).

– Recognition of income in construction contracts: The Group reassessed its forecast results in the Construction segment at conservative ranges in the light of current circumstances. In this sense, provisions make it possible to cover the risks associated with average scenarios, in the context of current uncertainty. In any case, it should be noted that the Group has not registered unapproved income derived from cost overruns, delays or claims on third parties as a result of the situation caused by Covid-19, which has caused, in many geographic regions,

In view of the above, considering the limited impact, the measures undertaken to secure the assets as well as the existing liquidity buffers, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continuity.

## j) Climate change risks

The Group's activities may be impacted by adverse weather conditions, such as floods or other natural disasters, and in some cases by decreases in temperature that may make it difficult, or even impossible in extreme cases, to carry out its activities, such as in the case of severe frost in the construction activity.

The Group takes all appropriate measures to adapt to the effects of climate change and to mitigate its possible effects on its business and fixed assets, as shown by the environmental provisions set aside for this purpose (note 19).

The Group is committed to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and, due to the very nature of some of the activities it carries out, it promotes the circular economy. In order to achieve these objectives, the Group implements specific policies in its activities.

The Construction Area has an Integrated Policy to analyse environmental incidents, the involvement of the interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works, emphasising the mitigation of the generation of waste, the consumption of resources, the generation of noise and vibrations, promoting the use of sustainable and reusable materials and the sustainable use of water. It has environmental certifications in several of the countries in which it operates, as well as environmental certification according to ISO 14001 at the centres located in Spain at some of its main investees.

The very nature of the Environmental Services Area aims to protect and conserve the environment and contribute to the circular economy by treating waste as a resource, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. As for policies aimed at optimising energy consumption, Spain has an Energy Management System certified in accordance with the ISO 50001 standard and projects for the use of landfill gas to generate electricity and hot water.

In 2021, the Water Area was the first company in the sector to certify the Strategy for the Contribution of the Sustainable Development Goals, by AENOR. Likewise, the Area has implemented energy management policies with the aim of optimising energy consumption at its facilities, a policy that is reflected in the calculation of the company's Carbon Footprint at its operations in Spain, verified in accordance with the guidelines of the UNE-ISO 14064 Standard by AENOR, where the impact of energy management (Scope 2) can be seen in the 13% reduction in emissions compared to the previous year. The Area has also implemented policies to reduce greenhouse gas emissions, through the signing of a PPA (Power Purchase Agreement) contract for renewable energies (photovoltaic) and projects to install renewable energy (photovoltaic) at some of its facilities.

The Cement Area takes measures that are specified at each facility, taking into account the current context of each one, its technological, human and economic resources, the applicable legislation and the expectations of the interested parties. The objectives of such measures are to promote the circular economy and to reduce greenhouse gas emissions by increasing material and energy recovery with a greater use of decarbonised raw materials, recoverable waste and biomass fuels, increasing energy efficiency through the optimisation of the fuel mix and the use of expert systems in the manufacturing process and transition to LED lighting and increasing the mix of renewable energies through solar and/or wind energy facility projects and boosting the consumption of biomass in clinker manufacturing.

As a result of the above, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continued existence.

# 31. Information on transactions with related parties

## a) Transactions with directors of the Parent Company and senior executives of the Group

The amounts accrued for fixed and variable remuneration received by the Directors of Fomento de Construcciones y Contratas, S.A. in 2021 and 2020, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

| | 2021 | 2020 |
|---|---|---|
| Fixed remuneration | 525 | 525 |
| Other payments | 1,933 | 1,420 |
| | **2,458** | **1,945** |

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 1,908 thousand euros (1,832 thousand euros in 2020).

| 2021 | |
|---|---|
| Marcos Bada Gutiérrez | General manager of Internal Audit |
| Felipe B. García Pérez | General Secretary |
| Miguel A. Martínez Parra | Managing Director of Administration and Finance |
| Félix Parra Mediavilla | Managing Director of FCC Aqualia |

| 2020 | |
|---|---|
| Marcos Bada Gutiérrez | General manager of Internal Audit |
| Felipe B. García Pérez | General Secretary |
| Miguel A. Martínez Parra | Managing Director of Administration and Finance |
| Félix Parra Mediavilla | Managing Director of FCC Aqualia |

Note 25 “Pension plans and similar obligations” describes the insurance taken out in favour of certain executive directors and senior managers.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

| Name or corporate name of the director | Company name of the Group entity | Position |
|---|---|---|
| ALICIA ALCOCER KOPLOWITZ | CEMENTOS PORTLAND VALDERRIVAS, S.A. | DIRECTOR |
| | REALIA BUSINESS, S.A. | DIRECTOR |
| GERARDO KURI KAUFMANN | CEMENTOS PORTLAND VALDERRIVAS, S.A. | CHIEF EXECUTIVE OFFICER |
| | REALIA BUSINESS, S.A. | CHIEF EXECUTIVE OFFICER |
| JUAN RODRÍGUEZ TORRES | CEMENTOS PORTLAND VALDERRIVAS, S.A. | DIRECTOR |
| | FCC AQUALIA, S.A. | DIRECTOR |
| | REALIA BUSINESS, S.A. | NON-EXECUTIVE CHAIRMAN |
| ÁLVARO VÁZQUEZ DE LAPUERTA | CEMENTOS PORTLAND VALDERRIVAS, S.A. | DIRECTOR |
| ALEJANDRO ABOUMRAD GONZÁLEZ | CEMENTOS PORTLAND VALDERRIVAS, S.A. | REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V. |
| | FCC AQUALIA, S.A. | DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS |
| | FCC SERVICIOS MEDIOAMBIENTE HOLDING, S.A.U. | CHAIRMAN |
| ANTONIO GÓMEZ GARCÍA | FCC AMÉRICAS, S.A. DE C.V. | ALTERNATE DIRECTOR |
| PABLO COLIO ABRIL | FCC MEDIO AMBIENTE, S.A.U. | CHAIRMAN |
| | FCC AQUALIA, S.A. | MEMBER OF THE BOARD, MEMBER OF THE AUDIT AND CONTROL COMMITTEE, OF THE INVESTMENT COMMITTEE, AND OF THE DELEGATED REGULATORY COMPLIANCE COMMITTEE |
| | FCC CONSTRUCCIÓN, S.A. | CHAIRMAN |
| | FCC ENVIRONMENT (UK) LIMITED | DIRECTOR |
| | FCC MEDIO AMBIENTE REINO UNIDO S.L.U. | DEPUTY CHAIRMAN |
| | FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U. | DEPUTY CHAIRMAN |
| | GUZMAN ENERGY O&M, S.L. | CHAIRMAN |
| | FCC AUSTRIA ABFALL SERVICE AG | CHAIRMAN |

These directors hold posts or exercise functions and/or hold ownership interests of less than 0.01% in any case in other FCC Group companies, in which Fomento de Construcciones y Contratas, S.A. holds the majority of the voting rights, directly or indirectly.

In 2021, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

## b) Situations of conflicts of interest

No conflict of interests have been directly or indirectly declared in the interest of Fomento de Construcciones y Contratas, S.A., in accordance with applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the operations of Fomento de Construcciones y Contratas, S.A. with its related parties reflected in this report or, as the case may be, of the agreements related to remuneration or appointment of positions. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

## c) Operations between Group companies or entities

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The turnover of the attached consolidated income statement includes 140,983 thousand euros (180,131 thousand euros in 2020) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 31,194 thousand euros (22,714 thousand euros in 2020) are also included in the Group's consolidated financial statements.

## d) Transactions with other related parties

During the year, a number of transactions were approved involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

- Acquisition of shares of Realia Business, S.A. representing 13.11% of its share capital by the Company FC y C, S.L. Sole-Shareholder Company, amounting to 83,941 thousand euros.
- Capital increase of FC y C, S.L. Unipersonal through the non-monetary contribution of all the shares of Jezzine Uno, S.L.U. by Soinmob Inmobiliaria Española, S.A. for €226,200 thousand.
- Granting of a loan by Fomento de Construcciones y Contratas, S.A. to Realia Business, S.A. amounting to €120,000 thousand.
- Execution of construction and service provision contracts between Group companies and investees by other parties related to the controlling shareholder, as follows:

| Buyer | Seller | 2021 | 2020 |
|---|---|---|---|
| Realia Patrimonio, S.L.U. | FCC Industrial e Infraestructuras Energéticas S.A.U. | 1,193 | 1,197 |
| | FCC Medio Ambiente,S.A. | 162 | 134 |
| | Servicios Especiales de Limpieza,S.A. | 496 | 467 |
| | Fedemes,S.L. | 13 | 13 |
| Realia Business, S.A. | FCC Industrial e Infraestructuras Energéticas S.A.U. | 2 | – |
| | FCC Construcción, S.A. | 12,001 | 23,938 |
| | Fomento de Construcciones y Contratas,S.A. | 142 | 120 |
| | Fedemes,S.L. | 101 | 101 |
| F C Y C , S.L. Unipersonal | Aridos de Melo,S.L. | 296 | – |
| | FCC Construcción, S.A. | 21,383 | – |
| | FCC Medio Ambiente,S.A. | 9 | – |
| | Fomento de Construcciones y Contratas,S.A. | 54 | – |
| | Fedemes,S.L. | 112 | – |
| | Realia Business, S.A. | 2,371 | – |
| FCC Construcción, S.A. | FC Y C , S.L. Unipersonal | 2 | – |
| Cementos Portland Valderrivas,S.A. | Realia Patrimonio, S.L.U. | 90 | – |
| Fomento de Construcciones y Contratas,S.A. | Realia Patrimonio, S.L.U. | 11 | 34 |
| | | **38,438** | **26,004** |

In addition, the following balance sheet balances are maintained:

| Receivable | Payable | 2021 | 2020 |
|---|---|---|---|
| Realia Patrimonio, S.L.U. | Cementos Portland Valderrivas,S.A. | 140 | – |
| | Fomento de Construcciones y Contratas,S.A. | 24 | 24 |
| Realia Business, S.A. | Fedemes,S.L. | 38 | 38 |
| | Fomento de Construcciones y Contratas,S.A. | 120,000 | – |
| F C Y C , S.L. Unipersonal | Asesoria financiera y de gestión,S.A. | 21 | – |
| | Fomento de Construcciones y Contratas,S.A. | 32,258 | – |
| Fomento de Construcciones y Contratas,S.A. | Realia Patrimonio, S.L.U. | 2,664 | 2,716 |
| | Realia Business, S.A. | 44 | 22 |
| | FC Y C , S.L. Unipersonal | 23,017 | – |
| FCC Medio Ambiente,S.A. | Realia Patrimonio, S.L.U. | – | 3 |
| | | **178,206** | **2,803** |

- Agreement for the provision of services between Fomento de Construcciones y Contratas, S.A. and Vilafulder Corporate Group, S.L.U. for a total annual amount of €338 thousand.
- Agreement for the provision of services between Cementos Portland Valderrivas, S.A. and Gerardo Kuri Kaufmann for €175 thousand.
- Agreement for the provision of services between Realia Business, S.A. and Gerardo Kuri Kaufmann for €175 thousand.
- As part of the refinancing of the debt associated with the Spanish activities of the Cementos Portland Valderrivas Group carried out in 2016, a subordinated financing agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with a carrying amount at 31 December 2021 of €70,085 thousand. The finance costs incurred in the business year totalled €1,764 thousand.
- Agreement for the provision of IT services by Claro Enterprise Solutions, S.L. to Fomento de Construcciones y Contratas, S.A. for €13,446 thousand.
- Agreement between FCC Industrial e Infraestructuras Energeticas, S.A.U. and Realia Patrimonio S.L.U., relating to the supply and installation of intercoms by FCC Industrial, S.S. in Torre Fira de Barcelona, owned by Realia, for €13 thousand.
- Construction contract for FCC Construcción, S.A. for 80 homes, garages, storage rooms and sports areas, Phase 2 of PP41 in Alcalá de Henares (Madrid) as a client of Realia Business, S.A. for €12,740 thousand (excluding VAT).

In addition, other transactions are carried out on an arm's length basis, mainly telephone and internet access services, with related parties related to the majority shareholder for an insignificant amount.

## e) eMechanisms established to detect, determine and resolve possible conflicts of interest between the Parent Company and/or its Group and its directors, executives or significant shareholders.

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interest between Group companies and their directors, executives and significant shareholders, as indicated in article 20 et seq. of the Board Regulations.

# 32. Fees paid to auditors

The fees for audit services accrued in 2021 and 2020 for audit services and other assurance services, as well as other professional services, provided to the various Group and jointly managed companies comprising the FCC Group by the principal auditor and other auditors participating in the audit of the various Group companies, and also by entities related to them, both in Spain and abroad, are shown in the following table:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Principal auditor | Other auditors | Total | Principal auditor | Other auditors | Total |
| Audit services | 3,375 | 613 | 3,988 | 3,386 | 718 | 4,104 |
| Other assurance services | 336 | 1,037 | 1,373 | 261 | 1,220 | 1,481 |
| **Total audit and related services** | **3,711** | **1,650** | **5,361** | **3,647** | **1,938** | **5,585** |
| Tax advisory services | 4 | 1,545 | 1,549 | – | 1,887 | 1,887 |
| Other services | 5 | 1,011 | 1,016 | 20 | 610 | 630 |
| **Total professional services** | **9** | **2,556** | **2,565** | **20** | **2,497** | **2,517** |
| **TOTAL** | **3,720** | **4,206** | **7,926** | **3,667** | **4,435** | **8,102** |

# 33. Events after the closing date

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in Georgia Global Utilities JSC for USD 180 million, a water and renewable energy utility in Georgia. This acquisition is the first step in a global operation in which FCC Aqualia, S.A. will end up holding 80% of the water utilities business when a second phase of the agreement is completed, still subject to the fulfilment of suspensive conditions, which basically consists of the spin-off of the renewable energy business.

On 25 January 2022, FCC Aqualia, S.A. cancelled in advance the loan agreement for variable interest provisions amounting to 200,000 thousand Euros which was fully drawn down and in cash at 31 December 2021 (note 20). Also, on 25 January 2022, FCC Aqualia, S.A. signed a new loan agreement for variable interest provisions maturing on 31 March 2023 for the same amount. This new contract can be used for the Company's cash requirements and for the redemption of the GGU bonds mentioned above.

There have been no further significant events between the end of the reporting period and the date of authorisation of these financial statements.

# Annexe I. Fully consolidated subsidiaries

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| **ENVIRONMENTAL SERVICES** | | | |
| Alfonso Benítez, S.A. | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| Aparcamientos Concertados, S.A. | Av. Aiguera, 1 – Benidorm (Alicante) | 100.00 | |
| Armigesa, S.A. | Paseo de Extremadura s/n – Armilla (Granada) | 51.00 | |
| Azincourt Investment, S.L. | Federico Salmón, 13 – Madrid | 100.00 | |
| Castellana de Servicios, S.A. | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| Corporación Inmobiliaria Ibérica, S.A. | Av. Camino de Santiago, 40 – Madrid | 100.00 | |
| Ecoactiva de Medio Ambiente, S.A. | Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza | 60.00 | |
| Ecodeal-Gestao Integral de Residuos Industriais, S.A. | Portugal | 53.63 | Ernst & Young |
| Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services | Greece | 51.00 | |
| Ecoparque Mancomunidad del Este, S.A. | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| Egypt Environmental Services, S.A.E. | Egypt | 100.00 | Ernst & Young |
| Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L. | Plaça del Centre, 5 – El Vendrell (Tarragona) | 66.60 | Capital Auditors |
| Enviropower Investments Limited | United Kingdom | 100.00 | Ernst & Young |
| Europea de Tratamiento de Residuos Industriales, S.A. | Federico Salmón, 13 – Madrid | 100.00 | |
| FCC Ámbito, S.A. Unipersonal | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| FCC Environment Portugal, S.A. | Portugal | 100.00 | Ernst & Young |
| FCC Environment Services (UK) Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC Environmental Services Florida Llc. | USA | 100.00 | |
| FCC Environmental Services Nebraska Llc. | USA | 100.00 | |
| FCC Environmental Services Texas Llc. | USA | 100.00 | |
| FCC Environmental Services (USA) Llc. | USA | 100.00 | |
| FCC Equal CEE, S.L. | Federico Salmón, 13 – Madrid | 100.00 | |
| FCC Equal CEE Andalucía, S.L. | Av. Molière, 36 – Málaga | 100.00 | Atenea |
| FCC Equal CEE Baleares, S.L.U. | | 100.00 | |
| FCC Equal CEE C. Valenciana, S.L. | Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia) | 100.00 | |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| FCC Equal CEE Murcia, S.L. | Luis Pasteur, 8 – Cartagena (Murcia) | 100.00 | |
| FCC Medio Ambiente, S.A. | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| FCC Medio Ambiente Reino Unido, S.L.Unipersonal | Av. Camino de Santiago, 40 – Madrid | 100.00 | Ernst & Young |
| FCC Servicios Medio Ambiente Holding, S.A. Unipersonal | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| Gamasur Campo de Gibraltar, S.L. | Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz) | 85.00 | |
| Gandia Serveis Urbans, S.A. | Llanterners, 6 – Gandia (Valencia) | 95.00 | Vaciero Auditores |
| Geneus Canarias, S.L. | Electricista, 2. U.I. de Salinetas – Telde (Las Palmas) | 100.00 | |
| Gestió i Recuperació de Terrenys, S.A. Unipersonal | Balmes, 36 Entresuelo – Barcelona | 80.00 | Centium |
| Gipuzkoa Ingurumena Bi, S.A. | Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa) | 82.00 | Ernst & Young |
| Golrib, Soluções de Valorização de Residuos Lda. | Portugal | 55.00 | |
| **FCC Group - CEE** | | | |
| .A.S.A. Hódmezövásárhely Köztisztasági Kft | Hungary | 61.83 | Ernst & Young |
| ASMJ s.r.o. | Czech Republic | 51.00 | |
| FCC Abfall Service Betriebs GmbH | Austria | 100.00 | |
| FCC Austria Abfall Service AG | Austria | 100.00 | Ernst & Young |
| FCC BEC s.r.o. | Czech Republic | 100.00 | Ernst & Young |
| FCC Bratislava s.r.o. | Slovakia | 100.00 | |
| FCC Centrum Nonprofit Kft. | Hungary | 100.00 | Ernst & Young |
| FCC Česká Republika s.r.o. | Czech Republic | 100.00 | Ernst & Young |
| FCC České Budějovice s.r.o. | Czech Republic | 75.00 | Ernst & Young |
| FCC Dačice s.r.o. | Czech Republic | 60.00 | Ernst & Young |
| FCC Eko d.o.o. | Serbia | 100.00 | |
| FCC EKO Polska sp. z.o.o. | Poland | 100.00 | Ernst & Young |
| FCC Eko-Radomsko sp. z.o.o. | Poland | 100.00 | |
| FCC Entsorga Entsorgungs GmbH & Co. Nfg KG | Austria | 100.00 | |
| FCC Environment CEE GmbH | Austria | 100.00 | |
| FCC Environment Romania S.R.L. | Romania | 100.00 | Ernst & Young |
| FCC Freistadt Abfall Service GmbH | Austria | 100.00 | |
| FCC Halbenrain Abfall Service GmbH & Co. Nfg KG | Austria | 100.00 | |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| FCC HP s.r.o. | Czech Republic | 100.00 | Ernst & Young |
| FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG | Austria | 100.00 | |
| FCC Inerta Engineering & Consulting GmbH | Austria | 100.00 | |
| FCC Kikinda d.o.o. | Serbia | 80.00 | Ernst & Young |
| FCC Liberec s.r.o. | Czech Republic | 55.00 | Ernst & Young |
| FCC Litovel s.r.o. | Czech Republic | 49.00 | |
| FCC Lublienec sp. z.o.o. | Poland | 61.97 | |
| FCC Magyarország Kft | Hungary | 100.00 | Ernst & Young |
| FCC Mostviertel Abfall Service GmbH | Austria | 100.00 | |
| FCC Neratovice s.r.o. | Czech Republic | 100.00 | Ernst & Young |
| FCC Neunkirchen Abfall Service GmbH | Austria | 100.00 | |
| FCC Podhale sp. z.o.o. | Poland | 100.00 | Ernst & Young |
| FCC Prostějov s.r.o. | Czech Republic | 75.00 | Ernst & Young |
| FCC Regios a.s. | Czech Republic | 99.99 | Ernst & Young |
| FCC Slovensko s.r.o. | Slovakia | 100.00 | Ernst & Young |
| FCC Tarnobrzeg.sp. z.o.o. | Poland | 59.72 | Ernst & Young |
| FCC Textil2Use GmbH | Austria | 100.00 | |
| FCC Trnava s.r.o. | Slovakia | 50.00 | Ernst & Young |
| FCC Uhy s.r.o. | Czech Republic | 100.00 | Ernst & Young |
| FCC Únanov s.r.o. | Czech Republic | 66.00 | |
| FCC Vrbak d.o.o. | Serbia | 51.00 | |
| FCC Wiener Neustadt Abfall Service GmbH | Austria | 100.00 | |
| FCC Žabčice s.r.o. | Czech Republic | 80.00 | Ernst & Young |
| FCC Zabovresky s.r.o. | Czech Republic | 89.00 | |
| FCC Zisterdorf Abfall Service GmbH | Austria | 100.00 | Ernst & Young |
| FCC Znojmo s.r.o. | Czech Republic | 49.66 | Ernst & Young |
| FCC Zohor.s.r.o. | Slovakia | 85.00 | Ernst & Young |
| Miejskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o. | Poland | 80.00 | Ernst & Young |
| Obsed a.s. | Czech Republic | 100.00 | |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| Quail spol. s.r.o. | Czech Republic | 100.00 | Ernst & Young |
| Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o. | Poland | 60.00 | |
| **FCC Environment Group (UK)** | | | |
| 3C Holding Limited | United Kingdom | 100.00 | Ernst & Young |
| 3C Waste Limited | United Kingdom | 100.00 | Ernst & Young |
| Allington O & M Services Limited | United Kingdom | 100.00 | Ernst & Young |
| Allington Waste Company Limited | United Kingdom | 100.00 | Ernst & Young |
| Anti-Waste (Restoration) Limited | United Kingdom | 100.00 | Ernst & Young |
| Anti-Waste Limited | United Kingdom | 100.00 | Ernst & Young |
| Arnold Waste Disposal Limited | United Kingdom | 100.00 | Ernst & Young |
| BDR Property Limited | United Kingdom | 80.00 | Ernst & Young |
| BDR Waste Disposal Limited | United Kingdom | 100.00 | Ernst & Young |
| Darrington Quarries Limited | United Kingdom | 100.00 | Ernst & Young |
| Derbyshire Waste Limited | United Kingdom | 100.00 | Ernst & Young |
| East Waste Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC Environment (Berkshire) Ltd. | United Kingdom | 100.00 | Ernst & Young |
| FCC Environment (UK) Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC Environment Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC Environment Lostock Limited | United Kingdom | 100.00 | |
| FCC Environmental Services Limited | United Kingdom | 100.00 | |
| FCC Recycling (UK) Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC Waste Services (UK) Limited | United Kingdom | 100.00 | Ernst & Young |
| Finstop Limited | United Kingdom | 100.00 | |
| Focsa Services (UK) Limited | United Kingdom | 100.00 | |
| Hykeham O&M Services Limited | United Kingdom | 100.00 | Ernst & Young |
| Integrated Waste Management Limited | United Kingdom | 100.00 | Ernst & Young |
| Landfill Management Limited | United Kingdom | 100.00 | Ernst & Young |
| Lincwaste Limited | United Kingdom | 100.00 | Ernst & Young |
| Norfolk Waste Limited | United Kingdom | 100.00 | Ernst & Young |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| Pennine Waste Management Limited | United Kingdom | 100.00 | Ernst & Young |
| T Shooter Limited | United Kingdom | 100.00 | Ernst & Young |
| Waste Recovery Limited | United Kingdom | 100.00 | Ernst & Young |
| Waste Recycling Group (Central) Limited | United Kingdom | 100.00 | Ernst & Young |
| Waste Recycling Group (Scotland) Limited | United Kingdom | 100.00 | Ernst & Young |
| Waste Recycling Group (UK) Limited | United Kingdom | 100.00 | Ernst & Young |
| Waste Recycling Group (Yorkshire) Limited | United Kingdom | 100.00 | Ernst & Young |
| Wastenotts O & M Services Limited | United Kingdom | 100.00 | Ernst & Young |
| Welbeck Waste Management Limited | United Kingdom | 100.00 | Ernst & Young |
| WRG (Midlands) Limited | United Kingdom | 100.00 | Ernst & Young |
| WRG (Northern) Limited | United Kingdom | 100.00 | Ernst & Young |
| WRG Acquisitions 2 Limited | United Kingdom | 100.00 | Ernst & Young |
| WRG Environmental Limited | United Kingdom | 100.00 | Ernst & Young |
| WRG Waste Services Limited | United Kingdom | 100.00 | |
| **FCC Group - PFI Holdings** | | | |
| FCC Lostock Holdings Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC PFI Holdings Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC Wrexham PFI Holdings Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC Wrexham PFI Limited | United Kingdom | 100.00 | Ernst & Young |
| FCC Wrexham PFI (Phase II Holding) Ltd. | United Kingdom | 100.00 | Ernst & Young |
| FCC Wrexham PFI (Phase II) Ltd. | United Kingdom | 100.00 | Ernst & Young |
| RE3 Holding Limited | United Kingdom | 100.00 | Ernst & Young |
| RE3 Limited | United Kingdom | 100.00 | Ernst & Young |
| **Green Recovery Group** | | | |
| FCC (E&M) Holdings Ltd. | United Kingdom | 51.00 | Ernst & Young |
| FCC (E&M) Ltd. | United Kingdom | 51.00 | Ernst & Young |
| FCC Buckinghamshire Holdings Limited | United Kingdom | 51.00 | Ernst & Young |
| FCC Buckinghamshire Limited | United Kingdom | 51.00 | Ernst & Young |
| FCC Buckinghamshire (Support Services) Limited | United Kingdom | 51.00 | |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| FCC Energy Holdings Ltd | United Kingdom | 51.00 | Ernst & Young |
| FCC Energy Limited | United Kingdom | 51.00 | Ernst & Young |
| FCC Environment (Lincolnshire) Ltd. | United Kingdom | 51.00 | |
| FCC Environment Developments Ltd. | United Kingdom | 51.00 | Ernst & Young |
| Green Energy Finance Solutions Ltd | United Kingdom | 51.00 | Ernst & Young |
| Green Recovery Projects Ltd | United Kingdom | 51.00 | Ernst & Young |
| Kent Energy Limited | United Kingdom | 51.00 | Ernst & Young |
| Kent Enviropower Limited | United Kingdom | 51.00 | Ernst & Young |
| Wastenotts (Reclamation) Limited | United Kingdom | 51.00 | Ernst & Young |
| Integraciones Ambientales de Cantabria, S.A. | Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria) | 90.00 | Ernst & Young |
| International Services Inc., S.A. Unipersonal | Av. Camino de Santiago, 40 – Madrid | 100.00 | |
| Jaime Franquesa, S.A. | P.I. Zona Franca Sector B calle D 49 – Barcelona | 100.00 | |
| Jaume Oro, S.L. | Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida) | 100.00 | |
| Limpieza e Higiene de Cartagena, S.A. | Luis Pasteur, 8 – Cartagena (Murcia) | 90.00 | Ernst & Young |
| Limpiezas Urbanas de Mallorca, S.A. | Ctra. Santa Margalida-Can Picafort – Santa Margalida (Baleares) | 100.00 | Ernst & Young |
| Manipulación y Recuperación MAREPA, S.A. | Av. San Martín de Valdeiglesias, 22 – Alcorcón (Madrid) | 100.00 | Ernst & Young |
| Premier Waste Services, LLC. | USA | 100.00 | |
| Recuperació de Pedreres, S.L. | Balmes, 36 Entresuelo – Barcelona | 80.00 | |
| Serveis Municipals de Neteja de Girona, S.A. | Pl. del Vi, 1 - Girona | 75.00 | Cataudit Auditors Associats |
| Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del sConsorcio Vega Sierra Elvira, S.A. | Antonio Huertas Remigio, 9 – Maracena (Granada) | 60.00 | Capital Auditors |
| Servicios de Levante, S.A. | Camino Pla de Museros, s/n – Almazora (Castellón) | 100.00 | Ernst & Young |
| Servicios Especiales de Limpieza, S.A. | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| Sistemas y Vehículos de Alta Tecnología, S.A. | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| Societat Municipal Mediambiental d'Igualada, S.L. | Pl. de l'Ajuntament, 1 – Igualada (Barcelona) | 65.91 | Vaciero Auditores |
| Telford & Wrekin Services Limited | United Kingdom | 100.00 | Ernst & Young |
| Tratamientos y Recuperaciones Industriales, S.A. | Balmes, 36 Entresuelo – Barcelona | 75.00 | Capital Auditors |
| Valoración y Tratamiento de Residuos Urbanos, S.A. | Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia) | 80.00 | Capital Auditors |
| Valorización y Tratamiento de Residuos, S.A. | Alameda de Mazarredo, 15-4º A – Bilbao (Vizcaya) | 100.00 | Vaciero Auditores |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| **AQUALIA** | | | |
| Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio De Abrantes, S.A. | Portugal | 30.60 | Oliveira, Reis & Asociados |
| Acque di Caltanissetta, S.p.A. | Italy | 50.22 | Ernst & Young |
| Aguas de Alcázar Empresa Mixta, S.A. | Rondilla Cruz Verde, 1 – Alcázar de San Juan (Ciudad Real) | 26.71 | Capital Auditors |
| Aguas de las Galeras, S.L. | Av. Camino de Santiago, 40 – Madrid | 51.00 | |
| Aigües de Vallirana, S.A. Unipersonal | Conca de Tremp, 14 – Vallirana (Barcelona) | 51.00 | |
| Aqua Campiña, S.A. | Blas Infante, 6 – Écija (Sevilla) | 45.90 | Centium Auditores |
| Aquaelvas – Aguas de Elvas, S.A. | Portugal | 51.00 | Ernst & Young |
| Aquafundalia – Agua Do Fundäo, S.A. | Portugal | 51.00 | Ernst & Young |
| Aquajerez, S.L. | Cristalería, 24 – Cádiz | 51.00 | Ernst & Young |
| Aqualia Czech, S.L. | Av. Camino de Santiago, 40 – Madrid | 51.00 | Ernst & Young |
| Aqualia Desalación Guaymas, S.A. de C.V. | Mexico | 51.00 | Ernst & Young |
| Aqualia France | France | 51.00 | SNR Audit |
| Aqualia Gestión Los Cabos SACV | Mexico | 51.00 | |
| Aqualia Infraestructuras d.o.o. Beograd-Vracar | Serbia | 51.00 | |
| Aqualia Infraestructuras d.o.o. Mostar | Bosnia-Herzegovina | 51.00 | |
| Aqualia Infraestructuras Inzenyring, s.r.o. | Czech Republic | 51.00 | CMC Audit s.r.o. |
| Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic | Montenegro | 51.00 | |
| Aqualia Infraestructuras Pristina Llc. | Kosovo | 51.00 | |
| Aqualia Intech, S.A. | Av. Camino de Santiago, 40 – Madrid | 51.00 | Ernst & Young |
| Aqualia Latinoamérica, S.A. | Colombia | 51.00 | Ernst & Young |
| Aqualia Mace Contracting, Operation & General Maintenance Llc. | Emiratos Árabes Unidos | 26.01 | Deloitte |
| Aqualia Mace Qatar | Qatar | 26.01 | Mazars |
| Aqualia México, S.A. de C.V. | Mexico | 51.00 | Ernst & Young |
| Aqualia New Europe B.V. | Netherlands | 51.00 | |
| Aqualia Portugal, S.A. | Portugal | 51.00 | Ernst & Young |
| Aqualia Villa del Rosario, S.A. | Colombia | 51.00 | Ernst & Young |
| Aquamaior – Aguas de Campo Maior, S.A. | Portugal | 51.00 | Ernst & Young |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| Aquos El Realito, S.A. de C.V. | Mexico | 26.01 | Ernst & Young |
| C.E.G. S.P.A. Simplifiée | France | 51.00 | SNR Audit |
| Cartagua, Aguas do Cartaxo, S.A. | Portugal | 30.60 | Oliveira, Reis & Asociados |
| Compañía Onubense de Aguas, S.A. | Av. Martín Alonso Pinzón, 8 – Huelva | 30.60 | |
| Conservación y Sistemas, S.A. | Federico Salmón, 13 – Madrid | 51.00 | Ernst & Young |
| Depurplan 11, S.A. | Madre Rafols, 2 – Zaragoza | 51.00 | Capital Auditors |
| Ecosistema de Morelos S.A. de C.V. | Mexico | 51.00 | CTS Consultores |
| Empresa Gestora de Aguas Linenses, S.L. | Federico Salmón, 13 – Madrid | 51.00 | |
| Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A. | Princesa, 3 – Madrid | 35.70 | |
| Entemanser, S.A. | Castillo, 13 – Adeje (Santa Cruz de Tenerife) | 49.47 | Ernst & Young |
| FCC Aqualia, S.A. | Av. Camino de Santiago, 40 – Madrid | 51.00 | Ernst & Young |
| FCC Aqualia América, S.A.Unipersonal | Uruguay, 11 – Vigo (Pontevedra) | 51.00 | |
| FCC Aqualia U.S.A. Corp | USA | 51.00 | Berkowitz Pollack Brant |
| Flores Rebollo y Morales, S.L. | Urbanización Las Buganvillas, 4 – Vera (Almería) | 30.60 | |
| H.A.A. & CO. Integrated Services | Arabia Saudí | 26.01 | Ernst & Young |
| Hidrotec Tecnología del Agua, S.L. Unipersonal | Pincel, 25 – Sevilla | 51.00 | Ernst & Young |
| Infraestructuras y Distribución General de Aguas, S.L.U. | La Presa, 14 – Adeje (Santa Cruz de Tenerife) | 51.00 | Ernst & Young |
| Qatarat Saquia Desalination | Arabia Saudí | 26.01 | Ernst & Young |
| Servicios Hídricos Agricultura y Ciudad, S.L.U. | Alfonso XIII – Sabadell (Barcelona) | 51.00 | |
| Severomoravské Vodovody a Kanalizace Ostrava A.S. | Czech Republic | 51.00 | Ernst & Young |
| Shariket Tahlya Miyah Mostaganem, S.P.A. | Argelia | 13.01 | Samir Hadj Ali |
| Sociedad Española de Aguas Filtradas, S.A. | Jacometrezo, 4 – Madrid | 51.00 | Ernst & Young |
| Sociedad Ibérica del Agua, S.A. Unipersonal | Federico Salmón, 13 – Madrid | 51.00 | |
| Societè des Eaux de Fin d'Oise, S.A.S. | France | 51.00 | SNR Audit |
| Tratamiento Industrial de Aguas, S.A. | Federico Salmón, 13 – Madrid | 51.00 | Ernst & Young |
| Vodotech, spol. s.r.o. | Czech Republic | 51.00 | CMC Audit s.r.o. |
| Water Sur, S.L. | Urbanización Las Buganvillas, 4 – Vera (Almería) | 30.60 | |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| **CONSTRUCTION** | | | |
| ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego | Portugal | 100.00 | |
| Agregados y Materiales de Panamá, S.A. | Panama | 100.00 | Ernst & Young |
| Áridos de Melo, S.L. | Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca) | 100.00 | Capital Auditors |
| Colombiana de Infraestructuras, S.A.S. | Colombia | 100.00 | ASTAF Auditores y Consultores |
| Concesiones Viales S. de R.L. de C.V. | Mexico | 100.00 | Ernst & Young |
| Concretos Estructurales, S.A. | Nicaragua | 100.00 | |
| Conservial Infraestructuras, S.L. | Federico Salmón, 13 – Madrid | 100.00 | |
| Consorcio FCC Iquique Ltda. | Chile | 100.00 | |
| Construcción Infraestructuras y Filiales de México, S.A. de C.V. | Mexico | 52.00 | |
| Construcciones Hospitalarias, S.A. | Panama | 100.00 | Ernst & Young |
| Constructora Meco-Caabsa, S.A. de C.V. | El Salvador | 60.00 | |
| Constructora Túnel de Coatzacoalcos, S.A. de C.V. | Mexico | 55.60 | Ernst & Young |
| Contratas y Ventas, S.A. | Av. de Santander, 3 1º – Oviedo (Asturias) | 100.00 | Ernst & Young |
| Consorcio FCC Meco y Santa Fe de Costa Rica y Nicaragua, S.A. | Nicaragua | 100.00 | |
| Desarrollo y Construcción DEYCO CRCA, S.A. | Costa Rica | 100.00 | |
| Edificadora MSG, S.A. (Panamá) | Panama | 100.00 | |
| Edificadora MSG, S.A. de C.V. (El Salvador) | El Salvador | 100.00 | |
| Edificadora MSG, S.A. de C.V. (Nicaragua) | Nicaragua | 100.00 | |
| FCC Américas, S.A. de C.V. | Mexico | 50.00 | Deloitte |
| FCC Américas Colombia, S.A.S. | Colombia | 50.00 | |
| FCC Américas Panamá, S.A. | Panama | 50.00 | Ernst & Young |
| FCC Colombia, S.A.S. | Colombia | 100.00 | ASTAF Auditores y Consultores |
| FCC Construcción, S.A. | Balmes, 36 – Barcelona | 100.00 | Ernst & Young |
| FCC Construcción América, S.A. | Costa Rica | 100.00 | Ernst & Young |
| FCC Construcción Chile, SPA | Chile | 100.00 | |
| FCC Construcción Costa Rica, S.A. | Costa Rica | 100.00 | Ernst & Young |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| FCC Construcción de México, S.A. de C.V. | Mexico | 100.00 | Ernst & Young |
| FCC Construcción Perú, S.A.C. | Peru | 100.00 | |
| FCC Constructii Romania, S.A. | Romania | 100.00 | |
| FCC Construction Australia Pty Ltd | Australia | 100.00 | |
| FCC Construction Inc. | USA | 100.00 | BPB |
| FCC Construction International B.V. | Netherlands | 100.00 | |
| FCC Construction Ireland DAC | Ireland | 100.00 | Mazars |
| FCC Construction Northern Ireland Limited | United Kingdom | 100.00 | Mazars |
| FCC Construçoes do Brasil Ltda. | Brazil | 100.00 | |
| FCC Edificadora CR, S.A. | Costa Rica | 100.00 | |
| FCC Electromechanical Llc. | Arabia Saudí | 100.00 | Ernst & Young |
| FCC Elliott Construction Limited | Ireland | 100.00 | Mazars |
| FCC Industrial de Panamá, S.A. | Panama | 100.00 | |
| FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal | Av. Camino de Santiago, 40 – Madrid | 100.00 | Ernst & Young |
| FCC Industrial Perú, S.A. | Peru | 100.00 | |
| FCC Industrial UK Limited | United Kingdom | 100.00 | Mazars |
| FCC Inmobilien Holding GmbH | Germany | 100.00 | |
| FCC Servicios Industriales y Energéticos México, S.A. de C.V. | Mexico | 100.00 | Ernst & Young |
| FCC Soluciones de Seguridad y Control, S.L. | Federico Salmón, 13 – Madrid | 100.00 | |
| Fomento de Construcciones Colombianas, S.A.S. | Colombia | 100.00 | |
| Fomento de Construcciones y Contratas Canadá Ltd. | Canada | 100.00 | |
| Guzmán Energy O&M, S.L. | Av. Camino de Santiago, 40 – Madrid | 52.13 | Ernst & Young |
| Impulsora de Proyectos Proserme, S.A. de C.V. | Mexico | 100.00 | |
| Mantenimiento de Infraestructuras, S.A. | Federico Salmón, 13 2a planta – Madrid | 100.00 | Ernst & Young |
| Meco Santa Fe Limited | Belize | 100.00 | |
| Megaplás, S.A. Unipersonal | Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid) | 100.00 | Ernst & Young |
| Megaplás Italia, S.p.A. | Italy | 100.00 | Collegio Sindicale |
| Participaciones Teide, S.A. | Av. Camino de Santiago, 40 – Madrid | 100.00 | |
| Prefabricados Delta, S.A. Unipersonal | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. | Portugal | 100.00 | Ernst & Young |
| Servicios Dos Reis, S.A. de C.V. | Mexico | 100.00 | |
| **CEMENT** | | | |
| Áridos de Navarra, S.A. | Estella, 6. Pamplona (Navarra) | 65.66 | |
| Canteras de Alaiz, S.A. | Dormilatería, 72 – Pamplona (Navarra) | 69.66 | Ernst & Young |
| Cementos Alfa, S.A. | María Tubau, 9 – 4 planta – Madrid | 87.61 | Ernst & Young |
| Cementos Portland Valderrivas, S.A. | Dormilatería, 72 – Pamplona (Navarra) | 99.49 | Ernst & Young |
| Dragon Alfa Cement Limited | United Kingdom | 87.61 | Ernst & Young |
| Dragon Portland Limited | United Kingdom | 99.49 | Ernst & Young |
| Prebesec Mallorca, S.A. | Conradors (P.I. Marratxi) – Marratxi (Baleares) | 67.97 | |
| Select Beton, S.A. | Tunisia | 87.31 | Ernst & Young |
| Société des Ciments d'Enfidha | Tunisia | 87.41 | Ernst & Young |
| Tratamiento Escombros Almoguera S.L. | María Tubau, 9 - 4 planta - Madrid | 50.77 | |
| Uniland Acquisition Corporation | USA | 99.49 | |
| Uniland International B.V. | Netherlands | 99.49 | |
| Uniland Trading B.V. | Netherlands | 99.49 | |
| **REAL ESTATE** | | | |
| Costa Verde Habitat, S.L. | Av. Camino de Santiago, 40 – Madrid | 80.03 | |
| F C y C, S.L. | Federico Salmón, 13 – Madrid | 80.03 | Ernst & Young |
| FCC Real Estate (UK) Limited | United Kingdom | 80.03 | |
| **Grupo Realia Business** | | | |
| Boane 2003, S.A. Unipersonal | Paseo de la Castellana, 41 – Madrid | 51.00 | |
| Guillena Golf, S.L. Unipersonal | Paseo de la Castellana, 216 – Madrid | 40.76 | |
| Hermanos Revilla, S.A. | Paseo de la Castellana, 41 – Madrid | 35.77 | Ernst & Young |
| Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L. | Av. Camino de Santiago, 40 – Madrid | 27.18 | |
| Planigesa, S.A. | Av. Camino de Santiago,40– Madrid | 30.97 | |
| Realia Business, S.A. | Av. Camino de Santiago, 40 – Madrid | 40.76 | Ernst & Young |
| Realia Contesti, S.R.L. | Romania | 40.76 | |

| Company | Registered office | % Effective ownership | Auditor |
|---|---|---|---|
| Realia Patrimonio, S.L.U. | Av. Camino de Santiago, 40 – Madrid | 40.76 | Ernst & Young |
| Servicios Índice, S.A. | Av. Camino de Santiago, 40 – Madrid | 20.58 | |
| Valaise, S.L. Unipersonal | Av. Camino de Santiago, 40 – Madrid | 40.76 | |
| Vela Borovica Koncern d.o.o. | Croatia | 80.03 | |
| **OTHER ACTIVITIES** | | | |
| Asesoría Financiera y de Gestión, S.A. | Federico Salmón, 13 – Madrid | 100.00 | |
| Autovía Conquense, S.A. | Av. Camino de Santiago, 40 – Madrid | 100.00 | Ernst & Young |
| Cemark - Mobiliario Urbano e Publicidade, S.A. | Portugal | 100.00 | Ernst & Young |
| Concesionaria Atención Primaria, S.A. | Gremi de Sabaters, 21 (Loc. A. 15.2) – Palma de Mallorca (Baleares) | 82.50 | Ernst & Young |
| Concesionaria Túnel de Coatzacoalcos, S.A. de C.V. | Mexico | 85.60 | Ernst & Young |
| FCC Concesiones Al Ansar, S.A. Unipersonal | Federico Salmón, 13 – Madrid | 100.00 | |
| FCC Concesiones de Infraestructuras, S.L. | Av. Camino de Santiago, 40 – Madrid | 100.00 | |
| FCC Midco, S.A. | Luxembourg | 100.00 | |
| FCC Topco, S.A.R.L. | Luxembourg | 100.00 | |
| FCC Versia, S.A. | Av. Camino de Santiago, 40 – Madrid | 100.00 | Baker & Tilly |
| Fedemes, S.L. | Federico Salmón, 13 – Madrid | 100.00 | Ernst & Young |
| Jezzine Uno, S.L. Unipersonal | Av. Camino de Santiago, 40 – Madrid | 80.03 | Crowe |
| PPP Infraestructure Investments B.V. | Netherlands | 100.00 | |
| Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L. | Av. Camino de Santiago, 40 – Madrid | 100.00 | |

# Annexe II. Companies jointly controlled with third parties outside the Group
## (consolidated using the equity method)

| Company | Registered office | Carrying amount of the backlog 2021 | Carrying amount of the backlog 2020 | % Effective ownership | Auditor |
|---|---|---|---|---|---|
| **ENVIRONMENTAL SERVICES** | | | | | |
| Atlas Gestión Medioambiental, S.A. | Viriato, 47 – Barcelona | 8,627 | 9,808 | 50.00 | Ernst & Young |
| Beacon Waste Limited | United Kingdom | 1,334 | 1,250 | 50.00 | Deloitte |
| Ecoparc del Besós, S.A. | Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona | 7,389 | 7,803 | 49.00 | Castellà Auditors Consultors S.L.P. |
| Ecoserveis Urbans de Figueres, S.L. | Av. de les Alegries, s/n – Lloret de Mar (Girona) | 121 | 138 | 50.00 | |
| Electrorecycling, S.A. | Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona) | 1,319 | 1,284 | 33.34 | Audinfor |
| Empresa Mixta de Limpieza de la Villa de Torrox, S.A. | Plaza de la Constitución, 1 – Torrox (Málaga) | 326 | 360 | 50.00 | Audinfor |
| Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A. | Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga) | 305 | 316 | 50.00 | Audinfor |
| Fisersa Ecoserveis, S.A. | Alemanya, 5 – Figueres (Girona) | 179 | 165 | 36.36 | Auditoria i Control Auditors S.L.P. |
| Gestión y Valorización Integral del Centro, S.L. | De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid) | 372 | 322 | 50.00 | Capital Auditors |
| Ingeniería Urbana, S.A. | Calle I esquina calle 3, P.I. Pla de la Vallonga – Alicante | 4,209 | 4,210 | 35.00 | Deloitte |
| Mediaciones Comerciales Ambientales, S.L. | Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona) | 619 | 359 | 50.00 | |
| Mercia Waste Management Ltd. | United Kingdom | 8,714 | 11,781 | 50.00 | Deloitte |
| Palacio de Exposiciones y Congresos de Granada, S.A. | Paseo del Violón, s/n – Granada | (2,660) | (1,969) | 50.00 | Hispanobelga Economistas Auditores, S.L.P. |
| Pilagest, S.L. | Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona) | 614 | 211 | 50.00 | |
| Reciclado de Componentes Electrónicos, S.A. | Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla) | 3,129 | 1,924 | 50.00 | KPMG |
| Servicios Urbanos de Málaga, S.A. | Av. Camino de Santiago, 40 – Madrid | 3,191 | 3,216 | 51.00 | |
| Severn Waste Services Limited | United Kingdom | 213 | 199 | 50.00 | Deloitte |

| Company | Registered office | Carrying amount of the backlog 2021 | Carrying amount of the backlog 2020 | % Effective ownership | Auditor |
|---|---|---|---|---|---|
| Tratamiento Industrial de Residuos Sólidos, S.A. | Rambla Cataluña, 91 – Barcelona | 1,037 | 1,580 | 33.33 | Castellà Auditors Consultors, S.L.P. |
| Zabalgarbi, S.A. | Camino Artigabidea, 10 – Bilbao (Vizcaya) | 13,834 | 16,060 | 30.00 | KPMG |
| **AQUALIA** | | – | – | | |
| Aguas de Langreo, S.L. | Alonso del Riesgo, 3–Langreo (Asturias) | 853 | 909 | 24.99 | Baker & Tilly |
| Aguas de Narixa, S.A. | Málaga, 11 – Nerja (Málaga) | 308 | 237 | 25.50 | Capital Auditors |
| Aigües de Girona, Salt i Sarrià del Ter, S.A. | Ciutadans, 11 – Girona | 162 | 162 | 13.71 | |
| Compañía de Servicios Medioambientales do Atlántico, S.A. | Estrada de Cedeira Km. 1 – Narón (La Coruña) | 299 | 296 | 24.99 | Kreston Iberaudit |
| Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V. | Mexico | (2,995) | (2,996) | 12.50 | Deloitte |
| Empresa Municipal de Aguas de Benalmádena EMABESA, S.A. | Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga) | 1,596 | 1,583 | 25.50 | Audinfor |
| Girona, S.A. | Travesia del carril, 2 – Girona | 1,650 | 1,701 | 17.14 | Cataudit Auditors Associats, S.L. |
| HA Proyectos Especiales Hidráulicos S. de R.L. de C.V. | Mexico | 1,045 | 992 | 25.25 | Grant Thornton SC |
| Orasqualia Construction, S.A.E. | Egypt | (100) | (100) | 25.50 | KPMG |
| Orasqualia for the Development of the Waste Water Treatment Plant S.A.E. | Egypt | 14,552 | 11,943 | 25.50 | Deloitte |
| Orasqualia for Operation and Maintenance S.A.E. | Egypt | 1,153 | 1,130 | 25.50 | Deloitte |
| **CONSTRUCTION** | | | | | |
| ACS FCC Canada Inc. | Canada | – | – | 50.00 | |
| Administración y Servicios Grupo Zapotillo, S.A. de C.V. | Mexico | 115 | 108 | 50.00 | |
| Altos del Javier, S.A. | Panama | – | – | 50.00 | |
| Consorcio Tramo Dos S.A. DE C.V. | Mexico | – | 8 | 50.00 | Deloitte |
| Construcciones Olabarri, S.L. | Ripa, 1 – Bilbao (Vizcaya) | 5,820 | 5,735 | 49.00 | Charman Auditores |
| Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V. | Mexico | – | – | 24.50 | Deloitte |
| Constructora Durango Mazatlán, S.A. de C.V. | Mexico | 1,479 | 1,403 | 51.00 | |
| Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V. | Mexico | (9,006) | (29,993) | 40.00 | Deloitte |
| Constructores del Zapotillo, S.A. de C.V. | Mexico | 1,446 | 1,114 | 50.00 | Grant Thornton SC |
| Ctra. Cabo San Lucas San José, S.A. de C.V. | Mexico | – | – | 50.00 | |
| Elaboración de Cajones Pretensados, S.L. | Av. Camino de Santiago, 40 – Madrid | 2 | 2 | 50.00 | |

| Company | Registered office | Carrying amount of the backlog 2021 | Carrying amount of the backlog 2020 | % Effective ownership | Auditor |
|---|---|---|---|---|---|
| Integral Management Future Renewables, S.L. | A Condomiña, s/n – Ortoño (La Coruña) | – | 3,488 | 50.00 | |
| North Tunnels Canada Inc. | Canada | – | (1,674) | 50.00 | |
| OHL Co Canada & FCC Canada Ltd. Partnership | Canada | (71,126) | (65,044) | 50.00 | |
| Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V. | Mexico | – | – | 50.00 | |
| Servicios Empresariales Durango-Mazatlán, S.A. de C.V. | Mexico | 124 | 119 | 51.00 | |
| **CEMENT** | | | | | |
| Pedrera de l'Ordal, S.L. | Ctra. N 340 km. 1229,5 – Subirats (Barcelona) | 1,750 | 3,243 | 49.64 | Ernst & Young |
| **REAL ESTATE** | | | | | |
| **Realia Group** | | | | | |
| As Cancelas Siglo XXI, S.L. | Av. Camino de Santiago, 40 – Madrid | 37,254 | – | 20.38 | Ernst & Young |
| MDM-Teide, S.A. | Panama | 172 | 161 | 40.02 | |
| Teide-MDM Quadrat, S.A. | Panama | 30 | 60 | 40.02 | |
| **OTHER ACTIVITIES** | | | | | |
| Ibisan Sociedad Concesionaria, S.A | Av. Isidor Macabich, s/n. Sant Rafel de Sa Creu (Baleares) | 8,401 | 8,204 | 50.00 | Deloitte |
| Sociedad Concesionaria Tranvía de Murcia, S.A. | Paseo de la Ladera, 79– Murcia | 24,427 | 22,572 | 50.00 | Deloitte |
| **Grupo FM Green Power Investments** | | **–** | **16,462** | **49.00** | |
| Enestar Villena, S.A. | Maestro Chanzá, 3 – Villena (Alicante) | – | – | 49.00 | Ernst & Young |
| Estructuras Energéticas Generales, S.A. Unipersonal | Paseo de la Castellana, 91 planta 11 – Madrid | – | – | 49.00 | |
| Ethern Electric Power, S.A. | Paseo de la Castellana, 91 planta 11 – Madrid | – | – | 49.00 | Ernst & Young |
| FM Green Power Investments, S.L. | Paseo de la Castellana, 91 planta 11 – Madrid | – | – | 49.00 | Ernst & Young |
| Guzmán Energía, S.L. | Portada, 11 – Palma del Río (Córdoba) | – | – | 34.30 | Ernst & Young |
| Helios Patrimonial 1, S.L. Unipersonal | Paseo de la Castellana, 91 planta 11 – Madrid | – | – | 49.00 | Ernst & Young |
| Helios Patrimonial 2, S.L. Unipersonal | Paseo de la Castellana, 91 planta 11 – Madrid | – | – | 49.00 | Ernst & Young |
| **TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)** | | **72,283** | **40,842** | | |

# Annexe III . Associates (consolidated using the equity method)

| Company | Registered office | Carrying amount of the backlog 2021 | Carrying amount of the backlog 2020 | % Effective ownership | Auditor |
|---|---|---|---|---|---|
| **ENVIRONMENTAL SERVICES** | | | | | |
| Aprochim Getesarp Rymoil, S.A. | P.I. Logrezana s/n– Carreño (Asturias) | 1,203 | 1,117 | 32.17 | Menéndez Auditores |
| Aragonesa de Gestión de Residuos, S.A. | Paseo María Agustín, 36 – Zaragoza | 13 | 12 | 12.00 | CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P. |
| Aragonesa de Tratamientos Medioambientales XXI, S.A. | Ctra. Castellón Km. 58 – Zaragoza | 608 | 609 | 33.00 | |
| Betearte, S.A.Unipersonal | Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Vizcaya) | 144 | (91) | 33.33 | |
| Gestión Integral de Residuos Sólidos, S.A. | Serrans, 12 – 14 Ent. 1 – Valencia | 5,331 | 5,298 | 49.00 | DULA Auditores, S.L.P. |
| Giref Generación Renovable | Pedro Lafayo, 6 - Ibiza | 1 | – | 20.00 | |
| **FCC Group - CEE** | | **7,148** | **6,310** | | |
| .A.R.K. Technicke Sluzby s.r.o. | Slovakia | – | – | 50.00 | |
| A.K.S.D. Városgazdálkodási Korlátolt FT | Hungary | – | – | 25.50 | Interauditor |
| ASTV s.r.o. | Czech Republic | – | – | 49.00 | |
| FCC + NHSZ Környezetvédelmi HKft | Hungary | – | – | 50.00 | Interauditor |
| FCC Hlohovec s.r.o. | Slovakia | – | – | 50.00 | |
| Huber Abfallservice Verwaltungs GmbH | Austria | – | – | 49.00 | |
| Huber Entsorgungs GmbH Nfg KG | Austria | – | – | 49.00 | |
| Killer GmbH | Austria | – | – | 50.00 | |
| Killer GmbH & Co KG | Austria | – | – | 50.00 | Rittmann |
| Recopap s.r.o. | Slovakia | – | – | 50.00 | |
| Tev-Akva Kft. | Hungary | – | – | 8.67 | Lázár Enikő |
| **FCC Group - PFI Holdings** | **United Kingdom** | **32,333** | **22,766** | | |
| CI III Lostock Efw Limited | United Kingdom | – | – | 40.00 | |
| Lostock Power Limited | United Kingdom | – | – | 40.00 | |
| Lostock Sustainable Energy Plant Limited | United Kingdom | – | – | 40.00 | |

| Company | Registered office | Carrying amount of the backlog 2021 | Carrying amount of the backlog 2020 | % Effective ownership | Auditor |
|---|---|---|---|---|---|
| **Tirme Group** | | **8,156** | **6,783** | | |
| Balear de Trituracions, S.L. | Cr. de Sóller Km. 8,2 – Palma de Mallorca (Baleares) | – | – | 20.00 | |
| Mac Insular, S.L. | P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Baleares) | – | – | 14.00 | Deloitte |
| Mac Insular Segunda, S.L. | Cr. de Sóller Km. 8,2 – Palma de Mallorca (Baleares) | – | – | 15.00 | |
| Tirme, S.A. | Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Baleares) | – | – | 20.00 | Deloitte |
| Sogecar, S.A. | Polígono Torrelarragoiti – Zamudio (Vizcaya) | 475 | 499 | 30.00 | |
| **AQUALIA** | | | | | |
| Aguas de Archidona, S.L. | Pz. Ochavada, 1 – Archidona (Málaga) | 24 | 62 | 24.48 | Centium Auditores |
| Aguas de Denia, S.A. | Pedro Esteve, 17– Denia (Alicante) | 427 | 440 | 16.83 | Audinfor |
| Aguas de Guadix, S.A. | Plaza Constitución, 1– Guadix (Granada) | 419 | 179 | 20.40 | Deloitte |
| Aguas de Priego, S.L. | Plaza Constitución, 3 – Priego de Córdoba (Córdoba) | (66) | (33) | 24.99 | |
| Aguas del Puerto Empresa Municipal, S.A. | Aurora, 1 – El Puerto de Santa María (Cádiz) | 3,924 | 3,910 | 24.98 | Deloitte |
| Aigües de Blanes, S.A. | Canigó, 5 – Blanes (Girona) | 51 | 38 | 8.40 | Acordia ACR, S.L |
| Aigües del Segarra Garrigues, S.A. | C/ Mas d'en Colom, 14 – Tárrega (Lleida) | – | – | 0.52 | Deloitte |
| Aigües del Vendrell, S.A. | Vella, 1 – El Vendrell (Tarragona) | 471 | 509 | 24.99 | Gm Auditors SL |
| Codeur, S.A. | Mayor, 22 – Vera (Almería) | 6,503 | 6,560 | 13.26 | Deloitte |
| Concesionaria de Desalación de Ibiza, S.A. | Rotonda de Santa Eulalia, s/n – Ibiza (Baleares) | 1,203 | 1,208 | 25.50 | BDO Auditores |
| Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V. | Mexico | (5,396) | (5,396) | 12.50 | |
| EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A. | Plaza de la Glorieta, 1 – Nijar (Almería) | 255 | 320 | 24.99 | Deloitte |
| Empresa Mixta de Aguas de Ubrique, S.A. | Juzgado, s/n – Ubrique (Cádiz) | 81 | 77 | 24.99 | Vaciero Auditores |
| Empresa Mixta de Aguas de Jodar, S.A. | Pz. España, 1 – Jodar (Jaén) | 35 | 13 | 24.99 | Vaciero Auditores |
| Empresa Municipal de Aguas de Algeciras, S.A. | Av. Virgen del Carmen – Algeciras (Cádiz) | 163 | 153 | 24.99 | Kreston Iberaudit |
| Empresa Municipal de Aguas de Linares, S.A. | Cid Campeador, 7 – Linares (Jaén) | 290 | 198 | 24.99 | Centium Auditores |
| Empresa Municipal de Aguas de Toxiria, S.A. | Plaza de la Constitución – Torredonjimeno (Jaén) | 108 | 92 | 24.99 | Vaciero Auditores |
| Nueva Sociedad de Aguas de Ibiza, S.A. | Av. Bartolomé Roselló, 18 – Ibiza (Baleares) | 101 | 83 | 20.40 | |
| Omán Sustainable Water Services SAOC | Oma n | 1,220 | 953 | 24.99 | Deloitte |
| Operadora El Realito, S.A. de C.V. | Mexico | 279 | 278 | 7.65 | Ernst & Young |

| Company | Registered office | Carrying amount of the backlog 2021 | Carrying amount of the backlog 2020 | % Effective ownership | Auditor |
|---|---|---|---|---|---|
| Prestadora de Servicios Acueducto El Realito, S.A.de C.V. | Mexico | 1 | 1 | 12.50 | |
| Proveïments d'Aigua, S.A. | Astúries, 13 – Girona | 637 | 603 | 7.71 | GPM Auditors Associats |
| Sera Q A Duitama E.S.P., S.A. | Colombia | 6 | 8 | 15.61 | |
| Suministro de Aguas de Querétaro, S.A. de C.V. | Mexico | 9,325 | 9,136 | 25.51 | Deloitte |
| **CONSTRUCTION** | | | | | |
| Agrenic Complejo Industrial Nindiri, S.A. | Nicaragua | 2,239 | 2,194 | 50.00 | Deloitte |
| Aigües del Segarra Garrigues, S.A. | C/ Mas d'en Colom, 14 – Tárrega (Lleida) | 7,473 | 7,193 | 24.68 | Deloitte |
| Cafig Constructores, S.A. de C.V. | Mexico | 4,497 | 3,518 | 45.00 | Deloitte |
| Construcciones y Pavimentos, S.A. | Panama | 4 | 4 | 50.00 | |
| Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V. | Mexico | (5) | (4) | 24.50 | Deloitte |
| Constructora San José - Caldera CSJC, S.A. | Costa Rica | (1,681) | (1,548) | 50.00 | Ernst & Young |
| Constructora San José - San Ramón SJSR, S.A. | Costa Rica | (68) | (60) | 50.00 | |
| Constructora Terminal Valle de México, S.A. de C.V. | Mexico | 1,096 | 422 | 14.28 | Deloitte |
| Desarrollo Cuajimalpa, S.A. de C.V. | Mexico | 6 | 6 | 25.00 | |
| Efi Túneles Necaxa, S.A. de C.V. | Mexico | 406 | 319 | 45.00 | |
| Euroconcretos de Nicaragua, S.A. | Nicaragua | – | – | 40.00 | |
| FCC Tarrio TX-1 Construçao Ltda | Brasil | – | – | 70.00 | |
| M50 (D&C) Limited | Ireland | (3,273) | (3,273) | 42.50 | Deloitte |
| N6 (Construction) Limited | Ireland | (38,413) | (38,413) | 42.50 | Deloitte |
| OHL-FCC GP Canada Inc. | Canada | – | – | 50.00 | |
| Prestadora de Servicios Acueducto El Realito, S.A.de C.V. | Mexico | 1 | 1 | 24.50 | |
| Promvias XXI, S.A. | Anglesola, 6 - Barcelona | 1 | 1 | 25.00 | |
| Roadbridge FCC JV Limited | Ireland | 212 | 951 | 50.00 | Mazars |
| Servicios CTVM, S.A. de C.V. | Mexico | 3 | 2 | 14.28 | Deloitte |
| Serv. Terminal Valle de México, S.A. de C.V. | Mexico | 34 | 32 | 14.28 | Deloitte |
| Terminal Polivalente de Huelva, S.A. | La Marina, 29. Huelva | – | – | 31.50 | |

| Company | Registered office | Carrying amount of the backlog 2021 | Carrying amount of the backlog 2020 | % Effective ownership | Auditor |
|---|---|---|---|---|---|
| **CEMENT** | | | | | |
| Aplicaciones Minerales, S.A. | Camino Fuente Herrero - Cueva Cardiel (Burgos) | 479 | 504 | 34.39 | |
| Canteras y Hormigones VRE, S.A. | Berroa (P.I. La Estrella)- Tanojar (Navarra) | (312) | (370) | 49.74 | |
| **Giant Group** | | **18,327** | **9,973** | | |
| Coastal Cement Corporation | USA | – | – | 44.77 | |
| Dragon Energy Llc. | USA | – | – | 44.77 | |
| Dragon Products Company Inc. | USA | – | – | 44.77 | |
| Giant Cement Company | USA | – | – | 44.77 | |
| Giant Cement Holding Inc. | USA | – | – | 44.77 | Deloitte |
| Giant Cement NC Inc. | USA | – | – | 44.77 | |
| Giant Cement Virginia Inc. | USA | – | – | 44.77 | |
| Giant Resource Recovery Inc. | USA | – | – | 44.77 | |
| Giant Resource Recovery - Arvonia Inc. | USA | – | – | 44.77 | |
| Giant Resource Recovery - Attalla Inc. | USA | – | – | 44.77 | |
| Giant Resource Recovery - Harleyville, Inc. | USA | – | – | 44.77 | |
| Giant Resource Recovery - Sumter Inc. | USA | – | – | 44.77 | |
| Keystone Cement Company | USA | – | – | 44.77 | |
| Sechem Inc. | USA | – | – | 44.77 | |
| Hormigones Castro, S.A. | Ctra. Nacional 634 - Ambrosero - Barcena de Cicero (Cantabria) | 283 | 303 | 35.04 | |
| Hormigones de la Jacetania, S.A. | Llano de la Victoria – Jaca (Huesca) | 820 | 1,327 | 62.18 | KPMG |
| Hormigones del Baztán, S.L. | Berroa (P.I. La Estrella) - Tanojar (Navarra) | 432 | 414 | 49.74 | |
| Hormigones Delfín, S.A. | Venta Blanca - Peralta (Navarra) | 870 | 857 | 49.74 | |
| Hormigones en Masa de Valtierra, S.A. | Ctra. Cadreita Km. 1 - Valtierra (Navarra) | 2,390 | 2,369 | 39.80 | |
| Hormigones Galizano, S.A. | Ctra. Nacional, 634 - Ambrosero - Barcena de Cicero (Cantabria) | 158 | 146 | 43.80 | |
| Hormigones Reinares, S.A. | Pintor Murillo, s/n - Calahorra (La Rioja) | 899 | 833 | 49.74 | |
| Hormigones y Áridos del Pirineo Aragonés, S.A. | Ctra. Nacional, 260 Km. 516,5- Sabiñánigo (Huesca) | 6,090 | 5,941 | 49.74 | KPMG |

| Company | Registered office | Carrying amount of the backlog 2021 | Carrying amount of the backlog 2020 | % Effective ownership | Auditor |
|---|---|---|---|---|---|
| Lázaro Echevarría, S.A. | P.I. Isasia- Alsasua (Navarra) | 7,959 | 8,065 | 27.86 | KPMG |
| Navarra de Transportes, S.A. | C/Circunvalación Inguraketa s/n - Olazagutia (Navarra) | 607 | 525 | 33.16 | KPMG |
| Novhorvi, S.A. | Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava) | 108 | 125 | 33.16 | |
| Portcemen, S.A. | Muelle Contradique Sur-Puerto Barcelona - Barcelona | 1,092 | 1,195 | 33.09 | |
| Terminal Cimentier de Gabes-Gie | Tunisia | 34 | 33 | 29.13 | Ernst & Young |
| Vescem-LID, S.L. | Valencia, 245 - Barcelona | 27 | 27 | 24.82 | |
| **REAL ESTATE** | | **–** | **–** | | |
| Grupo Realia Business | | – | 278,103 | | |
| Las Palmeras de Garrucha, S.L. | Mayor, 19 – Garrucha (Almería) | 970 | 971 | 16.01 | |
| **OTHER ACTIVITIES** | | **–** | **–** | | |
| Future Valleys Project Co Limited | United Kingdom | 1,944 | 13 | 42.50 | Grant Thornton SC |
| Future Valley Hold Co Limited | United Kingdom | – | – | 42.50 | Grant Thornton SC |
| Metro de Lima Línea 2, S.A. | Peru | 31,684 | 26,215 | 18.25 | Ernst & Young |
| Sigenera, S.L. | Av. Linares Rivas, 1 – La Coruña | 260 | 380 | 50.00 | |
| World Trade Center Barcelona, S.A. de S.M.E. | Moll Barcelona (Ed. Este), s/n – Barcelona | 9,904 | 10,137 | 24.01 | Ernst & Young |
| **TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)** | **133.030** | **382,126** | | | |

# Annexe IV. Changes in the scope of consolidation

## ADDITIONS

| Company | Registered office |
|---|---|
| **GLOBAL CONSOLIDATION** | |
| Aqualia Gestión Los Cabos SACV | Mexico |
| FCC Equal CEE Baleares, S.L.U. | Camino Fondo,27 - Palma (Illes Balears) |
| Jezzine Uno S.L. Unipersonal | Av. Camino de Santiago, 40 – Madrid |
| Premier Waste Services, LLC. | USA |
| Aqualia Gestión Los Cabos SACV | Mexico |
| FCC Equal CEE Baleares, S.L.U. | Camino Fondo,27 - Palma (Illes Balears) |
| **PROPORTIONAL** | |
| Lúcios & RRC, ACE | Portugal |
| **JOINT VENTURES** | |
| Future Valley Hold Co Limited | United Kingdom |

## DERECOGNITIONS

| Company | Registered office |
|---|---|
| **GLOBAL CONSOLIDATION** | |
| Agua y Gestión del Ciclo Integral, S.L.U. (1) | Av. Diego Martínez Barrio, 4 – Sevilla |
| Beootpad d.o.o. Beograd (2) | Serbia |
| Bvefdomintaena Beteiligungsverwaltung GmbH (2) | Austria |
| Carbocem, S.A. (2) | María Tubau, 9 – 4 planta – Madrid |
| Cedinsa Concessionària, S.A. (3) | Av. Josep Tarradellas, 38 – Barcelona |
| Cedinsa Conservació, S.L. Unipersonal (3) | Ctra. C-16 – Puig-Reig (Barcelona) |
| Cedinsa d'Aro Concessionària de la Generalitat de Catalunya, S.A.Unipersonal (3) | Av. Josep Tarradellas, 38 – Barcelona |

## DERECOGNITIONS

| Company | Registered office |
|---|---|
| Cedinsa Eix Llobregat Concessionària de la Generalitat de Catalunya, S.A.Unipersonal (3) | Av. Josep Tarradellas, 38 – Barcelona |
| Cedinsa Eix Transversal Concessionària de la Generalitat de Catalunya, S.A.Unipersonal (3) | Av. Josep Tarradellas, 38 – Barcelona |
| Cedinsa Ter Concessionària de la Generalitat de Catalunya, S.A.Unipersonal (3) | Av. Josep Tarradellas, 38 – Barcelona |
| Compañía Catalana de Servicios, S.A. (4) | Balmes, 36 – Barcelona |
| Per Gestora, S.L. (2) | Federico Salmón, 13 – Madrid |
| **JOINT VENTURES** | |
| A.I.E. Itam Delta de la Tordera (2) | Berlín, 38-48. Barcelona |
| ACE Ribeiradio-Ermida (2) | Portugal |
| **ASSOCIATES** | |
| Concessió Estacions Aeroport L9, S.A. (5) | Av. Carrilet, 3 Edificio D – L'Hospitalet de Llobregat (Barcelona |
| Helios Operación y Mantenimiento, S.L. (5) | Av. Camino de Santiago, 40 – Madrid |
| Integral Management Future Renewables, S.L. (5) | A Condomiña, s/n – Ortoño (La Coruña) |
| North Tunnels Canada Inc. (6) | Canadá |
| Port Premià, S.A (2) | Balmes, 36. Barcelona |
| Urbs Iudex et Causidicus, S.A. (5) | Av. Carrilet, 3. L'Hospitalet de Llobregat (Barcelona) |
| Villena O&M, S.L. (5) | Av. Camino de Santiago, 40 – Madrid |

(1) Derecognition by merger with FCC Aqualia, S.A.
(2) Derecognition by liquidation
(3) Derecognition by disposal of the Cedinsa Concessionària Group.
(4) Derecognition by absorption with FCC Environment
(5) Derecognition by disposal
(6) Derecognition by dissolution

## CHANGES IN THE SCOPE OF CONSOLIDATION

| Company | Change in the consolidation method (current method) | Change in the consolidation method (previous method) |
|---|---|---|
| Realia Contesti, S.R.L. | Global | Equity method |
| Realia Business, S.A. | Global | Equity method |
| Boane 2003, S.A. Unipersonal | Global | Equity method |
| Guillena Golf, S.L. Unipersonal | Global | Equity method |
| Hermanos Revilla, S.A. | Global | Equity method |
| Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L. | Global | Equity method |
| Planigesa, S.A. | Global | Equity method |
| Realia Patrimonio, S.L.U. | Global | Equity method |
| Servicios Índice, S.A. | Global | Equity method |
| Valaise, S.L. Unipersonal | Global | Equity method |

# Anexo V Temporary consortia (joint ventures), economic interest groups and other enterprises jointly managed with third parties outside the group

| | Proportional integration at 31 December 2021 |
|---|---|
| **ENVIRONMENTAL SERVICES** | |
| UTE Absa – Perica | 60.00 |
| UTE Absa – Perica II | 60.00 |
| UTE A Coruña Limpieza | 70.00 |
| UTE Aeropuerto VI | 50.00 |
| UTE Agarbi | 60.00 |
| UTE Agarbi Bi | 60.00 |
| UTE Agarbi Interiores | 60.00 |
| UTE Aizmendi | 60.00 |
| UTE Akei | 60.00 |
| UTE Alcantarillado Melilla | 50.00 |
| UTE Alella | 50.00 |
| UTE Alumbrado Tias | 67.00 |
| UTE Arazuri 2016 | 50.00 |
| UTE Arazuri 2020 | 50.00 |
| UTE Arcos | 51.00 |
| UTE Artigas | 60.00 |
| UTE Arucas II | 70.00 |
| UTE Bailin Etapa 2 | 60.00 |
| UTE Baix Ebre-Montsià | 60.00 |
| UTE Berango | 60.00 |
| UTE Bilboko Saneamendu | 50.00 |
| UTE Bilboko Saneamendu Bi | 50.00 |
| UTE Bilketa 2017 | 60.00 |
| UTE Biocompost de Álava | 50.00 |
| UTE Bizkaiko Hondartzak | 50.00 |
| UTE Bizkaiko Hondartzak 2021 | 50.00 |
| UTE Boadilla | 50.00 |
| UTE Cabrera de Mar | 50.00 |
| UTE Cana Putxa | 20.00 |
| UTE Carma | 50.00 |
| UTE Chipiona | 50.00 |
| UTE CMG2 Lanak | 82.00 |
| UTE CMG2 Kudeaketa | 82.00 |
| UTE Complejo Ambiental Copero | 67.00 |
| UTE Contenedores las Palmas | 30.00 |
| UTE Contenedores Madrid | 38.25 |
| UTE Contenedores Madrid 2 | 36.50 |
| UTE CTR – Vallès | 20.00 |
| UTE Ctr. de l'alt Empordà | 45.00 |
| UTE CTR Valladolid | 80.00 |
| UTE Cua | 50.00 |
| UTE Donostiako Garbiketa | 70.00 |
| UTE Dos Aguas | 35.00 |
| UTE Eco A Coruña | 85.00 |
| UTE Ecogondomar | 70.00 |
| UTE Ecoparque Cáceres | 50.00 |
| UTE Ecourense | 50.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Eco-Tri | 50.00 |
| UTE Efic. Energ. Puerto del Rosario | 60.00 |
| UTE Elche | 50.00 |
| UTE Energía Solar Onda | 25.00 |
| UTE Enllumenat Sabadell | 50.00 |
| UTE Envases Ligeros Málaga | 50.00 |
| UTE Epeleko Konposta | 60.00 |
| UTE Epeleko Planta | 35.00 |
| UTE Epremasa Provincial | 55.00 |
| UTE Eretza | 70.00 |
| UTE Es Vedra | 25.00 |
| UTE Etxebarri | 60.00 |
| UTE FCC Caviclum | 80.00 |
| UTE FCC – Ers Los Palacios | 50.00 |
| UTE FCC Perica I | 60.00 |
| UTE FCC – SuFI Majadahonda | 50.00 |
| UTE FCC-Mcc Santiago del Teide | 80.00 |
| UTE F.L.F. La Plana | 47.00 |
| UTE F.S.S. | 99.00 |
| UTE Fuentes las Palmas | 25.00 |
| UTE Gestió Integral de Runes del Papiol | 40.00 |
| UTE Gestión Instalación III | 34.99 |
| UTE Giref | 20.00 |
| UTE Goierri Garbia | 60.00 |
| UTE Guipuzkoako Hondartzak 2020 | 60.00 |
| UTE Guipuzkoako Portuak 2019 | 40.00 |
| UTE Icat Lote 7 | 50.00 |
| UTE Icat Lote 11 | 50.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Icat Lote 15 | 50.00 |
| UTE Icat Lote 20 y 22 | 70.00 |
| UTE Interiores Bilbao | 80.00 |
| UTE Interiores Bilbao II | 70.00 |
| UTE Jardineras 2019 | 60.00 |
| UTE Jardines Boadilla | 70.00 |
| UTE Jardines Pto del Rosario | 78.00 |
| UTE Jardines UJI | 50.00 |
| UTE Jard. Universitat Jaume I | 50.00 |
| UTE Jerez | 80.00 |
| UTE Jundiz II | 51.00 |
| UTE Kimaketak Hiru | 50.00 |
| UTE Kimeketak Bi | 50.00 |
| UTE la Lloma del Birlet | 80.00 |
| UTE Lagunas II | 33.34 |
| UTE Lagunas de Arganda | 50.00 |
| UTE Las Caldas Golf | 50.00 |
| UTE Legio VII | 50.00 |
| UTE Lekeitioko Mantenimendua | 60.00 |
| UTE Lezo Garbiketa 2018 | 55.00 |
| UTE Limpieza Santa Coloma | 50.00 |
| UTE Limpieza y RSU Lezo | 55.00 |
| UTE Logroño Limpio | 50.00 |
| UTE Luze Vigo | 40.00 |
| UTE LV Lote IV | 65.00 |
| UTE LV Ribera | 90.00 |
| UTE LV RSU Muszik | 60.00 |
| UTE LV RSU Vitoria-Gasteiz | 60.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE LV Zumaia | 60.00 |
| UTE LV Zumarraga | 60.00 |
| UTE Mant. Edificios Valencia | 55.00 |
| UTE Manteniment Lot 12 | 75.00 |
| UTE Manteniment Reg Cornellà | 60.00 |
| UTE Mantenimiento Breña Alta | 50.00 |
| UTE Marepa – Carpa Pamplona | 50.00 |
| UTE Melilla | 50.00 |
| UTE Mnto. Mediterranea FCC | 50.00 |
| UTE Mnto. Edifici Mossos Esquadra | 70.00 |
| UTE Muérdago | 60.00 |
| UTE Muskiz | 60.00 |
| UTE Neteja Illes Balears | 50.00 |
| UTE Neumática Casco Antiguo | 65.00 |
| UTE Onda Explotación | 33.33 |
| UTE Pájara | 70.00 |
| UTE Pamplona | 80.00 |
| UTE Parla | 50.00 |
| UTE Parques Infantiles LP | 50.00 |
| UTE Pasaia | 70.00 |
| UTE Plan Residuos | 47.50 |
| UTE Planta Estabilizac. Tudela | 55.00 |
| UTE Planta Materia Orgánica | 40.00 |
| UTE Planta Rsi Tudela | 60.00 |
| UTE Planta Transferencia FTV 2 | 70.00 |
| UTE Planta Tr. Fuerteventura | 70.00 |
| UTE Planta Tratamiento Valladolid | 90.00 |
| UTE Playas Gipuzkoa III | 55.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Poniente Almeriense | 50.00 |
| UTE Portmany | 50.00 |
| UTE PTMR | 50.00 |
| UTE Puerto II | 70.00 |
| UTE Puerto de Pto del Rosario | 70.00 |
| UTE RBU Els Ports | 50.00 |
| UTE RBU Villa-Real | 47.00 |
| UTE Recollida Segrià | 60.00 |
| UTE Reg Cornellà | 60.00 |
| UTE Residuos 3 Zonas Navarra | 60.00 |
| UTE RSU Bilbao II | 60.00 |
| UTE RSU Chipiona | 50.00 |
| UTE RSU Inca | 80.00 |
| UTE RSU LV S. Bme. Tirajana | 50.00 |
| UTE RSU y LV Torrejón de Ardoz | 60.00 |
| UTE RSU Málaga | 50.00 |
| UTE RSU Sestao | 60.00 |
| UTE RSU Tolosaldea | 60.00 |
| UTE S.U. Alicante | 33.33 |
| UTE S.U. Benicassim | 35.00 |
| UTE S.U. Bilbao | 60.00 |
| UTE S.U. Oropesa del Mar | 35.00 |
| UTE Saneamiento Urbano Castellón | 65.00 |
| UTE Saneamiento Vitoria-Gasteiz | 60.00 |
| UTE Sanejament Cellera de Ter | 50.00 |
| UTE San Miguel-Anaka | 50.00 |
| UTE SAV – FCC Tratamientos | 35.00 |
| UTE Seguretat Urbicsa | 60.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Selectiva Urola Kosta II 2017 | 60.00 |
| UTE Selectiva las Palmas | 55.00 |
| UTE Selectiva Sanlucar | 50.00 |
| UTE Selectiva San Marcos II | 63.00 |
| UTE Selectiva Urola Kosta | 60.00 |
| UTE Solares Ceuta | 50.00 |
| UTE Son Espases | 50.00 |
| UTE Tolosako Garbiketa | 40.00 |
| UTE Tolosako Garbiketa 2020 | 40.00 |
| UTE Tolosaldea RSU 2018 | 60.00 |
| UTE Transp. y Elim. RSU | 33.33 |
| UTE Transporte RSU | 33.33 |
| UTE Txingudiko Garbiketa | 73.00 |
| UTE Urola Erdia | 60.00 |
| UTE Urretxu Garbiketa | 60.00 |
| UTE Urretxu y Zumarraga | 65.00 |
| UTE Vertedero Gardelegui III | 70.00 |
| UTE Vertresa | 10.00 |
| UTE Vidrio Melilla | 50.00 |
| UTE Vigo Recicla | 70.00 |
| UTE Vilomara II | 33.33 |
| UTE Zamora Limpia | 30.00 |
| UTE Zaragoza Delicias | 51.00 |
| UTE Zarautz Garbia | 60.00 |
| UTE Zarauzko Garbieta | 60.00 |
| UTE Zumaia | 60.00 |
| UTE Zumarraga Garbia | 60.00 |
| UTE Zurita II | 50.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| **AQUALIA** | |
| A.I.E. Costa Brava Abastament Aqualia-Sorea | 50.00 |
| A.I.E. Sorea Aqualia | 37.50 |
| Abastament en Alta Costa Brava Empresa Mixta, S.A. | 26.00 |
| Aguas y Servicios de la Costa Tropical de Granada, A.I.E. | 51.00 |
| Empresa Mixta d'Aigües de la Costa Brava, S.A. | 25.01 |
| Empresa Mixta de Aguas y Servicios, S.A. | 41.25 |
| Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E. | 75.00 |
| Consortium O&M Alamein | 65.00 |
| UTE Abastecimiento Picadas Almoguera | 95.00 |
| UTE Abu Rawash Construcción | 50.00 |
| UTE Agua Santo Domingo | 70.00 |
| UTE Aguas Alcalá | 50.00 |
| UTE Aguas del Doramás | 50.00 |
| UTE Alkhorayef-FCC Aqualia | 51.00 |
| UTE Ampliacion Idam Melilla | 50.00 |
| UTE Badajoz Zona Este | 50.00 |
| UTE Badajoz Zona Oeste | 50.00 |
| UTE Calle Cruz | 80.00 |
| UTE Cap Djinet | 50.00 |
| UTE Cons. Gestor Ptar Salitre | 30.00 |
| UTE Costa Tropical | 51.00 |
| UTE Costa Tropical II | 51.00 |
| UTE Costa Tropical III | 51.00 |
| UTE Depuración Poniente Almeriense | 75.00 |
| UTE Depuradoras Lote 1 | 95.00 |
| UTE Edar A Guarda 2013 | 50.00 |
| UTE Edar Baeza | 50.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Edar Gijón | 60.00 |
| UTE Edar Tablada | 50.00 |
| UTE Gestión Cangas | 70.00 |
| UTE Groupement Solidaire Jerba | 50.00 |
| UTE Guadiana Pueblonuevo | 51.00 |
| UTE Hidc – Hidr. – Inv Do Centr. Ace | 50.00 |
| UTE Ibiza | 50.00 |
| UTE Idam San Antoni | 50.00 |
| UTE Idam Sant Antoni II | 50.00 |
| UTE Idam Santa Eulalia | 50.00 |
| UTE Idam Santa Eulalia II | 50.00 |
| UTE Idam Santa Eulalia III | 50.00 |
| UTE Idga Saneca | 70.00 |
| UTE Infilco | 50.00 |
| UTE Louro | 65.00 |
| UTE Mostaganem | 50.00 |
| UTE Obra Edar Argamasilla de Calatrava | 70.00 |
| UTE OYM CAP Djinet | 50.00 |
| UTE OYM Mostaganem | 50.00 |
| UTE Ptar Ambato | 60.00 |
| UTE Puebla Reina | 65.00 |
| UTE Qatar | 51.00 |
| UTE SCC Sice | 50.00 |
| UTE SEAFSA Lanzarote | 60.00 |
| UTE Sentinas | 50.00 |
| UTE Sollano-Zalla | 50.00 |
| UTE TSE Riad | 51.00 |
| UTE Vigo Piscinas | 50.00 |
| UTE Zafra | 65.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| **CONSTRUCTION** | |
| ACE Caet XXI Construçoes | 50.00 |
| Consorcio Cobra – FCC Industrial | 43.00 |
| Consorcio FCC Construcción-Ferrovial Agroman Ltda. | 50.00 |
| Fast Consortium Limited Llc | 35.92 |
| Lúcios & RRC, ACE | 50.00 |
| ACP du Port de la Condamine | 45.00 |
| Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 A | 49.50 |
| Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 B | 49.50 |
| Asoc. FCC Azvi Straco S. Atel-Micasasa | 55.00 |
| Asocierea FCC-Astaldi-Convensa, Tronson 3 | 50.50 |
| Asocierea FCC Azvi S. Sighisoara - Atel | 55.00 |
| Atraque Ribera Fondo CS Ute | 50.00 |
| BSV Mersey Joint Venture Uninc | 50.00 |
| CJV-UJV | 35.92 |
| Consorcio Antioquía al Mar | 40.00 |
| Consorcio Centenario de Panamá Sociedad Accidental | 50.00 |
| Consorcio Chicago II | 60.00 |
| Consorcio CJV Constructor Metro Lima | 25.50 |
| Consorcio Epc Metro Lima | 18.25 |
| Consorcio FCC Americas | 50.00 |
| Consorcio FCC-FI | 50.00 |
| Consorcio FCC – Corredor de las Playas | 51.00 |
| Consorcio FCC – Corredor de las Playas II | 51.00 |
| Consorcio FCC-JJC (Puerto Callao) | 50.00 |
| Consorcio Ica – FCC – Meco Pac-4 | 43.00 |
| Consorcio Línea 2 | 40.00 |
| Consorcio Línea 2 Ramal | 40.00 |
| Consorcio Línea Uno | 45.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| Consorcio M&S Santa Fe Mca | 50.00 |
| Consorcio Nueva Esperanza | 63.00 |
| Consorcio Remos Fase I | 60.00 |
| Fast 5 – U.J.V. | 28.25 |
| FCC - Yuksel – Archidoron – Petroserv J.V. | 50.00 |
| Groupement FCC - Ingenium | 93.00 |
| J.V. Asocierea Arad-Timisoara FCC-Webuild | 50.00 |
| J.V. Astaldi-FCC-UTI-Activ. Magistrala | 37.00 |
| J.V. Bypass Constata | 50.00 |
| J.V. Centure Otopeni Overpass | 40.00 |
| J.V Estension of Line 2 to Antohoupoli | 50.01 |
| J.V. FCC, Hochtief Un Acb – Aeropuerto Riga | 36.00 |
| J.V. SFI Leasing Company | 30.00 |
| Merseylink Civil Contractors J.V. | 33.33 |
| Metro Bucarest J.V. | 47.50 |
| RokFCC JV | 80.00 |
| Shimmick Co. Inc. FCC Co. Impregilo Spa JV | 30.00 |
| Sisk FCC Gg Ppp | 50.00 |
| Thv Cafasso Construction | 50.00 |
| TJV-UJV | 16.16 |
| Webuild – FCC JV (Basarab) | 50.00 |
| UTE 2ª Fase Dique de la Esfinge | 35.00 |
| UTE Accesos a La Estación de La Sagrera | 37.50 |
| UTE Acceso Norte A Vigo Nueva Estación | 50.00 |
| UTE Acceso Puerto Seco Monforte | 50.00 |
| UTE Adif Bancada 2018 | 50.00 |
| UTE Aeropuerto Adolfo Suárez | 50.00 |
| UTE Aeropuerto de Castellón | 50.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Aguas Madrid 2021 | 70.00 |
| UTE Alameda de Cervantes En Lorca | 60.00 |
| UTE Alta Capacidad 2020 | 50.00 |
| UTE Alumbrado Alameda | 20.00 |
| UTE Andenes L1-L9 Tram Benidorm | 65.00 |
| UTE Aparatos Atocha | 39.97 |
| UTE Arroyo del Fresno | 50.00 |
| UTE Aucosta Conservación | 50.00 |
| UTE Auditorio de Lugo | 50.00 |
| UTE Autovía el Batán – Coria | 50.00 |
| UTE Autopista Cartagena – Vera | 50.00 |
| UTE Ave Alcántara-Garrovillas | 85.00 |
| UTE Ave Eje Sur | 25.00 |
| UTE Ave Girona | 40.00 |
| UTE Ave Maside | 67.00 |
| UTE Avenoreste1 | 25.00 |
| UTE Avenoreste2 | 25.00 |
| UTE Badajoz Sur | 50.00 |
| UTE Barbados | 50.00 |
| UTE Barcience | 50.00 |
| UTE Belltall | 40.00 |
| UTE Bergara Antzuola | 50.00 |
| UTE Boetticher Clima | 50.00 |
| UTE Boetticher Electricidad | 50.00 |
| UTE Bombeo Fuente Alamo | 60.00 |
| UTE Bosque de la Herrería | 40.00 |
| UTE Brazatortas | 33.34 |
| UTE C&F Jamaica | 50.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Cáceres Norte | 50.00 |
| UTE Cáceres Plasencia | 50.00 |
| UTE Calders-Vilaseca | 20.00 |
| UTE Campo Gibraltar | 80.00 |
| UTE Cárcel Marcos Paz | 35.00 |
| UTE Carretera Ibiza – San Antonio | 50.00 |
| UTE Castuera | 33.34 |
| UTE Catlántico | 25.00 |
| UTE Cecoex | 20.00 |
| UTE Centro Salud Tui | 50.00 |
| UTE Chuac | 50.00 |
| UTE Cierre Anillo Insular Tfe | 85.00 |
| UTE Circuito | 70.00 |
| UTE Circunvalación Lucentum | 50.00 |
| UTE Ciutat de la Justícia | 30.00 |
| UTE Conexión Corredor Mediterráneo | 40.00 |
| UTE Conexión Molinar | 70.00 |
| UTE Conservacion Ex-A1 | 50.00 |
| UTE Conservacion Plasencia | 50.00 |
| UTE Conservación Telde | 50.00 |
| UTE Construcción Tranvía Zaragoza | 50.00 |
| UTE Control | 80.00 |
| UTE Control Mogán | 33.33 |
| UTE Club de Mar Mallorca | 70.00 |
| UTE Creaa | 50.00 |
| UTE de Suministros Puente Río Ozama | 50.00 |
| UTE Deancentro | 60.00 |
| UTE Deansur | 60.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Desarrollo Puerto de Avilés Fase I | 80.00 |
| UTE Dique Este | 35.00 |
| UTE Dique Torres | 27.00 |
| UTE Districte Administratiu Lot 2 | 99.99 |
| UTE Donostialdea 2018 | 60.00 |
| UTE Duplicacion Calzada N-338 | 60.00 |
| UTE Efw South Humber | 50.00 |
| UTE Electrificación la Sagrera | 50.00 |
| UTE Encauzamiento Barranco de Fraga | 60.00 |
| UTE ErtMS Rodalíes Bcn | 22.00 |
| UTE Esclusa Sevilla | 70.00 |
| UTE Estación Girona | 40.00 |
| UTE Estacions Línea 9 | 33.00 |
| UTE Estacions Terrassa | 36.00 |
| UTE Ezkio Itsaso | 40.00 |
| UTE Facultad de Filosofía | 60.00 |
| UTE Fase II Pabellón Reyno de Navarra | 50.00 |
| UTE FCC Industrial - Aton | 90.00 |
| UTE FCCi-Orbe | 70.00 |
| UTE F.I.F. GNL FB 301/2 | 35.96 |
| UTE Fuente de Cantos | 50.00 |
| UTE Galibos Monforte | 50.00 |
| UTE Galindo-Beurko | 60.00 |
| UTE Gc – 1 Puerto de Rico – Mogán | 40.00 |
| UTE Girona Norte 2014 | 70.00 |
| UTE Goián | 70.00 |
| UTE Granadilla II | 50.00 |
| UTE Guadarrama 3 | 33.33 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Guadarrama 4 | 33.33 |
| UTE Helios I | 74.50 |
| UTE Helios 2 | 74.50 |
| UTE Hospital Alcázar | 60.00 |
| UTE Hospital Campus de la Salud | 80.00 |
| UTE Hospital del Sur, Segunda Fase | 40.00 |
| UTE Hospital FCC – Vvo | 80.00 |
| UTE Hospital Norte Tenerife | 80.00 |
| UTE Hospital Son Dureta | 33.00 |
| UTE Hospital Universitario de Murcia | 50.00 |
| UTE Iecisa-FCC/Interfonia En Estaciones | 50.00 |
| UTE Impermeabilización Túnel Pajares Norte | 50.00 |
| UTE Instalaciones Madrid Este | 46.25 |
| UTE Instalaciones Metro Málaga | 54.00 |
| UTE Instalaciones Urbanas Este | 50.00 |
| UTE Juan Grande | 50.00 |
| UTE la Aldea | 35.00 |
| UTE Línea 2 | 50.00 |
| UTE Línea 9 | 33.00 |
| UTE Llovio 2012 | 70.00 |
| UTE Lote 1 Centro | 50.00 |
| UTE Lot 2 Pmi Bcn | 80.00 |
| UTE Lot 3 Pmi Bcn | 80.00 |
| UTE Lot 5 Glories | 37.50 |
| UTE Lote 4 Hospital de Alcañiz | 55.00 |
| UTE Lote 6 Sur | 50.00 |
| UTE M-407 | 50.00 |
| UTE Madrid Sevilla Ave | 60.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Manteniment Rondes 2012 | 70.00 |
| UTE Mantenimiento Júcar | 50.00 |
| UTE Mantenimiento Tdm 2018 | 50.00 |
| UTE Mantenimiento Tranvía Zaragoza | 50.00 |
| UTE Mantenimiento Vía Aranjuez | 50.00 |
| UTE Maquinaria Pesada 2015 | 50.00 |
| UTE Medinaceli | 22.40 |
| UTE Mejora Estructuras Mora | 39.97 |
| UTE Metro Línea 12 | 95.00 |
| UTE Metro Málaga | 36.00 |
| UTE Metro Madrid | 70.00 |
| UTE Miv Centro | 19.00 |
| UTE Miv Centro 2021-2022 | 22.50 |
| UTE Miv Sur | 27.00 |
| UTE Miv Sur Lote 6 | 22.50 |
| UTE Monforte | 24.00 |
| UTE Montaje Vía Mollet – Girona | 50.00 |
| UTE Mora - Calatrava | 39.97 |
| UTE Mto Postr Tajo-Segura | 60.00 |
| UTE Muelle Baleares | 70.00 |
| UTE Muelle de la Química | 70.00 |
| UTE Muelle Poniente Norte de Pto Palma | 75.00 |
| UTE Muelles Comerciales | 60.00 |
| UTE Murcia | 40.00 |
| UTE Navalmoral | 55.00 |
| UTE Nave Frío Cilsa | 50.00 |
| UTE Nudo de Mollet | 50.00 |
| UTE Nuevo Estadio Vcf | 49.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Nuevo Hospital de Cáceres | 50.00 |
| UTE Nuevo Puerto de Igoumenitza | 50.00 |
| UTE Obras Alumbrado Madrid | 50.00 |
| UTE Operadora Termosolar Guzmán | 67.50 |
| UTE Osorno 2019 | 60.00 |
| UTE Pabellón Arena | 50.00 |
| UTE Pabellón Reyno de Navarra | 50.00 |
| UTE Pago de Enmedio | 75.00 |
| UTE Palacio de Congresos de León | 50.00 |
| UTE Parque Tecnológico | 60.00 |
| UTE Pasaia Berri | 50.00 |
| UTE Pasaia Berri Instalaciones | 80.00 |
| UTE Pizarro | 99.00 |
| UTE Pla de Na Tesa | 70.00 |
| UTE Pont de Candi | 75.00 |
| UTE Presa Enciso | 50.00 |
| UTE Presas Itoiz | 33.00 |
| UTE Prim Barrio San Anton – Elche | 80.00 |
| UTE Proser – Geocontrol | 60.00 |
| UTE Proser – Geocontrol II | 62.00 |
| UTE Psir Castro Urdiales | 50.00 |
| UTE Puente del Rey | 33.33 |
| UTE Puente Río Ozama (Dfc-Cocimar) | 35.00 |
| UTE Puerto de Granadilla | 50.00 |
| UTE Puertollano | 50.00 |
| UTE Radiales | 35.00 |
| UTE Red Arterial Palencia Fase I | 80.00 |
| UTE Reforma Plaza España | 80.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Regadíos Río Flumen | 60.00 |
| UTE Rehabilitación Parque la Gavia | 75.00 |
| UTE Renovación Desvíos Fase 1 | 25.00 |
| UTE Ruta Nacional Haití | 55.00 |
| UTE Sagunto | 60.00 |
| UTE Saneamiento Arco Sur | 56.50 |
| UTE Saneamiento de Villaviciosa | 80.00 |
| UTE Santa Maria D'oló-Gurb | 60.00 |
| UTE Sector M-5 2012 | 70.00 |
| UTE Serv. Energ. Piscina Cub. S. Caballo | 50.00 |
| UTE Sica | 60.00 |
| UTE Sica II | 50.00 |
| UTE Sistemas Tunel Plaza de España | 50.00 |
| UTE Sotiello | 50.00 |
| UTE Ssaa Ap – 7 | 50.00 |
| UTE Tecsacon 2017 | 20.00 |
| UTE TF-5 2ª FASE | 70.00 |
| UTE Torquemada | 50.00 |
| UTE Torre Don Jimeno | 50.00 |
| UTE Tratamientos Selvícolas 2020 | 50.00 |
| UTE TS Villena | 88.00 |
| UTE Túnel Aeroport | 49.00 |
| UTE Túnel Aeroport II | 49.00 |
| UTE Túnel Atocha Chamartín | 40.00 |
| UTE Túnel C.E.L.A. | 50.00 |
| UTE Túnel de Pajares 1 | 50.00 |
| UTE Túnel Fira | 49.00 |
| UTE Túnel la Aldea | 50.00 |

| | Proportional integration at 31 December 2021 |
|---|---|
| UTE Túneles Bolaños | 47.50 |
| UTE Túneles de Barajas | 50.00 |
| UTE Túneles de Guadarrama | 33.33 |
| UTE Túneles de Sorbes | 67.00 |
| UTE Ue 1 Arroyo del Fresno | 50.00 |
| UTE Ue 2 Arroyo del Fresno | 50.00 |
| UTE Unquera – Pendueles | 80.00 |
| UTE Urbanització Girona | 40.00 |
| UTE Urbanización Parc Sagunt | 50.00 |
| UTE Urbanizacion Vara del Rey | 57.50 |
| UTE Urbanización Via Parque Tramo Av. Carb.-P | 60.00 |
| UTE Vandellós | 24.00 |
| UTE Variante Mancha Real | 67.00 |
| UTE Velódromo | 60.00 |
| UTE Vertedero Castañeda | 62.50 |
| UTE Vía Pajares | 50.00 |
| UTE Viaducto Quisi | 65.00 |
| UTE Vigo-Das Maceiras | 50.00 |
| UTE Vilariño (Via izquierda) | 90.00 |
| UTE Yeltes | 75.00 |
| UTE Yesa | 33.33 |

| | Proportional integration at 31 December 2021 |
|---|---|
| **REAL ESTATE** | |
| C.B.Turó del Mar | 20.38 |
| **OTHER ACTIVITIES** | |
| UTE F C y C Harri Iparra | 50.00 |
| UTE Mel 9 | 49.00 |
| UTE Operación Tranvía de Murcia | 50.00 |
| UTE Sagunto Parcela M17-3 | 50.00 |

# Management report

## FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2021


1. Status of the entity 408
2. Business performance and results 412
3. Liquidity and capital resources 431
4. Major risks and uncertainties 432
5. Acquisition and disposal of own shares 433
6. Significant events occurring after the end of the year 433
7. Outlook 433
8. RD&I Activities 436
9. Other relevant information. share and other information 442
10. Definition of alternative performance measures according to esma regulations (2015/1415en) 443

# 1. Status of the entity

## 1.1. Status of the entity: Organisational structure and decision-making process in management

The Group's organisational structure is based on a first level consisting of Areas, which are divided into two main groups: operational and functional.

The operating Areas include all those activities related to the productive line. The following operating areas exist within the Group, as discussed in more detail in note 1 of the Notes to the consolidated financial statements, and also in section 2.2 of the Non-Financial Information Statement:

i. **Environmental Services.**

ii. **End-to-end Water Management.**

iii. **Construction.**

iv. **Cement Business.**

v. **Concessions**

vi. **Real Estate.**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

1) **Administration and Finance:** the Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

The Administration area directs the administrative management of the Group, and has, among others, the following functions in relation to the Information and Internal Control Systems:

i. General accounting.

ii. Accounting standardisation.

iii. Consolidation.

iv. Tax advice.

v. Tax procedures.

vi. Tax compliance.

vii. Administrative procedures.

2) **Internal Audit and Risk Management:** Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

3) **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of the Group, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

   It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

   The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.
- **Appointments and Remuneration Committee:** supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.
- **Managing Committee:** Each of the business units has a Managing Committee with similar duties

Further information on the duties of the Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.1 of the Non-Financial Information Statement.

## 1.2. Status of the entity: Business model and company strategy

The Group is one of the leading European groups specialising in environment, water, development and infrastructure management with a presence in more than 30 countries around the world and with 41.1% of its turnover generated in international markets, mainly Europe (30.1%), the Middle East (2.8%), Latin America (3.98%), North Africa (2%), and the United States. (1.8%).

### Environmental Services

The Environmental Services Area has a strong presence in Spain, having maintained a leadership position in the provision of urban environmental services for over 120 years.

At the national level, the Group provides environmental services in more than 3,500 municipalities and organisations in all the Autonomous Communities, serving a population of more than 31 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 48% of revenue. They are followed, in order of importance, by disposal of wastes with 33%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. In terms of client types, more than 86% of the activity is carried out with public clients.

The limited impact of the COVID-19 pandemic, with most of the services provided being so-called "essential", has practically disappeared in 2021, returning to normal levels of activity. The Group is still engaged in a complex process whose ultimate goal is to replace the linear production model with a circular model that reincorporates waste materials into the production process, relying on its high level of know-how and the development of new innovative technologies.

Moreover, international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy. With a growing emphasis on treatment, recycling and renewable energy generation activities and a gradual reduction of disposal in controlled landfills.

In Central and Eastern Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.3 million inhabitants, 1,401 municipalities and more than 51,600 industrial customers. The range of services provided and the geographical dispersion is very diverse and balanced, including municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow collection, recycling, outsourcing, building cleaning, soil decontamination work, etc. This broad diversification ensures great business stability and is one of the reasons why the economic impact of COVID has been irrelevant. The significant increase in recycling prices during 2021 (with revenues representing around 13% of total revenues) has led to significant improvements in profitability in absolute and relative terms.

The Environmental Services Area also specialises in the end-to-end management of industrial and commercial waste, recovery of by-products and soil decontamination, through the FCC Ámbito brand, which encompasses a group of companies with an extensive network of management and recovery facilities. This enables proper waste management, ensuring the protection of the environment and people's health. This activity accounted for more than 4% of all activity in 2021.

Internationally, growth in the US stands out, where sales growth in 2021 compared to the previous year was 49% and is expected to be even higher by 2022, the pandemic has not affected the strong growth rate in the slightest. FCC now ranks among the Top 15 companies in the sector in the USA, with expectations of being in the Top 10 in the next two years. FCC Environmental Services already serves more than 8.5 million Americans, is the largest recycler in Texas, and has a very important presence in Florida in cities as important as Orlando, Tampa, Palm Beach, Daytona Beach, Lakeland and Wellington. Growth continues to be exponential and the company now employs more than 1,000 people. The Wellington contract kicked off in the last month of 2021 and the Hillsborough County contract will also start in the first month of 2022, both in Florida, adding even more to FCC's leading position in that status.

In December 2021, the Group's first acquisition in the US market was completed with the purchase of Premier Waste Services, Llc. in Dallas (Texas). Premier is one of the leading commercial waste collection operators in the Dallas-Fort Worth metropolitan area, which will further enhance the Group's significant growth in the commercial collection market, which will already account for more than 10% of revenues by 2022, as well as bring significant synergies to the Group's recycling facility in the Texas city.

As has been the case for years, the strategy in Spain will focus on maintaining competitiveness and a leading position, combining know-how and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint). Additionally, the potential opportunities created by stricter regulation and new services (smart cities) will be exploited.

The incorporation of new technologies will enable the company to gain a foothold in the waste recycling and revaluation markets in Europe and to position itself as a key player in the circular economy. In the United States, the company will continue to consolidate its presence in the coming years by growing more residential contracts and boosting commercial collection activity.

In general, there is a broad commitment to climate change, materialised for example in the issuance of green bonds to finance the operation and acquisition of assets developed with the activity.

### End-to-end Water Management

FCC Aqualia serves nearly 30 million users and provides services in 17 countries, offering the market all the solutions to the needs of public and private entities and organisations in all phases of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity is focused on Concessions and Services, encompassing distribution network concessions, BOT, operation and maintenance services and irrigation; as well as Technology and Networks activities encompassing EPC contracts and industrial water risk management activities.

In 2021 the market in Spain represents 70% of revenue. On a like-for-like basis, water consumption at the end user level (downstream water) has grown in Spain as a whole in 2021 by 0.25% and the amounts billed by 1.55% with respect to 2020. Compared to 2019, the last year prior to COVID-19, the average volume billed is still 0.8% lower, although in terms of tariff revenue the amounts are similar. This was despite the lower consumption levels for the year as a whole than during the pandemic: 10.1% in the Canary Islands, 6.7% in the Balearic Islands and 2.0% in the province of Cadiz, which we estimate will gradually recover in 2022. The reduction in the volume of consumption has been partially offset by an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a higher volume of execution of various works linked to concession contracts.

In the public sector, there is still a low level of tendering for water infrastructure concessions, despite which 2021 can be considered a successful exercise. We have been awarded new contracts, and renewals and extensions of existing contracts, in 354 municipalities, with a contracted portfolio volume of over €873 million. The contract renewal loyalty rate remains at very high levels (above 90%) in the municipalities in which it operates. In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

The international market reached a turnover of 30%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

The year 2021 also presented an operational challenge for Aqualia throughout Europe due to the impact of COVID-19 on end-to-end water cycle management. Despite the impact on non-residential consumption, which was more marked in the Czech Republic, the business remained at very high levels in terms of activity, quality and continuity of service. In addition to the management of the municipal concession services in the Czech Republic, Italy and Portugal, work was carried out to integrate the new business in France.

FCC Aqualia seeks to maintain its competitive position in those end-to-end water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with end-to-end cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in end-to-end water cycle management for business opportunities in countries with a stable political and social balance.

### Construction

The Construction Area focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2021, 47% of total revenues will come from abroad, including the execution of major infrastructure projects such as lines 4, 5 and 6 of the Riyadh Metro, Haren Penitentiary Centre (Belgium), Tren Maya (Mexico), A-465 (Wales), Lima Metro (Peru), Toyo Tunnel (Colombia), Mapocho River Park (Chile), A-9 Badhoevedorp-Holendrecht motorway (Netherlands), and the Gurasada-Simeria railway line (Romania) - Sectors 2a, 2b and 3.

In 2021, the contract for the construction of the "Industrial Bridge" in Chile, with a budget of approximately €125.6 million, was awarded.

### Cement

The Group carries out its cement activity through the Cementos Portland Valderrivas group. Its core business is cement manufacturing, which accounted for 91% of its Group turnover in 2021. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2021, 39% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Tunisia and the United Kingdom. Exports from these three countries also go to Africa, Europe and America.

The Cementos Portland Valderrivas Group has a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain competitive tension both in terms of costs and in the markets in which it operates, trying to remain a reference in the sector in all the countries in which it is present.

### Real Estate

After October 2021, Real Estate becomes a relevant Area of the Group, following the corporate transactions described below.

The Group is present in the real estate sector, mainly in housing development and office rental through the company F C y C, SLU ("FCC Inmobiliaria") of which it controls 80.03%, a company that holds 50.35% of Realia Business S.A., after the acquisition of 13.12% of the same in 2021, taking control and proceeding to its full consolidation from 1 November 2021. Likewise, in November 2021, F C y C incorporated, through a non-monetary contribution, 100% of the company Jezzine Uno, S.L.U., the purpose of which is to lease properties to Caixabank distributed in Spain, under a framework lease agreement with a term until 2037. Finally, in December 2021, Realia acquired 37.11% of Hermanos Revilla, S.A., reaching 87.86% of its share capital. These operations have increased the size of FCC Inmobiliaria with the following objectives:

- Consolidate a solid, large-scale real estate group, with greater management efficiency derived from operational and financial synergies that will enable it to take advantage of growth opportunities in the sector.
- Diversify FCC Inmobiliaria's risk and geographic opportunities by extending its activity to new areas of operations in which it was not already present.
- Significant increase in the contribution of Realia's and Jezzine's recurring rental property activity to FCC Inmobiliaria as a whole, whose asset assessments at December 2021 accounted for more than [70%] of the area's total.

# 2. Business performance and results

## 2.1. Operating performance

### 2.1.1. Significant Events

#### FCC Aqualia agrees to purchase 80% of GGU's water business for USD 180 million

Last December FCC Aqualia agreed to acquire 80% of the water business of Georgia Global Utilities (GGU) for USD 180 million. The purchase process with GGU, the proprietor of water utility and power generation assets, will be carried out in two phases: (i) a first phase, which has been completed, where FCC Aqualia has acquired 65% of the current GGU, which includes water and renewable energy assets, for a price of USD 180 million. (ii) a second phase, in which GGU will spin off the renewable energy assets, leaving in the perimeter of GGU only the water assets (with four hydroelectric plants associated with the water cycle), with FCC Aqualia then holding 80% of GGU and its former sole shareholder holding the remaining 20%.

#### FCC Inmobiliaria increases in size and strengthens its competitive position

On 8 October, FCC Inmobiliaria, parent company of the Real Estate Area of FCC Group, reached an agreement with Control Empresarial de Capitales (CEC) to acquire 13.12% of the capital stock of Realia for an amount of 83.9 million euros, whereby FCC Inmobiliaria now holds a majority share (50.1%) and, as a result, has achieved its global consolidation within the FCC Group. In addition, it acquired the capital stock of Jezzine, an asset holding company 100% owned by Soinmob, a subsidiary of CEC. As a result of this operation, control of FCC Inmobiliaria is retained, with 80.03% of the capital of the head subsidiary company of the strengthened Real Estate Area of the FCC Group, leading to significant strengthening of its competitive position, operating synergies, and presence in the rental property business.

Subsequently, last December, Realia, through Realia Patrimonio, acquired 37.11% of its subsidiary company Hermanos Revilla, S.A. for a price of €189 million. After this purchase, the Realia Group's direct and indirect stake in the company rose to 87.76% of its share capital, and it now controls 100% of the company.

#### FCC Medio Ambiente expands its presence in the USA and Central Europe

Last December, FCC Environmental Services made its first acquisition in the USA with the purchase of Premier Waste Services in Dallas (Texas), a company specialising in tertiary waste collection in that area, for USD 34 million. This operation enhances the service offering and increases operational efficiency in the existing collection and treatment activities in the state of Texas. In addition, the city of Wellington (Florida) awarded the municipal solid waste collection service for ten years (with a possible extension for another five years), with a portfolio of more than €110 million. This was in addition to the residential and commercial solid waste collection contract in Hillsborough County, also in Florida, awarded for eight years (with a possible extension for four years) with a portfolio of €230 million.

FCC Environment Austria was awarded with the municipal waste treatment and transport contract of the West Tyrol Waste Treatment Association, which will begin in January 2022, with a 5-year duration, extendable for another 5 years and with a backlog worth €33 million.

#### FCC Aqualia is awarded three contracts in France

Last November, FCC Aqualia, through its subsidiary SEFO, was awarded the water supply management of 16 municipalities around Mantes-la-Ville in the Yvelines department located in the Île-de-France region, very close to Paris. This award consists of the concession of the drinking water supply for a period of six years for around €30 million. As a result, the portfolio of future revenues of the end-to-end water management area exceeds €15,000 million, an increase of 2.2% at the end of the business year.

#### FCC Medio Ambiente increases its contracting and boosts its backlog by 17% in the business year

The volume of future revenues secured by the FCC Medio Ambiente Area grew by 17% at year-end, after increasing revenues by 12.4% in the year, thanks to the incorporation of important contracts in Spain and, to a lesser extent, those mentioned previously in the USA. Among others, the contract for street collection in Barcelona stands out, and in the fourth quarter the awarding of two street cleaning contracts in Madrid, as well as another two for the end-to-end management of green areas and two for the maintenance of urban furniture. This group of contracts contributed a combined contract amount of €1,585 million for the year.

Lastly, in terms of treatment and recycling activity, the joint venture led by FCC Medio Ambiente won the contract for the design, development, and operation of the Valladolid Household Waste Treatment and Disposal Centre. It has a duration of 11 years and a portfolio of more than €110 million. Also in the recovery activity, the new contract for the selective collection and temporary storage of glass packaging waste for ECOVIDRIO in various regions of Spain, with a portfolio of €13.5 million and a duration of 8 years, stands out.

### 2.1.2. Executive Summary

**KEY FIGURES** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Net turnover (NT) | 6,659.3 | 6,158.0 | 8.1% |
| Gross Operating Profit (EBITDA) | 1,126.6 | 1,047.5 | 7.6% |
| *EBITDA Margin* | *16.9%* | *17.0%* | *-0.1 p.p* |
| Net Operating Profit (EBIT) | 802.2 | 572.7 | 40.1% |
| *EBIT Margin* | *12.0%* | *9.3%* | *2.7 p.p* |
| Income attributable to the parent company | 580.1 | 262.2 | 121.2% |
| Equity | 4,440.7 | 2,908.7 | 52.7% |
| Net financial debt | 3,225.7 | 2,797.8 | 15.3% |
| Backlog | 30,196.9 | 29,411.7 | 2.7% |

In the 2021 business year, the FCC Group increased its revenues to €6,659.3 million, 8.1% higher than in 2020. It is worth highlighting the positive development of most of the business activities, which equalled or exceeded the revenue levels recorded in 2019 (prior to the pandemic), with a notable contribution by the Environment Area with a 12.4% increase.

Gross operating profit (EBITDA) grew 7.6%, to reach €1,126.6 million. This can be explained by a number of factors. Operating margins rose in most business areas, particularly in Construction. Cement was impacted by high $CO_2$ sales in 2020, €51.1 million more than in 2021 and, lastly, the effects of consolidation, with the exit of the concession subgroup Cedinsa from April 2021, in contrast to the entry into full consolidation, in the Real Estate Area, of Realia and Jezzine, from 1 November last year. Adjusted for the impact of $CO_2$ and changes in the scope of consolidation, EBITDA grew 17.9% in the business year.

Operating profit (EBIT) includes the described development of EBITDA together with the accounting impact of Realia's full consolidation, by raising the previous level of recorded value of its rental property assets by €241.7 million. This is mitigated by the adjustment of €136.0 million in the value of property, plant and equipment and goodwill linked to various assets in the Cement Area. This together allowed EBIT to increase by 40.1% in the business year.

Attributable net income reached €580.1 million, more than twice as much as last year's figures. This increase largely represents operational developments together with a positive performance of the financial result, which includes a reduction in net financial expenses of €43.5 million in the year together with a positive impact of €24.5 million from exchange differences recorded, compared to a negative contribution of €51.3 million in 2020.

Net financial debt amounted to €3,225.7 million at the end of the business year, €427.9 million more than in 2020. This increase is due to the consolidation of the financing of Realia's and Jezzine's rental assets in the Real Estate Area, with a combined amount of €889.7 million at year-end. Meanwhile, the performance of all the operating and investment activities accounts for the rest of the financial debt amount.

Equity rose considerably at year-end, with a figure of €4,440.7 million, 52.7% higher than at the end of 2020, explained by the substantial increase achieved by the net profit for the year and the effect of the full consolidation of Realia and Jezzine.

The FCC Group's revenues stood at €30,196.9 million as at 31 December 2021, up 2.7% on the balance at year-end 2020, with the new contracts of the Environmental Area being a particular highlight.

## 2.1.3. Summary by Business area

*(Millions of euros)*

| Area | Dec. 21 | Dec. 20 | Chg. (%) | % of 2021 total | % of 2020 total |
|---|---|---|---|---|---|
| **REVENUE BY BUSINESS AREA** | | | | | |
| Environment | 3,244.9 | 2,888.2 | 12.4% | 48.7% | 46.9% |
| Water | 1,169.5 | 1,188.3 | -1.6% | 17.6% | 19.3% |
| Construction | 1,659.6 | 1,611.0 | 3.0% | 24.9% | 26.2% |
| Cement | 433.8 | 382.6 | 13.4% | 6.5% | 6.2% |
| Real Estate* | 147.9 | 34.8 | n/a | 2.2% | 0.6% |
| Corporate serv. and others | 3.6 | 53.1 | -93.2% | 0.1% | 0.9% |
| **Total** | **6,659.3** | **6,158.0** | **8.1%** | **100.0%** | **100.0%** |
| **REVENUE BY GEOGRAPHICAL AREA** | | | | | |
| Spain | 3,943.8 | 3,672.3 | 7.4% | 59.2% | 59.6% |
| United Kingdom | 855.6 | 668.6 | 28.0% | 12.8% | 10.9% |
| Rest of Europe and Others | 811.5 | 803.0 | 1.1% | 12.2% | 13.0% |
| Latin America and the USA | 376.0 | 261.5 | 43.8% | 5.6% | 4.2% |
| Czech Republic | 346.6 | 285.2 | 21.5% | 5.2% | 4.6% |
| Middle East & Africa | 325.8 | 467.4 | -30.3% | 4.9% | 7.6% |
| **Total** | **6,659.3** | **6,158.0** | **8.1%** | **100.0%** | **100.0%** |
| **EBITDA**** | | | | | |
| Environment | 535.1 | 450.9 | 18.7% | 47.5% | 43.0% |
| Water | 298.9 | 282.9 | 5.7% | 26.5% | 27.0% |
| Construction | 102.6 | 53.6 | 91.5% | 9.1% | 5.1% |
| Cement | 76.1 | 139.9 | -45.6% | 6.8% | 13.4% |
| Real Estate* | 40.0 | -3.8 | n/a | 3.6% | -0.4% |
| Corporate serv. and others | 73.9 | 124.0 | -40.4% | 6.6% | 11.8% |
| **Total** | **1,126.6** | **1,047.5** | **7.6%** | **100.0%** | **100.0%** |

*(Millions of euros)*

| Area | Dec. 21 | Dec. 20 | Chg. (%) | % of 2021 total | % of 2020 total |
|---|---|---|---|---|---|
| **OPERATING PROFIT/(LOSS)** | | | | | |
| Environment | 285.4 | 215.7 | 32.3% | 35.6% | 37.7% |
| Water | 181.3 | 167.4 | 8.3% | 22.6% | 29.2% |
| Construction | 71.1 | 20.9 | n/a | 8.9% | 3.6% |
| Cement | (90.3) | 106.8 | -184.6% | -11.3% | 18.6% |
| Real Estate* | 298.3 | (3.8) | n/a | 37.2% | -0.7% |
| Corporate serv. and others | 56.4 | 65.7 | -14.2% | 7.0% | 11.5% |
| **Total** | **802.2** | **572.7** | **40.1%** | **100.0%** | **100.0%** |
| **NET FINANCIAL DEBT**** | | | | | |
| Corporate | | | | | |
| With recourse | (326.0) | 101.6 | n/a | -10.1% | 3.6% |
| Without recourse | 0.5 | 14.7 | -96.6% | 0.0% | 0.5% |
| Areas | | | | | |
| Environment | 1,289.7 | 1,330.2 | -3.0% | 40.0% | 47.5% |
| Water | 1,247.6 | 1,177.6 | 5.9% | 38.7% | 42.1% |
| Cement | 124.4 | 173.7 | -28.4% | 3.9% | 6.2% |
| Real Estate* | 889.7 | 0.0 | n/a | 27.6% | 0.0% |
| **Total** | **3,225.7** | **2,797.8** | **15.3%** | **100.0%** | **100.0%** |
| **BACKLOG**** | | | | | |
| Environment | 10,746.4 | 9,184.3 | 17.0% | 35.6% | 31.2% |
| Water | 15,361.1 | 15,025.9 | 2.2% | 50.9% | 51.1% |
| Construction | 3,981.3 | 5,155.8 | -22.8% | 13.2% | 17.5% |
| Real Estate* | 108.1 | 45.7 | n/a | 0.4% | 0.2% |
| **Total** | **30,196.9** | **29,411.7** | **2.7%** | **100.0%** | **100.0%** |

* **Real Estate presents its consolidated key figures for both business years separately. .**

** Véase definición de cálculo en página 27, según exigencia de la normativa ESMA (2015/1415es).

## 2.1.4. Income Statement

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| **Net turnover (NT)** | **6,659.3** | **6,158.0** | **8.1%** |
| **Gross Operating Profit (EBITDA)** | **1,126.6** | **1,047.5** | **7.6%** |
| *EBITDA Margin* | ***16.9%*** | ***17.0%*** | ***-0.1 p,p*** |
| Provision for amortisation of fixed and non-current assets | (452.3) | (488.9) | -7.5% |
| Other operating income | 127.9 | 14.1 | n/a |
| **Net Operating Profit (EBIT)** | **802.2** | **572.7** | **40.1%** |
| *EBIT margin* | ***12.0%*** | ***9.3%*** | ***2.7 p,p*** |
| Financial income | (110.5) | (154.0) | -28.2% |
| Miscellaneous financial results | 57.5 | (51.1) | n/a |
| P/L Entities accounted for using the equity method | 58.2 | 62.1 | -6.3% |
| **Profit/(loss) before tax from continuing activities** | **807.5** | **429.9** | **87.8%** |
| Company tax on profits | (130.2) | (86.3) | 50.9% |
| **Income from continuing operations** | **677.3** | **343.6** | **97.1%** |
| **Net Income** | **677.3** | **343.6** | **97.1%** |
| Non-controlling interests | (97.1) | (81.4) | 19.3% |
| **Income attributable to the parent company** | **580.1** | **262.2** | **121.2%** |

### 2.1.4.1. Net Revenue

Consolidated revenues grew to €6,659.3 million in the business year, up 8.1% on the previous year. The development reflects the gradual strengthening of the recovery of the different activities after the distortions and impacts caused by the healthcare crisis in 2020. The strength and competitive position of the business areas has therefore enabled the revenue levels recorded in 2019 to be surpassed by over 6%.

By business area, Environment recorded an increase of 12.4%, thanks to the general recovery in its various operating platforms, mainly due to the combination of the entry into service of new treatment contracts and street cleaning activity in Spain and collection in the USA, together with the increase in revenues in Central Europe and the UK, especially linked to waste treatment and recovery activities.

Revenues in the Water Area declined by 1.6%, but this was entirely due to the lower contribution expected in the year from the Technology and Networks business, due to the entry into the completion phase of some one-off international projects. Moreover, the main concessions activity maintained a sustained increase of 3.6%, while the area's revenues grew by 3.1% during the period without a reduction in T&N.

EIn Construction, revenues were 3% higher than in 2020, with a significant increase in Europe (mainly the UK and the Netherlands), together with various contracts in different Latin American countries, which was mitigated by other contracts that were completed or nearing completion, especially in the Middle East, including Saudi Arabia.

In the Cement Area, revenues had double-digit growth of 13.4% for the year, due both to the increase in sales in Spain and the rise in exports, which was more pronounced in the first half of the year.

The Real Estate Area, which is presented separately, experienced a notable increase in revenues to €147.9 million, compared to €34.8 million in the previous year. This is due both to the entry into full consolidation of Realia and Jezzine since last November, and to the increase in revenues from the development and sale of properties. Without this consolidation, revenues for the year would have risen significantly to €102.4 million.

**Revenue breakdown by geographical area** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 3,943.8 | 3,672.3 | 7.4% |
| United Kingdom | 855.6 | 668.6 | 28.0% |
| Rest of Europe and Others | 811.5 | 803.0 | 1.1% |
| Latin America and the USA | 376.0 | 261.5 | 43.8% |
| Czech Republic | 346.6 | 285.2 | 21.5% |
| Middle East & Africa | 325.8 | 467.4 | -30.3% |
| **Total** | **6,659.3** | **6,158.0** | **8.1%** |

In terms of the geographical areas, Spain's contribution stood at 59.2% of revenues, totalling €3,943.8 million, an increase of 7.4%. With regards to the different areas of activity, the Environmental Area's revenues rose by 7.1% due to the increase in all main activities of the waste management chain, especially collection and street cleaning. The Water Area's revenues rose by 3.8%, due to a progressive recovery in the volumes invoiced in end-to-end cycle concessions and water network actions. The Construction Area's revenues increased by 4.3%, with the development of projects in progress being somewhat higher than the expected execution rates planned for the period. The demand increased moderately in the Cement Area when compared to the figures of 2020; there was more prominent growth in the first half of the year, with revenues up by 10.5%. The Real Estate activity, which is concentrated entirely in Spain, has seen its revenues increase substantially (by €113.1 million), due both to the aforementioned integration of the Realia and Jezzine groups within its parent company, FCC Inmobiliaria, and to its increased activity in the sale of properties this business year. Lastly, it is worth mentioning that the Concessions area (included in the Corporate Services and Others heading, after completing the sale of some of its most significant concessions at the end of March 2021) reduces its contribution to only the first quarter of this business year, with €52.7 million in revenues this year, compared to €121.5 million the previous business year.

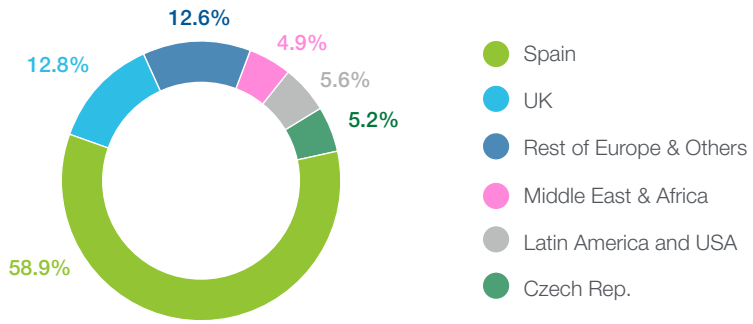
In the EU area, a 1.1% increase was recorded in the area of Rest of Europe and Others, amounting to €811.5 million. This is largely due to an increase in revenues linked to treatment activity in Central Europe. In Construction, the level of activity increased, thanks to a higher contribution, especially in the Netherlands, which compensated for the completion and progress of other projects (Ireland and Romania).

Developments in the Czech Republic, which is of particular relative importance within the EU, increased substantially by 21.5% to €346.6 million, with a larger increase in waste management services in the Environment Area and a more moderate increase in the end-to-end water cycle activity in the Water Area.

Revenues in Latin America and the USA increased significantly by 43.8% to €376 million, largely due to the faster pace of project performance in the Construction Area, especially in Mexico, Chile, and Colombia. In the USA, revenues concentrated in the Environment Area in municipal waste collection services such as recycling increased significantly (38.2%), thanks to a new contract coming into force in Nebraska and other contracts in Florida for municipal waste collection and green space services.

Lastly, in the Middle East and Africa, activity fell by 30.3%, due to the very high level of progress and reduced contribution from some very significant contracts in Saudi Arabia in the Construction Area and for the same reason, although with less of an impact, in the Water Area, especially due to the termination of a Technology and Networks activity contract on the north coast of Egypt.

## % REVENUE BY GEOGRAPHICAL AREA



### 2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Profit for the business year amounted to €1,126.6 million, an increase of 7.6% compared to the previous year. It should be noted that this amount represents a 16.9% margin over income, almost identical to the 17.0% achieved in 2020, but with three significant key components: (i) the sale of a large amount of $CO_2$ rights in the Cement Area in 2020, with a lower contribution of €51.1 million this year, (ii) the deconsolidation, by sale, of certain transport concession assets at 31 March 2021, which has led to a lower contribution of €55.1 million and (iii) the entry into consolidation of the Realia and Jezzine group assets from 1 November 2021, with a contribution of €16.7 million in the business year. Adjusted for these three components, those exceptional in nature and the change in scope, EBITDA in 2021 would have grown by 17.9%. Similarly, with both business years being adjusted for the aforementioned effects, the gross operating margin would have increased significantly to 16.8% in 2021 compared to 15.3% in the previous year.

By business area, the most noteworthy developments have been:

The Environment Area reached €535.1 million, a 18.7% increase, which is higher than the revenues distributed across all activities of the value chain. The operating margin was 16.5%, compared to 15.6% the previous business year, thanks to the impact of higher treatment/recycling activity volumes and the increase in related prices, in particular, in the UK and Central Europe.

The Water Area reported €298.9 million, up by 5.7% when compared to last year's figures, supported by an increased contribution from concessions and services in all the jurisdictions where it is present, and which offset the lower contribution made by the Technology and Networks segments internationally. The margin therefore grew to 25.6% compared to 23.8% in 2020.

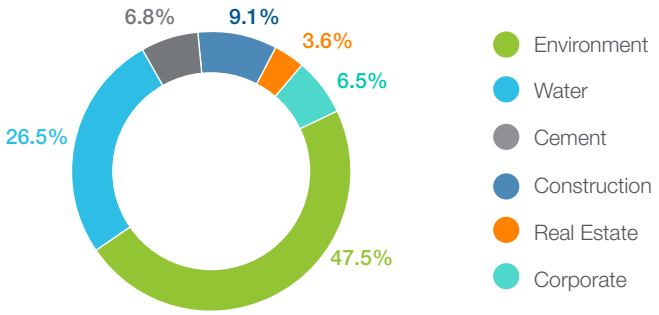
Moreover, the Construction Area reported €102.6 million, a significant increase of 91.5% when compared to 2020, in line with the scheduled projects and with a substantial improvement in the recovery of the development pace compared to the downtime in 2020 and concentrated in the first half of the last business year in international projects. This allowed operating profit to increase to 6.2% compared to 3.3% in the previous year.

In the Cement Area, it reached €76.1 million, a substantial reduction of 45.6% compared to €139.9 million in the previous year. This mainly reflects the aforementioned effect of lower revenues from $CO_2$ sales of €51.1 million this year, together with a more moderate increase in demand in the local and export markets in the second half of the year and increases in energy prices in the same period.

Real Estate activity recorded a notable increase to €40 million, compared to a negative figure of €3.8 million in 2020, due to the contribution of Realia and Jezzine (€16.7 million) since last November, as well as the higher profitability generated by the sale of properties by the head of the Area, FCC Inmobiliaria.

It should be noted that the Corporate Services and Others heading includes the Infrastructure Concessions activity, to which the Cedinsa subgroup's activity contributed until the end of the first quarter of this business year.

#### % EBITDA BY BUSINESS AREA




The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 74% for the year as a whole

### 2.1.4.3. Net Operating Profit (EBIT)

El resultado neto de explotación alcanzó 802,2 millones de euros, un 40,1% más que el ejercicio Net operating profit amounted to €802.2 million, 40.1% more than in the previous year. This increase reflects, in addition to the changes in gross operating profit, two other significant factors in Other Operating Income/(Losses), namely: (i) the accounting impact of the full consolidation of Realia, by raising the previously recorded level of the value of its rental real estate assets, with a positive result of €241.7 million and (ii) the negative adjustment of €136 million in the value of property, plant and equipment and goodwill in the Cement Area.

### 2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Profit before tax from continuing operations amounted to €807.5 million, up significantly from €429.9 million in 2020. This was due to the combined good performance of operating activities and a positive impact from financial results.

Thus, the performance was as follows for the various components:

#### *2.1.4.4.1. Financial income*

The net financial result amounted to €-110.5 million, compared to €-154 million the previous year, a reduction of 28.2%. This reflects the effect of the contraction in the average volume of financial debt recorded during the year, as well as reduction in its cost, and the elimination of the sale of collection rights without recourse.

#### *2.1.4.4.2. Miscellaneous financial results*

This heading, which has no impact on cash flow, amounted to €57.5 million during the business year, compared to €-51.1 million last year. The is mainly due to the differential behaviour of the exchange rate of certain currencies, representing a positive impact of €24.5 million this year, compared to the negative impact of €51.3 million during the same period of 2020. A positive effect of €26.6 million is added to this, resulting from the sale of various concession and Construction Area investees.

#### *2.1.4.4.3. Profit/(loss) of equity-accounted investees*

The contribution from investee companies amounted to €58.2 million, similar to figure from the previous business year of €62.1 million. In addition to the increase in the contribution from various investees in the different operating areas of the business, this slight reduction was the result of a contrasting number of factors compared to the previous year, the most significant of which were on the positive side of the balance sheet: (i) the 45 million euro profit from the sale of most of the energy assets in which the Group has an interest, which includes both the gain up to the time of sale and the gain on disposal, (ii) the 17.6 million euro effect of the closing of the sale of the Ceal 9 and Urbicsa transport concessions and, also, (iii) the 46.7 million euro adjustment for the acquisition of control of Realia and its change of consolidation from the equity method to the full consolidation method.

### 2.1.4.5. Income attributable to the parent company

Attributable net income for the business year 2021 amounts to 580.1 million euros, a significant increase compared to 262.2 million euros in the previous business year. This performance is down to the increase in pre-tax profit described above. A corporation tax expense of 130.2 million euros was also recorded, in line with the pre-tax profit obtained, together with profit attributable to non-controlling interests of 97.1 million euros, compared to 81.4 million euros in the previous year, reflecting the increase in the Group's consolidated profit attributable to those interests, mainly in the Water Area and to a lesser extent in the Real Estate Area.

### 2.1.4.6. Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| **Net turnover (NT)** | **6,475.4** | **6,132.6** | **5.6%** |
| **Gross Operating Profit (EBITDA)** | **1,066.0** | **1,032.7** | **3.2%** |
| *EBITDA Margin* | *16.5%* | *16.8%* | *-0.4 p.p* |
| **Net Operating Profit (EBIT)** | **775.9** | **567.7** | **36.7%** |
| *EBIT margin* | *12.0%* | *9.3%* | *2.7 p.p* |
| **Income attributable to the parent company** | **580.1** | **262.2** | **121.2%** |

## 2.1.5. Balance Sheet

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Intangible fixed and non-current assets | 2.445,2 | 2.437,9 | 7,3 |
| Property, Plant and Equipment and Real Estate Investments | 4.931,7 | 2.810,2 | 2.121,5 |
| Equity-accounted affiliates | 533,8 | 722,8 | (189,0) |
| Non-current financial assets | 604,0 | 580,9 | 23,1 |
| Deferred tax assets and other non-current assets | 559,2 | 578,7 | (19,5) |
| **Non-current assets** | **9.074,1** | **7.130,4** | **1.943,7** |
| Non-current assets held for sale | 0,0 | 1.392,3 | (1.392,3) |
| Inventory | 1.107,3 | 765,6 | 341,7 |
| Trade and other receivables | 2.340,9 | 2.095,6 | 245,3 |
| Other current financial assets | 184,4 | 228,7 | (44,3) |
| Cash and cash equivalents | 1.535,5 | 1.222,1 | 313,4 |
| **Current assets** | **5.168,1** | **5.704,2** | **(536,1)** |
| **TOTAL ASSETS** | **14.242,2** | **12.834,6** | **1.407,6** |
| Equity attributable to shareholders of the parent company | 3.007,1 | 2.288,3 | 718,8 |
| Non-controlling interests | 1.433,6 | 620,4 | 813,2 |
| Equity | 4.440,7 | 2.908,7 | 1.532,0 |
| Subsidies | 192,2 | 193,0 | (0,8) |
| Non-current provisions | 1.167,3 | 1.064,4 | 102,9 |
| Long-term financial debt | 3.294,3 | 3.543,3 | (249,0) |
| Other non-current financial liabilities | 438,7 | 434,0 | 4,7 |
| Deferred tax liabilities and other non-current liabilities | 473,4 | 296,7 | 176,7 |
| **Non-current liabilities** | **5.565,9** | **5.531,3** | **34,6** |
| Liabilities relating to non-current assets held for sale | 0,0 | 1.051,3 | (1.051,3) |
| Current provisions | 147,9 | 195,2 | (47,3) |
| Short-term financial debt | 1.651,2 | 705,2 | 946,0 |
| Other current financial liabilities | 169,0 | 169,2 | (0,2) |
| Trade and other payables | 2.267,5 | 2.273,7 | (6,2) |
| **Current liabilities** | **4.235,6** | **4.394,6** | **(159,0)** |
| **TOTAL LIABILITIES** | **14.242,2** | **12.834,6** | **1.407,6** |

### 2.1.5.1. Property, plant and equipment and investment property

Property, plant and equipment and investment property at year-end amounted to €4,931.7 million, an increase of €2,121.5 million. This increase is largely due to the increase in real estate investments, with rental assets of €1,470.5 million acquired through the takeover of Realia and those of Jezzine, amounting to €600.4 million.

### 2.1.5.2. Investments accounted for using the equity method

The epigraph entitled investments accounted for using the equity method amounted to €533.8 million at the end of the year, with the following breakdown of the most significant investments in equity:

1) €108.3 million for the stake in companies in the Environment Area (recycling and municipal services, mainly in Spain and the UK).
2) €83.8 million for the stakes held in various transport infrastructure and equipment concessions.
3) €38.7 million for stakes held in companies in the Water Area, largely concessionary companies that manage services abroad (North Africa and Spain).
4) €42.0 million from the subsidiaries of the parent company in the Cement Area.
5) €38.4 million from investee companies in the Real Estate Area.

The reduction in the balance of this heading during the year is mainly due to the change in Realia's consolidation method, following its takeover in the last quarter of the year.

This epigraph also includes a further €222.6 million for the remaining investments in own funds for other participations together with loans granted to subsidiaries.

### 2.1.5.3. Assets held for sale

This heading reduces its balance to zero compared to the €1,392.3 million recorded at the end of 2020. Its complete reduction is due to the disposal of certain infrastructure concessions located in Spain, following their sale at the end of the first quarter of the business year.

### 2.1.5.4. Cash and cash equivalents

The balance of the Cash and cash equivalents heading amounts to €1,535.5 million at the end of the business year, €313.4 million more than the figure at the end of last year, distributed as follows:

1) In the perimeter with recourse, cash and equivalents totalled €414.8 million.

2) In the perimeter without recourse, cash and equivalents amounted to €1,120.7 million.

### 2.1.5.5. Equity

Equity at the end of the period amounted to €4,440.7 million, compared to €2,908.7 million at the end of 2020. The notable increase of 52.7% is mainly due to the contribution of the net profit achieved in the period of €677.3 million and the effect of the increase in non-controlling interests due to the full consolidation of Realia.

### 2.1.5.6. Financial Debt

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (M€) |
|---|---|---|---|
| Bank borrowings | 1,742.6 | 820.0 | 922.6 |
| Debt instruments and other loans | 3,031.5 | 3,230.3 | (198.8) |
| Payables due to financial leases | 37.3 | 50.2 | (12.9) |
| Other financial liabilities | 134.1 | 148.0 | (13.9) |
| **Gross Financial Debt** | **4,945.5** | **4,248.5** | **697.0** |
| Treasury and other current financial assets | (1,719.8) | (1,450.7) | (269.1) |
| **Net Financial Debt** | **3,225.7** | **2,797.8** | **427.9** |
| Net financial debt with recourse | (326.0) | 101.6 | (427.6) |
| Net financial debt without recourse | 3,551.7 | 2,696.2 | 855.5 |

At year-end, gross financial debt increased by 16.4% to €697 million.

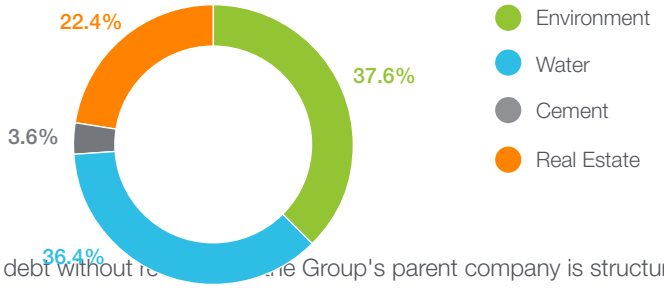
This increase is largely due to the entry into consolidation in the fourth quarter of the Realia Group and Jezzine in the Real Estate Area, with an overall balance of €966.6 million at the end of the year.

Regarding its temporary structure, it should be noted that 33.4% has a short-term maturity, worth €1,651.2 million. Most of this corresponds to the principal amount of the bonds issued for €700 million by the head of the Water Area and another €217.2 million by its subsidiary in the Czech Republic, maturing in June and July 2022, respectively. Another 210.5 million of short-term debt corresponds to marketable securities, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and that of the Environment Area.

The balance of net financial debt increased by 15.3% in the period to €3,225.7 million. This is largely explained by the aforementioned increase in the Real Estate Area, which generated a balance of €889.7 million at year-end. This effect was mitigated by the greater contribution of cash generated by the Group's operations, which includes the effect of the reduction of €109.1 million in non-recourse credit assignments in the year, mainly in the Water Area, which meant their complete elimination at the end of the first half of the year for the consolidated Group as a whole.

All of the net financial debt is without recourse and is mostly allocated to the Water Utilities and Environment Areas (its Market debt is rated as "Investment Grade") and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position of €326.0 million at the end of the year.

BREAKDOWN OF NET FINANCIAL DEBT WITHOUT RECOURSE BY BUSINESS AREA




Net financial debt without re… Group's parent company is structured as follows:

(i) The Water Area accounts for €1,247.6 million, of which, in addition to the financing of corporate bonds at the parent company, another €203.2 million correspond to the business in the Czech Republic and the rest to various concessions of the end-to-end water cycle; (ii) the Environment Area accounts for €1,289.7 million, most of which corresponds to long-term bonds issued at the end of 2019 by the area's parent company, another €143.9 million to the activity in the UK, and the rest mainly to the project financing of three waste treatment and recycling plants in Spain (iii) the Real Estate Area has €889.7 million, concentrated in its rental property activity; (iv) the Cement Area accounted for €124.4 million; (iv) and a remaining €0.5 million associated with the concessions activity.

#### 2.1.5.7. Other current and non-current financial liabilities

The epigraph of other current and non-current financial liabilities totals €607.7 million at the end of the period. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to €395.5 million. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

### 2.1.6. Cash Flow

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| **Gross Operating Profit (EBITDA)** | **1,126.6** | **1,047.5** | **7.6%** |
| (Increase)/decrease in working capital | (167.9) | (302.1) | -44.4% |
| Corporation tax (paid)/received | (135.6) | (96.7) | 40.2% |
| Other operating cash flow | (76.9) | (43.6) | 76.4% |
| **Operating cash flow** | **746.2** | **605.1** | **23.3%** |
| Investment payments | (557.9) | (541.2) | 3.1% |
| Divestment receipts | 568.6 | 75.9 | n/a |
| Other investing cash flows | 182.4 | 63.8 | 185.9% |
| **Investing cash flow** | **193.1** | **(401.5)** | **-148.1%** |
| Interest paid | (99.1) | (151.4) | -34.5% |
| (Payment)/receipt of financial liabilities | (269.3) | (137.7) | 95.6% |
| Other financing cash flow | (259.3) | 150.7 | n/a |
| **Financing cash flow** | **(627.7)** | **(138.4)** | **n/a** |
| **Exchange differences, change in consolidation scope, etc.** | 1.8 | (61.5) | -102.9% |
| **Increase/(decrease) in cash and cash equivalents** | **313.4** | **3.6** | **n/a** |

#### 2.1.6.1. Operating cash flow

The operating cash flow generated in the year business amounted to €746.2 million, 23.3% more than in the previous year. It is noteworthy that this figure is obtained even though the current operating working capital was up €167.9 million, which includes in this year the elimination of the balance of non-recourse loan assignments for €109.1 million, most of them in the Water Area, as was done in the Environment Area in the previous year, with the common aim of optimising and reducing the Group's financial costs.

The heading collections/(payment) of corporation tax shows an outflow of €135.6 million compared to €96.7 million in 2020, a variation that is explained by the increase in net income during this business year and in line with the accounting basis affecting the accrual of taxes.

The heading other operating cash flow includes an outflow of €76.9 million compared to €43.6 million the previous business year, due to the application of provisions mainly in the Construction and Environment Area.

### 2.1.6.2. Investing cash flow

The investment cash flow represents a generation of €193.1 million euros compared to an application of €401.5 million in the previous business year.

The most significant item of this first period corresponds to earnings for transport concession divestment transactions, for a cash entry of 377.1 million euros, so proceeds from disposals amounted to 568.6 million euros, when compared to 75.9 million euros of the last business year. In addition, last July, 93 million euros were collected from the sale of various energy assets, together with others distributed among other areas, such as Construction and Real Estate, which added the remaining 98.5 million euros.

With regards to payments for investments totalling 557.9 million euros, these are similar to those during the last year. By business area, the Environment Area's investments represented 299.4 million euros, highlighting the investment required for the construction and expansion of the Loeches and Campello treatment plants, for a combined amount of 42.8 million euros. In the UK, among the most significant investments is the one made in the progress of the development of the Lostock energy recovery plant for 28.6 million euros, as well as the investment of 30 million euros in the USA, out of a total of 69.6 million euros invested in the country, for the purchase of an urban waste collection company in the state of Texas last December.

In the Water Area, payments for investments amounted to 107.1 million euros, of which 24.3 million euros are for new contracts, among which Mexico, Colombia, and Spain stand out, distributed among different concession contracts for the operation of hydraulic plants and the end-to-end cycle.

Lastly, included in the Real Estate heading is 83.9 million euros invested in the acquisition of an additional 13.12% of the Realia Group's capital by the parent company in the Real Estate Area, FCC Inmobiliaria, which allowed it to gain control and full consolidation.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Environment | (291.8) | (283.1) | (8.7) |
| Water | (86.8) | (134.1) | 47.3 |
| Construction | 0.5 | (7.6) | 8.1 |
| Cement | (10.9) | (10.4) | (0.5) |
| Real Estate | (64.9) | 0.0 | (64.9) |
| Corporate serv. etc. & adjustments | 464.6 | (30.1) | 494.7 |
| **Net investments (Payments - Collections)** | **10.7** | **(465.3)** | **476.0** |

Other investment flows amounted to 182.4 million euros, of which 116.4 million euros came from the Real Estate Area, largely due to the entry of the balance of cash and cash equivalents from the consolidation of the Realia Group and Jezzine, as well as a further 36.9 million euros in Water from the cancellation and recovery of deposits and cash linked to various projects.

### 2.1.6.3. Financing cash flow

The consolidated cash flow from financing in the year represents an application of 627.7 million euros compared to 138.4 million euros in the previous business year. Interest payments amounted to 99.1 million euros, mainly in the Water and Environment Areas, with a substantial reduction compared to the previous year, in line with the reduction in the average balance of financial debt this year.

The heading "Proceeds from/(payments on) financial liabilities" includes an application of the financing flows, with a net reduction worth 269.3 million euros in the business year, extending and increasing the 137.7 million euros recorded in the previous year. In addition, the heading other financing flows includes an application of 259.3 million euros, which essentially includes the payment of 189 million euros for the acquisition of non-controlling interests in companies in the Real Estate Area (Hnos. Revilla in Realia) and the payment of dividends to shareholders of the parent company and minority shareholders of the rest of the consolidated group for a total amount of 63.1 million euros.

### 2.1.6.4 Change in cash and cash equivalents

As a result of the performance of the different cash flow components, the FCC Group's cash position increased by 313.4 million euros since December 2020, with a balance of 1,535.5 million euros at the close of the business year.

## 2.1.7. Analysis by Business Areas

### 2.1.7.1. Environment

The Environment division contributed 47.5% of the Group's EBITDA in the 2021 business year. Some 80.7% of its activity is focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 19.3% corresponds to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain, it provides services in more than 3,500 municipalities and serves a population of more than 31 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the UK, it focuses on urban waste treatment, recovery and disposal activities and serves more than 22 million people. In Central Europe, mainly Austria and the Czech Republic, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activities in the US include both the collection and end-to-end retrieval of municipal waste.

#### *2.1.7.1.1. Earnings*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 3,244.9 | 2,888.2 | 12.4% |
| *Waste collection and street cleaning* | *1,550.0* | *1,428.6* | *8.5%* |
| *Waste processing* | *1,067.5* | *879.0* | *21.4%* |
| *Other services* | *627.4* | *580.6* | *8.1%* |
| EBITDA | 535.1 | 450.9 | 18.7% |
| *EBITDA Margin* | *16.5%* | *15.6%* | *0.9 p.p* |
| EBIT | 285.4 | 215.7 | 32.3% |
| *EBIT margin* | *8.8%* | *7.5%* | *1.3 p.p* |

Revenues at the Environment Area were up 12.4% to reach 3,244.9 million euros at the end of the business year. The waste collection and street cleaning activity's revenues rose by 8.5% to 1,550 million euros, thanks to the new contracts, especially in Spain and the US, as well as the greater contribution in the activity of street cleaning and other similar services in Spain. Waste treatment activity was up 21.4% to €1,067.5 million, largely due to the recovery of the activities in the UK and the increase in activity in Central Europe, alongside the activity of a new plant in the USA.

**Breakdown of revenue by geographical area** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 1,837.2 | 1,715.8 | 7.1% |
| United Kingdom | 708.3 | 605.3 | 17.0% |
| Central Europe | 550.7 | 464.6 | 18.5% |
| US and others | 148.7 | 102.5 | 45.1% |
| **Total** | **3,244.9** | **2,888.2** | **12.4%** |

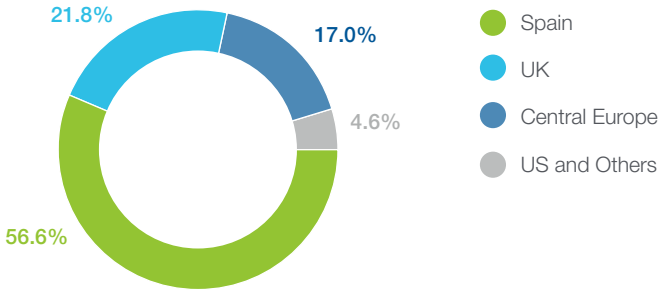
By geographical area, revenues in Spain were up 7.1% compared to the previous year to reach 1,837.2 million euros, due to an increased contribution from the Campello treatment plant, plus the contribution made by the new street cleaning and waste collection contracts. Also significant has been the increased activity in cleaning and green areas due to a return to normal after the partial disruptions suffered in certain periods of last year.

In the UK, turnover increased by 17% to 708.3 million euros, mainly due to the recovery in the recycling and reduction of urban waste, after stoppages and lower volumes treated in the previous year.

In central Europe, revenues grew by 18.5% to 550.7 million euros due to the higher volume of activity in almost all countries in which the company operates, mainly the Czech Republic, Slovakia, and Poland, in urban collection and treatment, as well as due to the general increase in the price of recycled by-products.

Last but not least, turnover in the USA and other markets increased by 45.1% to 148.7 million euros, mainly due to the contribution from new urban collection contracts in Omaha (Nebraska) and Volusia (Florida), as well as the treatment and recovery plants in Texas

## BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA




The gross operating profit (EBITDA) increased by a remarkable 18.7% to 535.1 million euros due to the aforementioned development of revenues and the improvement in volumes treated and prices in the treatment and recovery activities. This has allowed the operating margin to recover by 0.9 per cent and to reach 16.5%, close to pre-pandemic profitability levels.

The net operating profit (EBIT) increased by 32.3% over the previous year to 285.4 million euros, thanks to the development of the different components mentioned in the EBITDA.

**Breakdown of backlog by geographical area** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 6,300.6 | 4,872.2 | 29.3% |
| International | 4,445.8 | 4,312.1 | 3.1% |
| **Total** | **10,746.4** | **9,184.3** | **17.0%** |

At the end of last December, the area's backlog increased by 17% to 10,746.4 million euros. In Spain, it amounts to 6,300.6 million euros, where the contribution of street collection and cleaning in Barcelona stands out with 903.2 million euros, as well as other contracts in the city of Madrid, for a total amount of 682.6 million euros. In the rest of the territorial areas as a whole, the portfolio of services also increased by 3.1% to 4,445.8 million euros, highlighting the new contracts secured in the UK and the USA.

### *2.1.7.1.2. Financial Debt*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Net Financial | 1,289.7 | 1,330.2 | (40.5) |

Financial debt decreased slightly in the year to 1,289.7 million euros. Its main balance corresponds to the issuance of two green bonds and a smaller amount of euro commercial paper, with a total accounting balance exceeding 70% of the total at year-end. The remainder mainly finances activity in the UK and is linked to project financing of waste treatment and recycling plants.

### 2.1.7.2. Water

The Water Area contributed 26.5% of FCC Group EBITDA in the period. 90.1% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 9.9% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related to a great extent to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 1,100 municipalities. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal and France. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of processing plants. Overall, the Water Area provides supply and/or sanitation services to more than 29 million inhabitants.

*2.1.7.2.1. Earnings*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 1,169.5 | 1,188.3 | -1.6% |
| *Concessions and services* | 1,053.3 | 1,016.6 | 3.6% |
| *Technology and networks* | 116.2 | 171.7 | -32.3% |
| EBITDA | 298.9 | 282.9 | 5.7% |
| *EBITDA Margin* | 25.6% | 23.8% | 1.8 p,p |
| EBIT | 181.3 | 167.4 | 8.3% |
| *EBIT margin* | 15.5% | 14.1% | 1.4 p,p |

Revenues fell slightly in the year to 1,169.5 million euros, due to decreased activity in the development of hydraulic assets. Revenues of the concessions and services and core business activity were up by 3.6% to 1,053.3 million euros, due to the higher volume of activity in Spain and abroad. Moreover, the activity of the Technology and Networks are dropped by 32.3%, due to the entry into the completion phase of a number of one-off international projects, which was partially offset by the growth of this activity in Spain.

**Breakdown of revenue by geographical area**

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 814.2 | 784.3 | 3.8% |
| Central Europe | 113.6 | 105.0 | 8.2% |
| Middle East, Africa and Others | 112.4 | 163.1 | -31.1% |
| Rest of Europe (France, Portugal and Italy) | 80,8 | 78.5 | 2.9% |
| Latin America | 48.5 | 57.4 | -15.5% |
| **Total** | **1,169.5** | **1,188.3** | **-1.6%** |

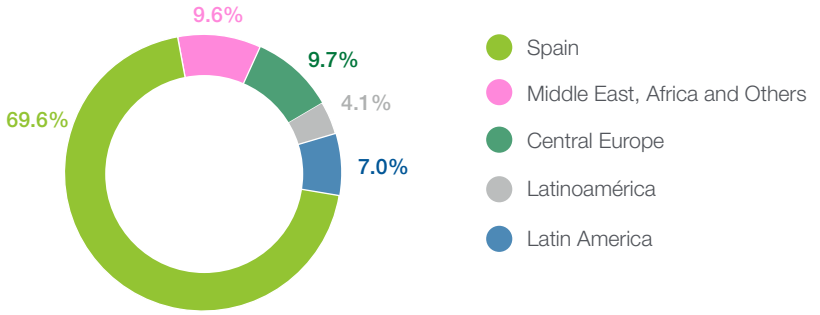
By geographical area, revenues in Spain increased by 3.8% to 814.2 million euros. This growth has occurred in each and every one of the activities, with Technology and Networks standing out due to both the contracts linked to one-off projects and the implementation of the investment plans of the concession contracts. Regarding the latter activity, the growth in $m^3$ billed was 0.5%, with a progressive recovery towards pre-pandemic demand levels.

Internationally, Central Europe grew by 8.2% to €113.6 million following the tariff update in the end-to-end cycle activity in the Czech Republic and the favourable performance of the exchange rate of the Czech koruna (+3.2% in the year). In the Rest of Europe, revenues increased by 2.9% to 80.8 million euros, driven by the tariff increase for the Aque di Caltanissetta (IT) concession contract and the higher volume of activity in Technology and Networks for this contract.

The Middle East, Africa, and Others accounted for the fall in revenues in the Area to 112.4 million euros. This decrease was concentrated in the Technology and Networks business, almost entirely due to the slowdown in the almost completed construction of a wastewater treatment plant in Egypt.

Lastly, in Latin America, turnover decreased by 15.5% to 48.5 million euros, due to the lower contribution in the Technology and Networks business, both in Mexico and Colombia, of projects that are already at very advanced stages of execution and which have not been offset by others recently awarded, together with the increase in the end-to-end cycle business in Colombia.

BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA




Gross operating profit (EBITDA) increased by 5.7% and totalled 298.9 million euros, due to the higher concession activity that more than compensated for the lower contribution of the Technology and Networks business and enabled the operating margin to grow to 25.6%, compared to 23.8% the previous year.

Net operating profit (EBIT) was up by 8.3% when compared to last year's figures, totalling 181.3 million euros, due to the performance of gross operating profit, as discussed previously.

### Breakdown of backlog by geographical area

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 7,149.6 | 7,224.7 | -1.0% |
| International | 8,211.5 | 7,801.2 | 5.3% |
| **Total** | **15,361.1** | **15,025.9** | **2.2%** |

The backlog at year-end totalled €15,361.1 million, 2.2% more than in 2020. In Spain, several contracts for the island of Tenerife, the end-to-end management contract in Salamanca, and the La Línea contract in Cádiz deserve a special mention. In the international area, the contract for comprehensive improvement and management in Los Cabos (Mexico) and the end-to-end cycle of Mantes-la-Jolie in France are also worth mentioning.

#### *2.1.7.2.2. Fiancial Debt*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Net Financial Debt | 1,247.6 | 1,177.6 | 70.0 |

Net financial debt reached 1,247.6 million euros at the end of the business year. The increase in net debt in the year is due to the complete elimination of loan assignments in the year amounting to 107.1 million euros.

### 2.1.7.3. Construction

The Construction Area contributed 9.1% of the FCC Group's EBITDA at the end of the business year. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 20 countries. Special mention should go to participation in major works like railways, tunnels, bridges and football stadiums that constituted a major part of the activity.

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 1,659.6 | 1,611.0 | 3.0% |
| EBITDA | 102.6 | 53.6 | 91.5% |
| *EBITDA Margin* | 6.2% | 3.3% | 2.9 p.p |
| EBIT | 71.1 | 20.9 | 240.2% |
| *EBIT margin* | 4.3% | 1.3% | 3.0 p.p |

Revenues in the area were up by 3% to 1,659.6 million euros, largely due to the steady pace of project performance in Spain Europe and Latin America, offsetting the lower activity levels in the Middle East.

### Breakdown of revenue by geographical area

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 885.2 | 848.8 | 4.3% |
| Rest of Europe and Others | 419.2 | 390.0 | 7.5% |
| Latin America and the USA | 209.4 | 126.0 | 66.2% |
| Middle East and Africa | 145.8 | 246.2 | -40.8% |
| **Total** | **1,659.6** | **1,611.0** | **3.0%** |

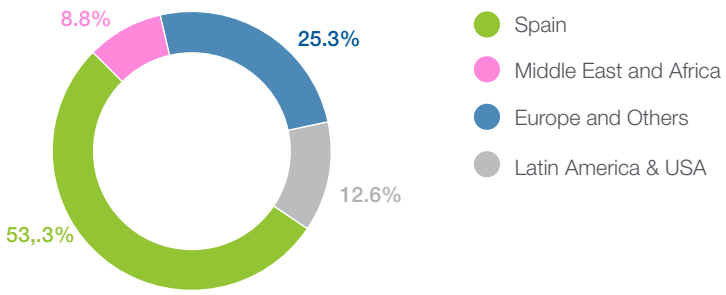
By geographical area, turnover in Spain increased by 4.3% to 885.2 million euros, due to the good pace of execution in the remodelling of the Santiago Bernabéu football stadium, as well as in other minor public works such as the remodelling of the Plaza de España and the island ring road in Tenerife.

Similarly, in the Rest of Europe and other markets, turnover grew by 7.5% compared to the previous year, reaching 419.2 million euros, thanks to the greater contribution of projects under development, such as the A-9 in the Netherlands and the A-465 motorway in Wales, which compensated for the lower contribution of others already completed, such as Grangegorman in Ireland.

In Latin America and the USA, revenues grew significantly, up to 209.4 million euros, largely due to the increased contribution of the Maya Train in Mexico and the commencement of a road project in Chile.

The drop in revenues is mainly concentrated in the Middle East, down to 40.8% to 145.8 million euros, essentially due to the lower activity reported in the construction of the Riyadh metro in Saudi Arabia as the project nears completion.

## BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA




Gross operating profit increased significantly by 91.5% to 102.6 million euros compared to 53.6 million euros in the previous year. This increase is based on the aforementioned development of revenues and especially on the disappearance of the impact on various projects in the previous year caused by the slowdown and stoppages due to by the measures taken to combat the health crisis. As a result, the operating margin for the year amounted to 6.2%, similar to the level reached in previous quarters.

Net operating profit totalled 71.1 million euros, compared to 20.9 million euros for the previous year, thanks to the performance of gross operating earnings, as mentioned previously.

**Breakdown of backlog by geographical area** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 1,368.0 | 1,628.4 | -16.0% |
| International | 2,613.3 | 3,527.4 | -25.9% |
| **Total** | **3,981.3** | **5,155.8** | **-22.8%** |

The revenue portfolio drops to 3,981.3 million, more sharply in the International realm, due both to the progress of contracts and the adjustments made to the projects to be carried out in certain countries, which have yet to be offset by new contracts.

**Breakdown of the Backlog by Activity Segment** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Civil engineering works | 3,301.6 | 4,121.5 | -19.9% |
| Building | 426.3 | 695.0 | -38.7% |
| Industrial Projects | 253.4 | 339.3 | -25.3% |
| **Total** | **3,981.3** | **5,155.8** | **-22.8%** |

Civil engineering works continue to be the dominating segment by type of activity, representing 82.9% of the total.

### 2.1.7.4. Cement

The Cement Area contributed 6.8% of the FCC Group's EBITDA in the business year. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with 7 main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which operates a number of factories on the east coast of the US.

#### *2.1.7.4.1. Earnings*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 433.8 | 382.6 | 13.4% |
| *Cement* | *393.2* | *345.2* | *13.9%* |
| *Other* | *40.6* | *37.4* | *8.6%* |
| EBITDA | 76.1 | 139.9 | -45.6% |
| EBITDA Margin | 17.5% | 36.6% | -19.0 p.p |
| EBIT | (90.3) | 106.8 | -184.6% |
| *EBIT margin* | *-20.8%* | *27.9%* | *-48.7 p.p* |

The area's revenues rose 13.4% compared to last year and amount to 433.8 million euros, due to an increase in volumes invoiced in Spain as well as an increase in exports from local markets (Spain and to a lesser extent Tunisia).

**Breakdown of revenue by geographical area** *(Millions of euros)*

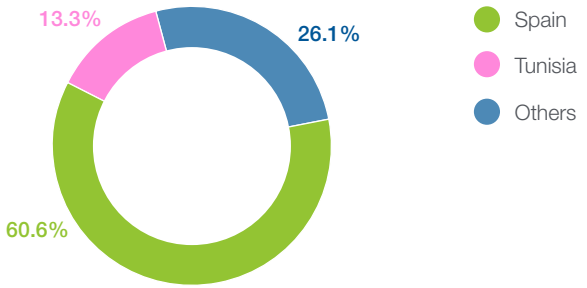
| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 262.9 | 237.9 | 10.5% |
| Tunisia | 57.8 | 57.8 | 0.0% |
| Miscellaneous (exports) | 113.1 | 86.9 | 30.1% |
| **Total** | **433.8** | **382.6** | **13.4%** |

With regards to the geographical areas, the turnover in Spain was up by 10.5% to 262.9 million euros, due to the significant increase in volumes, which concentrated in the first half of the year, together with price stability, all derived from the drop in demand since last year, mostly of private origin.

In the local Tunisian market, turnover remained at the same level as the previous year at 57.8 million euros, where the increase in prices compensated for the slight decrease in volumes.

Moreover, export revenues increased by a noteworthy 30.1% to 113.1 million euros, following an increase in exports, mainly to the EU, from Spain, in particular to the UK and France, as well as those from Tunisia.

BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA




Moreover, EBITDA stood at 76.1 million euros, 45.6% down when compared to 139.9 million euros during the previous year. This drop is largely explained by the impact of the sale of a large volume of $CO_2$ rights during the previous year, which amounted to 58.9 million euros, as compared to

7.8 million euros during this year. Excluding this differentiating factor, operating profit excluding $CO_2$ was down 15.6% compared to the previous year, mainly due to the effect of the increase in electricity and fuel prices in the second half of 2021.

The net operating profit was -90.3 million euros, mainly due to a 136-million-euro adjustment to the value of various property, plant and equipment and goodwill, in order to better reflect their estimated future cash generation capacity.

### *2.1.7.4.2. Financial Debt*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Net financial debt | 124,4 | 173,7 | (49,3) |

Net financial debt, entirely without recourse to the Group's parent company, dropped to

49.3 million euros when compared to December of last year, reaching 124.4 million euros, as a consequence of the application of the free cash flow generated in the year as a whole to the reduction of financial indebtedness. The Cement Area therefore reaches a new milestone in the progressive strengthening of its financial soundness.

### 2.1.7.5. Real Estate

The Real Estate Area will contribute 3.6% of the FCC Group's EBITDA in 2021. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

*2.1.7.5.1. Earnings*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 147.9 | 34.8 | n/a |
| *Rentals* | *17.2* | *0.0* | *n/a* |
| *Residential Development* | *130.7* | *34.8* | *n/a* |
| EBITDA | 40.0 | (3.8) | n/a |
| *EBITDA Margin* | *27.0%* | *-10.9%* | *38,0 p.p* |
| EBIT | 298.3 | (3.8) | n/a |
| EBIT margin | 201.7% | -10.9% | n/a |

The area's revenues amounted to 147.9 million euros in 2021, a substantial increase over the previous year, due both to the aforementioned entry into the scope using full consolidation of the Realia Group and Jezzine, and to the increase in revenues from the Development activity, due to the higher rate of deliveries throughout this business year.

In the Residential Development activity, with 130.7 million euros of revenues in the year, this is explained by the increase in activity, which in comparable terms (without considering the effect of the consolidation of the Realia Group), would have grown to 102.3 million euros in this business year. In addition, the activity has been reinforced by the contribution of the Realia Group for two months of the year, with 28.4 million euros. The revenues generated were distributed among more than ten developments, mainly in metropolitan areas of large cities in Spain.

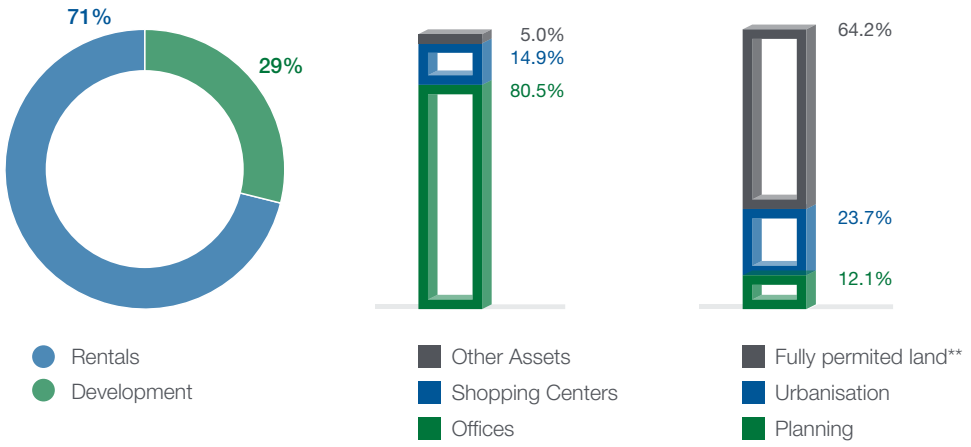
The revenue reported by Rentals was 17.2 million, compared to the lack of a contribution in the previous year and only two months of this activity in the year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 80% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy rate exceeded 95%, supported by high occupancy levels in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to offices.

Similarly, EBITDA performed better this year, with a figure of 40 million euros, due both to the higher profitability of Development operations and to the effect of the contribution of the new Rentals activity, with a much higher operating margin. As a result, the operating margin stood at 27% for the year, a percentage that should increase in the coming periods as the contribution of the Rentals activity is extended to the whole of the annual period.

EBIT contains the effect of the aforementioned change in EBITDA, together with the profit generated by raising the value of Realia's rental assets by 241.7 million euros to their fair market value.

The latest available market valuation of the Area's Real Estate assets, which totalled 2,941.8 million euros at 31 December 2021, is presented below. The majority corresponds to rental assets, which account for 71% of the total, a figure of 2,086.6 million euros, while Residential Development, which includes land at different stages of development together with developments being marketed, in progress, and completed, accounts for 29% of the total, amounting to 855.2 million euros.

GAV PER ACTIVITY* | RENTALS | RESIDENTIAL DEVELOPMENT




* Development data of FCC Inmobiliaria, S.A. as at 30 June 2021.
** Includes products in progress and finished products.

*2.1.7.5.2. Financial Debt*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Net financial debt | 889.7 | 0 | 889.7 |

The balance of financial debt at 31 December 2021 amounted to 889.7 million euros, compared to zero in the previous year. The net financial indebtedness generated this year is explained in its entirety by the full consolidation of the Realia Group's debt and that of Jezzine, both at year-end. Both subsidiaries have long-term financing structures, linked to their rental assets and are separate from the head of the area, FCC Inmobiliaria.

## 2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 30 to the consolidated financial statements and in section 7 of the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance for the Group of preserving the environment and the responsible use of available resources, and in line with the vocation of service through activities with a clear environmental focus, the Group promotes and encourages the following principles throughout the organisation, on which the contribution to sustainable development is based:

- Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the Group's processes, products and services, and enhancing the positive impacts.
- Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for monitoring, assessment, decision-making and communication of the Group's environmental performance and compliance with the commitments undertaken.
- Climate change and pollution prevention: Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Prevent pollution and protect the environment through responsible management and consumption of natural resources, and also by minimising the impact of emissions, discharges and waste generated and managed by the Group's activities.
- Observation of the environment and innovation: Identify the risks and opportunities of the activities in the face of the changing natural environment in order, among other things, to drive innovation and the application of new technologies, and also to generate synergies between the Group's various activities.
- Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.
- The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

## 2.3. Business performance. Personnel

Attached is a breakdown of the Group's headcount at the end of the year, by business area:

| Areas | Spain | Abroad | TOTAL | %/Total |
|---|---|---|---|---|
| **2021** | | | | |
| Environment | 33,909 | 7,643 | 41,552 | 70% |
| Water Management | 6,701 | 3,117 | 9,818 | 16% |
| Construction | 3,828 | 2,781 | 6,609 | 11% |
| Cement | 809 | 240 | 1,049 | 2% |
| Concessions | 50 | 71 | 121 | 0% |
| Central Services and Others | 398 | 0 | 398 | 1% |
| **TOTAL** | **45,695** | **13,852** | **59,547** | **100%** |

# 3. Liquidity and capital resources

## Liquidity

In order to optimise its financial position, the Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 17 to the consolidated financial statements) and detailed financing (see note 20 to the consolidated financial statements).

Note 30 to the consolidated financial statements sets forth the policy implemented by the Group to manage liquidity risk and the factors mitigating said risk.

## Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

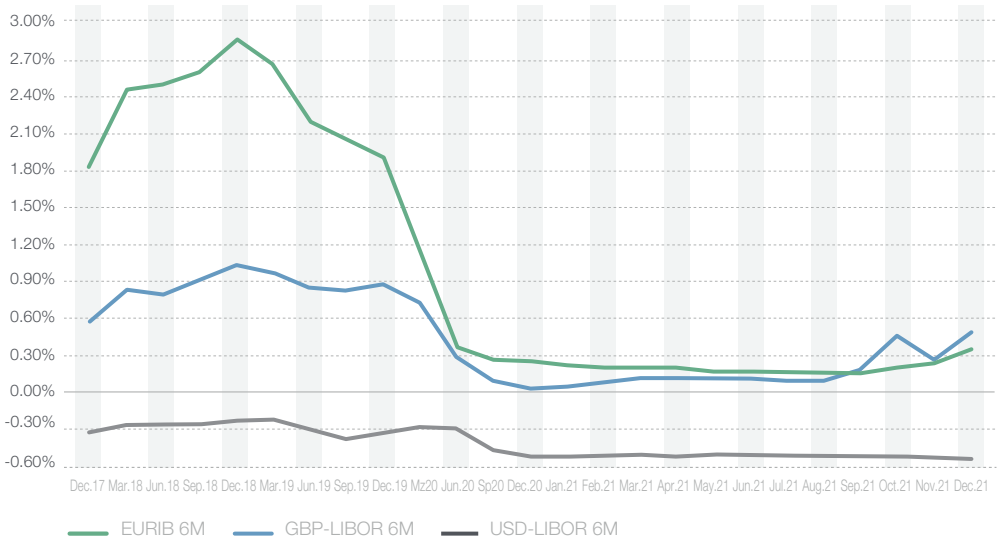
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U. registered a promissory note programme which it renewed in 2021 for an amount of up to €400 million; it also has financing facilities in the form of credit facilities.

In addition, in 2021 Cementos Portland Valderrivas, S.A. has voluntarily and early repaid all of its syndicated financing for a total of €115.5 million and has contracted new bilateral financing facilities (note 20 of Non-current and current financial liabilities in the notes to the 2021 annual accounts).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.




This section is discussed in greater detail in note 30 to the consolidated financial statements.

# 4. Major risks and uncertainties

## 4.1. Risk Management Policy and System

The Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different units, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This model applies to all Group companies, as well as to those affiliates where has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The system covers the risk scenarios considered, which have been classified into four groups: Operational, Compliance, Strategic and Financial.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

## 4.2. Major risks and uncertainties

The Group operates worldwide and in different sectors and, therefore, its activities are subject to a variety of environmental, socio-economic environments and regulatory frameworks, as well as to different risks inherent to its operations and risks arising from the complexity of the projects in which it participates, which could affect the achievement of its objectives.

Details of the main strategic, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 12.1 of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 30 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 12.1 of the Non-Financial Information Statement.

In addition, the Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 6.2 and 7 of the Non-Financial Information Statement.

# 5. Acquisition and disposal of own shares

On 28 July, the company reported that the Board of Directors, at its meeting held on 27 July, approved a Temporary stock buy-back programme, which will be closed on 30 September 2021. This programme is aimed at reducing FCC's share capital through the redemption of its own stock and it has the following characteristics: the maximum number of shares to be acquired under the Programme is 1.7 million and the maximum investment of the Programme was 20 million euros.

Subsequently, on 23 September, the Board of Directors agreed to extend the Temporary stock buy-back programme for an additional six-month period, which will end on 30 March 2022.

All in all, the treasury stock position at the end of the business year amounted to 2,410,758 shares, equivalent to 0,567% of the capital stock.

The acquisition and disposal of treasury shares carried out during the year are disclosed in Note 18 of the Notes to the consolidated financial statements.

# 6. Significant events occurring after the end of the year

On 2 February 2022, FCC Aqualia, S.A. acquired a 60% stake in Georgia Global Utilities JSC for USD 180 million, a water and renewable energy utility in Georgia. This acquisition is the first step in a global operation in which FCC Aqualia, S.A. will end up holding 80% of the water utilities business when a second phase of the agreement is completed, still subject to the fulfilment of suspensive conditions, which basically consists of the spin-off of the renewable energy business.

On 25 January 2022, FCC Aqualia, S.A. cancelled in advance the loan agreement for variable interest provisions amounting to 200,000 thousand Euros which was fully drawn down and in cash at 31 December 2021 (note 20). Also, on 25 January 2022, FCC Aqualia, S.A. signed a new loan agreement for variable interest provisions maturing on 31 March 2023 for the same amount. This new contract can be used for the Company's cash requirements and for the redemption of the GGU bonds mentioned above.

There have been no further significant events between the end of the reporting period and the date of authorisation of these financial statements.

# 7. Outlook

The outlook for the performance of the Group's main business areas in 2022 is given below.

## Environmental Services Area

In the countries where the Environmental Services Area operates, the sector is undergoing a process of transformation, mainly due to the environmental requirements of each country derived from the European Directives (new opportunities based on the ambitious objectives set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

Moderate growth is expected in Spain based on the start-up of new contracts already awarded. The entry into force of the new state waste tax is delayed until 2023, which implies stability in risk management activity. The contract renewal rate, which currently stands at over 90%, is expected to be maintained.

No significant changes are expected in the domestic market, the aim being focused on gradually replacing the linear production model with circular models (Plan PEMAR 2016-2022, España Circular 2030 [State Waste Framework Plan for Spain's Circular Economy]).

### Europe

In Portugal, business opportunities related to soil decontamination activities and new urban sanitation contracts stand out.

The UK economic forecasts point to a return to the pre-pandemic GDP level by the end of 2021. Despite the uncertainty in the near future caused by the latest effects of COVID-19, the Office for Budget Responsibility (OBR) has estimated medium-term GDP growth of around 2% per year, based on the strength of the labour market and rising tax revenues. Regarding the environment, after leaving the EU, the UK not only shares the EU's circular economy objectives and recycling targets, but aims to be more ambitious than the EU in terms of household waste recycling rates and the portion of waste to landfill, as well as being more aggressive in the timing of implementation. In addition, the government has a draft "Environmental Law" with ambitious recycling targets, and with new aspects to monitor compliance, as well as the establishment in 2022 of a packaging tax, while supporting measures to reduce $CO_2$ emissions. Given the nature of the sector, which is strongly conditioned by environmental legislation, FCC will continue to keep a close eye on legislative developments in these areas. The year 2021 has seen a recovery in the market and prices for recycled products, where the quality of the products remains essential for their commercialisation, although it will always be subject to some price volatility; the export of RDF (refuse derived fuels) to Europe has been suffering from trade barriers and the development of new treatment plants, a positive development for our UK division, which continues with its strategy of energy production through the waste treatment and disposal.

In Central and Eastern Europe, organic growth is expected in parallel with macroeconomic indicators (inflation and GDP) in each of the countries. A solid municipal and industrial customer base is maintained with the inclusion in 2022 of the collection and risk management contract in the Tyrol region (Austria) and the recovery of the collection and treatment contract in Zabrze (Poland). Recycling prices (especially paper and metals) are expected to remain at the high levels of 2021 and FCC has already been awarded several soil decontamination projects in the Czech Republic and Slovakia which are expected to be executed in the period 2022-2024.

In relation to the implementation of the business model, Austria is a mature and fully developed market while the other three most important countries, the Czech Republic, Slovakia and Poland, must gradually transform their business model, reducing volumes in landfills and increasing treatment and recycling activities in order to adapt to European Union directives. This process entails legislative changes that are already becoming visible (especially in Poland and Slovakia) and will require significant technological investments in the coming years in order to maintain a leading and competitive position in these markets (e.g. incinerators). A number of projects are already being analysed in each of these countries and could materialise in the short term.

### USA

The Group has also begun to promote mechanical biological treatment plants in the USA, in line with new regulations that are beginning to make it mandatory in some statuses to minimise landfill disposal. The group's significant experience at European and international level will bring considerable development in this business for FCC, which has a clearly differentiating experience in this technology compared to its usual competitors in the country.

## Water

Expectations for 2022 are for an increasing recovery in the levels of activity that have been affected by the COVID-19 pandemic, fundamentally in the geographical areas where demand is most closely linked to tourism activity. In this regard, we expect a significant recovery in the Canary and Balearic Islands in the coming quarters to recover the volumes invoiced in 2019, This situation will be reinforced by the new contracts incorporated into the perimeter during 2021, and also by the maintenance of the high rates of renewal of contracts that Aqualia historically records on their expiry. This increase in revenues will lead to an improvement in results, reinforced by the continuation of cost optimisation actions.

By 2022, concessions in **Spain** in the area of end-to-end water cycle **service concessions** are expected to maintain renewal rates similar to 2021, i.e. above 90%. In terms of new procurement, several expiring contracts, currently operated by competitors, are expected to be tendered out. In addition, major water treatment works are expected to be tendered in Madrid and Palma de Mallorca.

With regard to Europe, in **Portugal**, prospects of a slight reactivation of the concession business is expected after the legislative elections held in 2019 and based on the high budget deficit of the Municipalities and the need for infrastructure investment. Similarly, a further proliferation of operation and maintenance contracts promoted by public companies belonging to Aguas de Portugal and inter-municipal companies is expected.

New public service delegation tenders are expected to be launched in **France** due to the expiry of the contractual term of one of the country's existing contracts.

In **Saudi Arabia**, tenders will be awarded for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi kingdom has been divided, before they are finally transformed into administrative concessions.

During 2022 Aqualia will consolidate the operation of the new contract to operate the Jizan desalination plant in **Saudi Arabia** and the operation of the Abu Rawash wastewater treatment plant in **Egypt**, the largest in Africa.

In LATAM, the 20-year operation period of the Guaymas IDAM (Sonora, Mexico) will begin, the contract for the end-to-end management improvement of Los Cabos (Baja California Sur) will start, as well as the operation of the El Realito aqueduct and the technical assistance period of the Salitre WWTP (**Colombia**) will end. In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora and for purification within the Bogotá river decontamination programme. Opportunities in end-to-end water cycle management will also be explored.

Finally, in **Peru**, we will continue with the preparation of the private initiatives represented as relevant for Aqualia, expecting the tendering of approximately 5 BOT purification contracts, and in the **USA**, the projects currently under study will be presented to their corresponding clients under the formula of "unsolicited proposals", for their assessment and, if accepted, for their subsequent execution. Market exploration will also continue with the aim of acquiring a growth platform for the country.

## Construction

The Group focuses on the international market in countries and markets with a stable presence, and on the execution of projects with secured financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking into account the above, it is estimated that in 2022, the turnover obtained in Spain will remain similar to that obtained in 2021.

The estimated 2022 foreign market turnover is expected to resemble 2021, with the development of major infrastructure projects obtained between 2019 and 2021 and the contribution of the markets in America (Mexico, Chile, Peru, Colombia) and Europe (the Netherlands, the United Kingdom and Romania).

## Cement

During 2021, there has been a very significant increase in the cost of maritime freight and, above all, in the gas and electricity markets. These increases have been passed on as supply chain disruptions on the one hand, and on the other hand are the main source of inflationary pressures that have been passed on to virtually all products and services. The lack of visibility on the return to normality is very high.

On 17 December 2021, the Bank of Spain revised Spain's GDP growth for 2021 downwards to 4.5%, due to supply shortages, longer product delivery times, more expensive energy supplies and, finally, the OMICRON variant of COVID-19. For 2022 it forecasts growth of 5.4% with an unemployment rate of 14.2%, almost one point lower than expected for 2021. It is not until the end of 2022 that the Spanish economy will recover to pre-crisis levels caused by the COVID-19 pandemic.

According to estimates by the Association of Infrastructure Construction and Concession Companies (SEOPAN), official tenders up to November 2021 have increased by 80.2% compared to the same period in 2020. Building permits for new construction have increased by 22% and public procurement is estimated to grow by 36% compared to 2020. These increases are reflected in cement consumption, which reaches 14.9 Mt, 11% more than in 2020, equivalent to 1.5 million tonnes, according to data provided by the sector's employers' association, OFICEMEN. The same source also says that the market evolution in 2022 will close in a range of between 3% and +5%, exceeding 15 million tonnes. Domestic political instability in Tunisia is keeping consumption levels at low levels. By 2022, growth in the domestic market is estimated at 1.6% to reach 6 million tonnes, after closing 2021 at around 5.9 million tonnes, with a growth of 2.5% over 2020.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

## Real Estate

FCC Inmobiliaria's actions for 2022 are focused on the development of its three business lines in Spain:

### Office and shopping centre rentals

- Business backed by the quality of the assets where most of the offices are located in prime areas, and also the group of shopping centres it owns, which are centres located in the urban centres of the cities.
- Sustained recurrence of revenues from Jezzine, the lessor of Caixabank's offices, whose lease expires in 2037.
- Assisting its property subsidiaries to adapt their buildings and business to new trends in efficiency and sustainability in the office and shopping centre market.
- Adapt the commercial relationship with tenants by adapting contracts to market requirements, such as flexibility of space, duration, etc.

### Promoción Inmobiliaria

- Mantenimiento de la actividad promotora en niveles similares al ejercicio pasado, con la finalización de los proyectos en curso, así como el inicio de nuevos proyectos, con una especial atención a la rentabilidad de los mismos, así como a la viabilidad de su comercialización, teniendo para ello presente la evolución de la demanda y el escenario macro de la economía española que son vitales para el desarrollo de la actividad promotora.
- Continuar con la gestión del banco de suelo que tiene el Grupo, y que se vaya consolidando como suelo urbano, con el consiguiente incremento de valor y que le asegure una continuidad en su actividad promotora.
- Adquisición de nuevos activos y/o suelos con recorrido de valor, bien por la gestión y/o por el mercado.

### Rental housing

Continuation and development of the new rental development activity, where Realia will develop 2 new projects for the construction of 195 subsidised housing units (VPPL-VPPB) for rental in the municipality of Tres Cantos (Madrid), with a total planned investment of €42.9 million, of which €27.3 million is pending, with the possible acquisition or development of new land for the same purpose of residential rental housing. The Group continues to operate the Build to Rent (BTR) residential building of 85 homes in Tres Cantos (Madrid), at 31 December 2021 it has formalised rental contracts for 100% of the surface area.

# 8. RD&I activities

The Group's Research, Development and Innovation (RD&I) activities in 2021 were embodied by over 45 projects.

These projects seek to provide a response to the challenges of each business area while maintaining global coordination between the different business areas of the Group.

The activities of the different Business Areas and the main projects developed throughout 2021 are detailed below.

## Services

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

- **VISION**
- **BICISENDAS**
- **INSECTUM**
- **B-FERTS**
- **DEEP PURPLE**
- **PLASMIX**
- **LIFE 4 FILM**
- **H2020 SCALABLE TECHNOLOGIES FOR BIO-URBAN WASTE RECOVERY (SCALIBUR).**

In addition, new ones have been launched during 2021, which are summarised below:

- **VALOMASK:** The project involves the design and development of a sustainable management process for discarded face masks. Under the concept of moving from waste to products, this project aims to prevent tons of masks from ending up in landfills by means of a mechanical separation process in Waste Treatment Centres (WTC), recovery and bioconversion, obtaining bio-products that help to prevent the spread of COVID-19. Developing this new process will call for the generation of new knowledge on the behaviour of masks in risk management plants and a technological development pathway for the separation of plastics, and also a new approach to research in this field.
- **RECYGAS:** This project deepens research into waste gasification and makes it possible to use the clean synthetic gas obtained from the gasification process to initiate chemical synthesis routes (whose products would no longer have the status of waste) or its use in high-efficiency electricity generation cycles. The technology that the project incorporates would allow it to climb up the waste management hierarchy towards recycling.
- **EFFECTIVE SEALING SOLUTION FOR METALLIC MINING WASTE DUMPS TO CONTROL POTENTIALLY TOXIC ELEMENTS:** The technology to be implemented in this project is the experimental application, on a field scale, of a novel and effective sealing procedure for mining waste deposits, consisting of the installation of a multilayer physical barrier based on a proprietary technology already patented and tested in a pilot test on a small scale, but pending validation on a field scale, testing two different types of materials: Construction and demolition waste (CDW) and limestone waste from cuttings and excavations in mining activities.

In the field of specialised machinery for waste collection activities:

- **SPECIAL SIDE-LOADING VEHICLE:** Development of a new side-loading compactor collector vehicle, 2 metres wide (non-existent on the market), on a compressed natural gas chassis, also 2 metres wide and with a gross vehicle weight of 18 tonnes.
- **SPECIAL REAR-LOADING VEHICLE:** Development of a new rear-loading compactor collector of very small dimensions, bi-compartment of 10 $m^3$ with pure electric propulsion and drive of the bodywork and auto-recharging system of batteries by CNG engine on special chassis, narrow of 2.2 meters wide and an MAM of 17 tonnes.

## End-to-end water management

Aqualia's innovation is guided by European Green Deal policies to reduce the carbon footprint to zero, thanks to the transition to a circular economy with no environmental impact. The Innovation and Technology Department (ITD) develops new smart management tools and new proposals for sustainable services, supporting the company in achieving the United Nations Sustainable Development Goals (SDGs). Priorities are affordable, high-quality water and sanitation (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and contributing to sustainable production and consumption (SDG 12).

The projects highlighted in 2021 are listed below:

- **INTERCONECTA (FEDER) ADVISOR:** Aiming to achieve a circular economy in the agro-industrial activity of Guijuelo, and prevent the cost and impact of waste management in the meat industry, new recovery solutions have been demonstrated at the WWTP operated by Aqualia. By adapting co-digestion to slaughterhouse waste, with the validation of thermal pre-treatment and innovative control systems, the energy self-sufficiency of the treatment plant has been increased. Increased biogas production, and its enrichment with the ABAD Bioenergy® process, has made it possible to supply biomethane to service vehicles.

  There was also a demonstration of the ELSAR process, a new anaerobic reactor with bio-electrochemical intensification, a patent shared with the University of Alcalá. In addition, the transformation of fatty waste into bioplastics has been assessed, and the fertiliser value of the by-products has been demonstrated in collaboration with farmers in the region.
- **H2020 SABANA:** Led by the University of Almeria, the consortium of eleven entities from five countries (including the Czech Republic and Hungary) includes three large companies: Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project has optimised the production of new biofertilisers and biostimulants from algae, and two biorefineries based on algae cultivation have been implemented in the WWTPs managed by Aqualia in Mérida (Badajoz) and Hellín (Albacete), totalling five hectares.

- **H2020 RUN4LIFE:** Led by Aqualia, a consortium of fifteen entities in seven countries has implemented new nutrient recovery concepts, based on the separation of grey and black water, in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain). In the Vigo Free Trade Zone, Aqualia operates a membrane reactor (MBR) in an office building for greywater, which is reused in the toilets. The sewage is transformed into bioenergy in an anaerobic MBR. In effluents, various nutrient recovery options have been tested, followed by advanced oxidation to remove viruses and emerging pollutants to encourage reuse. A larger scale prototype installation has been prepared in Balaídos with effluent from the Citroën industrial complex.

  At the other two demonstration sites, involving hundreds of new flats in Ghent and Helsingborg, grey and black water are separated, and organic kitchen waste is included in the anaerobic reactors. After the housing units were opened in 2020, and the energy and nutrient recovery facilities were commissioned, the service has been optimised through dialogue with the users, reducing water and energy consumption through decentralised management.

  New vacuum toilets have been installed in some 30 houses in Sneek, with minimal water consumption, facilitating direct thermophilic digestion of sewage in a novel bioreactor that allows direct production of a fertiliser. An important task was the assessment of the effect of new fertilisers, verifying through greenhouse cultivation trials the quality and safety of effluents and by-products of the different nutrient recovery processes.

- **RIS3 RECARBÓN:** Financed by the Asturian agency IDEPA with FEDER funds, and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), Aqualia supports the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre) in the research of pollutant adsorption methods with regenerated activated carbon and bio-char. This sustainable and affordable adsorbent is assessed for biogas cleaning in the WWTPs of Chiclana, Lleida and Jerez, and also in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

  The bio-char is also being tested in new micropollutant adsorption units, for which Aqualia's accredited laboratory in Oviedo is developing advanced analysis methods, and new sensors are being validated to enable real-time monitoring at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI MARADENTRO:** The project "Managed Aquifer Recharge: ADrEssiNg The Risks Of re-generated water" is led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, involving partners in France, Italy and Sweden, and examines soil as a tertiary risk management unit.

  A 400 $m^2$ infiltration system is being built at the Medina del Campo WWTP for advanced risk management of treated water and its reuse in aquifer recharge, compared to conventional tertiary treatment. Scientific institutes develop system design and simulation tools to optimise the operation and costs of emerging pollutant removal.

- **H2020 SCALIBUR:** The project, led by the Itene technology centre, involves 21 partners from 10 countries and focuses on waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focuses on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and promote the circular economy.

  Within this framework, Aqualia has implemented new sludge risk management at the Estiviel WWTP (Toledo), testing improvements in thickening and dual two-stage digestion, and simplifying sludge stabilisation without heated concrete structures. The project has facilitated first innovation activities at SmVaK in the Czech Republic to convert organic matter into by-products and bioenergy, and prototypes are being built at the Karviná WWTP.

- **BBI DEEP PURPLE:** Led by Aqualia and supported by thirteen partners from six countries, the project implements on a demonstration scale a new bio-refinery model, which integrates purple phototrophic bacteria (PPB) in anaerobic carrousel-type systems. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

  A first Aqualia prototype is operating at the Toledo-Estiviel WWTP, and a demonstration reactor 10 times larger is being built at the Linares WWTP. Parallel activities are prepared also at the SmVaK WWTP in the Czech Republic and another demonstration site is planned.

- **BBI B-FERST:** With Fertiberia as leader, and with ten partners from six different countries, Aqualia is involved in the development of new biofertilisers from urban wastewater and by-products from agri-food industries. The potential of raw materials recovered from municipal waste and effluents in the production of fertilisers in three countries (Spain, Italy and Czech Republic) is analysed. A struvite precipitation system has also been built at the Jerez WWTP to incorporate the phosphorus recovered in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.
- **LIFE INTEXT:** The project to optimise low-cost wastewater treatment technologies in small towns is led by Aqualia, with the AIMEN and CENTA technology centres and the University of Aarhus in Denmark supporting SMEs in Germany, Greece and France. The aim is to minimise energy costs, carbon footprint and waste from wastewater treatment by providing ecologically and economically sustainable solutions for urban areas with less than 5,000 inhabitants. The demonstration platform of 16 technologies was started up at the Talavera WWTP, operated by Aqualia, which will allow a tailor-made offer to isolated urbanisations.
- **LIFE ULISES:** Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support Aqualia as coordinator to transform conventional WWTPs into "energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pretreatment with the PUSH reactor, which has also been successfully assessed in two WWTPs in Portugal, has been implemented at the El Bobar WWTP in Almeria, operated by Aqualia. To improve the energy balance, digestion with hydrolysis is intensified to use bio-methane as a vehicle fuel with an ABAD BioEnergy refining system and a dispenser.
- **LIFE INFUSION:** After completing the Life Methamorphosis project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) extended the operation of the pilots to prepare the designs for several new plants to recover resources from municipal solid waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system is optimised with Aqualia, AnMBR and ELAN technologies, with the addition of an ammonium stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to assess the options for implementing the solutions in their plants.
- **LIFE PHOENIX:** The Aqualia-led project, supported by the technology centres CETIM and CIESOL, optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). In order to assess various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir River Basin Federation, several mobile plants are being built, one for physical-chemical treatment of 50 $m^3$/h, another for advanced filtration of 30 $m^3$/h, to be combined with various ultra- and nanofiltration membrane refining skids.

  In addition, Newland's European subsidiary Entech is participating with O3 ozone and UV ultraviolet modules, which enable advanced oxidation and disinfection. A sensor from the Dutch SME MicroLan for on-line microbiological measurements is also being tested.
- **LIFE ZERO WASTE WATER:** In a partnership with Canal Isabel II, the Aqualia-led project is installing a combined treatment unit at the Valdebebas WWTP for Urban Waste Water (UWWW) and the Organic Fraction of Solid Urban Waste (FORSU). It will feed an anaerobic reactor AnMBR of 50 $m^3$/d, which will be followed by the ELAN in-line water process, allowing for a carbon neutral treatment footprint. The assessment will assess the management of FORSU at the municipal level, using the sewerage system to transport the mixture in a single stream.

  In addition to the Universities of Valencia (co-holder of the AnMBR patent) and Santiago (co-holder of the ELAN patent) the Portuguese SME Simbiente is participating to develop an advanced management system, combined with on-line monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).
- **H2020 SEA4VALUE**: The EureCat technology centre coordinates fourteen partners from seven countries to recover resources from brine concentrated in seawater desalination plants (SWDP). With 100% EU funding, at least eight innovative technological solutions are still being developed at a basic scientific level. The aim is to enrich the most valuable components of seawater (lithium, caesium and rubidium) and to recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows them to be exploited on the market.

  The technical and economic impact analysis foresees the implementation of pilot units in the various SWDPs operated by Aqualia, to reinforce Aqualia's Desalination Innovation Centre in Denia and to develop a new platform in Tenerife, adding the development of solutions for the valorisation of brine to the new desalination methods. Work is being done on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimising the remineralisation of permeate with micronised calcite, reducing $CO_2$ consumption, turbidity and the size of the installation.

- **H2020 ULTIMATE:** In the Smart Water Economy call, Aqualia participates in two of the five selected consortia, which receive up to €15 million of EU support per project. In Ultimate, the Dutch technology centre KWR coordinates 27 partners implementing nine demonstrations of synergies between water utilities and industries.

  At the Mahou WWTP in Lérida, operated by Aqualia, a fluidised anaerobic reactor (FBBR / Elsar) is being installed on an industrial scale, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Yeast co-digestion is also being studied, together with support for another project partner, Aitasa in Tarragona, where Aqualia is building a new industrial effluent treatment plant.

- **H2020 REWAISE:** Of the five projects funded under the EU's Smart Water Economy programme, Aqualia leads the project with the largest business participation, as the twenty-four entities in the consortium include water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in "living labs" including Aqualia's operations in Badajoz, Canary Islands, Denia or Vigo.

  Rewaise reinforces Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of the operation and control of processes and networks to optimise service efficiency and water quality.

- **H2020 NICE:** The project, led by the technology centre CETIM with 14 partners from 9 countries, focuses on natural solutions for the purification and recovery of resources from wastewater, such as wetlands or green swamps. These options for sustainable cities will be implemented in a dozen sites, including Aqualia's facilities in Vigo, Talavera and Algeciras. The pilots integrate developments from SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **LIFE RESEAU:** The RESEAU project aims to increase the resilience of existing sanitation water infrastructure to the impact of climate change. The project led by Aqualia is participated by ITG (Fundación Instituto Tecnológico de Galicia) and VCS (VandCenterSyd AS) in Odense (Denmark). Sensors (for speeds, flow rates, etc.) will be installed in the sewerage network in Moaña (Pontevedra) to monitor and model its behaviour.

  A 500 $m^3$ aerobic granular reactor will also be built at the Moaña WWTP to treat up to 2,000 $m^3$/d of wastewater. Compared to conventional activated sludge technology, this advanced biofilm system increases the biological treatment capabilities several times over, improving the WWTP's ability to react to flow variation and limiting the space requirements for its implementation. The environmental impact of the risk management process is also significantly reduced by reducing energy needs and avoiding greenhouse gas emissions.

A new European patent and one American patent was secured in 2021, as a PCT extension of European patents for the year 2020. Three trademarks and a utility model were also registered.

## Construction

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

In addition, the presence of universities and technology centres is essential in almost all projects.

Some of the projects are carried out in a consortium formed with Public Administrations, as is the case of the European Project **LIFE ZERO IMPACT**, Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines, in which the Administrator of Railway Infrastructures (Adif) participates. Contact has also been made with several town councils in Catalonia for the implementation of the pilot of a cycle lane of the "**BICISENDAS**" project.

The projects highlighted in 2021 are listed below:

- **ZERO IMPACT:** the project *Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines*, co-financed by the European Commission's "Life" programme, was conceived to design measures for protecting birdlife with anti-collision screens on High Speed Rail lines
- **ROBIM:** funded by the CIEN programme, financed by CDTI (Centro para el Desarrollo Tecnológico Industrial), and whose objective is an autonomous robotics for inspection and assessment of existing buildings with BIM integration with the development of an automated, active and multidisciplinary technology for inspection, assessment and diagnosis of the composition and status of conservation and energy efficiency of the building envelopes of the built heritage, which facilitates obtaining accurate and sufficiently detailed information on the construction systems and pathologies and also a comprehensive analysis of the building.
- **REFORM2:** This project, presented to the Catalan Waste Agency, aims to recover the by-product (0/6 porphyry, a by-product originating from the generation of ballast and gravel) of quarry extraction by incorporating it into thermosetting and thermoplastic matrices for different applications.
- **BICISENDAS:** Within the CDTI's CIEN 2018 programme, the aim of which is to develop a Sustainable, Energy Self-Sufficient, Intelligent, Cleaner, Integrated and Safe cycle lane.
- **PIELSEN:** As part of the Challenges-Collaboration programme, it aims to create an immersive 3D Homeostatic Architecture to create adaptive intelligent sensitive skin on Building Façades.
- **SAFE:** This project aims to develop an autonomous system for anchoring of maritime structures. This smart system makes it possible to reduce dependence on human resources, minimise risk, maximise efficiency and increase the safety of field manoeuvres.
- **STARPORTS:** From CDTI's INNTERCONECTA (Canary Islands) programme, it will develop a Distributed Wireless System for monitoring, prevention and action for Coastal Management. It consists of the development of a smart platform capable of providing detailed information on the state of any maritime infrastructure in real time. It is also intended to develop advanced sensor networks that can be integrated within the same infrastructure and allow significant and reliable data on the state of the infrastructure to be obtained.
- **RESALTO:** Approved by CDTI, it aims to research and develop sustainable road elements for speed reduction. There are three main research objectives: power generation, security signalling and connectivity with the environment.
- **SAFETY4D:** CDTI-approved project for developing an advanced and high performance process for occupational risk prevention in construction with implementation of the BIM methodology.
- **ONLYBIM:** Project of the regional programme of IDEPA of the Principality of Asturias whose objective is the development of a module for the design and execution of Non-Linear Works under BIM methodology.
- **GAUDI:** Approved in the call for collaborative projects of CDTI and which consists of the development of a Knowledge Management platform based on Artificial Intelligence algorithms and Content Curation techniques.
- **ACUSCOIN/ECO:** Developed by MATINSA and approved by CDTI, the aim of which is to research an acoustic emission system for assessing corrosion in reinforced concrete infrastructures.
- **DESIRE:** Developed by FCC Industrial and approved by CDTI, its objective is to develop a prototype of a basic RPAS simulator that, with the use of the software developed and the prototype of mixed reality glasses and the tracking system, complements the information presented to the RPAS pilot and the camera operator.
- **CYBERSEC:** Developed by FCC Industrial and approved by CDTI of the CIEN programme, this project entails research into various technologies, techniques, tools, methodologies and knowledge aimed at developing technological solutions for securing against cyber-attacks in highly critical connected environments, such as Industry 4.0, Smart Cities or critical infrastructures.
- **SAIM:** Project developed by MATINSA and approved by CDTI, aiming to develop a new technological solution to aid environmental management of coastal areas that allows the ecological characterisation of the environment automatically and in real time using information from a new sensorised data collection system, a new satellite information processing algorithm and a new computational simulation model.

Research, Development and Innovation (R&DI) is expressly contemplated in the Sustainability Management System under procedure PR/FCC-730. The company holds an RD&I Management System Certificate: RD&I Management System requirements based on Spanish-harmonised standard UNE 166002:2014, certified by AENOR, the Spanish Standardisation and Certification Association. The RD&I management system was certified for the companies MATINSA and FCC Industrial in 2021.

## Cement

In 2021, the Cementos Portland Valderrivas Group continued as a leading partner in **BIORECO2VER**, a European R&D project that has been extended this year to cover the accumulated delays resulting from the COVID-19 pandemic.

This project aims to obtain alternative processes for the commercial-scale production of certain chemical products (such as isobutene or lactic acid) in a more sustainable way by capturing industrial $CO_2$ emissions. The ultimate goal is to use this industrial $CO_2$ as a raw material and to stop relying on fossil resources for the production of these products.

Technology partners LTU and Enobraq conducted several tests in 2021 on emissions that Cementos Portland Valderrivas provided the research consortium. These tests have produced conclusive results and it has not been necessary to organise further "in situ" emission gas captures.

The conclusions of the project will be presented during the first quarter of 2022.

# 9. Other relevant information. share and other information

## 9.1. Stock Market performance

| | Jan. – Dec. 2021 | En. – Dec. 2020 |
|---|---|---|
| Closing price (€) | 11.08 | 8.40* |
| Change in the period | 31.9% | -16.3% |
| High (€) | 11.40 | 11.56* |
| Low (€) | 8.74 | 6.77* |
| Average daily trading (no. of shares) | 69,303 | 74,593 |
| Average daily trading (million euros) | 0.7 | 0.7 |
| Capital at end of period (million euros) | 4,711 | 3,600 |
| No. of shares circulating at closure | 425,173,636 | 409,106,618 |

* 2021 Data adjusted for scrip dividend.

## 9.2. Dividends

The Company's Board of Directors, at its meeting held on 29 June 2021, agreed to implement the agreement on the distribution of the scrip dividend adopted at FCC's General Shareholders' Meeting on 29 June 2021, in item 6 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. The holders of 98.18% of the free allocation rights opted to receive new shares, in recognition for their confidence in management and their capacity to execute the Group's value creation potential. Therefore, the paid-up capital increase was 16,067,018 shares; the total number of shares of the new capital stock was 425,173,636.

# 10. Definition of alternative performance measures according to ESMA regulations (2015/1415en)

## EBITDA

We define EBITDA as earnings from continuing operations before tax, results of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, subsidies, net changes in provisions and other non-recurring revenues and expenses. The reconciliation of EBITDA to the income statement headings is as follows :

| | Dec 2021 | Dec 2020 |
|---|---|---|
| Operating profit/(loss) | 802.2 | 572.7 |
| Amortisation of fixed assets and allocation of grants for non-financial and other assets | 443.9 | 477.3 |
| Impairment and gains/(losses) on disposal of fixed and non-current assets | -123.5 | -6.9 |
| Other gains/(losses) | 4.0 | 4.4 |
| **EBITDA** | **1,126.6** | **1,047.5** |

## EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

## Backlog

The Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction business Areas because these businesses are characterised by medium- and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business Area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

In the Environment Area, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business Area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with clients and for the tariffs set in those contracts.

In our Construction business Area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end client.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect price and schedule changes that are agreed with clients. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

In the Real Estate Area, the FCC Group calculates the backlog as the amount of the collection corresponding to the sales of homes pending completion at year-end.

## Net financial debt

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other current financial assets. The calculation of net debt is provided in note 30 to the consolidated financial statements.

## Voluntary turnover rate

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2021

EY
Building a better working world

EY
Building a better working world

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**AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

**Audit report on the consolidated financial statements**

**Opinion**

We have audited the consolidated financial statements of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2021, the consolidated income statement, the consolidated statement of recognised income and expense, the total statement of changes in the consolidated equity, the statement of consolidated cash flow, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2021 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

**Basis for opinion**

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards 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 related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, 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 audit opinion thereon, and we do not provide a separate opinion on these matters.

*Measurement of goodwill of Corporación Uniland*

Description

As explained in note 7 to the accompanying consolidated financial statements, "Goodwill" in the consolidated balance sheet as at 31 December 2021 included the goodwill arising from the Corporación Uniland cash-generating unit (CGU) in the Cement business, with a net carrying amount 225,881 thousand euros.

Group management tests goodwill for impairment at least at the end of each reporting period and recognises and impairment at the lower of recoverable amount, estimated on the basis of the present value of the expected future cash flows from the CGU to which it is allocated, and carrying amount.

The determination of recoverable amount requires Group management to make complex estimates using judgements to make the assumptions underlying those estimates.

Given the significance of the amount involved and the inherent complexity of the estimation process in determining the recoverable amount of goodwill, we determined this to be a key audit matter.

Disclosures on the measurement standards applied and key assumptions for determining the impairment of goodwill are provided in notes 3.b and 7.b to the consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Group management to determine the recoverable amount of goodwill and assessing the design and implementation of the relevant controls in place in that process.
- Reviewing the model used by Group management to determine recoverable amount with the involvement of our valuation specialists and paying particular attention to the model's mathematical coherence and the reasonableness of the cash flow projections, discount rates and long-term growth rates. In conducting our review, we interviewed the persons in charge of preparing the model and used reliable external sources and other available information to cross-check the data used.
- Reviewing, retrospectively, the estimates made in previous periods to identify potential biases in the assumptions used by Group management.
- Reviewing the sensitivity analyses performed by Group management of the estimates made in determining recoverable amount to changes in the key assumptions made.
- Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

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*Recoverability of the deferred tax assets of the Spain Tax Group*

Description

As explained in note 24 to the accompanying consolidated financial statements, at 31 December 2021 the Group recognised deferred tax assets on the consolidated balance sheet for the Spain Tax Group amounting to 564,797 thousand euros.

According to the accounting policy described in note 3.q to the accompanying consolidated financial statements, the Group recognises deferred tax assets except in cases where there are reasonable doubts about their future recovery.

The assessment made to determine the recoverable amount of these assets requires Group management to make complex judgements regarding the estimates of the future taxable profit of the companies comprising the Spain Tax Group based on financial projections and business plans considering applicable tax laws and accounting standards.

Given the complexity inherent in management's projections of business performance to estimate future taxable profits of the companies comprising the Spain Tax Group and the significance of the amounts involved, we determined this to be a key audit matter.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Group management to assess the recoverability of deferred tax assets and assessing the design and implementation of the relevant controls in place in that process.
- Assessing the reasonableness of the key assumptions used by Group management to estimate the period for recovering deferred tax assets, focusing on the economic, financial and tax assumptions used to estimate the future taxable profits of the Spain Tax Group based on budgets, business performance and historical experience.
- Assessing, with the involvement of our tax specialists, the key assumptions made by Group management regarding applicable tax laws.
- Assessing the sensitivity of the results to reasonably possible changes in those assumptions.
- Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

*Recognition of revenue from long-term contracts in the Construction business area*

Description

As explained in note 3 to the accompanying consolidated financial statements, performance obligations in the construction activity are satisfied over time, so revenue is recognised using the percentage of completion method.

The recognition of revenue from long-term construction contracts requires Group management to make significant estimates regarding, e.g. total contract costs to be incurred, estimated contract revenue and, where appropriate, the amount of contract modifications and claims relating to, e.g. the total costs to be incurred, the estimate of expected revenue and, where appropriate, the amount of contract modifications that will finally be accepted by the customer.

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Given the significance of the amounts involved since this affects a large portion of total "Revenue" and the measurement of completed work pending certification recognised under "Trade and other receivables", which amounted to 342,375 thousand euros at 31 December 2021, and the complexity required to make these estimates, which requires Group management to make judgements in determining the assumptions used, which means changes in those assumptions could give rise to material differences in the amount of revenue recognised, we determined this to be a key audit matter.

Information on the applicable measurement standards and the disclosures for revenue are provided in notes 3.s and 27 to the accompanying consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Group management to recognise revenue, assessing the design and implementation of the relevant controls in place in that process, and verifying the operating effectiveness of those controls for the main components of the Group that have this type of contract.
- Selecting a sample of projects from the Group's main components with this type of contract, for which we obtained the related contracts to read and understand the most important clauses and their implications, and, e.g. budgets, internal assessments of revenue recognition, certifications, follow-up presentations on the execution of projects and amounts received.
- Assessing for these contracts the reasonableness of Group management's assumptions through meetings with technical staff and project managers, and analysing the reasons for deviations between originally planned and actual costs and their impact on estimated project margins.
- Assessing the reasonableness of estimates of completed work pending certification recognised as revenue at year-end, checking the status of negotiations of the main customer contracts, and reviewing the reasonableness of documents supporting the probability of recovery.
- Assessing the reasonableness of Group management's approach for recognising and measuring contract modifications and claims submitted, covering especially the estimate of amounts expected to be recovered and the probability of success.
- Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

*Measurement of Investment properties and Inventories*

Description

At 31 December 2021, the Group recognised an amount of 2,069,187 thousand euros in the consolidated balance sheet under "Investment properties" related mainly to office buildings and shopping centres held to earn rentals or for capital appreciation, and 804,423 thousand euros under "Inventory" relating to land, developments in progress and other properties held for sale or inclusion in a real estate development.





Group management determines the fair value of investment properties on a half-yearly basis by reference to appraisals performed by independent experts to reflect current market conditions at year-end. It also determines whether an item of inventory is impaired by engaging independent experts to estimate the fair value of the main assets included in inventories.

Given the significance of the amounts involved and the complexity of the process used to identify indications of impairment and measure investment properties and inventories to determine recoverable amount for the purpose of assessing potential impairment, which requires Group management and independent experts to make significant estimates in applying judgements to determine the assumptions used (in particular, assumptions underlying estimated rents, discount rates and exit yields used for investment properties and, development, construction and marketing costs for inventories, and the periods used to estimate future cash flows from investment properties), we determined this to be a key audit matter.

Information on the measurement standards for investment properties and inventories is provided in note 3.j to the consolidated financial statements. Information on the approaches and main assumptions used in the valuations and sensitivity analyses is provided in notes 9 and 15 to the consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Group management to determine whether there are indications of impairment and to determine the recoverable amount of items of "Investment properties" and "Inventories", and assessing the design and implementation of the relevant controls in place in that process.
- Reviewing the appraisal models used by independent experts to determine recoverable amounts, with the involvement of our valuation specialists, covering especially, for a sample of the appraisals performed, the model's mathematical coherence, and assessing the reasonableness of the rents used and/or the peers used, the discount rates and exit yields for investment properties, and the development, construction and marketing costs and periods used to estimate the future cash flows associated with land held in inventories, and analysing the sensitivity analyses performed by independent experts, including the performance of valuation testing procedures, where necessary.
- Reviewing, for a sample of appraisals by independent experts, whether the rents used in the valuations take into account lease contracts in force.
- Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

**Other matters**

On February 25, 2021, other auditors issued their audit report on the 2020 consolidated financial statements, in which they expressed an unqualified opinion.

**Other information: consolidated management report**

Other information refers exclusively to the 2021 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

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Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2021 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

**Responsibilities of the parent company´s directors and the audit and control committee for the consolidated financial statements**

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they 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 directors of the parent company 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 has no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the Group's financial reporting process.

**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 prevailing audit regulations 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.



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As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism 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 management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 audit and control committee of the parent company 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 audit and control committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and control 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.

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8

**Report on other legal and regulatory requirements**

**European single electronic format**

We have examined the digital files of the European single electronic format (ESEF) of Fomento de Construcción y Contratas, S.A. and subsidiaries for the 2021 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of Fomento de Construcción y Contratas, S.A. are responsible for submitting the annual financial report for the 2021 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Corporate Governance Report and the Board remuneration report have been incorporated by reference in the consolidated management report.

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

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

**Additional report to the audit and control committee**

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on February 23, 2022.

**Term of engagement**

The ordinary general shareholders' meeting held on June 2, 2021 appointed us as auditors for 3 years, commencing on February 23, 2022.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

Fernando González Cuervo
(Registered in the Official Register of Auditors under No. 21268)

February 24, 2022

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# Fomento de Construcciones y Contratas, S.A.

Balance sheet at closure of the 2021 _ 450

Income statements corresponding to the business _ 452

Statement of changes in net equity for business _ 453

Cash flow statement for the business _ 455

Notes to the financial statements at 2021 year-end _ 257

Management Report _ 502

# Balance sheet at closure of the 2021 business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2021 (in thousands of euros)

| ASSETS | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | **3,583,670** | | **3,430,846** |
| **Intangible assets** (Note 5) | | **7,705** | | **7,198** |
| **Property, plant and equipment** (Note 6) | | **27,962** | | **30,249** |
| Land and buildings | **11,765** | | **11,811** | |
| Other intangible assets | 16,197 | | 18,438 | |
| **Long-term investments in Group companies and** (Notes 9.a and 18.b) | | **3,474,792** | | **3,315,779** |
| Equity instruments | 3,080,151 | | 2,936,096 | |
| Loans to companies | 394,641 | | 379,683 | |
| **Long-term financial investments** (Note 8.a) | | **22,943** | | **22,950** |
| **Deferred tax assets** (Note 15) | | **50,268** | | **54,670** |
| **CURRENT ASSETS** | | **446,774** | | **257,961** |
| **Trade receivables and other accounts receivable** | | **170,428** | | **98,783** |
| Trade receivables for sales and services | 808 | | 2,126 | |
| Customer receivables, Group companies and associates (Note 18.b) | 23,631 | | 17,419 | |
| Receivables from the public administrations (Note 15.a) | 145,224 | | 78,620 | |
| Other receivables | 765 | | 618 | |
| **Short-term investments in Group companies and associates** (Notes 9.b and 18.b) | | **208,413** | | **149,785** |
| **IShort-term financial investments** (Note 8.b) | | **6,173** | | **1,166** |
| **Cash and other cash equivalents** | | **61,760** | | **8,227** |
| **TOTAL ASSETS** | | **4,030,444** | | **3,688,807** |

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2021.

# Balance sheet at closure of the 2021 business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2021 (in thousands of euros)

| EQUITY AND LIABILITIES | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| **EQUITY (Note 10)** | | **2,340,256** | | **2,084,142** |
| **Shareholders' equity** | | **2,340,256** | | **2,084,142** |
| **Capital** | | **425,174** | | **409,107** |
| **Share premium** | | **1,673,477** | | **1,673,477** |
| **Reserves** | | **2,386,556** | | **2,161,520** |
| **Shares and equity interests** | | **(26,674)** | | **(18,012)** |
| **Prior years' losses** | | **(2,392,774)** | | **(2,392,774)** |
| **Profit for the year** | | **274,497** | | **250,824** |
| **NON-CURRENT LIABILITIES** | | **944,876** | | **985,512** |
| **Long-term provisions** (Note 11) | | **137,997** | | **137,849** |
| **Non-current payables** (Note 12) | | **29** | | **40,799** |
| Bank borrowings | – | | 20,000 | |
| Other financial liabilities | 29 | | 20,799 | |
| **Long-term payables to Group companies and associates** (Note 9.c) | | **806,479** | | **806,479** |
| **Deferred tax liabilities** (Note 15) | | **371** | | **385** |
| **CURRENT LIABILITIES** | | **745,312** | | **619,153** |
| **Short-term provisions** | | **1,698** | | **1,623** |
| **Current payables** (Note 12) | | **230,563** | | **464,343** |
| Debt instruments and other marketable securities | 30,000 | | 302,300 | |
| Bank borrowings | 200,076 | | 155,228 | |
| Other financial liabilities | 487 | | 6,815 | |
| **Short-term payables to Group companies and associates** (Notes 9.d and 18.b) | | **488,048** | | **127,631** |
| **Trade and other payables** | | **25,003** | | **25,556** |
| Suppliers | 1,659 | | 4,713 | |
| Suppliers, Group companies and associates (Note 18.b) | 3,115 | | 2,736 | |
| Other payables to public administrations (Note 15.b) | 1,059 | | 720 | |
| Other payables | 19,170 | | 17,387 | |
| **TOTAL EQUITY AND LIABILITIES** | | **4,030,444** | | **3,688,807** |

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2021.

# Income statements corresponding to the business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2021 (in thousands of euros)

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| **Revenue** (Note 17) | **130,605** | **336,576** |
| Trade receivables for sales and services | 59,697 | 74,465 |
| Income from interests in Group companies and associates (Note 18.a) | 57,535 | 254,353 |
| Financial income from marketable securities and other financial instruments in Group companies and associates (Notes 17 and 18.a) | 13,373 | 7,758 |
| **Other operating income** | **33,710** | **37,969** |
| **Staff expenses** (Note 17) | **(23,032)** | **(33,902)** |
| **Other operating expenses** (Note 17) | **(51,020)** | **(64,745)** |
| **Fixed and non-current asset amortisation and allocation of grants** (Notes 5 and 6) | **(5,651)** | **(8,629)** |
| **Provision surpluses** (Note 11) | **1,596** | **25,989** |
| **OPERATING PROFIT** | **86,208** | **293,258** |
| **Financial income (Note 17)** | **182** | **226** |
| Interests in equity instruments in third parties | 34 | 29 |
| From marketable securities and other financial instruments of third parties | 148 | 197 |
| **Financial expenses** | **(35,367)** | **(34,641)** |
| Payables to Group companies and associates (Note 18.a) | (33,144) | (29,319) |
| On payables to third parties | (2,223) | (4,819) |
| Interest cost relating to provisions | – | (503) |
| **Change in fair value of financial instruments** (Note 17) | **5,440** | **–** |
| **Exchange differences** | **1,946** | **(4,640)** |
| **Impairment losses and gains/(losses) on disposal of financial instruments** (Note 9) | **186,548** | **4,600** |
| **FINANCIAL PROFIT/(LOSS)** | **158,749** | **(34,455)** |
| **PROFIT BEFORE TAX** | **244,957** | **258,803** |
| **INCOME TAX (Note 15)** | **29,540** | **(7,979)** |
| **PROFIT FOR THE BUSINESS YEAR FROM CONTINUING OPERATIONS** | **274,497** | **250,824** |

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2021.

# Statement of changes in net equity for business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2021 (in thousands of euros)

## A) Statement of recognised income and expense

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Profit per income statement | 274,497 | 250,824 |
| Income and expenses recognised directly in equity | – | – |
| Write-offs to income statement | – | – |
| TOTAL RECOGNISED INCOME AND EXPENSE | 274,497 | 250,824 |

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2021.

# Statement of changes in net equity for business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2021 (in thousands of euros)

## B) Statement of changes in equity

| | Capital stock (Note 10.a) | Share premium (Note 10.b) | Reserves (Note 10.c) | Own shares (Note 10.d) | Prior years' losses | Profit for the year | Equity |
|---|---|---|---|---|---|---|---|
| **Equity at 31 December 2019** | **392,265** | **1,673,477** | **1,949,424** | **(16,068)** | **(2,392,774)** | **241,453** | **1,847,777** |
| **Total recognised income and expense** | | | | | | **250,824** | **250,824** |
| **Transactions with partners or owners** | **16,842** | | **(29,357)** | **(1,944)** | | | **(14,459)** |
| Capital increases (Notes 3 and 10) | 16,842 | | (16,921) | | | | (79) |
| Distribution of dividends (Note 10) | | | (12,436) | | | | (12,436) |
| Transactions with shares or equity interests (net) | | | | (1,944) | | | (1,944) |
| **Other changes in net equity** (Note 3) | | | **241,453** | | | **(241,453)** | |
| **Equity at 31 December 2020** | **409,107** | **1,673,477** | **2,161,520** | **(18,012)** | **(2,392,774)** | **250,824** | **2,084,142** |
| **Total recognised income and expense** | | | | | | **274,497** | **274,497** |
| **Transactions with partners or owners** | **16,067** | | **(25,788)** | **(8,662)** | | | **(18,383)** |
| Capital increases (Notes 3 and 10) | 16,067 | | (16,157) | | | | (90) |
| Distribution of dividends (Note 10) | | | (9,631) | | | | (9,631) |
| Transactions with shares or equity interests (net) | | | | (8,662) | | | (8,662) |
| **Other changes in net equity** (Note 3) | | | **250,824** | | | **(250,824)** | |
| **Equity at 31 December 2021** | **425,174** | **1,673,477** | **2,386,556** | **(26,674)** | **(2,392,774)** | **274,497** | **2,340,256** |

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2021 business year. In particular, note 10 "Net equity" contains further details on this statement.

# Cash flow statement for the business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2021 (in thousands of euros)

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| **Profit for the year before tax** | | **244,957** | | **258,803** |
| **Adjustments to profit/(loss)** | | **(225,745)** | | **(240,202)** |
| Depreciation and amortisation (Notes 5 and 6) | 5,651 | | 8,629 | |
| Impairment loss allowances (Note 9) | (182,255) | | (4,140) | |
| Changes in provisions (Note 11) | (1,549) | | (23,806) | |
| Gains from cancellations and disposal of financial instruments (Note 9) | (4,484) | | – | |
| Financial income (Note 17) | (71,090) | | (262,337) | |
| Financial expenses | 35,368 | | 34,642 | |
| Exchange differences | (1,946) | | 4,640 | |
| Change in fair value of financial instruments | (5,440) | | – | |
| Other income and expenses | – | | 2,170 | |
| **Changes in working capital** | | **(7,062)** | | **3,693** |
| Trade and other receivables | (5,176) | | 2,136 | |
| Trade and other payables | (1,736) | | (365) | |
| Miscellaneous current assets and liabilities | (150) | | 1,922 | |
| **Other cash flows from operating activities** | | **49,446** | | **205,860** |
| Interest paid | (35,178) | | (33,834) | |
| Interest and dividend collections | 59,028 | | 230,470 | |
| Corporation tax refunded/(paid) (Note 15.h) | 25,596 | | 33,031 | |
| Other collections and payments | – | | (23,807) | |
| **TOTAL CASH FLOWS FROM OPERATING ACTIVITIES** | | **61,596** | | **228,154** |

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements which, together make up the annual accounts for 2021.

# Cash flow statement for the business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2021 (in thousands of euros)

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| **Payments due to investments** | | **(260,364)** | | **(221,003)** |
| Group companies and associates (Note 9) | (256,086) | | (214,749) | |
| Intangible fixed and non-current asset, property, plant and equipment and other assets (Notes 5 and 6) | (4,278) | | (6,254) | |
| **Proceeds from disposals** | | **230,154** | | **5,514** |
| Group companies and associates (Note 9) | 223,698 | | 4,519 | |
| Intangible fixed and non-current asset, property, plant and equipment and other assets (Notes 5, 6 and 17) | 6,456 | | 995 | |
| **TOTAL CASH FLOWS FROM INVESTING ACTIVITIES** | | **(30,210)** | | **(215,489)** |
| **Proceeds and (payments) from equity instruments** (Note 10) | | (8,754) | | (2,023) |
| **Proceeds from (payments on) financial liabilities** (Note 12) | | 40,169 | | 573 |
| Issuance of: | | | | |
| Debt instruments and other marketable securities | 398,000 | | 780,100 | |
| Bank borrowings | 330,877 | | 173,321 | |
| Payables to Group companies and associates | 337,095 | | 49,728 | |
| Repayment and amortisation of: | | | | |
| Debt instruments and other marketable securities | (670,300) | | (777,800) | |
| Bank borrowings | (331,672) | | (85,173) | |
| Payables to Group companies and associates | (22,141) | | (134,956) | |
| Other payables | (1,690) | | (4,647) | |
| **Dividend payments** (Note 10) | | **(9,631)** | | **(12,436)** |
| **TOTAL CASH FLOWS FROM FINANCING ACTIVITIES** | | **21,784** | | **(13,886)** |
| **Effect of changes in exchange rates** | | **363** | | **(1,015)** |
| **NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS** | | **53,533** | | **(2,236)** |
| **Cash and cash equivalents at the start of the period** | | **8,227** | | **10,463** |
| **Cash and cash equivalents at the end of the period** | | **61,760** | | **8,227** |

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements which, together make up the annual accounts for 2021.

# Notes to the financial statements at 2021 year-end

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2021 (in thousands of euros)


1. Company activity 458
2. Basis of presentation of the financial statements 458
3. Distribution of profit 460
4. Recognition and measurement standards 460
5. Intangible assets 466
6. Property, plant and equipment 467
7. Leases 468
8. Current and non-current financial assets 469
9. Investments and payables to Group companies and associates 470
10. Equity 474
11. Long-term provisions 477
12. Non-current and current payables 479
13. Trade payables 479
14. Information on the nature and level of risk of financial instruments 480
15. Deferred taxes and tax matters 484
16. Third party guarantees and other contingent liabilities 487
17. Revenue and expenses 489
18. Transactions and balances with related parties 490
19. Environmental information 494
20. Other information 494
21. Events after the reporting period 495

**Annex I:** Group companies 496
**Annex II:** Temporary joint ventures 499
**Annex III:** Associates and jointly controlled companies 500

# 1. Company activity

Fomento de Construcciones y Contratas S.A. is a company constituted in Spain in accordance with the Spanish Limited Liability Companies Law. It is the holding company of FCC Group, which comprises a wide range of Spanish and foreign subsidiaries and associates performing a range of business activities, grouped into the following areas:

- **Environmental Services.** Services related to urban sanitation, industrial waste treatment, green area conservation, including both the construction and operation of treatment plants and the energy recovery of waste.
- **Integrated Water Management.** Services relating to the integrated water cycle: collection, purification and distribution of water for human consumption; wastewater collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services, etc.
- **Construction.** Specialising in infrastructure, building and related sectors: motorways, motorways, roads, tunnels, bridges, hydraulic works, ports, airports, urban developments, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.
- **Real estate.** Dedicated to the promotion of housing and the rental of offices and commercial premises.
- **Cement.** Operation of quarries and mineral sites, the manufacturing of cement, limestone, plaster and derivate pre-manufactured products and the production of concrete.
- **Concessions.** Mainly includes concession agreements related to the operation of motorways, tunnels and other similar infrastructures.

Its registered office is at C/Balmes 36, Barcelona.

# 2. Basis of presentation of the financial statements

The financial statements have been drawn up from the accounting records of Fomento de Construcciones y Contratas, S.A. and the temporary joint ventures in which it participates, so they present fairly the equity, the financial position, the results of the Company and the cash flows for the year.

The regulatory framework applicable to the Company is established in:

- The Spanish Commercial Code and other commercial legislation.
- General Accounting Plan and its sector adaptations.
- The mandatory rules approved by the Spanish Institute of Accounting and Auditing in order to implement the General Accounting Plan and its supplementary rules.
- All other applicable Spanish accounting legislation.

In particular, it should be noted that as a result of the publication in 2009 by the ICAC of a consultation relating to the accounting recognition of income from holding companies, “Income from investments in Group companies and associates” and “Finance income from marketable securities and other financial instruments of Group companies and associates” are recognised under “Revenue” in the accompanying income statement.

Additionally, on 30 January 2021, Royal Decree 1/2021, of 12 January, was published, amending the General Accounting Plan approved by Royal Decree 1514/2007, of 16 November. The changes to the General Accounting Plan are applicable to financial years beginning on or after 1 January 2021 and are mainly focused on the criteria for the recognition, measurement and breakdown of income and financial instruments. The changes that have occurred have not significantly affected these financial statements and have only involved a change in the name of the financial asset and liability categories (Notes 8 and 12).

These financial statements, which have been prepared by the Company’s Board of Directors, will be submitted for approval by Annual Shareholders’ Meeting, and it is deemed that they will be approved without any modification. The 2020 financial statements were approved by the shareholders at the Annual General Meeting held on 29 June 2021.

The financial statements are expressed in thousands of euros.

## Joint ventures and similar entities

The balance sheets, income statements, statements of changes in equity and cash flow statements of the joint ventures in which the company participates were incorporated by the proportional consolidation method, based on the shareholding of each joint venture.

The joint ventures were included through adjustments to unify the accounting period and the valuation methods, together with the reconciliations and reclassifications required and the appropriate eliminations, both of the asset and liability balances and of the reciprocal revenue and expenses. In the notes to the financial statements, the corresponding amounts are broken down when they are significant.

The balance sheet and income statement include the balance sheet aggregates at the shareholding in the joint ventures shown below:

| | 2021 | 2020 |
|---|---|---|
| Revenue | 57 | 53 |
| Operating profit | 161 | 11 |
| Non-current assets | 30 | 28 |
| Current assets | 294 | 2,939 |
| Non-current liabilities | 6 | 2 |
| Current liabilities | 151 | 2,946 |

The joint ventures and percentage holdings are listed in Appendix II.

## Grouping of epigraphs

Certain balance sheet, income statement and cash flow statement epigraphs have been grouped together so that they may be more easily understood; in any event, all significant information is broken down separately in the corresponding notes to the financial statements.

## Going concern

At 31 December 2021, the Company had negative working capital of 298,538 thousand euros, mainly as a result of the following debts: (i) with its subsidiaries for 488,048 thousand euros and (ii) relating to bank financing (loans, credit facilities and promissory notes) for 230,000 thousand euros (Note 12). Despite this, the directors of Fomento de Construcciones y Contratas, S.A. prepare these accounts under the going concern principle as there are no doubts about the capacity of the Group of companies, of which the Company is the head, to continue generating resources in its operations (consolidated operating iDecember ncome of 802,210 thousand euros and a cash position of 1,535,525 thousand euros, as well as the ability to finance itself when requiring working capital, by having a promissory note issuance programme (ECP) for a maximum amount of 600,000 thousand euros, of which only 30,000 thousand euros have been drawn down (Note 12.a), and also the security of the renewal of both the loans already granted by 200,000 thousand euros, as in the renewal of the bank credit lines granted for an amount of 200,000 thousand euros, which at 31 December had been drawn down in full (Note 12.b). The Company also has the capital and financial support of its equity holders.

## Consolidated financial statements

Fomento de Construcciones y Contratas, S.A. is the head of a group of companies forming FCC Group, so its directors are obliged to prepare separate consolidated financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS-EU), as set forth in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and all enacting provisions and interpretations. These 2021 consolidated financial statements of the FCC Group, which have been prepared by its directors, will likewise be submitted for approval at the General Shareholders' Meeting. For its part, the consolidated financial statements for 2020, prepared on 25 February 2021, were approved by the General Shareholders' Meeting held on 29 June 2021 and deposited in the Mercantile Registry of Barcelona.

The main figures of the consolidated financial statements of Fomento de Construcciones y Contratas, S.A., prepared in accordance with International Financial Reporting Standards (IFRS) are as follows:

| | 2021 | 2020 |
|---|---|---|
| Total assets | 14,242,158 | 12,834,602 |
| Equity attributable to the Parent | 3,007,094 | 2,288,313 |
| Revenue | 6,659,283 | 6,158,023 |
| Profit attributable to the Parent | 580,135 | 262,179 |

## Restatements

No restatements were made in the current financial statements.

# 3. Distribution of profit

The Board of Directors of Fomento de Construcciones y Contratas, S.A. decided to make the mandatory allocation of profit to the legal reserve in the amount of 3,213 thousand euros, allocating the remaining profit for 2021 of 271,284 thousand euros to retained earnings; accordingly, it was not proposed to distribute or apply this profit to any other account.

In the 2020 business year, the Company made a profit of 250,824 thousand euros, broken down as follows: 3,368 thousand euros to the legal reserve and 247,456 thousand euros to voluntary reserves. After the preparation of these financial statement, the Ordinary General Shareholders' Meeting approved the distribution of a scrip dividend with an impact on voluntary reserves of 25,788 thousand euros (note 10).

# 4. Recognition and measurement standards

The main recognition and measurement bases used by the company in the preparation of the 2021 financial statements, in accordance with the Spanish General Chart of Accounts, were as follows:

## a) Intangible assets

### a.1) Concession arrangements

Concession arrangements are recognised pursuant to Order EHA/3362/2010, approving the rules for adapting the Spanish General Chart of Accounts to public infrastructure concessionary companies.

The Company has assets classified as concession agreements corresponding to assets from contracts operated jointly through temporary joint ventures, all of which are intangible assets under the intangible asset model, given that the demand risk is assumed by the concessionary company and this company does not have an unconditional entitlement to receive anything from the granting authority.

### a.2) Other intangible assets

The remaining intangible assets, basically software applications, are recognised at their acquisition or production cost And, subsequently, at cost less any accumulated amortisation and any accumulated impairment losses. At year-end, no signs of losses in value were identified in any of the company's intangible assets related with this epigraph.

Maintenance costs are recognised in the income statement for the period in which they are incurred.

Generally, intangible assets are amortised over their useful lives on a straight-line basis.

## b) Property, plant and equipment

Items of property, plant and equipment are measured initially at acquisition or production cost when the company has performed in-house work on its non-current assets, and are subsequently carried net of accumulated depreciation and any impairment losses. Upkeep and maintenance costs relating to property, plant and equipment are taken to the income statement in the business year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For property, plant and equipment that necessarily takes a period of more than twelve months to get ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general purpose borrowings directly attributable to the acquisition or manufacturing of the assets.

The company's in-house work on property, plant and equipment is recorded at the accumulated cost resulting from external costs, in-house costs determined on the basis of the in-house consumption of materials, direct labour costs and general manufacturing overheads.

The Company depreciates essentially all of its property, plant and equipment on a straight-line basis, using annual rates based on the years of estimated useful life of the assets, as follows:

| | Years of estimated useful life |
|---|---|
| Buildings and other constructions | 25 – 50 |
| Technical installations and machinery | 5 – 15 |
| Other installations, tools and furniture | 8 – 12 |
| Other property, plant and equipment | 4 – 10 |

## c) Impairment of intangible assets and property, plant and equipment

All of the company's intangible assets and property, plant and equipment have a finite useful life and it therefore performs impairment tests to estimate the possible existence of losses that cause their recoverable amount to fall below their carrying amount.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. To calculate the recoverable amount of assets subject to impairment tests, the present value of the net cash flows originating from the associated cash-generating units (CGUs) is estimated, and a pre-tax discount rate is used to discount cash flows; this discount rate includes the current market assessments of the time value of money and the risks specific to each cash-generating unit.

Where an impairment loss on the assets is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, up to the limit of the carrying amount that would have been determined had no impairment loss been recognised in prior business years. The reversal of an impairment loss is recognised as income in the income statement.

## d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the lessee. Other leases are classified as operating leases.

### d.1) Finance leases

In 2020, Fomento de Construcciones y Contratas, S.A. had finance lease agreements for cleaning and waste collection contracts in the USA. With regard to these contracts that could not be transferred in the spinoff carried out in 2019, a negotiation process was initiated with the various awarding administrations to change the ownership of the contracts to the various American 100%-owned subsidiary companies of the FCC Group. At 2020 year-end, almost all of these contracts had been transferred and with them all the associated assets and liabilities. However, in some cases it has not been possible to transfer the lease debt. In these cases, sublease contracts were signed between the Company and the aforementioned subsidiaries so that the latter bear the actual payment for the assets, which is why, in the accompanying balance sheet, in the 2020 year, the debt with the company that owns the assets under financial lease, accompanied by a credit with the corresponding American subsidiary to which the real assets were subleased by leasing subject to the contract, which are recognised in the balance sheet of the subsidiary company, which is the one that obtains the benefits and assumes the risks derived from its use. In the business year. In the 2021 business year, the ownership of the financial lease debt has already been transferred to the US subsidiaries, hence at year-end, there is no balance in the balance sheet for the aforementioned items.

### d.2) Operating leases

When the company acts as lessee, it recognises the expenses from operating leases in profit or loss in the business year in which they accrue.

When the company acts as lessor, revenue and expenses from operating leases are recognised in profit or loss in the year in which they accrue. The acquisition cost of the leased asset is presented in the balance sheet in accordance with the nature of the asset, increased by the amount of the investments arising from the directly attributable lease arrangements, which are expensed over the term of such arrangements, using the same method as applied for recognition of lease income.

Any collection or payment that may arise when an operating lease is concluded is treated as a collection or prepayment that is allocated to profit or loss over the leasing term as the benefits of the leased asset are transferred or received.

## e) Financial instruments

### e.1) Financial assets. Classification

The financial assets held by the Company are classified in the following categories:

– **Financial assets at amortised cost**. In general, they are included in this category:

  - Credits for commercial operations: those financial assets that originate in the sale of goods and the provision of services from the Company's ordinary business with deferred payment.
  - Credits for non-commercial operations: those financial assets that, not being equity instruments or derivatives, have no commercial origin and whose collections are of a determined or determinable amount, which come from loan or credit operations granted by the Company.

  Financial assets classified in this category are initially measured at their fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration given, plus the transaction costs that are directly attributable.

  However, loans for commercial operations maturing in no more than one year and that do not have an explicit contractual interest rate, as well as loans to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, are measured at their nominal value when the effect of not updating the cash flows is not significant.

  For subsequent measurement, the amortised cost method is used. Accrued interest is recorded in the income statement (financial income), applying the effective interest rate method.

– **Financial assets at fair value through changes in equity:** investments in equity instruments are included, provided that they are not held for trading or should be valued at cost.

  Financial assets classified in this category are initially measured at their fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration given, plus the transaction costs that are directly attributable.

The subsequent measurement is at fair value, without deducting the transaction costs that could be incurred in its sale. The changes that occur in the fair value are recorded directly in equity, until the financial asset is removed from the balance sheet or is impaired, at which time the amount thus recognised is charged to the income statement.

– **Financial assets at cost:** include investments in Group companies, associates and jointly controlled entities. Group companies are considered to be those over which the Company has control, while associates are those in which the Company exercises a significant influence. Jointly controlled entities include companies over which joint control is exercised with one or more partners through an agreement.

  The investments included in this category are initially measured at cost, which is equal to the fair value of the consideration given plus the transaction costs that are directly attributable to them.

  The subsequent measurement is also at cost less the accumulated amount of the valuation corrections for impairment. These adjustments are calculated as the difference between their book value and the recoverable amount, understood as the greater of their fair value minus selling costs and the present value of the future cash flows resulting from the investment. Unless better evidence of the recoverable amount is available, the estimated loss for impairment is calculated based on the investee's equity, consolidated where appropriate, corrected for any unrealised gains at the measurement date, including any goodwill.

At least at the end of each reporting period, the company books the related impairment loss allowances for financial assets that are not carried at fair value when there is objective evidence of impairment if this value is lower than its carrying amount, in which case, the impairment is recognised in the income statement. In particular, the company calculates impairment loss allowances for trade and other receivables by carrying out a case-by-case analysis of the insolvency risk of each account receivable.

The Company derecognises financial assets when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership have been transferred.

### e.2) Financial liabilities

All financial liabilities held by the Company are classified in the category of financial liabilities at amortised cost.

Financial liabilities are those payables and accounts payable that the Company has and that have resulted from the purchase of goods and services as a result of the Company's trade transactions, or those that, without having a commercial origin, cannot be considered as financial instruments.

Financial liabilities classified in this category are initially measured at their fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration given, adjusted by the transaction costs that are directly attributable.

Accounts payable are initially measured at the fair value of the consideration received. These financial liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

The Company derecognises financial liabilities when the obligations giving rise to them are extinguished.

### e.3) Equity instruments

An equity instrument represents a residual interest in the Company's equity after deducting all of its liabilities from its assets, and the securities issued are recognised in equity at the amount received, after deducting the issue charges, net of taxes.

Own shares acquired by the company during the business year are recognised at the value of the consideration paid and are deducted directly from equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the income statement.

## f) Foreign currency transactions

The Company's functional currency is the euro. Consequently, transactions in other currencies are considered to be denominated in foreign currency and are translated at the exchange rates prevailing at the transaction date.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the closing exchange rate. Profits or losses are directly recorded in the income statement in the business year in which occur.

## g) Corporation tax

The expense for corporation tax is calculated on the basis of profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. The corresponding tax rate based on the applicable legislation is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit and taxable profit for corporation tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the business years in which they will foreseeably be reversed, without performing financial discounting at any time.

The company capitalises deferred tax assets corresponding to temporary differences and tax losses pending offset, except in cases in which reasonable doubts exist regarding their future recovery or such recovery extends over a period exceeding ten years.

## h) Revenue and expenses

Income and expenses are allocated on an accrual basis, i.e. when the actual flow of goods and services they represent takes place, regardless of when the resulting monetary or financial flow occurs. Revenue is measured at the fair value of the consideration received, less discounts and tax.

Interest received on financial assets is recognised using the effective interest method, while dividends are recognised when the shareholder's right to receive payment has been established. In any case, interest and dividends on financial assets accrued subsequent to acquisition are recorded as income in the income statement.

In keeping with the accounting principle of prudence, the company only recognises realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are booked as soon as they become known, through the posting of the appropriate provisions.

## i) Provisions and contingencies

The company recognises provisions on the liability side of the accompanying balance sheet for present obligations arising from past events for which the company considers it probable that there will be an outflow of funds 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 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 has an impact on financial profit/(loss).

Provisions are classified as current or non-current in the accompanying balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

Contingent liabilities resulting from possible obligations that might arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the company are not recognised in the financial statements, as the probability that such obligation will have to be met is remote.

## j) Capital assets of an environmental nature

Environmental assets are assets that are used on a lasting basis in the Company's activities, the main purpose of which is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

The Company, due to its nature and activity, (Note 1) does not have a significant environmental impact.

## k) Pension and similar obligations

The Company has not established any pension plans to supplement the social security pension plans. Under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the company outsources its commitments to its employees in this area.

The company has taken out insurance to cover death, permanent employment disability, retirement bonuses and pensions and other concepts for some executive directors and company officers. Specifically, the contingencies giving rise to compensation are those involving the termination of the employment relationship for any of the following reasons:

- Unilateral decision of the company.
- Dissolution or disappearance of the Parent company for any reason, including mergers or disposals.
- Death or permanent disability.
- Other causes of physical or legal incapacitation.
- Substantial modification of professional conditions.
- Termination after reaching the age of 60, at the request of the officer and in agreement with the company.
- Termination after reaching the age of 65 at the officer's sole discretion.

Contributions made by the company are recognised under "Staff expenses" in the income statement.

## l) Use of estimates

In the preparation of these financial statements, estimates were made by the company's directors to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The recoverability of deferred tax assets (notes 4.g and 15).
- The recoverability of investments in Group companies and associates, and loans and receivables with these, as well as financial assets with third parties (notes 4.e, 8 and 9).
- The measurement of possible impairment losses on certain assets (notes 4.c, 5 and 6).
- The useful life of property, plant and equipment and intangible assets (notes 4.a and 4.b).
- The calculation of certain provisions (Notes 4.i and 11).

Although these estimates were drawn up on the basis of the best information available at 31 December 2021, future events may require adjustments in coming years, where appropriate to be made in advance.

## m) Related party transactions

The Company carries out all transactions with related parties at arm's length.

Note 18 "Related party transactions and balances" to these financial statements details the main transactions with the company's significant shareholders, its directors and senior executives, and between Group companies or entities.

## n) Cash flow statement

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

- Cash flows: cash entries and withdrawals and their equivalents.
- Cash flows from operating activities: payments and collections from the company's principal revenue-producing activities and other activities that are not classified as investing or financing activities.

– Cash flows used in investing activities: payments and collections resulting from purchases and divestments of non-current assets.

– Cash flows from financing activities: payments and collections from the placement and settlement of financial liabilities, equity instruments and dividends.

# 5. Intangible assets

Changes in this heading in the accompanying balance sheet in 2021 and 2020 were as follows:

| | Concession agreements | Software | Other intangible assets | Accumulated amortisation | Total |
|---|---|---|---|---|---|
| **Balance at 31.12.19** | **24,166** | **49,800** | **2,349** | **(41,863)** | **34,452** |
| Receipts or endowments | — | 1,875 | (168) | (2,920) | (1,213) |
| Release, removals and transfers | (24,113) | (160) | (2,170) | 402 | (26,041) |
| **Balance at 31.12.20** | **53** | **51,515** | **11** | **(44,381)** | **7,198** |
| Receipts or endowments | — | 1,777 | 1,122 | (2,392) | 507 |
| Release, removals and transfers | — | — | (7) | 7 | — |
| **Balance at 31.12.21** | **53** | **53,292** | **1,126** | **(46,766)** | **7,705** |

In the 2020 business year, the decrease in the heading “Concession agreements” stands out, which almost entirely corresponds to the transfer, with the prior consent of the transferring body, to the subsidiary FCC Environmental Services Texas LLC of the assets related to the collection activity of waste in Houston (USA). UU), which was subrogated in the rights and obligations thereof. Subsequently, Fomento de Construcciones y Contratas, S.A. and the aforementioned company agreed to purchase and sell the remaining assets linked to the contract (Note 6). This transaction did not generate any capital gains in the income statement.

The balance for “Software applications” relates mainly to implementation, development and improvement costs for the corporate information system, and costs related to information technology infrastructure.

The detail of intangible assets and of the related accumulated amortisation at 31 December 2021 and 2020 is as follows:

| | Cost | Accumulated amortisation | Net |
|---|---|---|---|
| **2021** | | | |
| Concession agreements | 53 | (24) | 29 |
| Software | 53,292 | (46,739) | 6,553 |
| Other intangible fixed and non-current assets | 1,126 | (3) | 1,123 |
| | **54,471** | **(46,766)** | **7,705** |
| **2020** | | | |
| Concession agreements | 53 | (26) | 27 |
| Software | 51,515 | (44,344) | 7,171 |
| Other intangible fixed and non-current assets | 11 | (11) | — |
| | **51,579** | **(44,381)** | **7,198** |

With regard to net intangible assets, only 30 thousand euros (28 thousand euros at 31 December 2020) relate to assets arising from arrangements operated jointly through joint ventures.

All intangible assets at year-end were used in production processes; however, some such intangible assets, basically software applications, had been fully amortised, in the amount of 40,773 thousand euros (39,431 thousand euros at 31 December 2020). The amount corresponding to joint ventures was insignificant.

At 31 December 2021, the company did not own any significant intangible assets pledged as security or purchase commitments of a significant amount.

# 6. Property, plant and equipment

Changes in this heading in the accompanying balance sheet in 2021 and 2020 were as follows:

| | | Other intangible assets | | | | |
|---|---|---|---|---|---|---|
| | Land and buildings | Plant and other items of property, plant and equipment | Advances and PP&E under construction | Accumulated amortisation | Impairment | Total |
| **Balance at 31.12.19** | **17,904** | **120,494** | **—** | **(30,435)** | **(5,088)** | **102,875** |
| Receipts or endowments | 206 | 12,652 | 2,203 | (5,733) | — | 9,328 |
| Release, removals and transfers | (267) | (100,815) | — | 19,128 | — | (81,954) |
| Transfers | — | 2,070 | (2,070) | — | — | — |
| **Balance at 31.12.20** | **17,843** | **34,401** | **133** | **(17,040)** | **(5,088)** | **30,249** |
| Receipts or endowments | — | 639 | 326 | (3,252) | — | (2,287) |
| Release, removals and transfers | — | (6) | — | 6 | — | — |
| Transfers | — | 60 | (60) | — | — | — |
| **Balance at 31.12.21** | **17,843** | **35,094** | **399** | **(20,286)** | **(5,088)** | **27,962** |

In the process of segregating the environmental activity in favour of the subsidiary FCC Medio Ambiente, S.A. carried out in 2019, there were a series of cleaning and waste collection contracts in the United States of America that could not be transferred. With regard to these contracts, a negotiation process was initiated with the various awarding authorities to obtain a change of ownership of the contracts to various American subsidiary companies of the FCC Group. In the 2020 business year, almost all of these authorisations have been obtained and, as a result, the Company and the aforementioned subsidiary companies have agreed to purchase and sell the assets linked to the contracts, and these transactions have not generated any capital gains in the income statement. This accounted for the major part of the write-off of fixed and non-current assets in the 2020 business year for a net amount of 81,954 thousand euros.

The detail of property, plant and equipment and of the related accumulated depreciation at 31 December 2021 and 2020 is as follows:

| | Cost | Accumulated amortisation | Impairment | Net |
|---|---|---|---|---|
| **2021** | | | | |
| Land and buildings | 17,843 | (990) | (5,088) | 11,765 |
| Plant and other items of property, plant and equipment | 35,094 | (19,296) | — | 15,798 |
| Advances and PP&E under construction | 399 | — | — | 399 |
| | **53,336** | **(20,286)** | **(5,088)** | **27,962** |
| **2020** | | | | |
| Land and buildings | 17,843 | (944) | (5,088) | 11,811 |
| Plant and other items of property, plant and equipment | 34,401 | (16,096) | — | 18,305 |
| Advances and PP&E under construction | 133 | — | — | 133 |
| | **52,377** | **(17,040)** | **(5,088)** | **30,249** |

The company owns buildings, whose value separated from the net depreciation of said buildings and the value of land, at year-end, was as follows:

| | 2021 | 2020 |
|---|---|---|
| Land | 10,500 | 10,500 |
| Buildings | 1,265 | 1,311 |
| | **11,765** | **11,811** |

At the end of the 2021 and 2020 business years there are no significant assets from contracts operated jointly through joint ventures.

In the 2021 and 2020 business years, the company had not capitalised any finance costs under "Property, plant and equipment". It did not have any significant commitments to acquire property, plant and equipment. It also has no assets subject to significant ownership restrictions.

Most of the items of property, plant and equipment, at the closing date, are used in the various production processes. Part of said property, plant and equipment, however is fully depreciated, amounting to 3,446 thousand euros (2,677 thousand euros at 31 December 2020).

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At year-end, all items of property, plant and equipment had been fully insured against these risks.

# 7. Leases

## a) Finance leases

As explained in Note 4.d.1, the company has transferred the finance leases signed with companies engaged in this activity, which could not be transferred to the aforementioned subsidiaries, to US subsidiaries of the FCC Group through sublease contracts. The debt with the company owning the leased assets, recognised under "Other non-current and current financial liabilities", is associated with receivables from the aforementioned subsidiary companies and the actual leasing assets assigned to the contract are recognised in the subsidiary company's balance sheet. In the 2021 business year, the ownership of the financial lease debt had already been transferred to the US subsidiaries, hence at year-end, there is no balance in the balance sheet for these items.

## b) Operating lease

The amount recognised in the 2021 business year for operating lease expenses totalled 10,743 thousand euros (11,068 thousand euros at 31 December 2020).

Noteworthy among the operating lease arrangements signed by Fomento de Construcciones y Contratas, S.A., due to their size, were those relating to FCC Group's corporate headquarters:

– Office building in Las Tablas, Madrid.

  On 19 November 2010, the owner and the Company signed a lease agreement on this building, with the rental arrangement beginning, once the building had been completed, on 23 November 2012. This arrangement has an 18-year term, extendable at the company's discretion by two periods of five years each, with annual rent adjusted annually in line with the CPI.

On 21 September 2018, a non-extinguishing modifying Addendum to the original agreement was signed with the new owner, "Las Tablas 40 Madrid, S.L.U.". The modified terms and conditions mainly lead to a 5.6% reduction in rent and the possibility of sub-letting to third parties without the consent of the owner, provided that certain requirements are met.

– Office buildings at Federico Salmón 13, Madrid and Balmes 36, Barcelona.

On 29 December 2011, the owners of these buildings and Fomento de Construcciones y Contratas, S.A. had signed two lease agreements for them, for a minimum committed period of 30 years, extendable, at the company's discretion, by two periods of five years each, with initial annual rent adjustable in line with the CPI. These buildings were transferred by the company to their current owner through a sale and leaseback arrangement. The owners, in turn, granted a purchase option to Fomento de Construcciones y Contratas, S.A., which can only be exercised at the end of the lease period, at fair value or at the amount of the sale adjusted by the CPI, if this is higher.

On 1 June 2016, the company ceded its contractual position to Fedemes, S.L., wholly owned by it, which signed sub-lease agreements with the FCC Group companies that occupied the buildings, including Fomento de Construcciones y Contratas, S.A., with the same duration conditions as the original arrangement as indicated previously. .

At year-end, there were non-cancellable future payment commitments amounting to 138,639 thousand euros (142,049 thousand euros in 2020). Details, by maturity, of the non-cancellable future minimum payments at 31 December 2021 and 2020 were as follows:

| | 2021 | 2020 |
|---|---|---|
| Up to one year | 10,786 | 10,413 |
| Between one and five years | 41,570 | 40,494 |
| After five years | 86,283 | 91,142 |
| | **138,639** | **142,049** |

As the lessor, when it is the holder of the lease arrangements, the company invoices FCC Group investees based on the use they make of such arrangements, recognising such revenue as operating income.

# 8. Current and non-current financial assets

## a) Long-term financial investments

The balance of "Non-current financial assets" at 2021 and 2020 year-end is as follows:

| | Equity instruments | Loans to third parties | Other financial assets | Total |
|---|---|---|---|---|
| **2021** | | | | |
| Financial assets at amortised cost | — | 1,488 | 21,349 | 22,837 |
| Financial assets at fair value through changes in equity | 106 | — | — | 106 |
| | **106** | **1,488** | **21,349** | **22,943** |
| **2020** | | | | |
| Financial assets at amortised cost | — | 1,488 | 21,351 | 22,839 |
| Financial assets at fair value through changes in equity | 111 | — | — | 111 |
| | **111** | **1,488** | **21,351** | **22,950** |

### Financial assets at amortised cost

The detail by maturity of this category of financial assets is as follows:

| 2023 | 2024 | 2025 | 2026 | 2027 and beyond | Total |
|---|---|---|---|---|---|
| — | — | — | — | 22,837 | 22,837 |

The most significant amount recognised was for the 17,555 thousand euros deposit, in relation to the sale of Global Vía Infraestructuras, S.A., formalised in the 2016 business year, the maturity of which was "2027 and beyond" in view of its indeterminate nature, since it was tied to the release of the collateral provided by the aforementioned company to third parties to meet financial commitments. This heading also includes guarantees and deposits for legal or contractual obligations in the development of the company's activities.

### Financial assets at fair value through changes in equity

Virtually all of this corresponds to a 17.80% holding in the company Port Torredembarra S.A. for a value of 106 thousand euros (110 thousand euros at 31 December 2020).

## b) Short-term financial investments

All financial assets included in this heading were encompassed in the category of financial assets at amortised cost. The balance of the accounts under this heading includes the amount receivable pending for the sale of the investee company FM Green Power, SL for 5,000 thousand euros and which is detailed in Note 9.a to these Financial Statements. The rest corresponds to guarantees and deposits for legal or contractual obligations.

# 9. Investments and payables to Group companies and associates

## a) Non-current investments in Group companies and associates

The detail of the non-current investments in Group companies and associates at 31 December 2021 and 2020 is as follows:

| | Cost | Accumulated impairment Total | Total |
|---|---|---|---|
| **2021** | | | |
| Equity instruments in Group companies | 4,059,952 | (984,427) | 3,075,525 |
| Equity instruments of associates | 4,744 | (118) | 4,626 |
| Loans to Group companies | 432,203 | (37,586) | 394,617 |
| Loans to associates | 24 | — | 24 |
| | **4,496,923** | **(1,022,131)** | **3,474,792** |
| **2020** | | | |
| Equity instruments in Group companies | 4,129,025 | (1,214,136) | 2,914,889 |
| Equity instruments of associates | 261,834 | (240,627) | 21,207 |
| Loans to Group companies | 416,868 | (37,209) | 379,659 |
| Loans to associates | 24 | — | 24 |
| | **4,807,751** | **(1,491,972)** | **3,315,779** |

Details of changes in these epigraphs is as follows:

| | Equity instruments of Group companies | Equity instruments of associates | Loans to Group companies | Loans to associates | Impairment | Total |
|---|---|---|---|---|---|---|
| **Balance at 31.12.19** | **3,715,699** | **519,851** | **320,411** | **27** | **(1,496,974)** | **3,059,014** |
| Receipts or endowments | 135,126 | 20,183 | 96,457 | — | (66,631) | 185,135 |
| Disposals and reversals | — | — | — | (3) | 71,633 | 71,630 |
| Transfers | 278,200 | (278,200) | — | — | — | — |
| **Balance at 31.12.20** | **4,129,025** | **261,834** | **416,868** | **24** | **(1,491,972)** | **3,315,779** |
| Receipts or endowments | 2,667 | — | 13,383 | — | (88,205) | (72,155) |
| Disposals and reversals | (71,740) | (257,090) | (15,508) | — | 558,046 | 213,708 |
| Transfers | — | — | 17,460 | — | — | 17,460 |
| **Balance at 31.12.21** | **4,059,952** | **4,744** | **432,203** | **24** | **(1,022,131)** | **3,474,792** |

### Equity instruments in Group companies

The following significant changes occurred in the 2021 business year:

- Acquisition of stakes in Cementos Portland Valderrivas, S.A. from third parties for an amount of 2,632 thousand euros.
- Retirement due to liquidation of the 100%-owned company Per Gestora, S.L.U. with a net value of the investment of 91 thousand euros (gross value of 71,553 thousand euros with an accumulated impairment of 71,462 thousand euros)
- Derecognition due to liquidation of the 100%-owned company Bvefdomintaena Beteiligungsverwaltung GmbH with a portfolio value of 185 thousand euros totally impaired. In addition, the liquidation has also involved the cancellation of a current loan to the aforementioned company for 11,562 thousand euros, also fully impaired.
- Decrease in the stake in the investee company FCyC, S.L. from 100% to 80.03%, without any impact on portfolio value. I n October, the aforementioned company carried out a non-monetary capital increase, fully subscribed by Soinmob, a subsidiary of Control Empresarial de Capitales, S.A. de C.V. Consequently, Soinmob became the owner of 19.97% of the share capital of FCyC, S.L.

The following significant changes occurred in the 2020 business year:

- Purchase from Per Gestora, S.L.U., 100% owned, of:
  - 56.16% of Asesoría Financiera y de Gestión, S.A. for 11,002 thousand euros, thereby reaching a 100% holding.
  - 7.33% of Fedemes, S.L. for 1,018 thousand euros, which also represents a 100% holding.
- Subscription of the capital increase of FCyC, S.L.U. by means of a non-monetary contribution consisting of a 36.98% holding in the capital stock of the associated company Realia Business, S.A., valued in the balance sheet at 278,200 thousand euros.
- Contribution to strengthen the equity of FCyC, S.L. and FCC Construcción, S.A. of 98,914 thousand euros and 24,024 thousand euros, respectively.

The details, by company, of the “Investments in Group companies and associates” headings for 2021 and 2020 are presented in Annexes I and III, respectively, indicating the following details for each company in which direct ownership interests are held: name, registered office, activity, share of capital directly or indirectly owned, amount of equity (capital, reserves and others), profit or loss, dividends received and whether the company is listed on the stock market, together with its carrying amount.

### Equity instruments of associates

In 2021, the most significant movement is the sale of 49% of the company FM Green Power, Investments, S.L. and its group of companies to Plenium Partners, S.L. The aforementioned stake had a net value of 16,463 thousand euros at 31 December 2020 (gross value of 257,090 thousand euros with accumulated impairment of 240,627 thousand euros). Fomento de Construcciones y Contratas, S.L. has received a total of 93,000 thousand euros and a current asset (Note 8.b) for 5,000 thousand euros for the amount pending collection at 31 December 2021. The divestment was structured into several processes: (i) settlement of the dividend pending collection at 31 December 2020 for 26,410 thousand euros, (ii) distribution of dividends against reserves and profit for the year of 26,075 thousand euros (iii) sale of the FM stake Green Power Investments, S.L. for a total of 45,515 thousand euros. The impact on the 2021 income statement is reflected in two headings: 26,075 thousand euros included under the heading "Income from holdings in Group companies and associates" and 29,052 thousand euros under the heading "Impairment and gains on disposal of equity instruments".

The following significant changes occurred in the 2020 business year:

- Increase of the holding in Realia Business, S.A. (from 34.40% to 36.98%) as a result of the following acquisitions from other FCC Group companies:
  - 2.22% owned by Asesoría Financiera y de Gestión, S.L.U. for 17,024 thousand euros.
  - 0.36% owned by Per Gestora, S.L.U. for 2,776 thousand euros.
- Derecognition of the entire backlog of Realia Business, S.A., representing 36.98% of its capital stock, contributed to the capital increase of the 100% owned subsidiary company FCyC, S.L.U., as mentioned in the previous point.
- Purchase of 50% of Sigenera SL from Per Gestora, S.L.U. for 377 thousand euros.

### Long-term loans to Group companies

The most significant balances were as follows:

| | 2021 | 2020 |
|---|---|---|
| FCC Servicios Medio Ambiente Holding S.A.U. | 359,687 | 352,619 |
| FCC Versia, S.A.U. | 45,000 | 45,000 |
| FCC Concesiones de Infraestructuras, S.L.U. | 27,481 | — |
| FCC Environmental Services Florida, LLC | — | 19,107 |
| Rest | 35 | 142 |
| **GROSS TOTAL** | **432,203** | **416,868** |
| Impairment: | | |
| FCC Versia, S.A.U. | (37,586) | (37,209) |
| **NET TOTAL** | **394,617** | **379,659** |

The following are noteworthy with regard to the balance at 31 December 2021:

- Subordinated loans granted to FCC Servicios Medio Ambiente Holding, S.A.U. for a total of 345,203 thousand euros, whose final maturity is 2034, without partial repayments and at a fixed interest rate of 2.5% per year that will be capitalised. Any amount, whether interest or principal, to be collected by the lender will be subordinated to the full repayment of the bonds issued by the borrower. At year-end, the final balance, including capitalised interest, was 359,687 thousand euros. The interest accrued in the current year amounts to 8,860 thousand euros (6,898 thousand euros at 31 December 2020).
- Participative loan of 45,000 thousand euros to FCC Versia, S.A.U. The initial maturity, 31 January 2018, could be tacitly extended for successive additional two-year periods, provided that neither of the parties stated their wish to terminate it at least two months in advance Since neither of the parties did this, its current maturity date is 31 January 2023. It is therefore classified under non-current assets in the balance sheet. The fixed interest rate is 1%. The interest rate also has a variable part calculated based on indicators of the borrower's profitability. The total maximum interest rate (fixed + variable) has a ceiling and will not exceed 10%. At year-end, interest of 450 thousand euros had accrued (the same as at 31 December 2020). This loan suffered impairment of 37,586 thousand euros at 31 December 2021 (37,209 thousand euros at 31 December 2020).

– Loan granted to FCC Concesiones de Infraestructuras, S.A.U. for an amount of 20,568 thousand pounds sterling (24,478 thousand euros at the closing exchange rate), to help a subsidiary within the framework of the concession for the construction, financing, operation and maintenance of the A-465 road in Wales (UK). The concession has two phases: (i) Construction from 29 October 2020 to 30 November 2025 and (ii) Operation from 31 October 2025 to 30 September 2025. The repayment of the aforementioned loan will begin at the beginning of the second phase provided there is a cash surplus and all accrued interest has been paid and, in any case, at the end of the operation phase. The aforementioned loan accrues interest (3.419% and 12% in the first and second phases, respectively). Interest accrued is not capitalised and will be paid once the second phase begins. At 31 December 2021, the aforementioned interest amounted to 3,003 thousand euros, of which 2,938 thousand euros had been generated in the current year. In 2020, the loan was included in current assets.

### Impairment

The following significant changes have taken place:

– Impairment of the stake in Cementos Portland Valderrivas, S.A. for an amount of 85,174 thousand euros, basically due to the fall in equity due to the impairment of Uniland's goodwill. In 2020, 67,833 thousand euros were reversed, basically due to the profit for the year.

– Reversal of the impairment of the investment in FCC Construcción, S.A. for an amount of 245,687 thousand euros due, among others, to the results generated by the sale of the Cedinsa Group. In 2020, 3,798 thousand euros were reversed.

– Reversal of the accumulated impairment of Per Gestora, S.L.U. for an amount of 71,462 thousand euros, due to the liquidation of the company (see section on Equity instruments of Group companies in this same note). In 2020, 64,960 thousand euros were allocated, motivated by the distribution of voluntary reserves at the Company.

– Reversal of the impairment of FM Green Power Investments, S.L., in the amount of 240,626 thousand euros, due to the sale of the aforementioned company (see section on Equity instruments of associates in this same note). In 2020, 612 thousand euros were provided.

## b) Current investments in Group companies and associates

This section includes mainly the loans and other non-trade credits granted to Group companies and associates, among others, in line with certain specific cash situations, as well as other temporary financial assets, measured at the lower of cost or market value, increased by interest earned at a market rate. It also includes the balances generated by tax effects with the subsidiary companies in the tax consolidation Group, as well as outstanding dividends.

The most significant balances in this regard were as follows:

| | 2021 | 2020 |
|---|---|---|
| Realia Business, S.A. | 120,000 | — |
| FCyC, S.L. | 32,258 | 23,113 |
| FCC Servicios Medio Ambiente Holding S.A.U. | 21,592 | 43,236 |
| Fedemes, S.L.U. | 21,054 | 13,724 |
| Cementos Portland Valderrivas, S.A. | 11,980 | 11,533 |
| FCC Concesiones e Infraestructuras, S.L.U. | 684 | 22,824 |
| FM Green Power Investments, S.L. | — | 26,411 |
| Rest | 845 | 8,944 |
| | **208,413** | **149,785** |

In the 2021 business year, the granting of a loan to the Realia Business, S.A. Group company for an amount of 120,000 thousand euros, with annual maturity and an interest rate tied to Euribor plus a spread.

## c) Non-current payables to Group companies and associates

The balance at 31 December 2021 corresponds in its entirety to the loan that FCC Aqualia, S.A. has granted to the Company, in accordance with the following conditions:

- Loan amount: 806,479 thousand euros
- Maturity: 28 September 2048.
- Interest periods: annual periods, except the final period which will end on 28 September 2048.
- Interest rate: 3.55%.
- Payment of annual interest when the borrower and its subsidiary companies, excluding the FCC Aqualia subgroup, hold "available cash" at 30 September which is not less than the amount of the accrued interest. Any unpaid matured interest will be capitalised and accrue interest, as regulated in article 317 of the Code of Commerce.
- Collateral: the guarantees mentioned in Note 16 continued to be granted.

The aforementioned loan has accrued interest of 29,027 thousand euros (29,107 thousand euros at 31 December 2020).

## d) Current payables to Group companies and associateso

Payables to Group and associated companies include loans received by the Company which are remunerated at market prices, as well as the balances generated by the tax effect with the subsidiary companies of the tax consolidation group. The most significant balances on the liabilities side of the accompanying balance sheet are as follows:

| | 2021 | 2020 |
|---|---|---|
| Asesoría Financiera y de Gestión, S.A.U. | 305,519 | 17,750 |
| FCC Construcción, S.A. | 87,110 | 39,172 |
| Fedemes, S.L.U. | 43,861 | 34,674 |
| FCyC, S.L. | 23,017 | 15,815 |
| Cementos Portland Valderrivas, S.A. | 10,518 | 4,354 |
| Rest | 18,023 | 15,866 |
| | **488,048** | **127,631** |

The most significant movement in 2021 was the increase in the debt with the investee Asesoría Financiera y de Gestión, S.A. for 287,769 thousand euros. In 2015, cash pooling contracts were signed between the aforementioned company and FCC Group companies, including the Parent Fomento de Construcciones y Contratas, S.A., whereby financial movements are channelled through said subsidiary. The increase in the debt with the aforementioned subsidiary has served to partially cancel the Company's external financing.

# 10. Equity

The Ordinary General Shareholders' Meeting held on 29 June 2021 resolved to distribute a scrip dividend by issuing new ordinary shares with a par value of 1 euro each, without a share premium, of the same class and series as the shares already in circulation, with a charge to reserves. This resolution also included an offer by the company to acquire the free allocation rights at a guaranteed price.

At its meeting on 29 June 2021, following the General Shareholders' Meeting, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to execute the scrip dividend distribution resolution adopted by the Shareholders' Meeting, the most significant characteristics of which are described below:

- Maximum value of the scrip dividend: 163,642,647.20 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.
- The number of free allotment rights required to receive a new share was set at 25. Shareholders who chose this option also received a compensatory cash dividend of 0.416 euros for each new bonus share received

– At the end of the trading period for the free allocation rights, on 20 July 2021, holders of 401,675,483 (98.18%) rights had chosen to receive new shares, while shareholders holding 7,431,135 rights had opted to accept the Company's offer to acquire their rights at the guaranteed price. Accordingly, the final number of 1 euro bonus shares issued was 16,067,018 shares, corresponding to 3.93% of the capital stock prior to the increase, resulting in a cash outflow for the compensatory dividend, as well as for the rights acquired by the Company of 9,631 thousand euros.

– On 28 July 2021, the public deed to increase the Company's paid-up capital with a charge to voluntary reserves was registered at the Barcelona Mercantile Registry.

In addition, at the Ordinary General Shareholders' Meeting held on 2 June 2020, a decision was taken to distribute a scrip dividend, with the following characteristics:

– Maximum value of the scrip dividend: 156,905,930.40 euros, equivalent to 0.40 euros per share.

– Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.

– The number of free allotment rights required to receive a new share was set at 23. Shareholders who chose this option also received a compensatory cash dividend of 0.624 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.

– At the end of the trading period for the free allocation rights on 22 June 2020, holders of 387,361,229 (98.75%) rights had chosen to receive new shares, while shareholders holding 4,903,597 rights had opted to accept the company's offer to acquire their rights at the guaranteed price. Accordingly, the final number of bonus shares with a par value of 1 euro issued was 16,841,792 shares, corresponding to 4.29% of capital stock prior to the increase, resulting in a cash outflow for the compensatory dividend, as well as for the rights acquired by the Company of 12,436 thousand euros.

The following table shows the effect of distribution of the scrip dividend on the equity of Fomento de Construcciones y Contratas, S.A., in both business years:

| | 2021 | 2020 |
|---|---|---|
| Capital stock increase | 16,067 | 16,842 |
| **Share capital** | **16,067** | **16,842** |
| Capital stock increase | (16,067) | (16,842) |
| Costs, net of tax | (90) | (79) |
| Acquisition rights at guaranteed price | (2,972) | (1,961) |
| Compensatory dividend | (6,659) | (10,475) |
| **Voluntary reserves** | **(25,788)** | **(29,357)** |
| **Change in equity** | **(9,721)** | **(12,515)** |

## a) Capital

The capital of Fomento de Construcciones y Contratas, S,A. comprises 425,173,636 ordinary shares represented through book entries with a par value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the capital stock of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

On 10 June 2020, Samede Inversiones 2010, S.L., a company 100% owned by Esther Koplowitz Romero de Juseu, transferred the 100% holding it held in Dominum Dirección y Gestión, S.L., which in turn held shares in Fomento de Construcciones y Contratas, S.A. representing 15.43% of the capital stock at that date, to Control Empresarial de Capitales, S.A. de C.V.

On 27 November 2020, Dominum Dirección y Gestión, S.L. transferred shares in FCC representing 7% of its capital stock to Finver Inversiones 2020, S.L.U.

Following the aforementioned changes, in relation to the part of the capital held by other companies, directly or through its subsidiary companies, when it is more than 10%, according to the information provided, the company Control Empresarial de Capitales, S.A. de C.V. (absorbing company of Inversora Carso, S.A. de C.V.), controlled by the Slim family, holds 69.66% directly and indirectly, at the date of preparation of these financial statements. Furthermore, as indicated in the previous paragraph, the company Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 7% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4.54% of the capital. Esther Koplowitz Romero de Juseu also holds 138,599 direct shares in Fomento de Construcciones y Contratas, S.A.

## b) Share premium

The Spanish Limited Liability Companies Law, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

## c) Reserves

The detail of this heading in 2021 and 2020 is as follows:

| | 2021 | 2020 |
|---|---|---|
| Legal reserve | 81,821 | 78,453 |
| Other reserves | 2,304,735 | 2,083,067 |
| | **2,386,556** | **2,161,520** |

In accordance with the Spanish Limited Liability Companies Law, as amended, 10% of net profit for each business year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the capital stock. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of capital stock and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

Noteworthy under "Other reserves" were restricted reserves amounting to 6,034 thousand euros, equivalent to the nominal value of the own shares redeemed in the 2002 and 2008 business years which, pursuant to article 335.c of the Spanish Limited Liability Companies Law, is restricted, except with the same requirements as for the capital reduction.

## d) Own shares

Movements in the "Own shares" heading in the 2021 and 2020 business years were as follows:

| | |
|---|---|
| **Balance at 31 December 2019** | **(16,068)** |
| Sales | — |
| Acquisitions | (1,944) |
| **Balance at 31 December 2020** | **(18,012)** |
| Sales | — |
| Acquisitions | (8,662) |
| **Balance at 31 December 2021** | **(26,674)** |

Details of own shares at 31 December 2021 and 2020 were as follows:

| 2021 | | 2020 | |
|---|---|---|---|
| **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| 2,410,758 | (26,674) | 1,544,773 | (18,012) |

At 31 December 2021, the company's shares represented 0.57% of the capital stock (0.38% at 31 December 2020).

# 11. Long-term provisions

The changes in the business year were as follows:

| | Litigation | Liabilities and contingencies | Contractual and legal guarantees and obligations | Rest | Total |
|---|---|---|---|---|---|
| **Balance at 31.12.19** | **96,018** | **62,325** | **19,155** | **5,242** | **182,740** |
| Provisions | 503 | 52,164 | — | 1,072 | 53,739 |
| Applications/reversals | (96,521) | (1,963) | — | (146) | (98,630) |
| **Balance at 31.12.20** | **—** | **112,526** | **19,155** | **6,168** | **137,849** |
| Provisions | — | 2,934 | 2,561 | 109 | 5,604 |
| Applications/reversals | — | (5,325) | — | (131) | (5,456) |
| **Balance at 31.12.21** | **—** | **110,135** | **21,716** | **6,146** | **137,997** |

## Provisions for litigation

These provisions cover the company's risks as the defendant in certain disputes relating to liabilities arising from its activities.

The amount reflected at 31 December 2019 corresponded in its entirety to the challenge procedure for the sale of Alpine Energie, which was completed in May 2020. The following paragraphs discuss the situation in greater detail with the process of bankruptcy of the Alpine subgroup, a legal subsidiary of FCC Construcción, S.A., which did not cause significant changes with respect to that reported in the 2020 Financial Statements.

In 2006, the FCC Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary company, Alpine Bau GmbH, hereinafter AB. Seven years later, on 19 June 2013, AB filed for insolvency before the Commercial Court of Vienna, but after the unfeasibility of the reorganisation proposal was established, the insolvency administrator filed for, and the court decreed, the bankruptcy, closure and liquidation of the company. On 25 June 2013, the liquidation of the company was commenced. As a consequence of the bankruptcy of AB, its parent company, AH filed for bankruptcy before the Commercial Court on 2 July 2013, which declared the bankruptcy and liquidation of AH.

As a result of both bankruptcies, FCC Construcción, S.A. loses control over the Alpine Group, interrupting its consolidation.

On the reporting date, the administrators recognised liabilities of approximately EUR 1,669 million in AB and EUR 550 million in AH as part of the corresponding receivership proceedings. The share of the bankrupt estate in AB currently amounts to 15% whereas for AH's bankruptcy, the bankruptcy administrator has not been able to estimate and determine the share.

Eight years after the bankruptcy of both companies and having definitively filed the criminal proceedings, won proceedings brought by bondholders and settled a retroactive action, two proceedings brought by the insolvency administrators against Fomento de Construcciones y Contratas, S.A. and FCC Construccion S.A. are still pending, in addition to other proceedings against auditors, former directors, and intermediary banks in the acquisition of bonds issued by AH in 2010, 2011 and 2012, admitted to trading on the Luxembourg and Vienna stock exchanges for a joint nominal value of 290 million euros.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. At 31 December 2021, the amount provisioned for these items in the balance sheet of FCC Construcción, S.A. was 23,832 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were issued, a number of proceedings were instigated against the Group and directors of AH and AB. At 31 December 2021, two sets of commercial proceedings and one set of employment proceedings were still in progress, affecting FCC either directly or indirectly:

1. In April 2015, the bankruptcy administrator of Alpine Holding GmbH filed a claim for 186 million euros against FCC Construcción, S.A. and other ex-executive of AB, considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were allegedly provided by this company for its subsidiary, Alpine Bau GmbH, without the necessary guarantees and complying with a "mandate-order" from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. Having filed appeals and cassation appeals for procedural infringement, in April 2020, the Austrian Supreme Court declared the need to return the Orders to the Court of Instance so that the testimonial evidence could be practiced in person before the Judge of First Instance. Such testimonial statements took place in June 2021 and, in light of the mandate contained in the Supreme Court Judgment, the judge has yet to decide whether to consider the procedure closed or whether to agree to the practice of the expert evidence requested by the bankruptcy trustee AH.
2. In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was notified of a suit in which an AB bankruptcy administrator made a joint and several claim against the former finance director of Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of 19 million euros for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law. The proceedings are still at the evidentiary phase, the court expert having issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have caused any loss to AB. Given the multiplicity of allegations made by the bankruptcy administrator, the judge is weighing the request for a complementary expert report.
3. Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Social Claims Court for 72 million euros. The claimant argues that this amount represents the damage to the bankruptcy estate caused by the alleged delay in initiating insolvency proceedings. In the event that the insolvency administrator's claim succeeds, with a firm ruling on an indemnity duty, the FCC Group's subsidiary liability could arise in a remote case.

In terms of these disputes, the FCC Group and its legal advisors do not consider it very probable there will be any future outflows of cash prior to the issuance of these financial statements; therefore, no provisions have been set aside, as the Group believes that they represent contingent liabilities.

## Provision for third-party liability

This item includes the risks arising for the company in the performance of its activities that are not included in other categories. These include the risks arising from international expansion, as well as tax risks.

## Provisions for 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. Practically all of the balance corresponds to the financial commitments granted to the buyers of Global Via Infraestructuras, S.A., formalised in 2016 (Note 8.a).

## Other provisions

This heading includes the items not classified in the foregoing accounts, such as provisions to cover environmental risks and risks arising from its procedures as the insurer itself.

# 12. Non-current and current payables

The balance of "Non-current payables" and "Current payables" was as follows:

| | Long-term | Short-term |
|---|---|---|
| **2021** | | |
| Debt instruments and other marketable securities | — | 30,000 |
| Bank borrowings | — | 200,076 |
| Other financial liabilities | 29 | 487 |
| | **29** | **230,563** |
| **2020** | | |
| Debt instruments and other marketable securities | — | 302,300 |
| Bank borrowings | 20,000 | 155,228 |
| Finance lease payables (Notes 4.d.1 and 7.a) | 19,215 | 4,774 |
| Other financial liabilities | 1,584 | 2,041 |
| | **40,799** | **464,343** |

All the financial liabilities reflected in the table above are classified within the category of financial liabilities at amortised cost.

## a) Bonds and other current marketable securitiess

Fomento de Construcciones y Contratas, S.A has had a promissory note programme, Euro Commercial Paper Programme (ECP), registered since November 2018 on the Irish stock exchange (Euronext Dublin) for a maximum amount of 600 million euros as at December 2021, at a fixed interest rate and with a maximum maturity of one year, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet general financial needs.

At 31 December 2021, the outstanding balance is 30,000 thousand euros (302,300 thousand euros at 31 December 2020), maturing in 2 months.

## b) Current bank borrowings

At 31 December 2021, this heading mainly includes:

1. Loans for a total of 200,000 thousand euros, with annual maturity and interest rates tied to Euribor plus a market spread.
2. Financing facilities in the form of credit policies and bilateral loans, with a maximum limit of 200,000 thousand euros with different financial entities. At 31 December 2021, they were fully available. They also have annual maturity and interest rates tied to Euribor plus a market spread.

# 13. Trade payables

In relation to the Spanish Accounting and Audit Institute (ICAC) Resolution dated 29 January 2016, enacted in compliance with the Second Final Provision of Law 31/2014, of 3 December, which amends the Third Additional Provision of Law 15/2010, of 5 July, stipulating measures to combat late payment in commercial transactions, the following table provides information on the average payment period to suppliers for commercial transactions arranged since the date of entry into force of Law 31/2014, i.e. 24 December 2014:

| | 2021 | 2020 |
|---|---|---|
| | Days | Days |
| Average payment period to suppliers | 57 | 56 |
| Ratio of paid operations/transactions | 56 | 55 |
| Ratio of operations/transactions pending payment | 65 | 64 |
| | Amount | Amount |
| Total payments made | 56,206 | 59,408 |
| Total payments pending | 7,016 | 6,453 |

# 14. Information on the nature and level of risk of financial instruments

The concept of financial risk refers to changes in the financial instruments arranged by Fomento de Construcciones y Contratas, S.A., as a result of political, market and other factors and their impact on the financial statements. The risk management philosophy of the company and of FCC Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the company's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

## a) Capital risk

To manage capital, the main objective of the company and of FCC Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The essential base considered by the company to be capital is recognised under "Equity" in the balance sheet. Given the sector in which they operate, the company and the Group are not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiary companies to enable an adequate distribution between debt and capital.

Proof of the foregoing are the extensions made in 2014 for 1,000,000 thousand euros and in 2016 for 709,519 thousand euros, both aimed at strengthening the capital structure of the Company.

In addition, in December 2019, two straight bonds were issued by the investee company FCC Servicios Medioambiente Holding, S.A.U. for 1,100 million euros. The resulting funds were mainly used for the voluntary early repayment of the syndicated financing of Fomento de Construcciones y Contratas, S.A., amounting to 1,200 million euros, arranged in September 2018. In November 2018, the Company registered a 300 million euro promissory notes programme, which was subsequently expanded to 600 million euros in March 2019 (Note 13.a). In 2021, new funding facilities were arranged in the form of credit facilities and bilateral loans (Note 12.b).

These operations have enabled completion of the debt reduction and financial reorganisation process and the continuation of the policy of diversifying funding sources. These measures have contributed to achieving a much more robust and efficient capital structure, with suitable volumes, terms and financing costs adapted to the nature of the FCC Group's different business areas.

The General Finance Department, which is responsible for the management of financial risks, regularly reviews the debt-equity ratio and compliance with financing covenants, together with the capital structure of the subsidiary companies.

## b) Foreign currency risk

A noteworthy consequence of FCC Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the company and FCC Group mainly operate is the euro, they also hold financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is primarily located in borrowings denominated in foreign currencies, investments in international markets and payments received in currencies other than the euro.

FCC Group's general policy is to mitigate the adverse effect on its financial statements of exposure to foreign currencies as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

## c) Interest rate risk

Fomento de Construcciones y Contratas, S.A. and FCC Group are exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the company and of FCC Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

The table below summarises the effect on the Company's income statement of increases in the interest rate curve with regard to gross debt:

| | +25 pb | +50 pb | +100 pb |
|---|---|---|---|
| Impact on profit or loss | 1,491 | 2,982 | 5,964 |

## d) Solvency risk

The most suitable ratio for measuring solvency and debt repayment ability is Net debt/EBITDA.

The following table shows the development of the net financial indebtedness shown in the accompanying balance sheet.

| | 2021 | 2020 |
|---|---|---|
| Bank borrowings (note 12) | 200,076 | 175,228 |
| Debt instruments and other marketable securities (Note 12) | 30,000 | 302,300 |
| Financial payables to Group and associated companies (notes 9.c and 9.d) | 1,202,824 | 886,640 |
| Other interest-bearing financial debt (note 12) | — | 25,679 |
| Financial loans with Group and associated companies (note 9.b) | (192,392) | (120,759) |
| Other current financial assets (note 8.b) | (6,173) | (1,166) |
| Treasury and cash equivalents | (61,760) | (8,227) |
| | **1,172,575** | **1,259,695** |

## e) Liquidity risk

Fomento de Construcciones y Contratas, S.A. performs its business in industrial sectors requiring a high level of financing, having so far obtained adequate financing for its operations. However, the company cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The ability of the Company and the FCC Group to obtain financing depends on many factors, a lot of which are beyond their control, such as general economic conditions, the availability of funds at financial institutions, the depth and availability of the capital markets and the monetary policy of the markets in which they operate. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to develop the company's activities.

Historically, the FCC Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew loan arrangements depends on various factors, many of which are outside the control of FCC Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent FCC Group's capacity to renew its financing. Accordingly, the FCC Group cannot guarantee its ability to renew its financing on economically attractive terms. The inability to renew such loans or to ensure adequate financing under acceptable terms may have a negative impact on the liquidity of Fomento de Construcciones y Contratas, S.A. and its Group companies, and on its ability to meet its working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are more unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates the obtainment of credit facilities and the mitigation of liquidity risk.

## f) Concentration risk

The risk arising from the concentration of lending transactions with common characteristics is distributed as follows:

- Funding sources: in order to diversify this risk, the company and FCC Group work with a large number of Spanish and foreign financial entities to obtain funds.
- Markets/geography (domestic, foreign): The Company and the FCC Group have a significant position in the domestic market, so the debt is mainly concentrated in euros.
- Products: the company uses various financial products, such as loans, credit facilities, promissory notes, syndicated loans, assignments and discounting.

FCC Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each business year.

## g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The company and FCC Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various managing committees.

With regard to credit ratings, the Company and the FCC Group apply its best judgement to impair financial assets on which it expects to incur credit losses over their entire lives. The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

## h) Covid-19 risk

The Covid-19 pandemic has had a series of impacts on the financial statements of the Company and the FCC Group, both in terms of operations and liquidity, which has also led to the updating of the main estimates affecting them.

In operational terms, the impact of the Covid-19 crisis on the FCC Group has been limited, given that the Water and Environment Areas, which represent the most substantial part of the Group's revenues and earnings, include activities that the various national authorities have considered essential without significant interruptions in activity or loss of profitability for most of the assets. In relation to other activities, such as Construction, which has a smaller weighting in the Group's total activity, the pandemic has led to the temporary interruption of part of the backlog of construction contracts in progress as well as, where applicable, some inefficiencies in the supply chain, circumstances that inevitably have an impact on project costs as well as on project delivery times. Measures have been adopted to adapt costs to the new levels of activity and, to date, practically all activity has resumed, so no significant unprovisioned impairment is expected- For its part, the Cements Area presents a similar evolution in relation to the COVID-19 risk, although it has been affected by the increase in energy prices.

The Company and the FCC Group, in light of the situation created by the Covid-19 crisis, have carried out an analysis of the main estimates affecting the individual and consolidated financial statements. In relation to the estimates affecting the individual financial statements (Note 4.l), the notes to these financial statements detail the effects in terms of impairments and provisions that the COVID-19 crisis has caused on the financial information for the 2021 business year.

Taking into account the limited impact, the measures to secure the assets undertaken as well as the existing liquidity gaps, these individual financial statements have been prepared on a going concern basis, since the continuity of the company is not in doubt.

## i) Climate change risks

The performance of the activities carried out by the FCC Group may be impacted by adverse weather conditions, such as floods or other natural disasters and in some cases, by the decrease in temperature that may hinder, or even prevent in extreme cases, the performance of their activities, such as the case of intense frosts in the Construction business.

The Company and its group of companies take all the appropriate measures to adapt to the effects of climate change and mitigate its possible effects on their activity and fixed assets, committing to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and by the very nature of some of the activities it carries out, it promotes the circular economy. In order to attain these objectives, specific policies are implemented in the activities carried out:

- The Construction Area has an Integrated Policy to analyse environmental incidents, the involvement of the interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works, emphasising the mitigation of the generation of waste, the consumption of resources, the generation of noise and vibrations, promoting the use of sustainable and reusable materials and the sustainable use of water. It has environmental certifications in several of the countries in which it operates, as well as environmental certification according to ISO 14001 at the centres located in Spain at some of its main investees.
- The very nature of the Environmental Services Area aims to protect and conserve the environment and contribute to the circular economy by treating waste as a resource, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. As for policies aimed at optimising energy consumption, Spain has an Energy Management System certified in accordance with the ISO 50001 standard and projects for the use of landfill gas to generate electricity and hot water.
- In 2021, the Water Area was the first company in the sector to certify the Strategy for the Contribution of the Sustainable Development Goals, by AENOR. Likewise, the Area has implemented energy management policies to optimise energy consumption at its facilities. a policy that is reflected in the calculation of the Company's Carbon Footprint in its operations in Spain, verified in accordance with the guidelines of the UNE-ISO 14064 Standard by AENOR, in which the impact of energy management (Scope 2) can be observed in the 13% reduction in emissions compared to the previous year. The Area has also implemented policies to reduce greenhouse gas emissions, through the signing of a PPA (Power Purchase Agreement) contract for renewable energies (photovoltaic) and projects to install renewable energy (photovoltaic) at some of its facilities.

– The Cement Area takes measures that are specified at each facility, taking into account the current context of each one, its technological, human and economic resources, the applicable legislation and the expectations of the interested parties. The objectives of such measures are to promote the circular economy and to reduce greenhouse gas emissions by increasing material and energy recovery with a greater use of decarbonised raw materials, recoverable waste and biomass fuels, increasing energy efficiency through the optimisation of the fuel mix and the use of expert systems in the manufacturing process and transition to LED lighting and increasing the mix of renewable energies through solar and/or wind energy facility projects and boosting the consumption of biomass in clinker manufacturing.

As a result of the foregoing, these individual financial statements were prepared under the going concern principle, since there are no doubts regarding the continuity of the Company and its group of companies.

# 15. Deferred taxes and tax matters

## a) Balances with public administrations and deferred taxes

### a.1) Tax receivables

| | 2021 | 2020 |
|---|---|---|
| **Non-current** | | |
| Deferred tax assets | 50,268 | 54,670 |
| | 50,268 | 54,670 |
| **Current** | | |
| Current tax assets | 144,230 | 77,946 |
| Other receivables from the public administrations | 994 | 674 |
| | **145,224** | **78,620** |

The breakdown of the "Deferred tax assets" heading is as follows:

| | 2021 | 2020 |
|---|---|---|
| Capitalisation of tax loss carryforwards | 44,523 | 48,749 |
| Non-deductible provisions | 4,257 | 4,432 |
| Rest | 1,488 | 1,489 |
| | **50,268** | **54,670** |

The management of Fomento de Construcciones y Contratas, S.A., the parent of the Tax Group 18/89 (Note 15.g), has assessed the recoverability of deferred tax assets by estimating future tax bases relating to the aforementioned Group, concluding that no doubts exist with respect to their recovery in a period not exceeding ten years. The projections used are based on the Group's estimated "Consolidated accounting profit for the year before tax from continuing operations", adjusting for the related permanent and temporary differences expected to arise each year. The projections show increased profit, as a result of continuing the measures taken to reduce costs and the reinforcement of the Group's financial structure, which have enabled a reduction in financial debt and lower interest rates, resulting in a significant reduction in finance costs.

### a.2) Payable balances

| | 2021 | 2020 |
|---|---|---|
| **Non-current** | | |
| Deferred tax liabilities | 371 | 385 |
| | **371** | **385** |
| **Current** | | |
| Other government/public administration credits/loans: | | |
| Withholdings | 301 | 252 |
| VAT and other indirect taxes | 420 | 138 |
| Social Security bodies | 338 | 330 |
| | **1,059** | **720** |

### a.3) Changes in deferred tax assets and liabilities

Movements in deferred tax assets and liabilities in the 2021 and 2020 business years were as follows:

| | Deferred tax assets | Deferred tax liabilities |
|---|---|---|
| **Taxable temporary differences** | | |
| **Balance at 31.12.19** | **100,919** | **2,642** |
| Originating in previous business years | (24,827) | – |
| Other adjustments | (21,422) | (2,257) |
| **Balance at 31.12.20** | **54,670** | **385** |
| Arising in prior years (Note 15.b) | (3,653) | – |
| Other adjustments | (749) | (14) |
| **Total balance at 31.12.21** | **50,268** | **371** |

"Other adjustments" basically include the differences, positive or negative, between the estimate of the tax made at the closing of the accounts and the subsequent settlement of the tax at the payment date. Additionally and specifically for the 2020 business year, it includes the assignment to FCC Construcción, S.A. of the part of the tax credit that corresponds to this company and that arose in 2019 as a result of the State aid recovery procedure derived from decision 2015/314/EU of the European Commission, of 15 October 2014, regarding the tax amortisation of financial goodwill for the indirect acquisition of foreign holdings.

## b) Reconciliation of accounting profit and taxable income

The reconciliation between accounting profit and taxable profit for corporation tax purposes is as follows:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| Accounting profit/(loss) for the business year before tax | | | 244,957 | | | 258,803 |
| | **Additions** | **Reductions** | | **Additions** | **Reductions** | |
| Permanent differences | 89,278 | (458,591) | (369,313) | 76,002 | (341,628) | (265,626) |
| **Adjusted accounting profit/(loss** | | | **(124,356)** | | | **(6,823)** |
| Temporary differences | | | | | | |
| - Arising in prior years (Note 15.a) | – | (14,613) | (14,613) | – | (99,306) | (99,306) |
| **Tax base (taxable profit/(loss)** | | | **(138,969)** | | | **(106,129)** |

Noteworthy in the table above were the permanent differences relating to both business years. which basically arise from:

- Impairment on investments of the Tax Group 18/89 and at the remaining investees (note 9).
- The exemption to avoid the double taxation of dividends. Corporate Income Tax Law 27/2014, of 27 November, eliminated the tax credit for the double taxation of dividends, substituting it with the aforementioned exemption (Note 15.a).
- Temporary differences treated as permanent. They correspond to temporary differences from previous years that are not capitalised as deferred tax assets and that reverse in the year, basically due to the non-deductibility of financial expenses.

## c) Reconciliation of accounting profit to the corporation tax expense

The reconciliation of accounting profit to the corporation tax expense was as follows:

| | 2021 | 2020 |
|---|---|---|
| Adjusted accounting profit/(loss) | (124,356) | (6,823) |
| Corporation tax charge | 31,089 | 1,706 |
| Other adjustments | (1,549) | (9,685) |
| **Corporation tax expense/(income)** | **29,540** | **(7,979)** |

"Other adjustments" in the 2020 business year basically include the adjustment made to reverse non-activated deferred tax assets in prior years, together with the non-capitalisation of prepaid taxes and negative taxable amounts in the business year.

## d) Breakdown of the corporation tax expense

The breakdown of Corporate Income Tax expense for the 2021 and 2020 business years was as follows:

| | 2021 | 2020 |
|---|---|---|
| Current tax | 33,928 | 21,582 |
| Deferred tax | (4,388) | (29,561) |
| **Total tax (expense)/income** | **29,540** | **(7,979)** |

## e)Tax loss carryforwards and unused tax credits

At year-end, the company had tax loss carryforwards from prior years pending offset amounting to 320,663 thousand euros, as a member of Tax Group 18/89, detailed as follows, by year:

| | Amount |
|---|---|
| 2013 | 194,420 |
| 2014 | 45,548 |
| 2016 | 52,608 |
| 2019 | 16,855 |
| 2020 | 11,232 |
| **Total** | **320,663** |

The company also has unused tax credits pending application from previous years amounting to 14,037 thousand euros. The breakdown is as follows:

| Deductions | Amount | Application deadline |
|---|---|---|
| Reinvestment | 4,688 | 15 years |
| R+D+I Activities | 5,704 | 18 years |
| Creation of employment | 1,194 | 15 years |
| Internal double taxation relief | 770 | Indefinite |
| Rest | 1,681 | — |
| | **14,037** | |

The Company has capitalised the amount of 44,523 thousand euros for tax bases pending compensation and credits pending application (Note 15.a).

The company also has a potential uncapitalised tax asset, totalling 333 million euros, corresponding to the impairment test performed in prior years on its holding in Azincourt, S.L., the holding company for the shares of the British company FCC Environment (UK). The impairment, which was not deemed to be deductible from the taxable income for corporation tax purposes, amounted to 1,333 million euros. This amount could be deducted for tax purposes in the future, in the event that Azincourt Investment, S.L. is wound up.

## f) Financial years pending verification and inspection actions

Fomento de Construcciones y Contratas, S.A. has all the business years not yet statute-barred open for review by the tax authorities for the taxes applicable to them. In June 2020, the tax authorities notified the start of corporation tax audits of the tax group headed by Fomento de Construcciones y Contratas, S.A., 2015 to 2017, the VAT corresponding to the period from June 2016 to December 2017 of Fomento de Construcciones y Contratas, S.A., FCC Construcción, S.A., FCC Aqualia, S.A., FCC Industrial e Infraestructuras Energéticas, S.A. and Cementos Portland Valderrivas, S.A., as well as withholdings/payments on account for employment income and income from professional services for the period from June 2016 to December 2017 of Fomento de Construcciones y Contratas, S.A., FCC Construcción, S.A. and FCC Aqualia, S.A. and for the period from January to December 2017 for Cementos Portland Valderrivas, S.A.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU, of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The tax authorities made a payment for a total amount of 111 million euros (instalment and interest) to Fomento de Construcciones y Contratas, Parent of the FCC Group. The company has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The legal advisors of Fomento de Construcciones y Contratas, S.A. consider it likely that the amounts already paid in this recovery procedure will be returned. Within the framework of this procedure, the Tax Administration recognised a negative tax base in favour of the FCC Group, which has generated a tax credit capitalised in the amount of 63.2 million euros (49 million euros at the Company).

In relation to the rest of the business years and taxes open for review, as a result of the criteria that the tax authorities may adopt in the interpretation of the tax regulations, the outcome of the inspections currently under way, or those that may be performed in the future for the years open for review, could generate contingent tax liabilities whose amount cannot currently be quantified objectively. However, Group management considers that the liabilities resulting from this situation would not have a significant effect on the Group's equity.

## g) Tax Group

In accordance with file 18/89, as the parent, Fomento de Construcciones y Contratas, S.A. files consolidated corporation tax returns, including all the Group companies that comply with the requirements of the tax legislation.

## h) Other tax information

The following table includes the details of the "Corporation tax refunded/(paid)" heading in the statement of cash flows for the 2021 and 2020 business years.

| | 2021 | 2020 |
|---|---|---|
| Collections from/payments to Group companies for prior years' corporation tax charge and corporation tax prepayments in the year | 101,175 | 44,448 |
| Prior years' corporation tax | 39,737 | 29,558 |
| Prepayments | (115,251) | (40,766) |
| Withholdings and other | (65) | (209) |
| | **25,596** | **33,031** |

# 16. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2021, Fomento de Construcciones y Contratas, S.A. provided guarantees vis-à- vis public bodies and private clients, mainly to secure the proper performance of the services under contracts in the United States of America, for 21,362 thousand euros (20,924 thousand euros at 31 December 2020).

Also, at year-end, the company had provided securities and guarantees to third parties with respect to certain Group companies, totalling 32,314 thousand euros (83,816 thousand euros at 31 December 2020), essentially companies belonging to the Environmental Services division. The decrease in the year is due to the transfer of guarantees to companies of the aforementioned activity, motivated by the segregation process that occurred in 2019, as well as the guarantees related to Energy companies that have been cancelled due to the divestment in this activity (Note 9.a).

Fomento de Construcciones y Contratas, S.A. has also appeared as the respondent in some lawsuits. However, the company's directors consider that the resulting liabilities would not have a material effect on the company's equity.

The possible financial effects of the main contingent liabilities derived from the bankruptcy of the Alpine subgroup would be the cash outflows indicated in the respective lawsuits detailed in Note 11 of this report, a risk not considered likely.

In addition to the disputes related with Alpine, it must be highlighted that on 15 January 2015, the Competition Chamber of the Spanish National Markets and Competition Commission handed down a ruling with respect to proceeding S/0429/12, for an alleged breach of article 1 of Law 15/2007 on the Defence of Competition. This ruling affects various companies and associations in the waste sector, including Fomento de Construcciones y Contratas, S.A. and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, the Judgments issued by the National Court were notified, upholding the contentious-administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, S.A. Sole-Shareholder, both companies owned by FCC, against the CNMC Resolution, in which several sanctions were imposed for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014, initially estimated at 82 million dollars, which might not be justified and, may, therefore be illegal. These acts were uncovered as a result of application of the procedures in the FCC Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the "zero tolerance" anti-corruption principle that permeates FCC's entire Compliance System.

In the context of the aforementioned collaboration, on 29 October 2019, the Central Court of Instruction no. 2 of the National High Court agreed to have FCC Construccion, S.A. and two of its subsidiaries, FCC Construccion America, S.A. and Construcciones Hospitalarias, S.A., investigated within Preliminary Proceedings 34/2017. The case is still in the investigation period, without us being able to determine at this time what type of charges could be filed, if any. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

Additionally, the 2018 agreement for the sale of 49% the FCC Aqualia, S.A. holding envisages certain variable prices that depend on the resolution of contingent procedures. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

This sale led to the formation of the companies FCC Topco, s.a.r.l. and its subsidiary FCC Midco, S.A., with the latter having received securities representing 10% of the shares of FCC Aqualia, which is owned by the Company. These shares are pledged to secure certain Group obligations to FCC Aqualia, primarily the repayment of the 806,479 thousand euro loan that the latter extended to Fomento de Construcciones y Contratas, S.A. Note 9.c). At the date of authorisation for issue of these financial statements, the company believes that there is no risk that these guarantees will be enforced.

The company is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The company's stake in joint operations managed through joint ventures, joint ownership, participation accounts and other similar arrangements means that participants share joint and several liability for the activities performed.

The company has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

# 17. Revenue and expenses

In addition to sales and services, revenue includes dividends and accrued interest arising from finance extended to investees (Note 2).

The "Sales and provision of services" heading mainly includes billings for management support services provided by Fomento de Construcciones y Contratas, S.A. to other Group companies. However, in 2020, 17,388 thousand euros are included corresponding to environmental service contracts located abroad, specifically in the United States of America, whose contracts could not be transferred in the 2019 unbundling since Fomento de Constructions and Contracts, S.A. conserved legal ownership. With regard to these contracts, in 2019, the Company and its subsidiary FCC Medio Ambiente, S.A. signed an agreement for the assignment of economic rights and obligations to FCC MA. At the end of the 2020 business year, practically all the contracts had already been transferred.

Details of "Staff expenses" are shown below:

| | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 19,261 | 28,051 |
| Employee welfare costs | 3,771 | 5,851 |
| | **23,032** | **33,902** |

The 2020 business year includes personnel expenses corresponding to environmental service contracts located abroad (see previous paragraph), which explains most of the decrease in this heading in 2021.

The detail of "Other operating expenses" is as follows:

| | 2021 | 2020 |
|---|---|---|
| External services related to information technologies | 17,665 | 17,571 |
| Leases | 10,743 | 11,068 |
| Royalties | 8,503 | 6,574 |
| Independent professional services | 2,580 | 2,832 |
| Repairs and preservation | 468 | 2,189 |
| Insurance premiums | 400 | 1,957 |
| Banking and similar services | 399 | 1,365 |
| Supplies and procurements | 40 | 5,821 |
| Other services | 10,222 | 15,368 |
| | **51,020** | **64,745** |

Also in this case, in 2020 expenses corresponding to environmental service contracts located abroad are included.

"Finance income from marketable securities and other financial instruments of Group companies and associates" includes the accrued interest arising from the financing granted to investees (note 9), including most notably:

| | 2021 | 2020 |
|---|---|---|
| FCC Servicios Medio Ambiente Holding S.A.U. | 8,860 | 6,898 |
| FCC Concesiones e Infraestructuras, S.L. | 3,116 | — |
| Rest | 1,397 | 860 |
| | **13,373** | **7,758** |

Lastly, in the 2021 business year, the "Changes in the fair value of financial instruments" heading included income of 5,440 thousand euros for an adjustment to the sale price of the company FCC Aqualia, S.A. The sale agreement of 49% of the aforementioned company, formalised in 2018, included a contingent price clause. It should be noted that in 2021, the conditions established for its collection have been met: distribution of dividends by FCC Aqualia, S.A. and interest paid by Fomento de Construcciones y Contratas, S.A. in excess of the amount that would result from applying a rate of 0.25% to the principal of the loan granted by FCC Aqualia.

# 18. Transactions and balances with related parties

## a) Transactions with related parties

Details of transactions with related parties in 2021 and 2020 are as follows:

| | (wholly owned) Group Companies | Joint ventures | Associates | Total |
|---|---|---|---|---|
| **2021** | | | | |
| Provision of services | 91,737 | 228 | — | 91,965 |
| Receipt of services | 9,970 | — | — | 9,970 |
| Dividends | 30,316 | 26,075 | 1,144 | 57,535 |
| Financial expenses | 33,144 | — | — | 33,144 |
| Financial income | 13,373 | — | — | 13,373 |
| **2020** | | | | |
| Provision of services | 93,676 | 304 | 137 | 94,117 |
| Receipt of services | 11,721 | — | 157 | 11,878 |
| Dividends | 226,941 | 26,410 | 1,002 | 254,353 |
| Financial expenses | 29,319 | — | — | 29,319 |
| Financial income | 7,758 | — | — | 7,758 |

In addition to the above, during the 2020 business year, the Company has sold certain intangible assets and property, plant and equipment to various subsidiaries of the FCC Group located in the USA, as indicated in Notes 5 and 6.

## b) Balances with related parties

The detail of the balances with related parties at year-end was as follows:

| | (wholly owned) Group Companies | Joint ventures | Associates | Total |
|---|---|---|---|---|
| **2021** | | | | |
| Current financial assets (Note 9) | 208,413 | — | — | 208,413 |
| Non-current financial assets (Note 9) | 3,470,166 | — | 4,626 | 3,474,792 |
| Current payables (Note 9) | 488,046 | 2 | — | 488,048 |
| Non-current payables (Note 9) | 806,479 | — | — | 806,479 |
| Trade receivables | 23,583 | 48 | — | 23,631 |
| Trade payables | 3,115 | — | — | 3,115 |
| **2020** | | | | |
| Current financial assets (Note 9) | 123,374 | 26,411 | — | 149,785 |
| Non-current financial assets (Note 9) | 3,294,548 | 16,463 | 4,768 | 3,315,779 |
| Current payables (Note 9) | 127,628 | 2 | 1 | 127,631 |
| Non-current payables (Note 9) | 806,479 | — | — | 806,479 |
| Trade receivables | 17,341 | 50 | 28 | 17,419 |
| Trade payables | 2,736 | — | — | 2,736 |

The details of trade receivables from and trade payables to Group companies and associates are as follows:

| | 2021 | |
|---|---|---|
| Company | Receivables | Payable |
| FCC Medio Ambiente, S.A. | 8,978 | 537 |
| FCC Environmental Services Florida Llc. | 5,763 | 1,123 |
| FCC Aqualia, S.A. | 3,170 | 47 |
| FCC Construcción, S.A. | 2,434 | 3 |
| Hidrotec Tecnología del Agua, S.L.U. | 1,273 | 1 |
| Rest | 2,013 | 1,404 |
| | **23,631** | **3,115** |

## c) Transactions with directors of the Company and senior executives of the Group

The directors of Fomento de Construcciones y Contratas, S.A. accrued the following amounts at the company, in thousands of euros:

| | 2021 | 2020 |
|---|---|---|
| Fixed remuneration | 525 | 525 |
| Other payments | 1,173 | 1,147 |
| | **1,698** | **1,672** |

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 1,908 thousand euros (1,832 thousand euros in the 2020 business years).

| 2022-2021 | |
|---|---|
| Marcos Bada Gutierrez | General manager of Internal Audit |
| Felipe B. García Pérez | General Secretary |
| Miguel Ángel Martínez Parra | Managing Director of Administration and Finance |
| Félix Parra Mediavilla | General Manager of FCC Aqualia |

The company had previously taken out insurance and paid a premium to settle contingencies related to the death, permanent employment disability, retirement bonuses and other items for certain executive directors and officers of Fomento de Construcciones y Contratas, S.A. (note 4.k). In 2021 and 2020, no new contributions were made as premiums for said insurance.

Under article 38.5 of the Articles of Association, the Company has taken out a third-party liability insurance policy covering directors and executives. This is a collective policy covering all the Group's executives, with a premium of 1.751 thousand euros being paid in 2021.

The Company has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the business year amounted to 5 thousand euros.

Except as indicated in the preceding paragraphs, no other remuneration, advance payments, loans or guarantees were granted to the Board of Directors, nor were any obligations assumed in terms of pensions and life insurance policies by current and former members of the Board of Directors.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

These directors hold posts or exercise functions and/or hold ownership interests of less than 0.01% in any case in other FCC Group companies, in which Fomento de Construcciones y Contratas, S.A. holds the majority of the voting rights, directly or indirectly.

| Name or corporate name of the director | Company name of the Group entity | Position |
|---|---|---|
| ALICIA ALCOCER KOPLOWITZ | CEMENTOS PORTLAND VALDERRIVAS, S.A. | DIRECTOR |
| | REALIA BUSINESS, S.A. | DIRECTOR |
| GERARDO KURI KAUFMANN | CEMENTOS PORTLAND VALDERRIVAS, S.A. | CHIEF EXECUTIVE OFFICER |
| | REALIA BUSINESS, S.A. | CHIEF EXECUTIVE OFFICER |
| JUAN RODRÍGUEZ TORRES | CEMENTOS PORTLAND VALDERRIVAS, S.A. | DIRECTOR |
| | FCC AQUALIA, S.A. | DIRECTOR |
| | REALIA BUSINESS, S.A. | NON-EXECUTIVE CHAIRMAN |
| ALVARO VÁZQUEZ DE LAPUERTA | CEMENTOS PORTLAND VALDERRIVAS, S.A. | DIRECTOR |
| ALEJANDRO ABOUMRAD GONZÁLEZ | CEMENTOS PORTLAND VALDERRIVAS, S.A. | REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE CV |
| | FCC AQUALIA, S.A. | DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS |
| | FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U. | CHAIRMAN |
| MR ANTONIO GÓMEZ GARCÍA | FCC AMERICAS, S.A. DE CV | ALTERNATE DIRECTOR |
| MR PABLO COLIO ABRIL | FCC AQUALIA, S.A. | BOARD MEMBER, MEMBER OF THE AUDIT AND CONTROL COMMITTEE, MEMBER OF THE INVESTMENT COMMITTEE AND MEMBER OF THE EXECUTIVE COMMITTEE REGULATORY COMPLIANCE COMMITTEE |
| | FCC CONSTRUCCIÓN, S.A. | CHAIRMAN |
| | FCC ENVIRONMENT (UK) LIMITED | DIRECTOR |
| | FCC MEDIO AMBIENTE REINO UNIDO, S.L.U. | DEPUTY CHAIRMAN |
| | FCC MEDIO AMBIENTE, S.A.U. | CHAIRMAN |
| | FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U. | DEPUTY CHAIRMAN |
| | GUZMAN ENERGY O&M, S.L. | CHAIRMAN |
| | FCC AUSTRIA ABFALL SERVICE AG | CHAIRMAN |

## d) Situations of conflicts of interest

No direct or indirect conflicts of interest arose in respect of the company's activities, under the applicable regulations (article 229 of the Spanish Limited Liability Companies Law), without prejudice to the company's transactions with its related parties set forth in these notes to the financial statements or, where appropriate, agreements related to remuneration matters or appointments. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

## e) Transactions with related parties

During the business year, a number of transactions took place involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

- Acquisition of shares of Realia Business, S.A. representing 13.11% of its share capital by the Company FC y C, S.L. Sole-Shareholder Company, amounting to 83,941 thousand euros.
- Capital increase of FC y C, S.L. Sole-Shareholder Company, through the non-monetary contribution of all the shares of Jezzine Uno, S.L.U. by Sociedad Soinmob Inmobiliaria Española, S.A. for an amount of 226,200 thousand euros.
- Granting of a loan by Fomento de Construcciones y Contratas, S.A. to Realia Business, S.A. for an amount of 120,000 thousand euros.
- Execution of construction and service provision contracts between Group companies and investees by other parties related to the controlling shareholder, as follows:

| Buying party | Selling party | 2021 | 2020 |
|---|---|---|---|
| Realia Patrimonio, S.L.U. | FCC Industrial e Infraestructuras Energéticas S.A.U. | 1,193 | 1197 |
| | FCC Medio Ambiente,S.A. | 162 | 134 |
| | Servicios Especiales de Limpieza,S.A. | 496 | 467 |
| | Fedemes,S.L. | 13 | 13 |
| Realia Business, S.A. | FCC Industrial e Infraestructuras Energéticas S.A.U. | 2 | — |
| | FCC Construcción, S.A. | 12,001 | 23938 |
| | Fomento de Construcciones y Contratas,S.A. | 142 | 120 |
| | Fedemes,S.L. | 101 | 101 |
| FCyC, S.L. Unipersonal | Aridos de Melo,S.L. | 296 | — |
| | FCC Construcción, S.A. | 21,383 | — |
| | FCC Medio Ambiente,S.A. | 9 | — |
| | Fomento de Construcciones y Contratas,S.A. | 54 | — |
| | Fedemes,S.L. | 112 | — |
| | Realia Business, S.A. | 2,371 | — |
| FCC Construcción, S.A. | FCyC, S.L. Unipersonal | 2 | — |
| Cementos Portland Valderrivas,S.A. | Realia Patrimonio, S.L.U. | 90 | — |
| Fomento de Construcciones y Contratas, S.A. | Realia Patrimonio, S.L.U. | 11 | 34 |
| | | **38,438** | **26,004** |

- Service provision agreement between Fomento de Construcciones y Contratas, S.A. with Vilafulder Corporate Group, S.L.U. for a total annual amount of 338 thousand euros.

- Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 175 thousand euros.
- Service provision contract between Realia Business, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 175 thousand euros.
- In the framework of the debt refinancing associated with the Spanish activities of the Cementos Portland Valderrivas Group in 2016, a subordinated loan agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with carrying amount at 31 December 2021 of 70,085 thousand euros. The finance costs incurred in the business year totalled 1,764 thousand euros.
- Contract for the provision of IT services by Claro Enterprise Solutions, S.L. to Fomento de Construcciones y Contratas, S.A. in the amount of 13,446 thousand euros.
- Contract entered into between FCC Industrial e Infraestructuras Energéticas, S.A.U. and Realia Patrimonio, S.L.U., relating to the supply and installation of intercoms by FCC Industrial at Torre Fira de Barcelona, owned by Realia, in the amount of 13 thousand euros.
- Construction contract for 80 homes, garages, storage rooms and sports areas, Phase 2 of PP41 in Alcalá de Henares (Madrid) commissioned as a client of Realia Business, S.A. in the amount of 12,740 thousand euros (excluding VAT).

Furthermore, other transactions are carried out under market conditions, mainly telephone and internet access services, with parties related to the majority shareholder for a non- significant amount.

### f) Mechanisms established to detect, determine and resolve possible conflicts of interests between the parent and/or its Group and its directors, executives or significant shareholders

FCC Group has established specific mechanisms to determine and resolve any possible conflicts of interest between the Group companies and their directors, executives and significant shareholders, as indicated in article 20 and thereafter of the Board of Directors' Rules.

## 19. Environmental information

As indicated in Note 1 to these financial statements, Fomento de Construcciones y Contratas, S.A. is the parent of FCC Group, which carries out diverse activities that, due to their characteristics, specifically focus on controlling environmental impact. These aspects are described in detail in the "Corporate Social Responsibility" document published annually by the Group through various channels, including the www.fcc.es website. Readers are advised to refer to this information as the best representation of this Note.

## 20. Other information

### a) Personnel

The average number of people employed by the company in 2021 and 2020 was as follows:

| | 2021 | 2020 |
|---|---|---|
| Directors and managers | 59 | 62 |
| Supervisors | 36 | 36 |
| Technicians | 131 | 140 |
| Clerical Staff | 48 | 53 |
| Sundry trades | 3 | 4 |
| | **277** | **295** |

The table below details the average number of people with a disability of 33% or more in 2021 and 2020, pursuant to Royal Decree 602/2016, of 2 December, which introduced new disclosure requirements for companies' financial statements:

| | 2021 | 2020 |
|---|---|---|
| Technicians | 2 | 2 |
| Clerical Staff | 2 | 2 |
| Sundry trades | 1 | 1 |
| | **5** | **5** |

The numbers of employees, directors and senior executives at the company at 31 December 2021 and 2020, broken down by gender, were as follows::

| 2021 | Men | Women | Total |
|---|---|---|---|
| Directors | 10 | 4 | 14 |
| Senior executives | 4 | — | 4 |
| Directors and managers | 38 | 15 | 53 |
| Supervisors | 22 | 13 | 35 |
| Technicians | 67 | 70 | 137 |
| Clerical Staff | 16 | 30 | 46 |
| Sundry trades | 1 | 1 | 2 |
| | **158** | **133** | **291** |

| 2020 | Men | Women | Total |
|---|---|---|---|
| Directors | 10 | 4 | 14 |
| Senior executives | 4 | — | 4 |
| Directors and managers | 37 | 17 | 54 |
| Supervisors | 22 | 11 | 33 |
| Technicians | 65 | 63 | 128 |
| Clerical Staff | 16 | 36 | 52 |
| Sundry trades | 2 | 2 | 4 |
| | **156** | **133** | **289** |

The average number of employees, directors and senior executives of the company, distributed by men and women, was as shown below in the 2021 and 2020 business years:

| | 2021 | 2020 |
|---|---|---|
| Men | 158 | 170 |
| Women | 132 | 137 |
| | **290** | **307** |

## b) Remuneration to auditors

The fees incurred for auditing and other professional services provided to the Company by the principal auditor, Ernst & Young, S.L. and other participating auditors in 2021 and 2020, are as follows:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Principle auditor | Other auditors | Total | Principle auditor | Other auditors | Total |
| Audit services | 285 | – | 285 | 252 | – | 252 |
| Other assurance services | 22 | 2 | 24 | 22 | – | 22 |
| Total audit and related services | 307 | 2 | 309 | 274 | – | 274 |
| Tax advisory services | – | 113 | 113 | – | 8 | 8 |
| Other services | – | 128 | 128 | – | 143 | 143 |
| Total professional services | – | 241 | 241 | – | 151 | 151 |
| **TOTAL** | **307** | **243** | **550** | **274** | **151** | **425** |

# 21. Subsequent events

As of the date of preparation of these financial statements, no matters of a nature that could modify them or be the subject of additional information to that included in them had been disclosed.

# Annex I. Group companies (at 31 December 2021)

| Company | Book value | | Holding % | Dividends received | Capital | Reserves | Other net equity line items | 2021 profit/loss | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| Asesoría Financiera y de Gestión, S.A.U.<br>Federico Salmón, 13 - Madrid<br>-Holding company- | 14,010 | – | 100 | – | 6,842 | 8,919 | – | 223 | 3,867 |
| Cementos Portland Valderrivas, S.A.<br>Dormilatería, 72 – Pamplona<br>-Cement- | 1,019,536 | 250,151 | 99.49 | – | 233,955 | 359,834 | 4,666 | (57,314) | (23,476) |
| Egypt Environment Services SAE<br>El Cairo – Egypt<br>-Urban sanitation- | 7,760 | 5,814 | dta. 97.00<br>indt. 3.00 | – | 36,400<br>(Leg)(*) | 796<br>(Leg)(*) | – | (2,239)<br>(Leg)(*) | (1,471)<br>Leg)(*) |
| FCC Aqualia, S.A.<br>Federico Salmón, 13 – Madrid<br>-Water management- | 91,115 | – | dta. 41.00<br>indt. 10.00 | 24,600 | 145,000 | 376,344 | 7,742 | 75,912 | 74,889 |
| FCC Concesiones de Infraestructuras, S.L.U.<br>venida Camino de Santiago, 40 – Madrid<br>-Concessions- | 62 | – | 100 | – | 3 | 1,429 | – | 784 | 680 |
| FCC Construcción, S.A.<br>Balmes, 36 – Barcelona<br>-Concessions- | 1,752,075 | 665,838 | 100 | – | 220,000 | 319,197 | – | 75,534 | 245,926 |
| FCC Servicios Medioambiente Holding, S.A.U.<br>Federico Salmón,13 - Madrid<br>-Environmental Services- | 300,964 | – | 100 | – | 10,000 | 209,926 | – | (362) | 20,062 |
| FCC TopCo S.à.r.l<br>48, Boulevard Grande-Duchesse Charlotte Luxembourg<br>-Holding company- | 22,263 | – | 100 | 5,696 | 50 | 16,431 | – | (21) | 5,830 |
| FCC Versia, S.A.U.<br>Avenida Camino de Santiago, 40 – Madrid<br>-Management company- | 62,624 | 62,624 | 100 | – | 120 | (37,330) | – | (10) | (376) |
| FCyC, S.L.<br>Federico Salmón, 13 – Madrid<br>-Real estate- | 777,761 | – | 80.03 | – | 55,745 | 874,126 | – | 23,188 | 17,085 |
| Fedemes, S.L.U.<br>Federico Salmón, 13 – Madrid<br>-Real estate- | 11,782 | – | 100 | – | 10,301 | 12,942 | – | 1,783 | 1,355 |
| **TOTAL** | **4,059,952** | **984,427** | | **30,296** | | | | | |

(*) (Leg) Egyptian pounds.

# Annex I. Group companies (at 31 December 2021)

| Company | Book value | | Holding % | Dividends received | Capital | Reserves | Other net equity line items | 2020 profit/loss | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| Asesoría Financiera y de Gestión, S.A.U.<br>Federico Salmón, 13 - Madrid<br>-Holding company- | 14,010 | __ | 100 | – | 6,843 | 12,749 | – | 526 | (3,831) |
| Bvefdomintaena Beteiligungsverwaltung GmbH<br>Nottendorfer, 11 – Viena (Austria)<br>-Instrumental- | 185 | 185 | 100 | – | 35 | (1,584) | – | __ | (396) |
| Cementos Portland Valderrivas, S.A.<br>Dormilatería, 72 – Pamplona<br>-Cement- | 1,016,869 | 164,977 | 99.21 | – | 233,955 | 359,302 | 14,290 | 38,223 | 486 |
| Egypt Environment Services SAE<br>El Cairo – Egipto<br>-Urban sanitation- | 7,760 | 3,277 | dta. 97.00<br>indt. 3.00 | 805 | 36,400<br>(Leg)(*) | 3,942 | – | (5,211)<br>(Leg)(*) | (3,146)<br>(Leg)(*) |
| FCC Aqualia, S.A.<br>Federico Salmón, 13 – Madrid<br>-Water management- | 91,115 | – | dta. 41.00<br>indt. 10.00 | – | 145,000 | 325,871 | 8,289 | 66,570 | 112,365 |
| FCC Concesiones, S.A.U.<br>Avenida Camino de Santiago, 40 – Madrid<br>-Holding company- | 61 | 2 | 100 | – | 3 | – | – | (2) | (2) |
| FCC Concesiones de Infraestructuras, S.L.U.<br>Avenida Camino de Santiago, 40 – Madrid<br>-Concessions- | 3 | – | 100 | – | 3 | (1) | – | 1,819 | 1,371 |
| FCC Construcción, S.A.<br>Balmes, 36 – Barcelona<br>-Construction- | 1,752,075 | 911,525 | 100 | – | 220,000 | 396,180 | – | 18,618 | (12,661) |
| FCC Servicios Medioambiente Holding, S.A.U.<br>Federico Salmón,13 - Madrid<br>-Environmental Services | 300,964 | – | 100 | 160.000 | 10,000 | 39,892 | – | (508) | 170,034 |
| FCC TopCo S.à.r.l<br>8, Boulevard Grande-Duchesse Charlotte Luxembourg<br>-Holding company- | 22,263 | 85 | 100 | – | 50 | 22,154 | – | (21) | (26) |

| | Book value | | | | | | | 2020 profit/loss | |
|---|---|---|---|---|---|---|---|---|---|
| Company | Assets | Impairment | Holding % | Dividends received | Capital | Reserves | Other net equity line items | Operating profit or loss | Continuing operations |
| FCC Versia, S.A.U.<br>Avenida Camino de Santiago, 40 – Madrid<br>-Management company- | 62,624 | 62,624 | 100 | – | 120 | (36,977) | – | (12) | (352) |
| FCyC, S.L.U.<br>Federico Salmón, 13 – Madrid<br>-Real estate- | 777,761 | – | 100 | – | 44,613 | 587,119 | – | (3,780) | (13,471) |
| Fedemes, S.L.U.<br>Federico Salmón, 13 – Madrid<br>-Real estate- | 11,782 | – | 100 | – | 10,301 | 11,440 | – | 1,981 | 1,502 |
| Per Gestora, S.L.U.<br>Federico Salmón, 13 – Madrid<br>-Instrumental- | 71,553 | 71,461 | 100 | 66,136 | 60 | (488) | – | (7) | 520 |
| **TOTAL** | **4,129,025** | **1,214,136** | | **226,941** | | | | | |

(*) (Leg) Egyptian pounds.

# Annex II. Temporary joint ventures

| | % Participation |
|---|---|
| ALCANTARILLADO MADRID LOTE D | 0.01 |
| AQUALIA-FCC-VIGO | 0.01 |
| BOMBEO ZONA SUR | 1.00 |
| CANGAS DE MORRAZO | 0.01 |
| CENTRO DEPORTIVO GRANADILLA DE ABONA | 1.00 |
| CONSERVACION GETAFE | 1.00 |
| EDAR CUERVA | 5.00 |
| EDAR REINOSA | 1.00 |
| EDAR SAN VICENTE DE LA BARQUERA | 1.00 |
| FCC SANEAMIENTO LOTE D | 100.00 |
| LOTE 4 CULEBRO A | 1.00 |
| MANCOMUNIDAD DE ORBIGO | 1.00 |
| NIGRAN | 1.00 |
| PERIFÉRICO LOTE 3 | 50.00 |
| REDONDELA | 0.01 |
| SANTOMERA | 0.01 |

# Annex III. Associates and jointly controlled entities (at 31 December 2021)

| Company | Book value | | Holding % | Dividends received | Capital | Reserves | Other net equity line items | 2021 profit/loss | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| Sigenera, S.L.<br>Avenida Linares Rivas, 1 bajo – La Coruña<br>-Management Company - | 377 | 118 | 50 | — | 433 | 328 | – | (322) | (242) |
| Suministros de Agua de Queretaro S.A. de C.V.<br>Santiago de Queretaro (Méjico)<br>-Water management- | 4,367 | – | dta. 24.00<br>indt. 2.00 | 1,144 | 347,214<br>(Pm)(*) | 407,072<br>(Pm)(*) | – | 235,506<br>(Pm)(*) | 127,310<br>(Pm)(*) |
| **TOTAL** | **4,744** | **118** | | **1,144** | | | | | |

(*) (Pm) Mexican pesos.

# Annex III. Associates and jointly controlled entities (at 31 December 2020)

| Company | Book value | | Holding % | Dividends received | Capital | Reserves | Other net equity line items | 2020 profit/loss | |
|---|---|---|---|---|---|---|---|---|---|
| | Assets | Impairment | | | | | | Operating profit or loss | Continuing operations |
| FM Green Power Investments, S.L.<br>Paseo de la Castellana, 91 – Madrid<br>-Energy - | 257,090 | 240,627 | 49 | 26,410 | 54,482 | 37,345 | – | 62 | 62 |
| Sigenera, S.L.<br>Avenida Linares Rivas, 1 bajo – La Coruña<br>-Management Company - | 377 | – | 50 | – | 433 | 321 | – | 6 | 7 |
| Suministros de Agua de Queretaro S.A. de C.V.<br>Santiago de Queretaro (Méjico)<br>-Water management- | 4,367 | – | dta. 24.00<br>indt. 2.00 | 1,002 | 347,214 (Pm)(*) | 407,072 (Pm)(*) | – | 235,506 (Pm)(*) | 127,310 (Pm)(*) |
| **TOTAL** | **261,834** | **240,627** | | **27.412** | | | | | |

(*) (Pm) Mexican pesos.

# Management Report

## FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2021


1. Status of the entity 503
2. Business performance and results 507
3. Liquidity and capital resources 526
4. Major risks and uncertainties 527
5. Acquisition and disposal of own shares 528
6. Significant events occurring after the end of the year 528
7. Outlook 528
8. RD&I Activities 531
9. Other relevant information. share and other information 537
10. Definition of alternative performance measures according to ESMA regulations (2015/1415en) 538

# 1. Status of the entity

Fomento de Construcciones y Contratas, S.A. is the Parent Company of the FCC Group and holds direct or indirect ownership of the interests in the Group's business and activity areas. Therefore, to provide information on the economic, financial, social and environmental events that occurred during the year and place them in their proper context, the FCC Group's Consolidated Management Report, which includes the consolidated Statement of Non-Financial Information, is reproduced below. The company's non-financial information can be found in the aforementioned report.

## 1.1. Status of the entity: Organisational structure and decision-making process in management

The Group's organisational structure is based on a first level consisting of Areas, which are divided into two main groups: operational and functional.

The operating Areas include all those activities related to the productive line. The following operating areas exist within the Group, as discussed in more detail in note 1 of the Notes to the consolidated financial statements, and also in section 2.2 of the Non-Financial Information Statement:

i. **Environmental Services.**

ii. **End-to-end Water Management.**

iii. **Construction.**

iv. **Cement Business.**

v. **Concessions**

vi. **Real Estate.**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

1) **Administration and Finance:** the Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

The Administration area directs the administrative management of the Group, and has, among others, the following functions in relation to the Information and Internal Control Systems:

i. General accounting.

ii. Accounting standardisation.

iii. Consolidation.

iv. Tax advice.

v. Tax procedures.

vi. Tax compliance.

vii. Administrative procedures.

2) **Internal Audit and Risk Management:** Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

3) **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of the Group, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.
- **Appointments and Remuneration Committee:** supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.
- **Managing Committee:** Each of the business units has a Managing Committee with similar duties.

Further information on the duties of the Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.1 of the Non-Financial Information Statement.

## 1.2. Status of the entity: Business model and company strategy

The Group is one of the leading European groups specialising in environment, water, development and infrastructure management with a presence in more than 30 countries around the world and with 41.1% of its turnover generated in international markets, mainly Europe (30.1%), the Middle East (2.8%), Latin America (3.98%), North Africa (2%), and the United States. (1.8%).

### Environmental Services

The Environmental Services Area has a strong presence in Spain, having maintained a leadership position in the provision of urban environmental services for over 120 years.

At the national level, the Group provides environmental services in more than 3,500 municipalities and organisations in all the Autonomous Communities, serving a population of more than 31 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 48% of revenue. They are followed, in order of importance, by disposal of wastes with 33%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. In terms of client types, more than 86% of the activity is carried out with public clients.

The limited impact of the COVID-19 pandemic, with most of the services provided being so-called "essential", has practically disappeared in 2021, returning to normal levels of activity. The Group is still engaged in a complex process whose ultimate goal is to replace the linear production model with a circular model that reincorporates waste materials into the production process, relying on its high level of know-how and the development of new innovative technologies.

Moreover, international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy. With a growing emphasis on treatment, recycling and renewable energy generation activities and a gradual reduction of disposal in controlled landfills.

In Central and Eastern Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.3 million inhabitants, 1,401 municipalities and more than 51,600 industrial customers. The range of services provided and the geographical dispersion is very diverse and balanced, including municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow collection, recycling, outsourcing, building cleaning, soil decontamination work, etc. This broad diversification ensures great business stability and is one of the reasons why the economic impact of COVID has been irrelevant. The significant increase in recycling prices during 2021 (with revenues representing around 13% of total revenues) has led to significant improvements in profitability in absolute and relative terms.

The Environmental Services Area also specialises in the end-to-end management of industrial and commercial waste, recovery of by-products and soil decontamination, through the FCC Ámbito brand, which encompasses a group of companies with an extensive network of management and recovery facilities. This enables proper waste management, ensuring the protection of the environment and people's health. This activity accounted for more than 4% of all activity in 2021.

Internationally, growth in the US stands out, where sales growth in 2021 compared to the previous year was 49% and is expected to be even higher by 2022, the pandemic has not affected the strong growth rate in the slightest. FCC now ranks among the Top 15 companies in the sector in the USA, with expectations of being in the Top 10 in the next two years. FCC Environmental Services already serves more than 8.5 million Americans, is the largest recycler in Texas, and has a very important presence in Florida in cities as important as Orlando, Tampa, Palm Beach, Daytona Beach, Lakeland and Wellington. Growth continues to be exponential and the company now employs more than 1,000 people. The Wellington contract kicked off in the last month of 2021 and the Hillsborough County contract will also start in the first month of 2022, both in Florida, adding even more to FCC's leading position in that status.

In December 2021, the Group's first acquisition in the US market was completed with the purchase of Premier Waste Services, Llc. in Dallas (Texas). Premier is one of the leading commercial waste collection operators in the Dallas-Fort Worth metropolitan area, which will further enhance the Group's significant growth in the commercial collection market, which will already account for more than 10% of revenues by 2022, as well as bring significant synergies to the Group's recycling facility in the Texas city.

As has been the case for years, the strategy in Spain will focus on maintaining competitiveness and a leading position, combining know-how and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint). Additionally, the potential opportunities created by stricter regulation and new services (smart cities) will be exploited.

The incorporation of new technologies will enable the company to gain a foothold in the waste recycling and revaluation markets in Europe and to position itself as a key player in the circular economy. In the United States, the company will continue to consolidate its presence in the coming years by growing more residential contracts and boosting commercial collection activity.

In general, there is a broad commitment to climate change, materialised for example in the issuance of green bonds to finance the operation and acquisition of assets developed with the activity.

### End-to-end Water Management

FCC Aqualia serves nearly 30 million users and provides services in 17 countries, offering the market all the solutions to the needs of public and private entities and organisations in all phases of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity is focused on Concessions and Services, encompassing distribution network concessions, BOT, operation and maintenance services and irrigation; as well as Technology and Networks activities encompassing EPC contracts and industrial water risk management activities.

In 2021 the market in Spain represents 70% of revenue. On a like-for-like basis, water consumption at the end user level (downstream water) has grown in Spain as a whole in 2021 by 0.25% and the amounts billed by 1.55% with respect to 2020. Compared to 2019, the last year prior to COVID-19, the average volume billed is still 0.8% lower, although in terms of tariff revenue the amounts are similar. This was despite the lower consumption levels for the year as a whole than during the pandemic: 10.1% in the Canary Islands, 6.7% in the Balearic Islands and 2.0% in the province of Cadiz, which we estimate will gradually recover in 2022. The reduction in the volume of consumption has been partially offset by an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a higher volume of execution of various works linked to concession contracts.

In the public sector, there is still a low level of tendering for water infrastructure concessions, despite which 2021 can be considered a successful exercise. We have been awarded new contracts, and renewals and extensions of existing contracts, in 354 municipalities, with a contracted portfolio volume of over €873 million. The contract renewal loyalty rate remains at very high levels (above 90%) in the municipalities in which it operates. In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

The international market reached a turnover of 30%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

The year 2021 also presented an operational challenge for Aqualia throughout Europe due to the impact of COVID-19 on end-to-end water cycle management. Despite the impact on non-residential consumption, which was more marked in the Czech Republic, the business remained at very high levels in terms of activity, quality and continuity of service. In addition to the management of the municipal concession services in the Czech Republic, Italy and Portugal, work was carried out to integrate the new business in France

FCC Aqualia seeks to maintain its competitive position in those end-to-end water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with end-to-end cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in end-to-end water cycle management for business opportunities in countries with a stable political and social balance.

### Construction

The Construction Area focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2021, 47% of total revenues will come from abroad, including the execution of major infrastructure projects such as lines 4, 5 and 6 of the Riyadh Metro, Haren Penitentiary Centre (Belgium), Tren Maya (Mexico), A-465 (Wales), Lima Metro (Peru), Toyo Tunnel (Colombia), Mapocho River Park (Chile), A-9 Badhoevedorp-Holendrecht motorway (Netherlands), and the Gurasada-Simeria railway line (Romania) - Sectors 2a, 2b and 3.

In 2021, the contract for the construction of the "Industrial Bridge" in Chile, with a budget of approximately €125.6 million, was awarded.

### Cement

The Group carries out its cement activity through the Cementos Portland Valderrivas group. Its core business is cement manufacturing, which accounted for 91% of its Group turnover in 2021. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2021, 39% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Tunisia and the United Kingdom. Exports from these three countries also go to Africa, Europe and America.

The Cementos Portland Valderrivas Group has a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain competitive tension both in terms of costs and in the markets in which it operates, trying to remain a reference in the sector in all the countries in which it is present.

### Real Estate

After October 2021, Real Estate becomes a relevant Area of the Group, following the corporate transactions described below.

The Group is present in the real estate sector, mainly in housing development and office rental through the company FCyC, SLU ("FCC Inmobiliaria") of which it controls 80.03%, a company that holds 50.35% of Realia Business S.A., after the acquisition of 13.12% of the same in 2021, taking control and proceeding to its full consolidation from 1 November 2021. Likewise, in November 2021, FCyC incorporated, through a non-monetary contribution, 100% of the company Jezzine Uno, S.L.U., the purpose of which is to lease properties to Caixabank distributed in Spain, under a framework lease agreement with a term until 2037. Finally, in December 2021, Realia acquired 37.11% of Hermanos Revilla, S.A., reaching 87.86% of its share capital. These operations have increased the size of FCC Inmobiliaria with the following objectives:

- Consolidate a solid, large-scale real estate group, with greater management efficiency derived from operational and financial synergies that will enable it to take advantage of growth opportunities in the sector.
- Diversify FCC Inmobiliaria's risk and geographic opportunities by extending its activity to new areas of operations in which it was not already present.

- Significant increase in the contribution of Realia's and Jezzine's recurring rental property activity to FCC Inmobiliaria as a whole, whose asset assessments at December 2021 accounted for more than [70%] of the area's total.

# 2. Business performance and results

## 2.1. Operating performance

### 2.1.1. Significant Events

#### FCC Aqualia agrees to purchase 80% of GGU's water business for USD 180 million

Last December FCC Aqualia agreed to acquire 80% of the water business of Georgia Global Utilities (GGU) for USD 180 million. The purchase process with GGU, the proprietor of water utility and power generation assets, will be carried out in two phases: (i) a first phase, which has been completed, where FCC Aqualia has acquired 65% of the current GGU, which includes water and renewable energy assets, for a price of USD 180 million. (ii) a second phase, in which GGU will spin off the renewable energy assets, leaving in the perimeter of GGU only the water assets (with four hydroelectric plants associated with the water cycle), with FCC Aqualia then holding 80% of GGU and its former sole shareholder holding the remaining 20%.

#### FCC Inmobiliaria increases in size and strengthens its competitive position

On 8 October, FCC Inmobiliaria, parent company of the Real Estate Area of FCC Group, reached an agreement with Control Empresarial de Capitales (CEC) to acquire 13.12% of the capital stock of Realia for an amount of 83.9 million euros, whereby FCC Inmobiliaria now holds a majority share (50.1%) and, as a result, has achieved its global consolidation within the FCC Group. In addition, it acquired the capital stock of Jezzine, an asset holding company 100% owned by Soinmob, a subsidiary of CEC. As a result of this operation, control of FCC Inmobiliaria is retained, with 80.03% of the capital of the head subsidiary company of the strengthened Real Estate Area of the FCC Group, leading to significant strengthening of its competitive position, operating synergies, and presence in the rental property business.

Subsequently, last December, Realia, through Realia Patrimonio, acquired 37.11% of its subsidiary company Hermanos Revilla, S.A. for a price of €189 million. After this purchase, the Realia Group's direct and indirect stake in the company rose to 87.76% of its share capital, and it now controls 100% of the company.

#### FCC Medio Ambiente expands its presence in the USA and Central Europe

Last December, FCC Environmental Services made its first acquisition in the USA with the purchase of Premier Waste Services in Dallas (Texas), a company specialising in tertiary waste collection in that area, for USD 34 million. This operation enhances the service offering and increases operational efficiency in the existing collection and treatment activities in the state of Texas. In addition, the city of Wellington (Florida) awarded the municipal solid waste collection service for ten years (with a possible extension for another five years), with a portfolio of more than €110 million. This was in addition to the residential and commercial solid waste collection contract in Hillsborough County, also in Florida, awarded for eight years (with a possible extension for four years) with a portfolio of €230 million.

FCC Environment Austria was awarded with the municipal waste treatment and transport contract of the West Tyrol Waste Treatment Association, which will begin in January 2022, with a 5-year duration, extendable for another 5 years and with a backlog worth €33 million.

#### FCC Aqualia is awarded three contracts in France

Last November, FCC Aqualia, through its subsidiary SEFO, was awarded the water supply management of 16 municipalities around Mantes-la-Ville in the Yvelines department located in the Île-de-France region, very close to Paris. This award consists of the concession of the drinking water supply for a period of six years for around €30 million. As a result, the portfolio of future revenues of the end-to-end water management area exceeds €15,000 million, an increase of 2.2% at the end of the business year.

### FCC Medio Ambiente increases its contracting and boosts its backlog by 17% in the business year

The volume of future revenues secured by the FCC Medio Ambiente Area grew by 17% at year-end, after increasing revenues by 12.4% in the year, thanks to the incorporation of important contracts in Spain and, to a lesser extent, those mentioned previously in the USA. Among others, the contract for street collection in Barcelona stands out, and in the fourth quarter the awarding of two street cleaning contracts in Madrid, as well as another two for the end-to-end management of green areas and two for the maintenance of urban furniture. This group of contracts contributed a combined contract amount of €1,585 million for the year.

Lastly, in terms of treatment and recycling activity, the joint venture led by FCC Medio Ambiente won the contract for the design, development, and operation of the Valladolid Household Waste Treatment and Disposal Centre. It has a duration of 11 years and a portfolio of more than €110 million. Also in the recovery activity, the new contract for the selective collection and temporary storage of glass packaging waste for ECOVIDRIO in various regions of Spain, with a portfolio of €13.5 million and a duration of 8 years, stands out.

## 2.1.2. Executive Summary

### KEY FIGURES

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Net turnover (NT) | 6,659.3 | 6,158.0 | 8.1% |
| Gross Operating Profit (EBITDA) | 1,126.6 | 1,047.5 | 7.6% |
| *EBITDA Margin* | *16.9%* | *17.0%* | *-0.1 p.p* |
| Net Operating Profit (EBIT) | 802.2 | 572.7 | 40.1% |
| *EBIT Margin* | *12.0%* | *9.3%* | *2.7 p.p* |
| Income attributable to the parent company | 580.1 | 262.2 | 121.2% |
| Equity | 4,440.7 | 2,908.7 | 52.7% |
| Net financial debt | 3,225.7 | 2,797.8 | 15.3% |
| Backlog | 30,196.9 | 29,411.7 | 2.7% |

In the 2021 business year, the FCC Group increased its revenues to €6,659.3 million, 8.1% higher than in 2020. It is worth highlighting the positive development of most of the business activities, which equalled or exceeded the revenue levels recorded in 2019 (prior to the pandemic), with a notable contribution by the Environment Area with a 12.4% increase.

Gross operating profit (EBITDA) grew 7.6%, to reach €1,126.6 million. This can be explained by a number of factors. Operating margins rose in most business areas, particularly in Construction. Cement was impacted by high $CO_2$ sales in 2020, €51.1 million more than in 2021 and, lastly, the effects of consolidation, with the exit of the concession subgroup Cedinsa from April 2021, in contrast to the entry into full consolidation, in the Real Estate Area, of Realia and Jezzine, from 1 November last year. Adjusted for the impact of $CO_2$ and changes in the scope of consolidation, EBITDA grew 17.9% in the business year.

Operating profit (EBIT) includes the described development of EBITDA together with the accounting impact of Realia's full consolidation, by raising the previous level of recorded value of its rental property assets by €241.7 million. This is mitigated by the adjustment of €136.0 million in the value of property, plant and equipment and goodwill linked to various assets in the Cement Area. This together allowed EBIT to increase by 40.1% in the business year.

Attributable net income reached €580.1 million, more than twice as much as last year's figures. This increase largely represents operational developments together with a positive performance of the financial result, which includes a reduction in net financial expenses of €43.5 million in the year together with a positive impact of €24.5 million from exchange differences recorded, compared to a negative contribution of €51.3 million in 2020.

Net financial debt amounted to €3,225.7 million at the end of the business year, €427.9 million more than in 2020. This increase is due to the consolidation of the financing of Realia's and Jezzine's rental assets in the Real Estate Area, with a combined amount of €889.7 million at year-end. Meanwhile, the performance of all the operating and investment activities accounts for the rest of the financial debt amount.

Equity rose considerably at year-end, with a figure of €4,440.7 million, 52.7% higher than at the end of 2020, explained by the substantial increase achieved by the net profit for the year and the effect of the full consolidation of Realia and Jezzine.

The FCC Group's revenues stood at €30,196.9 million as at 31 December 2021, up 2.7% on the balance at year-end 2020, with the new contracts of the Environmental Area being a particular highlight.

## 2.1.3. Summary by Business area

*(Millions of euros)*

| Area | Dec. 21 | Dec. 20 | Chg. (%) | % of 2021 total | % of 2020 total |
|---|---|---|---|---|---|
| **REVENUE BY BUSINESS AREA** | | | | | |
| Environment | 3,244.9 | 2,888.2 | 12.4% | 48.7% | 46.9% |
| Water | 1,169.5 | 1,188.3 | -1.6% | 17.6% | 19.3% |
| Construction | 1,659.6 | 1,611.0 | 3.0% | 24.9% | 26.2% |
| Cement | 433.8 | 382.6 | 13.4% | 6.5% | 6.2% |
| Real Estate* | 147.9 | 34.8 | n/a | 2.2% | 0.6% |
| Corporate serv. and others | 3.6 | 53.1 | -93.2% | 0.1% | 0.9% |
| **Total** | **6,659.3** | **6,158.0** | **8.1%** | **100.0%** | **100.0%** |
| **REVENUE BY GEOGRAPHICAL AREA** | | | | | |
| Spain | 3,943.8 | 3,672.3 | 7.4% | 59.2% | 59.6% |
| United Kingdom | 855.6 | 668.6 | 28.0% | 12.8% | 10.9% |
| Rest of Europe and Others | 811.5 | 803.0 | 1.1% | 12.2% | 13.0% |
| Latin America and the USA | 376.0 | 261.5 | 43.8% | 5.6% | 4.2% |
| Czech Republic | 346.6 | 285.2 | 21.5% | 5.2% | 4.6% |
| Middle East & Africa | 325.8 | 467.4 | -30.3% | 4.9% | 7.6% |
| **Total** | **6,659.3** | **6,158.0** | **8.1%** | **100.0%** | **100.0%** |
| **EBITDA**** | | | | | |
| Environment | 535.1 | 450.9 | 18.7% | 47.5% | 43.0% |
| Water | 298.9 | 282.9 | 5.7% | 26.5% | 27.0% |
| Construction | 102.6 | 53.6 | 91.5% | 9.1% | 5.1% |
| Cement | 76.1 | 139.9 | -45.6% | 6.8% | 13.4% |
| Real Estate* | 40.0 | -3.8 | n/a | 3.6% | -0.4% |
| Corporate serv. and others | 73.9 | 124.0 | -40.4% | 6.6% | 11.8% |
| **Total** | **1,126.6** | **1,047.5** | **7.6%** | **100.0%** | **100.0%** |

*(Millions of euros)*

| Area | Dec. 21 | Dec. 20 | Chg. (%) | % of 2021 total | % of 2020 total |
|---|---|---|---|---|---|
| **OPERATING PROFIT/(LOSS)** | | | | | |
| Environment | 285.4 | 215.7 | 32.3% | 35.6% | 37.7% |
| Water | 181.3 | 167.4 | 8.3% | 22.6% | 29.2% |
| Construction | 71.1 | 20.9 | n/a | 8.9% | 3.6% |
| Cement | (90.3) | 106.8 | -184.6% | -11.3% | 18.6% |
| Real Estate* | 298.3 | (3.8) | n/a | 37.2% | -0.7% |
| Corporate serv. and others | 56.4 | 65.7 | -14.2% | 7.0% | 11.5% |
| **Total** | **802.2** | **572.7** | **40.1%** | **100.0%** | **100.0%** |
| **NET FINANCIAL DEBT**** | | | | | |
| Corporate | | | | | |
| With recourse | (326.0) | 101.6 | n/a | -10.1% | 3.6% |
| Without recourse | 0.5 | 14.7 | -96.6% | 0.0% | 0.5% |
| Areas | | | | | |
| Environment | 1,289.7 | 1,330.2 | -3.0% | 40.0% | 47.5% |
| Water | 1,247.6 | 1,177.6 | 5.9% | 38.7% | 42.1% |
| Cement | 124.4 | 173.7 | -28.4% | 3.9% | 6.2% |
| Real Estate* | 889.7 | 0.0 | n/a | 27.6% | 0.0% |
| **Total** | **3,225.7** | **2,797.8** | **15.3%** | **100.0%** | **100.0%** |
| **BACKLOG**** | | | | | |
| Environment | 10,746.4 | 9,184.3 | 17.0% | 35.6% | 31.2% |
| Water | 15,361.1 | 15,025.9 | 2.2% | 50.9% | 51.1% |
| Construction | 3,981.3 | 5,155.8 | -22.8% | 13.2% | 17.5% |
| Real Estate* | 108.1 | 45.7 | n/a | 0.4% | 0.2% |
| **Total** | **30,196.9** | **29,411.7** | **2.7%** | **100.0%** | **100.0%** |

* **Real Estate presents its consolidated key figures for both business years separately.**

** Following ESMA (2015/1415es) rules, please find calculation details on page 27.

## 2.1.4. Income Statement

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| **Net turnover (NT)** | **6,659.3** | **6,158.0** | **8.1%** |
| **Gross Operating Profit (EBITDA)** | **1,126.6** | **1,047.5** | **7.6%** |
| *EBITDA Margin* | *16.9%* | *17.0%* | *-0.1 p.p* |
| Provision for amortisation of fixed and non-current assets | (452.3) | (488.9) | -7.5% |
| Other operating income | 127.9 | 14.1 | n/a |
| **Net Operating Profit (EBIT)** | **802.2** | **572.7** | **40.1%** |
| *EBIT margin* | *12.0%* | *9.3%* | *2.7 p.p* |
| Financial income | (110.5) | (154.0) | -28.2% |
| Miscellaneous financial results | 57.5 | (51.1) | n/a |
| P/L Entities accounted for using the equity method | 58.2 | 62.1 | -6.3% |
| **Profit/(loss) before tax from continuing activities** | **807.5** | **429.9** | **87.8%** |
| Company tax on profits | (130.2) | (86.3) | 50.9% |
| **Income from continuing operations** | **677.3** | **343.6** | **97.1%** |
| Net Income | 677.3 | 343.6 | 97.1% |
| Non-controlling interests | (97.1) | (81.4) | 19.3% |
| **Income attributable to the parent company** | **580.1** | **262.2** | **121.2%** |

### 2.1.4.1. Net Revenue

Consolidated revenues grew to €6,659.3 million in the business year, up 8.1% on the previous year. The development reflects the gradual strengthening of the recovery of the different activities after the distortions and impacts caused by the healthcare crisis in 2020. The strength and competitive position of the business areas has therefore enabled the revenue levels recorded in 2019 to be surpassed by over 6%.

By business area, Environment recorded an increase of 12.4%, thanks to the general recovery in its various operating platforms, mainly due to the combination of the entry into service of new treatment contracts and street cleaning activity in Spain and collection in the USA, together with the increase in revenues in Central Europe and the UK, especially linked to waste treatment and recovery activities.

Revenues in the Water Area declined by 1.6%, but this was entirely due to the lower contribution expected in the year from the Technology and Networks business, due to the entry into the completion phase of some one-off international projects. Moreover, the main concessions activity maintained a sustained increase of 3.6%, while the area's revenues grew by 3.1% during the period without a reduction in T&N.

In Construction, revenues were 3% higher than in 2020, with a significant increase in Europe (mainly the UK and the Netherlands), together with various contracts in different Latin American countries, which was mitigated by other contracts that were completed or nearing completion, especially in the Middle East, including Saudi Arabia.

In the Cement Area, revenues had double-digit growth of 13.4% for the year, due both to the increase in sales in Spain and the rise in exports, which was more pronounced in the first half of the year.

The Real Estate Area, which is presented separately, experienced a notable increase in revenues to €147.9 million, compared to €34.8 million in the previous year. This is due both to the entry into full consolidation of Realia and Jezzine since last November, and to the increase in revenues from the development and sale of properties. Without this consolidation, revenues for the year would have risen significantly to €102.4 million.

**Revenue breakdown by geographical area**

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 3,943.8 | 3,672.3 | 7.4% |
| United Kingdom | 855.6 | 668.6 | 28.0% |
| Rest of Europe and Others | 811.5 | 803.0 | 1.1% |
| Latin America and the USA | 376.0 | 261.5 | 43.8% |
| Czech Republic | 346.6 | 285.2 | 21.5% |
| Middle East & Africa | 325.8 | 467.4 | -30.3% |
| **Total** | **6,659.3** | **6,158.0** | **8.1%** |

In terms of the geographical areas, Spain's contribution stood at 59.2% of revenues, totalling €3,943.8 million, an increase of 7.4%. With regards to the different areas of activity, the Environmental Area's revenues rose by 7.1% due to the increase in all main activities of the waste management chain, especially collection and street cleaning. The Water Area's revenues rose by 3.8%, due to a progressive recovery in the volumes invoiced in end-to-end cycle concessions and water network actions. The Construction Area's revenues increased by 4.3%, with the development of projects in progress being somewhat higher than the expected execution rates planned for the period. The demand increased moderately in the Cement Area when compared to the figures of 2020; there was more prominent growth in the first half of the year, with revenues up by 10.5%. The Real Estate activity, which is concentrated entirely in Spain, has seen its revenues increase substantially (by €113.1 million), due both to the aforementioned integration of the Realia and Jezzine groups within its parent company, FCC Inmobiliaria, and to its increased activity in the sale of properties this business year. Lastly, it is worth mentioning that the Concessions Area (included in the Corporate Services and Others heading, after completing the sale of some of its most significant concessions at the end of March 2021) reduces its contribution to only the first quarter of this business year, with €52.7 million in revenues this year, compared to €121.5 million the previous business year.

Moreover, revenues in the United Kingdom were up by 28% to €855.6 million, largely due to the recovery of the municipal waste treatment plant activity and the start of several contracts of the Construction Area.

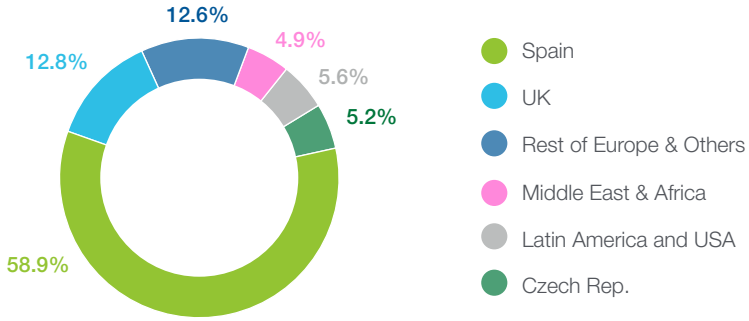
In the EU area, a 1.1% increase was recorded in the area of Rest of Europe and Others, amounting to €811.5 million. This is largely due to an increase in revenues linked to treatment activity in Central Europe. In Construction, the level of activity increased, thanks to a higher contribution, especially in the Netherlands, which compensated for the completion and progress of other projects (Ireland and Romania).

Developments in the Czech Republic, which is of particular relative importance within the EU, increased substantially by 21.5% to €346.6 million, with a larger increase in waste management services in the Environment Area and a more moderate increase in the end-to-end water cycle activity in the Water Area.

Revenues in Latin America and the USA increased significantly by 43.8% to €376 million, largely due to the faster pace of project performance in the Construction Area, especially in Mexico, Chile, and Colombia. In the USA, revenues concentrated in the Environment Area in municipal waste collection services such as recycling increased significantly (38.2%), thanks to a new contract coming into force in Nebraska and other contracts in Florida for municipal waste collection and green space services.

Lastly, in the Middle East and Africa, activity fell by 30.3%, due to the very high level of progress and reduced contribution from some very significant contracts in Saudi Arabia in the Construction Area and for the same reason, although with less of an impact, in the Water Area, especially due to the termination of a Technology and Networks activity contract on the north coast of Egypt.

## % REVENUE BY GEOGRAPHICAL AREA



### 2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Profit for the business year amounted to €1,126.6 million, an increase of 7.6% compared to the previous year. It should be noted that this amount represents a 16.9% margin over income, almost identical to the 17.0% achieved in 2020, but with three significant key components: (i) the sale of a large amount of $CO_2$ rights in the Cement Area in 2020, with a lower contribution of €51.1 million this year, (ii) the deconsolidation, by sale, of certain transport concession assets at 31 March 2021, which has led to a lower contribution of €55.1 million and (iii) the entry into consolidation of the Realia and Jezzine group assets from 1 November 2021, with a contribution of €16.7 million in the business year. Adjusted for these three components, those exceptional in nature and the change in scope, EBITDA in 2021 would have grown by 17.9%. Similarly, with both business years being adjusted for the aforementioned effects, the gross operating margin would have increased significantly to 16.8% in 2021 compared to 15.3% in the previous year.

By business area, the most noteworthy developments have been:

The Environment Area reached €535.1 million, a 18.7% increase, which is higher than the revenues distributed across all activities of the value chain. The operating margin was 16.5%, compared to 15.6% the previous business year, thanks to the impact of higher treatment/recycling activity volumes and the increase in related prices, in particular, in the UK and Central Europe.

The Water Area reported €298.9 million, up by 5.7% when compared to last year's figures, supported by an increased contribution from concessions and services in all the jurisdictions where it is present, and which offset the lower contribution made by the Technology and Networks segments internationally. The margin therefore grew to 25.6% compared to 23.8% in 2020.

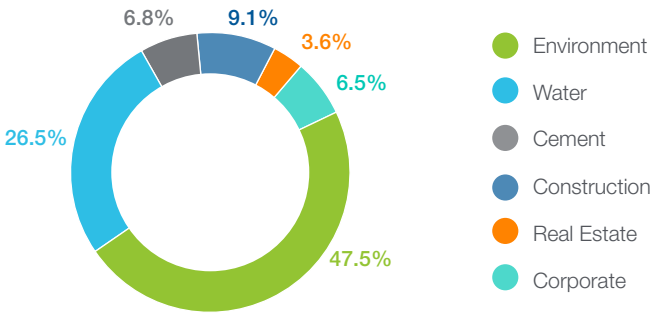
Moreover, the Construction Area reported €102.6 million, a significant increase of 91.5% when compared to 2020, in line with the scheduled projects and with a substantial improvement in the recovery of the development pace compared to the downtime in 2020 and concentrated in the first half of the last business year in international projects. This allowed operating profit to increase to 6.2% compared to 3.3% in the previous year.

In the Cement Area, it reached €76.1 million, a substantial reduction of 45.6% compared to €139.9 million in the previous year. This mainly reflects the aforementioned effect of lower revenues from $CO_2$ sales of €51.1 million this year, together with a more moderate increase in demand in the local and export markets in the second half of the year and increases in energy prices in the same period.

Real Estate activity recorded a notable increase to €40 million, compared to a negative figure of €3.8 million in 2020, due to the contribution of Realia and Jezzine (€16.7 million) since last November, as well as the higher profitability generated by the sale of properties by the head of the area, FCC Inmobiliaria.

It should be noted that the Corporate Services and Others heading includes the Infrastructure Concessions activity, to which the Cedinsa subgroup's activity contributed until the end of the first quarter of this business year.

#### % EBITDA BY BUSINESS AREA




The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 74% for the year as a whole.

### 2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to €802.2 million, 40.1% more than in the previous year. This increase reflects, in addition to the changes in gross operating profit, two other significant factors in Other Operating Income/(Losses), namely: (i) the accounting impact of the full consolidation of Realia, by raising the previously recorded level of the value of its rental real estate assets, with a positive result of €241.7 million and (ii) the negative adjustment of €136 million in the value of property, plant and equipment and goodwill in the Cement Area.

### 2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Profit before tax from continuing operations amounted to €807.5 million, up significantly from €429.9 million in 2020. This was due to the combined good performance of operating activities and a positive impact from financial results.

Thus, the performance was as follows for the various components:

#### *2.1.4.4.1. Financial income*

The net financial result amounted to €-110.5 million, compared to €-154 million the previous year, a reduction of 28.2%. This reflects the effect of the contraction in the average volume of financial debt recorded during the year, as well as reduction in its cost, and the elimination of the sale of collection rights without recourse.

#### *2.1.4.4.2. Miscellaneous financial results*

This heading, which has no impact on cash flow, amounted to €57.5 million during the business year, compared to €-51.1 million last year. The is mainly due to the differential behaviour of the exchange rate of certain currencies, representing a positive impact of €24.5 million this year, compared to the negative impact of €51.3 million during the same period of 2020. A positive effect of €26.6 million is added to this, resulting from the sale of various concession and Construction Area investees.

#### *2.1.4.4.3. Profit/(loss) of equity-accounted investees*

The contribution from investee companies amounted to €58.2 million, similar to figure from the previous business year of €62.1 million. In addition to the increase in the contribution from various investees in the different operating areas of the business, this slight reduction was the result of a contrasting number of factors compared to the previous year, the most significant of which were on the positive side of the balance sheet: (i) the 45 million euro profit from the sale of most of the energy assets in which the Group has an interest, which includes both the gain up to the time of sale and the gain on disposal, (ii) the 17.6 million euro effect of the closing of the sale of the Ceal 9 and Urbicsa transport concessions and, also, (iii) the 46.7 million euro adjustment for the acquisition of control of Realia and its change of consolidation from the equity method to the full consolidation method.

### 2.1.4.5. Income attributable to the parent company

Attributable net income for the business year 2021 amounts to 580.1 million euros, a significant increase compared to 262.2 million euros in the previous business year. This performance is down to the increase in pre-tax profit described above. A corporation tax expense of 130.2 million euros was also recorded, in line with the pre-tax profit obtained, together with profit attributable to non-controlling interests of 97.1 million euros, compared to 81.4 million euros in the previous year, reflecting the increase in the Group's consolidated profit attributable to those interests, mainly in the Water Area and to a lesser extent in the Real Estate Area.

### 2.1.4.6. Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| **Net turnover (NT)** | **6,475.4** | **6,132.6** | **5.6%** |
| **Gross Operating Profit (EBITDA)** | **1,066.0** | **1,032.7** | **3.2%** |
| *EBITDA Margin* | *16.5%* | *16.8%* | *-0.4 p.p* |
| **Net Operating Profit (EBIT)** | **775.9** | **567.7** | **36.7%** |
| *EBIT margin* | *12.0%* | *9.3%* | *2.7 p.p* |
| Income attributable to the parent company | 580.1 | 262.2 | 121.2% |

## 2.1.5. Balance Sheet

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Intangible fixed and non-current assets | 2.445,2 | 2.437,9 | 7,3 |
| Property, Plant and Equipment and Real Estate Investments | 4.931,7 | 2.810,2 | 2.121,5 |
| Equity-accounted affiliates | 533,8 | 722,8 | (189,0) |
| Non-current financial assets | 604,0 | 580,9 | 23,1 |
| Deferred tax assets and other non-current assets | 559,2 | 578,7 | (19,5) |
| **Non-current assets** | **9.074,1** | **7.130,4** | **1.943,7** |
| Non-current assets held for sale | 0,0 | 1.392,3 | (1.392,3) |
| Inventory | 1.107,3 | 765,6 | 341,7 |
| Trade and other receivables | 2.340,9 | 2.095,6 | 245,3 |
| Other current financial assets | 184,4 | 228,7 | (44,3) |
| Cash and cash equivalents | 1.535,5 | 1.222,1 | 313,4 |
| **Current assets** | **5.168,1** | **5.704,2** | **(536,1)** |
| **TOTAL ASSETS** | **14.242,2** | **12.834,6** | **1.407,6** |
| | | | |
| Equity attributable to shareholders of the parent company | 3.007,1 | 2.288,3 | 718,8 |
| Non-controlling interests | 1.433,6 | 620,4 | 813,2 |
| **Equity** | **4.440,7** | **2.908,7** | **1.532,0** |
| Subsidies | 192,2 | 193,0 | (0,8) |
| Non-current provisions | 1.167,3 | 1.064,4 | 102,9 |
| Long-term financial debt | 3.294,3 | 3.543,3 | (249,0) |
| Other non-current financial liabilities | 438,7 | 434,0 | 4,7 |
| Deferred tax liabilities and other non-current liabilities | 473,4 | 296,7 | 176,7 |
| **Non-current liabilities** | **5.565,9** | **5.531,3** | **34,6** |
| Liabilities relating to non-current assets held for sale | 0,0 | 1.051,3 | (1.051,3) |
| Current provisions | 147,9 | 195,2 | (47,3) |
| Short-term financial debt | 1.651,2 | 705,2 | 946,0 |
| Other current financial liabilities | 169,0 | 169,2 | (0,2) |
| Trade and other payables | 2.267,5 | 2.273,7 | (6,2) |
| **Current liabilities** | **4.235,6** | **4.394,6** | **(159,0)** |
| **TOTAL LIABILITIES** | **14.242,2** | **12.834,6** | **1.407,6** |

### 2.1.5.1. Property, Plant and Equipment and Real Estate Investments

Property, Plant and Equipment and Real Estate Investments reached €4,931.7 million at the end of the year, with a €2,121.5 million increase. This increase is mainly explained by the increase in Real Estate investments, with €1,470.5 million from the rental assets incorporated after taking control of Realia, and the ones from Jezzine, amounting to €600.4 million.

### 2.1.5.2. Investments accounted for using the equity method

The epigraph entitled investments accounted for using the equity method amounted to €533.8 million at the end of the year, with the following breakdown of the most significant investments in equity:

1) €108.3 million for the stake in companies in the Environment Area (recycling and municipal services, mainly in Spain and the UK).
2) €83.8 million for the stakes held in various transport infrastructure and equipment concessions.
3) €38.7 million for stakes held in companies in the Water Area, largely concessionary companies that manage services abroad (North Africa and Spain).
4) €42.0 million from the subsidiaries of the parent company in the Cement Area.
5) €38.4 million from investee companies in the Real Estate Area.

The reduction in the balance of this heading during the year is mainly due to the change in Realia's consolidation method, following its takeover in the last quarter of the year.

This epigraph also includes a further €222.6 million for the remaining investments in own funds for other participations together with loans granted to subsidiaries.

### 2.1.5.3. Assets held for sale

This heading reduces its balance to zero compared to the €1,392.3 million recorded at the end of 2020. Its complete reduction is due to the disposal of certain infrastructure concessions located in Spain, following their sale at the end of the first quarter of the business year.

### 2.1.5.4. Cash and cash equivalents

The balance of the Cash and cash equivalents heading amounts to €1,535.5 million at the end of the business year, €313.4 million more than the figure at the end of last year, distributed as follows:

1) In the perimeter with recourse, cash and equivalents totalled €414.8 million.

2) In the perimeter without recourse, cash and equivalents amounted to €1,120.7 million.

### 2.1.5.5. Equity

Equity at the end of the period amounted to €4,440.7 million, compared to €2,908.7 million at the end of 2020. The notable increase of 52.7% is mainly due to the contribution of the net profit achieved in the period of €677.3 million and the effect of the increase in non-controlling interests due to the full consolidation of Realia.

### 2.1.5.6. Financial Debt

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (M€) |
|---|---|---|---|
| Bank borrowings | 1,742.6 | 820.0 | 922.6 |
| Debt instruments and other loans | 3,031.5 | 3,230.3 | (198.8) |
| Payables due to financial leases | 37.3 | 50.2 | (12.9) |
| Other financial liabilities | 134.1 | 148.0 | (13.9) |
| **Gross Financial Debt** | **4,945.5** | **4,248.5** | **697.0** |
| Treasury and other current financial assets | (1,719.8) | (1,450.7) | (269.1) |
| **Net Financial Debt** | **3,225.7** | **2,797.8** | **427.9** |
| Net financial debt with recourse | (326.0) | 101.6 | (427.6) |
| Net financial debt without recourse | 3,551.7 | 2,696.2 | 855.5 |

At year-end, gross financial debt increased by 16.4% to €697 million.

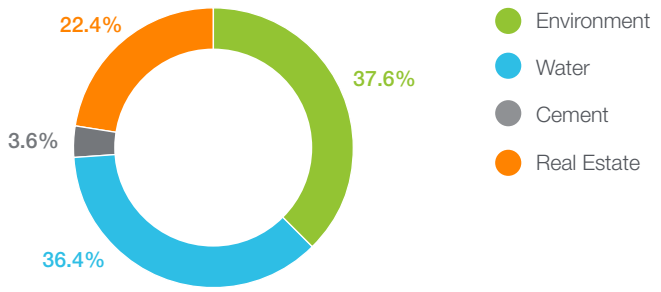
This increase is largely due to the entry into consolidation in the fourth quarter of the Realia Group and Jezzine in the Real Estate Area, with an overall balance of €966.6 million at the end of the year.

Regarding its temporary structure, it should be noted that 33.4% has a short-term maturity, worth €1,651.2 million. Most of this corresponds to the principal amount of the bonds issued for €700 million by the head of the Water Area and another €217.2 million by its subsidiary in the Czech Republic, maturing in June and July 2022, respectively. Another 210.5 million of short-term debt corresponds to marketable securities, largely commercial paper issued on the Irish Stock Exchange by the Group's parent company and that of the Environment Area.

The balance of net financial debt increased by 15.3% in the period to €3,225.7 million. This is largely explained by the aforementioned increase in the Real Estate Area, which generated a balance of €889.7 million at year-end. This effect was mitigated by the greater contribution of cash generated by the Group's operations, which includes the effect of the reduction of €109.1 million in non-recourse credit assignments in the year, mainly in the Water Area, which meant their complete elimination at the end of the first half of the year for the consolidated Group as a whole.

All of the net financial debt is without recourse and is mostly allocated to the Water Utilities and Environment Areas (its Market debt is rated as "Investment Grade") and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position of €326.0 million at the end of the year.

BREAKDOWN OF NET FINANCIAL DEBT WITHOUT RECOURSE BY BUSINESS AREA



Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water Area accounts for €1,247.6 million, of which, in addition to the financing of corporate bonds at the parent company, another €203.2 million correspond to the business in the Czech Republic and the rest to various concessions of the end-to-end water cycle; (ii) the Environment Area accounts for €1,289.7 million, most of which corresponds to long-term bonds issued at the end of 2019 by the area's parent company, another €143.9 million to the activity in the UK, and the rest mainly to the project financing of three waste treatment and recycling plants in Spain (iii) the Real Estate Area has €889.7 million, concentrated in its rental property activity; (iv) the Cement Area accounted for €124.4 million; (iv) and a remaining €0.5 million associated with the concessions activity.

### 2.1.5.7 Other current and non-current financial liabilities

The epigraph of other current and non-current financial liabilities totals €607.7 million at the end of the period. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to €395.5 million. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

## 2.1.6. Cash Flow

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| **Gross Operating Profit (EBITDA)** | **1,126.6** | **1,047.5** | **7.6%** |
| (Increase)/decrease in working capital | (167.9) | (302.1) | -44.4% |
| Corporation tax (paid)/received | (135.6) | (96.7) | 40.2% |
| Other operating cash flow | (76.9) | (43.6) | 76.4% |
| **Operating cash flow** | **746.2** | **605.1** | **23.3%** |
| Investment payments | (557.9) | (541.2) | 3.1% |
| Divestment receipts | 568.6 | 75.9 | n/a |
| Other investing cash flows | 182.4 | 63.8 | 185.9% |
| **Investing cash flow** | **193.1** | **(401.5)** | **-148.1%** |
| Interest paid | (99.1) | (151.4) | -34.5% |
| (Payment)/receipt of financial liabilities | (269.3) | (137.7) | 95.6% |
| Other financing cash flow | (259.3) | 150.7 | n/a |
| **Financing cash flow** | **(627.7)** | **(138.4)** | **n/a** |
| **Exchange differences, change in consolidation scope, etc.** | **1.8** | **(61.5)** | **-102.9%** |
| **Increase/(decrease) in cash and cash equivalents** | **313.4** | **3.6** | **n/a** |

### 2.1.6.1. Operating cash flow

The operating cash flow generated in the year business amounted to €746.2 million, 23.3% more than in the previous year. It is noteworthy that this figure is obtained even though the current operating working capital was up €167.9 million, which includes in this year the elimination of the balance of non-recourse loan assignments for €109.1 million, most of them in the Water Area, as was done in the Environment Area in the previous year, with the common aim of optimising and reducing the Group's financial costs.

The heading collections/(payment) of corporation tax shows an outflow of €135.6 million compared to €96.7 million in 2020, a variation that is explained by the increase in net income during this business year and in line with the accounting basis affecting the accrual of taxes.

The heading other operating cash flow includes an outflow of €76.9 million compared to €43.6 million the previous business year, due to the application of provisions mainly in the Construction and Environment Area.

### 2.1.6.2. Investing cash flow

The investment cash flow represents a generation of €193.1 million euros compared to an application of €401.5 million in the previous business year.

The most significant item of this first period corresponds to earnings for transport concession divestment transactions, for a cash entry of 377.1 million euros, so proceeds from disposals amounted to 568.6 million euros, when compared to 75.9 million euros of the last business year. In addition, last July, 93 million euros were collected from the sale of various energy assets, together with others distributed among other areas, such as Construction and Real Estate, which added the remaining 98.5 million euros.

With regards to payments for investments totalling 557.9 million euros, these are similar to those during the last year. By business area, the Environment Area's investments represented 299.4 million euros, highlighting the investment required for the construction and expansion of the Loeches and Campello treatment plants, for a combined amount of 42.8 million euros. In the UK, among the most significant investments is the one made in the progress of the development of the Lostock energy recovery plant for 28.6 million euros, as well as the investment of 30 million euros in the USA, out of a total of 69.6 million euros invested in the country, for the purchase of an urban waste collection company in the state of Texas last December.

In the Water Area, payments for investments amounted to 107.1 million euros, of which 24.3 million euros are for new contracts, among which Mexico, Colombia, and Spain stand out, distributed among different concession contracts for the operation of hydraulic plants and the end-to-end cycle.

Lastly, included in the Real Estate heading is 83.9 million euros invested in the acquisition of an additional 13.12% of the Realia Group's capital by the parent company in the Real Estate Area, FCC Inmobiliaria, which allowed it to gain control and full consolidation.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Environment | (291.8) | (283.1) | (8.7) |
| Water | (86.8) | (134.1) | 47.3 |
| Construction | 0.5 | (7.6) | 8.1 |
| Cement | (10.9) | (10.4) | (0.5) |
| Real Estate | (64.9) | 0.0 | (64.9) |
| Corporate serv. etc. & adjustments | 464.6 | (30.1) | 494.7 |
| **Net investments (Payments - Collections)** | **10.7** | **(465.3)** | **476.0** |

Other investment flows amounted to 182.4 million euros, of which 116.4 million euros came from the Real Estate Area, largely due to the entry of the balance of cash and cash equivalents from the consolidation of the Realia Group and Jezzine, as well as a further 36.9 million euros in Water from the cancellation and recovery of deposits and cash linked to various projects.

### 2.1.6.3. Financing cash flow

The consolidated cash flow from financing in the year represents an application of 627.7 million euros compared to 138.4 million euros in the previous business year. Interest payments amounted to 99.1 million euros, mainly in the Water and Environment Areas, with a substantial reduction compared to the previous year, in line with the reduction in the average balance of financial debt this year.

The heading "Proceeds from/(payments on) financial liabilities" includes an application of the financing flows, with a net reduction worth 269.3 million euros in the business year, extending and increasing the 137.7 million euros recorded in the previous year. In addition, the heading other financing flows includes an application of 259.3 million euros, which essentially includes the payment of 189 million euros for the acquisition of non-controlling interests in companies in the Real Estate Area (Hnos. Revilla in Realia) and the payment of dividends to shareholders of the parent company and minority shareholders of the rest of the consolidated group for a total amount of 63.1 million euros.

### 2.1.6.4 Change in cash and cash equivalents

As a result of the performance of the different cash flow components, the FCC Group's cash position increased by 313.4 million euros since December 2020, with a balance of 1,535.5 million euros at the close of the business year.

## 2.1.7. Analysis by Business Areas

### 2.1.7.1. Environment

The Environment division contributed 47.5% of the Group's EBITDA in the 2021 business year. Some 80.7% of its activity is focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 19.3% corresponds to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain, it provides services in more than 3,500 municipalities and serves a population of more than 31 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the UK, it focuses on urban waste treatment, recovery and disposal activities and serves more than 22 million people. In Central Europe, mainly Austria and the Czech Republic, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activities in the US include both the collection and end-to-end retrieval of municipal waste.

#### 2.1.7.1.1. Earnings

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 3,244.9 | 2,888.2 | 12.4% |
| *Waste collection and street cleaning* | *1,550.0* | *1,428.6* | *8.5%* |
| *Waste processing* | *1,067.5* | *879.0* | *21.4%* |
| *Other services* | *627.4* | *580.6* | *8.1%* |
| EBITDA | 535.1 | 450.9 | 18.7% |
| EBITDA Margin | 16.5% | 15.6% | 0.9 p.p |
| EBIT | 285.4 | 215.7 | 32.3% |
| *EBIT margin* | *8.8%* | *7.5%* | *1.3 p.p* |

Revenues at the Environment Area were up 12.4% to reach 3,244.9 million euros at the end of the business year. The waste collection and street cleaning activity's revenues rose by 8.5% to 1,550 million euros, thanks to the new contracts, especially in Spain and the US, as well as the greater contribution in the activity of street cleaning and other similar services in Spain. Waste treatment activity was up 21.4% to €1,067.5 million, largely due to the recovery of the activities in the UK and the increase in activity in Central Europe, alongside the activity of a new plant in the USA.

**Breakdown of revenue by geographical area** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 1,837.2 | 1,715.8 | 7.1% |
| United Kingdom | 708.3 | 605.3 | 17.0% |
| Central Europe | 550.7 | 464.6 | 18.5% |
| US and others | 148.7 | 102.5 | 45.1% |
| **Total** | **3,244.9** | **2,888.2** | **12.4%** |

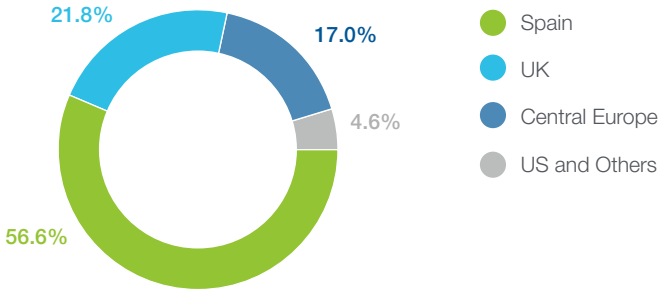
By geographical area, revenues in Spain were up 7.1% compared to the previous year to reach 1,837.2 million euros, due to an increased contribution from the Campello treatment plant, plus the contribution made by the new street cleaning and waste collection contracts. Also significant has been the increased activity in cleaning and green areas due to a return to normal after the partial disruptions suffered in certain periods of last year.

In the UK, turnover increased by 17% to 708.3 million euros, mainly due to the recovery in the recycling and reduction of urban waste, after stoppages and lower volumes treated in the previous year.

In central Europe, revenues grew by 18.5% to 550.7 million euros due to the higher volume of activity in almost all countries in which the company operates, mainly the Czech Republic, Slovakia, and Poland, in urban collection and treatment, as well as due to the general increase in the price of recycled by-products.

Last but not least, turnover in the USA and other markets increased by 45.1% to 148.7 million euros, mainly due to the contribution from new urban collection contracts in Omaha (Nebraska) and Volusia (Florida), as well as the treatment and recovery plants in Texas.

## BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA




The gross operating profit (EBITDA) increased by a remarkable 18.7% to 535.1 million euros due to the aforementioned development of revenues and the improvement in volumes treated and prices in the treatment and recovery activities. This has allowed the operating margin to recover by 0.9 per cent and to reach 16.5%, close to pre-pandemic profitability levels.

The net operating profit (EBIT) increased by 32.3% over the previous year to 285.4 million euros, thanks to the development of the different components mentioned in the EBITDA.

### Breakdown of backlog by geographical area

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 6,300.6 | 4,872.2 | 29.3% |
| International | 4,445.8 | 4,312.1 | 3.1% |
| **Total** | **10,746.4** | **9,184.3** | **17.0%** |

At the end of last December, the area's backlog increased by 17% to 10,746.4 million euros. In Spain, it amounts to 6,300.6 million euros, where the contribution of street collection and cleaning in Barcelona stands out with 903.2 million euros, as well as other contracts in the city of Madrid, for a total amount of 682.6 million euros. In the rest of the territorial areas as a whole, the portfolio of services also increased by 3.1% to 4,445.8 million euros, highlighting the new contracts secured in the UK and the USA.

#### 2.1.7.1.2. Financial Debt

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Net Financial Debt | 1.289,7 | 1.330,2 | (40,5) |

Financial debt decreased slightly in the year to 1,289.7 million euros. Its main balance corresponds to the issuance of two green bonds and a smaller amount of euro commercial paper, with a total accounting balance exceeding 70% of the total at year-end. The remainder mainly finances activity in the UK and is linked to project financing of waste treatment and recycling plants.

### 2.1.7.2. Water

The Water Area contributed 26.5% of FCC Group EBITDA in the period. 90.1% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 9.9% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related to a great extent to the development of new concessions and ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 1,100 municipalities. In Central Europe, it serves 1.3 million users, mainly in the Czech Republic, while in the rest of the continent it is present in Italy, Portugal and France. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of processing plants. Overall, the Water Area provides supply and/or sanitation services to more than 29 million inhabitants.

### 2.1.7.2.1. Earnings

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 1,169.5 | 1,188.3 | -1.6% |
| *Concessions and services* | *1,053.3* | *1,016.6* | *3.6%* |
| *Technology and networks* | *116.2* | *171.7* | *-32.3%* |
| EBITDA | 298.9 | 282.9 | 5.7% |
| *EBITDA Margin* | *25.6%* | *23.8%* | *1.8 p.p* |
| EBIT | 181.3 | 167.4 | 8.3% |
| *EBIT margin* | *15.5%* | *14.1%* | *1.4 p.p* |

Revenues fell slightly in the year to 1,169.5 million euros, due to decreased activity in the development of hydraulic assets. Revenues of the concessions and services and core business activity were up by 3.6% to 1,053.3 million euros, due to the higher volume of activity in Spain and abroad. Moreover, the activity of the Technology and Networks are dropped by 32.3%, due to the entry into the completion phase of a number of one-off international projects, which was partially offset by the growth of this activity in Spain.

**Breakdown of revenue by geographical area**

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 814.2 | 784.3 | 3.8% |
| Central Europe | 113.6 | 105.0 | 8.2% |
| Middle East, Africa and Others | 112.4 | 163.1 | -31.1% |
| Rest of Europe (France, Portugal and Italy) | 80.8 | 78.5 | 2.9% |
| Latin America | 48.5 | 57.4 | -15.5% |
| **Total** | **1,169.5** | **1,188.3** | **-1.6%** |

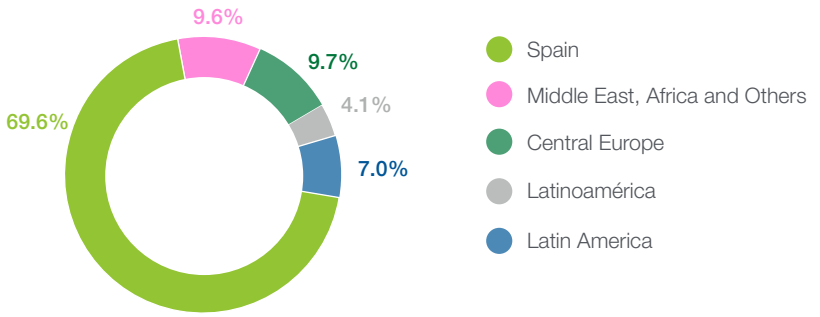
By geographical area, revenues in Spain increased by 3.8% to 814.2 million euros. This growth has occurred in each and every one of the activities, with Technology and Networks standing out due to both the contracts linked to one-off projects and the implementation of the investment plans of the concession contracts. Regarding the latter activity, the growth in $m^3$ billed was 0.5%, with a progressive recovery towards pre-pandemic demand levels.

Internationally, Central Europe grew by 8.2% to €113.6 million following the tariff update in the end-to-end cycle activity in the Czech Republic and the favourable performance of the exchange rate of the Czech koruna (+3.2% in the year). In the Rest of Europe, revenues increased by 2.9% to 80.8 million euros, driven by the tariff increase for the Aque di Caltanissetta (IT) concession contract and the higher volume of activity in Technology and Networks for this contract.

The Middle East, Africa, and Others accounted for the fall in revenues in the Area to 112.4 million euros. This decrease was concentrated in the Technology and Networks business, almost entirely due to the slowdown in the almost completed construction of a wastewater treatment plant in Egypt.

Lastly, in Latin America, turnover decreased by 15.5% to 48.5 million euros, due to the lower contribution in the Technology and Networks business, both in Mexico and Colombia, of projects that are already at very advanced stages of execution and which have not been offset by others recently awarded, together with the increase in the end-to-end cycle business in Colombia.

BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA



Gross operating profit (EBITDA) increased by 5.7% and totalled 298.9 million euros, due to the higher concession activity that more than compensated for the lower contribution of the Technology and Networks business and enabled the operating margin to grow to 25.6%, compared to 23.8% the previous year.

Net operating profit (EBIT) was up by 8.3% when compared to last year's figures, totalling 181.3 million euros, due to the performance of gross operating profit, as discussed previously.

**Breakdown of backlog by geographical area** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 7,149.6 | 7,224.7 | -1.0% |
| International | 8,211.5 | 7,801.2 | 5.3% |
| **Total** | **15,361.1** | **15,025.9** | **2.2%** |

The backlog at year-end totalled €15,361.1 million, 2.2% more than in 2020. In Spain, several contracts for the island of Tenerife, the end-to-end management contract in Salamanca, and the La Línea contract in Cádiz deserve a special mention. In the international area, the contract for comprehensive improvement and management in Los Cabos (Mexico) and the end-to-end cycle of Mantes-la-Jolie in France are also worth mentioning.

*2.1.7.2.2. Fiancial Debt*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Net Financial Debt | 1,247.6 | 1,177.6 | 70.0 |

Net financial debt reached 1,247.6 million euros at the end of the business year. The increase in net debt in the year is due to the complete elimination of loan assignments in the year amounting to 107.1 million euros.

### 2.1.7.3. Construction

The Construction Area contributed 9.1% of the FCC Group's EBITDA at the end of the business year. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 20 countries. Special mention should go to participation in major works like railways, tunnels, bridges and football stadiums that constituted a major part of the activity.

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 1,659.6 | 1,611.0 | 3.0% |
| EBITDA | 102.6 | 53.6 | 91.5% |
| *EBITDA Margin* | *6.2%* | *3.3%* | *2.9 p.p* |
| EBIT | 71.1 | 20.9 | 240.2% |
| *EBIT margin* | *4.3%* | *1.3%* | *3.0 p.p* |

Revenues in the area were up by 3% to 1,659.6 million euros, largely due to the steady pace of project performance in Spain Europe and Latin America, offsetting the lower activity levels in the Middle East.

**Breakdown of revenue by geographical area** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 885,2 | 848,8 | 4,3% |
| Rest of Europe and Others | 419,2 | 390,0 | 7,5% |
| Latin America and the USA | 209,4 | 126,0 | 66,2% |
| Middle East and Africa | 145,8 | 246,2 | -40,8% |
| **Total** | **1.659,6** | **1.611,0** | **3,0%** |

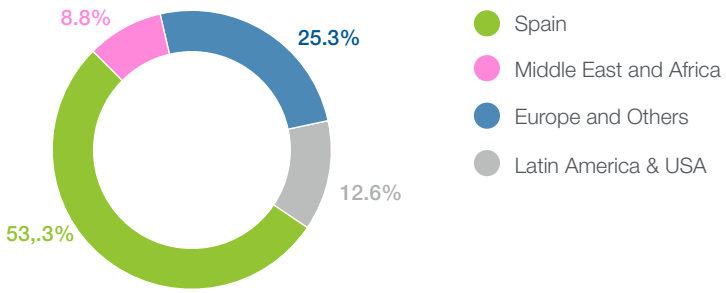
By geographical area, turnover in Spain increased by 4.3% to 885.2 million euros, due to the good pace of execution in the remodelling of the Santiago Bernabéu football stadium, as well as in other minor public works such as the remodelling of the Plaza de España and the island ring road in Tenerife.

Similarly, in the Rest of Europe and other markets, turnover grew by 7.5% compared to the previous year, reaching 419.2 million euros, thanks to the greater contribution of projects under development, such as the A-9 in the Netherlands and the A-465 motorway in Wales, which compensated for the lower contribution of others already completed, such as Grangegorman in Ireland.

In Latin America and the USA, revenues grew significantly, up to 209.4 million euros, largely due to the increased contribution of the Maya Train in Mexico and the commencement of a road project in Chile.

The drop in revenues is mainly concentrated in the Middle East, down to 40.8% to 145.8 million euros, essentially due to the lower activity reported in the construction of the Riyadh metro in Saudi Arabia as the project nears completion.

## BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA




Gross operating profit increased significantly by 91.5% to 102.6 million euros compared to 53.6 million euros in the previous year. This increase is based on the aforementioned development of revenues and especially on the disappearance of the impact on various projects in the previous year caused by the slowdown and stoppages due to by the measures taken to combat the health crisis. As a result, the operating margin for the year amounted to 6.2%, similar to the level reached in previous quarters.

Net operating profit totalled 71.1 million euros, compared to 20.9 million euros for the previous year, thanks to the performance of gross operating earnings, as mentioned previously.

### Breakdown of backlog by geographical area

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 1,368.0 | 1,628.4 | -16.0% |
| International | 2,613.3 | 3,527.4 | -25.9% |
| **Total** | **3,981.3** | **5,155.8** | **-22.8%** |

The revenue portfolio drops to 3,981.3 million, more sharply in the International realm, due both to the progress of contracts and the adjustments made to the projects to be carried out in certain countries, which have yet to be offset by new contracts.

### Breakdown of the Backlog by Activity Segment

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Civil engineering works | 3,301.6 | 4,121.5 | -19.9% |
| Building | 426.3 | 695.0 | -38.7% |
| Industrial Projects | 253.4 | 339.3 | -25.3% |
| **Total** | **3,981.3** | **5,155.8** | **-22.8%** |

Civil engineering works continue to be the dominating segment by type of activity, representing 82.9% of the total.

### 2.1.7.4. Cement

The Cement Area contributed 6.8% of the FCC Group's EBITDA in the business year. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with 7 main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which operates a number of factories on the east coast of the US.

#### *2.1.7.4.1. Earnings*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 433.8 | 382.6 | 13.4% |
| *Cement* | *393.2* | *345.2* | *13.9%* |
| *Other* | *40.6* | *37.4* | *8.6%* |
| EBITDA | 76.1 | 139.9 | -45.6% |
| *EBITDA Margin* | *17.5%* | *36.6%* | *-19.0 p.p* |
| EBIT | (90.3) | 106.8 | -184.6% |
| *EBIT margin* | *-20.8%* | *27.9%* | *-48.7 p.p* |

The area's revenues rose 13.4% compared to last year and amount to 433.8 million euros, due to an increase in volumes invoiced in Spain as well as an increase in exports from local markets (Spain and to a lesser extent Tunisia).

**Breakdown of revenue by geographical area** *(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Spain | 262.9 | 237.9 | 10.5% |
| Tunisia | 57.8 | 57.8 | 0.0% |
| Miscellaneous (exports) | 113.1 | 86.9 | 30.1% |
| **Total** | **433.8** | **382.6** | **13.4%** |

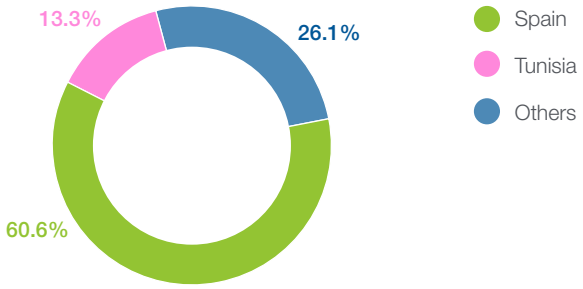
With regards to the geographical areas, the turnover in Spain was up by 10.5% to 262.9 million euros, due to the significant increase in volumes, which concentrated in the first half of the year, together with price stability, all derived from the drop in demand since last year, mostly of private origin.

In the local Tunisian market, turnover remained at the same level as the previous year at

57.8 million euros, where the increase in prices compensated for the slight decrease in volumes.

Moreover, export revenues increased by a noteworthy 30.1% to 113.1 million euros, following an increase in exports, mainly to the EU, from Spain, in particular to the UK and France, as well as those from Tunisia.

BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA




Moreover, EBITDA stood at 76.1 million euros, 45.6% down when compared to 139.9 million euros during the previous year. This drop is largely explained by the impact of the sale of a large volume of $CO_2$ rights during the previous year, which amounted to 58.9 million euros, as compared to 7.8 million euros during this year. Excluding this differentiating factor, operating profit excluding $CO_2$ was down 15.6% compared to the previous year, mainly due to the effect of the increase in electricity and fuel prices in the second half of 2021.

The net operating profit was -90.3 million euros, mainly due to a 136-million-euro adjustment to the value of various property, plant and equipment and goodwill, in order to better reflect their estimated future cash generation capacity.

*2.1.7.4.2. Financial Debt*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Net financial debt | 124,4 | 173,7 | (49,3) |

Net financial debt, entirely without recourse to the Group's parent company, dropped to 49.3 million euros when compared to December of last year, reaching 124.4 million euros, as a consequence of the application of the free cash flow generated in the year as a whole to the reduction of financial indebtedness. The Cement Area therefore reaches a new milestone in the progressive strengthening of its financial soundness.

## 2.1.7.5. Real Estate

The Real Estate Area will contribute 3.6% of the FCC Group's EBITDA in 2021. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

### *2.1.7.5.1. Earnings*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (%) |
|---|---|---|---|
| Turnover | 147.9 | 34.8 | n/a |
| *Rentals* | *17.2* | *0.0* | *n/a* |
| *Residential Development* | *130.7* | *34.8* | *n/a* |
| EBITDA | 40.0 | (3.8) | n/a |
| *EBITDA Margin* | *27.0%* | *-10.9%* | *38.0 p.p* |
| EBIT | 298.3 | (3.8) | n/a |
| *EBIT margin* | *201.7%* | *-10.9%* | *n/a* |

The area's revenues amounted to 147.9 million euros in 2021, a substantial increase over the previous year, due both to the aforementioned entry into the scope using full consolidation of the Realia Group and Jezzine, and to the increase in revenues from the Development activity, due to the higher rate of deliveries throughout this business year.

In the Residential Development activity, with 130.7 million euros of revenues in the year, this is explained by the increase in activity, which in comparable terms (without considering the effect of the consolidation of the Realia Group), would have grown to 102.3 million euros in this business year. In addition, the activity has been reinforced by the contribution of the Realia Group for two months of the year, with 28.4 million euros. The revenues generated were distributed among more than ten developments, mainly in metropolitan areas of large cities in Spain.

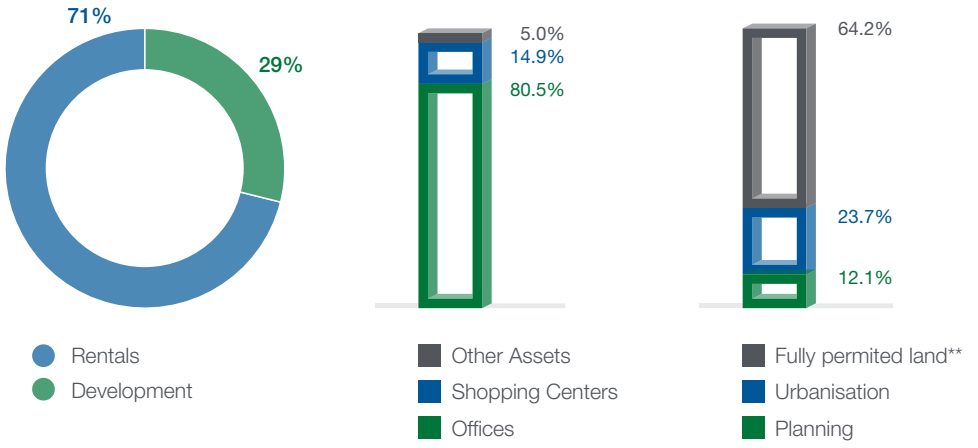
The revenue reported by Rentals was 17.2 million, compared to the lack of a contribution in the previous year and only two months of this activity in the year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 80% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy rate exceeded 95%, supported by high occupancy levels in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to offices.

Similarly, EBITDA performed better this year, with a figure of 40 million euros, due both to the higher profitability of Development operations and to the effect of the contribution of the new Rentals activity, with a much higher operating margin. As a result, the operating margin stood at 27% for the year, a percentage that should increase in the coming periods as the contribution of the Rentals activity is extended to the whole of the annual period.

EBIT contains the effect of the aforementioned change in EBITDA, together with the profit generated by raising the value of Realia's rental assets by 241.7 million euros to their fair market value.

The latest available market valuation of the area's real estate assets, which totalled 2,941.8 million euros at 31 December 2021, is presented below. The majority corresponds to rental assets, which account for 71% of the total, a figure of 2,086.6 million euros, while Residential Development, which includes land at different stages of development together with developments being marketed, in progress, and completed, accounts for 29% of the total, amounting to 855.2 million euros.

GAV PER ACTIVITY* | RENTALS | RESIDENTIAL DEVELOPMENT




* Development data of FCC Inmobiliaria, S.A. as at 30 June 2021.
** Includes products in progress and finished products.

*2.1.7.5.2. Financial Debt*

*(Millions of euros)*

| | Dec. 21 | Dec. 20 | Chg. (Mn€) |
|---|---|---|---|
| Net financial debt | 889.7 | 0 | 889.7 |

The balance of financial debt at 31 December 2021 amounted to 889.7 million euros, compared to zero in the previous year. The net financial indebtedness generated this year is explained in its entirety by the full consolidation of the Realia Group's debt and that of Jezzine, both at year-end. Both subsidiaries have long-term financing structures, linked to their rental assets and are separate from the head of the area, FCC Inmobiliaria.

## 2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 30 to the consolidated financial statements and in section 7 of the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance for the Group of preserving the environment and the responsible use of available resources, and in line with the vocation of service through activities with a clear environmental focus, the Group promotes and encourages the following principles throughout the organisation, on which the contribution to sustainable development is based:

- Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the Group's processes, products and services, and enhancing the positive impacts.
- Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for monitoring, assessment, decision-making and communication of the Group's environmental performance and compliance with the commitments undertaken.
- Climate change and pollution prevention: Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Prevent pollution and protect the environment through responsible management and consumption of natural resources, and also by minimising the impact of emissions, discharges and waste generated and managed by the Group's activities.
- Observation of the environment and innovation: Identify the risks and opportunities of the activities in the face of the changing natural environment in order, among other things, to drive innovation and the application of new technologies, and also to generate synergies between the Group's various activities.
- Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.
- The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

## 2.3. Business performance. Personnel

Attached is a breakdown of the Group's headcount at the end of the year, by business area:

| Áreas | Spain | Abroad | Total | % s/Total |
|---|---|---|---|---|
| **2021** | | | | |
| Environment | 33,909 | 7,643 | 41,552 | 70% |
| Water Management | 6,701 | 3,117 | 9,818 | 16% |
| Construction | 3,828 | 2,781 | 6,609 | 11% |
| Cement | 809 | 240 | 1,049 | 2% |
| Concessions | 50 | 71 | 121 | 0% |
| Central Services and Others | 398 | 0 | 398 | 1% |
| **TOTAL** | **45,695** | **13,852** | **59,547** | **100%** |

# 3. Liquidity and capital resources

## Liquidity

In order to optimise its financial position, the Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 17 to the consolidated financial statements) and detailed financing (see note 20 to the consolidated financial statements).

Note 30 to the consolidated financial statements sets forth the policy implemented by the Group to manage liquidity risk and the factors mitigating said risk.

## Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

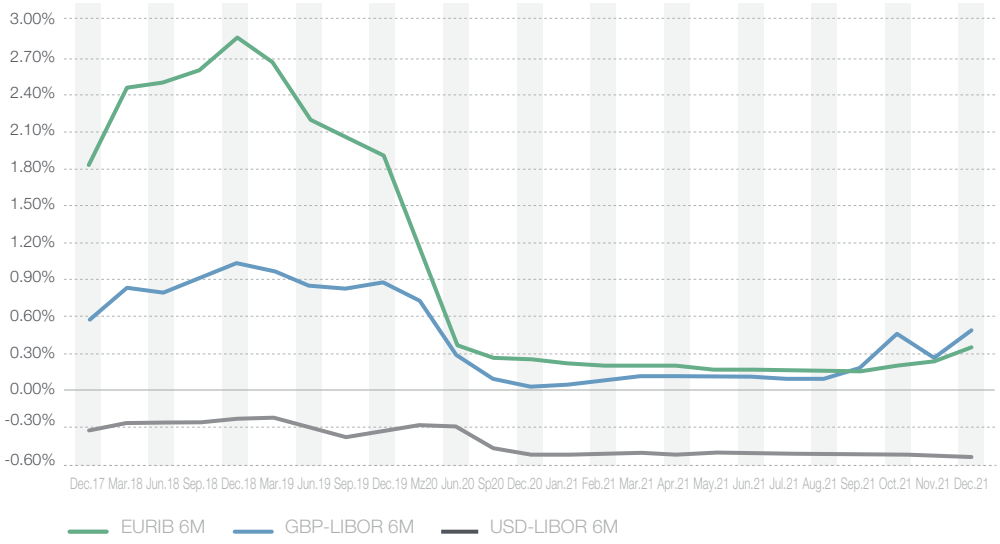
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U. registered a promissory note programme which it renewed in 2021 for an amount of up to €400 million; it also has financing facilities in the form of credit facilities.

In addition, in 2021 Cementos Portland Valderrivas, S.A. has voluntarily and early repaid all of its syndicated financing for a total of €115.5 million and has contracted new bilateral financing facilities (note 20 of Non-current and current financial liabilities in the notes to the 2021 annual accounts).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.




This section is discussed in greater detail in note 30 to the consolidated financial statements.

# 4. Major risks and uncertainties

## 4.1. Risk Management Policy and System

The Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different units, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This model applies to all Group companies, as well as to those affiliates where has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the Group's Risk Management Model include the assessment of risks, including tax risks, in terms of impact and probability of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of such risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The system covers the risk scenarios considered, which have been classified into four groups: Operational, Compliance, Strategic and Financial.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

## 4.2. Major risks and uncertainties

The Group operates worldwide and in different sectors and, therefore, its activities are subject to a variety of environmental, socio-economic environments and regulatory frameworks, as well as to different risks inherent to its operations and risks arising from the complexity of the projects in which it participates, which could affect the achievement of its objectives.

Details of the main strategic, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 12.1 of the

Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 30 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 12.1 of the Non-Financial Information Statement

In addition, the Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 6.2 and 7 of the Non-Financial Information Statement.

# 5. Acquisition and disposal of own shares

On 28 July, the company reported that the Board of Directors, at its meeting held on 27 July, approved a Temporary stock buy-back programme, which will be closed on 30 September 2021. This programme is aimed at reducing FCC's share capital through the redemption of its own stock and it has the following characteristics: the maximum number of shares to be acquired under the Programme is 1.7 million and the maximum investment of the Programme was 20 million euros.

Subsequently, on 23 September, the Board of Directors agreed to extend the Temporary stock buy-back programme for an additional six-month period, which will end on 30 March 2022.

All in all, the treasury stock position at the end of the business year amounted to 2,410,758 shares, equivalent to 0,567% of the capital stock.

The acquisition and disposal of treasury shares carried out during the year are disclosed in Note 18 of the Notes to the consolidated financial statements.

# 6. Significant events occurring after the end of the year

On 2 February 2022, FCC Aqualia, S.A. acquired a 60% stake in Georgia Global Utilities JSC for USD 180 million, a water and renewable energy utility in Georgia. This acquisition is the first step in a global operation in which FCC Aqualia, S.A. will end up holding 80% of the water utilities business when a second phase of the agreement is completed, still subject to the fulfilment of suspensive conditions, which basically consists of the spin-off of the renewable energy business.

On 25 January 2022, FCC Aqualia, S.A. cancelled in advance the loan agreement for variable interest provisions amounting to 200,000 thousand Euros which was fully drawn down and in cash at 31 December 2021 (note 20). Also, on 25 January 2022, FCC Aqualia, S.A. signed a new loan agreement for variable interest provisions maturing on 31 March 2023 for the same amount. This new contract can be used for the Company's cash requirements and for the redemption of the GGU bonds mentioned above.

There have been no further significant events between the end of the reporting period and the date of authorisation of these financial statements.

# 7. Outlook

The outlook for the performance of the Group's main business areas in 2022 is given below.

## Environmental Services Area

In the countries where the Environmental Services Area operates, the sector is undergoing a process of transformation, mainly due to the environmental requirements of each country derived from the European Directives (new opportunities based on the ambitious objectives set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

Moderate growth is expected in Spain based on the start-up of new contracts already awarded. The entry into force of the new state waste tax is delayed until 2023, which implies stability in risk management activity. The contract renewal rate, which currently stands at over 90%, is expected to be maintained.

No significant changes are expected in the domestic market, the aim being focused on gradually replacing the linear production model with circular models (Plan PEMAR 2016-2022, España Circular 2030 [State Waste Framework Plan for Spain's Circular Economy]).

### Europe

In Portugal, business opportunities related to soil decontamination activities and new urban sanitation contracts stand out.

The UK economic forecasts point to a return to the pre-pandemic GDP level by the end of 2021. Despite the uncertainty in the near future caused by the latest effects of COVID-19, the Office for Budget Responsibility (OBR) has estimated medium-term GDP growth of around 2% per year, based on the strength of the labour market and rising tax revenues. Regarding the environment, after leaving the EU, the UK not only shares the EU's circular economy objectives and recycling targets, but aims to be more ambitious than the EU in terms of household waste recycling rates and the portion of waste to landfill, as well as being more aggressive in the timing of implementation. In addition, the government has a draft "Environmental Law" with ambitious recycling targets, and with new aspects to monitor compliance, as well as the establishment in 2022 of a packaging tax, while supporting measures to reduce $CO_2$ emissions. Given the nature of the sector, which is strongly conditioned by environmental legislation, FCC will continue to keep a close eye on legislative developments in these areas. The year 2021 has seen a recovery in the market and prices for recycled products, where the quality of the products remains essential for their commercialisation, although it will always be subject to some price volatility; the export of RDF (refuse derived fuels) to Europe has been suffering from trade barriers and the development of new treatment plants, a positive development for our UK division, which continues with its strategy of energy production through the waste treatment and disposal.

In Central and Eastern Europe, organic growth is expected in parallel with macroeconomic indicators (inflation and GDP) in each of the countries. A solid municipal and industrial customer base is maintained with the inclusion in 2022 of the collection and risk management contract in the Tyrol region (Austria) and the recovery of the collection and treatment contract in Zabrze (Poland). Recycling prices (especially paper and metals) are expected to remain at the high levels of 2021 and FCC has already been awarded several soil decontamination projects in the Czech Republic and Slovakia which are expected to be executed in the period 2022-2024.

In relation to the implementation of the business model, Austria is a mature and fully developed market while the other three most important countries, the Czech Republic, Slovakia and Poland, must gradually transform their business model, reducing volumes in landfills and increasing treatment and recycling activities in order to adapt to European Union directives. This process entails legislative changes that are already becoming visible (especially in Poland and Slovakia) and will require significant technological investments in the coming years in order to maintain a leading and competitive position in these markets (e.g. incinerators). A number of projects are already being analysed in each of these countries and could materialise in the short term.

### USA

The Group has also begun to promote mechanical biological treatment plants in the USA, in line with new regulations that are beginning to make it mandatory in some statuses to minimise landfill disposal. The group's significant experience at European and international level will bring considerable development in this business for FCC, which has a clearly differentiating experience in this technology compared to its usual competitors in the country.

## Water

Expectations for 2022 are for an increasing recovery in the levels of activity that have been affected by the COVID-19 pandemic, fundamentally in the geographical areas where demand is most closely linked to tourism activity. In this regard, we expect a significant recovery in the Canary and Balearic Islands in the coming quarters to recover the volumes invoiced in 2019, This situation will be reinforced by the new contracts incorporated into the perimeter during 2021, and also by the maintenance of the high rates of renewal of contracts that Aqualia historically records on their expiry. This increase in revenues will lead to an improvement in results, reinforced by the continuation of cost optimisation actions.

By 2022, concessions in **Spain** in the area of end-to-end water cycle **service concessions** are expected to maintain renewal rates similar to 2021, i.e. above 90%. In terms of new procurement, several expiring contracts, currently operated by competitors, are expected to be tendered out. In addition, major water treatment works are expected to be tendered in Madrid and Palma de Mallorca.

With regard to Europe, in **Portugal**, prospects of a slight reactivation of the concession business is expected after the legislative elections held in 2019 and based on the high budget deficit of the Municipalities and the need for infrastructure investment. Similarly, a further proliferation of operation and maintenance contracts promoted by public companies belonging to Aguas de Portugal and inter-municipal companies is expected.

New public service delegation tenders are expected to be launched in **France** due to the expiry of the contractual term of one of the country's existing contracts.

In **Saudi Arabia**, tenders will be awarded for operation and maintenance contracts for water and sanitation services in the six regions into which the Saudi kingdom has been divided, before they are finally transformed into administrative concessions.

During 2022 Aqualia will consolidate the operation of the new contract to operate the Jizan desalination plant in **Saudi Arabia** and the operation of the Abu Rawash wastewater treatment plant in **Egypt**, the largest in Africa.

In LATAM, the 20-year operation period of the Guaymas IDAM (Sonora, Mexico) will begin, the contract for the end-to-end management improvement of Los Cabos (Baja California Sur) will start, as well as the operation of the El Realito aqueduct and the technical assistance period of the Salitre WWTP (**Colombia**) will end. In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora and for purification within the Bogotá river decontamination programme. Opportunities in end-to-end water cycle management will also be explored.

Finally, in **Peru**, we will continue with the preparation of the private initiatives represented as relevant for Aqualia, expecting the tendering of approximately 5 BOT purification contracts, and in the **USA**, the projects currently under study will be presented to their corresponding clients under the formula of "unsolicited proposals", for their assessment and, if accepted, for their subsequent execution. Market exploration will also continue with the aim of acquiring a growth platform for the country.

## Construction

The Group focuses on the international market in countries and markets with a stable presence, and on the execution of projects with secured financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking into account the above, it is estimated that in 2022, the turnover obtained in Spain will remain similar to that obtained in 2021.

The estimated 2022 foreign market turnover is expected to resemble 2021, with the development of major infrastructure projects obtained between 2019 and 2021 and the contribution of the markets in America (Mexico, Chile, Peru, Colombia) and Europe (the Netherlands, the United Kingdom and Romania).

## Cement

During 2021, there has been a very significant increase in the cost of maritime freight and, above all, in the gas and electricity markets. These increases have been passed on as supply chain disruptions on the one hand, and on the other hand are the main source of inflationary pressures that have been passed on to virtually all products and services. The lack of visibility on the return to normality is very high.

On 17 December 2021, the Bank of Spain revised Spain's GDP growth for 2021 downwards to 4.5%, due to supply shortages, longer product delivery times, more expensive energy supplies and, finally, the OMICRON variant of COVID-19. For 2022 it forecasts growth of 5.4% with an unemployment rate of 14.2%, almost one point lower than expected for 2021. It is not until the end of 2022 that the Spanish economy will recover to pre-crisis levels caused by the COVID-19 pandemic.

According to estimates by the Association of Infrastructure Construction and Concession Companies (SEOPAN), official tenders up to November 2021 have increased by 80.2% compared to the same period in 2020. Building permits for new construction have increased by 22% and public procurement is estimated to grow by 36% compared to 2020. These increases are reflected in cement consumption, which reaches 14.9 Mt, 11% more than in 2020, equivalent to 1.5 million tonnes, according to data provided by the sector's employers' association, OFICEMEN. The same source also says that the market evolution in 2022 will close in a range of between 3% and +5%, exceeding 15 million tonnes. Domestic political instability in Tunisia is keeping consumption levels at low levels. By 2022, growth in the domestic market is estimated at 1.6% to reach 6 million tonnes, after closing 2021 at around 5.9 million tonnes, with a growth of 2.5% over 2020.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

## Real Estate

FCC Inmobiliaria's actions for 2022 are focused on the development of its three business lines in Spain:

### Office and shopping centre rentals

- Business backed by the quality of the assets where most of the offices are located in prime areas, and also the group of shopping centres it owns, which are centres located in the urban centres of the cities.
- Sustained recurrence of revenues from Jezzine, the lessor of Caixabank's offices, whose lease expires in 2037.
- Assisting its property subsidiaries to adapt their buildings and business to new trends in efficiency and sustainability in the office and shopping centre market.
- Adapt the commercial relationship with tenants by adapting contracts to market requirements, such as flexibility of space, duration, etc.

### Real Estate Development

- Maintenance of development activity at similar levels to last year, with the completion of projects in progress, as well as the start of new projects, with special attention to their profitability, and also to the viability of their commercialisation, bearing in mind the evolution of demand and the macro scenario of the Spanish economy, which are vital for development activities.
- Continue to manage the Group's land portfolio, consolidating it as urban land, with the resulting increase in value and ensuring continuity in its development activity.
- Acquisition of new assets and/or land with a value path, either by management and/or by the market.

### Rental housing

Continuation and development of the new rental development activity, where Realia will develop 2 new projects for the construction of 195 subsidised housing units (VPPL-VPPB) for rental in the municipality of Tres Cantos (Madrid), with a total planned investment of €42.9 million, of which €27.3 million is pending, with the possible acquisition or development of new land for the same purpose of residential rental housing. The Group continues to operate the Build to Rent (BTR) residential building of 85 homes in Tres Cantos (Madrid), at 31 December 2021 it has formalised rental contracts for 100% of the surface area.

# 8. RD&I Activities

The Group's Research, Development and Innovation (RD&I) activities in 2021 were embodied by over 45 projects.

These projects seek to provide a response to the challenges of each business area while maintaining global coordination between the different business areas of the Group.

The activities of the different Business Areas and the main projects developed throughout 2021 are detailed below.

## Services

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

- **VISION**
- **BICISENDAS**
- **INSECTUM**
- **B-FERTS**
- **DEEP PURPLE**
- **PLASMIX**
- **LIFE 4 FILM**
- **H2020 SCALABLE TECHNOLOGIES FOR BIO-URBAN WASTE RECOVERY (SCALIBUR)**

In addition, new ones have been launched during 2021, which are summarised below:

- **VALOMASK:** The project involves the design and development of a sustainable management process for discarded face masks. Under the concept of moving from waste to products, this project aims to prevent tons of masks from ending up in landfills by means of a mechanical separation process in Waste Treatment Centres (WTC), recovery and bioconversion, obtaining bio-products that help to prevent the spread of COVID-19. Developing this new process will call for the generation of new knowledge on the behaviour of masks in risk management plants and a technological development pathway for the separation of plastics, and also a new approach to research in this field.
- **RECYGAS**: This project deepens research into waste gasification and makes it possible to use the clean synthetic gas obtained from the gasification process to initiate chemical synthesis routes (whose products would no longer have the status of waste) or its use in high-efficiency electricity generation cycles. The technology that the project incorporates would allow it to climb up the waste management hierarchy towards recycling.
- **EFFECTIVE SEALING SOLUTION FOR METALLIC MINING WASTE DUMPS TO CONTROL POTENTIALLY TOXIC ELEMENTS:**The technology to be implemented in this project is the experimental application, on a field scale, of a novel and effective sealing procedure for mining waste deposits, consisting of the installation of a multilayer physical barrier based on a proprietary technology already patented and tested in a pilot test on a small scale, but pending validation on a field scale, testing two different types of materials: Construction and demolition waste (CDW) and limestone waste from cuttings and excavations in mining activities.

In the field of specialised machinery for waste collection activities:

- **SPECIAL SIDE-LOADING VEHICLE:** Development of a new side-loading compactor collector vehicle, 2 metres wide (non-existent on the market), on a compressed natural gas chassis, also 2 metres wide and with a gross vehicle weight of 18 tonnes.
- **SPECIAL REAR-LOADING VEHICLE:** Development of a new rear-loading compactor collector of very small dimensions, bi-compartment of 10 $m^3$ with pure electric propulsion and drive of the bodywork and auto-recharging system of batteries by CNG engine on special chassis, narrow of 2.2 meters wide and an MAM of 17 tonnes.

## End-to-end water management

Aqualia's innovation is guided by European Green Deal policies to reduce the carbon footprint to zero, thanks to the transition to a circular economy with no environmental impact. The Innovation and Technology Department (ITD) develops new smart management tools and new proposals for sustainable services, supporting the company in achieving the United Nations Sustainable Development Goals (SDGs). Priorities are affordable, high-quality water and sanitation (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) and contributing to sustainable production and consumption (SDG 12).

The projects highlighted in 2021 are listed below:

- **INTERCONECTA (FEDER) ADVISOR:** Aiming to achieve a circular economy in the agro-industrial activity of Guijuelo, and prevent the cost and impact of waste management in the meat industry, new recovery solutions have been demonstrated at the WWTP operated by Aqualia. By adapting co-digestion to slaughterhouse waste, with the validation of thermal pre-treatment and innovative control systems, the energy self-sufficiency of the treatment plant has been increased. Increased biogas production, and its enrichment with the ABAD Bioenergy® process, has made it possible to supply biomethane to service vehicles.

  There was also a demonstration of the ELSAR process, a new anaerobic reactor with bio-electrochemical intensification, a patent shared with the University of Alcalá. In addition, the transformation of fatty waste into bioplastics has been assessed, and the fertiliser value of the by-products has been demonstrated in collaboration with farmers in the region.
- **H2020 SABANA:** Led by the University of Almeria, the consortium of eleven entities from five countries (including the Czech Republic and Hungary) includes three large companies: Aqualia, Westfalia (Germany) and the Italian food group Veronesi. The project has optimised the production of new biofertilisers and biostimulants from algae, and two biorefineries based on algae cultivation have been implemented in the WWTPs managed by Aqualia in Mérida (Badajoz) and Hellín (Albacete), totalling five hectares.

- **H2020 RUN4LIFE:** Led by Aqualia, a consortium of fifteen entities in seven countries has implemented new nutrient recovery concepts, based on the separation of grey and black water, in four demonstration sites (Sneek/Netherlands, Ghent/Belgium, Helsingborg/Sweden and Vigo/Spain). In the Vigo Free Trade Zone, Aqualia operates a membrane reactor (MBR) in an office building for greywater, which is reused in the toilets. The sewage is transformed into bioenergy in an anaerobic MBR. In effluents, various nutrient recovery options have been tested, followed by advanced oxidation to remove viruses and emerging pollutants to encourage reuse. A larger scale prototype installation has been prepared in Balaídos with effluent from the Citroën industrial complex.

  At the other two demonstration sites, involving hundreds of new flats in Ghent and Helsingborg, grey and black water are separated, and organic kitchen waste is included in the anaerobic reactors. After the housing units were opened in 2020, and the energy and nutrient recovery facilities were commissioned, the service has been optimised through dialogue with the users, reducing water and energy consumption through decentralised management.

  New vacuum toilets have been installed in some 30 houses in Sneek, with minimal water consumption, facilitating direct thermophilic digestion of sewage in a novel bioreactor that allows direct production of a fertiliser. An important task was the assessment of the effect of new fertilisers, verifying through greenhouse cultivation trials the quality and safety of effluents and by-products of the different nutrient recovery processes.

- **RIS3 RECARBÓN:** Financed by the Asturian agency IDEPA with FEDER funds, and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), Aqualia supports the INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre) in the research of pollutant adsorption methods with regenerated activated carbon and bio-char. This sustainable and affordable adsorbent is assessed for biogas cleaning in the WWTPs of Chiclana, Lleida and Jerez, and also in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

  The bio-char is also being tested in new micropollutant adsorption units, for which Aqualia's accredited laboratory in Oviedo is developing advanced analysis methods, and new sensors are being validated to enable real-time monitoring at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI MARADENTRO:** The project "Managed Aquifer Recharge: ADrEssiNg The Risks Of re-generated water" is led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, involving partners in France, Italy and Sweden, and examines soil as a tertiary risk management unit.

  A 400 $m^2$ infiltration system is being built at the Medina del Campo WWTP for advanced risk management of treated water and its reuse in aquifer recharge, compared to conventional tertiary treatment. Scientific institutes develop system design and simulation tools to optimise the operation and costs of emerging pollutant removal.

- **H2020 SCALIBUR:** The project, led by the Itene technology centre, involves 21 partners from 10 countries and focuses on waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focuses on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to recover resources and promote the circular economy.

  Within this framework, Aqualia has implemented new sludge risk management at the Estiviel WWTP (Toledo), testing improvements in thickening and dual two-stage digestion, and simplifying sludge stabilisation without heated concrete structures. The project has facilitated first innovation activities at SmVaK in the Czech Republic to convert organic matter into by-products and bioenergy, and prototypes are being built at the Karviná WWTP.

- **BBI DEEP PURPLE:** Led by Aqualia and supported by thirteen partners from six countries, the project implements on a demonstration scale a new bio-refinery model, which integrates purple phototrophic bacteria (PPB) in anaerobic carrousel-type systems. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

  A first Aqualia prototype is operating at the Toledo-Estiviel WWTP, and a demonstration reactor 10 times larger is being built at the Linares WWTP. Parallel activities are prepared also at the SmVaK WWTP in the Czech Republic and another demonstration site is planned.

- **BBI B-FERST:** With Fertiberia as leader, and with ten partners from six different countries, Aqualia is involved in the development of new biofertilisers from urban wastewater and by-products from agri-food industries. The potential of raw materials recovered from municipal waste and effluents in the production of fertilisers in three countries (Spain, Italy and Czech Republic) is analysed. A struvite precipitation system has also been built at the Jerez WWTP to incorporate the phosphorus recovered in a new Fertiberia bio-based fertiliser demonstration plant in Huelva.
- **LIFE INTEXT:** The project to optimise low-cost wastewater treatment technologies in small towns is led by Aqualia, with the AIMEN and CENTA technology centres and the University of Aarhus in Denmark supporting SMEs in Germany, Greece and France. The aim is to minimise energy costs, carbon footprint and waste from wastewater treatment by providing ecologically and economically sustainable solutions for urban areas with less than 5,000 inhabitants. The demonstration platform of 16 technologies was started up at the Talavera WWTP, operated by Aqualia, which will allow a tailor-made offer to isolated urbanisations.
- **LIFE ULISES:** Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support Aqualia as coordinator to transform conventional WWTPs into "energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pretreatment with the PUSH reactor, which has also been successfully assessed in two WWTPs in Portugal, has been implemented at the El Bobar WWTP in Almeria, operated by Aqualia. To improve the energy balance, digestion with hydrolysis is intensified to use bio-methane as a vehicle fuel with an ABAD BioEnergy refining system and a dispenser.
- **LIFE INFUSION:** After completing the Life Methamorphosis project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) extended the operation of the pilots to prepare the designs for several new plants to recover resources from municipal solid waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system is optimised with Aqualia, AnMBR and ELAN technologies, with the addition of an ammonium stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to assess the options for implementing the solutions in their plants.
- **LIFE PHOENIX:** The Aqualia-led project, supported by the technology centres CETIM and CIESOL, optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). In order to assess various effluents, from ADP in Portugal, the Almeria Provincial Council and the Guadalquivir River Basin Federation, several mobile plants are being built, one for physical-chemical treatment of 50 $m^3$/h, another for advanced filtration of 30 $m^3$/h, to be combined with various ultra- and nanofiltration membrane refining skids.

  In addition, Newland's European subsidiary Entech is participating with O3 ozone and UV ultraviolet modules, which enable advanced oxidation and disinfection. A sensor from the Dutch SME MicroLan for on-line microbiological measurements is also being tested.
- **LIFE ZERO WASTE WATER:** In a partnership with Canal Isabel II, the Aqualia-led project is installing a combined treatment unit at the Valdebebas WWTP for Urban Waste Water (UWWW) and the Organic Fraction of Solid Urban Waste (FORSU). It will feed an anaerobic reactor AnMBR of 50 $m^3$/d, which will be followed by the ELAN in-line water process, allowing for a carbon neutral treatment footprint. The assessment will assess the management of FORSU at the municipal level, using the sewerage system to transport the mixture in a single stream.

  In addition to the Universities of Valencia (co-holder of the AnMBR patent) and Santiago (co-holder of the ELAN patent) the Portuguese SME Simbiente is participating to develop an advanced management system, combined with on-line monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).
- **H2020 SEA4VALUE:** The EureCat technology centre coordinates fourteen partners from seven countries to recover resources from brine concentrated in seawater desalination plants (SWDP). With 100% EU funding, at least eight innovative technological solutions are still being developed at a basic scientific level. The aim is to enrich the most valuable components of seawater (lithium, caesium and rubidium) and to recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows them to be exploited on the market.

  The technical and economic impact analysis foresees the implementation of pilot units in the various SWDPs operated by Aqualia, to reinforce Aqualia's Desalination Innovation Centre in Denia and to develop a new platform in Tenerife, adding the development of solutions for the valorisation of brine to the new desalination methods. Work is being done on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimising the remineralisation of permeate with micronised calcite, reducing $CO_2$ consumption, turbidity and the size of the installation.

- **H2020 ULTIMATE:** In the Smart Water Economy call, Aqualia participates in two of the five selected consortia, which receive up to €15 million of EU support per project. In Ultimate, the Dutch technology centre KWR coordinates 27 partners implementing nine demonstrations of synergies between water utilities and industries.

  At the Mahou WWTP in Lérida, operated by Aqualia, a fluidised anaerobic reactor (FBBR / Elsar) is being installed on an industrial scale, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Yeast co-digestion is also being studied, together with support for another project partner, Aitasa in Tarragona, where Aqualia is building a new industrial effluent treatment plant.

- **H2020 REWAISE:** Of the five projects funded under the EU's Smart Water Economy programme, Aqualia leads the project with the largest business participation, as the twenty-four entities in the consortium include water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in "living labs" including Aqualia's operations in Badajoz, Canary Islands, Denia or Vigo.

  Rewaise reinforces Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of the operation and control of processes and networks to optimise service efficiency and water quality.

- **H2020 NICE:** The project, led by the technology centre CETIM with 14 partners from 9 countries, focuses on natural solutions for the purification and recovery of resources from wastewater, such as wetlands or green swamps. These options for sustainable cities will be implemented in a dozen sites, including Aqualia's facilities in Vigo, Talavera and Algeciras. The pilots integrate developments from SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **LIFE RESEAU:** The RESEAU project aims to increase the resilience of existing sanitation water infrastructure to the impact of climate change. The project led by Aqualia is participated by ITG (Fundación Instituto Tecnológico de Galicia) and VCS (VandCenterSyd AS) in Odense (Denmark). Sensors (for speeds, flow rates, etc.) will be installed in the sewerage network in Moaña (Pontevedra) to monitor and model its behaviour.

  A 500 $m^3$ aerobic granular reactor will also be built at the Moaña WWTP to treat up to 2,000 $m^3$/d of wastewater. Compared to conventional activated sludge technology, this advanced biofilm system increases the biological treatment capabilities several times over, improving the WWTP's ability to react to flow variation and limiting the space requirements for its implementation. The environmental impact of the risk management process is also significantly reduced by reducing energy needs and avoiding greenhouse gas emissions.

A new European patent and one American patent was secured in 2021, as a PCT extension of European patents for the year 2020. Three trademarks and a utility model were also registered.

## Construction

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

In addition, the presence of universities and technology centres is essential in almost all projects.

Some of the projects are carried out in a consortium formed with Public Administrations, as is the case of the European Project LIFE **ZERO IMPACT**, Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines, in which the Administrator of Railway Infrastructures (Adif) participates. Contact has also been made with several town councils in Catalonia for the implementation of the pilot of a cycle lane of the "**BICISENDAS**" project.

The projects highlighted in 2021 are listed below:

- **ZERO IMPACT:** the project Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines, co-financed by the European Commission's "Life" programme, was conceived to design measures for protecting birdlife with anti-collision screens on High Speed Rail lines
- **ROBIM:** funded by the CIEN programme, financed by CDTI (Centro para el Desarrollo Tecnológico Industrial), and whose objective is an autonomous robotics for inspection and assessment of existing buildings with BIM integration with the development of an automated, active and multidisciplinary technology for inspection, assessment and diagnosis of the composition and status of conservation and energy efficiency of the building envelopes of the built heritage, which facilitates obtaining accurate and sufficiently detailed information on the construction systems and pathologies and also a comprehensive analysis of the building.
- **REFORM2:** This project, presented to the Catalan Waste Agency, aims to recover the by-product (0/6 porphyry, a by-product originating from the generation of ballast and gravel) of quarry extraction by incorporating it into thermosetting and thermoplastic matrices for different applications.
- **BICISENDAS:** Within the CDTI's CIEN 2018 programme, the aim of which is to develop a Sustainable, Energy Self-Sufficient, Intelligent, Cleaner, Integrated and Safe cycle lane.
- **PIELSEN:** As part of the Challenges-Collaboration programme, it aims to create an immersive 3D Homeostatic Architecture to create adaptive intelligent sensitive skin on Building Façades.
- **SAFE:** This project aims to develop an autonomous system for anchoring of maritime structures. This smart system makes it possible to reduce dependence on human resources, minimise risk, maximise efficiency and increase the safety of field manoeuvres.
- **STARPORTS:** From CDTI's INNTERCONECTA (Canary Islands) programme, it will develop a Distributed Wireless System for monitoring, prevention and action for Coastal Management. It consists of the development of a smart platform capable of providing detailed information on the state of any maritime infrastructure in real time. It is also intended to develop advanced sensor networks that can be integrated within the same infrastructure and allow significant and reliable data on the state of the infrastructure to be obtained.
- **RESALTO:** Approved by CDTI, it aims to research and develop sustainable road elements for speed reduction. There are three main research objectives: power generation, security signalling and connectivity with the environment.
- **SAFETY4D:** CDTI-approved project for developing an advanced and high performance process for occupational risk prevention in construction with implementation of the BIM methodology.
- **ONLYBIM:** Project of the regional programme of IDEPA of the Principality of Asturias whose objective is the development of a module for the design and execution of Non-Linear Works under BIM methodology.
- **GAUDI:** Approved in the call for collaborative projects of CDTI and which consists of the development of a Knowledge Management platform based on Artificial Intelligence algorithms and Content Curation techniques.
- **ACUSCOIN/ECO:** Developed by MATINSA and approved by CDTI, the aim of which is to research an acoustic emission system for assessing corrosion in reinforced concrete infrastructures.
- **DESIRE:** Developed by FCC Industrial and approved by CDTI, its objective is to develop a prototype of a basic RPAS simulator that, with the use of the software developed and the prototype of mixed reality glasses and the tracking system, complements the information presented to the RPAS pilot and the camera operator.
- **CYBERSEC:** Developed by FCC Industrial and approved by CDTI of the CIEN programme, this project entails research into various technologies, techniques, tools, methodologies and knowledge aimed at developing technological solutions for securing against cyber-attacks in highly critical connected environments, such as Industry 4.0, Smart Cities or critical infrastructures.
- **SAIM:** Project developed by MATINSA and approved by CDTI, aiming to develop a new technological solution to aid environmental management of coastal areas that allows the ecological characterisation of the environment automatically and in real time using information from a new sensorised data collection system, a new satellite information processing algorithm and a new computational simulation model

Research, Development and Innovation (R&DI) is expressly contemplated in the Sustainability Management System under procedure PR/FCC-730. The company holds an RD&I Management System Certificate: RD&I Management System requirements based on Spanish-harmonised standard UNE 166002:2014, certified by AENOR, the Spanish Standardisation and Certification Association. The RD&I management system was certified for the companies MATINSA and FCC Industrial in 2021.

## Cement

In 2021, the Cementos Portland Valderrivas Group continued as a leading partner in BIORECO2VER, a European R&D project that has been extended this year to cover the accumulated delays resulting from the COVID-19 pandemic.

This project aims to obtain alternative processes for the commercial-scale production of certain chemical products (such as isobutene or lactic acid) in a more sustainable way by capturing industrial $CO_2$ emissions. The ultimate goal is to use this industrial $CO_2$ as a raw material and to stop relying on fossil resources for the production of these products.

Technology partners LTU and Enobraq conducted several tests in 2021 on emissions that Cementos Portland Valderrivas provided the research consortium. These tests have produced conclusive results and it has not been necessary to organise further "in situ" emission gas captures.

The conclusions of the project will be presented during the first quarter of 2022.

# 9. Other relevant information. Share and other information

## 9.1. Stock Market performance

| | Jan. – Dec. 2021 | Jan. – Dec. 2020 |
|---|---|---|
| Closing price (€) | 11.08 | 8.40* |
| Change in the period | 31.9% | -16,3% |
| High (€) | 11.40 | 11.56* |
| Low (€) | 8.74 | 6.77* |
| Average daily trading (no. of shares) | 69,303 | 74,593 |
| Average daily trading (million euros) | 0.7 | 0.7 |
| Capital at end of period (million euros) | 4,711 | 3,600 |
| No. of shares circulating at closure | 425,173.,636 | 409,106,618 |

* 2021 Data adjusted for scrip dividend.

## 9.2. Dividends

The Company's Board of Directors, at its meeting held on 29 June 2021, agreed to implement the agreement on the distribution of the scrip dividend adopted at FCC's General Shareholders' Meeting on 29 June 2021, in item 6 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. The holders of 98.18% of the free allocation rights opted to receive new shares, in recognition for their confidence in management and their capacity to execute the Group's value creation potential. Therefore, the paid-up capital increase was 16,067,018 shares; the total number of shares of the new capital stock was 425,173,636.

# 10. Definition of alternative performance measures according to ESMA regulations (2015/1415en)

## EBITDA

We define EBITDA as earnings from continuing operations before tax, results of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, subsidies, net changes in provisions and other non-recurring revenues and expenses. The reconciliation of EBITDA to the income statement headings is as follows

| | Dec. 2021 | Dec. 2020 |
|---|---|---|
| Operating profit/(loss) | 802.2 | 572.7 |
| Amortisation of fixed assets and allocation of grants for non-financial and other assets | 443.9 | 477.3 |
| Impairment and gains/(losses) on disposal of fixed and non-current assets | -123.5 | -6.9 |
| Other gains/(losses) | 4.0 | 4.4 |
| **EBITDA** | **1,126.6** | **1,047.5** |

## EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

## Backlog

The Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction business areas because these businesses are characterised by medium- and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to the expected number of units at current prices as at the date of calculation. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

In the Environment Area, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with clients and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end client.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect price and schedule changes that are agreed with clients. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

In the Real Estate Area, the FCC Group calculates the backlog as the amount of the collection corresponding to the sales of homes pending completion at year-end.

## Net financial debt

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other current financial assets. The calculation of net debt is provided in note 30 to the consolidated financial statements.

## Voluntary turnover rate

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

Audit Report on Financial Statements
issued by an Independent Auditor

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2021

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## AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Fomento de Construcciones y Contratas, S.A.:

### Report on the financial statements

#### Opinion

We have audited the financial statements of Fomento de Construcciones y Contratas, S.A. (the Company), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of changes in net equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

#### Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

**Key audit matters**

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

*Measurement of investments in Group companies and associates*

Description

At 31 December 2021, the Company recognised under "Long-term investments in Group companies and associates" investments in group companies and associates and loans granted to group companies and associates amounting to 3,080,151 thousand euros and 394,641 thousand euros, respectively, and under "Short-term investments in Group companies and associates", mainly loans with group companies and associates amounting to 208,413 thousand euros.

Company management assesses, at least at the end of each reporting period, whether there are indications of impairment and writes down these investments whenever there is objective evidence that the carrying amount of the investment is no longer recoverable, recognising an impairment loss for the amount of the difference between carrying amount and recoverable amount.

Since the determination of the recoverable amount of these investments requires Company management to make estimates using significant judgement, and because of the significance of the amounts involved, we determined this to be a key audit matter.

Disclosures on the measurement standards applied to determine impairment losses on investments in group companies and associates are provided in notes 4.e and 4.l to the accompanying financial statements.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Company management to determine whether there are indications of impairment and to determine the recoverable amount of the investments in group companies and associates and assessing the design and implementation of the relevant controls in place in that process.
- Evaluating the analysis by Company management of indications of impairment of investments in group companies and associates and the information used to determine the recoverable amounts of the investments.
- Reviewing the disclosures made in the notes to the financial statements in conformity with the applicable regulatory financial reporting framework.

*Recoverability of deferred tax assets*

Description

As explained in note 15 to the accompanying financial statements, the Company recognised deferred tax assets at 31 December 2021 amounting to 50,268 thousand euros, related mainly to the carry forward of unused tax losses.

According to the accounting policy described in note 4.g to the accompanying financial statements, the Company recognises deferred tax assets except in cases where there are reasonable doubts about their future recovery, or such recovery extends over a period exceeding ten years.





The assessment made to determine the recoverable amount of these assets requires Company management to make complex judgements regarding the estimates of the future taxable profit based on financial projections and business plans of the tax group of which the Company is the head, considering applicable tax laws and accounting standards.

Given the complexity inherent in management's projections of business performance to estimate future taxable profits of the Company and the rest of the companies comprising the Tax Group and the significance of the amounts involved, we determined this to be a key audit matter.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Company management to assess the recoverability of deferred tax assets and the design and implementation of the relevant controls in place in that process.
- Assessing the reasonableness of the key assumptions used by Company management to estimate the period for recovering deferred tax assets, focusing on the economic, financial and tax assumptions used to estimate the future taxable profits of the Tax Group based on budgets, business performance and historical experience.
- Assessing, with the involvement of our tax specialists, the key assumptions made by Company management regarding applicable tax laws.
- Assessing the sensitivity of the results to reasonably possible changes in those assumptions.
- Reviewing the disclosures made in the notes to the financial statements in conformity with the applicable regulatory financial reporting framework.

**Other matters**

On February 25, 2021, other auditors issued their audit report on the 2020 financial statements, in which they expressed an unqualified opinion.

**Other information: management report**

Other information refers exclusively to the 2021 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2021 financial statements and its content and presentation are in conformity with applicable regulations.

**Responsibilities of the directors and the audit and control committee for the financial statements**

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 prevailing audit regulations 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 financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit and control committee of the Company 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 audit and control committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and control committee of the Company, we determine those matters that were of most significance in the audit of the 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.

**Report on other legal and regulatory requirements**

**European single electronic format**

We have examined the digital file of the European single electronic format (ESEF) of Fomento de Construcciones y Contratas, S.A. for the 2021 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of Fomento de Construcciones y Contratas, S.A. are responsible for submitting the annual financial report for the 2021 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Corporate Governance Report and the Board remuneration report have been incorporated by reference in the management report.

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6

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

**Additional report to the audit and control committee**

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on February 23, 2022.

**Term of engagement**

The ordinary general shareholders' meeting held on June 2, 2021 appointed us as auditors for 3 years, commencing on February 23, 2022.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

Fernando González Cuervo
(Registered in the Official Register of Auditors under No. 21268)

February 24, 2022

A member firm of Ernst & Young Global Limited

# FCC Group Sustainability Report

FCC Group Non-Financial Information Report, in compliance with Law 11/2018 on non-financial information and diversity

Index

Betting on the cities of the future _ 545

Letter from the CEO _ 546

**Transforming leadership.** Figures and context of the FCC _ 548

Pillars to guarantee Citizen Services _ 560

**Strategic responsibility.** A responsible declaration _ 561

A common project with a transversal vision:
**ESG**, three letters for transformation _ 574

**E**nvironment _ 575

**Planet.** Environmental care and management _ 577

**S**ocial _ 604

**Employees.** People at the core _ 606

**Society.** Promoting social and environmental progress _ 621

**G**overnance _ 628

**Exemplarity.** An exemplary organisation _ 630

**Integrity.** Consolidated Integrity _ 635

**Cybersecurity.** A secure network _ 642

**Customers.** Excellence in service _ 644

**Supply chain.** Sustainable provisioning _ 648

**Anticipation**. Opportunities for Progress _ 652

**Commitment.** Responsible taxation _ 658

Annexes _ 661

Annex I: About this report _ 662

Annex II: Tables relating to social and personnel affairs _ 665

Annex III: Tables relating to environmental issues _ 673

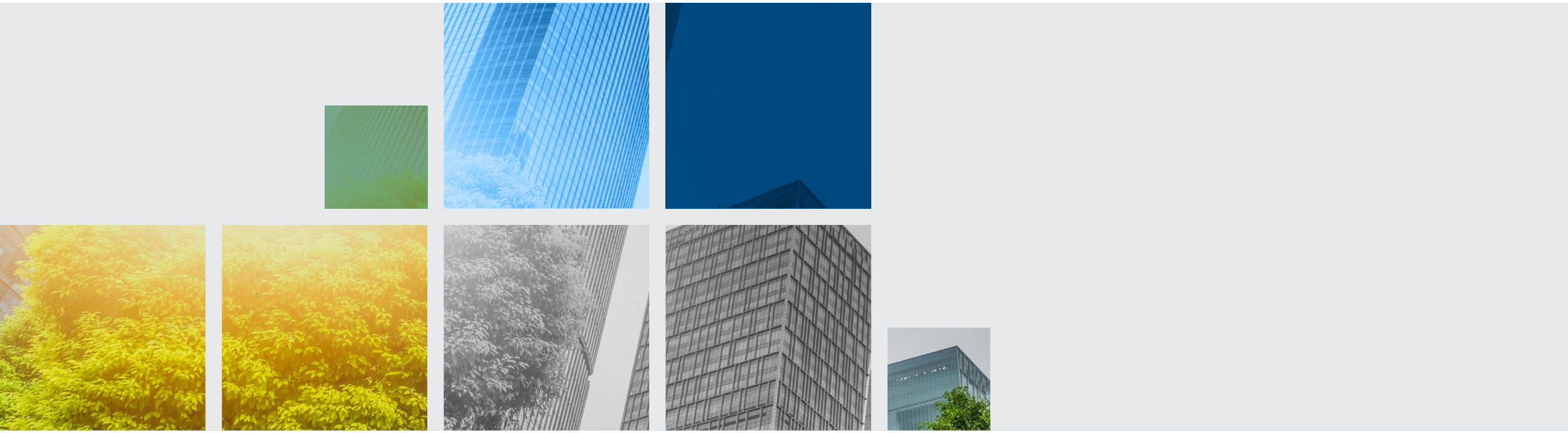
Annex IV: Tax information _ 676

Anexo V. Listado de principales asociaciones _ 678

Annex VI: GRI content table _ 680

Annex VII: Table of indicators Law 11/2018 _ 690

Annex VIII: Taxonomy _ 696



# Betting on the cities of the future

## *A shared project with a cross-cutting vision*

# On the path to sustainability

On behalf of all of us at FCC Group, it is a pleasure to present to you our Sustainability Report for the 2021 financial year.

In addition to including the company's consolidated Non-Financial Information Report (NFIS), this document was produced in alignment with the main international sustainability standards, such as the framework of the Global Reporting Initiative (GRI).

We firmly believe that our Group contributes cross-sectionally to sustainable development and, for over 15 years, we consider that publishing this Report is the best tool for informing our Stakeholders of our ESG performance: environmental, social, and corporate governance.

This is our way of rendering accounts to society, consolidating one of the most important intangible assets for our company, our commitment to FCC's stakeholders. In our opinion, transparency translates into trust, and cultivating, preserving and encouraging it is key, especially in the difficult international context that we are immersed in.

Almost two years after the advent of COVID-19, and in spite of the huge health care efforts that are progressively enabling us to adapt to the pandemic, we are still undergoing extremely complex circumstances, that affect the most diverse areas of our lives. Within this context, the pandemic has once again brought to light the need to progress in the face of major challenges before they happen, starting with meeting the 2030 Sustainable Development Agenda, as well as overcoming the challenges of worldwide climate change and socio-economic inequalities.

**Pablo Colio Abril**
CEO of the FCC Group

However, looking to the future, although threatened by new variants and outbreaks, recovery or reconstruction is taking off at a much better pace than was envisaged in late 2020. This situation now requires, more than ever, a collective effort, committing to cooperation and solidarity to move forward towards more resilient, fair and inclusive societies, leaving no one behind.

Companies play a key role in this challenge, and they must respond in a decisive, innovative and joint manner. It is time for action, and at FCC Group we are aware that we have the responsibility to act. We are convinced of the role that we can play in reactivating the economy, and generating quality jobs in the communities where we operate. This guarantee is backed by our more than 120 years providing excellent services for society.

This Report compiles all of the work carried out by our Group throughout 2021, which consolidates our position as a socially-responsible agent in the citizen services sector. This year we have continued to explore new frontiers on our path to sustainability, considering the needs and expectations of our stakeholders, and placing citizens at the forefront of our business model because, let us not forget, they are our ultimate raison d'être.

Thanks to our centenary culture, to the almost 60,000 people who make up our Group and our commitment to service and innovation, we make life in cities easier, working on finding solutions to any problems that arise, from the basis of our diversified business model. We also work continuously to reduce our environmental impact and increase our social contribution, guaranteeing at all times that our upstanding conduct value remains intact, through the compliance model that we have implemented as a Group.

After the achievements reached with our latest Master Plan on corporate social responsibility, we are already working on applying the lessons learned, anticipating trends and taking on more ambitious challenges, by developing what should be the next *2025 ESG Framework*, that will be our roadmap to guiding FCC activities sustainably, under the motto *Together, we are building a better future*.

FCC's commitment to the Paris Agreement on climate change, the annual renewal of its commitment to the United Nations Global Compact and its Ten Principles, our company's contribution to achieving the Sustainable Development Goals or transitioning towards a development model based on a circular economy, are only a few examples of the challenges that we aim to work on within this Framework.

Along these lines of strengthening our commitment to ESG goals, we have renamed the corporate management, which was already promoting this area within the Group as Compliance and Sustainability Directorate. It is now the FCC Sustainability Committee, the coordinating team between the company and the departments working on this goal.

All of this leads to positive results that prove our capability to adapt in times of adversity. We have consolidated our international presence in over 30 countries. By late 2021 we had reached a total turnover of €6,659 million, which is an increase of more than 8% over the previous year.

I would like to close this brief presentation by pointing out that these figures would not have been possible without the invaluable work and commitment by the Group's keystone, our people. The sum of knowledge, experience and, especially, talent, has enabled us to reach the proposed goals year after year. Our professionals are not only key agents in guaranteeing the services that make us stand out, but they are also the driving force for change. Therefore, we encourage them to show their best version of themselves, to be the reflection of our corporate values that have stood with us for over 120 years. It is an honour to acknowledge their commitment and their dedication to making the FCC Group grow, even in times of adversity and overcoming.

In short, in 2021 we have taken huge steps towards progress, but we want to continue to grow, in order to apply our best services to our current cities, and to the cities of the future. The future is here, and we aim to continue leading progress, responding to the various challenges that we face and contributing value to reach a common goal, the goal to create a more sustainable world, a fairer world. FCC is on the right path. This is the best news of all.

**Pablo Colio Abril**
CEO of the FCC Group

# Transforming leadership
## Figures and context of the FCC Group

*| Transforming business as usual as a first step towards more sustainable realities*

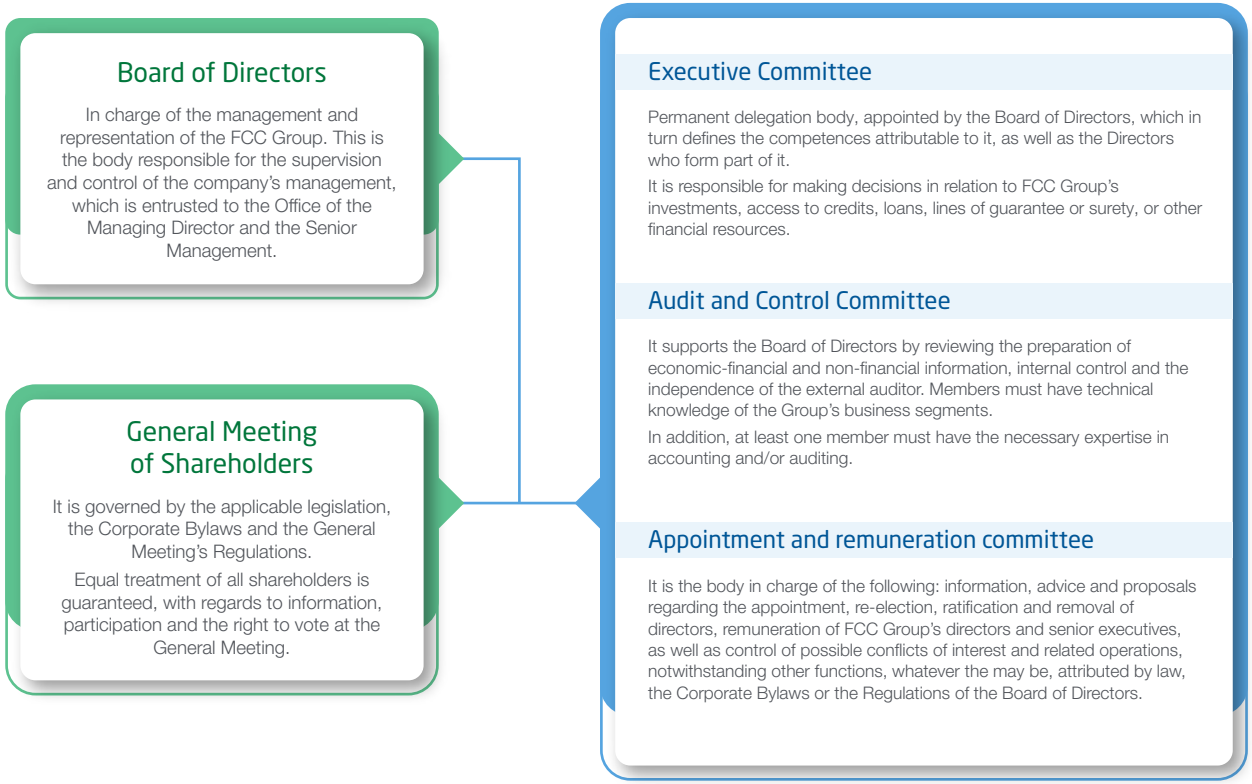
## Governance structure

*| Rigour and professionalism serving the cities*

Working at the service of future cities is a constant challenge for the FCC Group, which places a balanced business model at the service of citizens, combining specialization in Environmental Services, Integral Water Cycle Management and Construction and Cement activities.

The bodies that make up the governance structure of the company are aware that their role is of vital importance, as they are in charge of establishing the organisation's objectives, promoting effective communication between the members of the organisation and, finally, fostering a common and transversal corporate culture.

Namely because of this importance, the Group is committed to building and constantly reinforcing an independent, accountable and transparent institutional architecture. Accordingly, the Group's corporate structure is composed of the following bodies:



# Specialised business | *Business diversity as a response to a common objective: the FCC Group*

## FCC Environmental Services

*| Committed to caring for the environment*

The Environmental Services area carries out its wide-ranging activity through the following services, classified into three large blocks:

### Provision of municipal services

- Protection of green areas
- Maintenance of sewerage systems
- Street cleaning
- Cleaning of beaches, shores and coastal waters

### Integrated waste management

- Collection, treatment and recycling of municipal and industrial waste
- Energy recovery from waste
- Remediation of contaminated land

### Management of buildings and services

- Cleaning and maintenance of buildings
- Maintenance of street furniture and playground equipment
- Integrated energy management
- Cleaning and maintenance of fountains
- Event management

### Local focus with international presence:

#### Iberia

Medio Ambiente España (including industrial waste business) and FCC Environment Portugal

#### United Kingdom

FCC Environment UK

#### Central and Eastern Europe

FCC Environment CEE

#### United States

FCC Environmental Services

# FCC Environmental Services

*| Committed to caring for the environment*

## BUSINESS PERFORMANCE

Presence in **11** countries

A history of **111** years

Almost **61** million people served in more than **5,000** municipalities

Around **24** million tonnes of waste managed

More than **700** operational waste management facilities, including nearly **200** dedicated to treatment and recycling.

Nearly **6,500** hectares of green spaces and maintenance of more than **1,500** km of beaches and coastline

## SUSTAINABLE PERFORMANCE

Certified excellence in the Environmental Services Area.

1. Exclusive Certification of FCC Medio Ambiente Iberia.
2. Exclusive Certification of FCC Environment UK.

# Aqualia

*| Incorporating sustainability in the integral water cycle*

The FCC Group's Integral Water Cycle Management area is positioned as one of the main water supply, sanitation and treatment operators. It is recognised as the fourth largest water management company in Europe and among the top ten in the world in terms of population served, according to the latest Global Water Intelligence ranking (March 2021).

With a business model based on the integral water cycle, the company specialises in the following services:

## Integrated management of public services

- Acceso y distribución del agua
- Tratamiento
- Potabilización
- Saneamiento
- Depuración

## Operation, maintenance and technical assistance services

- Maintenance and operation of infrastructures

## Hydraulic infrastructures

- BOT[1] model contracts
- EPC[2] model contracts

[1] Built, Operate and Transfer.
[2] Engineering, Procurement and Construction.

## Local focus with international presence:

### Europe

Spain, France, Italy, Portugal, Czech Republic, Romania

### North Africa

Algeria, Tunisia

### Middle East

Saudi Arabia, United Arab Emirates, Egypt, Oman, Qatar

### North America

Mexico

### South America

Colombia, Chile, Ecuador

# Aqualia

*| Incorporating sustainability in the integral water cycle*

## BUSINESS PERFORMANCE

Specialized in **water management**

**51%** owned by the FCC Group and **49%** by IFM Investors

Serving more than **30 million** users
located in **17 countries**

More than **45,000 km** of supply networks
(3,656 km of transport network and 41,743 km of distribution network)

**Spanish industry market leader**,
positioned at the forefront, specialized, transparent and innovative

## SUSTAINABLE PERFORMANCE

Certified excellence in the area
of Integral Water Cycle Management

# FCC Construcción

*| Creating works that connect cities*

FCC Construcción is a leader in the development of infrastructures and in the execution of civil engineering, industrial and building works. It is currently the fourth largest construction company in Spain and is also among the top 35 internationally.

Likewise, the FCC Group's construction area specialises in the following services:

## Civil works

- Rail infrastructures
- Roads
- Bridges
- Tunnels
- Maritime infrastructures
- Airport infrastructures
- Hydraulic infrastructures
- Underground
- Filtering stations

## Building

- Residential building
- Non-residential building: Hospitals, football stadiums, museums, offices

## Industrial building

- Electromechanical installations
- Electricity distribution networks
- Maintenance of facilities
- Infrastructure maintenance
- Prefabricated buildings

## Concessions

# FCC Construcción

*| Creating works that connect cities*

## BUSINESS PERFORMANCE

Presence in **26 countries**

A history of **120 years**

Under the **FCC Industrial** brand, the company is made up of a group of companies (Matinsa, Megaplas and Prefabricados Delta) dedicated to the industrial sector, as well as other activities related to the construction industry

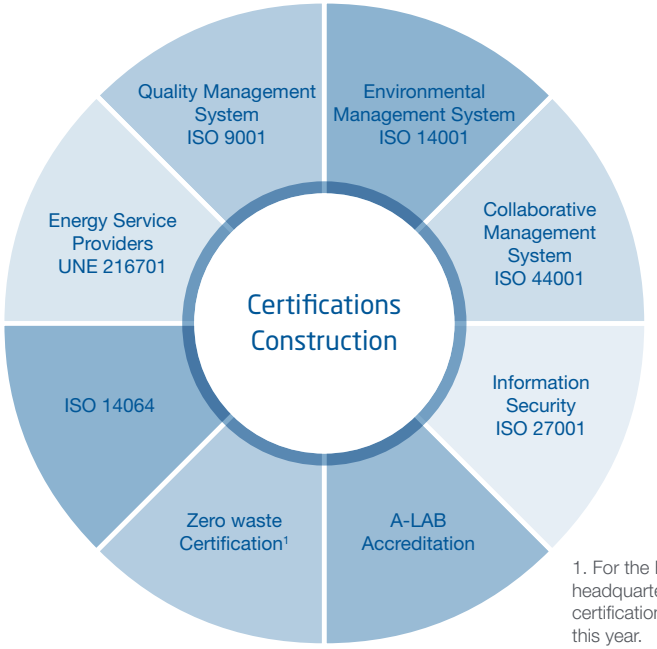
Km of connected cities (tunnels, roads and motorways):

**700 km of tunnels**

**8,500 km of roads and motorways**

## SUSTAINABLE PERFORMANCE

### Certified excellence in the Infrastructure Area




1. For the FCC Construcción headquarters, the zero waste certification process has started this year.

# Cementos Portland Valderrivas

*| Transforming raw materials*

The cement area of the FCC Group represents the cement business with the extraction of raw materials, such as aggregate, and the manufacture and marketing of construction products such as clinker, cement, concrete, dry mortar and special products. The company is currently active in Spain, Tunisia, United Kingdom and the Netherlands, depending on its positioning for extraction and/or treatment of materials, as well as their import, as shown below:

## Countries and activity

### Spain

- Cement factories
- Concrete factories
- Aggregate quarries
- Dry mortar plants

### Tunisia

- Cement factories
- Concrete factories
- Aggregate quarries
- Maritime terminal

### The Netherlands

- Trading activities
- Clinker processes

### United Kingdom

- Maritime terminals

# Cementos Portland Valderrivas

*| Transforming raw materials*

## BUSINESS PERFORMANCE

**119 years** in operation

Leading cement Group **in Spain** in terms of production capacity

**4 countries** in which it provides its services

Production centres in **various regions** of the country

**5,269,077** tonnes of **cement** production

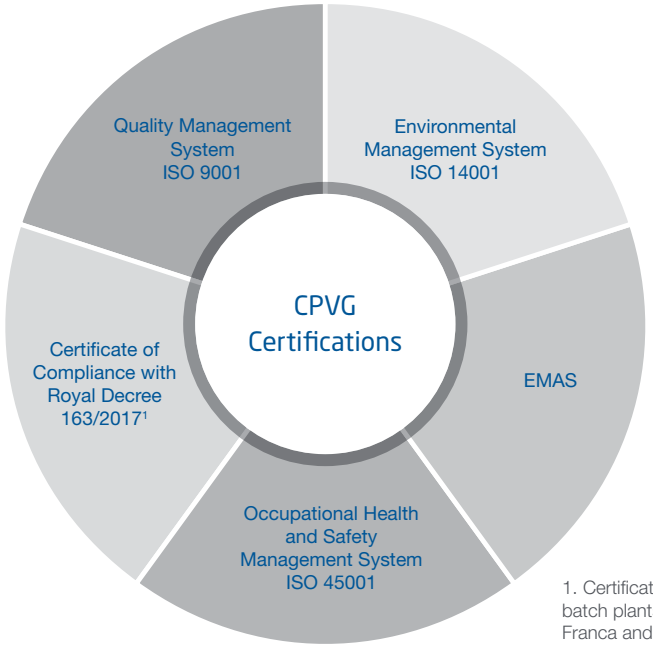
**5,107,503** tonnes of **clinker** production

**+28.95% of revenues** came from Tunisia and the United Kingdom

International exports
**North Africa, Central America and Europe**

## SUSTAINABLE PERFORMANCE

Certified excellence in the Cement Area



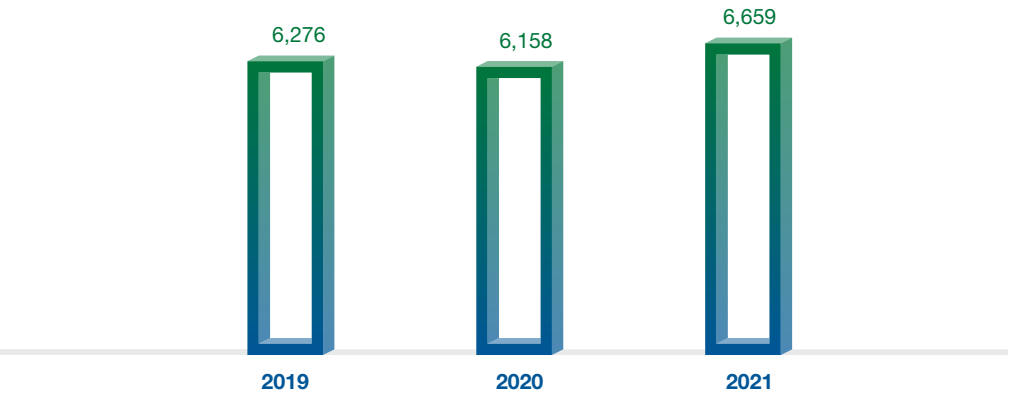

1. Certificate for the concrete batch plants located in Zona Franca and Vallcarca (Barcelona).

# Key figures and growth

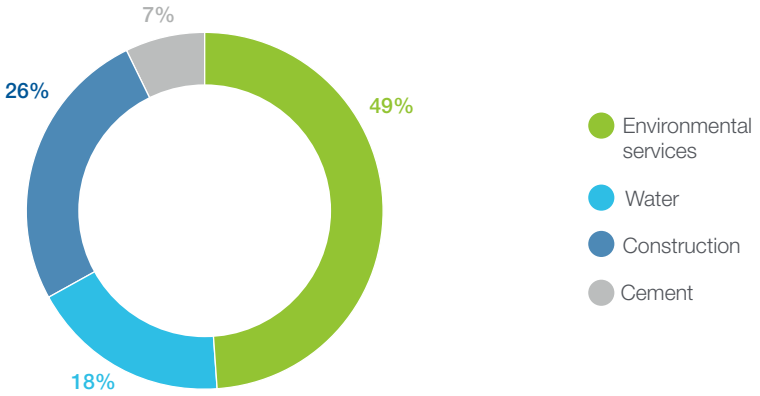
## | *Unprecedented growth for the FCC Group*

Below are the main turnover figures for the FCC Group at the end of 2021.

### TURNOVER EVOLUTION OF THE FCC GROUP (Millions of euros)




### TURNOVER OF 2021 PER BUSINESS AREAS



# Innovation in our DNA

*| Technology and Innovation: a key tool for the sustainable development of cities*

To achieve the objectives of sustainable development in terms of economic growth, environmental preservation and social progress, public administrations and businesses must act on several fronts, including harnessing and maximising the potential of technological innovation.

The FCC Group understands that the development and innovation of new technologies plays an essential role in tackling many of the main challenges facing cities in terms of sustainability: climate change and pollution, increasing inequality, demographic growth and the scarcity of water resources, among others.

Innovation has formed part of the FCC Group's DNA since its foundation and is one of the hallmarks of the company, which materialises this commitment through its businesses. With more than 120 years of expertise, FCC has invested a significant amount of financial and human resources to develop R&D&I projects, with the ambition of fostering a business culture that is increasingly oriented towards technological updating, research and the generation of ideas.

Each business area has its own line of R&D&I to ensure the appropriate response to each of its activities and to seek innovative solutions that aim to minimise its impact on the environment, as well as to multiply the efficiency of its processes. In this way, FCC promotes a high level of well-being for people by guaranteeing a wide range of essential urban goods and services, such as the management and treatment of urban waste and the integral water cycle management or the construction of buildings and infrastructures such as motorways, airports, undergrounds, railways, tunnels and bridges, among others.

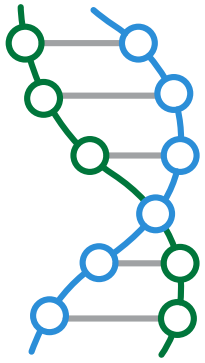
## Innovation in our DNA

### Environmental Services Area

Development of innovative technologies focused on electric mobility, energy efficiency and the use of alternative energies, in order to achieve more sustainable cities.

### Cement Area

Development of cutting-edge technologies focused mainly on the production of materials such as cement, concrete, aggregates and mortar that improve mechanical performance and durability, extending the useful life of infrastructures.



### Infrastructures Area

Development of the latest constructure technologies in the fields of artificial intelligence, Big Data and digital technologies such as BIM or Blockchain.

### Water Area

Development of innovative technologies in the integral water cycle of its facilities, especially in the treatment, recovery and reuse of waste water and water resources, as well as in water efficiency and optimization.

*| Leading progress towards continuous innovation*

## FCC Group projects at the forefront of the sector

**Project “BICISENDAS”**

The Construction Area seeks to integrate sustainability into infrastructures through "BICISENDAS", a project aimed at developing a sustainable, energy self-sufficient, smart and safe cycling lane. With this, the company seeks to improve both the safety and comfort of citizens and the environmental sustainability of its surroundings.

**Project “VALOMASK”**

In the context of the pandemic, the Environment business has launched the innovative "VALOMASK" project. This is based on the design on an industrial scale of an optimised process for the mechanical separation of masks, as currently the environmental compounds are not technologically prepared to manage this new waste in a sustainable manner. Thus, this project will make it possible to characterise, classify, separate and, finally, recover them.

**Project “ADVISOR”**

The water business has presented the Guijuelo filtering plant, a biofactory project in which the waste generated by the agri-food industry, together with the sludge from the plant, is transformed into energy, biofuels, bioplastics and biofertilisers. In this way, the 3,000 tonnes of biowaste treated in the biofactory are converted into enough biofuel to power 50 vehicles, which already drive around the municipality with the biomethane obtained at the filtering plant.

# Positive success: milestones and awards

*| A year of action and achievement*

During the year 2021, the FCC Group has continued its work framed by new sustainability strategies with the intention of sensing and anticipating the future, and consolidating its present. Moreover, this work has once again been recognised for the high work performance it entails, as well as for the promotion of sustainability and innovation as key pillars of the company's identity, as shown by the following milestones, achievements and awards:

## 1st Quarter

- AENOR certifies Aqualia's asset management generates value for all its target market.
- FCC Medio Ambiente is awarded with the Ecological Industrial Vehicle of the Year 2021 for the launch of ie-Urban.
- Aqualia receives the European Excellence Awards (EEA) for its communication campaign "Who is behind the water we use at home?"
- FCC Medio Ambiente introduces its Sustainability Strategy 2050.

## 2nd Quarter

- FCC Group renews its commitment to the Diversity Charter.
- FCC Construcción receives the EJE&CON distinction as a committed company.
- FCC Medio Ambiente obtains Gold Glass certification for its two recycling facilities in the USA.
- The reports about the New Cairo wastewater treatment plant and the El Realito water supply, owned by Aqualia and IESE Business School, are recognized by the United Nations.

## 3rd Quarter

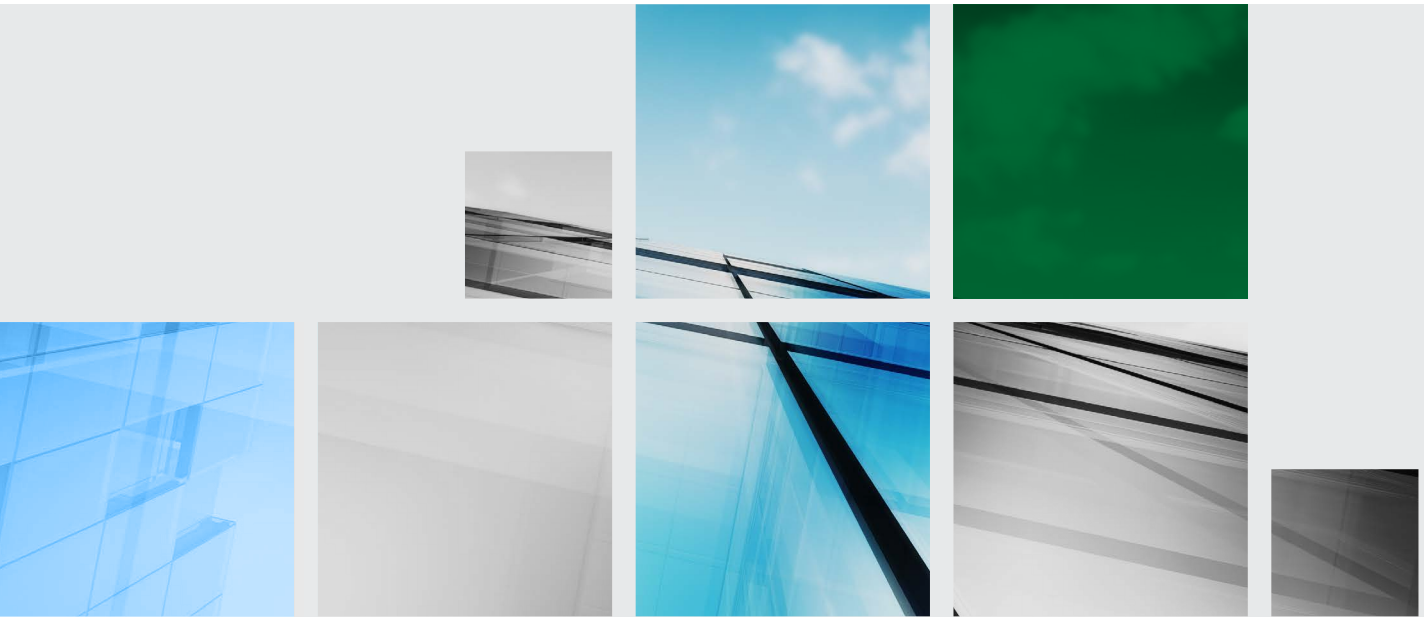
- FCC Construcción, pioneer in combining BIM and Blockchain.
- Aqualia MACE receives from its client ADSSC (abu Dhabi Sewerage Services Company) the awards recognizing it as "The best company in energy management system implementation".
- FCC Group honoured with FESBAL's "COVID-19 Stars" award, for its involvement and commitment to solidarity during the health crisis.
- FCC joins the campaign #apoyamoslosODS (#supportingSDGs) promoted by Pacto Mundial in Spain.
- FCC Medio Ambiente obtains the "Calculo-Reduzco" seal for the third consecutive year.

## 4th Quarter

- Aqualia awarded for an educational project that has trained 250,00 students in responsible water consumption.
- Cementos Portland Valderrivas presents its Energy and Climate Neutrality Plan at the Mataporquera factory (Cantabria).
- Aqualia presents its Strategic Plan 2021-2023.
- FCC Construcción renews its registrations in the Carbon Footprint Registry, offsetting and $CO_2$ absorption projects.
- FCC Medio Ambiente honoured at the 2021 Maritime Rescue SDG 14 Awards.

End of the year

2021



# Pillars to guarantee Citizen Services

# Strategic responsibility
# A responsible declaration

*| Working on the pillars that will help build the sustainable cities of tomorrow*

## Creating shared value

*| Defining a reference work for society*

### FCC: more than a century taking care of cities

The FCC Group's extensive performance in the provision of citizen services over the years has made it one of the leading and most recognised companies in its sector, both nationally and internationally.

The FCC Group understands its raison d'être and long-term commitment to leadership in the creation and restructuring of cities as potential smart, sustainable, inclusive and responsible environments.

With operations in more than 30 countries, the company works to improve people's quality of life, meeting their expectations and the needs of the environment in which they live. Its consolidated track record as a socially responsible company has enabled its businesses to continue sharing value across the board through the following strengths.

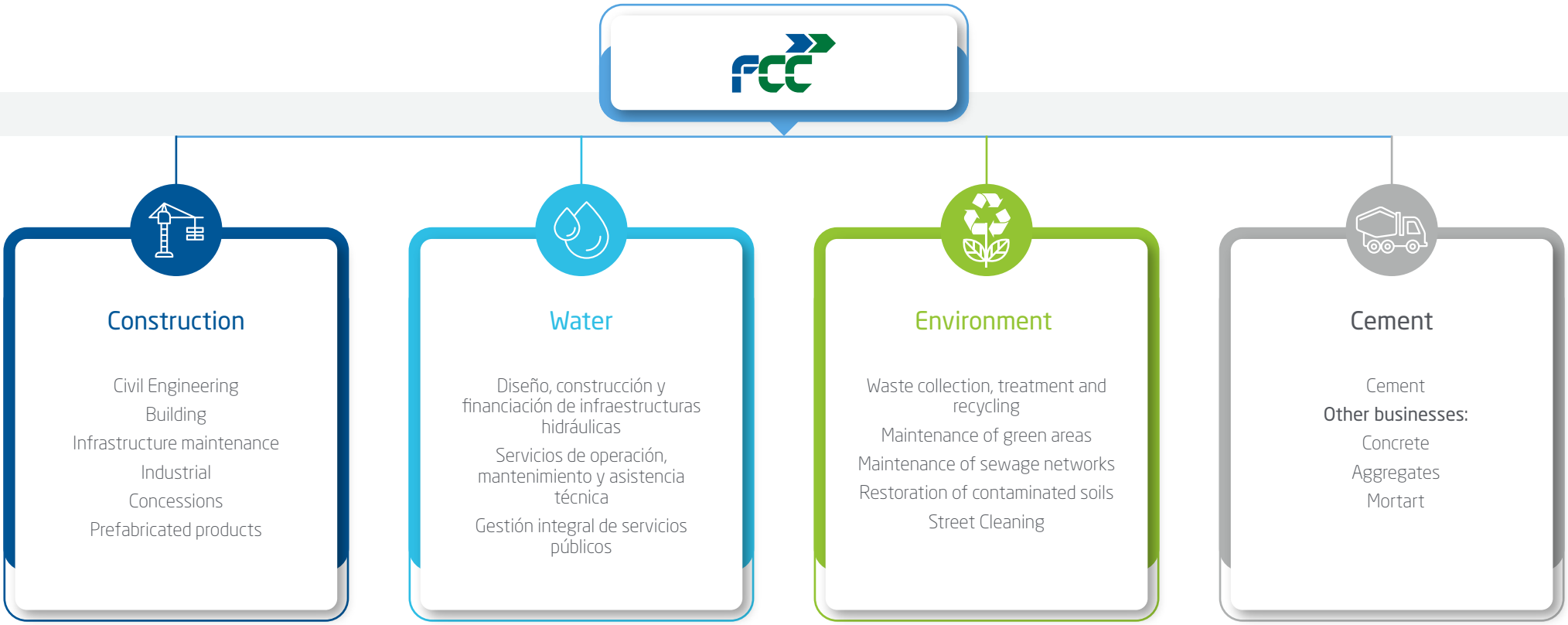
A service with more than **120 years of experience**, based on a specialized and quality work carried out by great professionals in each of the areas that comprise the FCC Group.

The **ethical and responsible culture** that surrounds the Compliance Model, as well as the plans and strategies of the FCC Group and its Business areas.

Attention to the maximum **health, safety and well-being** of professionals, especially in those functions that involve added risk.

Care and protection of the environment by incorporating the business into the **circular economy** model.

Thus, with the aim of offering the best service to citizens, the FCC Group has positioned itself as a company specialising in sectors that guarantee the progress and care of tomorrow's cities through integral water cycle management, efficient management of environmental services and the construction of important infrastructures.



## MISSION, VISION AND VALUES: ONE FCC

### MISSION

To design, carry out and efficiently and sustainably manage the environment services, the management of the integral water cycle and the construction of major infrastructure works to **improve the lives of citizens**.

### VISION

To be an **international reference Group in Citizen Services** that offers global and innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the citizens' quality of life and the sustainable progress of society.

### VALUES

FCC Group, which operates in various sectors of society, contributes to the sustainable development and social transformation of the territories through the provision of services. This commitment is based on **values** that represent the roadmap that guides the Group's behaviour and determines its culture.

## ONE FCC, CONSOLIDATED VALUES

**Honesty and Respect** (1)
We want to be recognised for our honest and upright behaviour, which merits the trust of collaborators, customers and suppliers as long-standing partners of reference.

**Results orientation** (2)
We pursue the improvement and the achievement of goals, to make FCC a reference in profitability and competitiveness.

**Rigour and professionalism** (3)
We work with exemplary behaviour and culture of service, developing our capacity to seek efficient and innovative solutions.

**Loyalty and commitment** (4)
We promote diversity, encourage professional development and recognize merit and creativity as a stimulus to productivity and progress.

**Well-being and development of communities** (5)
Aware of the value that our services bring to society, we are committed to the protection of the natural environment and the development and well-being of communities.

# The Group's contribution to the SDGs

## | *The FCC Group, ready to succeed in the Decade for Action*

Following the approval of the 2030 Agenda commitments, the FCC Group has strengthened its business model with sustainable development, through strategies in favour of people, the planet and progress.

To this end, both its internal procedures and its action plans have been progressively aligned with the 17 Sustainable Development Goals (SDGs) and the specific targets that comprise them. Examples of this are: the framework for action provided by the Group's Corporate Social Responsibility Policy; the progressive work during the 2021 financial year on the FCC ESG Framework from the corporate Sustainability Committee, as well as the various Sustainability Strategies of the various business lines.

**The FCC Group**, in addition to aligning its corporate management with the 2030 Agenda, has once again become a spokesperson for the SDGs to disseminate its work and mobilise its business environment through the United Nations Global Compact Spain's ***#apoyamoslosODS*** [wesupporttheSDGs] campaign

## Citizen services focused on responding to sustainable development priorities

### Corporate Social Responsibility Policy

As part of the solution to the challenges and opportunities of the global agenda, the FCC Group predisposes, from its Board of Directors, and through this policy, an exemplary professional performance based on innovative and quality initiatives to maximise its positive impact on the communities where it carries out its activities.

### FCC Framework ESG

This new roadmap to address the FCC Group's environmental, social and governance strategy is comprised of programmes aligned with the SDGs.

### Business line strategies

Serving all the sectors that make up the FCC Group, its business areas complement the company's global purpose with strategic lines that address in depth their own specific impacts and opportunities.

#apoyamos los ODS con UN GLOBAL COMPACT Red Española

## MAKING A COMPREHENSIVE CONTRIBUTION TO A SPECIALISED BUSINESS

SUSTAINABLE DEVELOPMENT GOALS

The Water Area, through water and drainage management, contributes to maintaining healthy conditions for citizens, preventing infections and the spread of disease.

Through its activities, the Water Area promotes access to water, as well as the quality of this resource, while working to improve the efficiency of water resources.

For its part, the Construction Area contributes to the achievement of this objective by developing infrastructures dedicated to water management.

Photovoltaic panels and equipment for the production of renewable energy have been installed in different facilities, both at the corporate headquarters in Las Tablas and in centres of the Water and Environment Areas.

The Construction Area also contributes to this objective through the development of energy-efficient facilities.

All the business areas generate new jobs and transmit to their workers the business culture of the FCC Group based on talent, diversity and equal opportunities.

The FCC Group is committed to innovation across the board, investing in the development and implementation of new technologies, with the aim of reducing its environmental impact and guaranteeing the development of quality products and services that meet the real needs of citizens.

The Environment Area manages a Special Employment Centre (CEE): FCC EQUAL, from where it also collaborates with entities, organisations and foundations specialised in the professional integration of people with disabilities.

The Water Area provides, through the development of its activity, access to basic services such as water and drainage.

The Construction Area supports the development of more sustainable and resilient cities and communities, while simultaneously striving to protect and safeguard the cultural and natural heritage of the environments in which it operates.

For its part, the Cement Area is committed to researching solutions that will allow it to reduce water and energy consumption at its facilities, reintroducing waste into its production processes.

All the FCC Group's business areas apply the principles of the Circular Economy from a dual perspective, optimising the consumption of resources and investing in projects and technologies that enable the reuse and recovery of waste.

Actions to measure, control and reduce the carbon footprint are common to all the FCC Group's business areas, which, in this way, aim to mitigate climate change. It is also committed to innovation, process improvement and the use of alternative energies to limit greenhouse gas emissions.

The FCC Group believes that public-private collaboration and the development of alliances contribute to promoting the development of the 2030 Agenda. For this reason, the Group's business areas participate in various initiatives. Examples include Aqualia's collaboration with universities and research centres to promote the development and application of key technologies; or the initiatives for the restoration of biodiversity in quarries, together with public entities and social agents, by the Cementos Portland Valderrivas Group.

# Communication with Stakeholders

*| Responsible listening to our interest groups*

The activity of the FCC Group has always been strengthened by efficient communication, continuous dialogue and a strong interest in building transparent and lasting relationships with its stakeholders.

Providing answers and contributing value to society is an essential part of the Group's sustainable management, as well as a key factor in both its socially responsible positioning and the performance of its business strategy.

Along these lines, the FCC Group uses increasingly fluid communication channels and procedures in order to understand the needs and concerns of its stakeholders:

## INTEREST GROUP AND THE CHANNEL FOR DIALOGUE AND COMMUNICATION

### Shareholders, investors and rating agencies

- Corporate and business area websites for economic performance content.
- Presentations to the Board of Directors and Committees.
- General Meeting of Shareholders.
- Shareholders' Service Office.
- Roadshows with investors to get to know the company better.
- Questionnaires and interviews with agencies to assess the company and its performance.

### Employees

- FCC ONE - Corporate intranet.
- Ethical channel.
- FCC listens to you - FCC's App tool.
- FCC360 - FCC's App tool.
- Periodic calls for information of interest.
- Dissemination and awareness campaigns.
- Employee portal.
- We are FCC - Quarterly online magazine.
- FCC Newsletter in poster format translated into 13 languages.

### Suppliers and contractors

- Information and awareness-raising sessions.
- NALANDA platform for the approval of suppliers.
- Obligation to respect the FCC Code of Ethics and Conduct and the Anti-Corruption Policy.
- Full commitment to the application of the ten Principles of the UN Global Compact.

### Public administrations and regulators

- Voluntary participation in sectoral self-regulatory initiatives and legislative developments.

### Communities

- According to the FCC Group's business lines as responsible for dialogue with their local communities.

### Partners

- Communication channels with other entities.
- Collaboration agreements, sponsorships and donations.
- Alliances.
- Business forums.
- Publications and presentations.
- Due diligence procedures.

### Clients

- Satisfaction surveys.
- Interlocutor role.
- Dialogue channels specific to each business line.

### Trade unions

- Meetings with committees.
- Agreements.
- Labour inspections.

### Certification and accreditation bodies

- External audits.
- External verifications.
- Participation in working groups.

### Financial entities

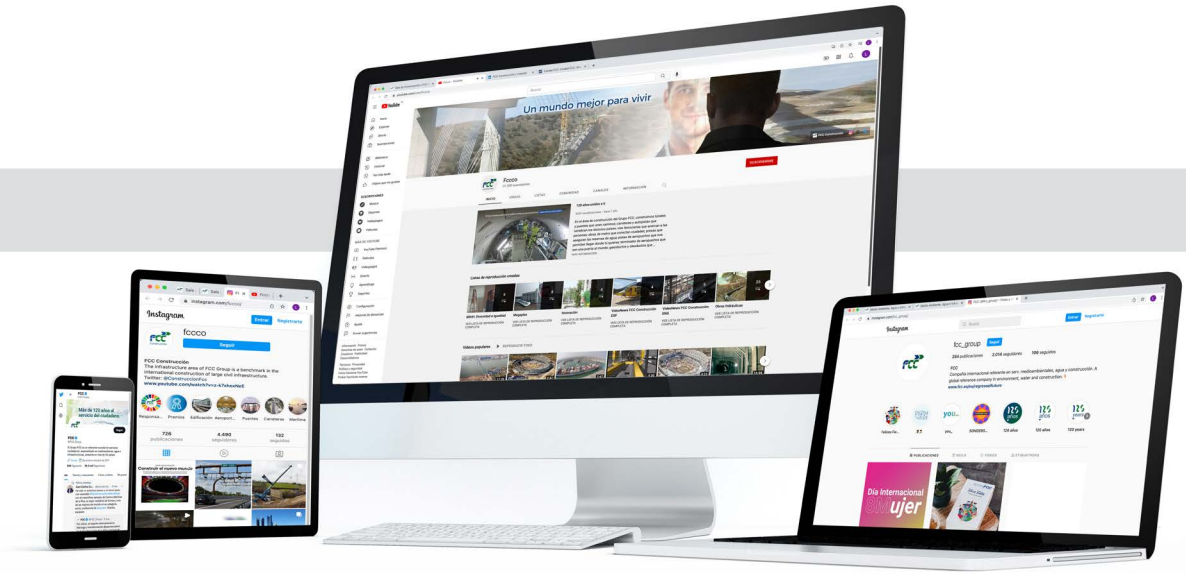
- Surveys.
- Meetings.
- Green bonds (FCC Medio Ambiente Iberia).

For a more immediate dynamic, both the FCC Group and its areas are present on social media, guaranteeing direct contact with each audience: **Facebook, Twitter, YouTube, Instagram and LinkedIn.**

FCC also has a contact form and a directory of headquarters, offices and main departments on its corporate website, with the corresponding addresses and contact telephone numbers.

In addition, for a closer dialogue with stakeholders, the FCC Group has a Sustainability mailbox published on the corporate website, through which any interested party can take the initiative to contact the company to address issues in this area.

All information on environmental, social and governance performance is reflected in each Sustainability Report and communication on these matters, which both the Group and each business line provide publicly and periodically on their respective corporate websites.



# *Focused on the material*

## | *Prioritising ESG expectations*

The FCC Group, aware of the strategic need to analyse and respond to the demands and expectations of its stakeholders, has carried out an exhaustive update of its materiality study in 2021. This materiality analysis allows the company to determine the most relevant social, environmental and governance issues in each of the Group's businesses.

To facilitate comparability of the results, the 23 issues assessed in the 2020 materiality study, which were aligned with the main sustainability reporting frameworks, as well as with the requirements of Law 11/2018 on non-financial reporting and diversity, have been maintained.

The main objective of updating the study was to strengthen stakeholder participation in the process of determining materiality, establishing direct consultations for employees, suppliers and customers of the Group's various businesses. Likewise, and through the analysis of different sources of relevance and the development of a press analysis, the perspective of shareholders, communities and partners is included in the study. The consolidation of these results has formed the **external relevance** axis.

With regard to the **internal relevance** of the issues, the assessments carried out in the previous study were maintained, involving the participation, by means of interviews and questionnaires, of the members of the Management Committees of the Group's businesses, as well as a selection of executives from Central Services.

In the case of Aqualia, as it has a specific materiality analysis, the results have been adapted to make up the Group's materiality.

For the **determination of material issues** for each business, those issues are considered whose relevance, both internally and externally, exceeds the average of the scores.

The following table shows, in summary form, the material issues for each of the businesses:

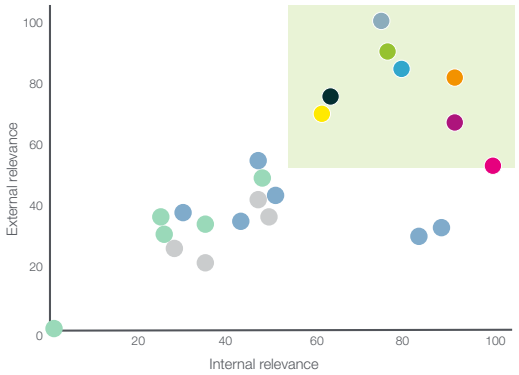
### MATERIAL MATTERS BY BUSINESS

| | Environment | Water | Construction | Cement |
|---|---|---|---|---|
| Ethics, integrity, compliance and good governance | ● | ● | ● | ● |
| Risk management and control systems | ● | | ● | ● |
| Quality of service and customer satisfaction | ● | | ● | |
| Innovation and digital transformation | ● | | | |
| Cybersecurity and data protection | | | | |
| Fiscal transparency and tax contribution | | ● | | |
| Pollution prevention | ● | | | ● |
| Circular economy and waste | ● | ● | ● | ● |
| Water resources management | | ● | | |
| Material consumption | | ● | ● | |
| Energy consumption and energy efficiency | | ● | | ● |
| Climate change | ● | | ● | ● |
| Biodiversity | | | | |
| Food waste | | | | |
| Talent attraction and retention | | | ● | |
| Training and professional development | | | ● | |
| Diversity, equality and inclusion | | ● | | |
| Safety, health and well-being | ● | ● | ● | ● |
| Contribution and social commitment | | ● | | |
| Promotion and respect for human rights | | ● | ● | |
| Relation with local communities | | | | |
| Liability to contractors | | | | |
| Sustainable supply chain | | | | |

The results of the materiality study show the transversal relevance of three issues: Ethics, integrity, compliance and good governance; Circular economy and waste; and Safety, health and well-being. These three issues will have differentiated lines of work in the FCC Group's ESG Framework, which is set out in the following section.

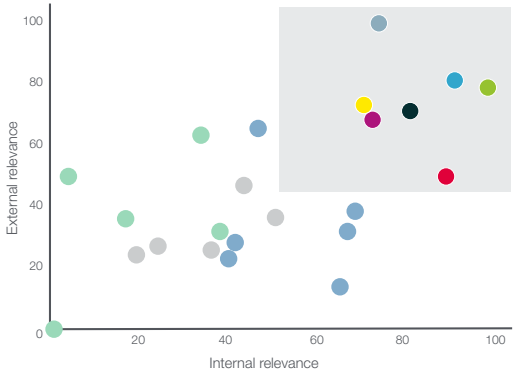
The materiality matrices for the FCC Group's businesses are presented below:

## Environment

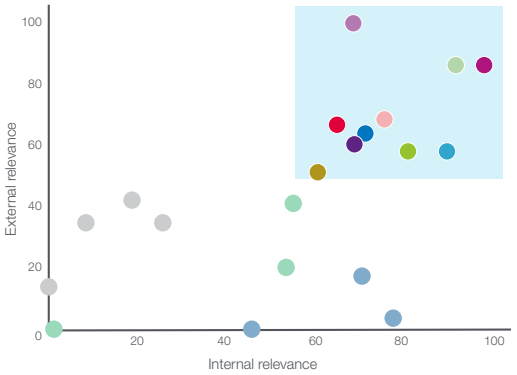



## Construction

## Cementos Portland Valderrivas




## Aqualia




- Climate change
- Ethics, integrity, compliance and good governance
- Circular economy and waste
- Service quality and customer satisfaction
- Safety, health and well-being
- Risk management and control systems
- Pollution prevention
- Innovation and digital transformation
- Training and career development
- Promotion and respect for human rights
- Energy consumption and energy efficiency
- Talent attraction and retention
- Material consumption
- Water resources management
- Social contribution and commitment
- Diversity, equality and inclusion
- Fiscal transparency and tax contribution

# Sustainable cross-cutting management

Building resilient businesses and contributing to a fairer world are necessary elements for long-term success. To do so, companies need to insist on incorporating sustainability into their strategy, operations and processes.

In this line, the FCC Group, since its adherence in 2016 to the transformation of this business paradigm with the approval of its Corporate Social Responsibility Policy (hereinafter CSR Policy), has focused its efforts on making the commitments undertaken tangible.

## Sustainability Policy and Governance

*| An in-depth work*

### Corporate Social Responsibility Policy

The FCC Group integrates its CSR Policy at the heart of its business model, being inherent to the commitment and actions of all the members that make up the Group. Thus, this tool is a distinctive element that characterises FCC as a partner and employer of reference, aligning itself with the demands of its customers, the people who make up the Group and society as a whole.

In particular, this Policy establishes the commitments to which the Group is committed, especially in connection with its Integrity and Business Ethics framework, as well as with respect for the environment and its social contribution in carrying out its activities. In addition, it is essential to highlight that this Policy is the framework for action, which governs the development of the various activities of the Group wherever it operates.

Likewise, in order to develop, implement and comply with the CSR Policy, master plans are defined in which specific programmes and goals are incorporated, and the FCC Group's Sustainability Committee and the areas are responsible for their observance and monitoring.

## A sustainable government

As shown in the following chart, the FCC Group is committed to a strong governance structure in the area of Sustainability. Thus, Sustainability in the Group is managed by the Board of Directors, through its Executive Committee; with a corporate Sustainability Committee and others by business area; and with the Compliance and Sustainability Department.

- **Board of Directors:**

  In line with recommendations 53 and 54 of the Code of Good Governance of the CNMV [National Securities Market Commission], the Board of Directors supervises compliance with the CSR Policy of the FCC Group.

- **Sustainability Committee:**

  It coordinates with the business areas (Aqualia CSR Committee, FCC Environmental Services Sustainability Committee, FCC Construcción Sustainability Committee and CPV [Cementos Portland Valderrivas] CSR Committee) the different ESG actions within the FCC Group. In particular, they are responsible for developing, implementing and complying with the CSR Policy.

- **Compliance and Sustainability Directorate, integrated within the General Secretariat:**

  It supports the corporate Sustainability Committee in the development of its functions, fundamentally in the design of the Sustainability strategy, and establishes the systems for monitoring results, with regard to the FCC Group's CSR practices.

  It determines the associated risks.

### Quality and innovation

Based on the continuous improvement of its services, the FCC Group focuses its efforts on satisfying and anticipating the needs of its interest groups.

### Integrity in its actions

In compliance with the legislation of each territory in which it operates, the FCC Group guarantees the inherent rights of every human being, rejecting all discrimination and showing a respectful attitude towards the environment.

### Efficiency in management

Through its extensive experience, the FCC Group seeks to align the performance of its services with the optimal use of resources, promoting their responsible use.

### Proximity and commitment

The FCC Group not only creates human relationships with its communities based on mutual respect and dialogue, but also transforms cities into smart, respectful and inclusive environments.

# ESG Ambition

## | *Driving the Group's social, environmental and governance future*

Following the implementation of the IV CSR master plan for the previous period 2018-2020, the FCC Group is working on a new framework that continues to place sustainability at the heart of its business model.

In 2021, the FCC ESG Framework was carried out, an analysis and study prior to the company's sustainability strategy for the coming years, which will be materialised in the Group's V plan "ESG Plan 2025", with a view to the objectives, challenges and goals of the global strategies, the 2030 Agenda and the 2050 horizon.

The ESG FCC Framework was drawn up based on the demands and expectations of the company's interest groups, as well as on regulations and macro-trends, also considering the main conclusions of the closing of the CSR 2020 master plan, among others. The following is a more detailed account of the extensive analysis undertaken by the Group in developing this work.

### INTERNAL ANALYSIS

- The extraction of the conclusions of the past IV Master Plan for its evaluation as lessons learned and as an essential resource to promote areas of improvement to be followed up in future plans.
- Understanding the company's Compliance Model and regulatory framework.
- Analysis of the sustainability visions of the Group's businesses as a driver for the Group's overall strategy, mission and value.

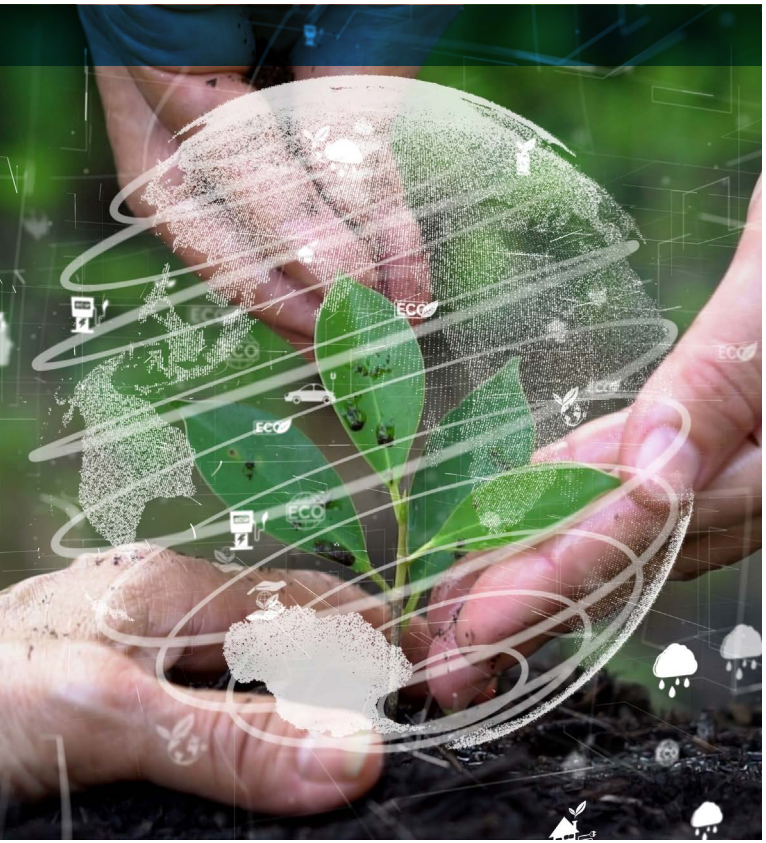
### EXTERNAL ANALYSIS

- New changes in the national and European regulatory environment for sustainability and non-financial reporting.
- Attention to current macro-trends in the markets in which it operates, placing special emphasis on highly relevant issues such as climate action, biodiversity conservation and the fight for equality.
- Active listening based on the understanding of internal and external interest groups, as well as on the compilation of best practices in all the sectors in which the FCC Group operates, and an exhaustive materiality analysis.
- We have responded to the demands for best practices in environmental, social and governance management of interest groups from opinion leaders, analysts, financiers, investors, institutions and rating agencies.
- Alignment with the Sustainable Development Goals as a constant opportunity to continue contributing to the solutions required by today's global society.

The FCC ESG Framework is the starting point for guiding the future of the FCC Group's activities in ESG criteria, with an approach in line with, on an international level, the 2030 Agenda, the European Green Pact, the Paris Agreement or the European Climate Law, and on a national level, with the Business and Human Rights Action Plan, or the Recommendations of the Code of Good Governance, among others.

Under the slogan ***Together we build a better future***, the main lines of action on which the FCC Group will work to establish and integrate an ESG culture across the board are as follows.

The analysis of progress and needs in the field of sustainability underpin FCC's ESG Framework. Improving processes and taking on new challenges will require maximum coordination within the Group, from the Group's Sustainability Department and the business areas, to the involvement of expert teams and external entities associated with the Group's ESG management.



## FRAMEWORK ESG FCC | *Together we build a better future*

**INNOVATION**
Generating knowledge synergies to promote innovation, technology and digitalization.

**COMMUNICATION**
Reinforcing the information we provide on sustainability.

**ALLIANCES**
Building strong alliances to contribute to the 2030 Agenda.

### ENVIRONMENTAL

**Climate action**
Transition to a competitive low-carbon economy.
**Circular economy**
Application of its principles to achieve an efficient use of resources.
**Water management**
Reducing water stress where we operate.
**Biodiversity protection**
Contribution to the maintenance of natural heritage.

### SOCIAL

**Human rights**
Ensuring their protection internally and throughout the value chain.
**Social action**
Contributing to the development of the communities where we operate.
**Human resources**
Promoting talent and empower our professionals.
**Healht and well-being**
Caring for people's health through physical and mental well-being.
**Diversity and equality**
Generating a real culture of respect, tolerance and equity.

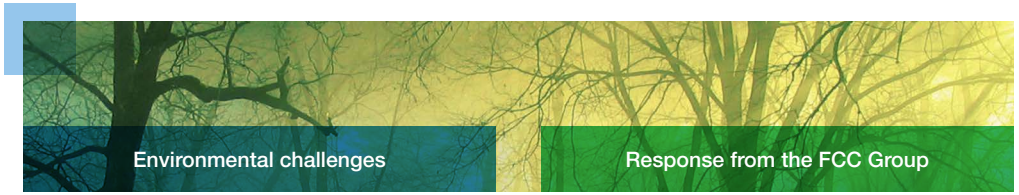
### GOVERNANCE

**ESG risk management**
Minimising the impact of non-financial risk on results.
**Value chain**
Transmitting our ESG commitments throughout the value chain.
**Ethics, integrity and compliance**
Maintaining a robust model to ensure responsible behaviour.

# A common project with a transversal vision: ESG, three letters for transformation

*Environmental, Social & Governance*

## Climate change




Climate change is one of the greatest challenges facing humanity in the short to medium term:

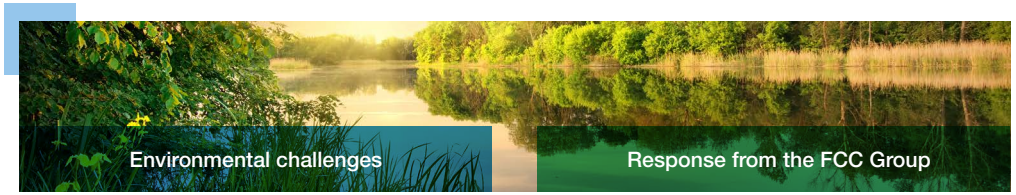
- Global warming is likely to reach 1.5°C between 2030 and 2050 if it continues to increase at the current rate[3].
- By the end of the 21st century, the average sea level is likely to rise by at least 0.3 metres above the levels of the year 2000[4].
- Natural disasters and physical hazards are expected to increase due to the growing intensity and aggressiveness of climate change[5].

The FCC Group has not ceased to be committed to the fight against the effects of climate change and the lack of resources. The FCC Group considers it an obligation to reduce greenhouse gases in all its business areas.

- FCC Construcción has achieved its objective of verifying 100% of its activity under the ISO 14064 Greenhouse Gases Emissions Standard.
- Part of the Cement Area's Energy and Climate Neutrality Plan focuses on replacing 80% of its fossil fuels with alternative fuels, and increasing its energy efficiency by 11% by 2030.

(3) World Economic Forum, (2021), The Global Risks Report 2021.
(4) World Bank, (2018) Trends in Solid Waste Management.
(5) Competence Centre on Foresight de la Unión Europea, Global demand for resources.

## Circular Economy and Sustainable Resource Management



**Environmental challenges**

Overexploitation and/or mismanagement of natural resources could lead to chemical, food, mineral, water or other natural resource crises[6]. In this area, the following data stand out:

- Approximately 2010 million tonnes of global municipal solid waste is generated annually, of which at least 33% is not managed in an environmentally safe way. Global waste is expected to grow to 3.4 billion tonnes by 2050[7].
- Global demand for materials is estimated to have increased tenfold since the beginning of the 20th century and is expected to double again by 2030.
- Available resources are currently being used 50% faster than they can be regenerated by nature.

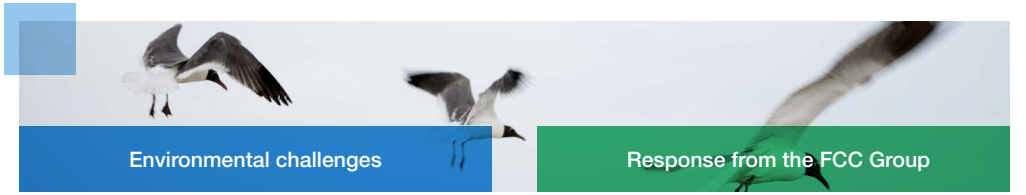
Significant amounts of resources continue to be lost due to inefficient waste management practices. It is therefore vital to reuse resources in economies, providing value for longer and reducing the need to use virgin materials[8].

**Response from the FCC Group**

The FCC Group strives to raise awareness and to develop and innovate with new technologies for the circular economy.

- FCC Medio Ambiente participates in the European Week for Waste Prevention and shows its commitment through initiatives such as the Life4FILM Project, to prevent the incineration and dumping of polyethylene film plastic waste through innovative recycling technologies.
- Other projects include the improvement of waste treatment systems, landfill degasification, increased recycling or the implementation of treatment systems such as biomethanisation or composting.
- Aqualia, through its Life Intext project, uses innovative technologies for the recovery of water resources.

## Protection and restoration of biodiversity



**Environmental challenges**

The destruction and loss of biodiversity can have consequences comparable to climate change[9].

- It is estimated that around 25% of animal and plant species are threatened and it is estimated that approximately 1 million species are in danger of extinction[10].

In this context, corporations must consider biodiversity for their long-term sustainability, as loss of biodiversity can represent a reputational, regulatory and financial risk[11].

**Response from the FCC Group**

The FCC Group carries out projects to raise environmental awareness, collaborates with environmental conservation groups to restore natural and urban ecosystems, monitors birds and other endangered species and restores landfills, among others.

- FCC Medio Ambiente Iberia takes part in the cleaning of the seabed off the coast of Almuñécar.
- The Cement Area collaborates with the NAUMANNI Association to ensure that more than 180 species of animals, some in danger of extinction, live in the "El Porcal" gravel pit in Madrid.

(6) World Economic Forum, (2021), The Global Risks Report.

(7) World Bank, (2018), Trends in Solid Waste Management.

(8) European Environmental Agency, (2019), Reducing loss of resources from waste management is key to strengthening the circular economy in Europe.

(9) Agencia Medioambiental Europea, Destruction and loss of biodiversity is as catastrophic as climate change.

(10) IPBES, (2019), The Global Assessment Report on Biodiversity and Ecosystem Services.

(11) GreenBiz (2020).

# Planet
# Environmental care and management

*| The FCC Group addresses all dimensions of environmental sustainability and takes steps to reduce its impacts*

## Environmental management

*| Responsibility towards the environment is a key issue for all the FCC Group's business lines*

Due to the characteristics of its activity, the FCC Group has had, since its origins, an important influence on the configuration of cities, especially in urban management. It therefore strives to continue to provide solutions to promote the resilience of cities and the improvement of the quality of life of their inhabitants.

The activity of **Environmental Services** focuses on urban waste management and the provision of municipal services, which enables the company to improve life in cities, creating cleaner environments and spaces in better condition.

**Aqualia**, for its part, focuses on integral water cycle management, supplying populations and ensuring quality consumption, with the aim of improving people's well-being, preserving water resources and improving management efficiency.

**FCC Construcción** contributes to urban development by consolidating its position as a benchmark in the construction of transport and building infrastructures, towards increasingly sustainable development.

**Cementos Portland Valderrivas**, in turn, uses advanced technology to comply with environmental regulations, focusing on optimising resources and minimising waste.

However, aware of the particularities of its businesses, the Group identifies the possible current and foreseeable impacts that its activities may generate in cities. In this way, it assesses the environmental performance of each of its main areas of activity and applies the necessary practices and techniques to minimise their most significant effects.

## Cross-cutting impacts

- Resource consumption (materials, fuels, energy and water).
- GHG emissions into the atmosphere and other pollutants.
- Hazardous and non-hazardous waste generation from production, maintenance or service works.

### FCC Servicios Medio Ambiente

- Consumption of chemical cleaning products.
- Noise.
- Discharges and leachates.
- Emissions of combustion gases, fermentation, suspended particles and odours.

### Aqualia

- Consumption of reagents.

### FCC Construcción

- Impact on the territory due to displacements or falls of granular material during its transport.
- Emissions of dust particles.
- Discharges.
- Noise and vibrations.

### Cementos Portland Valderrivas

- Extraction of natural resources.
- Discharges.

# The Group's environmental commitments

## | *Management, control and prevention*

In order to ensure compliance with environmentally responsible practices, as well as to comply with current environmental regulations, the FCC Group has had an Environmental Policy approved by its Board of Directors since 2009.

This policy must be applied to all business lines and is the cornerstone of the Group's Environmental Management System. It establishes the principles of environmental conservation, as well as the correct use of natural resources.

### Environmental Policy

*| Transversal commitments*

- Control and monitoring of significant environmental impacts.
- Pollution prevention, climate change adaptation and mitigation.
- Observation of the environment and innovation.
- Consideration of the life cycle of its products and services.
- Commitment to continuous improvement.

In addition, each business line has developed these general principles of the Group's Environmental Policy into its own environmental policies, which are more in line with the singularities of its activities and with a view to maintaining specific environmental management systems.

**FCC Servicios Medio Ambiente**

Some of the companies that make up the Environmental Services area include in their Environmental Policy principles of action to promote safer, more innovative and energy-efficient working environments.

In the UK, the company includes its environmental management in its SHEQ Policy Statement, adding the principle of quality to the principles of environment and safety.

In Central Europe, the company has policies adapted to the characteristics and legislation of each country.

**Aqualia**

The Water business has an Integrated Policy adapted to the comprehensive management of water as a resource, the management of quality control laboratories, and the design and construction of treatment plants and water works concessions, among others.

**FCC Construcción**

The Construction business has an Environmental Policy which emphasises the analysis of environmental incidents, preventive actions and the reduction of significant impacts of the works or the organisation's fixed centres.

**Cementos Portland Valderrivas**

With regard to Cement, its Environmental Policy reflects commitments such as the reduction of water discharges, the energy recovery of waste and the restoration of adverse impacts caused by its operations.

# FCC Group Environmental Management System

## More than 80% certified activity

The FCC Group works every year on continuous improvement, in line with its Environmental Policy, which allows the company to work on the certification of its environmental management systems, always with the highest international quality standards, in accordance with the reference regulations in environmental matters.

In fact, as can be seen below, all the businesses that make up the FCC Group have environmental management systems certified in accordance with the ISO 14001 standard. The following table also shows the different types of environmental certifications held by the Group's businesses, according to the particularities of their activities.

From a global point of view, 83.09% of the Group's activity is certified in accordance with different environmental quality standards.

### FCC Servicios Medio Ambiente

- ISO 14001:2015
- ISO 50001:2018
- EMAS
- Certificate of Conformity to Regulation (EU) No. 1179/2012 for its glass recycling centres
- Accreditation as Soil and Waste and Groundwater Inspection Body according to ISO 17020:2012
- PAS100

### FCC Construcción

- ISO 14001:2015
- ISO 14064-1:2012
- Zero waste certification

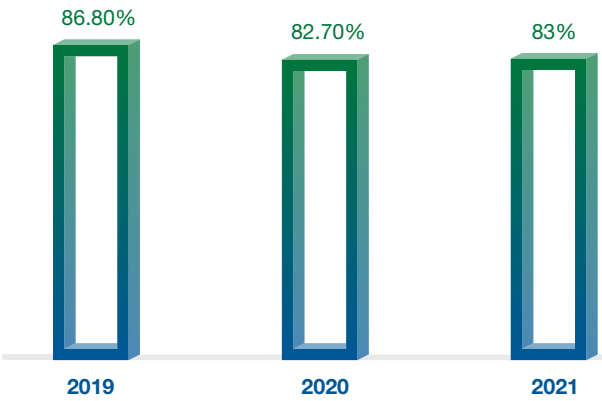
### Aqualia

- ISO 14001:2015
- ISO 50001:2018
- Certificate of Business Contribution to the SDGs
- A-LAB accreditation

### Cementos Portland Valderrivas

- ISO 14001:2015
- EMAS

### FCC ACTIVITY WITH ENVIRONMENTAL CERTIFICATION (%)

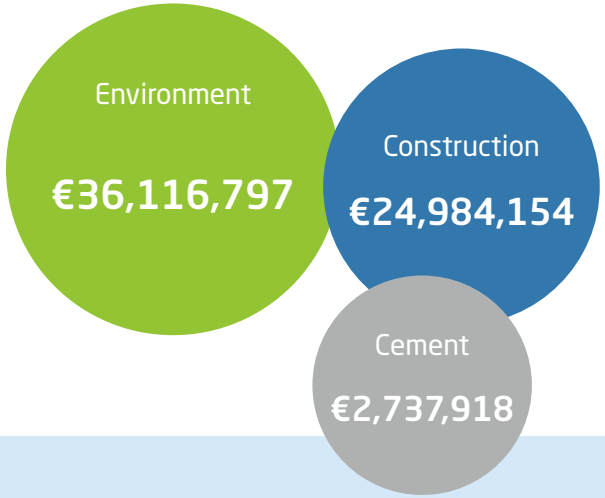


## Responsibility and commitment to environmental risk prevention

The FCC Group, after identifying environmental risks and impacts on the environment or on health, implements measures for their correction and prevention in accordance with the precautionary principle. Specifically, and with regard to climate change risks, these are included in the Group's Global Risk Management System (for more information, see section *Fight against climate change*).

Thus, for the prevention and mitigation of environmental risks, the company applies measures at various independent management levels and on a business-by-business basis.

## Almost **64 million euros** dedicated to the **prevention of environmental risks**



### PREVENTING ENVIRONMENTAL RISKS IN THE FCC GROUP

**FCC Medio Ambiente** has environmental monitoring plans at each of its centres, based on the corresponding Environmental Impact Study.

With regard to **FCC Environment CEE**, in Slovakia, for example, a system has been set up for the identification and assessment of risks and the creation of preventive and corrective measures. This system covers risks to health and safety, the environment and the quality of the service or product.

**Aqualia** has Environmental Risk Cards adjusted to the particular circumstances of each project and which serve to establish preventive measures for the risks detected.

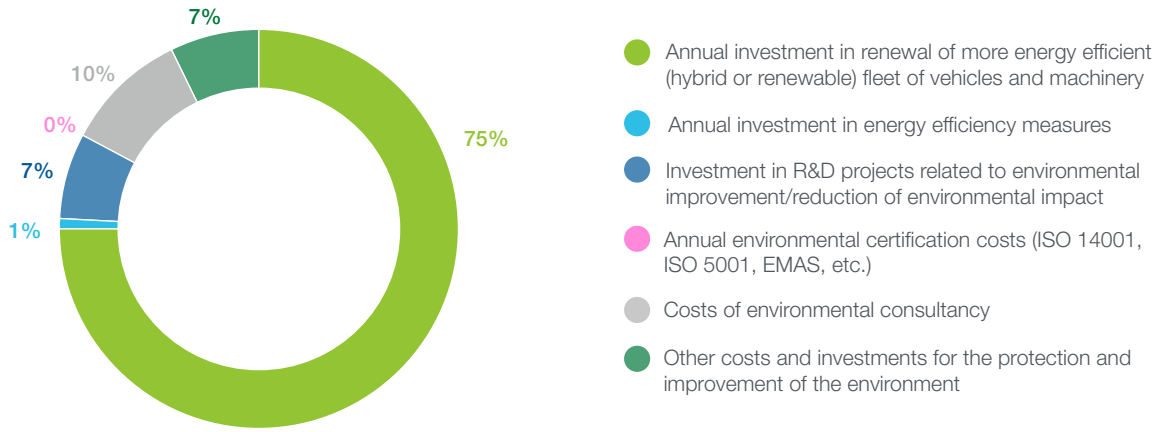
**FCC Construcción** has its Sistema de Buenas Prácticas Ambientales® [Good Environmental Practices System]. This is a proprietary model that makes it possible to establish preventive measures adapted to each project, depending on the risk of occurrence.

**Cementos Portland Valderrivas** establishes measures adapted to its activity to prevent its influence on the environment. These include: the installation of particle filters in kilns and mills, water filtering systems and adequate waste storage, among others. In addition, in 2021 it carried out an environmental risk analysis in all its cement factories and quarries in Spain.

The establishment of measures to detect and mitigate the environmental impact entails, on an annual basis, significant investments by the FCC Group companies. Therefore, in 2021, nearly 64 million euros have been dedicated to the prevention of environmental risks. This total amount includes 48 million euros invested in the renewal of the fleet of vehicles and more efficient machinery, 6.4 million euros allocated to environmental consultancy, 4.5 million euros in R&D projects related to environmental improvement and more than 280 thousand euros in environmental certifications. In other expenditure and investments for the protection and improvement of the environment, 4 million euros have been invested.

The increase in the amount allocated to the prevention of environmental risks with respect to 2020 is motivated by the significant increase in the fleet of vehicles and more efficient machinery by FCC Environment UK. This significant increase is due to the greater investment made by this business with the aim of reducing the use of fossil fuels and moving towards carbon neutrality. The breakdown of monetary resources by type is as follows:

## RESOURCES DEDICATED TO THE PREVENTION OF ENVIRONMENTAL RISKS (€)



## Sustainability in civil works: SAMCEW© methodology

In view of the lack of evaluation methodologies for civil works in building, FCC Construcción has developed an internal methodology for evaluating the sustainability of civil works: ***Sustainability Assessment Method for Civil Engineering Works*** – SAMCEW©. Based on internationally recognised methods and business line expertise, SAMCEW© is a self-assessment and rating system that considers and balances the three major dimensions of sustainability: society, environment and economy.

Thanks to this, FCC Construcción has an internal management programme for planning construction work and identifying possible improvements. It is thus able to measure the impact of its buildings in terms of sustainability. In turn, it enables designers and managers to share advances in sustainable practices and promote interest in sustainability to clients, planners and other stakeholders.

**Integrated methodology in civil works projects:**

- Industrial process infrastructures
- Dams and river works
- Linear infrastructures
- Maritime works
- Other civil works: earthworks, landfills, football stadiums, urban development, paving, etc.

**Applicable to all stages of the project life cycle:**

- Product stage: from extraction of the material to the factory.
- Construction stage: includes the beginning of construction works and transport of materials (including planning, design and contracting).
- Use stage: includes the period in which the civil works is used or provides a service to the community.
- End of life stage: grouping all successive stages for the end-of-life process.

## Provisions and guarantees for environmental risks

The FCC Group and, therefore, its various companies, have a general liability policy which they consider necessary to cover any accident, damage or risk related to accidental pollution coverage up to 10 million euros.

On the other hand, the company has an environmental civil liability policy that covers up to 60 million euros in the event of a claim and accidental pollution. Both policies are applicable worldwide and their scope of action will depend on the limits established with the local policies contracted.

In addition, some of the Group's business lines have additional coverages:

- The **Environmental Services Area** has additional guarantees in accordance with the legislation in force in its geographical area. FCC Environment, for its part and in order to comply with the obligations expressed in Law 26/2007 of 23 October on Environmental Responsibility, carried out in 2021 an analysis of specific environmental risks relating to treatment plants and landfills. As a result of this process, none of the 8 facilities analysed have had to establish financial guarantees.
- The **Cementos Portland Valderrivas Group** has a policy of 15 million euros for possible claims and 30 million euros for accidental contamination.

# Climate footprint

*| Responding to the current climate crisis*

## Fight against climate change

Climate change is the greatest environmental challenge facing society today, with clear social and economic consequences. The sixth report of the IPCC (Intergovernmental Panel on Climate Change), presented in 2021, states that the whole of humanity has now suffered the consequences of the climate crisis, the effects of which include global warming, melting ice, rising sea levels, or the occurrence of extreme weather events.

In this context, climate change risk management should prepare the sector to react to an already existing climate crisis by considering both mitigation and adaptation measures to its consequences. The FCC Group works to integrate climate change management at all operational levels, and considers the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) regarding climate-related disclosures.

### A model of governance involved in climate change

As expressed in the Group's Corporate Social Responsibility Policy, the Board of Directors of FCC is ultimately responsible for sustainability compliance, including climate change management.

In turn, incorporated within the General Secretariat, is the Compliance and Sustainability Department, in charge of supervising the FCC Group's climate results and coordinating the Sustainability Committee. On the other hand, each of the Group's business areas has its own tools to manage issues related to its climate performance, such as its own Sustainability Committees, which are responsible for the development, implementation and compliance with Sustainability policies.

# Climate-aligned activity. FCC Group Climate Change Strategy

With the aim of reducing greenhouse gas emissions and adapting to the effects produced by climate change, the FCC Group has its own Climate Change Strategy, the pillars of which are set out below:

## CLIMATE CHANGE STRATEGY: STRATEGIC PILLARS

### Monitoring

The objective of this pillar is to improve the reporting and scope of greenhouse gas emissions quantification.

### Reduction

Setting reduction targets and actions to achieve these targets, as well as the development of products and services with a lower environmental impact.

### Adaptation

The FCC Group considers the transition risks associated with the political, legal, technological and market changes necessary to achieve a low-carbon economy, as well as the physical impacts of extreme weather events.

### Innovation

The new challenges presented on a global scale will require the Group to be able to adapt to the new environment. In this way, FCC will have to develop innovations that will enable it to reduce its environmental impact and help its customers in the transition to a low-carbon economy.

### Communication

Establish transparent and open relations with all interest groups, communicating the objectives set, actions carried out and other initiatives.

As a starting point for its Climate Change Strategy, the FCC Group has considered the impact of climate change-related factors on its activity, especially in each of the following categories:

### Products and services

The impact of climate change has meant developing innovative and more sustainable initiatives, enabling the FCC Group to provide more efficient products and services through the application of Circular Economy principles.

### Value chain

The risks associated with climate change are driving the FCC Group to broaden the scope of social and environmental criteria in its value chain. Thus, the Group has a Purchasing Manual, as well as a supplier approval procedure.

### Research and development

The FCC Group is committed to innovation, designing new products that are more efficient and less dependent on coal, based on continuous improvement and the Circular Economy.

### Operations

The FCC Group considers the possible climate impacts on the operations of its different business areas and promotes synergies that enhance profitability and mitigate the consequences of climate change.

# Part of the change.
# Climate risk management

Climate-related risks and opportunities are an integral part of the FCC Group's Risk Management Model. The company understands this type of exposure as inherent to its activity and therefore a periodic analysis and evaluation is carried out through the established controls, which allows for its prevention and detection.

In addition, the FCC Group voluntarily reports, on an annual basis, information on climate risks and opportunities to the Carbon Disclosure Project (CDP).

The main identified risks related to climate change that affect the FCC Group are as follows:

## RISKS RELATED TO CLIMATE CHANGE

### Physical risks

Risks arising from the effects of climate change on the FCC Group's activity.

### Transition risks

The transition to a low-carbon economy involves a number of risks as a result of changes in technology, policy, market, reputation and regulation that characterise the FCC Group's environment.

- **Extreme Weather Events**
- **Water shortage**
- **New GHG emissions limit values**
- **Regulations for energy recovery from waste**
- **Requirements for the energy certification of energy certification of buildings**

## Key results, metrics and targets

For the annual calculation of its carbon footprint, the FCC Group follows the criteria defined in the GHG Protocol. The consolidation of its total emissions, both scope 1 and scope 2, are based on its own methodologies endorsed by the Spanish Climate Change Office, which consider the particularities of each of its four business areas.

The greenhouse gas emissions of the FCC Group are shown below, considering scopes 1 and 2. To calculate them, different methodologies have been used for each sector of the Group's activity, all of which are aligned with the GHG Protocol.

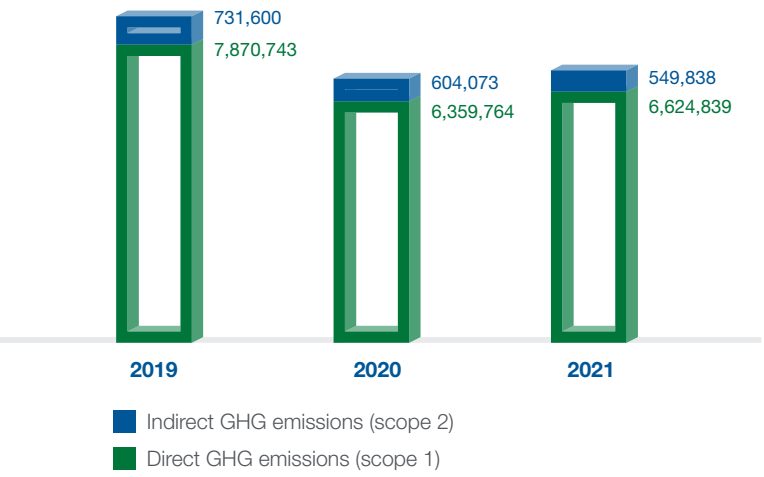
As can be seen in the graph above, there has been a slight increase in direct GHG emissions, mainly as a result of increased activity in the Cement Area.

In parallel to the individual objectives of the Group's different businesses, the company sees a horizon based on two different emission reduction targets, differentiating the Cement Area from the rest of the business areas. This is due to the peculiar characteristics of the cement sector, where most of the emissions are linked to its own activity, with no possibility of reduction other than through lower production.

Starting in 2017 as the base year for both target paths, the FCC Group has detailed the following GHG reduction targets, including scopes 1 and 2.

### DIRECT AND INDIRECT GHG EMISSIONS OF THE FCC GROUP

($tCO_2e$)




| Targets for the FCC Group (excluding Cement Business) | |
|---|---|
| 2030 | -10% |
| 2040 | -15% |
| 2050 | -20% |

| Target for Cementos Portland Valderrivas (kg $CO_2$/T Clinker) | |
|---|---|
| 2030 | 768 |
| 2040 | 754 |
| 2050 | 740 |

### Cementos Portland Valderrivas presents its Energy and Climate Neutrality Plan to the Government of Cantabria

The Regional Minister of Industry, Tourism, Innovation, Transport and Trade and the Director General of Industry of the Government of Cantabria have learned first-hand about the challenge faced by the cement industry for the sustainability and decarbonisation of its production processes during their visit to the cement factory in the town of Mataporquera.

At the event, factory management, together with the CEO and other business executives, explained their objectives in line with the European Green Pact, the National Integrated Energy and Climate Plan 2021-2030 and the Law on Climate Change and Energy Transition through the facility's Energy Transition and Climate Neutrality Plan 2021-2030.

The Plan foresees that by 2030, 80% of the energy supply from fossil fuels will be replaced by alternative fuels, with biomass accounting for 40%. Energy efficiency will be increased by almost 11% and the consumption of renewable energies in the electricity mix will account for 80% thanks to wind power development projects close to the factory facilities. In addition, it is intended to include an observatory of new technologies, which is still in the study phase.

# Pollution prevention

The FCC Group is firmly committed to reducing the different sources of pollution in each of its businesses. It is worth highlighting the company's efforts to implement measures in accordance with the **environmental legal requirements** in force in each country in which it operates, such as the emission limits set or the authorisations required for discharges.

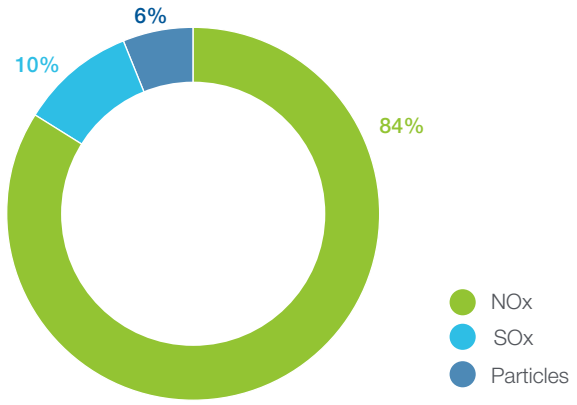
Due to the great diversity of business lines that make up the Group's activity, each of them is given the necessary autonomy to develop the measures that contribute most to minimising pollution.

In the case of Cement, emissions of NOx, SOx, VOCs and HF have decreased in 2021 due to an improvement made in the stability of the kilns resulting in a lower amount of emissions. For the Construction business, the total amount of emissions has also decreased due to the fact that during 2021 there have been more works in the design phase, which implies a lower amount of emissions. FCC Medio Ambiente Iberia, for its part, has increased the number of particles emitted due to the fact that in 2021 the particles associated with fuels are being included in the scope.

## ATMOSPHERIC EMISSIONS (T)

| | Aqualia | Cementos | Construcción | Environment | Total |
|---|---|---|---|---|---|
| NOx | 86 | 4,761 | 269 | 5,280 | **10,395** |
| SOx | – | 699 | 3 | 535 | **1,237** |
| Persistent organic pollutants (POPs) | – | – | – | – | **–** |
| Volatile organic pollutants (VOCs) | – | 117 | 7 | 132 | **256** |
| Particles (MP) | – | 153 | 346 | 253 | **752** |
| HCL | – | 11 | – | 44 | **55** |
| HF | – | – | – | 3 | **3** |

## EMISSIONS OF NOx, SOx AND PARTICLES (T)



## Measures to minimise emissions (mainly NOx, SOx and particulates)

In the **Environmental Services Area**, methods are used to capture and manage biogases with the aim of reducing emissions in landfills, thus avoiding their diffusion into the atmosphere and prioritising their energy recovery.

On the other hand, Energy From Waste (EFW) facilities have specific pollution control systems for stack emissions, which are continuously monitored.

In addition, investments continue to be made in active landfill degassing and in the measurement of biodegradable material sent to landfill.

Visual inspection measures are applied for the control and minimisation of diffuse emissions from the transport of powdery material and HFCs are replaced by less polluting refrigerants for the atmosphere (natural refrigerants, HFQs).

Finally, appropriate treatment is applied to waste electrical and electronic equipment (WEEE) with fluorinated gases to reduce the possibility of leaks, and $BOD_5$ and nitrogen concentrations in leachates are monitored, as well as actions to reduce $CH_4$ and $N_2O$ emissions in discharges.

In the **Infrastructures Area**, it has the following actions in factories and works to mitigate the emission of these compounds into the atmosphere through: the installation of cabins to reduce dust and noise in the rest of the areas of the facilities, the promotion of less polluting alternative transport, and the watering of roads.

The main focus of emissions in the **Cement Area** is due to the activity of the clinker kilns in the manufacture of cements. To ensure compliance with emission limits in this activity, bag filters and electrostatic filters are installed to reduce concentrations in channelled sources. In turn, selective non-catalytic reduction techniques are applied by injecting ammonia water to reduce NOx emissions, installing low NOx emission burners and controlling fuel dosage.

In the **Water Area**, the implementation of the Environmental Management System, certified in accordance with ISO 14001, is considered one of the most effective measures for pollution prevention. The business also has "general" environmental risk sheets for the management of environmental risks, which can be adapted by the contracts to their particular circumstances. These sheets contain the preventive measures and the response to be adopted in the event of risk materialisation. Examples of common preventive measures are systems for detecting leaks of chlorine, gas, etc.

International Organization for Standardization ISO 14001

## MEASURES TO MINIMISE LIGHT POLLUTION

The FCC Group carries out various initiatives to prevent and mitigate the effects of light pollution on the environment, such as: the installation of movement sensors and the switching off of outdoor lighting; the replacement of lighting fixtures taking into account criteria to minimise the impact on the environment; the use of timers and presence detectors in outdoor lighting areas; and the installation of more efficient night-time lighting systems and directional lighting systems on works.

## MEASURES TO PREVENT NOISE POLLUTION

Aware of the inconvenience, risks and damage to people or the environment that can be caused by **noise or vibrations** that alter the normal conditions of an environment, the FCC Group applies measures to prevent them from occurring.

The most important preventive measures are the acoustic insulation of machinery, such as the installation of panels, acoustic screens and mobile screens, silencers, or the replacement of existing equipment with soundproofed equipment, and the application of inspection point programmes (IPPs). In addition, continuous noise monitoring and noise pollution studies are carried out when necessary, and priority is given to the use of electrical equipment in order to reduce the nuisance to the population, especially at night or in Special Noise Protection Zones (ZPAE).

To reinforce the aforementioned actions, workers are trained in driving habits and ways of acting to control inappropriate noise manifestations.

## MEASURES TO MINIMISE SPILLS AND SPILLAGES

In order to minimise the possible negative effects of its activities on ecosystems, the FCC Group strictly controls the quality of the water discharged and applies a series of preventive measures before **spills or spillages** occur, as well as corrective measures when necessary.

Therefore, in addition to discharge authorisations, which sometimes require more restrictive water quality requirements than those specified in the legislation, water quality analyses are carried out by external accredited laboratories. The following are more specific measures according to the type of activity in each area:

In the **Environment Area**, an inventory of the flow of wastewater is carried out, as well as water analysis and measurements in accordance with the regulations.

Facilities at risk of oil or fuel spills have oil and/or water interceptors.

At landfills discharging leachate, specific treatment plants are in place to meet the requirements of any permit and a two-stage reverse osmosis system is economical and efficient for leachate treatment.

For its part, the **Construction Area** has a System of Good Practices which details actions aimed at improving the quality of its discharges. As a preventive measure, the wastewater generated is analysed to decide whether or not the effluents should be treated before discharge, and as corrective actions, water treatment by filtering, decanting and pH neutralisation is applied.

In the **Cement Area**, in addition to the proper storage of waste to prevent spills and regulatory compliance with the deposit of fuels and other hazardous substances, water filtering systems are installed in the quarry and factory to guarantee the quality of discharges into the environment.

In the **Water Area**, the control of discharges is part of the activity itself, specifically to comply with legal and contractual requirements, and to establish improvements in discharge parameters. This control is established through the operation and maintenance of the facilities, as well as the analytical control of the process and discharges, with our own and external laboratories. For possible emergencies related to accidental spills and/or discharges, there are emergency plans that establish preventive and response actions. Examples of common preventive measures are: storage of chemical products and hazardous waste covered and identified, with buckets and absorbents for spill collection.

### WATER DISCHARGES BY DESTINATION ($m^3$)

| | 2020 | 2021 |
|---|---|---|
| Surface water | 1,954,567 | 1,144,552 |
| Groundwater | 75,832 | 9,080 |
| Sea water | 62,170 | 45,865 |
| Third-party water (total): municipal network and treatment plants | 1,481,451 | 2,961,879 |
| Third-party water transferred for use by other organisations (if applicable) | – | 362 |
| **Total** | **3,574,020** | **4,161,737** |

The significant increase in water discharges by destination is caused by FCC Medio Ambiente Iberia, due to improved measurement systems compared to 2020.

# Energy consumption and energy efficiency

## Measures to improve energy efficiency

Aware of the climate footprint generated by its activities, FCC is developing specific measures to improve its energy efficiency and replace the use of fossil fuels with renewable energy sources. Reducing energy consumption reduces the need for resources and, consequently, helps to mitigate the impact of business activity on the environment.

The FCC Group has implemented a series of measures to increase energy efficiency at its facilities. FCC's businesses carry out a series of common actions in all areas such as: the replacement of lighting fixtures with LED and energy-saving technology; the installation of presence detectors; the replacement of obsolete equipment with new, energy-efficient equipment; or the purchase and development of more energy-efficient machinery.

In addition, several business areas are ISO 50001 Energy Efficiency and Saving certified, which allows for continuous improvement of energy performance and identification of additional opportunities to reduce energy use.

Specifically, the **Environmental Services Area** has applied, in the public lighting management contracts, the installation of software to monitor the energy consumption of each switchboard or group of switchboards.

Additionally, new BAT (Best Available Techniques) have been implemented to reduce emissions in waste incineration at the new WTE (Waste To Energy) plants in the Czech Republic.

The **Water Area** has been working on improving metering, calculating the energy efficiency of pumps and optimising processes, installations and production equipment. It should be noted that, as a general guideline, the aim is to constantly improve energy monitoring through billing management and control.

Finally, the **Construction Area** seeks energy efficiency from the design phase of its projects, seeking to apply good practices that reduce energy consumption and the use of cleaner resources, reducing carbon emissions, both in the construction and operation phases of infrastructures.

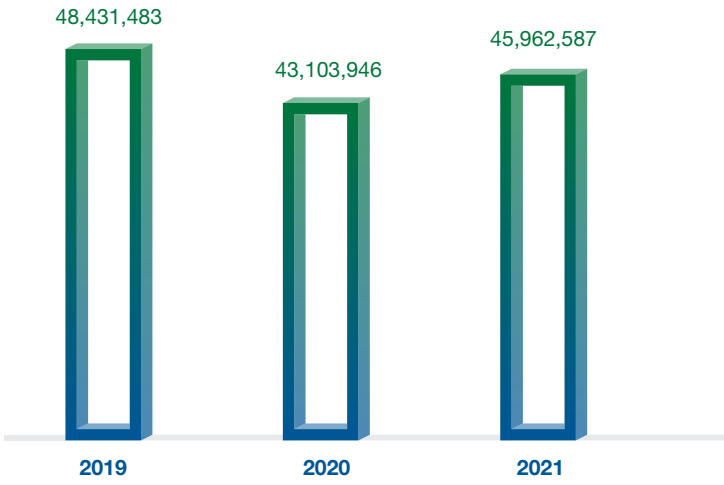
For its part, the **Cement Area** is committed to continuous improvement, optimising the efficient control of its processes, and has installed expert systems for the management of kilns and mills.

The FCC Group's energy consumption over the last three years is shown below, reflecting the company's efforts in this area:

### ENERGY CONSUMPTION OF THE ORGANISATION (GJ)

| Direct energy consumption | 2020 | 2021 |
|---|---|---|
| Direct consumption from non-renewable sources | 25,421,421 | 26,810,299 |
| Direct consumption from renewable sources | 11,494,555 | 12,626,607 |
| **Total** | **36,915,975** | **39,436,906** |
| **Electricity consumption** | | |
| Electricity consumption from non-renewable sources | 6,075,789 | 6,123,109 |
| Electricity consumption from renewable sources | 112,181 | 402,572 |
| **Total** | **6,187,970** | **6,525,681** |
| **Total energy consumption** | | |
| From non-renewable sources | 31,497,210 | 32,933,408 |
| From renewable sources | 11,606,736 | 13,029,179 |
| **Total** | **43,103,946** | **45,962,587** |

### DIRECT AND INDIRECT ENERGY CONSUMPTION (GJ)



## Renewable energies

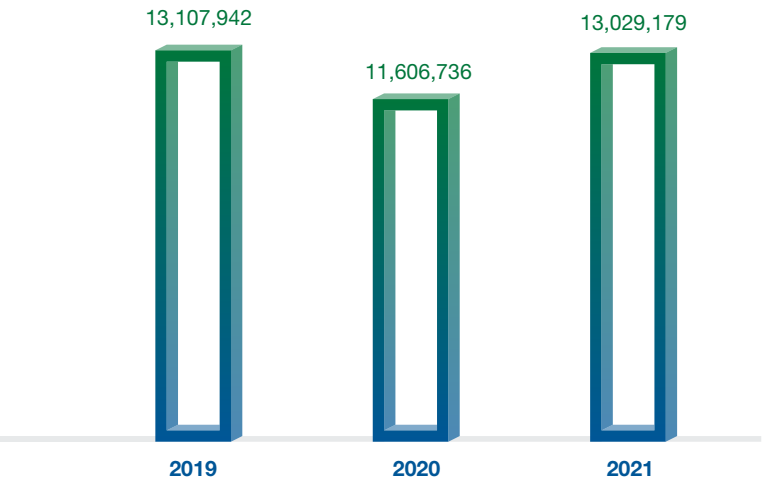
The FCC Group is developing various measures and projects to progressively increase the energy recovery of waste, thereby increasing its use of renewable energies.

In addition, during 2021, photovoltaic panels were installed on the roofs of warehouses, both for self-consumption and for sale.

The consumption of energy from renewable sources for the last three years is shown below.

The FCC Group's 2021 renewable energy consumption has increased compared to 2020 consumption, due to the installation of photovoltaic panels for self-produced energy consumption.

CONSUMPTION OF ENERGY FROM RENEWABLE SOURCES (GJ)



ENERGY SELF-CONSUMPTION AT THE CORPORATE HEADQUARTERS IN LAS TABLAS

A photovoltaic self-consumption system has been installed at the Las Tablas headquarters as an initiative in line with the corporate objectives of saving and efficient use of energy resources. This initiative aims to reduce the carbon footprint and increase energy efficiency at this work centre.

In full operation since September, it is a horizontal installation on the roof of the building with a maximum power of 38 kWp. It is estimated that its installation will produce 438,000 kWh per year.

In this way, the headquarters is adapted to the new regulations that promote the use of photovoltaic energy in companies in order to divide the cost into different time slots, with the hours of highest solar incidence coinciding with the highest price brackets.

# Circular solutions

*| Turning Waste into Resources*

## Growth towards a Circular Economy

The growing scarcity of resources and the need to preserve existing resources means that companies are increasingly prioritising investment in projects and technologies aimed at reusing and recovering surplus and waste generated both by themselves and by the society in which they operate.

The FCC Group has proactively promoted the integration of the principles of the circular economy in the management models of its business areas as a way towards the sustainable development of the company.

In this regard, the Environmental Services Area plays an exceptional role in all the countries in which it operates. Implicit in the development of its activity is the idea of looking beyond, viewing waste as valuable resources that can be reintroduced into the value chain, using the principles of the circular economy as a way to reduce its environmental impact.

The **Environment Area** contributes to the transition towards a true **circular economy** in the **wind energy** sector, participating in the implementation of **wind turbine blade recycling technologies**, and increasing the recyclability from 85-90% to **100%**

Similarly, the other areas of the FCC Group are working continuously to integrate the circular economy into business management. For their part, the Citizen Services, Construction and Aqualia Areas, with their adherence to the Circular Economy Pact, demonstrate their commitment to the transition to a new, more sustainable and environmentally friendly economic model.

On the other hand, the FCC Group adapts the appropriate measures to its specific activity, applying the waste hierarchy and always respecting the applicable legal requirements.

The main initiatives developed by the different areas of the Group in the field of circular economy are set out below:

**All areas** of the FCC Group are working continuously **to integrate the circular economy** into business management

## INITIATIVES

### Environment

- Reduction of the volume of waste disposed of in landfills, transforming it into resources.
- Development of infrastructures designed to obtain optimum waste quality and to transform it into new products.
- Safe disposal of waste that cannot be treated.
- Production of certified secondary fuels from selected waste.

### Water

- Obtaining added-value products during water treatment processes.
- Implementing value chain agreements for product re-use.
- Use of alternative resources to water.
- Energy generation through urban water cycle management.

### Construction

- Commitment to innovation to promote new sustainable and reusable materials.
- Reuse of inert materials, effluents and process wastewater.
- Use of recoverable elements and the use of recycled materials.
- Use of returnable packaging at the supplier.

### Cement

- Energy recovery and material recovery of waste, avoiding its deposit in landfills, replacing the use of fossil fuels with alternative sources, such as biomass.
- Use of secondary raw materials at different stages of the production process.

## The Environmental Services Area and its contribution to the Circular Economy

Within the FCC Group, the role of the Environmental Services Area in promoting the transition towards a Circular Economy model is particularly noteworthy, with hundreds of facilities for waste management, its subsequent treatment and safe disposal. In addition, this area has implemented data collection systems to evaluate and monitor its management at all times.

The Environmental Services Area, in addition to the implementation of processes of energy recovery, composting, recycling and biomethanisation, seeks to optimise the quantity and quality of the remaining waste for its subsequent reuse, recycling or energy revalorisation, trying at all times to improve waste disposal rates.

Through the use of various waste collection methods such as mechanical processes, robotic equipment and specialised waste separation and segregation plants, the Environmental Services Area has a total volume of 9,060,133 tonnes collected annually, in addition to the 18,698,147 tonnes accepted.

This area also participates in a complete portfolio of projects with the aim of promoting the Circular Economy, among which the following lines of research stand out:

- **Biomethane:** through its participation in different LIFE programmes of the European Union, it is committed to transforming waste treatment centres into centres producing fuel (biomethane) for use in all types of vehicles.
- **Circular economy for plastics:** its main purpose is to prevent the landfilling of plastics in municipal waste, thereby reducing their treatment through energy recovery and promoting their recycling through the development of innovative processes.
- **Optimisation of composting:** by means of bioconversion with insects, the aim is to generate innovative products for the valorisation of urban by-products and bio-waste.
- **Creation of new sub products and biomaterials:** this line investigates the recovery of organic waste and its transformation into new products, as well as other forms of utilisation, such as biomaterials.
- **Innovation in industrial waste:** through a set of projects dedicated to the reduction and substitution of the use of fluorinated gases, the revalorisation of waste through its incorporation into materials, as well as the isolation of polluting waste.

| Waste management (T) | 2020 | 2021 |
|---|---|---|
| Municipal waste | 6,058,676 | 6,300,021 |
| Hazardous industrial waste | 453,365 | 334,845 |
| Non-hazardous industrial waste | 2,470,360 | 2,418,049 |
| Other waste (hazardous and non-hazardous) | 5,529 | 7,218 |
| **TOTAL** | **8,987,930** | **9,060,133** |

| Waste accepted at FCC centres (T) | 2020 | 2021 |
|---|---|---|
| Municipal waste | 7,123,021 | 6,531,097 |
| Hazardous industrial waste | 667,166 | 935,499 |
| Non-hazardous industrial waste | 9,699,244 | 11,231,551 |
| **TOTAL** | **17,489,432** | **18,698,147** |

| Hazardous Waste Treatment (T) | 2020 | 2021 |
|---|---|---|
| Valuation | 278,641 | 247,265 |
| Stabilisation/Landfill | 510,275 | 300,469 |
| Transferred to an end manager/ other destinations | 37,368 | 103,273 |
| Other destinations | 20,923 | 71,312 |
| **TOTAL** | **847,206** | **722,319** |

| Treatment of non-hazardous waste (T) | 2020 | 2021 |
|---|---|---|
| Valuation | 3,729,815 | 3,510,515 |
| Controlled Landfill Disposal/ Stabilisation | 9,895,784 | 9,732,697 |
| Transferred to an end manager | 2,644,518 | 2,585,101 |
| Other destinations | 42,971 | 73,624 |
| **TOTAL** | **16,313,089** | **15,901,937** |

# Reduction of waste generated

The FCC Group is aware that the normal development of its operations involves the generation of waste, and therefore establishes at all times measures to reduce its environmental impact. The Group is committed to promoting activities for the use and subsequent reintroduction of waste into the value chain, in line with the principles of the Circular Economy.

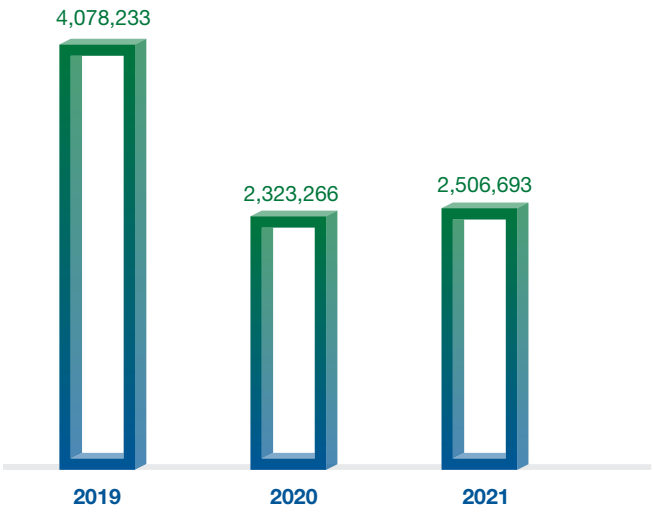
Given the particularities of each of the Group's business areas, the type of waste generated and the measures adopted to minimise its generation differ, as follows:

| | WASTE GENERATION | MEASURES IMPLEMENTED |
|---|---|---|
| **Environmental Services** | The waste generated is mainly related to the maintenance of the vehicle fleet. | • Waste segregation measures.<br>• Establishment of waste minimisation plans.<br>• Preferable acquisition of vehicles built with easily recoverable elements. |
| **Water** | The main waste generated is sludge, extracted as a result of the filtering process. | • Monitoring of waste water characteristics and flows.<br>• Measures for the valorisation of sludge, mainly for agricultural use or composting. |
| **Cement** | The waste generated is due to facility maintenance, cleaning, laboratory, works execution and other auxiliary activities.<br>In addition, part of the final product is sold packaged, generating waste for the user. | • Measures for waste segregation.<br>• Awareness-raising campaigns for staff.<br>• Waste valorisation, using it in the cement production activity. |
| **Construction** | Construction activity involves the generation of waste and effluents from the handling of materials as well as demolition operations. | • Segregation of the waste generated.<br>• Promotion of responsible consumption of materials.<br>• Request for materials with returnable packaging from the supplier.<br>• Management of surplus excavation and recovery of rubble. |

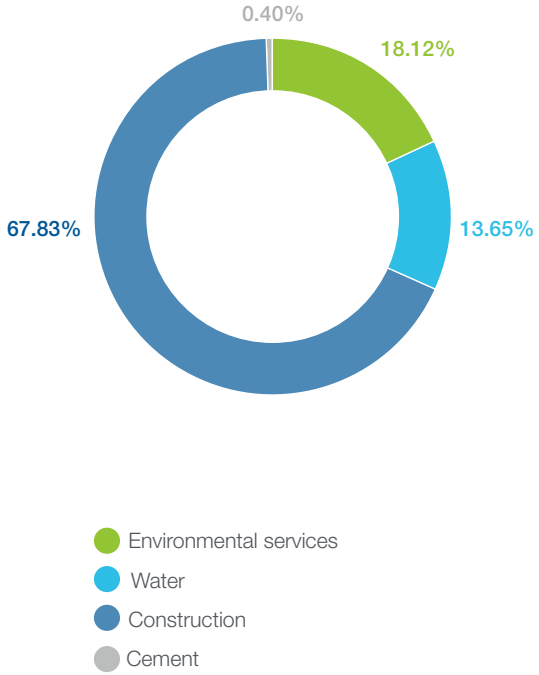
The evolution of the total waste generated, as well as its distribution by FCC Group business lines, with respect to 2020, is shown below. The increase in waste generated in 2021 is mainly due to the progressive reactivation of projects paralysed during the Covid-19 situation in the Construction Area, which are resumed in project phases with higher waste generation.

The increase in hazardous waste compared to the amount in 2020 is mostly due to the increase reported by the Construction business line, as the works have involved the management of contaminated earth and rocks.

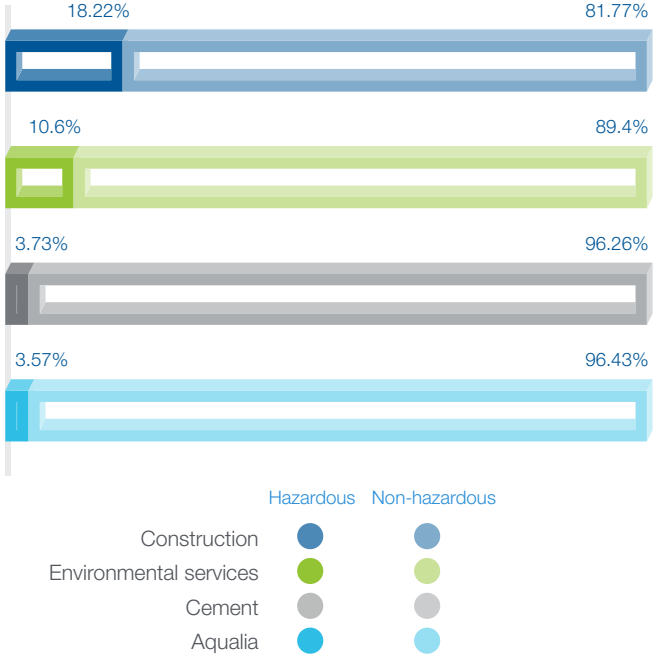
## EVOLUTION OF TOTAL WASTE GENERATED (T)




## DISTRIBUTION OF TOTAL WASTE GENERATED (%)




## RATIO OF HAZARDOUS AND NON-HAZARDOUS WASTE GENERATED (%)



# Water as a resource

Changes in weather patterns, together with the progressive increase in global temperature, increase the risk of drought and the likelihood of water stress in more and more places. In this context, the need to adapt to a decreasing use of this resource becomes even more important.

The FCC Group, aware that the normal development of its activities depends on the availability of water, is increasingly strengthening its commitment to this resource. The Group has implemented various measures for rational and efficient water consumption, guaranteeing at all times compliance with the territorial limits for urban water consumption.

The evolution of the FCC Group's water abstraction is set out below:

The volume of water abstraction recorded in 2021 is practically unchanged. As can be seen in the following figure, and according to the volume of water abstraction by business line, 68% of water consumption corresponds to FCC Construcción.

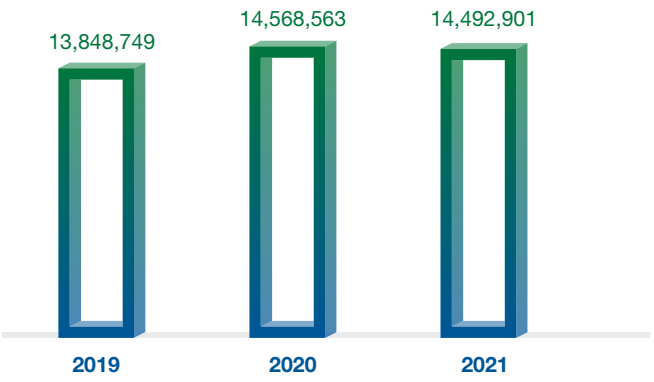
As can be seen in the table, the water abstraction data of the Aqualia business is not being considered, as it is a residual consumption compared to the rest of the Group's business lines.

The Construction business has reported a higher amount of municipal water supply or water from other water companies due to increased activity in Latin America and Spain in 2021 compared to 2020 due to the pandemic situation.

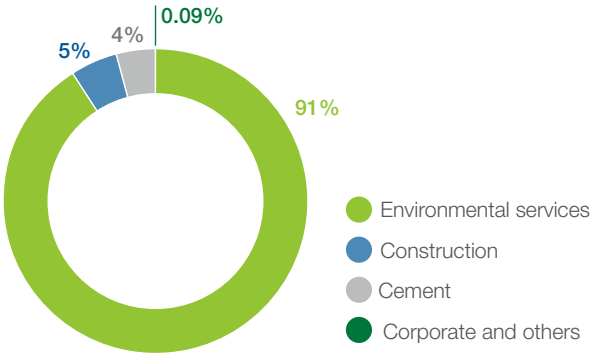
The following graph shows the distribution of water consumption by the Group's different business areas. As can be seen, water abstraction is particularly significant for the Environmental Services Area, as it is associated with the provision of services, such as garden cleaning and maintenance activities, or street sweeping as part of street cleaning.

The higher percentage of extraction by FCC Construcción is mainly due to the reactivation of projects in Latin America and Spain, which were paralysed by the pandemic, thus reporting higher water consumption.

WATER EXTRACTION ($m^3$)




DISTRIBUTION OF WATER CONSUMPTION (%)



## Water management at Aqualia

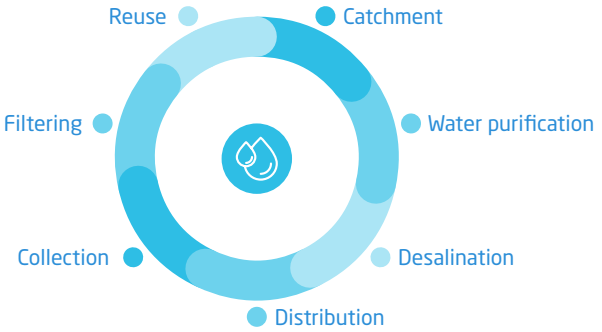
Aqualia is, within the FCC Group, the business area specialising in integral water cycle management. This business is responsible for guaranteeing the optimisation of public and private water resources, thus promoting the sustainable development of communities.

By managing the phases that make up the integral water cycle, Aqualia controls the process exhaustively, comprising the following phases:

- **Catchment:** Aqualia captures water from different points such as springs, seawater, salinized wells, among others.
- **Water purification:** in order to provide an optimal guarantee for drinking water, various technologies are implemented in drinking water treatment plants depending on its origin and quality.
- **Desalination:** maximising the use of water resources and addressing water scarcity, its facilities offer comprehensive water desalination solutions to industry and municipalities.
- **Distribution:** through extensive arteries connected to the municipalities' headwater reservoirs to the buildings, the company provides drinking water to the entire population.
- **Collection:** used water discharges from buildings and runoff water generated by rainfall reach the filtering facilities, through the sewerage network managed by Aqualia, to be reused or discharged into the natural environment once they have been treated.
- **Filtering:** thanks to its experience in the design, construction and management of wastewater treatment plants, Aqualia is able to filter the polluted wastewater produced by citizens.
- **Reuse:** once the water has been filtered, improving its physical and sanitary characteristics, it is destined for reuse in the irrigation of parks, cleaning or recovery of ecological flows.

The main figures related to Aqualia's integrated water management and their comparison with 2020 are shown below:

| Natural capital: input ($m^3$) | 2020 | 2021 |
|---|---|---|
| Volume of water | 908,281,618 | 995,313,590 |
| Drinking water produced | 643,416,868 | 769,080,428 |
| Filtered water | 665,830,462 | 656,867,498 |
| Raw water purchased | 201,161,827 | 208,151,866 |
| Total water consumed in water purification and desalination processes | 174,980,591 | 178,795,022 |
| Quantity of water distributed | 666,335,239 | 643,732,387 |
| **Reuse of WWTP outflow water ($m^3$)** | | |
| Total quantity of water treated at WWTPs | 682,243,654 | 723,762,128 |
| Amount of water reused | 56,400,000 | 45,937,030 |
| Total % reused | 8.5% | 6.9% |



### Pioneer in the use of new technologies

In October 2021 Aqualia began working on the creation of the new Vigo Water Treatment Plant. This project presents an unquestionable challenge, as the construction will be simultaneous with the treatment and daily distribution of water to a total of five municipalities with a population of 500,000 citizens.

However, Aqualia has taken up the challenge, reinventing both the way it operates and the technologies it uses. Thus, this station will be able to exceed the requirements established in the new European Directive, using ultrafiltration membranes to improve water quality.

# Raw materials in the production process

Part of the activities carried out by the FCC Group's business areas inevitably involve the use of raw materials and, therefore, the optimisation of their consumption and their responsible use is encouraged. The main measures implemented in the Group to limit the consumption of raw materials, thereby reducing their environmental impact, are as follows.

The FCC Group's priority is to guarantee the reinforcement of sustainable consumption policies and models, with the aim of promoting the waste valorisation of materials obtained from waste or by-products, as a substitute for raw materials.

By pursuing a production model based on the use of alternative raw materials such as: paper mill carbonates, industrial sludge, concrete waste, recycled fuel, recovered hydrocarbon or fly ash, all the businesses that make up the FCC Group manage to save on the consumption of non-renewable natural resources, reducing the negative impacts that these practices entail.

Among the main measures established for the optimisation of the use of materials are the following:

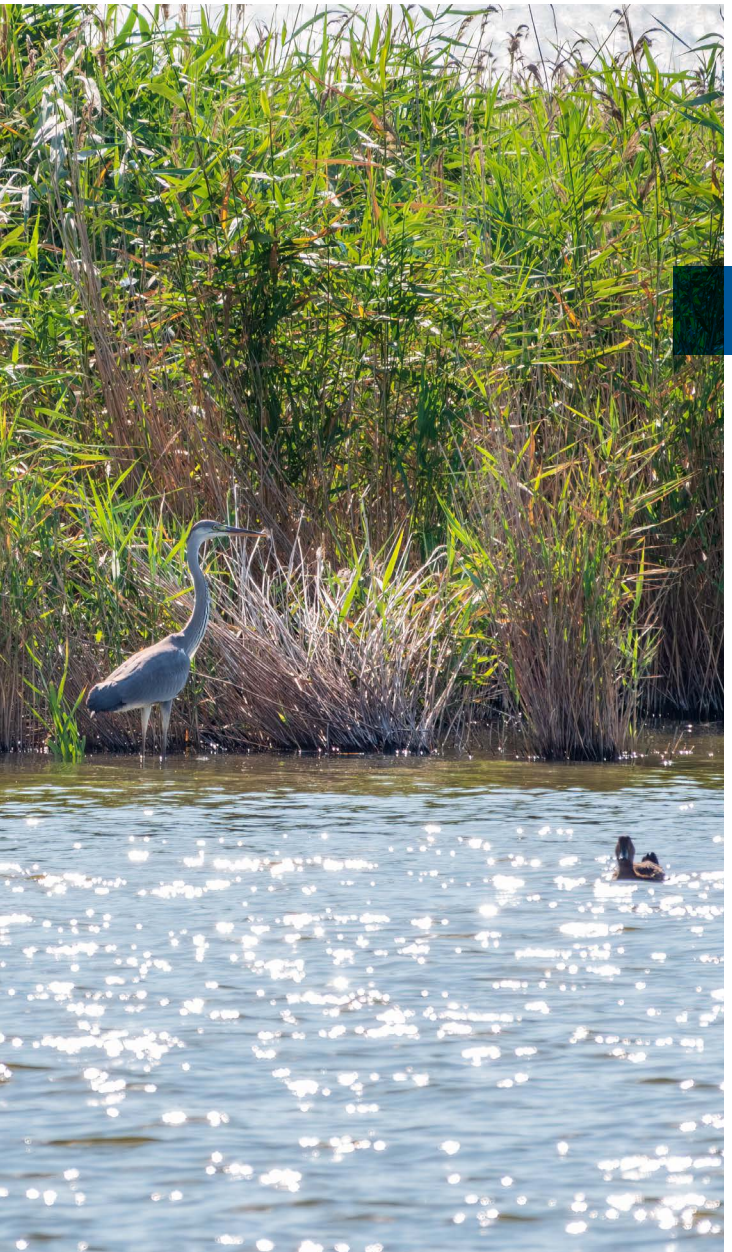
## MAIN MEASURES ESTABLISHED FOR THE OPTIMISATION OF THE USE OF MATERIALS

| | |
|---|---|
| **Environmental services** | Use of recycled materials derived from waste in production cycles. |
| **Water** | Establishment of analytical control procedures for the processes, guaranteeing a minimum and adequate consumption of materials in accordance with the established regulations. |
| **Cement** | Use of alternative raw materials, investments in systems to optimise their activity, as well as process control. |
| **Construction** | Reuse of the waste generated on the works, thus reducing the volume of materials used compared to the initial planning. |

The consumption of raw materials, process materials, lubricants and reagents, semi-finished products and container and packaging material used by the FCC Group during the 2021 financial year is detailed below:

| **Materials used** (T) | **2020** | **2021** |
|---|---|---|
| Raw materials (metals, minerals, wood, etc.) | 41,396,446 | 70,629,672 |
| Process materials, lubricants and reagents | 96,849 | 113,303 |
| Semi-finished products | 3,726,276 | 2,015,821 |
| Container and packaging material (paper, cardboard, plastics) | 8,671 | 9,600 |
| **Total** | **45,228,241** | **72,768,396** |

With regard to the increase in the reported total amount of tonnes of materials used during the year 2021, it should be noted that, in the Construction Area, several large projects are being carried out, which contribute significantly higher amounts of raw materials. In addition, there has been a change in the scope of the information provided by the Construction business, including this year data corresponding to the Riyadh Metro projects and the activity of Áridos de Melo.



# Biodiversity

## | *Committed to the conservation of natural capital*

There is no economic activity that does not ultimately depend on the natural resources offered by our planet. The activity of the FCC Group is no exception, being essential for the development of its activity, the hydrological cycles, the purification of water and air, in addition to the resources obtainable to complete the offer of products and services that characterises the Group.

The FCC Group promotes the development of its activities always bearing in mind the conservation of natural capital, as reflected in its membership of the Iniciativa Española Empresa y Biodiversidad (IEEB) [Spanish Business and Biodiversity Initiative] and its adherence to the Biodiversity Pact. Both actions are promoted by the Fundación Biodiversidad del Ministerio para la Transición Ecológica y el Reto Demográfico [Biodiversity Foundation of the Ministry for Ecological Transition and the Demographic Challenge].

Given the particular characteristics of the activities carried out by the FCC Group's businesses, their impact on biodiversity varies. In this way, each area seeks to create value according to its area of influence. For example:

The **Environmental Service Area** plays a very important role in the revegetation of landfills with autochthonous species, stabilising the masses of deposited waste, while reducing the nuisance associated with odours.

The **Water Area** promotes initiatives for the conservation of ecosystems that may be affected by its activities, by planting trees, creating habitats, or developing wildlife rescue plans.

The **Construction Area** tries to mitigate its impacts on biodiversity, protecting and delimiting areas of natural interest, and trying to preferentially use existing roads before opening new ones, as well as carrying out restoration measures in affected areas.

The **Cement Area** has an impact on biodiversity as a result of the exploitation of natural resources in the quarries supplying raw materials. For this reason, landscape assessments are carried out according to the area exploited in relation to the area restored.

Likewise, different areas of the FCC Group promote agreements with nature protection associations, such as the Chamaeleo project which, through collaboration with the Centro Municipal de Educación Ambiental y Actividades en la Naturaleza Coto de la Isleta (Cadiz) [Municipal Centre for Environmental Education and Nature Activities], aims to recover the population of the common chameleon.

The following tables show the Group's main biodiversity results:

| Measures taken to preserve or restore biodiversity | 2020 | 2021 |
|---|---|---|
| Protection of sensitive areas (ha) | 1,142 | 1,237 |
| Restoration of affected areas (ha) | 700 | 940 |

| Sensitive protected areas and affected zones | Number of facilities | Area (ha) |
|---|---|---|
| Location in protected natural sites or sites with high biodiversity value | 155 | 938 |
| Location in an area with a landscape classified as relevant | 9 | 954 |
| Effect on natural watercourse in protected site | 2 | 10 |
| Effect on natural watercourse in areas with high biodiversity value | 7 | 850 |
| Effect on watercourses with very high or relevant value for local communities and indigenous populations | 9 | 857 |
| Effect on listed or protected vegetation | 10 | 1,445 |
| Effect on listed or protected animal species | 11 | 1,355 |

## PROTECTING BIODIVERSITY

### Cementos Portland Valderrivas collaborating with the restoration of the El Porcal estate

In the heart of the Southeast Regional Park of Madrid (Rivas Vaciamadrid), is the former mining site owned by Cementos Portland Valderrivas.

With an area of more than 400 hectares distributed between steppes and wetlands of the lower courses of the Manzanares and Jarama rivers, it is classified as a Natura 2000 Network site.

**More than 180 species of animals** live in this area, most of which are in danger of extinction.

Until 2008, the company sourced aggregates for building and development materials (such as cement, glass and paints) and infrastructure from this site.

However, for years and thanks to the collaboration of the Naumanni Naturalist Association, El Porcal has been an **example of environmental restoration** thanks to a general sustainable development plan based on the reduction of the visual impact of extractive activities and their integration into the landscape, the development of good practices for the natural colonisation of native species of fauna and flora, and the balance between human activities and the environment.

## Inequality and social welfare

Greater equality around the world is essential for a secure, peaceful and sustainable future for our planet. The still present COVID-19 has impacted on the following issues:

- Job loss, job insecurity, reduced income and social mobility; issues that have a direct impact on increasing levels of global poverty and inequality[12]. Thus, 150 million people live on less than USD 1.90 a day, which is considered extreme poverty[13].
- Weakening of social cohesion and expressions of social discontent[14].

The FCC Group is fiercely committed to social welfare and the fight against inequality, through the following actions:

- FCC Environment is part of "Empresas por una Sociedad Libre de Violencia de Género" [Companies for a Society Free of Gender Violence], to raise awareness and support the integration of victims into the workplace.
- The FCC Group collaborates with the ONCE Foundation, with the aim of hiring 900 people with disabilities.
- The company also launches annual internal food distribution and blood donation campaigns, among others.

[12] OECD, *The future of work*.

[13] Banco Mundial, (2020), *COVID-19 agregará hasta 150 millones de pobres extremos para 2021*.

[14] UNDP (2021), *COVID-19 eroding social cohesion and triggering rise in civil unrest in crisis-affected countries, alert UNDP, g7+*.

## Health and safety

**Social challenges**

The pandemic has exposed the weakness of our welfare state, among other issues, by aggravating:

- The saturation of public health systems and the lack of social protection systems[15].
- Mental health problems; an issue that has become an unavoidable social and employment priority.
- The increase in temporary contracts and part-time work, which will be a challenge in terms of equal opportunities, security and people's physical and mental health[16].

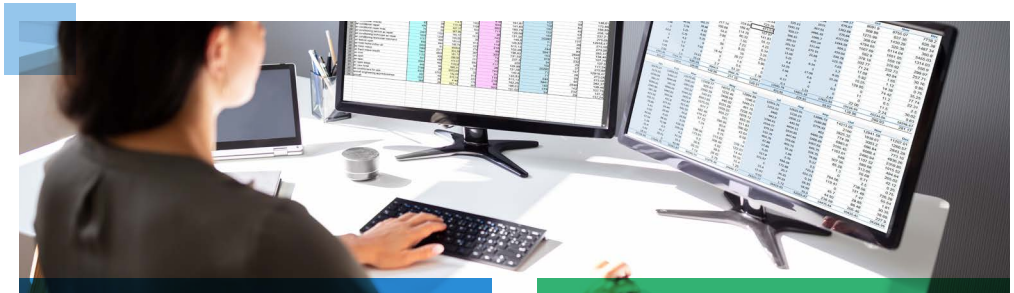
The current recovery context requires businesses to undertake transformations to adapt to the new scenario, with special attention to the health of their workers.

**Response from the FCC Group**

The FCC Group assumes its responsibility with regard to collective and individual health and safety issues.

- The water management business remains committed to the health and emotional wellbeing of its workers and has a mobile application, BeAqualia, which allows any psychological problems suffered by an employee to be identified in advance.
- All the branches of FCC Medio Ambiente were certified by Aenor in accordance with the new Sistema de Gestión de Organización Saludable (SIGOS) [Healthy Organisation Management System], being the first company in its sector to obtain this recognition.

## The Future of Work and Inclusive Labour Integration



**Social challenges**

The pandemic has accelerated existing trends in remote working, e-commerce and automation. The following facts and figures are worth noting:

- Approximately 14% of jobs in OECD countries are susceptible to automation, while another 32% are at high risk of being partially automated.

Moreover, digitalisation will present a new challenge in terms of gender inequality[17] and low-skilled workers.

**Response from the FCC Group**

The FCC Group is committed to professional development and diverse talent, with prepared and committed teams.

- FCC Medio Ambiente promotes inclusive work through projects such as FCC EQUAL, a Centro Especial de Empleo (CEE) [Special Employment Centre], where a number of disabled people are already working.
- FCC Construcción promotes digitalisation in the company by organising workshops to share methodologies and trends in this area.
- The FCC Group, through its businesses, has agreements with universities to contribute to the training and employment opportunities of future workers.

[15] EXPH's opinion, (2020), *The organisation of resilient health and social care folowing the covid-19 pandemic*.

[16] Zurich, (2020), *Shaping a brighter world of work – An Employer Outlook*.

[17] The Guardian (2021), *Flexible working: A system set up for women to fail.*

# Employees

## People at the core

- Review of the organisational structure to adapt it to the current context, analysing both the organisational level and the family, mission and functions of each job in the organisation.
- Significant advances in the appropriate treatment of data that allow the optimisation and management of processes, and analysis to facilitate the adoption of the most appropriate decisions in the management of People.
- Signing of equality plans in each of the FCC Group's areas, generating new initiatives to promote gender diversity.
- More committed and accountable leadership for team growth.
- In the context of the health and well-being of our workers, promotion of the project Vive Saludable [Healthy Living] and actions in the management of Covid-19.

- Implementation of the people management platform (data centre employee), continuing to make progress in data analytics.
- Evolution of the CAMPUS FCC e-learning platform as a global benchmark for continuous and agile learning that meets the more transversal training needs of the FCC Group, focusing on sustainability and digital transformation.
- Continue training women and increase the percentage of women in supervisor positions, making them more visible in the Group.
- Develop the FCC360 App, where all workers can maintain two-way communication with the FCC Group, carry out procedures and receive training.
- Promote the implementation of physical and mental wellbeing plans.

During this year, the FCC Group has taken on all the challenges we have experienced during the pandemic, and despite the great impact it has had on the lives of the people who work in the Group, it has continued to persevere in its aim to be the best place to work, promoting the quality of life of the people.

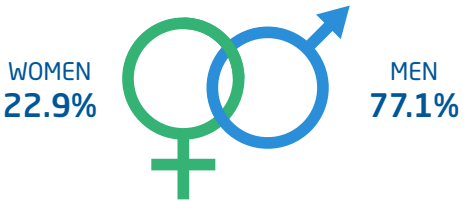
To this end, it has drawn up a global strategy, which is its value proposition in terms of people and which is based on three fundamental pillars: **talent, diversity and equality, and health and wellbeing**. To this end, it is essential to work on data-driven decision-making and to encourage listening to our workers.

# Recognising talent

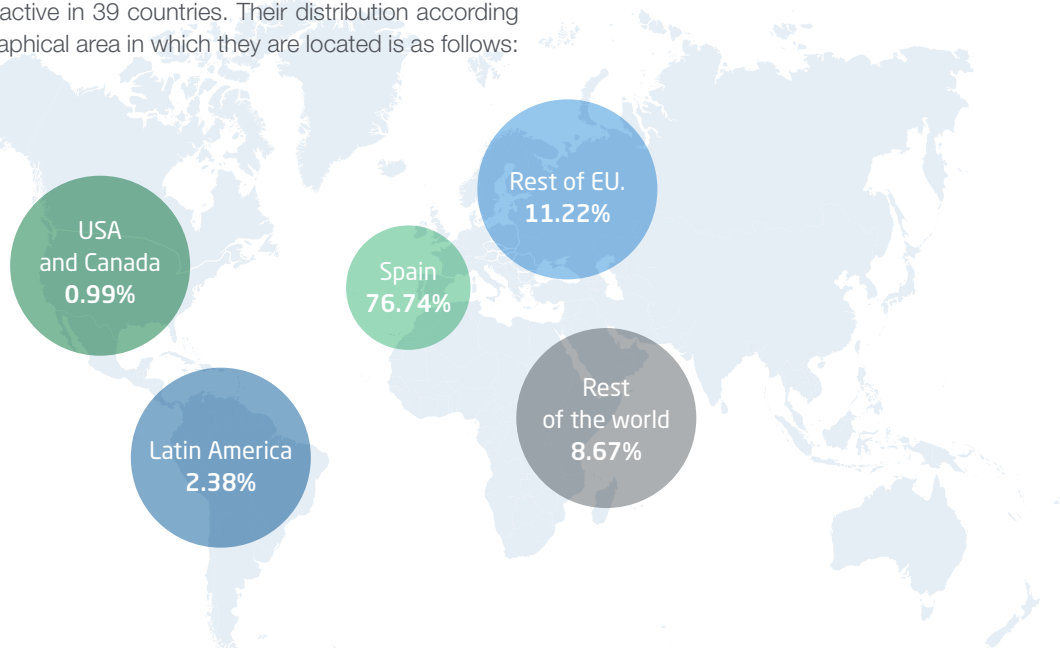
The ambition of the FCC Group is **to bring out talent** at the service of the organisation, through policies aimed at **selecting the right talent**, **promoting their** professional **development** in the Company, **optimising performance** and **managing objective compensation** for the results obtained

## Profile of human capital in the FCC Group

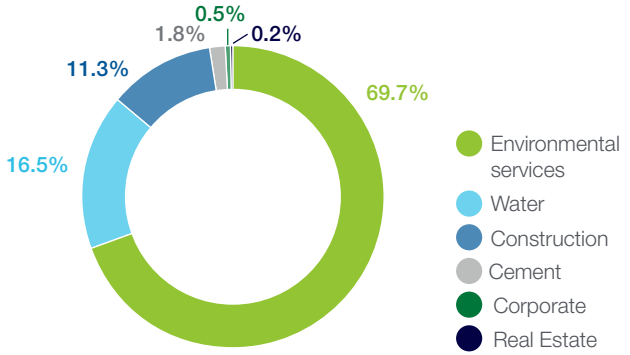
The FCC Group employs 59,547 people, and it should be noted that in 2021 the total number of women has increased compared to the previous year, reaching 22.9%. Their distribution by gender and business areas is as follows:




FCC is also active in 39 countries. Their distribution according to the geographical area in which they are located is as follows:




STAFF BY BUSINESS AREA



# Organisational structure

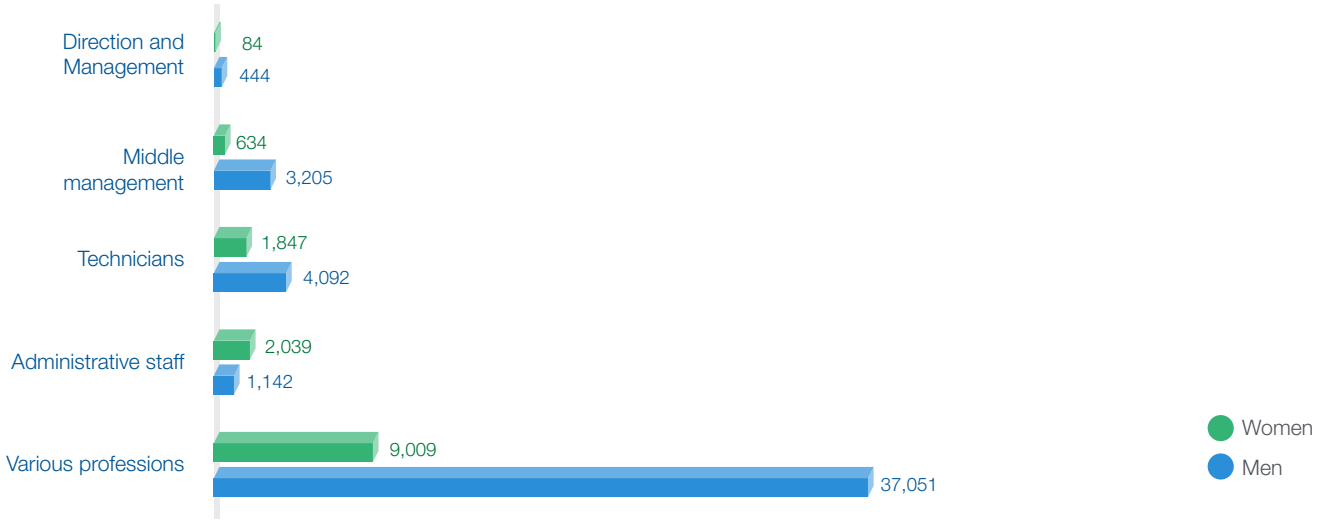
The FCC Group understands that it is essential to have a suitable organisation, coherent and inspired by the strategy of each business area and its operational needs, which allows for a clear and simplified vision of the organisational structure, and which clarifies the distribution of responsibilities among the workers and the profiles required in each case.

The organisation enables people management in areas such as selection, functional mobility, training and job evaluation.

During the 2021 financial year, the FCC Group has completed the process of reviewing its organisational structure to adapt it to the current context, analysing both the organisational level and the family, mission and functions of each job in the organisation.

As a result of the aforementioned review, the distribution by gender and functional level at the end of 2021 is shown below, highlighting that, in general, the number of women has increased at practically all levels, especially at supervisor levels, compared to the previous year:

## DISTRIBUTION BY GENDER AND FUNCTIONAL LEVEL




# Recruitment

Depending on the specific needs of each of the activities carried out by the Business Areas, the corresponding employment contracts are formalised, in accordance with the modality that best suits them.

Of the total workforce, 44,356 workers have a permanent contract and 15,191 have a temporary contract, with an increase in the number of permanent contracts compared to the previous year. It should also be noted that many of the above-mentioned temporary contracts enjoy a high degree of employment stability, considering that there are many people working under contract in sectors where there is an obligation to subrogate by contract.

In terms of averages, in 2021, 43,788 workers have permanent contracts, while 15,954 have temporary contracts.

With regard to new hires, it is important to note that in 2021 the number of new hires has increased compared to the previous year, especially in the number of women.

| | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| Direction and Management | 11 | 3 | **14** | 22 | 9 | **31** |
| Middle management | 203 | 73 | **276** | 246 | 44 | **290** |
| Technicians | 789 | 185 | **974** | 709 | 307 | **1,016** |
| Administrative staff | 122 | 218 | **340** | 104 | 362 | **466** |
| Various professions | 6,578 | 2,061 | **8,639** | 8,465 | 2,566 | **11,031** |
| **Total** | **7,703** | **2,540** | **10,243** | **9,546** | **3,288** | **12,834** |

In 2021, the **FCC Group's Recruitment Policy** was approved by the Board of Directors, renewing the bases and principles to inspire our processes, in order to attract, select and retain the best talent

## Join FCC

In accordance with the FCC Group's principles and values, young people's access to their first job must be promoted through programmes and other agreements. Thus, the **4th Edition of the International Programme for Young Talents** in the Construction Area is worth mentioning, with training that aims to promote the development of recent graduates and then facilitate the filling of positions in the company's international projects.

In 2021, it began to consolidate the Integration Programme (On Boarding) for new recruits, which includes a training itinerary that favours rapid integration into the position and the company

## Managing knowledge

As part of the FCC Group's professional development model, we continue to work to promote the development of each and every one of our workers.

The objectives of the transversal training plan 2021 have covered several main axes, among which the following stand out:

- Providing management with new skills and knowledge to ensure the well-being of their teams and business efficiency through various programmes.
- The development of the competences or skills demanded in this new reality and which are linked to skills related to interpersonal relations (Individual and Team Coaching, Development Meeting, Conflict Management, etc.).
- Digitalisation as a set of training actions linked to process optimisation and the acquisition of an agile and digital mindset.
- Raising awareness of Diversity and Equality issues to boost female talent and diversity.
- Compliance training, continuing with the development of knowledge and commitment linked to the FCC Group's Compliance Model.

The data on hours of training by functional level, business area and gender are broken down in the following table:

## HOURS OF TRAINING

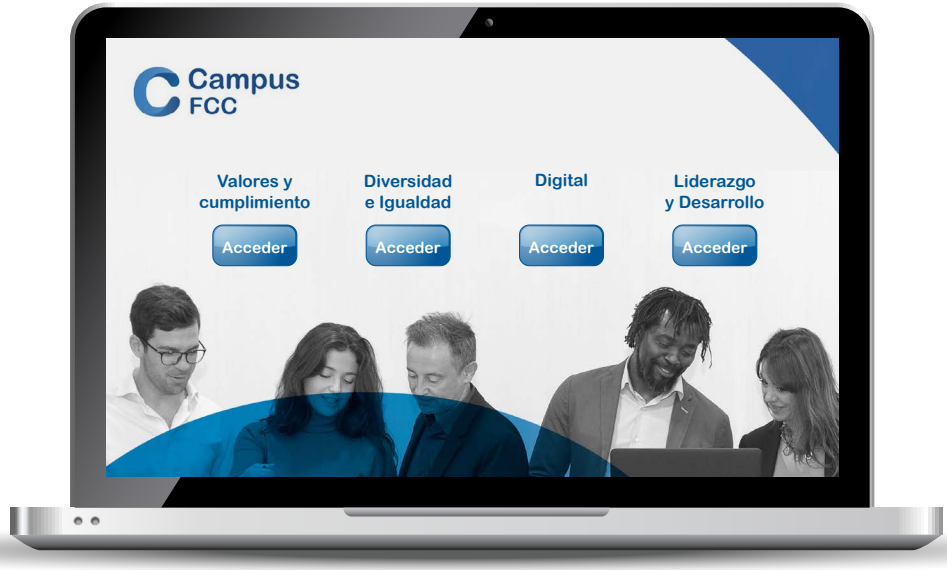
| | Management and Direction | | Supervisors | | Technicians | | Administrative clerks | | Miscellaneous occupations | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women | Men | Women | Men | Women | 2021 Total |
| Environmental Services | 3,863 | 1,698 | 37,274 | 7,171 | 22,159 | 10,243 | 5,069 | 11,845 | 153,695 | 27,818 | 280,836 |
| Water | 3,327 | 515 | 17,544 | 6,453 | 11,311 | 6,392 | 1,474 | 4,407 | 21,746 | 615 | 73,784 |
| Construction | 1,297 | 181 | 7,708 | 1,577 | 20,158 | 8,245 | 1,795 | 1,586 | 28,088 | 412 | 71,047 |
| Cement | 267 | 42 | 1,737 | 308 | 1,863 | 730 | 269 | 89 | 3,324 | 64 | 8,693 |
| Real Estate | 220 | 101 | 23 | 27 | 311 | 136 | 8 | 6 | 0 | 0 | 830 |
| Corporate | 1,484 | 1,031 | 469 | 445 | 825 | 1,339 | 93 | 335 | 31 | 24 | 6,076 |
| **National Subtotal** | **10,457** | **3,568** | **64,754** | **15,981** | **56,627** | **27,085** | **8,708** | **18,268** | **206,884** | **28,933** | **441,266** |
| Environmental Services | 903 | 427 | 15,926 | 4,925 | 11,959 | 2,956 | 2,472 | 9,977 | 30,940 | 1,875 | 82,359 |
| Water | 417 | 188 | 2,003 | 738 | 6,966 | 9,646 | 938 | 1,172 | 9,095 | 350 | 31,512 |
| Construction | 309 | 0 | 1,352 | 413 | 2,292 | 656 | 146 | 504 | 1,693 | 17 | 7,382 |
| Cement | 96 | 0 | 276 | 76 | 546 | 24 | 51 | - | 384 | - | 1,453 |
| **International Subtotal** | **1,724** | **615** | **19,557** | **6,152** | **21,763** | **13,281** | **3,606** | **11,653** | **42,112** | **2,242** | **122,705** |
| **Total** | **16,364** | | **106,453** | | **118,756** | | **42,235** | | **280,171** | | **563,971** |

## Campus FCC

The mission of the FCC Corporate University is to be a global benchmark for continuous and agile learning that meets the training needs linked to the business (Upskilling) and allows the development of new skills that will be demanded in the jobs of the future (Reskilling), thus increasing the versatility and employability of the workers of the FCC Group.

In 2021, training initiatives have continued to be developed in online or face-to-face training in virtual classrooms, methodologies that have been an advantage in the promotion of training during the pandemic situation, with the fundamental training milestones and their degree of achievement being, among others, that more than 80% of the students convened to raise awareness of the Code of Ethics and Conduct have completed the training, which means more than 4,000 people. On the other hand, more than 6,800 people have received training in Cybersecurity.

It is worth highlighting Campus' action plan, aimed at improving management and advanced analytics, as well as the launch of **125 online training pills** in **205 sessions**, which are making Campus a benchmark as a continuous learning space for the FCC Group.




## Development meeting

During the 2021 financial year, special emphasis has been placed on the process of identifying performance and potential. The process is initiated in Spain as a global tool for evaluating performance, potential and development in the FCC Group (fundamentally with respect to the supervisor team), providing a vision of internal talent in order to be able to make decisions and design action plans based on the needs detected.

To launch the process this year, a specific online training guide on Campus FCC for managers and collaborators has been developed, with the aim of guiding the meeting, allowing an enriching and developmental conversation between participants.

In 2021, **more than 120 development meetings** were recorded in the tool.

# Compensation policy

FCC rewards its workers according to criteria of sectorial and geographical competitiveness, internal equity and level of responsibility.

FCC Construcción operates in a wide range of production sectors (construction, water, cement, concessions, services, Real Estate) in 39 countries and, in general, the remuneration of its workers is subject to the applicable collective agreements (in the case of Spain, more than 800 agreements of varying scope in 2021).

The average salary[18] of the management team is 122,499.16 euros, broken down by sex as follows: (i) average salary for women: 94,210.81 euros, and (ii) average salary for men: 127,683.23 euros.

The management team includes both senior management (reporting directly to the CEO) and the workers who hold managerial and responsible positions in the FCC Group.

The FCC Group has worked and developed, and continues to do so, the necessary tools to comply with the legal provisions regarding the recording and auditing of remuneration, as a result of the Group's firm commitment to equal opportunities and with the aim of effectively serving the principle of transparent remuneration.

## Wage gap

FCC's remuneration management is based on the criteria of objectivity, external competitiveness and internal equity. FCC does not differentiate by gender, so that the salary is equitable according to the level of contribution to the business (functional level) and the level of responsibility and value in each job.

In any case, it should be noted that the percentage difference does not imply the existence of gender-based pay discrimination, as there are factors outside the Company's sphere of action that contribute significantly to increasing gender-based pay inequality, such as the masculinisation of most of the sectors in which the Group operates, the working conditions arising from subrogation, individual performance, economic crises, the political situation, socio-cultural reasons, academic training, experience in the position held, among other factors. This is why, in addition to the evolution of the rules governing pay obligations, the reference to the adjusted wage gap is not included, as long as this concept is not more clearly defined.

With regard to the wage gap in the other countries in which FCC operates, in most of them there is no definition or specific concept of a gap. However, in the United Kingdom there is consolidated legislation on the wage gap, with the two companies in the Environment Area having a wage gap of 1.67% (in favour of women) and 1.16%, respectively.

GROSS WAGE GAP

It is calculated as the percentage difference between the average total wages of men an women.

Financial year 2021

**19.81%**

## Variable remuneration

The FCC Group's variable remuneration system considers criteria related to business objectives and the achievement of individual goals, linking personal performance with the Group's business project and culture of compliance.

In 2021, 89.35% of executives and managers in 11 countries will have benefited from the FCC bonus.

[18] Including variable remuneration, allowances, indemnities and payments to long-term savings schemes.

# Working towards making diversity a reality

## Gender equality

For FCC, the principle of equal opportunities is an unwaivable commitment to action included in its Code of Ethics and Conduct and in each of its Equality Plans in Spain. On the other hand, it is worth highlighting the Equality Plan in force in the United Kingdom.

Furthermore, the FCC Group's Code of Ethics and Conduct promotes as an essential principle the creation of a fair and diverse working environment that favours the professional and personal development of its workers, also stating that selection and promotion decisions in the FCC Group are always based on merit and on objective and transparent evaluations.

All of the Business Area head offices have been recognised and periodically renew the Distinctive of Equality in the Company, a mark of excellence awarded by the Ministry with the Equality portfolio, and the Group currently has 5 Distinctive awards.

## Promotion of women to supervisory positions

As a result of the FCC Group's firm conviction in favour of the promotion of women, by the end of 2021 the percentage of women in supervisory positions had increased compared to 2020, reaching 15.9% of the total number of such positions.

The FCC Group develops and participates in training programmes aimed at creating an enriching working environment, free from discrimination of any kind and favouring diversity, including, among others, the following two initiatives for the training and development of women in supervisor positions.

you_diversity

**Development programme,**

aimed at women with high potential from the **EOI**. In 2021, 8 women participated, totalling 80 women from the different business areas since 2011.

**Promociona Project,**

specializing in preparing women for Senior Management and Boards of Directors positions (CEOE-ESADE). In 2021, one woman participated and, since 2014, a total of 17.

## International Women's Day

This year FCC is once again joining in the celebration of International Women's Day, in a commitment to equality, and this year it wanted to vindicate its rejection of any kind of discrimination, highlighting and supporting diverse, inclusive and authentic companies, such as FCC, where commitment to equality and diversity are signs of identity as well as one of its fundamental pillars.

## Collective bargaining on equality

The FCC Group currently has 8 Equality Plans, 3 of which are Group Equality Plans.

Throughout 2021, important equality negotiations have taken place within the Group, which have led to the adaptation of the Equality Plans to current legislation and the signing of new Plans, some of which even cover different companies of the Group, thus becoming Group Equality Plans. As of today, 5 Equality Plans are in the process of negotiation.

*Act of commemoration of the International Day for the Elimination of Violence against Women at the corporate headquarters in Las Tablas (Madrid) award presentation ceremony by the Compliance and Sustainability department.*

## Commitment against gender-based violence

The FCC Group is particularly committed to its work in the fight against gender violence in all its facets, based on two fundamental principles of action: zero tolerance of gender violence and promotion of the social and professional integration of victims.

To this end, the Company works closely with the network of "Companies for a Society Free of Gender Violence" in its work to disseminate and raise awareness, as well as to support the employment of women who suffer from this scourge. It also collaborates actively with various foundations and organisations to promote the integration and integration of victims into the workplace, such as the Incorpora Foundation (La Caixa), the Adecco Foundation, the Once Foundation and the Red Cross.

In addition, as it does every 25 November, the FCC Group has made an appeal both inside and outside the Company, launching information and awareness-raising actions in workplaces to remind people that the Company stands firmly in favour of eradicating this type of violence.

In the framework of this fight against gender violence, and on the occasion of this international day, FCC promoted the IV Edition of the awards ceremony, giving two awards: one to UN Women as an international entity, for the outstanding work they have been doing in support of women victims of gender violence and in the fight against abuse; and the other award to the Royal Spanish Winter Sports Federation (RFEDI), in recognition of the work, commitment and excellent work they have been doing to tackle gender violence against women and girls in sport.

# Non-discrimination and prevention of harassment

In addition, as a complement to the whistleblowing channel set out in the Code of Ethics and Conduct, the Group has a Protocol for the Prevention and Eradication of Harassment, which was revised and approved in 2020, and which aims to prevent, resolve and punish cases of workplace, sexual or gender-based harassment, thus reflecting the FCC Group's commitment to not tolerate the abuse of authority or any type of harassment, or any other conduct that could create an intimidating, offensive or hostile working environment for workers.

The Protocol, which is mandatory, includes a declaration of principles, the definition of harassment, the procedure for dealing with harassment, the guarantee of confidentiality of the process, and the prohibition of reprisals.

As part of the Group's commitment to prevent harassment at work, and to promote respectful working environments in which dialogue and organisational and professional development prevail, training in interpersonal conflict management was launched in the 2021 financial year.

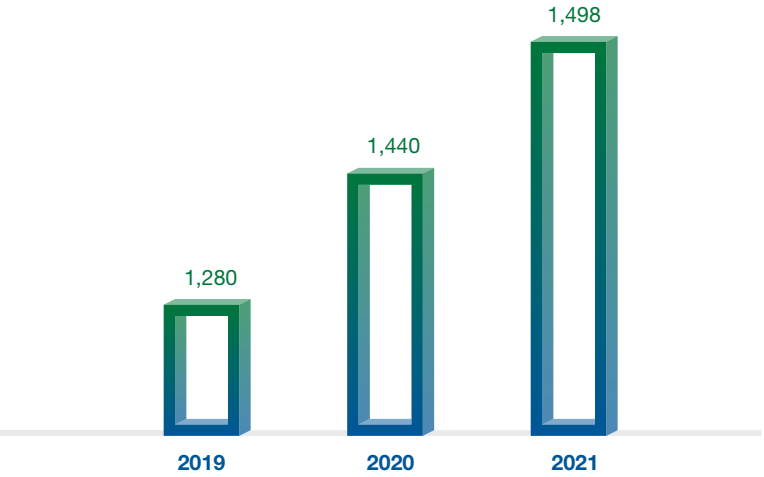
The aim of this training is to understand the causes and meaning of the conflict, as well as to acquire tools to manage them effectively. The level of participation reached **76.93%** in Spain.

# People with disabilities and vulnerable groups

FCC's commitment to diversity and the inclusion of this group in the workplace encompasses different actions and management strategies. In fact, the number of workers with a recognised disability in the FCC Group has increased compared to 2020, reaching 1,498 in Spain, a figure that has been growing steadily over the last three years, as reflected below:

In addition, the Group actively collaborates with specialised organisations that advise on recruitment management and employment support for people with disabilities. The main organisations with which we collaborate in Spain are as follows:

## EVOLUTION OF WORKING PEOPLE WITH DISABILITIES




### INSERTA PROGRAMME

**FUNDACIÓN ONCE**

FCC supports various projects and promotes social and labour inclusion through workshops, training courses and other actions, such as awareness campaigns.

### INCORPORA

**FUNDACIÓN LA CAIXA**

Environmental Services has a collaboration agreement with Incorpora for the integration of groups with greater difficulties in finding employment.

### FAMILY PLAN

**ADECCO**

An action programme present in Construcción, CPV and Aqualia, focused on increasing the autonomy, integration and subsequent access to the labour market of family members with disabilities.

### DOWN SYNDROME

**FUNDACIÓN DOWN**

Aqualia has an agreement with the foundation for the incorporation of workers with intellectual disabilities in its workforce.

### RECYCLING TO CHANGE LIVES

**ECOEMBES**

Environmental Services has been collaborating with the insertion programme for people disconnected from the world of work (social sustainability).

This year, on 3 December, FCC once again joined in the celebrations for the International Day of Persons with Disabilities to remind people that it maintains and reinforces its commitment to this group on a daily basis, and that it is firmly committed to being an increasingly diverse and socially responsible company, promoting actions and projects to foster inclusion and equality through employment.

In 2021, FCC also collaborated in the 9th National Advisory Board of the Inserta Responsable Forum organised by the ONCE Foundation, the European Social Fund and the Spanish Government to establish the bases for promoting the inclusion of people with disabilities in the workplace, and also in the framework of the International Human Resources Congress, promoted by the Red Cross.

Likewise, in 2021 and with the aim of contributing to the labour integration of particularly vulnerable groups at risk of social exclusion (such as recipients of minimum insertion income, young people from institutions for the protection of minors and people from alternative accommodation centres or other authorised prevention and social insertion services), it has hired a total of **170 workers** belonging to this group.

## Accessibility

FCC is aware that accessibility is a key factor for the social inclusion of people with disabilities. Proof of this is that the FCC Group's website has the Aenor Certificate for Accessible Website Products.

In addition, each year one of the Company's main challenges focuses on designing solutions that favour the creation of a working environment free of obstacles and barriers that guarantees the full participation and integration of all the Group's people with disabilities. To this end, in 2021 a diagnostic study has been carried out on the DALCO (Deambulation, Apprehension, Localisation and Communication) Universal Accessibility requirements set out in the UNE 170001-1:2007 standard, with a view to obtaining UNE 170001-1:2007 Universal Accessibility Certification by 2022.

# The data boutique

In order to ensure that decisions are made on the basis of data, significant efforts have been invested in the creation of the Data Boutique, a new information management platform, with the following objectives in mind:

- Provide solutions to business problems, support decision making and enhance corporate collaboration.
- Increasing integration between information systems and databases, providing reliable data to build appropriate metrics.

| EMPLOYEE MANAGEMENT | REMUNERATION | HEALTH AND SAFETY |
|---|---|---|
| Organisational structure | Salary log | No. of accidents |
| Functional level | Average remunerations | Absenteeism hours |
| Families | Collective agreements | Accident and sickness rates |
| Disability | | |

# Dialogue

## Social Dialogue

FCC understands that in order to establish a link with its workers, it is necessary to establish social dialogue and dialogue with the teams, their legal representatives, trade unions and other social agents to promote agreements through collective bargaining and that the different collective processes are carried out with transparency, setting up monitoring committees and providing the workers and their representatives with all the necessary information.

Procedures for informing and consulting staff as well as advance notice periods for operational changes vary depending on the country, the applicable regulations and the significance of such changes. They usually vary from one week to one month.

During 2021, the areas have been present at numerous **negotiating tables** for workplace collective agreements, and actively participated in **sectoral collective negotiation**.

**Building and Wood Workers' International (BWI)** which covers all construction sites in the sectors in which it works.

As for the percentage of workers covered by collective agreements, this varies depending on the applicable legislation, the existence of a collective agreement and even the existence of workers' representation, with a commitment in all cases to comply with the applicable legislation and/or collective regulations. The percentage of workers covered by the collective agreement in the different countries where the FCC Group operates is shown in Annex II.

## Special mention of occupational safety and health in collective agreements

In a large number of the collective agreements applicable in Spain, special attention is paid to occupational health and safety in a broad sense. The clauses that have most frequently been included in the collective agreements signed with regard to occupational health and safety are as follows:

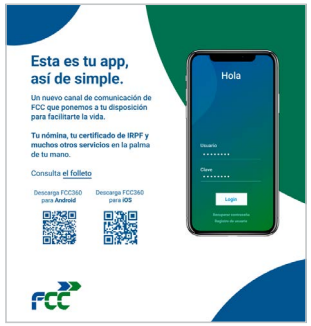
### MORE CLAUSES INCLUDED IN COLLECTIVE AGREEMENTS

## FCC360: a milestone in communication with our workers

At FCC, internal communication is a key element in strategic management and in the development of dialogue with all workers and the achievement of their commitment to the business project.

In this sense, transparency and agile and truthful information are fundamental elements for achieving these objectives, for which we work on different channels, such as websites, portals, App, Somos FCC digital magazine, etc., and, in terms of content, we seek to share strategic objectives.

During the 2021 financial year, intense work has been carried out on the implementation of FCC360, the FCC Group's App, in order to be able to deliver the payroll, the income tax certificate, the training offer, and to inform all employees in Spain of the Group's milestones. This milestone is highly relevant if we take into account that 77.4% of the Group's workers are not digital users.



# Safety, health and well-being

## Strategy and Culture

FCC establishes its strategy in relation to the safety, health and well-being of its workforce and other stakeholders, such as contractors and suppliers, based on its policy on this matter approved in 2019 by the Board of Directors.

Strengthening the culture of prevention and health promotion is one of the Company's main lines of action. This objective is supported, among others, by the process of continuous improvement of its health and safety management systems, which are certified in all areas and countries in accordance with recognised international standards such as ISO 45001. This means that more than 95% of the total workforce is covered by certification.

## Evolution of the main indicators

In 2021, 1,983 occupational accidents with sick leave occurred in the FCC Group, of which 1,681 involved men and 302 involved women.

In 2021, the overall accident frequency rate is **18.36** and the severity rate is **0.71**, which means that these markers[19] remain below the equivalent rates published by the Ministry of Labour in each sector of activity.

As a relevant fact, it should be noted that during 2021 there were no fatal accidents involving own personnel inherent to or directly attributable to the Company's activity.

The evolution of the main accident and absenteeism rates are shown in **Annex II**.

[19] The frequency and severity rates are calculated based on 1,000,000 and 1,000 hours worked, respectively.

## Health and social welfare in the context of Covid-19

Within the Vive Saludable project, dedicated to the promotion of transversal actions to foster healthy habits, those dedicated to the psycho-emotional wellbeing of workers have acquired special relevance in 2021. In particular, the following are highlighted:

With regard to the particular management of Covid-19 during 2021, the Company has continued to update its protocols, in accordance with the evolution of the official criteria published by the Ministry of Health and the different autonomous communities, in relation to protection measures in the workplace, the treatment and communication of sick leave, and the monitoring of cases and close contacts.

The prevention services of the Business Areas and, in particular, FCC's Medical Service, have developed and maintained strategies for detecting and monitoring cases, as well as advising the entire organisation on the guidelines for action in force at all times.

# Work organisation

The organisation of working time in the different companies of the FCC Group responds to the production needs of each activity, in accordance with the standards and regulations applicable in each sector and location.

In order to guarantee the well-being of its workers, the FCC Group considers the appropriate management of the organisation of work to be fundamental and has different initiatives in place to achieve its objective. Among the different actions carried out, the Group places special emphasis on work-life balance, flexibility, co-responsibility and disconnection, which are adapted to the different realities and organisational or production needs of each centre, function or activity. Some of the actions carried out in the Group, with varying scope and intensity, are as follows:

The measures are specified and regulated for each case in the collective agreements and pacts, as well as in the different Equality Plans, all of which have a specific chapter.

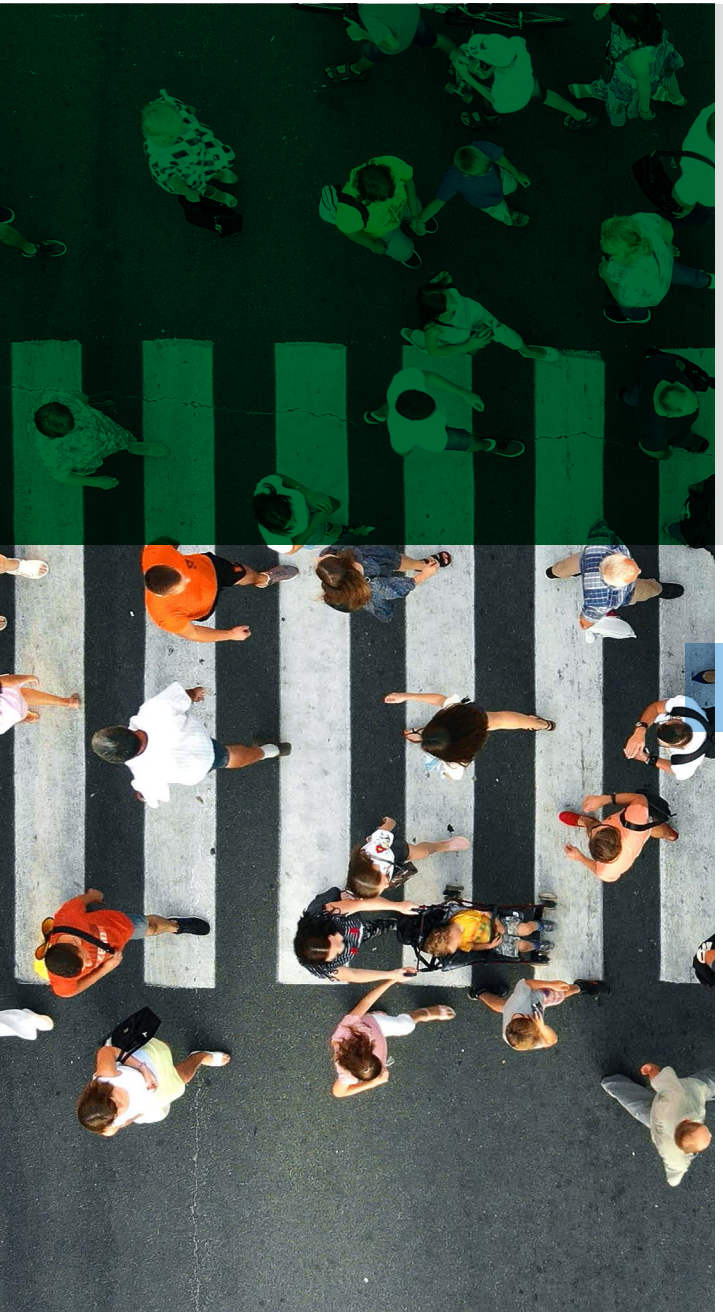
## Digital disconnection

The Group has a Policy on the Use of Technological Means, which recognises and guarantees the right to digital disconnection for workers, adapting it to the nature and characteristics of each job.

The **Policy on the Use of Technological Means** recognises and guarantees the **right to digital disconnection** for workers

In 2021, a training and awareness-raising action was carried out on the reasonable use of technological tools, promoting digital disconnection to achieve a better organisation of working time in order to respect personal and family life. This training has been followed by **6,887 students** in Spain.

- Flexible working hours and holiday entitlement
- Continuous working days, summer periods and Fridays
- Improved leaves for birth, illness and death
- Extension of maternity leave, reduction of working hours and leave of absence
- Extension of re-employment rights: leave of absence



# Society

## Promoting social and environmental progress

*| Towards the construction of a more humane future, developing social initiatives in each territory*

The FCC Group shares a common challenge: **to contribute to social and sustainable progress leaving no one behind**

- Strengthening a common path guided by the principles of the **Code of Ethics and Conduct**
- Contribute to global **progress with a local focus**
- **Raise awareness and sensitise**

### Social Footprint

The progressive transformation of business as usual encourages the FCC Group to strengthen its relations with the local communities in which it operates, working to achieve a greater degree of well-being and socio-economic development.

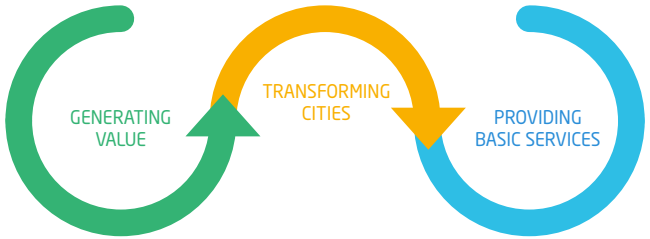
At the same time, the FCC Group implements social initiatives to contribute to citizens as a whole, particularly through projects in the fields of education and inclusion. With all of this, year after year, it manages to show its best side to its stakeholders and strengthen its social footprint.

# Resilient cities

*| Think global, act local*

The FCC Group is characterised by its local roots and its vocation to remain in the territories where it operates, contributing to improving life in the different geographies. In fact, the company is committed to proximity and closeness to its communities, favouring the creation of relationships of mutual trust, where dialogue and the search for positive synergies that help to design cutting-edge solutions prevail.

In particular, the Group's main business areas are focused on guaranteeing environmental services, managing the integral water cycle and building sustainable and efficient infrastructures in the communities in which it operates. In this regard, the Group's own activity favours the generation of wealth and socio-economic growth and development, while transforming cities into more habitable environments, guaranteeing essential services.




## Generating value

The FCC Group considers that it plays an important role in its communities, carrying out important work in terms of job creation. The company favours the hiring of people, with a high percentage of permanent contracts. This aspect is particularly relevant, given that on many occasions the employment opportunities offered by the Group are located in rural areas with low population density. In addition, the Group indirectly supports the generation of local value, prioritising the hiring of local material suppliers and subcontractors. It is also essential to highlight the company's contribution to the post-pandemic reconstruction and economic reactivation.

The company seeks **to reagent the local economy**, lending a hand in the face of the **economic crisis** caused by the **COVID 19**

Two studies prepared by the FCC Group's Water Area have been recognised by the United Nations as **differentiating projects in the field of post-pandemic reconstruction**, where the analysis in terms of development and social integration has also been valued

## Transforming cities

The diversification of the services provided by FCC has allowed it to offer a global service to the communities in which it operates. The Group contributes its experience, both in the development of infrastructures and in the provision of environmental and water services, consequently managing to satisfy the social needs identified.

This transversal specialisation of citizen services, in addition to meeting customer demand, has enabled FCC to participate in the transformation of cities into distinctive environments. In this way, the Group has managed to position certain cities as leaders in innovation.

FCC focuses its business management on the design and provision of **citizen services**, in pursuit of **innovative sustainable development**

The New **Water Purification Plant in Vigo** will be a pioneer in the use of technology to improve the quality of drinking water.

**Aqualia's innovative installations** inaugurated in **Talavera de la Reina** resolve, with customised sustainable solutions, the challenge of filtering in small towns.

A **new construction** led by the Infrastructure **Ireland** area will provide **university services** to a total of **10,000 students**.

The **Murcia Tram**, led by FCC Construcción, has been recognised as a **leader in sustainable mobility**.

FCC Medio Ambiente agrees with Iriza to produce the **first 10 electric Irizar ie urban trucks**, which will be used for waste collection. This collaboration represents the Group's contribution to sustainable mobility, minimising its impact on cities and thus improving people's quality of life.

## Providing basic services

Access to basic social services, which ensure people's survival, health and dignity, plays an essential role in promoting social inclusion. There are synergies between the provision of essential services, such as access to clean water, urban cleanliness and drainage, and the maintenance of infrastructure, and the reduction of inequalities and economic growth of communities. For this reason, the company partly channels its social commitment through programmes to guarantee the development of the services it provides to the community and access to basic supplies.

Continuing to work together to guarantee the **right to water**

Launch of the **campaign www.sedsolidarios.com**, in collaboration with UNHCR to facilitate access to water for more than 300,000 refugees, through the challenge "I run, you run, they live".

Aqualia signs an **agreement with Llagostera Town Council** to create a **Social Fund** to guarantee access to drinking water and sewerage for people with limited resources

# Solidarity Action

*| A committed company*

The United Nations "Decade of Action" calls for the mobilisation of all social actors involved in the transition towards new solutions that are ground-breaking and sustainable in the long term. It is essential to build bridges in order to walk a common path and ultimately achieve collective objectives.

From this perspective, the FCC Group is getting involved in the development of its own initiatives that strengthen social cohesion, materialising its commitment in this area. To this end, the company involves both society in general and its own employees as agents of change.

The **Environment Area** has launched a solidarity **campaign to collect food and personal hygiene products** in different work centres throughout the country.

The **Cement** business has donated around **3,000 € to the purchase** of basic **food and hygiene** products for the neediest families in Seville.

As a result of their involvement and solidarity, **FCC Group employees** took part in the voluntary **blood donation** organised by the **Red Cross**.

## Integration of vulnerable groups

Since its beginnings, the implementation of projects with a social mission has remained in the company's DNA. The FCC Group supports groups in particularly vulnerable situations, which is a step towards building a more resilient and caring society.

### People with disabilities

FCC focuses its efforts on the **integration** of people with disabilities **in the workplace**

The FCC Group has renewed its **Inserta Agreement with the ONCE Foundation** to continue hiring people with disabilities in the coming years.

The company also took part in the **9th National Advisory Board of the Inserta Responsible Forum,** where the impact of COVID-19 on the integration of people with disabilities into the labour market was discussed.

The water business has signed an agreement with the **Association Abriendo Puertas Moguer** to facilitate difficult access to the labour market for people with disabilities.

CPV collaboration **agreement with the Adecco Foundation** in the projects: Empleoparatodos and Plan Familia.

- Empleoparatodos, an employment guidance and inclusion programme to improve the employability of the most vulnerable, generating employment opportunities.
- Plan Familia, a programme focused on increasing the autonomy, integration and future insertion in the labour market of disabled family members of employees.

## Victims of gender-based violence

### FCC is committed to **integrating women victims of gender-based violence** into the workplace

The integration of women victims of gender violence into the labour market is a real driving force for change in society. The FCC Group is fully aware of the vital importance of access to employment for this group, which allows victims of this scourge, over time, to increase their autonomy and independence, their security and their self-esteem.

FCC Medio Ambiente has carried out a public-private partnership with the **Castile and Leon Regional Government** to prevent gender violence and **incorporate female victims** into the labour market.

Aqualia, in collaboration with the **Adecco Foundation**, has launched a new campaign against gender violence to finance a **socio-occupational integration project aimed at women victims and their children**.

## Other groups at risk of social exclusion

### **Integration of people with few resources** into the labour market

The FCC Group accompanies and supports people at risk of social exclusion by facilitating their access to employment and in collaboration with entities specialised in supporting vulnerable groups.

With the aim of offering an opportunity to **people in a situation of prolonged unemployment**, the company has signed an agreement with the **Tramway Foundation** through which **30 people** have gained access to the labour market in the services of FCC Medio Ambiente.

Through the programme **"Mejorando Vidas"** [Improving Lives], FCC Medio Ambiente has donated **work clothes and safety footwear** to the **Asociación Norte Joven** [Young North Association], with which it has had a collaboration agreement since 2017. Thanks to this, **61 people** will be able to take another step on the road to employment.

# Raising awareness to build tomorrow's cities

Environmental education and awareness are key steps for development and social progress. Knowledge allows all citizens not only to strengthen conscious decision-making, but also to enhance their skills by contributing to the resolution of environmental challenges. For this reason, the FCC Group focuses its efforts on raising the awareness of future generations.

The education of citizens at an early age is a priority area of action within the company's social action. Thus, throughout its history, the Group's different businesses have consolidated a network of academic institutions (primary and secondary education centres, faculties, business schools) with which they participate in conferences, seminars and courses.

## Environmental awareness

### Awareness-raising and sensitisation as a transformative tool

For the Group, education is one of the fundamental factors in achieving social progress. The company materialises its commitment by promoting various initiatives such as the following:

- The Cement Area of the FCC Group, in collaboration with **Flacema** (Fundación Laboral Andaluza del Cemento y el Medio Ambiente - Andalusian Cement and Environment Labour Foundation), has organised **environmental awareness days** for students from different educational centres.
- For yet another year, Aqualia has launched its **Digital Competition** to raise awareness among young people about **water care**, which has involved almost **6,000 hours** of training and entertainment on environmental issues.
- FCC Environment CEE supports schools through the **"Smietko" programme**, an educational project aimed at **paper collection** and **environmental education**.
- Construction Area professionals actively participate in **conferences, seminars and congresses** where **sustainability** and **corporate social responsibility** are promoted.

Likewise, the FCC Group is concerned with promoting and encouraging visits by the educational community to the facilities of the various businesses. This measure translates into the creation of a transparent climate and, in turn, makes it possible to increase environmental awareness and the training of young people in such important matters as energy efficiency, ecological transition and industrial sustainability.

# Fostering partnerships for a connected and caring community

The year 2021 has been a year marked by joint adaptation to new contexts characterised by coping and resilience. The fact is that the scale of the social and economic crisis has called for strong cooperation between the different social actors to provide assistance.

In this context, the role played by non-profit organisations stands out, especially in terms of safeguarding the rights of the most vulnerable groups. However, these entities have been particularly affected by the scarcity of resources, which has jeopardised the recovery of their activity.

The FCC Group, also in 2021, has made a significant financial contribution to fostering the resilience of these institutions and playing an active part in a more supportive and inclusive community.

On the other hand, as a result of its commitment to building strategic alliances and more collaborative working models, the FCC Group participates, both nationally and internationally, with a series of associations that help the company to continue guaranteeing citizen services year after year.

See Annex V for a list of associations.

## The FCC Group contributes to the resilience of communities

The company has donated a total of **983,399 €** to non-profit organisations and foundations.

Promoting **economic development** through **monetary contributions to social entities** to meet the needs of the most disadvantaged groups

**The FCC Communities Foundation** supports local communities, heritage protection and the environment.

More than **6.6 million pounds** contributed to a total of **151 projects in the UK**.

The materialisation of these contributions allows the Group to strengthen its contribution to the 2030 Agenda and to continue working, as it does every year, to achieve the SDGs related to economic progress, the reduction of inequalities and the social development of the cities of tomorrow.

## Transparency framework

In accordance with the Group's **Code of Ethics and Conduct**, sponsorships, collaborations or donations shall comply with the following premises

- They are awarded to entities that are distinguished by their impeccable behaviour and that have an organisational structure that ensures the proper administration of the resources received.
- They are awarded in relation to objective criteria related to the Group's activities.
- Any collaboration or sponsorship must be documented and duly authorised.
- In order to know the final destination of the resources, to the extent possible, FCC monitors the use of the contribution.

| Type of contribution (€) | 2020 | 2021 |
|---|---|---|
| Donations to non-profit organisations and foundations | 1,160,289 | 983,399 |
| Sponsorships | 1,452,856 | 1,826,051 |
| Contributions to associations | 1,554,968 | 1,847,790 |
| Contributions to political parties | – | – |
| Others | 155,768 | 170,544 |
| **Total** | **4,323,882** | **4,773,448** |

## Ciberseguridad

Cybersecurity can entail different risks, including:

- Potential damage to the environment, infrastructure and water management services, linked to online control systems and IT networks. These events can result in pollution events, deterioration, saturation or closure of physical or digital infrastructure[20].
- Threatening the proper functioning of electoral systems through possible manipulation of data[21].

On the other hand, new technologies will bring challenges such as growing unemployment, unequal distribution of wealth, violations of privacy, discrimination[22], etc.

In order to respond to these threats, investment in cybersecurity is needed, while strengthening public-private partnerships[23].

The FCC Group understands the importance of the possible risks linked to cybersecurity and therefore develops new technologies through which it can prevent potential risks.

- The company has its own Cybersecurity Model to implement security measures in the Group's information systems.
- Promotion and development of cybersecurity expertise in the company.
- Implementation of measures on the basis of the risk analysis developed.
- Supervision and monitoring to ensure compliance with applicable regulations.

[20] Cybersecurity Guide, (2021), Cybersecurity in the environmental protection field.
[21] MCKinsey, (2019), Confronting the Rrisks of Artigicial Intelligence.
[22] Forbes, (2021), The Role of Bias in Artificial Intelligence.
[23] Fortune (2021), Cybersecurity expert say public-private partnership is the key to preventing future attacks.

## Transparency and Reporting

Improving the availability and disclosure of non-financial data is necessary for the redirection of investments and capital flows towards sustainable investment[24]. To achieve this, it is necessary to:

- Collaboration between entities to establish globally accepted and implemented standards of performance.
- Avoiding greenwashing or the dissemination of biased information and achieving the homogenisation of reporting standards at international level.

More comparable, complete, reliable and understandable non-financial information[25].

The FCC Group strives to guarantee the transparency of its actions and excellent corporate governance, as a basis for work aligned with the principle of transparency that governs its activity.

- Both the FCC Group and the main business areas publish their respective sustainability reports or CSR reports, verified by an independent external entity where appropriate.

## Compliance and Good Governance

Good governance practices, ethical conduct and regulatory compliance are becoming fundamental pillars and values of business[26].

This is the result of new regulations[27] and increasing demands from consumers, customers, contracting bodies and other stakeholders in society.

It is essential for companies to focus their efforts on governance models characterised by listening to stakeholders, promoting diversity[28], integrating the SDGs and ESG criteria in all their systems and processes, such as in their salary systems.

The FCC Group strives to promote a corporate culture of ethics and integrity, as reflected in its Code of Ethics and Conduct. In this area, over the years the company has approved a set of Compliance regulations that includes policies such as: the Anti-corruption Policy, Human Rights, Relations with Partners, Agents, Tenders, Gifts, among others. In addition, the approved Compliance Model incorporates elements such as a Criminal Prevention Manual, crime-risk-control matrices, procedures for certification and supervision of the Model and an Ethical Channel for the communication of potential non-compliance.

On the other hand, since the entry into force of the Code of Good Governance of Listed Companies of the CNMV, the Group has incorporated and implemented in its corporate governance, most of the recommendations set out in the said Code.

[24] Ernst & Young, (2021), The Future of Sustainability Reporting Standards.

[25] CNMV, (2021), "Supervisión del desempeño no financiero" Participación en las jornadas de sostenibilidad organizadas por Grupo Red Eléctrica.

[26] PWC, (2020), The eight key effective corporate governance practice.

[27] World Economic Forum, (2015), 3 factors driving better corporate governance.

[28] London School of Economics (2018), Good Governance Requires Diversity.

# Exemplarity

# An exemplary organisation

*| 120 years committed to an integrated project, guaranteeing transparency and good governance*

## Good Governance

*| At the forefront of good corporate governance best practices*

In a volatile and dynamic context, the FCC Group continually seeks to adapt to trends in Good Governance and to comply with regulatory requirements. By aligning itself with the recommendations set out by the Spanish National Securities Market Commission (CNMV) in the Code of Good Governance for listed companies, FCC fully or partially complies with most of the recommendations that apply to it.

The FCC Group is also aware that company governance is one of the fundamental keys to building trusting relationships, and is committed to a robust governance architecture and efficient and responsible self-regulation. For more information, see Chapter A Competent Structure.

To do so, the company is inspired by and based on the foundations of its business, which have been consolidated for more than 120 years: *ethical principles; commitment and loyalty; honesty and respect; and rigour and professionalism.*

**A system of governance that is a benchmark in the sector,**

as an essential means of strengthening the values and sustainability of the FCC Group.

- Common and sustainable project
- Strategic vision
- Balance and transparent governance
- Culture of integrity

Furthermore, in line with its commitment to transparency, the FCC Group prepares its **Corporate Governance Report** and its **Salaries Report** every year. Both documents are approved by the Board of Directors and subsequently published on its website.

The FCC Group's commitment to the development of these reports contributes to generating a climate of trust, guaranteeing transparency and truthfulness in the information and generating greater understanding and dialogue with its stakeholders.

In the area of corporate governance, the Board of Directors has agreed on the following issues for the financial year 2021:

– Amendment of the Regulations of the Board of Directors.

  The General Meeting agreed as follows:

  - Amendment of the Articles of Association.
  - Amendment of the Regulations of the Annual General Meeting of Shareholders.
  - Approval of the Directors' salary policy.

# A competent structure

*| Constantly evolving to ensure ethical excellence*

The increasingly stringent demands of stakeholders show that institutions or entities, including companies or businesses, are the ones that must make decisions at critical moments and provide imminent responses to the new emerging challenges they face. FCC's corporate structure is professionally prepared for this, as it works on a daily basis across the board, guaranteeing that the interests and concerns of the stakeholders of each of its businesses are represented.

This model of action allows the company to work towards a common project and contribute to the same challenge: transparency and good governance.

Thus, in line with the Group's Articles of Association, its corporate governance structure is made up of five bodies: the General Meeting of Shareholders, the Board of Directors, the Executive Committee, the Audit and Control Committee and the Appointments and Remuneration Committee. For more information, see Chapter Governance structure.

## Composition and functioning

The Board of Directors is the highest body which, with the exception of certain powers reserved to the Shareholders' Meeting, works to properly manage, administer and represent the FCC Group.

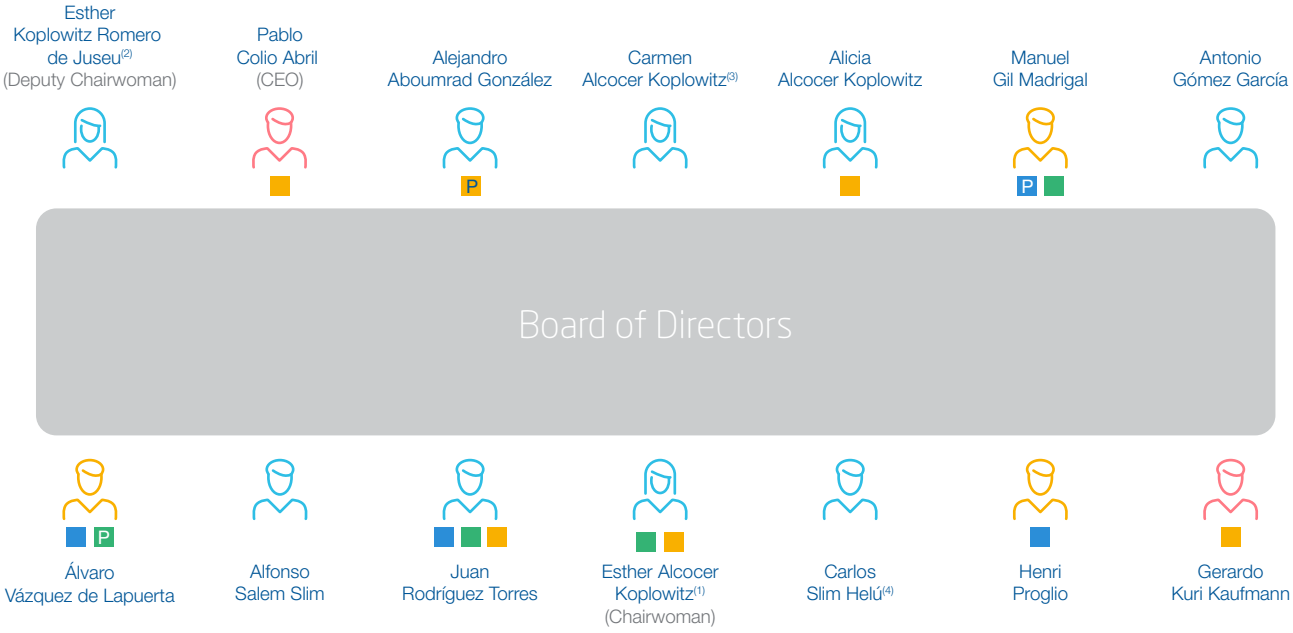
Furthermore, as the following chart shows, the Board is made up of 14 directors, elected by the General Shareholders' Meeting, in accordance with the principle of representativeness of the structure and the balance of its governance.

## Meetings and attendance of the Board of Directors and Committees

In compliance with Articles 34.1 and 31.2 of the Regulations of the Board of Directors and the Articles of Association, respectively, the Board of Directors met a total of **11 times** during the financial year 2021, with an average attendance of **90,26%**.

| | Meetings no. |
|---|---|
| Board of Directors | 11 |
| Executive Committee | 10 |
| Audit and Control Committee | 10 |
| Appointment and Remuneration Committee | 6 |

The Board of Directors met a total of **11 times** during the financial year 2021, with an **average attendance of 90,26%**




### Nature of the position

Executive — Proprietary — Independent

### Type of Committee

- Audit and Control Committee
- Appointment and Remuneration Committee
- Executive Committee
- P President

### En representación de:

(1) Dominum Desga, S.A.
(2) Samede Inversiones 2010, S.L.U.
(3) Dominum Dirección y Gestión, S.A.U.
(4) Inmobiliaria AEG, S.A. de CV.

# Plurality and independence in the Board

*| Diversity in the first person*

An organisation that works to introduce diversity in its Board of Directors is able to strengthen its business model, broadening the strategic vision and understanding of the markets in which it operates. It also makes it possible to create an attractive corporate culture, promoting equality in positions of greater responsibility between men and women. For this reason, the FCC Group focuses on a plural composition of its Board of Directors.

A corporate philosophy oriented towards **diversity and equality** as central pillars of growth and social progress.

At year-end 2021, the FCC Group has **28.57% female board members**.

Another added factor, a product of FCC's efforts to achieve a diverse Board of Directors, is the high percentage of people of different nationalities.

**Plurality** on the Board, reflecting a **diverse and international company**.

In 2021 the FCC Board of Directors is represented by **three nationalities**: Mexican, Spanish and French.

During 2021, FCC has renewed its commitment to the **Spanish Diversity Charter** for the period 2021 - 2023, in recognition of its **equality policies**, its commitment to **social inclusion** and its determination to be an increasingly **diverse and socially responsible company**, promoting actions and projects to foster inclusion and equality through employment

# Transparent remuneration

*| Accounting for a transparent present and future*

For the FCC Group, the Board of Directors' remuneration model for good governance is of crucial importance. The company strives to guarantee and reflect the culture of integrity that characterises them.

Therefore, in order to materialise this commitment, the General Meeting of shareholders of FCC approved the Board Members' Remuneration Policy which, with a term of 3 years, will give continuity to the previous one, with regard to the principles, structure and content of the remuneration package for board members. In this way, the new features introduced by this policy duly respond to the amendments made to the Capital Companies Law by the reform introduced by Law 5/2021, of 12 April, which amends the revised text of the Capital Companies Law.

In addition, as it does every year, the FCC Group prepares its Annual Report on the remuneration of board members of listed companies, a document that provides an individual breakdown of the amounts received by board members in the course of their duties during 2021. This document is available on the company's corporate website.

The determination of such remuneration is therefore a matter for the General Meeting of Shareholders, which shall consider the following principles and criteria:

- Guaranteeing the **performance** and **sustainability** of the FCC Group in the **long term**
- Ensuring the principle of **transparency**
- Encouraging **motivation**
- Retaining talent as a commitment to the **future**
- Establishing **competitive amounts**, in line with those established by companies similar in size and activity
- Remunerating the **dedication, qualification and responsibility** required by the position
- Taking due precautions in order to avoid results that do not accompany the **value creation** and that could place FCC in potentially risky scenarios

Lastly, it should be noted that, apart from the fixed remuneration, there are allowances for board members to attend board meetings and internal committees convened during the year. In addition, the company allocates a variable amount to executive board members, based on the fulfilment of corporate objectives. For further information, see the Board Members' Remuneration Policy and the Annual Report of the Board Members on the FCC Group's corporate website.

# Integrity
# Consolidated Integrity

*| A shared line of action. Work at the highest level in line with consolidated principles that guarantee Citizen Services*

## Legitimate compliance

*| A shared project combining technical excellence and due diligence to ensure exemplary behaviour*

The FCC Group works daily to be a leading company in the continuous search for new ways to meet the needs of its customers, while assuming an essential role as a socially responsible agent. Since its origins, it has been characterised by the development of long-lasting relationships based on trust and mutual benefit, governed by the principle of transparency, a basic principle of its business.

A reflection of this commitment is its **Compliance Model**, the purpose of which is to prevent and detect risks of non-compliance, with particular attention to behaviour that could lead to criminal offences.

Within the Compliance Model, the **Code of Ethics and Conduct** is considered the core of the culture, values and principles that govern the behaviour of the FCC Group's collaborators. This Code lays the foundations for conduct of integrity, unifying and integrating a common commitment to due diligence, not only in the practices carried out directly by FCC or through its subsidiaries, but also throughout its supply chain.

REGULATORY BLOCK THAT MAKES UP THE FCC GROUP'S COMPLIANCE MODEL

- Gift Policy.
- Agent Policy.
- Crime Prevention Manual.
- Anti-corruption Policy.
- Ethical Channel Procedure.
- Human Rights Policy.
- Compliance Committee Regulations.
- Investigation and Response Procedure.
- Policy on relations with partners in Compliance issues.
- Harassment Prevention and Eradication Protocol.
- FCC Group participation policy in bidding processes for goods or services.

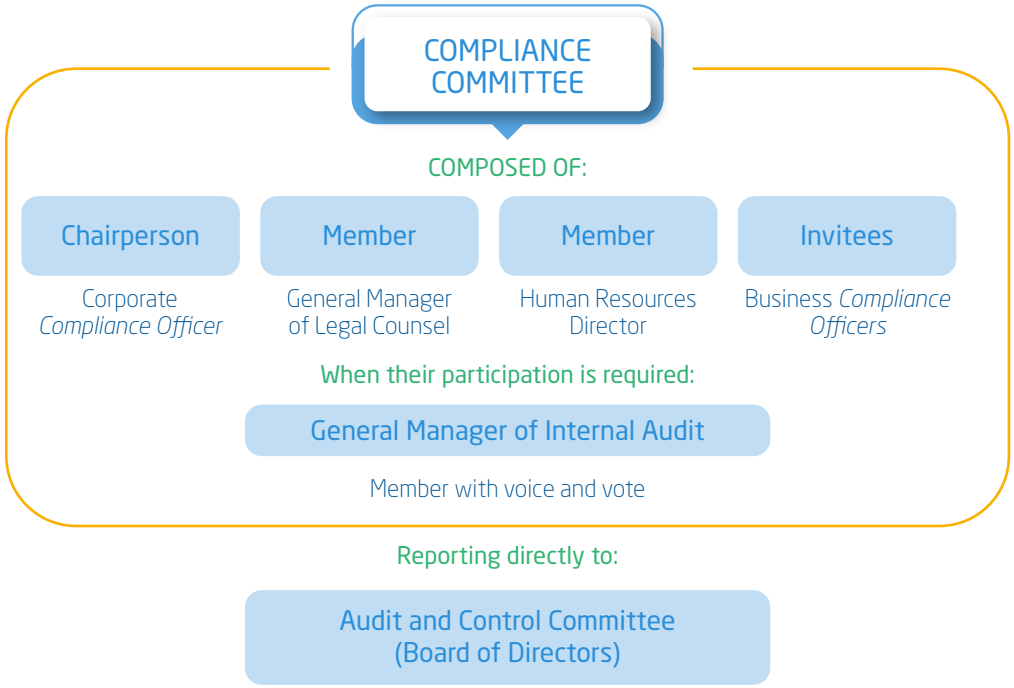
Thus, in order to make progress in the application of the Compliance Model and, in turn, achieve results in accordance with the Group's commitments, the following actions were taken in 2021:

- Completion of the review started in 2020 of the criminal risk assessment carried out in 2018.
- Review of the regulatory block of the Compliance Model, with a proposal to the Board of Directors for an amendment to the Code of Ethics and Conduct in relation to the new limitation on cash payments.
- Review, in accordance with best practices in internal control, of the design and effectiveness of 60% of the controls of Central Services and FCC Concesiones (48 controls), related to the crimes of bribery, and against the Public Treasury and Social Security, assessed as High Risk.
- Completion of the implementation of the Compliance Model in the international subsidiaries, with the approval of the risk matrices, the launch of the self-assessment/certification of controls and the redirection of the complaints channels to the Group's Ethics Channel.
- Annual supervision of the Compliance Model by the Group's Internal Audit function.
- Conducting two half-yearly self-assessments, and certification in the Compliance Tool, of the controls designed to reduce criminal risks to a minimum, with a total of more than 3,000 self-assessed controls per certification.
- Implementation of new functionalities in the Compliance Tool.
- Approval of the FCC Group's three-year 2021-2023 Compliance Training Plan.
- Launch of new online training courses through the FCC Campus platform on the Code of Ethics and Conduct and Criminal Prevention, and extension of the scope of the training given in Spain to international subsidiaries.
- Risk assessment of suppliers in Compliance matters. The procedure for the approval of suppliers in the area of Compliance has been running since the end of 2019, although it is since April 2021 that the risk has begun to be assessed and the direct involvement of the Compliance function has been required in cases of high risk. In these nine months, a total of 870 suppliers have been approved under the new criteria, with specific analysis action required by the Compliance Function for 34 suppliers. None of these suppliers received an unfavourable assessment from Compliance.
- Conducting 220 due diligence assessments of third parties (partners, agents, suppliers) from the Group's businesses.

The FCC Group does not limit itself to having a strong set of regulations to encourage exemplary behaviour, but has set up a **Compliance Committee** –the Group's Criminal Prevention body with autonomous powers of initiative and control– whose functions include being the person in charge of promoting an ethical culture throughout the organisation and ensuring regulatory and regulatory compliance, both internally and externally.

In particular, this Committee works to ensure excellent monitoring of the Compliance Model, assessing, if deemed necessary, possible improvements in the controls and systems established in the company.

In order to ensure the rigour, efficiency and commitment to the excellent performance of the Compliance Model, persons in charge are appointed for each of the controls designed to prevent risks. Their objective is to carry out these controls throughout the year, and to self-assess and certify their functioning every six months. In the event that the "Control Owner" detects that the control has undergone any modification, has not been carried out correctly, or does not act adequately in its function of minimising risk, he/she will report his/her observations for the corresponding analysis by the *Compliance Officer*.




Compliance Committee Meetings 2021

The FCC Group focuses on a shared corporate culture, where its workers assume their responsibility as agents of change. To achieve this goal, the Group pays special attention to the following aspects:

- **Training on the Code of Ethics and Conduct**

  The FCC Group promotes continuous training and dissemination programmes on the Code of Ethics and Conduct, the cornerstone of integrity. In 2021, the continuity of the social and healthcare crisis, suffered in all geographic areas of the Group, has favoured a significant boost to the FCC Campus training platform. Thus, in 2021, a total of **13 online training courses were given in the area of Compliance.**

- **Ethical Channel of the FCC Group**

  The Group's workers have the right and duty to report possible breaches of the Code of Ethics and Conduct to the Ethical Channel, which is accessible through three means: post office box; e-mail; and a form on the corporate intranet. The Ethical Channel is governed by the provisions of the Group's Ethical Channel Procedure, and guarantees the confidential handling, without fear of reprisals, of the notifications received.

  In 2021, a total of **192 notifications were received in the Group's Ethical Channel** (63 non relevant), 68% of which were of a labour-related nature. At the closing date of this report, 88.4% of the relevant notifications received had been resolved.

# The right path to Human Rights

*| Transparency and integrity as necessary ingredients to build the right path towards full respect for Human Rights*

Aware of the strong influence and impact of the business community on society and the progressive transformation of the traditional business as usual, the FCC Group wants to be an active part of the change.

The company not only promotes Fundamental Rights, creating alliances that make certain social progress tangible, but it is also governed, since 2019, by its Human Rights Policy, approved by its Board of Directors, and aligned with the Guiding Principles for Business and Human Rights. In addition, the FCC Group is a member of various international Human Rights instruments:

- United Nations Global Compact.
- Universal Declaration of Human Rights Framework.
- Declaration of the Rights of the Child.
- Various ILO conventions.
- Other agreements of the Building and Wood Workers' International Federation (BWINT).

Although the "inadequate management of aspects related to Human Rights" is a risk identified by the Group within the category of Strategic Risks, due to the significant impact that its materialisation would have on the organisation, the characteristics of the business and the different governance instruments and policies implemented transversally throughout the Group ensure a high level of control over it.

Aspects such as a geographical location mostly in developed countries, the globalisation of the Group's Human Rights Policy, human resources policies, procurement policies, and the Compliance Model, with specific controls over suppliers in the area of Human Rights management, significantly reduce the likelihood of impacting on these essential rights.

In any case, and in accordance with its Human Rights Policy, FCC is committed to guaranteeing freedom of partnership and collective bargaining, as a basis for cooperation, dialogue and the creation of positive synergies between the company and its employees. Furthermore, the company creates relationships based on mutual trust, respect and collaboration with the local communities in which it operates, generating employment, well-being and wealth in these communities.

On the other hand, the FCC Group rejects child labour and forced labour, favouring dignified and paid employment, in a healthy environment, where its workers can develop their skills and where their needs are taken seriously into consideration. Likewise, the company is committed to diversity, condemning any type of discrimination and favouring more inclusive environments.

The Group is currently focusing its attention on its supplier chain. Aware that less control increases the risk of non-compliance, the company has approved a new supplier management procedure, which defines the approval processes and mandatory responsible declarations prior to contracting products and services. These approval processes include, unsurprisingly, aspects relating to the protection of Human Rights (for more information, see section Responsible purchasing).

Based on this commitment to contribute to the respect for Human Rights, as has occurred in previous years, in 2021 no complaint has been received by the FCC Group that has resulted in a violation of these fundamental rights and freedoms.

# Legal action against corruption and money laundering

*| Leading change through accountability*

The FCC Group is a company that values its international prestige as an essential asset, the result of the hard work carried out by different generations of people committed to offering the best service to citizens. However, such recognition on a global scale can be jeopardised or damaged by malpractice.

Bearing in mind that acting with integrity and honesty benefits both its stakeholders and the company itself, the FCC Group categorically rejects fraud, corruption and, in short, all forms of bribery.

## The FCC Group and its fight against corruption

Indeed, FCC not only reiterates its rejection of the aforementioned activities, strictly abiding by the law in each territory in which it operates, but also establishes preventive and control measures to remove any doubt regarding the ethics of its behaviour. An example of this line of action against bribery and money laundering is the creation of different policies that reinforce the commitment set out in its **Code of Ethics and Conduct** and prevent the occurrence of such conduct.

Of particular relevance in this area is the **Anti-Corruption Policy**, which sets out the guiding principles for its activities:

1. Compliance with the law and ethical values.
2. Zero tolerance for bribery and corruption.
3. Vigilance in the ownership and confidentiality of data.
4. Rigour in control, reliability and transparency.
5. Prevention of money laundering and transparent communication.
6. Extension of commitment to partners in the business.
7. Promotion of continuous training on ethics and compliance.
8. Transparent relationship with the community.
9. Conflicts of interest.

FCC also complements and reinforces its fight against attitudes related to corruption and bribery with two additional procedures:

## Agent policy

This policy establishes the general and essential principles by which the relationship between FCC and any commercial agent or business collaborator must be governed, as well as the basic aspects to be observed in the procedures for selecting, negotiating, and controlling the performance of these operators.

## Gift policy

Its main objective is to foster a culture of business ethics in the organization, particularly with regard to the practice of giving and accepting gifts. This policy not only implies that all employees must behave in accordance with the law, but it is also an additional element of exemplarity that places the Group's actions beyond any risk.

## Tendering policy

The purpose of this policy is to establish the basic and common elements of the FCC Group for the preparation and presentation of bids for competitive contracting processes, called by public or private entities. In addition, it pursues the correct compliance with the regulations applicable to tendering procedures, minimizing the risk of possible breaches of regulations, especially in the criminal (corruption, fraud, bribery, etc) or antitrust areas.

In addition, another measure to prevent corruption, bribery, influence peddling, fraud and money laundering is the training that the FCC Group makes available to its staff, mandatory training for the group directly affected. Specifically, training in corruption prevention was taken by a total of 319 workers in 2021, with nearly 3,400 people trained since its launch in 2020.

In relation to the assessment of exposure to corruption-related offences, the Group carries out a regular analysis of all its operations considering the geographical areas in which it operates.

As a result of this assessment, a matrix of corruption-related risks and controls with national and international scope is available.

To ensure regulatory compliance, the FCC Group identifies risks and draws up a roadmap of controls to prevent the commission of criminal acts and, if necessary, to exempt the legal entity from liability. Among the control procedures with respect to activities related to corruption and bribery, the following stand out:

### CONTROL PROCEDURES

- Approval, by the Communications Directorate, of sponsorships, donations and collaborations.
- The Group's selection procedure, based on a competency-based system to ensure transparency and equality in all selection processes.
- Declaration regarding conflict of interest in recruitment processes.
- Annual training plan on Criminal Prevention and Anti-Corruption.
- Approval of travel and representation expenses.
- Procedure for communication and approval of need to purchase, and the Purchasing Manual.
- Reconciliation of bank statements for the detection of outstanding or unreasonable movements.
- Management of the legal representatives of each company.
- *Due Diligences* prior to contracting certain partners, agents and suppliers.

# Fight against money laundering

In accordance with its Code of Ethics and Conduct, FCC has no tolerance for money laundering and acts to deal with practices of this type. Over the last few years, working with strong evidence of Compliance management and control has become one of the main tasks for the FCC Group.

To achieve this objective, the company itself carries out an ongoing assessment covering governance objectives, risk control and compliance with anti-money laundering regulations.

In particular, through the analysis of the risks to which FCC could be subject, three possible dangerous situations have been detected, specifically with respect to those companies that are obliged subjects in accordance with the provisions of Law 10/2010, of 28 April, on the Prevention of Money Laundering:

- Failure to review customer identification and control procedures.
- Failure to comply with the reporting obligation.
- Non-implementation of internal control measures.

The following procedures have been established to control these risk events:

- The inclusion of a clause on the Prevention of Money Laundering in real estate development marketing contracts.
- The review of contracts of sale, lease or lease-purchase.
- The review of legal representatives for the revocation of powers granted to a person who has left the company.
- The existence of an internal advice and complaint line.
- The Prevention of Money Laundering Manual.
- The existence of a body for the supervision and monitoring of money laundering prevention measures.
- The identification of interested parties in a Real Estate asset, in order to assess the risk of the operation.
- The provision of training to employees on Money Laundering.

Reflecting the FCC Group's involvement in this matter, there are no reports of money laundering.

# Cybersecurity
# A secure network

*| The FCC Group's information security at the service of citizens*

## Information Security

*| Ensuring the protection of information through cybersecurity*

In an increasingly connected and digitised world, companies are increasingly confronted with potential cyber threats, which poses a major challenge when implementing cyber security models and measures to ensure information security.

According to the latest "Global Risks Report 2022", published by the World Economic Forum, concerning the greatest global risks (economic, environmental, geopolitical, social and technological), "cybersecurity failures" may become a critical global risk within 5 years.

In this context, the FCC Group considers information to be a strategic resource, and is therefore committed to ensuring the protection and security of the information of the company, its customers, outsourcers and suppliers, its products and services, against various cyber threats.

# Cybersecurity Model

The company has its own Cybersecurity Model which establishes the basic principles and basic requirements for developing the appropriate security measures for the Group's information systems. The company also has a regulatory framework for information security, which applies to all its business areas and whose main objective is to keep the confidentiality, integrity and availability of the information.

In addition, the FCC Group is committed to protecting the personal data and any other relevant information of its employees, customers and suppliers in order to comply with the legal requirements in this area and to ensure that the appropriate procedures are established. In this regard, it is worth highlighting the values that guide the company in the daily work of the treatment of personal data:

## Cybersecurity Model and Regulatory Framework

FCC Group's main information security objectives:

- Confidentiality
- Integrity
- Availability of information

## Values that guide the company in the daily work of the treatment of personal data

- Transparency and confidence in the secure treatment of Personal Data at all times.
- Responsibility and commitment in the use of Personal Data based mainly on their confidentiality.
- Availability of Personal Data on a need-to-know basis and only to persons who need it by reason of their functions.
- Integrity of information to prevent unauthorised handling.

## Measures to improve information security

In order to respond to the increasingly foreseeable information security risks, the FCC Group is carrying out a number of initiatives.

Key cybersecurity initiatives

- Identification and development of the necessary cybersecurity skills and knowledge in the different areas, as well as the promotion of a cybersecurity culture at all levels of the organisation.
- Start of the implementation and standardised prioritisation of cybersecurity measures based on a risk and threat analysis, with a focus on systems supporting critical infrastructure and essential services.
- Establishment of mechanisms to control and monitor the state of cybersecurity in the different areas of the company and ensure compliance with applicable internal and external regulations.

# Customers
## Excellence in service

*| Attention and safety frame the work of the FCC Group in its relationship with customers*

## Example of experience

*| Attending to the needs of each customer*

As expressed in the Code of Ethics and Conduct of the FCC Group, the company is characterised by promoting a culture focused on customer care and commitment. Every year, the FCC Group invests more and more resources in perfecting its offer of differentiating products and services in all its business areas, in order to satisfy the demands of its customers and anticipate their needs.

In an increasingly competitive environment, the FCC Group is aware of the value generated for the business by a relationship of trust and credibility with its customers, through two-way communication, as detailed in chapter Communication with Stakeholders. The Group's continuous dialogue and effective response enables it to strengthen relations with its customers, thanks also to the expertise of the Group's staff.

The commitment to the customer is materialised in adequate attention and anticipation, but also through the diversification of products and services, which are adapted to the different types of customers.

| | |
|---|---|
| PUBLIC SECTOR | The cities of the future must be the result of working hand in hand with a multitude of public entities and organisations. |
| PRIVATE SECTOR | FCC's plurality of services also includes projects designed for the private sector. |
| COMMERCIALISATION AND SALES | In particular, the Cement Business maintains a direct relationship with the customer that guarantees the commercialisation of a high quality product, in accordance with all its safety standards. |
| FINAL USER | With the aim of participating in the change and development of the cities of the future, the FCC Group brings together a series of activities whose ultimate goal is the full satisfaction of its populations as end users. |

# Customer care

*| High-quality customer services, where trust and security prevails*

The FCC Group works to maintain the high-quality standards that define its range of products and services, always taking into account health and safety criteria and complying with the legislation applicable to all its businesses. Moreover, the Group considers communication with its customers to be necessary and essential to maintain the principle of continuous improvement, as well as customer satisfaction.

A necessary condition to secure the trust we seek from our customers is, undoubtedly, to guarantee them that the Group cares about and meets their need for privacy of information. The company works under the principles of the applicable European legislation, which are consolidated, at management level, through the ISO 9001 certification in all its areas of business.

In the area of health and safety, the company promotes a number of actions which are highlighted below:

## BEST PRACTICES FOR SAFE AND QUALITY WORK

### FCC Servicios Medio Ambiente

**FCC Medio Ambiente Iberia**

Specific health and safety measures for work in public spaces and in public spaces and roadways in order to ensure the safety of citizens.

**FCC Environment UK**

Software for recording, investigating and resolving incidents related to customer health and safety.

**FCC Environment CEE**

In the Czech Republic, assessments of risk, safety and personnel at all stages of its projects.

### Cementos Portland Valderrivas

- Safety data sheets for the products it commercializes
- Packaging and labelling in accordance with the European CLP regulation
- Registration of cements commercialized in Spain with the National Institute of Toxicology and Forensic Sciences

### FCC Construcción

- ISO 27000 certification for information security.
- Project risk and security assessments.

### Aqualia

- Water quality control system within its Aqualia LAB network.
- ISO 17025 accreditation in its laboratory located in Badajoz for environmental tests.

# Listening and responsibility

*| Customer satisfaction is the result of applying the values of the FCC Group with a deep understanding of consumer opinion*

The FCC Group understands the different types of customers that define each of its areas of business. For this reason, and for objective and efficient management, it applies in each area methodologies adapted to the different casuistry, in order to listen adequately to the concerns of the entities and users it serves.

In addition, each business line develops its own tools for proactive listening and response, and it is responsible for monitoring the satisfaction of its individual customers.

Every business has different tools at its disposal to deal with and get to know the opinion of its customers.

## COMMUNICATION MECHANISMS FOR SERVING DIFFERENT TYPES OF CUSTOMERS

### FCC Servicios Medio Ambiente

- Responsibilities and methodologies for your administrative clerks, sales and/or customer service staff in accordance with local laws, for personalised communication, via face-to-face, online and/or by telephone.
- Complaints received by FCC Medio Ambiente Iberia are registered through its VISION computer application. After responding to the observations sent by its customers, the company proceeds to study and analyse them, obtaining conclusions on customer satisfaction.
- In the area of Industrial Waste, specialised methodologies are used for the private sector, using satisfaction surveys or the Top Ten method.
- In Poland, there is also a specific complaints system for waste management and treatment services.

### Aqualia

- Call centre.
- Social media.
- SMS messages for notifications of invoices with incidents and network failure notices.
- Aqualia Contact platform and mobile application, to carry out virtual office functions (searches for support channels available in the municipality, invoicing or payments) and carry out satisfaction surveys. It also allows customers to access all the support channels available in their municipality through its search engine.

### FCC Construcción

- Figure of the "customer interlocutor" responsible for managing and processing suggestions and feedback, as well as managing the collaboration with the customer.

### Cementos Portland Valderrivas

- Dealing directly with trade departments of customers.
- Technical-sales support in periodic visits for personalised service.
- Online management of the Digital Channel for customers, portal for access to invoices, delivery notes, balance and quality certificates, and evolution of the activity, projects and works, etc.

# Complaint systems, complaints received and their resolution

The complaints and claims received and managed in each of the Group's business areas during 2021 are set out below:

Para el caso concreto de FCC Construcción, el periodo medio de resolución de las quejas ha disminuido considerablemente debido a que la mayoría de las quejas recibidas durante el año 2021 tienen un periodo de resolución extenso y no están cerradas, por lo cual formarán parte del reporte de 2021.

Para el caso de Cementos, dicho período de resolución ha disminuido porque este aumentó más de lo normal en 2020, debido a la recepción de una serie de quejas más complejas de lo normal, que aumentaron la media de días.

En la siguiente tabla se muestran los resultados de las quejas y reclamaciones recibidas a lo largo del ejercicio 2021 en el Grupo FCC:

## COMPLAINTS AND CLAIMS(*)

| | Aqualia | | Medio Ambiente | | Construcción | | Cemento | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Received | 16,180 | 15,948 | 6,697 | 9,350 | 105 | 177 | 15 | 10 |
| Managed[29] | – | – | 10,043 | 9,346 | 103 | 177 | 15 | 10 |
| Average resolution time (days) | – | – | 4.6 | 2.92 | 49 | 22 | 80 | 24.1 |

(*) Complaints received and handled by the Environmental Services Area activity in Serbia have not been considered.

[29] Managed: all complaints and claims that have been dealt with by the company and have resulted in their closure, regardless of the final result obtained (not accepted, filed, resolved in favour of the customer, resolved in favour of the company).

## RESULT OF COMPLAINTS AND CLAIMS(*)

| | Aqualia | Medio Ambiente | Construcción | Cemento |
|---|---|---|---|---|
| Not accepted | – | 89 | – | – |
| Filed | – | 278 | – | – |
| Resolved | – | 8,983 | 93 | 7 |
| Other type of result obtained | – | – | 84 | 3 |
| **Total complaints received** | **15,948** | **9,350** | **177** | **10** |

(*) Complaints received and handled by the Environmental Services Area activity in Serbia have not been considered.

## QUALITY SURVEYS SENT TO CUSTOMERS

Below is a breakdown of the number of surveys sent and received by each of the FCC Group's business areas:

| | Aqualia | Medio Ambiente | Construcción | Cemento |
|---|---|---|---|---|
| No. of surveys sent | 187,760 | 1,919 | 370 | 882 |
| No. of surveys received | 3,325 | 570 | 351 | 92 |

# Supply chain
## Sustainable provisioning

*| Redesigning value chains*

## Responsible purchasing

*| A responsible supply chain for a sustainable planet*

The crisis resulting from Covid-19, together with the social and climate challenges of the last few years, have triggered an operational rethink of supply chains towards more sustainable systems over time, more locally focused and more environmentally responsible. Its impact on companies and their stakeholder relations has increased the demands of consumers, who are increasingly demanding new models of responsible purchasing, which inevitably has repercussions on the value chains of large companies.

Therefore, also in accordance with legal requirements, companies are obliged to establish sustainability criteria in their supply chain, with the aim of neutralising the corresponding potential impacts.

In this context, the FCC Group, with the aim of establishing more lasting and solid relations with its stakeholders, including its suppliers and outsourcers, works paying special attention to the impact that its purchasing processes have on the company. In this sense, the company continues to work on the application and inclusion of ethical, social and environmental issues in its purchasing processes and in the services it provides.

# An integrated framework to ensure responsible purchasing

Within the framework of this activity, the FCC Group has different tools that guide the company's actions in accordance with its culture of continuous improvement. In this way, the company renews the guidelines to be followed, updating them in accordance with the social and environmental situation. In fact, FCC applies ESG criteria in its purchasing processes, as well as in its service provision.

## Code of Ethics and Conduct

It sets out the basic principles that all suppliers, partners and collaborators must comply with in terms of:

- Corruption, bribery and fraud: Ethical behaviour in your business dealings.
- Human and labour rights: Protection under the Universal Declaration of Human Rights and the International Labour Organisation.
- Commitment to occupational health and safety: Commitment to occupational health and safety standards.
- Sustainable environmental management: Respect and prevention of environmental degradation.

## General Terms and Conditions

The ethical clauses that have to be accepted by suppliers are defined, including the scope of the FCC Group's Anti-Corruption Policy.

## Purchasing Manual

It promotes stable and long-lasting business relationships between contracting partners and suppliers based on three principles:

- Transparency.
- Competitiveness.
- Objectivity.

## Risk Map

ESG risk mapping analysis for suppliers and contractors on issues such as:

- Identification of potential sustainability risks.
- Inclusion of sustainability criteria in the definition of critical supplier.
- Monitoring and control of higher risk suppliers.

## Supplier Approval Process

From the Purchasing Department, the FCC Group is working to establish a single methodology for the approval and evaluation of suppliers.

The approval process consists of a study of possible risks related to the information provided by the supplier concerned. Suppliers must duly complete their registration on the Group's platform in order to be considered "approvable suppliers". Once this registration has been completed, the supplier must sign a Declaration of Responsibility regarding anti-corruption, receipt and delivery of gifts, conflicts of interest and human rights.

The supplier is then required to answer a series of questionnaires, which include social, environmental and governance criteria, the most important of which are as follows:

a) Information concerning the financial situation.

b) Certifications and information relating to Quality and Environmental Management systems.

c) Information relating to the Occupational Risk Prevention system.

d) Information concerning the company's operations (if it is a supplier of products), including allocation of responsibilities, training, customer service, process control, approval and evaluation of suppliers and customer satisfaction.

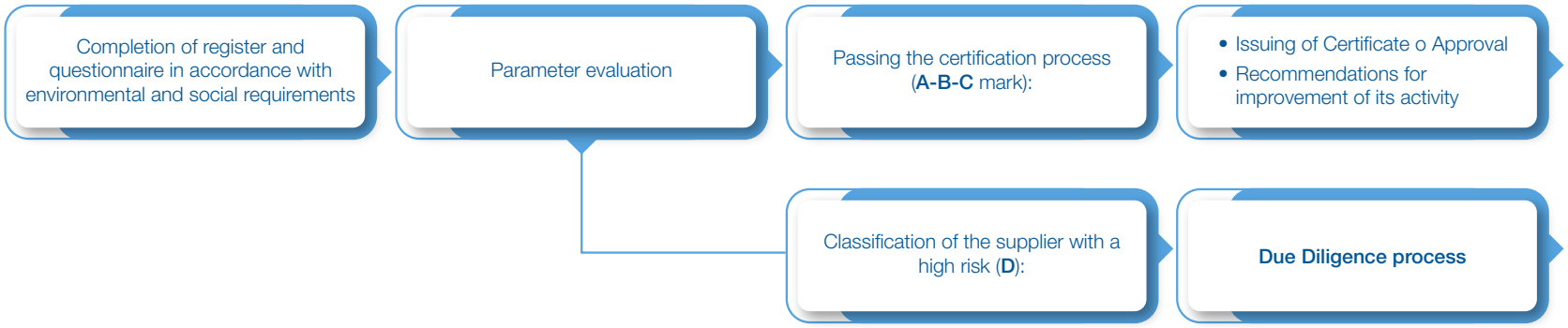
e) Data on the workforce, including number of workers, percentage of women, average age and average length of service of the workers.

f) Corporate Social Responsibility, declaration of respect for human rights, anti-discrimination policy, membership of the Global Compact, certification of ethical/social management system, sanctions or legal proceedings for human rights violations, communication of sustainability policy, assessment of employee satisfaction, work-life balance policies.

g) Compliance, including own Code of Ethics and acceptance of the FCC Group's Code of Ethics, criminal prevention model, complaints channel, existence of a Compliance Officer, policies for the prevention of money laundering and the financing of terrorism and sanctions or convictions for corruption, bribery or influence peddling.

h) Data protection, including the existence of a Data Protection Officer, data breach notification procedure, security breaches, risk analysis and security measures, sanctions received and open cybersecurity sanctioning procedures, employee privacy and support to local communities.

As a result, the procedure for a supplier to be approved is as follows:



# Immediate response: Due Diligence process

For cases in which a supplier is included in the classification of high-risk suppliers (D), the FCC Group implements a Due Diligence process to detect and prevent possible risks from arising in the contractual relationship, which allows the Purchasing Department to accept or reject this approval.

Based on the conclusions obtained from the Due Diligences process, the Purchasing Department decides whether or not the supplier should be approved and under what conditions, establishing preventive or corrective measures if necessary.

## APPROVAL PROCESS

**870**[30] Approved suppliers.

**100%** Suppliers assessed and selected according to environmental criteria.

**100%** Suppliers assessed and selected according to social criteria.

### 2022 Goals

- To approve 80% of the suppliers allocated by the purchasing department in purchasing processes carried out during the year.
- To approve 90% of the suppliers representing the top 30% of the total ordered by amount of cost in the previous financial year.

[30] In 2021, only 4 high-risk suppliers were identified and underwent Due Diligence. They were finally approved.

# Towards continuous improvement: evaluation and monitoring

Along with the objective of guaranteeing continuous improvement in the approval process, the company works on the periodic assessment of suppliers by sending satisfaction surveys to the different departments involved in the Group. This speeds up the decision-making process for future allocations, allows for improved negotiations, as well as the continuation or cancellation of the approval.

Furthermore, in the approval process, compliance audits of suppliers categorised as "critical" are required to be carried out. However, no supplier has been classified in this category so far and therefore no audit has been carried out.

## INTERNATIONAL FACE-TO-FACE, LOCAL FOCUS

As reflected in the data, the FCC Group favours the economic and social development of the areas in which it carries out its activities by opting for the contracting of national suppliers. In this way, through its initiatives, it invests in the local economy and promotes job creation.

**33,237** National and international suppliers

**32,806** National suppliers **+ 95%**

**Almost 97%**
Volume of purchases for national Suppliers

# Anticipation
# Opportunities for Progress

*| Assuming anticipation as the possibility of treading unexplored paths*

## Risk Management Model

*| Anticipation, assessment and response*

The FCC Group operates in a wide variety of countries and industries, with changing environmental, socioeconomic and legal environments. This variety of situations, to which FCC must respond, entails a series of risks and opportunities that are managed with a focus on constant improvement.

FCC has a Risk Management Model, whose line of action is threefold: **Identify, Assess and Manage**

The FCC Group analyses, assesses, identifies and prioritises the different risks inherent to the development of its activity, based on strategic, operational, compliance and financial criteria. In this way, the company proactively addresses those aspects relevant to its stakeholders, anticipating those events that could affect its objectives. Once identified, and depending on their nature, these risks are dealt with through the mechanisms integrated in the Management Model.

The sequence of activities that structure the operation of the Group's Risk Management Model is as follows:

- **Risk assessment,** considering the potential impact on the Group's objectives and the likelihood of occurrence.
- Definition of **Risk Maps**, after having assessed the possible threats.
- Establishment of **prevention and control activities**, with the aim of mitigating the effect of these risks.
- Establishment of **reporting flows and communication mechanisms** at different levels.

As an additional measure, **Action Plans** will be implemented for those risks that exceed the established levels, always based on criteria of operational viability and cost-benefit relation. These plans may also be developed when inefficiencies are detected.

This Risk Management Model is applicable to all businesses belonging to the Group, as well as to those participating companies with effective control. Finally, the risk tolerance assumed by the Group will be defined by its Board of Directors, being dynamic over time and varying according to internal and/or external factors.

In addition, FCC has a Compliance Model and its corresponding management framework, which is supervised by the Group's Compliance Committee.

## Bodies in charge of the development and implementation of the Risk Management Model

FCC's Risk Management Model is developed and implemented by a set of administrative clerks. Through an efficient allocation of responsibilities, the Group seeks to promote a consistent and competent control environment, based on the **risk-opportunity vision**.

### The Board of Directors

Responsible for approving the Group's Risk Management Model, identifying those risks considered to be the company's main risks. As well as implementing and monitoring the internal control and information systems.

### Audit and Control Committees

Responsible for monitoring and analysing the effectiveness of internal control and risk management and control policy.

Meanwhile, the FCC Group's Risk Management Model is based on the establishment of three levels of risk and internal control, the first two of which are located in the business units and the third in the corporate areas, and on the definition of responsibilities:

## First level

- They act as risk generators.

  Properly managing, monitoring and reporting the risk generated.

## Second level

- Consisting of **support, control and supervisions teams**.

  Responsibility: Ensuring effective control and adequate management of risk.
- Each business unit is responsible for the implementation of the Risk Management Model, including those related to financial information.
- **The Business Compliance Officer:**
  - He/she assists the Corporate Compliance Officer in the dissemination of the Criminal Prevention Model, in the identification of risks and in the definition and monitoring of controls.
  - He/she proposes action plans in his/her area, in cases where breaches or inefficiencies in the functioning of controls have been detected, submitting these proposals to the Corporate Compliance Officer.

## Third level

It is composed of the corporate functions that report to Senior Management and/or the Audit and Control Committee. This third level includes the following:

- **The tax Division:**

  It defines tax policies, procedures and criteria that are generally applicable for de Group.
- **The Corporate Compliance Officer:**
  - Implementing the Criminal Prevention Model.
  - Identifying risks in his/her area.
  - Defining and monitoring the relevant controls.
  - Proposing Action Plans where appropriate.
- **Internal Audit and Risk Management**
  - Both functions report to the Audit and Control Committee.

  **Risk Management:**
  - Coordinating the Risk Management Model.
  - Defining a basic methodology for the identification, assessment and reporting of risks, providing support to those responsible for its implementation.

  **Internal Audit:**
  - Assessing the adequacy of policies, methods and procedures and verifying their effective implementation.

# Potential risk situations

The FCC Group, according to its business practices in this area, classifies risks as follows:

## Operational

Risks related to the tendering and contracting process, partner selection, outsourcing and suppliers, labour, collection processes and customer satisfaction.

## Compliance

Risks relating to compliance with applicable laws (on quality, environment, information security, etc.), compliance with contracts with third parties and the FCC Group's Code of Ethics and Conduct.

## Strategic

Risks related to the markets, countries and industries in which FCC operates, as well as the geopolitical situation.

## Financial

Risks related to liquidity, cash management, access to financial markets, exchange rate and interest rate.

# Significant risk management

The FCC Group responds by means of specific actions to the risks detected.

## Strategic risks

- Political and regulatory instability.
- Climate and environmental risks.
- Health and humanitarian crises.
- Regional armed conflicts and terrorism.
- Loss of market share.
- Reduction of investment and demand forecasts.
- Reputational damage.

### Response plans

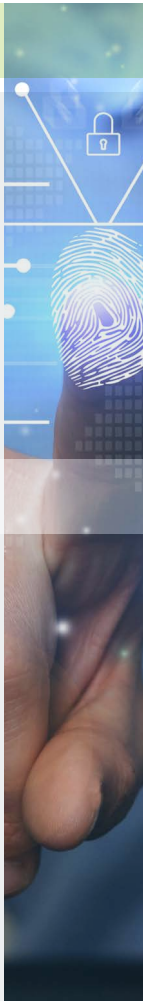
- Consolidation of diversified international positioning as a provider of services classified as essential.
- Maintenance of market share in mature markets.
- Search for new public-private collaboration formulas for the development of the integral water cycle, environmental services and infrastructures.
- Own strategy for adaptation to climate change in Horizon 2050.
- Integration of businesses in the circular and low-carbon economy and alignment with the SDGs.
- Investment in technology, innovation and process control.
- Development of Sustainability Plans.

## Operational risks

- Unilateral termination or modification of the contract, contractual disputes and litigation.
- Project rescheduling.
- Valuation of Real Estate investment.
- Price increases and unavailability of raw materials and subcontracted services.
- Risks arising from third party relationships.
- Labour conflicts.
- Loss of human resources.
- Risks associated with digitalization.
- Cyber-attacks.
- Risks to people`s health and safety.
- Environmental damage.

### Response plans

- Formal systems for economic and technical planning and contractual management with clients and third parties, applying an active negotiation policy.
- Application of purchasing procedures, monitoring of key suppliers and periodic analysis of deviations.
- Inclusion of price review mechanisms in contracts.
- Quality management, environmental management and occupational risk prevention systems in accordance with international standards.
- Operational unit and information security management system also in accordance with international standards.
- Monitoring plans to specific project risks.
- Appropriate insurance coverage.
- Training, coordination and development of the Group's Human Resources.
- Active management of labour relations.
- Regular valuations of real estate assets by independent experts.



# Significant risk management (continuation)

## Financial risks

- Credit risk.
- Liquidity risk.
- Exchange rate fluctuations.
- Interest rate fluctuations.
- Limited access to financial markets.
- Impairment of goodwill.
- Recoverability of assets for deferred tax.

### Response plans

- Continuous monitoring of the credit quality of customers, lines of credits and financing.
- Reinforcement of the financial-equity structure to improve the balance between shareholder's equity and borrowed funds.
- Optimisation of exposure to debt linked to variable rates and analysis of interest rate hedging instruments.
- Controlling the management of equity risks and updating and monitoring the value of goodwill and deferred tax assets.

## Compliance risks

- Discrepancies in regulatory compliance.
- Discrepancies in contractual compliance.
- Potential non-compliance with the Code of Ethics.

### Response plans

- Code of Ethics and Conduct widely disseminated.
- Structured, formalized and periodically reviewed Compliance Model.
- Compliance organizational structure at different levels and for the different businesses, coordinated by the Compliance Committee.
- Training programmes on Ethics in the Compliance and Values schools (FCC Campus).
- Updating programmes in different regulatory areas.
- Regulated systems with detailed procedures.
- Monitoring of contractual and regulatory requirements in project management plans.

As it does every year, throughout the year the FCC Group analyses the risks that have occurred. During 2021, the company has detected the following risks:

**I.** As a result of the consequences of the health crisis, as well as the measures put in place to reduce it, the Group has seen its activity, its productivity and the achievement of certain projects collaterally affected and has had to reschedule them in some cases. However, compared to 2020, the impact has been milder.

**II.** Certain projects have been rescheduled due to various operational, technical, design, work area availability, contractual interpretation, lack of decision-making by clients and other reasons.

**III.** The increase in the prices of raw materials, electricity, fuel and outsourced services has affected the outcome of certain projects from time to time.

**IV.** There have been contractual disputes that have sometimes led to civil, labour, criminal, arbitration, administrative, regulatory and similar proceedings.

**V.** Due to the entry into force of the UK's Withdrawal Agreement from the European Union, the Group continues to monitor and update its adaptation plans for possible regulatory changes.

For further information, please consult the FCC Group's Annual Corporate Governance Report 2021.

## APPLYING RISK MANAGEMENT TO EVERY BUSINESS

The **Environment Area** documents in a Map of Risks and Opportunities those considered significant for its activity and assesses its possible occurrence in its periodic Risk Materialisation Report (IMR). In this way, it responds to potential impacts by adopting specific measures both locally and globally from its management.

The **Water Area** has a compliance model and a system for controlling and assessing its strategic risks. Specifically for the prevention of operational risks, it carries out self-assessments of the implementation of controls and processes in order to detect and work on improvements.

The risk analysis carried out by the FCC Group, at corporate level, is the first step in analysing the context of the **Construction Area** and the expectations of the interested parties. In addition, this analysis is complemented with the Technical Actions Forecast Act (APAT), in which the works are classified according to their risk situation throughout all their phases: study, contracting and implementation.

In 2021, the **Cement Area** updated its risk map based on the Group's Integrated Risk Management Model. Thus, the following have been identified as the main risks: the European energy crisis as a major impact on the costs of its activity, the European regulation of $CO_2$ emissions, the evolution of the COVID-19 health crisis and the economic and political situation in Tunisia. Consequently, corresponding action plans have been defined to reduce these risks.

# Commitment
# Responsible taxation

*| Accountability in a clear and sustainable manner*

## A shared commitment

Fiscal transparency is essential for the creation of economic and financial stability at both social and business level. On the other hand, it is also a requirement for the fulfilment of stakeholders, as well as for the maintenance of reputation and the raising of investment capital.

The FCC Group complies with the tax regulations of all the jurisdictions in which it operates, contributing to the development of social welfare, the generation of value and economic development wherever it operates.

## Fiscal Strategy and Policy

The FCC Group's tax strategy is currently defined in its Tax Code of Conduct, published on its website, and in its Tax Control Framework Standard, both documents approved by the FCC Board of Directors.

Furthermore, the FCC Group is a member of the Tax Agency's Code of Good Tax Practices, which aims to promote a reciprocally cooperative relation between the Tax Agency and the companies that have subscribed to it, a relation based on the principles of transparency and mutual trust, and which aspires to reduce legal uncertainty for companies and existing law suits in tax matters. As a result of the commitment undertaken by the FCC Group within this framework, the Group submits an annual Fiscal Transparency Report to the Tax Agency.

Finally, FCC is working on the development of a comprehensive Tax Policy, which aims to create value for shareholders and other stakeholders in a sustainable manner. To this end, the transactions it contemplates will always be carried out for business reasons, in accordance with the applicable regulations, and considering the possible impact of its decisions on tax matters in the various regions in which it provides its services.

# Fiscal governance and control framework

The FCC Board of Directors is the body responsible for reviewing and approving the Group's Code of Tax Conduct, which is mandatory and establishes the policies, principles and values that should guide tax behaviour within the company.

The Tax Code of Conduct also establishes the necessary compliance, where applicable to employees, with the Tax Control Framework Standard and the procedures relating to the management of the tax area set out therein.

The Tax Code of Conduct and the Tax Control Framework Standard are aligned with the values that characterise the FCC Group as reflected in the **Code of Ethics and Conduct**, the **Corporate Social Responsibility Policy** and the **Mission** and **Vision** of the FCC Group

## RESPONSIBILITIES OF THE PERSONS OF THE FCC GROUP IN TAX MATTERS

| TAX REGULATIONS BY JURISDICTION | FISCAL AREA CONTROL FRAMEWORK | SUPERVISION | TAX AUTHORITIES |
|---|---|---|---|
| Professionals should observe the tax rules applicable in each jurisdiction, based on sufficiently reasoned and reasonable interpretations and sufficiently verified facts. | Apart from the other obligations, all professionals must comply with and respect the Tax Control Framework Standard as well as the specific procedures for communication, action and review relating to the fiscal area. | The professional shall ensure that the senior management of the FCC Group oversees any decisions taken in tax matters and that such decisions are properly supported. | The Tax Code of Conduct emphasises that the FCC Group's professionals must create and strengthen greater collaboration and cooperation with the state tax authorities of the countries in which it operates. |

The Tax Control Framework Standard conditions tax decisions, which are made on the basis of the position of the various administrative bodies, as well as the corresponding courts of law in the region in which the activity is carried out. Tax planning strategies or tax positions in which the economic benefit is solely and exclusively of a tax nature, without the objectives being aligned with trade or business purposes, are not acceptable. Arrangements that could be considered artificial from a tax point of view are also not permitted.

Tax decisions, which are commercially justifiable and publicly disclosed, are taken on the basis of the risk levels defined in the Group's Tax Control Framework Standard.

## Identification and management of fiscal risk

The Audit and Control Committee of the FCC Group reviews half-yearly the law suits and tax risks, which are identified and controlled on a recurring basis through internal management tools.

Depending on the level of risk, decisions will be taken by the Tax Department of the Business Area or, where appropriate, by the head of the Corporate Tax Area. Also, certain risks will require the approval of the Board of Directors of the FCC Group.

In this regard, the FCC Group may not take tax decisions classified as a serious risk in accordance with the parameters set out in the Tax Control Framework Standard, even if they are supported by Law.

The risk analysis is carried out on the basis of the following categories:

**RISK ANALYSIS CATEGORIES**

- IMPLEMENTATION RISKS
- REPUTACIONAL RISKS
- COMPLIANCE RISKS
- EXTERNAL RISKS

In their classification, both their potential quantitative and qualitative impact is considered.

Regarding the mechanisms for reporting concerns related to possible unethical or illegal conduct that threatens the integrity of the FCC Group, professionals may express such conduct through the Group's Ethics Channel.

## Stakeholder engagement

As established in the Tax Code of Conduct of the FCC Group, all persons with responsibilities within the Tax Area of the FCC Group are obliged to carry out their work in a clear and ethical manner with the tax authorities of the country in which they carry out their activity.

Furthermore, these professionals must opt for an active and participatory role in the tax forums of those business associations and international organisations of which the FCC Group is a member, with a view to building a fairer and more harmonised tax system for both the Group's interests and those of the company as a whole.

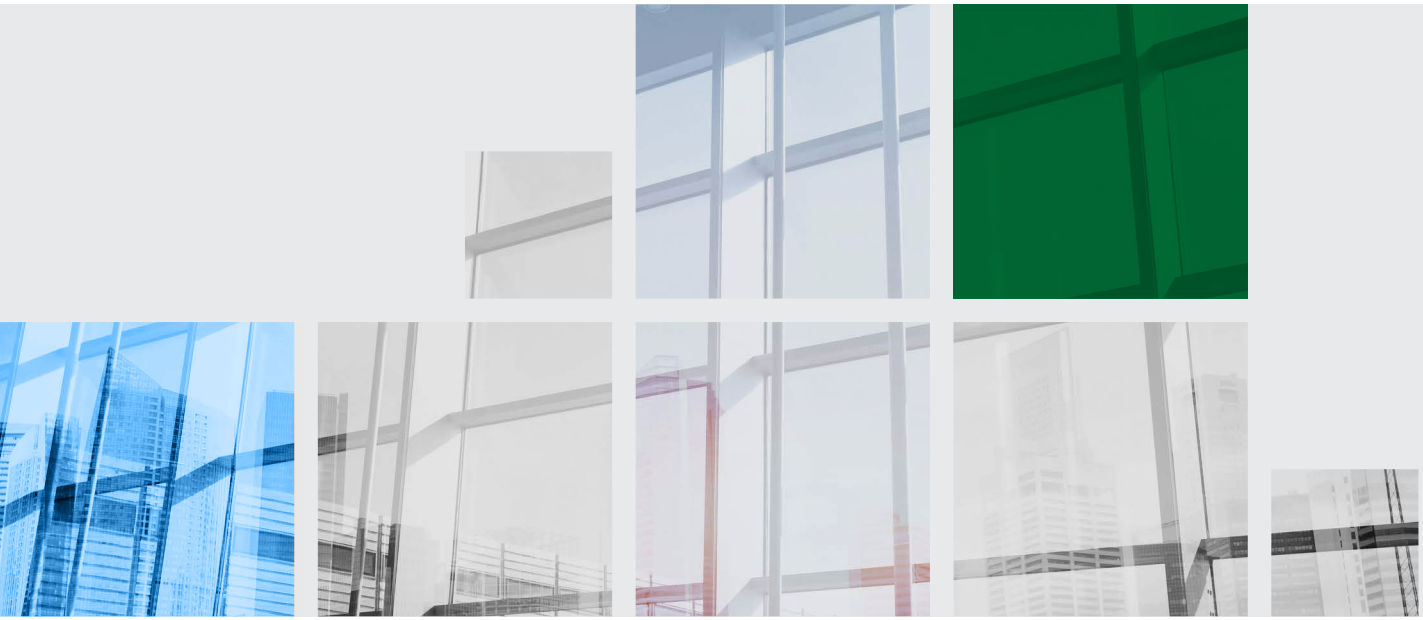
# FCC Group's contribution

*| Results reflecting transparency*

Annex IV provides details of the after-tax profits, income taxes and government grants received by country, by FCC Group, during the 2021 financial year.

The information contained in these tables has been audited by a verifier which is independent of the FCC Group, always complying with the necessary requirements of objectivity and independence, and providing the required information.

In this way, the Group applies the principle of transparency to the tax information published, having been able to verify the Group's compliance with its tax obligations and the applicable tax regulations.



# ANNEXES

# ANNEX I
# About this report

## Regulatory Context

This Sustainability Report provides information on the management of key aspects (environmental, social and governance) for the company and its businesses in the period between 1 January and 31 December 2021.

The dissemination of non-financial information or that relating to corporate social responsibility contributes towards the measurement, monitoring and management of the performance of companies and their impact on society, and constitutes a common practice within the FCC Group. The information on FCC's ethical, environmental and social performance was prepared in accordance with the Essential option in the GRI Standards (Global Reporting Initiative).

The FCC Group also includes in this Report the non-financial information requested by Law 11/2018, of 28 December, on non-financial information and diversity. This Report, therefore, is a constituent part of the FCC Group's Consolidated Management Report, corresponding to the 2021 business year, between 1 January and 31 December 2021.

Throughout this document, information is provided on environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as information on the Group's employees.

## Principles for preparing the Report

In the preparation of this Report, the FCC Group followed the principles of the Global Reporting Initiative for the preparation of reports: Inclusion of stakeholders, context of sustainability, material value and comprehensiveness.

To identify material issues, FCC updated its materiality study for 2021, described in point 3.3 of this report and taking the company's main stakeholders into account. In the event that any indicator is not material for the Group or for any of its businesses, this will be expressly stated in the text. The scope of the material topics and their coverage was developed sufficiently to reflect significant economic, environmental and social impacts and to enable stakeholders to assess FCC's performance in 2021.

The Group also took care to ensure the quality of the document, respecting the following principles: accuracy, balance, clarity, comparability, reliability and timeliness.

To ensure the reliability of the information, the Group verified its Sustainability Report independently. A guarantee report that includes the objectives and scope of the process, as well as review procedures used and their conclusions, is attached as an annex to this report.

## Scope

El alcance de la información proporcionada en este informe se corresponde con el perímetro de integración empleado para la consolidación financiera de Fomento de Construcciones y Contratas, S.A. y sociedades dependientes, considerándose los datos del 100% de las empresas participadas sobre las que se tiene el control de la gestión, independientemente de su porcentaje de participación.

The list of FCC Group companies as at 31 December 2021 is shown in Annex I of the consolidated annual accounts, which can be consulted, as of the date of preparation of this document, on the website of the Spanish National Securities Market Commission (CNMV): CNMV - Annual financial reports.

The FCC Group, distinguished by its geographical and activity diversity, is working to extend the scope of the information to all the companies that make up the group. However, the following is a list of companies excluded from this scope for which non-financial information for the 2021 business year has not been included:

| Business | Excluded from the Scope |
|---|---|
| FCC Servicios Medioambiente | Aparcamientos Concertados, S.A., Azincourt Investment, S.L, Castellana de Servicios, S.A., Corporación Inmobiliaria Ibérica, S.A., Ecodeal-Gestao Integral de Residuos Industriais, S.A., Europea de Tratamiento de Residuos Industriales, S.A., FCC Equal CEE Andalucía, S.L, FCC CEE C. Valenciana, S.L., FCC Equal CEE Murcia, S.L., Gandia Serveis Urbans, S.A., Gestió i Recuperació de Terrenys, S.A.U., Goldrib, Soluções De Valorização De Resíduos, Lda., International Services Inc., S.A.U., Jaime Franquesa, S.A., Recuperació de Pedreres, S.L., Serveis Municipals de Neteja de Girona, S.A., Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A., Sistemas y Vehículos de Alta Tecnología, S.A., Societat Municipal Medioambiental d'Igualada, S.L., Tratamientos y Recuperaciones Industriales, S.A., Valoración y Tratamiento de Residuos Urbanos, S.A., Valorización y Tratamiento de Residuos, S.A., FCC Construction Northern Ireland Limited, FCC Industrial UK Limited, FCC Real Estate (UK) Limited, ASMJ s.r.o, FCC BEC s.r.o, FCC České Budějovice s.r.o., FCC Dačice s.r.o., FCC HP s.r.o., FCC Kikinda d.o.o., FCC Liberec s.r.o.,,FCC Litovel s.r.o., FCC Neratovice s.r.o. , FCC Prostějov s.r.o., FCC Regios a.s., FCC Uhy s.r.o., FCC Únanov s.r.o., FCC Vrbak d.o.o., FCC Žabčice s.r.o., FCC Zabovresky s.r.o., FCC Znojmo s.r.o., Obsed a.s., Quail spol. s.r.o., Realia Contesti, S.R.L., Severomoravské Vodovody a Kanalizace Ostrava A.S., Vodotech, spol. s.r.o., Realia Contesti, S.R.L., Premier Waste Services, LLC., Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services, Egypt Environmental Services, S.A.E. |
| Aqualia | Aguas de Alcázar Empresa Mixta, Aqualia Mace Catar, C.E.G. S.P.A. Simplifiée. |
| FCC Construcción | FCC Constructii Romania, S.A., ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego, Colombiana de Infraestructuras, S.A.S., Concesiones Viales S. de R.L. de C.V., Concretos Estructurales, S.A., Conservial Infraestructuras, S.L., Consorcio FCC Iquique Ltda., Construcción Infraestructuras y Filiales de México, S.A. de C.V., Construcciones Hospitalarias, S.A., Constructora Meco-Caabsa, S.A. de C.V., Constructora Túnel de Coatzacoalcos, S.A. de C.V., Desarrollo y Construcción DEYCO CRCA, S.A., Edificadora MSG,S.A (Panamá), Edificadora MSG, S.A. de C.V. (El Salvador), Edificadora MSG, S.A. de C.V. (Nicaragua), FCC Américas, S.A. de C.V., FCC Américas Colombia, S.A.S., FCC Américas Panamá, S.A., FCC Construcción Costa Rica, S.A., FCC Construction International B.V., FCC Construction Ireland DAC, FCC Construction Northern Ireland Limited, FCC Construçoes do Brasil Ltda., FCC Edificadora CR, S.A., FCC Electromechanical Llc., FCC Elliott Construction Limited, FCC Industrial Panamá, S.A, FCC Industrial Perú, S.A., FCC Industrial UK Limited, FCC Inmobilien Holding GmbH, FCC Servicios Industriales y Energéticos México, S.A. de C.V., FCC Soluciones de Seguridad y Control, S.L., Fomento de Construcciones Colombianas, S.A.S., Fomento de Construcciones y Contratas Canadá Ltd., Impulsora de Proyectos Proserme, S.A. de C.V., Meco Santa Fe Limited. Megaplás Italia, S.p.A., Participaciones Teide, S.A., Servicios Dos Reis, S.A. de C.V. |
| Cementos Portland Valderrivas | Áridos de Navarra, S.A., Canteras de Alaiz, S.A., Dragon Alfa Cement Limited, Dragon Portland Cement Limited, Prebesec Mallorca, S.A, Select Beton, S.A., Tratamiento Escombros Almoguera, S.L., Uniland Acquisition Corporation, Uniland International B.V., Uniland Trading B.V. |
| Other activities | Asesoría Financiera y de Gestión,S.A., Autovía Coquense, S.A., Cemark – Mobiliario urbano e Publicidade, S.A., Concesionaria Atención Primaria, S.A., Concesionaria Túnel de Coatzacoalcos, S.A. de C.V., Costa Verde Hábitat, S.L., F-C y C, S.L.U, FCC Concesiones Al Ansar, S.A.U., FCC Concesiones de Infraestructuras, S.L., FCC Midco, S.A., FCC Real Estate (UK) Limited, FCC Topco, S.A.R.L., FCC Versia, S.A., Fedemes, S.L., Jezzine Uno S.L.P, PPP Infraestructture Investments B.V., Vela Borovica Koncern d.o.o., Vialia Sociedad Gestora de Concesiones e Infraestructuras, S.L., Grupo Realia, Boane 2003, S.A.U., Guillena Golf, S.L.U, Hermanos Revilla, S.A., Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L., Planigesa, S.A., Realia Business,S.A., Realia Contesti, S.R.L., Realia Patrimonio, S.L.U., Servicios Índice, S.A., Valaise, S.L.U. |

The non-inclusion of non-financial information on these companies is due to the fact that most of them are inactive or being wound up, holding companies, companies without productive activity or incorporated during the second half of the business year. The FCC Group's non-financial reporting procedure allows those companies incorporated in the second half of the business year to make non-financial reporting on a voluntary basis, in order to have a reasonable amount of time to adapt to the management systems implemented in the Group. However, if the information is available, it is included in the data provided by each business line.

Despite the above-mentioned corporate exclusions, the non-financial information presented in this Report covers between 90 and 95% of the FCC Group's turnover, unless expressly indicated below, guaranteeing a true image of the company's non-financial performance.

Furthermore, in addition to what is expressly indicated throughout the document in other sections, those excluded from the scope of specific indicators are detailed below:

| Indicator | Excluded from the Scope |
|---|---|
| Resources dedicated to the prevention of environmental risks. | Aqualia. |
| Water discharges. | Aqualia.[31] |
| Waste managed by the Environment Area. | Subsidiaries of the Environmental Services business in Austria and Poland. |
| Water abstraction. | Aqualia.[32] |
| Complaints managed. | Aqualia. |

The environmental section includes data on energy consumption, water consumption, waste generated and GHG emissions for the Group's corporate buildings (Las Tablas, Federico Salmón and Balmes headquarters). These indicators, with a very low weighting with regard to the FCC Group, are the most significant in the environmental management of these centres.

With regard to the exclusions from scope in the specific indicators mentioned above, these omissions are justified due to the impossibility of providing exhaustive and good quality information as at the closing date for the submission of this report. With regard to the above mentioned omissions concerning the FCC Group's turnover, Aqualia contributes 17.5%, and the subsidiaries in Austria and Poland of the Environmental business, 3.4%.

"PLANET. Environmental care and management", "SOCIETY. Promoting social and environmental progress" and "CUSTOMERS. Excellence in service" do not include information on the activity of the Environmental Services area in the United States, which accounts for 1.7% of the Group's turnover.

For fuel consumption data, the conversion factors to GJ according to the "Greenhouse gas reporting: conversion factors 2021", published by DEFRA, have been used.

[31] Since Aqualia's activity is to manage the end-to-end water cycle, the amounts of water discharged as a result of the purification and reuse processes are shown in section *Water as a resource.*

[32] Aqualia's self-consumption data, which is a residual amount compared to the amounts of water managed, is not available and is shown in section *Water as a resource.*

# ANNEX II
# Tables relating to social and personnel affairs

## DEVELOPMENTS IN THE DISTRIBUTION OF THE WORKFORCE BY GENDER (31/12)

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Men | 77.8% | 77.7% | 77.1% |
| Women | 22.2% | 22.3% | 22.9% |
| **Total** | **100%** | **100%** | **100%** |

## DEVELOPMENTS IN THE DISTRIBUTION OF THE WORKFORCE BY AGE RANGE AND GENDER (31/12)

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women |
| < 35 years | 8,413 | 1,876 | 6,788 | 1,850 | 7,425 | 2,125 |
| 35-54 years | 26,945 | 8,180 | 24,043 | 7,501 | 24,946 | 7,623 |
| > 54 years | 10,789 | 3,111 | 15,570 | 3,995 | 13,563 | 3,865 |
| **Subtotal** | **46,147** | **13,167** | **46,401** | **13,346** | **45,934** | **13,613** |
| **Total** | **59,314** | | **59,747** | | **59,547** | |

## DEVELOPMENTS IN THE DISTRIBUTION OF THE WORKFORCE BY BUSINESS AREA (31/12) (PERCENTAGE)

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Environmental Services | 67% | 67% | 69.7% |
| Water | 16% | 18% | 16.5% |
| Construction | 14% | 12% | 11.3% |
| Cement | 2% | 2% | 1.8% |
| Real Estate | - | - | 0.2% |
| Corporate | 1% | 1% | 0.5% |
| **Total** | **100%** | **100%** | **100%** |

## DEVELOPMENTS IN THE DISTRIBUTION OF THE WORKFORCE BY FUNCTIONAL LEVEL AND GENDER (31/12)

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women |
| Management and Direction | 475 | 90 | 437 | 82 | 444 | 84 |
| Supervisors | 3,233 | 610 | 3,067 | 551 | 3,205 | 634 |
| Technicians | 3,545 | 1,629 | 3,898 | 1,660 | 4,092 | 1,847 |
| Administrative Clerks | 1,074 | 1,805 | 1,004 | 1,975 | 1,142 | 2,039 |
| Sundry trades | 37,820 | 9,033 | 37,995 | 9,078 | 37,051 | 9,009 |
| **Subtotal** | **46,147** | **13,167** | **46,401** | **13,346** | **45,934** | **13,613** |
| **Total** | **59,314** | | **59,747** | | **59,547** | |

## DEVELOPMENTS IN THE DISTRIBUTION OF THE WORKFORCE BY COUNTRY GENDER (31/12)

| Countries | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| Spain | 33,956 | 11,115 | 45,071 | 34,514 | 11,180 | 45,694 |
| Czech Republic | 2,196 | 648 | 2,844 | 2,466 | 729 | 3,195 |
| United Kingdom | 2,152 | 350 | 2,502 | 2,247 | 385 | 2,632 |
| Saudi Arabia | 1,684 | 134 | 1,818 | 1,047 | 179 | 1,226 |
| Colombia | 666 | 147 | 813 | 782 | 154 | 936 |
| Austria | 532 | 165 | 697 | 535 | 157 | 692 |
| Romania | 554 | 134 | 688 | 536 | 125 | 661 |
| Poland | 423 | 108 | 531 | 479 | 138 | 617 |
| USA | 501 | 76 | 577 | 494 | 87 | 581 |
| Egypt | 1,340 | 3 | 1,343 | 546 | 3 | 549 |
| Portugal | 443 | 95 | 538 | 396 | 101 | 497 |
| Slovakia | 323 | 91 | 414 | 317 | 96 | 413 |
| U.A.E. | 307 | 5 | 312 | 312 | 8 | 320 |
| Italy | 217 | 35 | 252 | 212 | 37 | 249 |
| Tunisia | 215 | 17 | 232 | 209 | 13 | 222 |
| Panama | 266 | 42 | 308 | 177 | 24 | 201 |
| Hungary | 132 | 51 | 183 | 131 | 50 | 181 |
| Mexico | 63 | 17 | 80 | 98 | 23 | 121 |
| Serbia | 94 | 36 | 130 | 79 | 36 | 115 |
| France | 60 | 18 | 78 | 70 | 27 | 97 |
| Chile | 36 | 16 | 52 | 64 | 22 | 86 |

| Countries | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| Algeria | 54 | 7 | 61 | 54 | 7 | 61 |
| The Netherlands | 33 | 4 | 37 | 44 | 6 | 50 |
| Peru | 26 | 9 | 35 | 26 | 8 | 34 |
| Nicaragua | 27 | 3 | 30 | 24 | 4 | 28 |
| Belgium | 18 | 1 | 19 | 17 | 2 | 19 |
| Qatar | 14 | 0 | 14 | 13 | 0 | 13 |
| Ireland | 24 | 7 | 31 | 9 | 2 | 11 |
| Norway | 8 | 3 | 11 | 6 | 4 | 10 |
| Australia | 3 | 1 | 4 | 8 | 1 | 9 |
| Canada | 8 | 1 | 9 | 8 | 1 | 9 |
| Costa Rica | 3 | 2 | 5 | 3 | 2 | 5 |
| Dominican Republic | 9 | 1 | 10 | 4 | 1 | 5 |
| Kosovo | - | - | 0 | 2 | 0 | 2 |
| Oman | 1 | 1 | 2 | 2 | 0 | 2 |
| Bulgaria | 5 | 2 | 7 | 0 | 1 | 1 |
| El Salvador | 1 | 0 | 1 | 1 | 0 | 1 |
| Guatemala | 1 | 0 | 1 | 1 | 0 | 1 |
| Montenegro | 1 | 0 | 1 | 1 | 0 | 1 |
| Ecuador | 4 | 1 | 5 | - | - | 0 |
| Brazil | 0 | 1 | 1 | - | - | 0 |
| **Total** | **46,400** | **13,345** | **59,747** | **45,934** | **13,613** | **59,547** |

## DEVELOPMENTS IN THE NUMBER OF NEW CONTRACTS BY GENDER

| | 2020 | 2021 |
|---|---|---|
| Men | 7,703 | 9,546 |
| Women | 2,540 | 3,288 |
| **Total** | **10,243** | **12,834** |

## DEVELOPMENTS IN THE NUMBER OF NEW CONTRACTS BY AGE AND GENDER

| | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| < 35 years | 2,766 | 894 | 3,660 | 3,956 | 1,325 | 5,281 |
| 35-54 years | 3,847 | 1,365 | 5,212 | 4,197 | 1,562 | 5,759 |
| > 54 years | 1,090 | 281 | 1,371 | 1,393 | 401 | 1,794 |
| **Total** | **7,703** | **2,540** | **10,243** | **9,546** | **3,288** | **12,834** |

## DEVELOPMENTS IN THE NUMBER OF WORKERS BY TYPE OF CONTRACT AND GENDER (31/12)

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women |
| Open ended | 32,214 | 10,165 | 32,975 | 10,053 | 34,132 | 10,224 |
| Temporary | 13,933 | 3,002 | 13,426 | 3,293 | 11,802 | 3,389 |
| **Subtotal** | **46,147** | **13,167** | **46,401** | **13,346** | **45,934** | **13,613** |
| **Total** | **59,314** | | **59,747** | | **59,547** | |

## DEVELOPMENTS IN THE NUMBER OF WORKERS BY TYPE OF WORKING DAY AND GENDER (31/12)

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Men | Women | Men | Women | Men | Women |
| Full-time | 41,908 | 9,420 | 42,271 | 9,479 | 41,406 | 9,821 |
| Part-time | 4,239 | 3,747 | 4,130 | 3,867 | 4,528 | 3,792 |
| **Subtotal** | **46,147** | **13,167** | **46,401** | **13,346** | **45,934** | **13,613** |
| **Total** | **59,314** | | **59,747** | | **59,547** | |

## ANNUAL AVERAGE BY TYPE OF CONTRACT AND GENDER

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Open-ended | Temporary | Open-ended | Temporary | Open-ended | Temporary |
| Men | 31,599 | 14,719 | 32,952 | 14,053 | 33,761 | 12,614 |
| Women | 9,615 | 3,144 | 10,010 | 3,112 | 10,027 | 3,340 |
| **Subtotal** | **41,214** | **17,863** | **42,962** | **17,165** | **43,788** | **15,954** |
| **Total** | **59,078** | | **60,127** | | **59,742** | |

## ANNUAL AVERAGE BY TYPE OF CONTRACT AND AGE RANGE

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Open-ended | Temporary | Open-ended | Temporary | Open-ended | Temporary |
| < 35 years | 4,603 | 5,895 | 4,593 | 5,730 | 4,607 | 5,176 |
| 35-54 years | 26,236 | 8,967 | 25,220 | 8,302 | 25,218 | 7,707 |
| > 54 years | 10,375 | 3,001 | 13,149 | 3,133 | 13,963 | 3,071 |
| **Subtotal** | **41,214** | **17,864** | **42,962** | **17,165** | **43,788** | **15,954** |
| **Total** | **59,078** | | **60,127** | | **59,742** | |

## ANNUAL AVERAGE BY TYPE OF CONTRACT AND FUNCTIONAL LEVEL

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Open-ended | Temporary | Open-ended | Temporary | Open-ended | Temporary |
| Management and Direction | 565 | 4 | 544 | 5 | 511 | 1 |
| Supervisors | 3,339 | 608 | 3,238 | 538 | 3,390 | 392 |
| Technicians | 3,858 | 1,013 | 4,403 | 994 | 4,661 | 949 |
| Administrative Clerks | 2,081 | 758 | 2,272 | 598 | 2,455 | 545 |
| Sundry trades | 31,372 | 15,480 | 32,505 | 15,030 | 32,771 | 14,067 |
| **Subtotal** | **41,215** | **17,863** | **42,962** | **17,165** | **43,788** | **15,954** |
| **Total** | **59,078** | | **60,127** | | **59,742** | |

## ANNUAL AVERAGE BY TYPE OF WORKING HOURS AND GENDER

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Full-time | Part-time | Full-time | Part-time | Full-time | Part-time |
| Men | 41,947 | 4,372 | 42,788 | 4,217 | 41,936 | 4,439 |
| Women | 9,296 | 3,463 | 9,508 | 3,614 | 9,620 | 3,747 |
| **Subtotal** | **51,243** | **7,835** | **52,296** | **7,831** | **51,556** | **8,186** |
| **Total** | **59,078** | | **60,127** | | **59,742** | |

## ANNUAL AVERAGE BY TYPE OF WORKING HOURS AND AGE RANGE

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Full-time | Part-time | Full-time | Part-time | Full-time | Part-time |
| < 35 years | 9,128 | 1,370 | 8,983 | 1,340 | 8,316 | 1,467 |
| 35-54 years | 31,406 | 3,797 | 29,922 | 3,601 | 29,239 | 3,686 |
| > 54 years | 10,709 | 2,667 | 13,391 | 2,890 | 14,001 | 3,033 |
| **Subtotal** | **51,243** | **7,835** | **52,296** | **7,831** | **51,556** | **8,186** |
| **Total** | **59,078** | | **60,127** | | **59,742** | |

## PROMEDIO ANUAL POR TIPO DE JORNADA Y NIVEL FUNCIONAL

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| | Full-time | Part-time | Full-time | Part-time | Full-time | Part-time |
| Management and Direction | 565 | 4 | 542 | 8 | 506 | 6 |
| Supervisors | 3,780 | 167 | 3,616 | 159 | 3,622 | 160 |
| Technicians | 4,607 | 264 | 5,143 | 255 | 5,299 | 311 |
| Administrative Clerks | 2,666 | 173 | 2,695 | 175 | 2,749 | 251 |
| Sundry trades | 39,625 | 7,227 | 40,300 | 7,234 | 39,380 | 7,458 |
| **Subtotal** | **51,243** | **7,835** | **52,296** | **7,831** | **51,556** | **8,186** |
| **Total** | **59,078** | | **60,127** | | **59,742** | |

## DEVELOPMENTS IN DISMISSALS BY GENDER

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Men | 662 | 532 | 633 |
| Women | 153 | 156 | 149 |
| **Total** | **815** | **688** | **782** |

## DEVELOPMENTS IN DISMISSALS BY AGE RANGE

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| < 35 years | 260 | 143 | 206 |
| 35-54 years | 427 | 368 | 377 |
| > 54 years | 128 | 177 | 199 |
| **Total** | **815** | **688** | **782** |

## DEVELOPMENTS IN DISMISSALS BY FUNCTIONAL LEVEL

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Management and Direction | 13 | 24 | 1 |
| Supervisors | 37 | 63 | 51 |
| Technicians | 107 | 114 | 68 |
| Administrative Clerks | 46 | 37 | 38 |
| Sundry trades | 612 | 450 | 624 |
| **Total** | **815** | **688** | **782** |

## PARENTAL LEAVE IN 2021

| | Men | Women |
|---|---|---|
| Number of workers who enjoyed the parental leave | 849 | 249 |
| Number of workers entitled to parental leave | 849 | 249 |
| Number of workers who returned to work after the end of parental leave(*) | 551 | 156 |

(*) This figure does not include the number of workers who are currently on parental leave for 2021 and will return to work in 2022.

## AVERAGE SALARIES BY FUNCTIONAL LEVEL, GENDER AND AGE RANGE(*) (EUROS)

| | | Under 35 years old | From 35 to 54 years old | Over 54 |
|---|---|---|---|---|
| **Men** | Management and Direction | 64,349.34 | 114,087.42 | 142,532.93 |
| | Supervisors | 33,877.29 | 47,278.12 | 51,254.61 |
| | Technicians | 22,534.88 | 35,145.17 | 41,515.76 |
| | Administrative Clerks | 16,669.38 | 27,766.52 | 36,641.13 |
| | Sundry trades | 18,202.58 | 24,192.21 | 25,807.96 |
| **Women** | Management and Direction(**) | – | 93,817.78 | 97,569.25 |
| | Supervisors | 24,798.00 | 39,012.04 | 43,437.94 |
| | Technicians | 19,913.13 | 28,956.06 | 31,784.99 |
| | Administrative Clerks | 16,241.63 | 23,943.37 | 26,552.09 |
| | Sundry trades | 17,301.58 | 19,241.44 | 18,824.60 |

(*) FCC defined a remuneration policy for each of the countries in which it operates, so the aggregate average remuneration for which the remuneration data for those countries in which we are established is added, it is not representative of the remuneration management undertaken in each of the business units and countries in which FCC operates.

(**) Data is omitted in order to protect privacy.

## DEVELOPMENTS IN THE WAGE GAP IN SPAIN

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Gross wage gap | 17.42% | 18.62% | 19.81% |

## PERCENTAGE OF WORKERS COVERED BY COLLECTIVE AGREEMENT BY COUNTRY(*)

| Countries | 2019 | 2020 | 2021 |
|---|---|---|---|
| Saudi Arabia | 0% | 0% | 0% |
| Algeria | – | 93.44% | 100% |
| Australia | – | 0% | 0% |
| Austria | 6% | 0.10% | 0.10% |
| Belgium | – | 100% | 100% |
| Brazil | – | 100% | – |
| Bulgaria | 0% | 0% | 0% |
| Canada | – | 0% | 0% |
| Chile | 0% | 0% | 11.63% |
| Colombia | 0% | 0% | 4.12% |
| Costa Rica | – | 0% | 0% |
| Ecuador | – | 0% | – |
| USA | 0% | 14.37% | 3.27% |
| Egypt | – | 0% | 0% |
| El Salvador | – | 0% | 0% |
| U.A.E. | 0% | 0% | 100% |
| Slovakia | 36.83% | 33.73% | 33.73% |
| Spain | 100% | 100% | 100% |
| France | 100% | 100% | 100% |
| Guatemala | – | 0% | 0% |
| Hungary | 0% | 0% | 0% |

| Countries | 2019 | 2020 | 2021 |
|---|---|---|---|
| Ireland | – | 0% | 0% |
| Italy | 100% | 100% | 100% |
| Kosovo | – | 0% | 0% |
| Mexico | 0% | 0% | 0% |
| Montenegro | – | 0% | 0% |
| Nicaragua | – | 0% | 0% |
| Norway | – | 0% | 100% |
| Oman | 0% | 0% | 0% |
| The Netherlands | – | 100% | 100% |
| Panama | 30.45% | 65.55% | 29% |
| Peru | – | 0% | 0% |
| Poland | 25% | 20% | 15.32% |
| Portugal | 48.26% | 13.85% | 31.99% |
| Qatar | – | 16.07% | 0% |
| United Kingdom | 7.13% | 7.10% | 11.23% |
| Czech Republic | 36.58% | 36.38% | 33.66% |
| Dominican Republic | – | 100% | 100% |
| Romania | 22.85% | 20.52% | 24.66% |
| Serbia | 10.56% | 13.86% | 12% |
| Tunisia | 100% | 100% | 100% |

(*) In 2021 all countries and all areas where the FCC Group operates were included.

## DEVELOPMENTS IN TRAINING HOURS BY FUNCTIONAL LEVEL AND BUSINESS AREA

| | 2020 | | | | | | 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Management and Direction | Supervisors | Technicians | Administrative Clerks | Sundry trades | Total | Management and Direction | Supervisors | Technicians | Administrative Clerks | Sundry trades | Total |
| Environmental Services | 5,686 | 32,828 | 33,064 | 18,364 | 132,096 | 222,038 | 5,560 | 44,446 | 32,403 | 16,914 | 181,513 | 280,836 |
| Water | 4,890 | 17,035 | 9,750 | 6,386 | 9,890 | 47,951 | 3,842 | 23,997 | 17,703 | 5,881 | 22,361 | 73,784 |
| Construction | 1,944 | 11,588 | 36,004 | 4,016 | 26,522 | 80,074 | 1,478 | 9,285 | 28,403 | 3,381 | 28,500 | 71,047 |
| Cement | 339 | 833 | 1,943 | 674 | 2,264 | 6,054 | 309 | 2,045 | 2,593 | 358 | 3,388 | 8,693 |
| Real Estate | | | | | | 0 | 321 | 50 | 446 | 14 | 0 | 830 |
| Corporate | 2,077 | 1,284 | 6,439 | 2,516 | 53 | 12,369 | 2,515 | 914 | 2,164 | 428 | 55 | 6,076 |
| **Subtotal National** | **14,936** | **63,568** | **87,200** | **31,955** | **170,826** | **368,485** | **14,025** | **80,736** | **83,712** | **26,975** | **235,818** | **441,266** |
| Environmental Services | 946 | 11,216 | 12,399 | 7,788 | 106,222 | 138,571 | 1,329 | 20,851 | 14,915 | 12,449 | 32,815 | 82,359 |
| Water | 2,246 | | 16,734 | 3,237 | 1,639 | 23,856 | 605 | 2,741 | 16,612 | 2,110 | 9,444 | 31,512 |
| Construction | | 2,949 | 1,521 | 741 | 937 | 6,147 | 309 | 1,765 | 2,947 | 650 | 1,710 | 7,382 |
| Cement | | 524 | 646 | 212 | 36 | 1,418 | 96 | 352 | 570 | 51 | 384 | 1,453 |
| **Subtotal International** | **3,192** | **14,689** | **31,301** | **11,978** | **108,833** | **169,992** | **2,339** | **25,709** | **35,044** | **15,259** | **44,353** | **122,705** |
| **Total** | **18,128** | **78,257** | **118,501** | **43,933** | **279,659** | **538,477** | **16,364** | **106,453** | **118,756** | **42,235** | **280,171** | **563,971** |

# Safety, health and welfare:

## DEVELOPMENTS IN ACCIDENT RATES

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Frequency | 23.98 | 17.07 | 18.36 |
| Severity | 0.91 | 0.67 | 0.71 |

## DEVELOPMENTS IN ACCIDENT RATES BY GEOGRAPHICAL AREA

| | 2019 | | 2020 | | 2021 | |
|---|---|---|---|---|---|---|
| Area | Accident frequency | Severity | Accident frequency | Severity | Accident frequency | Severity |
| Spain | 32.06 | 1.27 | 22.93 | 0.97 | 24.61 | 1.00 |
| Global | 23.98 | 0.91 | 17.07 | 0.67 | 18.36 | 0.71 |

## ACCIDENT RATE BY GENDER

| | Accident frequency | Severity | Incidence |
|---|---|---|---|
| Women | 16.46 | 0.62 | 2.35 |
| Men | 18.75 | 0.73 | 3.23 |

## DEVELOPMENTS IN ABSENTEEISM[33] RATES DUE TO OCCUPATIONAL ACCIDENTS AND COMMON ILLNESSES

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Work Accident | 0.71 | 0.44 | 0.37 |
| Common Illness | 5.63 | 4.05 | 4.63 |

## DEVELOPMENTS IN FATAL OCCUPATIONAL ACCIDENTS

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| FCC | 0 | 3 | 0 |
| Subcontractor | 2 | 1 | 4 |

## DEVELOPMENTS IN THE NUMBER OF OCCUPATIONAL ILLNESSES BY GENDER

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Women | 9 | 5 | 2 |
| Men | 3 | 6 | 2 |

[33] El Grupo FCC ha registrado un total de 6.072.839 horas de absentismo durante el ejercicio 2021.

# ANNEX III
# Tables relating to environmental issues

## WATER ABSTRACTION ($m^3$)

| | 2020 | 2021 |
|---|---|---|
| Municipal water supply or by other water companies | 9,521,108 | 9,939,907 |
| Surface waters | 850,832 | 927,653 |
| Groundwater | 1,952,512 | 1,139,239 |
| Rainwater | 218,934 | 456,104 |
| Water recycled or re-used | 1,996,106 | 2,042,356 |
| **Total** | **14,568,653** | **14,492,901** |

NOTE: Information on Aqualia's self-consumption is not included as this information is not available as it is of a residual nature in comparison with the total water managed by this business.

## DIRECT AND INDIRECT GHG EMISSIONS ($tCO_2e$)

| Direct GHG emissions (Scope 1) (Alcance 1) | 2020 | 2021 |
|---|---|---|
| Emissions of $tCO_2e$ from fossil fuel combustion in fixed sources under operational control | | 1,484,852 |
| Emissions of $tCO_2e$ from fossil fuel combustion in fixed mobile sources under operational control | | 282,799 |
| Emissions of $tCO_2e$ generated in water management complexes with operational control | | 80,224 |
| Direct emissions from energy recovery centres at plants with operational control | | 634,735 |
| Emissions of $tCO_2e$ related to biological treatment at plants with operational control | | 77,148 |
| Direct emissions from the calcination of carbonate raw materials in clinker kilns | | 2,607,731 |
| Emissions of $tCO_2e$ related to landfill disposal with operational control | | 1,457,336 |
| Direct emissions due to refrigerant leakage | | 15 |
| Other direct emissions | | – |
| **Total** | | **6,624,839** |
| **Indirect GHG emissions (Alcance 2)** | | |
| Emissions of $tCO_2e$ related to electricity or steam purchased from third parties - geographical method | 604,073 | 549,838 |
| **Total GHG emissions (Scope 1, 2)** | **6,963,464** | **7,174,677** |

## DIRECT GHG EMISSIONS (BIOGENIC ORIGIN) ($tCO_2e$)

| | 2020 | 2021 |
|---|---|---|
| Emissions from the consumption of biogenic fuels in fixed sources and mobile sources under operational control | 2,006,143 | 2,090,644 |

## NONCOMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

| | 2020 | 2021 |
|---|---|---|
| Total monetary value of fines (€) | 304,256 | 43,861 |
| Total number of non-monetary sanctions (No.) | 23 | 5 |
| Cases subject to mechanisms for the resolution of law suits (No.) | 53 | 14 |

## SPILLS

| | 2020 | 2021 |
|---|---|---|
| Total no. of significant spills (No.) | 18 | 33 |
| Total volume of significant spills ($m^3$) | 23 | 54 |

## TOTAL WATER DISCHARGES FOR FRESH WATER OR OTHER WATERS ($m^3$)

| | 2020 | 2021 |
|---|---|---|
| Fresh water (total dissolved solids ≤ 1000 mg/l) | 1,508,526 | 2,452,153 |
| Other waters (total dissolved solids> 1000 mg/l) | 117,439 | 621,596 |
| Not typified | 1,948,056 | 1,087,988 |
| **Total** | **3,574,020** | **4,161,737** |

## WATER DISCHARGES IN AREAS UNDER WATER STRESS ($m^3$)

| | 2020 | 2021 |
|---|---|---|
| Fresh water (total dissolved solids ≤ 1000 mg/l) | 592,343 | 541,175 |
| Other waters (total dissolved solids> 1000 mg/l) | 100 | 10,081 |
| **Total** | **592,443** | **551,256** |

The increase in discharges with a higher concentration of dissolved solids is the result of the improvements implemented by FCC Environment for recording this data through the VISION tool.

## WATER ABSTRACTION FROM AREAS WITH WATER STRESS ($m^3$)

| | 2020 | 2021 |
|---|---|---|
| Municipal water supply or by other water companies | 5,681,748 | 5,609,234 |
| Surface waters (wetlands, rivers, lakes, and other water streams) | 470,964 | 93,176 |
| Sea waters | – | – |
| Brackish waters | – | – |
| Groundwater | 620,075 | 546,313 |
| Rainwater captured and stored by the organisation | 3,515 | 242,319 |
| Water recycled or re-used | 1,895,215 | 1,931,123 |
| Other waters resulting from abstractions, processing or uses of raw materials | – | – |
| **Total** | **8,671,517** | **8,422,165** |

## WATER ABSTRACTION BASED ON TYPE OF WATER ($m^3$)

| | 2020 | 2021 |
|---|---|---|
| Fresh water (total dissolved solids ≤ 1000 mg/l) | 14,579,493 | 14,505,258 |
| Other waters (total dissolved solids> 1000 mg/l) | – | – |
| **Total** | **14,579,493** | **14,505,258** |

## MATERIALES UTILIZADOS (T)

| | 2020 | 2021 |
|---|---|---|
| **Materiales renovables** | | |
| Materias primas (metales, minerales, madera, etc.) | 257.475 | 755.363 |
| Materiales de proceso, lubricantes y reactivos | 191 | 186 |
| Productos semielaborados | 0,00 | 0,00 |
| Material de envase y embalaje (papel, cartón, plásticos) | 4.327 | 7.581 |
| **Total materiales renovables** | **261.993** | **763.131** |
| **Materiales no renovables** | | |
| Materias primas (metales, minerales, madera, etc.) | 41.138.971 | 69.874.309 |
| Materiales de proceso, lubricantes y reactivos | 96.658 | 113.116 |
| Productos semielaborados | 3.726.276 | 2.015.821 |
| Material de envase y embalaje (papel, cartón, plásticos) | 4.343 | 2.019 |
| **Total materiales no renovables** | **44.966.248** | **72.005.266** |

## CONSUMPTION OF FOSSIL FUELS IN FIXED SOURCES AND MOBILE SOURCES UNDER OPERATIONAL CONTROL (GJ)

| | 2020 | 2021 |
|---|---|---|
| Petrol | 97,236 | 64,077 |
| Diesel/Diesel oil | 3,766,750 | 3,801,507 |
| Boiler oil (Diesel C) | 18,320 | 29,088 |
| Fuel Oil | 8,954 | 12,233 |
| LPG (Liquefied Petroleum Gas) | 2,094 | 2,169 |
| Petroleum naphtha | – | – |
| Natural gas | 118,346 | 126,210 |
| Compressed natural gas (CNG) | 473,421 | 498,937 |
| Liquefied natural gas (LNG) | – | 327 |
| Petroleum coke | – | – |
| Kerosene | 662 | 623 |
| Coal (domestic) | 1,082 | – |
| Coal (industrial) | – | – |
| Propane | 3,439 | 3,363 |
| Waste (fossil fraction) | 7,207,458 | 7,602,329 |
| Butane | 15 | 7 |
| Conventional fossil fuels in clinker kilns | 12,214,421 | 12,724,095 |
| Alternative fossil fuels in clinker kilns | 1,509,222 | 1,945,334 |
| **Total** | **25,421,420** | **26,810,299** |

## CONSUMPTION OF RENEWABLE FUELS IN FIXED SOURCES AND MOBILE SOURCES UNDER OPERATIONAL CONTROL (GJ)

| | 2020 | 2021 |
|---|---|---|
| Biodiesel | – | 152,128 |
| Bioethanol | – | 2,842 |
| Biogas burned in boilers without electricity generation | 238,919 | 202,287 |
| Biogas burned in engines or turbines with electricity generation | 1,397,791 | 1,297,256 |
| Waste (biomass fraction) | 8,487,487 | 9,278,924 |
| Biomethane | 549 | 688 |
| Landfill gas | 4,552 | 4,350 |
| Biomass | 1,364,247 | 1,683,550 |
| **Total** | **11,493,546** | **12,622,025** |

## CONSUMPTION OF SELF-PRODUCED RENEWABLE ENERGY (GJ)

| | 2020 | 2021 |
|---|---|---|
| From wind turbines | 255 | 377 |
| From photovoltaic panels | 753 | 4.205 |
| **Total** | **1,009** | **4,582** |

# ANNEX IV
# Tax information

## PROFITS BY COUNTRY AND TAX PAID ON PROFITS (thousands of €))

| | Pre-Tax Profit 2021 | Tax paid on 2021 profit |
|---|---|---|
| Germany(*) | 25 | |
| Saudi Arabia | 21,951 | 3,773 |
| Algeria | 22,183 | 4,252 |
| Argentina(*) | -1 | |
| Austria | 19,026 | 285 |
| Australia(*) | -1,358 | |
| Belgium(*) | 6,910 | |
| Bosnia and Herzegovina(*) | 0 | |
| Brazil(*) | -897 | |
| Bulgaria(*) | -141 | |
| Canada(*) | -582 | |
| Chile(*) | -468 | |
| Colombia | 716 | 1,622 |
| Costa Rica(*) | -340 | |
| Croatia(*) | | |
| Ecuador | 147 | 31 |
| Egypt | 7,492 | 1,264 |
| El Salvador | -48 | 87 |

| | Pre-Tax Profit 2021 | Tax paid on 2021 profit |
|---|---|---|
| United Arab Emirates(*) | 2,307 | |
| Slovakia | 8,127 | 1,240 |
| Spain | 609,929 | 105,504 |
| United States(*) | -8,414 | 93 |
| Finland(*) | -13 | |
| France | 2,608 | 955 |
| Greece(*) | 4,665 | |
| Guatemala | 101 | 2 |
| Haiti(*) | -1,108 | |
| Honduras(*) | 9 | |
| Hungary | 3,670 | 92 |
| Ireland(*) | -6,819 | |
| Italy | 3,883 | 689 |
| Latvia(*) | 3 | |
| Luxembourg(*) | 5,949 | |
| Morocco(*) | 298 | |
| Mexico | 8,688 | 2,468 |
| Montenegro(*) | -277 | |

## BENEFICIOS OBTENIDOS PAÍS POR PAÍS Y LOS IMPUESTOS SOBRE BENEFICIOS PAGADOS (miles de €)

| | Pre-Tax Profit 2021 | Tax paid on 2021 profit |
|---|---|---|
| Nicaragua | 761 | 37 |
| Norway(*) | -475 | |
| Oman(*) | 398 | |
| The Netherlands(*) | 3.667 | |
| Panama | -762 | 21 |
| Peru | 1.639 | 199 |
| Poland | 3.082 | 591 |
| Portugal | 9.198 | 1.475 |
| Qatar | -86 | 518 |
| United Kingdom | 15.469 | 4.649 |
| Czech Republic | 40.346 | 6.366 |
| Dominican Republic(*) | 391 | |
| Romania | 8.389 | 609 |
| Serbia(*) | -492 | |
| Sweden(*) | -8,00 | |
| Tunisia | 17.734 | 3.332 |
| Uruguay(*) | -12 | |
| **Total** | **807.460** | **140.151** |

(*) Countries that did not report any taxes. This was due to one or more of the following reasons: accumulated losses, negative results, negative tax bases from previous business years, profit was very small or Corporate Income Tax was not payable on profit in the country in question.

## PUBLIC GRANTS RECEIVED (thousands of €)

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| Construction | – | – | – |
| Environment | 3,726 | 3,997 | 6,399 |
| Aqualia | 10,725 | 8,418 | 11,358 |
| Cement | – | – | 1,037 |
| Concessions | 4,610 | 7,154 | 3,456 |
| Real Estate | – | – | – |
| Central Services | – | – | – |
| **TOTAL** | **19,061** | **19,569** | **22,250** |

# ANNEX V
# List of main associations

- Spanish Quality Association (AEC in Spanish).
- Association of Public Cleaning Companies (ASELIP).
- Spanish Association of Parks and Gardens Companies (ASEJA).
- Spanish Association of Cleaning Companies (ASPEL).
- Association of Integral Maintenance and Energy Services Companies (AMI).
- Association of Municipal Container Recovery and Sorting Plants (ASPLARSEM).
- Waste-to-Energy Forum (FGER).
- Technical Association for Waste Management and the Environment (ATEGRUS).
- Spanish Association of Waste Management Contractors (ASEGRE).
- Paper and cardboard reclaimers (REPACAR).
- Spanish Aerosol Association (AEDA).
- National Glass Recycling Association (ANAREVI).
- Association of Austrian Waste Management Companies (VOEB).
- Altstoff Recycling Austria (ARA).
- Association of Entrepreneurs in Waste Management (APOH).
- Czech waste management Association (ČAOH) .
- Environmental Services Association.
- The Association for Renewable Energy and Clean Technology.
- Recoup.
- Spanish Association for Water Supply and Drainage (AEAS).
- Spanish Association for Desalination and Re-use (AEDyR).
- Spanish Association of Water Services to Populations (AGA).
- IMIDEA-AGUA.
- Spanish Chamber of Commerce.
- National Water Council (CNA).
- Infrastructure Construction and Concessionary Company Association (SEOPAN-AGUA).
- Association for the Defence of Water Quality (ADECAGUA).
- Agrupació de Serveis d'aigua de Catalunya (ASAC).
- Associació Abastamens Aigua (AAA).
- Catalan Water Partnership (CWP).
- Associació Industrial per la producción neta (AIPN).
- Association of Water Entrepreneurs of Les Illes Balears (ASAIB).
- Water Alliance of Ibiza and Formentera.
- Water Supply and Drainage Association of the Valencian Regional Government (AVAS).
- Zinnae Urban cluster for efficient use of water.
- Water supply and drainage in Andalusia (ASA).
- Centre for New Water Technologies (CENTA Foundation).
- Business Confederation of the province of Almeria.
- Association of installers of water, gas, heating, air conditioning, electricity, telecommunications, liquid petroleum products, fire protection, solar energy, maintenance and related services in Almería and its province. (ASINAL).
- Chamber of Commerce of Almeria.
- Business and Traders' Association of Benalmádena (ACEB).
- Confederation of Entrepreneurs of the Province of Cádiz (CEC).
- Water Centre Foundation of the Canary Islands (FCCA).
- Association of Urban Water Distribution and Treatment Businesses of the province of Las Palmas (ADITRAGUA).
- Confederation of Business Organisations of the province of Badajoz (COEBA).
- International Desalination Association (IDA).
- International Water Association (IWA).
- European Federation of National Associations for Water and Drainage (EUREAU).
- Smart Water Networks Forum (SWAN).

- Partners of the International Federation of Private Water Operators (AquaFed).
- Specialist Centre on PPPS in Smart and Sustainable cities (PPP for Cities) (ONU-IESE).
- The Ditchley Foundation Water Advisory Committee (UK).
- Isle Utilities TAG (Technology Approval Group).
- World Water Innovation Fund (WWIF).
- Water Action Platform.
- Associaçao portuguesa de Distribuçao e Drenagem de Águas (APDA).
- Associaçao das Empresas Portuguesas para o Sector do Ambiente (AEPSA).
- Federazione italiana delle Imprese dei Serivizi idrici, energetici e vari (UTILITALIA).
- Association of the supply and drainage industry in the Czech Republic (SOVAK).
- Water Management Association in the Czech Republic (SVH).
- Czech Association of Non-Excavation Technologies (CZSTT).
- Association for the Development of the Moravian-Silesian Region (SRMSK).
- Association of Water Supply and Drainage Operators of the Czech Republic (APROVAK).
- Confederation of Industry of the CR (SP ČR).
- Czech Chamber of Comerce (HK ČR).
- Association Scientifique et Technique pour l'eau et l'environment.
- Fédération des Distributeurs d'eau indépendants.
- Fédération professionnelles des entreprises d l'eau (FP2E).
- National Association of Water and Sanitation Utilities in Mexico (ANEAS).
- Latin American Association for Desalination and Water Reuse (ALADYR).
- Water Environment Federation (WEF).
- Public Services Association of Colombia (ANDESCO).
- European Construction Industry Federation.
- Spanish Quality Association (AEC in Spanish).
- AECOM Association of Infrastructure Construction and Concessionary Companies.
- National Construction Confederation (CNC).
- European Construction Platform (ECTP).

# ANNEX VI
# GRI content table

The following is the table of contents for GRI content. It shows general GRI 102 content, as well as each of the material issues identified in any of the FCC Group businesses, along with details of the corresponding GRI thematic standards. For each of the issues considered in the materiality analysis, the businesses in which they are material are identified (Environment, Water, Construction and Cement).

| Content and materiality of the issues by business | Report section/Direct response | Page number | Omission |
|---|---|---|---|
| **GRI 101: Fundamentals 2016** | | | |
| **General content** | | | |
| **GRI 102: General Content 2016** | | | |
| 102-1 Name of the organisation. | Fomento de Construcciones y Contratas, S.A. and subsidiaries. | – | Not applicable |
| 102-2 Activities, brands, products, and services. | 2.2 Specialised business. | 549-556 | Not applicable |
| 102-3 Location of headquarters. | Av. Del Camino de Santiago, 40 28050 Madrid, España. | – | Not applicable |
| 102-4 Location of operations. | 2.2 Specialised business. | 549-556 | Not applicable |
| 102-5 Ownership and legal form. | Corporate Governance Report, section A. Ownership structure. | – | Not applicable |
| 102-6 Markets served. | 2.2 Specialised business. | 549-556 | Not applicable |
| 102-7 Size of the organisation. | 2.3 Key figures and growth.<br>5.1 Recognising talent. | 557;<br>607-608 | Not applicable |
| 102-8 Information on employees and other workers. | Annex II: Tables relating to social and personnel affairs. | 665-672 | Not applicable |
| 102-9 Supply chain. | 11. Supply chain. | 648-651 | Not applicable |

| Content and materiality of the issues by business | Report section/Direct response | Page number | Omission |
|---|---|---|---|
| 102-10 Significant changes in the organisation and its supply chain. | During 2021, there have been no changes that are considered to be significant for the FCC Group as a whole. | – | Not applicable |
| 102-11 Precautionary principle or approach. | 4.1.2 FCC Group Environmental Management System. | 580-582 | Not applicable |
| 102-12 External initiatives. | 8.2 The right path to Human Rights. | 638 | Not applicable |
| 102-13 Membership of associations. | Annex V: List of main associations. | 678-679 | Not applicable |
| 102-14 Statement from senior executives responsible for decision-making. | 1. Letter from the CEO: "On the path to sustainability". | 546-547 | Not applicable |
| 102-16 Values, principles, standards and rules of conduct. | 3.1 Creating shared value. | 561-563 | Not applicable |
| 102-18 Governance structure. | 2.1 Governance structure.<br>7.2 A competent structure. | 548;<br>631-632 | Not applicable |
| 102-40 List of stakeholder groups. | 3.2 Communication with Stakeholders. | 566-567 | Not applicable |
| 102-41 Collective bargaining agreements. | Annex II: Tables relating to social and personnel affairs. | 670 | Not applicable |
| 102-42 Identifying and selecting stakeholders. | 3.3 Focused on the material. | 568-569 | Not applicable |
| 102-43 Approach to stakeholder engagement. | 3.3 Focused on the material. | 568-569 | Not applicable |
| 102-44 Key topics and concerns raised. | 3.3 Focused on the material. | 568-569 | Not applicable |
| 102-45 Entities included in the consolidated financial statements. | Annex I: About this report. | 662-664 | Not applicable |
| 102-46 Defining report content and coverage of the topic. | Annex I: About this report. | 662-664 | Not applicable |
| 102-47 List of material topics. | 3.3 Focused on the material. | 568-569 | Not applicable |
| 102-48 Restatements of information. | 4.2.2 Pollution prevention. | 588-591 | Not applicable |
| 102-49 Changes in the preparation of reports. | 3.3 Focused on the material. | 568-569 | Not applicable |
| 102-50 Period covered in the report. | Annex I: About this report. | 662 | Not applicable |
| 102-51 Date of latest report. | 2020. | – | Not applicable |
| 102-52 Report preparation cycle. | Annual. | – | Not applicable |
| 102-53 Contact points for questions regarding the report. | rcorporativa@fcc.es. | – | Not applicable |
| 102-54 Declaration of having prepared the report in accordance with GRI Standards. | Annex I: About this report. | 662-664 | Not applicable |
| 102-55 GRI content table. | Annex VI: GRI content table. | 680-689 | Not applicable |
| 102-56 External verification. | Annex I: About this report. | 662 | Not applicable |

| Content and materiality of the issues by business | Report section/Direct response | Page number | Omission |
|---|---|---|---|
| **Ethics, integrity, compliance and good governance.** ENVIRONMENT, WATER, CONSTRUCTION AND CEMENT | | | |
| **GRI 103: 2016 Management approach** | | | |
| 103-1 Explanation of the material issue and its coverage. | 7. EXEMPLARITY - An exemplary organisation.<br>8. INTEGRITY - Consolidated integrity. | 630-641 | Not applicable |
| 103-2 The management approach and what it consists of. | 7. EXEMPLARITY - An exemplary organisation.<br>8. INTEGRITY - Consolidated integrity. | 630-641 | Not applicable |
| 103-3 Assessment of the management approach. | 7. EXEMPLARITY - An exemplary organisation.<br>8. INTEGRITY - Consolidated integrity. | 630-641 | Not applicable |
| **GRI 307: Environmental compliance 2016** | | | |
| 307-1 Noncompliance with environmental laws and regulations. | Anexo III: Tablas relativas a cuestiones medioambientales. | 673-675 | Not applicable |
| **GRI 419: Socioeconomic compliance 2016** | | | |
| 419-1 Noncompliance with laws and regulations in the social and economic area | No significant firm sanctions have been identified in 2021 for non-compliance with laws and regulations in the social and economic areas. | – | Not applicable |
| **GRI 205: Anticorruption 2016** | | | |
| 205-1 Transactions assessed for risks relating to corruption. | 8.3 Legal action against corruption and money laundering against corruption and money laundering. | 639-641 | Not applicable |
| **Risk control and management systems.** ENVIRONMENT, CONSTRUCTION AND CEMENT | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 12.1 Risk Management Model. | 652-657 | Not applicable |
| 103-2 The management approach and what it consists of. | 12.1 Risk Management Model. | 652-657 | Not applicable |
| 103-3 Assessment of the management approach. | 12.1 Risk Management Model. | 652-657 | Not applicable |
| **Quality of service and client satisfaction.** ENVIRONMENT AND CONSTRUCTION | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 10. CUSTOMERS - Excellence in service. | 644-647 | Not applicable |
| 103-2 The management approach and what it consists of. | 10. CUSTOMERS - Excellence in service. | 644-647 | Not applicable |
| 103-3 Assessment of the management approach. | 10. CUSTOMERS - Excellence in service. | 644-647 | Not applicable |
| **GRI 416: Client health and safety 2016** | | | |
| 416-1 Assessment of the health and safety impacts of the product and service categories. | 10.2 Customer care. | 645 | Not applicable |

| Content and materiality of the issues by business | Report section/Direct response | Page number | Omission |
|---|---|---|---|
| **Innovation and digital transformation.** ENVIRONMENT | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 2.4 Innovation in our DNA. | 558 | Not applicable |
| 103-2 The management approach and what it consists of. | 2.4 Innovation in our DNA. | 558 | Not applicable |
| 103-3 Assessment of the management approach. | 2.4 Innovation in our DNA. | 558 | Not applicable |
| **Fiscal transparency and tax contribution.** WATER | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 13. COMMITMENT – Responsible taxation. | 658-660 | Not applicable |
| 103-2 The management approach and what it consists of. | 13. COMMITMENT – Responsible taxation. | 658-660 | Not applicable |
| 103-3 Assessment of the management approach. | 13. COMMITMENT – Responsible taxation. | 658-660 | Not applicable |
| **GRI 207: Taxation 2019** | | | |
| 207-1 Fiscal approach. | 13. COMMITMENT – Responsible taxation. | 658-660 | Not applicable |
| 207-2 Fiscal governance, control and risk management. | 13. COMMITMENT – Responsible taxation. | 658-660 | Not applicable |
| 207-3 Stakeholder engagement and management of tax concerns. | 13.1 A shared commitment. | 658 | Not applicable |
| 207-4 Country-by-country reporting. | 13.2 FCC Group's contribution.<br>Annex IV: Tax information. | 660;<br>676-677 | Not applicable |
| **Pollution prevention.** ENVIRONMENT AND CEMENT | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage | 4.2.2 Pollution prevention | 588-591 | Not applicable |
| 103-2 The management approach and what it consists of | 4.2.2 Pollution prevention | 588-591 | Not applicable |
| 103-3 Assessment of the management approach | 4.2.2 Pollution prevention | 588-591 | Not applicable |
| **GRI 303: Water and effluents 2018** | | | |
| 303-2 Management of impacts related to water discharges. | 4.2.2 Pollution prevention. | 588-591 | Not applicable |
| 303-4 Water discharges. | 4.2.2 Pollution prevention. | 588-591 | Not applicable |
| **GRI 305: Emissions 2016** | | | |
| 305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant atmospheric emissions. | 4.2.2 Pollution prevention. | 588 | Not applicable |

| Content and materiality of the issues by business | Report section/Direct response | Page number | Omission |
|---|---|---|---|
| **Circular economy and waste.** ENVIRONMENT, WATER, CONSTRUCTION AND CEMENT | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 4.3 Circular solutions. | 594-598 | Not applicable |
| 103-2 The management approach and what it consists of. | 4.3 Circular solutions. | 594-598 | Not applicable |
| 103-3 Assessment of the management approach. | 4.3 Circular solutions. | 594-598 | Not applicable |
| **GRI 306: Waste 2020** | | | |
| 306-1 Waste generation and significant waste-related impacts. | 4.3 Circular solutions. | 594-598 | Not applicable |
| 306-2 Management of significant waste-related impacts. | 4.3 Circular solutions. | 594-598 | Not applicable |
| 306-3 Waste generated. | 4.3.2 Reduction of waste generated. | 597-598 | Not applicable |
| **Management of water resources.** WATER | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 4.3.3 Water as a resource. | 599-600 | Not applicable |
| 103-2 The management approach and what it consists of. | 4.3.3 Water as a resource. | 599-600 | Not applicable |
| 103-3 Assessment of the management approach. | 4.3.3 Water as a resource. | 599-600 | Not applicable |
| **GRI 303: Water and effluents 2018** | | | |
| 303-1 Interaction with water as a shared resource. | 4.3.3 Water as a resource. | 599-600 | Not applicable |
| 303-3 Water abstraction. | Annex III: Tables relating to environmental issues. | 673-675 | Not applicable |
| **Consumption of materials.** WATER AND CONSTRUCTION | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 4.3.4 Raw materials in the production process. | 601 | Not applicable |
| 103-2 The management approach and what it consists of. | 4.3.4 Raw materials in the production process. | 601 | Not applicable |
| 103-3 Assessment of the management approach. | 4.3.4 Raw materials in the production process | 601 | Not applicable |
| **GRI 301: Materials 2016** | | | |
| 301-1 Materials used by weight or volume | 4.3.4 Raw materials in the production process<br>Annex III: Tables relating to environmental issues | 601;<br>673-675 | Not applicable |

| Content and materiality of the issues by business | Report section/Direct response | Page number | Omission |
|---|---|---|---|
| **Energy consumption and energy efficiency.** WATER AND CEMENT | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 4.2.3 Energy consumption and energy efficiency. | 592-593 | Not applicable |
| 103-2 The management approach and what it consists of. | 4.2.3 Energy consumption and energy efficiency. | 592-593 | Not applicable |
| 103-3 Assessment of the management approach. | 4.2.3 Energy consumption and energy efficiency. | 592-593 | Not applicable |
| **GRI 302: Energy 2016** | | | |
| 302-1 Energy consumption within the organisation. | 4.2.3 Energy consumption and energy efficiency<br>Annex III: Tables relating to environmental issues | 592-593;<br>673-675 | Not applicable |
| **Climate change.** ENVIRONMENT, CONSTRUCTION AND CEMENT | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 4.2 Climate footprint. | 584-587 | Not applicable |
| 103-2 The management approach and what it consists of. | 4.2 Climate footprint. | 584-587 | Not applicable |
| 103-3 Assessment of the management approach. | 4.2 Climate footprint. | 584-587 | Not applicable |
| **GRI 305: Emissions 2016** | | | |
| 305-1 Direct GHG emissions (scope 1). | 4.2.1 Fight against climate change.<br>Annex III: Tables relating to environmental issues. | 587;<br>673-675 | Not applicable |
| 305-2 Indirect GHG emissions when generating energy (scope 2). | 4.2.1 Fight against climate change.<br>Annex III: Tables relating to environmental issues. | 587;<br>673-675 | Not applicable |
| **Attracting and retaining talent.** CONSTRUCTION | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 5. EMPLOYEES - People at the core. | 606-612 | Not applicable |
| 103-2 The management approach and what it consists of. | 5. EMPLOYEES - People at the core. | 606-612 | Not applicable |
| 103-3 Assessment of the management approach. | 5. EMPLOYEES - People at the core. | 606-612 | Not applicable |
| **GRI 401: Employment 2016** | | | |
| 401-2 Benefits provided to full-time employees that are not available for temporary or part-time employees. | Generally speaking, there are no benefits provided for full-time employees that are not available for part-time or temporary employees. | – | Not applicable |

| Content and materiality of the issues by business | Report section/Direct response | Page number | Omission |
|---|---|---|---|
| **GRI 402: Employee company relations 2016** | | | |
| 402-1 Minimum notice to be given regarding operational changes. | The notice to be given for operational changes varies depending on the country and the applicable regulations, as well as the significance of these changes. These usually vary between one week and 30 days. | – | Not applicable |
| **Professional training and development.** CONSTRUCTION | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 5. EMPLOYEES - People at the core. | 608-612 | Not applicable |
| 103-2 The management approach and what it consists of. | 5. EMPLOYEES - People at the core. | 608-612 | Not applicable |
| 103-3 Assessment of the management approach. | 5. EMPLOYEES - People at the core. | 608-612 | Not applicable |
| **GRI 404: Training and teaching 2016** | | | |
| 404-1 Average hours of training per year per employee. | 5.1.5 Managing knowledge<br>Annex II: Tables relating to social and personnel affairs | 609-611; 671 | Not applicable |
| **Diversity, equality and inclusion.** WATER | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 5.2 Working towards making diversity a reality. | 613-616 | Not applicable |
| 103-2 The management approach and what it consists of. | 5.2 Working towards making diversity a reality. | 613-616 | Not applicable |
| 103-3 Assessment of the management approach. | 5.2 Working towards making diversity a reality. | 613-616 | Not applicable |
| **GRI 405: Diversity and equal opportunities 2016** | | | |
| 405-2 Ratio for basic salary and remuneration for women vs men. | 5.1.7 Compensation policy.<br>Annex II: Tables relating to social and personnel affairs. | 612; 669 | Not applicable |
| **GRI 406: Non-discrimination 2016** | | | |
| 406-1 Cases of discrimination and corrective actions taken. | In 2021, communications have been received in the Ethics Channel of a labour-related nature, and none related to cases of discrimination have been identified. | – | Not applicable |
| **Safety, health and well-being.** ENVIRONMENT, WATER, CONSTRUCTION AND CEMENT | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 5.5 Safety, health and well-being | 619-620 | Not applicable |
| 103-2 The management approach and what it consists of. | 5.5 Safety, health and well-being | 619-620 | Not applicable |
| 103-3 Assessment of the management approach. | 5.5 Safety, health and well-being | 619-620 | Not applicable |

| Content and materiality of the issues by business | | Report section/Direct response | Page number | Omission |
|---|---|---|---|---|
| **GRI 403: Occupational health and safety 2018** | | | | |
| 403-1 | Occupational health and safety management system. | 5.5.1 Strategy and Culture. | 619 | Not applicable |
| 403-2 | Hazard identification, risk assessment and the investigation of incidents. | The health and safety management systems foresee operational control plans or regular checks, both to monitor the preventive measures foreseen as a result of the risk assessment, and to detect situations or deficiencies that determine the need for intervention and/or the updating of the assessments themselves. The participation of the workers in the notification of hazards or needs related to health and safety is organised through various channels of communication: through their representatives in the area and there is also a complaints channel that can be anonymous if the subject so desires, consisting of an ad hoc form that can be filled in online, sent by e-mail or by post. The Group has different procedures that establish how the investigation of labour incidents is to be carried out, which establishes the process to be followed and the persons who must participate in it. | – | Not applicable |
| 403-3 | Occupational health services. | The purpose of the joint prevention services is to promote and support the organisation in the integration and development of preventive and health promotion activities (implementation of health and safety management systems), as well as to evaluate the implementation of the Health and Safety Plans of the different business areas. This function is aimed at avoiding or preventing occupational risks and improving health and safety conditions by means of properly planned and orderly assistance and advice to all Group companies. The resources of the prevention services cover three specialities (Occupational Safety, Industrial Hygiene and Ergonomics and Applied Psychosociology) dedicated to the development of the technical responsibilities of the service, and they have the appropriate means for the needs of the prevention service. The Medical Services equipped with Basic Health Units (B.H.U.) and providing support to the Companies within their scope of action carry out the activities corresponding to the speciality of Occupational Medicine. In addition to the development of Health Surveillance, this speciality is agreed with an External Prevention Service in the geographical areas where the FCC Medical Services do not have coverage. | – | Not applicable |
| 403-4 | Worker participation, consultation and communication on occupational health and safety. | Numerous health and safety committees have been set up in the company in accordance with legal requirements, including joint bodies between the company and workers' representatives to inform, communicate, treat and follow up the preventive activity arising from the implementation of the management systems. The latter also provide for the existence of similar bodies in those cases where it is not legally required. | – | Not applicable |

| Content and materiality of the issues by business | | Report section/Direct response | Page number | Omission |
|---|---|---|---|---|
| 403-5 | Training of workers on health and safety at work. | The management systems define the training to be received in accordance with the different profiles in matters of health and safety, which results in the detection of training needs and requirements annually, which in turn and once approved is reflected in the corresponding training plans. The essential features are as follows: Preventive training for the job position, MA training courses (to undertake responsibilities defined in the system) and MA technical training (for prevention technicians and those with basic or intermediate training in the performance of preventive duties). | – | Not applicable |
| 403-6 | Promoting the health of workers. | FCC's medical services cover the speciality of health surveillance for the entire organisation in those geographical areas (provinces) in which it is physically present. In this function, they are in charge of defining the surveillance protocols applicable to each work position as well as the programming and development of the initial and periodic medical check-ups, and those for incorporation after long absences and others. They also manage periodic flu vaccination campaigns and participate in the management of health promotion activities through different media, including internal publications on health via the digital magazine SOMOS FCC. They also participate in the development of campaigns to reduce absenteeism. | – | Not applicable |
| 403-7 | Prevention and mitigation of health and safety impacts on workers directly linked to business relations. | FCC includes, in its supplier approval process, the need to meet a series of information and compliance requirements related to occupational health and safety. Among them, the preventive organisation model, the accident rate results with respect to the sector of activity, sanctions in the matter and own resources allocated to the function are considered, among others. A positive assessment of these is a necessary condition for approval. | – | Not applicable |
| 403-9 | Work-related injuries. | The vast majority of occupational illness is related to problems with the musculoskeletal system. | – | Not applicable |
| **Contribution and social commitment.** WATER | | | | |
| **GRI 103: Management approach 2016** | | | | |
| 103-1 | Explanation of the material issue and its coverage. | 6. SOCIETY - Promoting social and environmental progress. | 621-627 | Not applicable |
| 103-2 | The management approach and what it consists of. | 6. SOCIETY - Promoting social and environmental progress. | 621-627 | Not applicable |
| 103-3 | Assessment of the management approach. | 6. SOCIETY - Promoting social and environmental progress. | 621-627 | Not applicable |
| **GRI 204: Procurement practices 2016** | | | | |
| 204-1 | Proportion of spending on local suppliers. | 11.1 Responsible purchasing. | 651 | Not applicable |

| Content and materiality of the issues by business | Report section/Direct response | Page number | Omission |
|---|---|---|---|
| **Promotion of and respect for human rights.** WATER AND CONSTRUCTION | | | |
| **GRI 103: Management approach 2016** | | | |
| 103-1 Explanation of the material issue and its coverage. | 8.2 The right path to human rights. | 638 | Not applicable |
| 103-2 The management approach and what it consists of. | 8.2 The right path to human rights. | 638 | Not applicable |
| 103-3 Assessment of the management approach. | 8.2 The right path to human rights. | 638 | Not applicable |
| **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. | 8.2 The right path to human rights. | 638 | Not applicable |
| **GRI 408: Child labour** | | | |
| 408-1 Operations and suppliers considered to involve significant risk of child labour. | 8.2 The right path to human rights. | 638 | Not applicable |
| **GRI 409: Forced or compulsory labour 2016** | | | |
| 409-1 Operations and suppliers considered to involve significant risk of forced or compulsory labour. | 8.2 The right path to human rights. | 638 | Not applicable |
| **GRI 411: Rights of indigenous peoples 2016** | | | |
| 411-1 Incidents of violations involving rights of indigenous peoples. | 8.2 The right path to human rights. | 638 | Not applicable |
| **GRI 412: Human rights assessment 2016** | | | |
| 412-2 Employee training on human rights policies and procedures. | 5.1.5 Managing knowledge. | 609-611 | Not applicable |

# ANNEX VII
# Table of indicators Law 11/2018

| Law 11/18 Requirement | Reacted GRI standard | Page number |
|---|---|---|
| **GENERAL INFORMATION** | | |
| **Business model** | | |
| Brief description of the MA group business model (including business environment, organisation and structure). | 102-1 Name of the organisation.<br>102-2 Activities, brands, products and services.<br>102-5 Ownership and legal status.<br>102-7 Size of the organisation.<br>102-18 Governance structure.<br>102-45 Entities included in consolidated financial statements. | 548-556 |
| Geographical presence. | 102-3 Location of headquarters.<br>102-4 Location of operations.<br>102-6 Markets served. | 549-556 |
| Organisation's objectives and strategies. | 103-2 The management approach and its components. | 561-563; 572-573 |
| Main factors and trends that may affect future growth and development. | 103-2 The management approach and what it consists of. | 575-576; 604-605; 628-629 |
| **Company policies** | | |
| A description of the policies applied by the Group regarding these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, those relating to personnel, including measures adopted, where applicable, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of persons with disabilities and universal accessibility] | 103-2 The management approach and what it consists of | Throughout the document. |

| Law 11/18 Requirement | Reacted GRI standard | Page number |
|---|---|---|
| **Risk management** | | |
| The main risks relating to these issues [environmental and social issues, respect for human rights and the fight against corruption and bribery, those relating to personnel, including measures adopted, where applicable, to promote the principle of equal treatment and opportunities for women and men, non-discrimination and the inclusion of persons with disabilities and universal accessibility]. | 103-2 The management approach and what it consists of. | 652-657 |
| **Other** | | |
| Mention in the report of the national, European and international reporting framework used for the selection of key indicators for the non-financial results included in each of the sections. | 102-54 Declaration of having prepared the report in accordance with GRI Standards. | 662 |
| **1. ENVIRONMENTAL ISSUES** | | |
| **Detailed general information** | | |
| On current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety. | 103: Management Approach | |
| On environmental assessment and certification procedures. | 103: Management Approach. | 577-579 |
| On resources dedicated to the prevention of environmental risks. | 103: Management Approach. | 580 |
| On the application of the precautionary principle. | 102-11 Precautionary principle or approach. | 581 |
| On the amount of provisions and guarantees for environmental risks. | 307-1 Noncompliance with environmental laws and regulations. | 583 |
| **Pollution** | | |
| Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (also includes noise and light pollution). | 303-2 Managing the impacts related to water discharges.<br>303-4 Water discharges.<br>305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions. | 588-591 |
| **Circular economy, waste prevention and management** | | |
| Measures for prevention, recycling, reuse, other forms of retrieval and disposal of waste. | 306-2 Management of significant waste-related impacts. | 594-598 |

| Law 11/18 Requirement | Reacted GRI standard | Page number |
|---|---|---|
| Actions to combat food waste. | 103: Management Approach | Due to the type of activity undertaken by the FCC Group, this has not been identified as a material issue. Nevertheless, in those Group centres that have a dining room for employees, the external company providing the service takes measures to optimise estimates for requirement and reduce food waste. |
| **Sustainable use of resources** | | |
| Water consumption and water supply in accordance with local limitations. | 303-1 Interaction with water as a shared resource.<br>303-3 Water abstraction. | 599-600 |
| Raw material consumption and measures taken to improve the efficiency of its use. | 301-1 Materials used by weight or volume. | 601 |
| Direct and indirect energy consumption. | 302-1 Energy consumption within the organisation. | 592-593 |
| Measures taken to improve energy efficiency. | 103: Management Approach. | 592-593 |
| Use of renewable energy. | 302-1 Energy consumption within the organisation. | 593 |
| **Climate change** | | |
| Important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces. | 305-1 Direct GHG emissions (scope 1)<br>305-2 Indirect GHG emissions when generating energy (scope 2)<br>Recommendations from the Task Force on Climate-Related Financial Disclosures (TFCD). | 587; 673-674 |
| Measures taken to adapt to the consequences of climate change. | Recommendations from the Task Force on Climate-Related Financial Disclosures (TFCD). | 585 |
| Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures adopted for this purpose. | Recommendations from the Task Force on Climate-Related Financial Disclosures (TFCD). | 587 |
| **Protecting biodiversity** | | |
| Measures taken to preserve or restore biodiversity. | 103: Management Approach. | 602-603 |
| Impacts caused by activities or operations in protected areas. | 103-2 The management approach and what it consists of. | 602-603 |

| Law 11/18 Requirement | Reacted GRI standard | Page number |
|---|---|---|
| **2. SOCIAL AND PERSONNEL AFFAIRS** | | |
| **Employment** | | |
| Total number and distribution of employees by gender, age, country and professional classification.<br>Total number and distribution of employment contract modalities.<br>Annual average for indefinite, temporary and part-time contracts by gender, age and professional classification. | 102-8 Information on employees and other workers. | 608; 665-668 |
| Number of dismissals by gender, age and professional classification. | 103-2 The management approach and what it consists of. | 669 |
| Average remuneration and developments separated by gender, age and professional classification or equal value. | 103: Management Approach. | 669 |
| Salary gap, remuneration for the same job position or the average within the company. | 405-2 Ratio for basic salary and remuneration for women vs men. | 669 |
| Average remuneration for directors and managers, including variable income, allowances, compensation, contributions to long-term savings systems and any other income broken down by gender. | 103-2 The management approach and what it consists of. | 612 |
| Implementation of work disconnection policies. | 103: Management Approach. | 620 |
| Employees with disabilities. | 103-2 The management approach and what it consists of. | 615-616 |
| **Work organisation** | | |
| Occupational health and safety conditions. | 103: Management Approach. | 620 |
| Hours lost through absenteeism. | 403-2 Hazard identification, risk assessment and incident investigation. | 672 |
| Measures aimed at facilitating work-life balance and encouraging the coresponsibility of both parents. | 103: Management Approach. | 620 |
| **Health and safety** | | |
| Occupational health and safety conditions. | 403-1 Occupational health and safety management system.<br>403-2 Hazard identification, risk assessment and the investigation of incidents. | 619 |
| Work-related accidents, particularly their frequency and severity by gender. | 403-9: Work-related injuries. | 619 |
| Occupational illness by gender. | 403-10: Occupational illness and diseases. | 672 |
| **Social relationships** | | |
| Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them. | 402-1 Minimum notice to be given regarding operational changes. | 617-618 |
| Percentage of employees covered by collective agreement by country. | 102-41 Collective bargaining agreements. | 670 |
| Balance of collective agreements, particularly in the field of health and safety at work. | 403-4 Worker participation, consultation and communication on occupational health and safety. | 618 |

| Law 11/18 Requirement | Reacted GRI standard | Page number |
|---|---|---|
| **Training** | | |
| Policies implemented in the field of training. | 103-2 The management approach and what it consists of. | 609-611 |
| Total number of hours of training by professional category. | 404-1 Average hours of training per year per employee. | 610; 671 |
| **Accessibility** | | |
| Universal accessibility for people with disabilities. | 103-2 The management approach and what it consists of. | 615-616 |
| **Equality** | | |
| Measures taken to promote equal treatment and opportunities for women and men. | 103: Management Approach. | 613-614 |
| Equality plans (Chapter III of Organic Law 3/2007 of 22 March for the effective equality of women and men), measures adopted to promote employment, protocols against gender bullying and prejudice; integration and universal accessibility for people with disabilities. | 103: Management Approach. | 613-614 |
| Policy against all types of discrimination and, where applicable, for diversity management. | 406-1 Cases of discrimination and corrective actions taken. | 614 |
| **3. INFORMATION ON RESPECT FOR HUMAN RIGHTS** | | |
| Application of due diligence procedures in human rights matters. | 102-16 Values, principles, standards and norms of conduct.<br>412-2 Training of employees in human rights policies and procedures. | 611; 638 |
| Prevention of risks of violation of human rights and, where applicable, measures to mitigate, manage and repair possible abuses committed. | 103-2 The management approach and what it consists of. | 638 |
| Cases reported involving violation of human rights. | 406-1 Cases of discrimination and corrective actions taken. | 638 |
| Promotion of and compliance with the provisions of the essential ILO agreements relating to respect for freedom of association and the right to collective bargaining.<br>Elimination of discrimination in employment and occupation.<br>Elimination of forced or compulsory labour.<br>Effective abolition of child labour. | 103-2 The management approach and what it consists of. | 638 |
| **4. INFORMATION CONCERNING THE FIGHT AGAINST BRIBERY AND CORRUPTION** | | |
| Measures taken to prevent bribery and corruption. | 102-16 Values, principles, standards and norms of conduct.<br>205-1 Operations assessed for corruption-related risks. | 639-640 |
| Measures to fight money laundering. | 102-16 Values, principles, standards and norms of conduct. | 641 |
| Contributions to foundations and non-profit organisations. | 102-13 Membership of associations. | 627 |

| Law 11/18 Requirement | Reacted GRI standard | Page number |
|---|---|---|
| **5. INFORMATION ABOUT THE COMPANY** | | |
| **The company's commitments to sustainable development** | | |
| Impact of the company's activity on employment and local development. | 103-2 The management approach and what it consists of. | 621-623 |
| Impact of the company's activity on local populations and on the territory. | 103-2 The management approach and what it consists of. | 624-627 |
| Relationships maintained with those playing a role in local communities and how dialogue is established with them. | 102-43 Approach to stakeholder participation. | 566-567 |
| Partnership and sponsorship actions. | 102-12 External initiatives. | 627; 678-679 |
| **Subcontracting and suppliers** | | |
| Inclusion in purchase policy of social, gender equality and environmental issues. | 103: Management Approach. | 648-649 |
| In relationships with suppliers and subcontractors, taking their social and environmental responsibility into account. | 103: Management Approach. | 649-650 |
| Supervisory systems, audits and their results. | 103: Management Approach. | 651 |
| **Consumers** | | |
| Measures for the health and safety of consumers. | 416-1 Assessment of the health and safety impacts of the product and service categories. | 645 |
| Claim systems. | 103: Management Approach. | 646 |
| Complaints received and their resolution. | 103: Management Approach. | 647 |
| **Tax information** | | |
| Profits obtained country by country. | 103: Management Approach. | 676-677 |
| Corporate income tax paid on profit. | 103: Management Approach. | 676-677 |
| Public grants received. | 103: Management Approach. | 677 |

# ANNEX VIII
# Taxonomy

## EU Taxonomy

Within the decarbonisation strategy of the European Union's current economic model, the Taxonomy emerges as a common language and tool for classifying sustainable activities to encourage investors, companies, administrations and other interest groups to redirect capital flows towards more sustainable technologies and businesses. This will help to meet the objectives of the Paris Agreement and the United Nations Sustainable Development Goals.

In accordance with the reporting requirements of the Taxonomy Regulation (EU) 2020/852, the FCC Group has analysed the proportion of its economic activities which are eligible and ineligible under the Environmental Taxonomy, in terms of turnover, CapEx and OpEx relative to the year 2021, for the Climate Change Mitigation and Adaptation objectives.

Given that, to date, the EU Taxonomy has specifically developed the environmental objectives of Mitigation and Adaptation to climate change, it should be noted that the analysis of sustainable activities carried out for the time being covers these two environmental objectives. The forthcoming development of the technical selection criteria for the rest of the environmental and social objectives may extend the consideration of sustainable to other FCC Group businesses.

# From theory to practice

In accordance with Delegated Regulation (EU) 2021/2178 implementing Article 8 of the Taxonomy Regulation, which specifies the content and presentation to be disclosed, the FCC Group includes below the proportion of economic activities eligible and ineligible for Taxonomy for 2021, expressed in total turnover and CapEx.

An activity is understood to be **eligible** if it is included in the descriptive taxonomic activities listed in the Regulation itself, considered to have the potential to contribute substantially to one or more of the environmental objectives set out in Article 9 of the Regulation, and which will be demonstrated in future years through the analysis of the alignment of eligible activities.

On the other hand, an economic activity that has not been identified by the EU Taxonomy would be a **non-eligible** activity and therefore no criteria have been developed for it as either not having potential for substantial contribution to Climate Change Mitigation and Adaptation, or that they could be included in the EU Taxonomy regulation in the future.

As mentioned above, Taxonomy eligibility is expressed in three financial KPIs, which are calculated as the share of turnover, CapEx and OpEx deemed eligible for Taxonomy (numerator) divided by the Group's total turnover, CapEx and OpEx as defined by Taxonomy (denominator). The concepts included to calculate these three KPIs are described below:

- **Turnover**. Proportion of net turnover derived from products or services, including intangibles, linked to economic activities that comply with the taxonomy (numerator), divided by net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU.
- **CapEX**. Includes additions to the gross value of intangible assets, property, plant and equipment and real estate investments, including additions arising from the application of the regulations in relation to removal and dismantling costs which are included as an addition to property, plant and equipment at initial recognition of the asset; additions to property, plant and equipment for lease contracts under IFRS 16, as well as additions to the gross value of intangible assets, property, plant and equipment and real estate investments arising from the acquisition of control as a result of a business combination. Changes in depreciation, impairments and revaluations of real estate investments due to their recognition at fair value are not included.
- **OpEX**. The share of OpEx referred to in Article 8(2)(b) of Regulation (EU) 2020/852 limits the calculation of this KPI to non-capitalised direct costs that are related to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the daily maintenance of property, plant and equipment assets, by the company or a third party to whom activities are outsourced, and that are necessary to ensure the continuous and efficient operation of those assets. In addition, non-financial companies that apply national GAAP and do not capitalise right-of-use assets include leasing costs in OpEx.

In the case of the calculation of OpEx for the FCC Group, since the direct costs mentioned in the regulation for the calculation of OpEx were considered that they might not be material for the Group in comparison with its total operating costs, an analysis was performed to determine the relevance that the reporting of this indicator would have for FCC and its interest groups. Of the total operating costs for 2021 (5,834,018 thousand euros), the OpEx denominator, as specified in the Regulation, represents 6.3% (366,176 thousand euros), so it has been considered immaterial for reporting purposes. It should be noted that, due to the Group's internal accounting systems, the calculation of the OpEx denominator does not include the other direct expenses related to the daily maintenance of intangible fixed assets, by the company or a third party to whom activities are outsourced, as stated in the regulation.

Accordingly, the proportion of eligible and non-eligible activities according to the Taxonomy has been calculated using the financial KPIs of turnover and CapEx.

# Actividades elegibles del Grupo FCC

The eligibility analysis carried out by the FCC Group has considered all the companies that make up the FCC Group's consolidation perimeter, identifying those that are included in the Delegated Regulation (EU) 2021/2139 on Climate published in the Official Journal of the European Union in December 2021.

The three main lines of activity of the FCC Group's business model are included as activities with the potential to make a significant contribution to climate change Mitigation and Adaptation, which will be shown next year through the analysis of the alignment of eligible activity. In particular:

| FCC Group's Activity Line | Taxonomic Group and main associated activities | Potential for significant contribution to Climate Change Mitigation |
|---|---|---|
| **Environment,** which manages and treats domestic and industrial waste and is responsible for street cleaning, among others. | **Group 5 Water supply, drainage, waste treatment and decontamination** (5.5.Collection and transport of non-hazardous waste in source separated fractions, 5.7.Anaerobic digestion of bio-waste, 5.8.Composting of bio-waste, 5.9.Recovery of material from non-hazardous waste, 5.10. Capture and utilisation of landfill gases) | EU greenhouse gas emissions from the water, drainage, waste and decontamination industry are relatively low. However, this industry has a large potential to contribute to the reduction of greenhouse gas emissions in other industries, in particular through the supply of secondary raw materials to replace virgin raw materials, by substituting fertilisers, energy and fossil-based products. In addition, activities involving anaerobic digestion as well as composting of separately collected bio-waste, which avoid landfilling of bio-waste, are particularly important for reducing methane emissions. |
| **Agua,** which operates under the Aqualia brand, takes care of the complete cycle, from the infrastructures necessary for the service to the supply to homes and businesses. | **Group 5 Water supply, drainage, waste treatment and decontamination** (5.1.Construction, extension and operation of water collection, treatment and supply systems, 5.2.Renovation of water collection, treatment and supply systems, 5.3.Construction, extension and operation of sewage collection and treatment systems, 5.4.Renovation of sewage collection and treatment) | |
| **Infrastructures,** which the Group operates through FCC Construcción and Cementos Portland Valderrivas. | **Group 3 Manufacturing (**3.7. Manufacture of cement), **Group 4 Energy** (4.1. Electricity generation by solar photovoltaic technology, 4.9. Electricity transmission and distribution), **Group 5 Water supply, drainage, waste treatment and decontamination** (activities 5.1., 5.2., 5.3, 5.4, 5.5, and 5.9 above mentioned), **Group 6 Transport** (6.13. Infrastructure for personal mobility, bicycle logistics, 6.14. Infrastructure for rail transport, 6.15. Infrastructure enabling low-carbon road transport, 6.16. Infrastructure enabling low-carbon waterborne transport, 6.17. Low-carbon airport infrastructure) and **Group 7 Building construction and real estate development** (7.1. Construction of new buildings, 7.2. Renovation of existing buildings, 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings). | Construction in several Taxonomy activities as part of the activity for which such construction is relevant, in particular in the case of activities in the electricity industry, the water, drainage, waste and decontamination industry, as well as the transport industry. How this asset is constructed is an important condition for eligible activities to contribute to reducing their emissions or adapting to climate change.<br><br>In the case of the manufacture of cement clinker, it is considered an eligible activity as it favours the transition to a climate-neutral economy. |

However, from the analysis carried out, other eligible activities have been identified within the FCC Group's portfolio, and the classification of eligible activities for the Group as a whole is as follows:

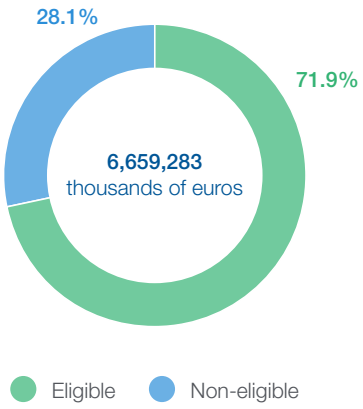
- **Group 3 - MANUFACTURING** (3.7.- Manufacture of cement)
- **Group 4 - ENERGY** (4.1. Electricity generation by solar photovoltaic technology, 4.2. Electricity generation by concentrated solar power technology, 4.9. Electricity transmission and distribution)
- **Group 5 - WATER SUPPLY, DRAINAGE, WASTE TREATMENT AND DECONTAMINATION** (5.1. Construction, extension and operation of water collection, treatment and supply systems, 5.2. Renovation of water collection, treatment and supply systems, 5.3. Construction, extension and operation of sewage collection and treatment systems, 5.4. Renovation of sewage collection and treatment, 5.5. Collection and transport of non-hazardous waste in source separated fractions., 5.7. Anaerobic digestion of bio-waste, 5.8. Bio-waste composting, 5.9. Recovery of material from non-hazardous waste, 5.10. Landfill gas capture and utilisation)
- **Group 6 - TRANSPORT** (6.13. Infrastructure for personal mobility, bicycle logistics, 6.14. Infrastructure for rail transport, 6.15. Infrastructure enabling low-carbon road transport, 6.16. Infrastructure enabling low-carbon waterborne transport, 6.17. Low carbon airport infrastructure)
- **Group 7 - BUILDING CONSTRUCTION AND REAL ESTATE DEVELOPMENT** (7.1. Construction of new buildings, 7.2. Renovation of buildings, 7.3. Installation, maintenance and repair of energy-efficient equipment, 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings, 7.7. Acquisition and ownership of buildings).

The percentage of eligibility for both Mitigation and Adaptation to climate change objectives for each of the consolidated financial KPIs and their distribution per Taxonomic Group is detailed below.

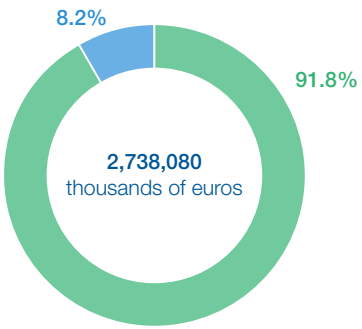
## Assumptions and nuances in the course of the analysis carried out

Double counting: The process has been carried out considering only the Climate Change Mitigation objective thus avoiding any possible double counting in the calculation of financial metrics.

### SALES VOLUME




### CapEX




### CLASSIFICATION OF FCC ACTIVITIES ACCORDING TO TAXONOMY

| | Turnover | CapEX |
|---|---|---|
| **A. Eligible activities according to the taxonomy** | **71.9%** | **91.8%** |
| 3. Manufacturing | 6.4% | 0.5% |
| 4. Energy | 1.3% | 0.1% |
| 5. Water supply, drainage, waste treatment and decontamination | 39.3% | 11.6% |
| 6. Transport | 15.0% | 0.8% |
| 7. Building construction and real estate development | 9.9% | 78.8% |
| **B. Ineligible activities according to the taxonomy** | **28.1%** | **8.2%** |
| **Total (A + B)** | **100.0%** | **100.0%** |

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# Non-Financial Information Verification Disclosure

AENOR verification Disclosure for

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.**

concerning the consolidated disclosure of non-financial information "Sustainability Report FCC Group 2021"

according to law 11/2018

for the period ending on December 31, 2021

In Madrid March 24, 2022

Rafael García Meiro
Chief Executive Officer

1994/0241/VNOF-2022



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FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter the organization) with registered office at: Calle Balmes, 36 08007 Barcelona and on its behalf, Javier LOPEZ-GALIACHO PERONA, in charge of Compliance and Sustainability Director FCC Group , has commissioned AENOR to carry out a verification under a limited level of assurance of its Disclosure of Non-Financial Information (hereinafter NFIS) in accordance with Law 11/2018 amending the Commercial Code, the revised text of the Law on Corporations approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity (hereinafter Law 11/2018).

As a result of the verification carried out, AENOR issues this Disclosure, of which the verified NFIS forms part. The Declaration is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

The purpose of the verification is to provide the interested parties with a professional and independent opinion about the information and data contained in the organization's NFIS, prepared in accordance with Law 11/2018.

**Responsibility of the organization.** The organization was responsible for reporting its non-financial information status in accordance with Law 11/2018. The formulation and approval of the NFIS, as well as its content, is the responsibility of its Governing Body. This responsibility also includes designing, implementing and maintaining such internal control as is deemed necessary to ensure that the NFIS is free from material misDisclosure due to fraud or error, as well as the management systems from which the information required for the preparation of the NFIS is obtained. The organisation, in accordance with the commitment formally undertaken, has informed AENOR that no events have occurred, from the date of the close of the financial year reported in the non-financial report until the date of verification, that might require corrections to be made to the report.

**Verification program in accordance with ISO/IEC 17029:2019 AENOR**, in accordance with the aforementioned Act, has carried out this verification as an independent provider of verification services. The verification has been developed under the principles of "evidence-based approach, fair presentation, impartiality, technical competence, confidentiality, and accountability" required by the international standard ISO/IEC 17029:2019 "Conformity assessment - General principles and requirements for validation and verification bodies".

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Likewise, in the verification program, AENOR has considered the international requirements of accreditation, verification or certification corresponding to the information matters contemplated in the Law:

- European Regulation EMAS (Environmental Verification)
- SA 8000 (international labour principles and rights in accordance with the ILO (International Labour Organization), the Universal Declaration of Human Rights and the Convention on the Rights of the Child. SAAS Procedure 200)
- Environmental Management System (ISO 14001).
- Social Responsibility Management System, IQNet SR 10 and SA8000 schemes
- Quality Management System (ISO 9001).
- Energy Management System (ISO 50001).
- Occupational Health and Safety Management System (ISO 45001).

Additionally, the criteria and information that have been taken into account as a reference to carry out the Verification Program have been:

1) Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July on the Auditing of Accounts, with regard to non-financial information and diversity.

2) Directive 2014/95/EU of the European Parliament and Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial information and diversity reporting by certain large companies and certain groups.

3) Communication of the European Commission 2017/C 215/01, Guidelines on non-financial reporting (methodology for non-financial reporting)

4) the international standard ISO/IEC 17029.2019 Conformity assessment - General principles and requirements for validation and verification bodies

5) The criteria established by the global sustainability reporting initiative in the GRI standards where the organisation has opted for this recognised international framework for disclosure of information relating to its corporate social responsibility performance



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AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this Declaration.

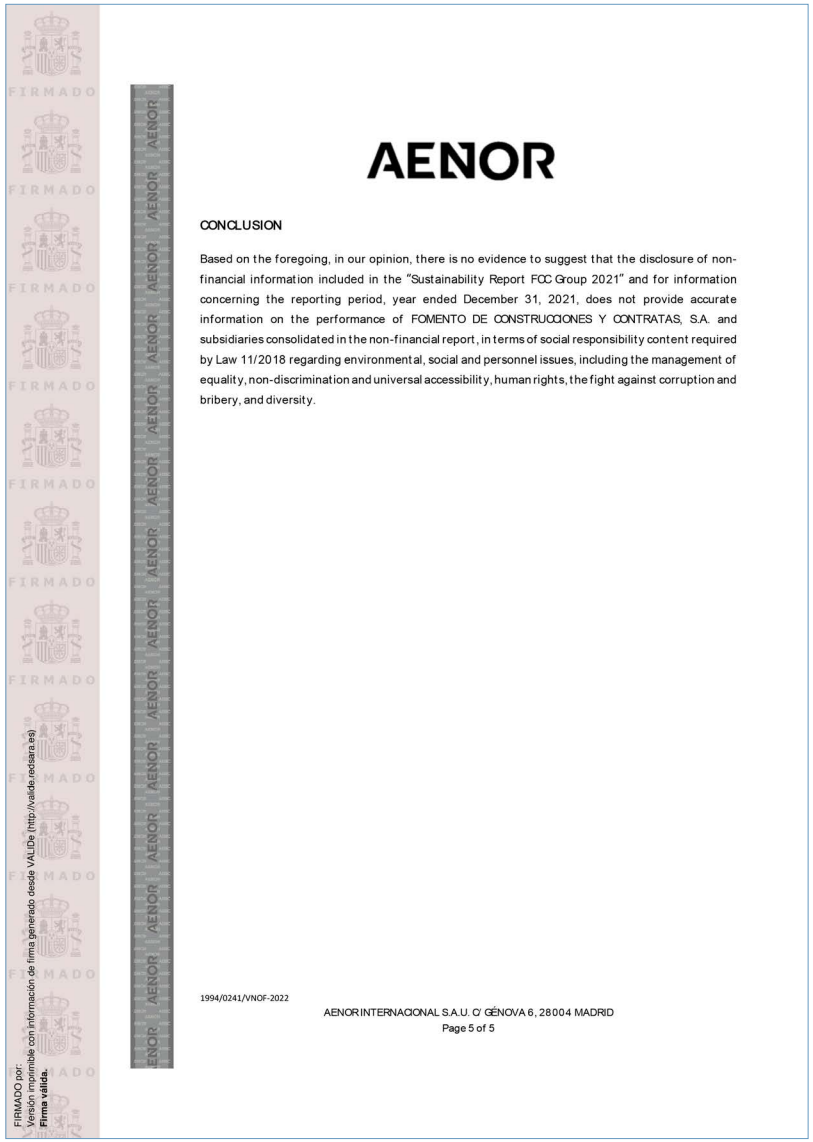
During the verification process carried out, under a limited level of assurance, AENOR conducted interviews with the personnel in charge of compiling and preparing the Report and reviewed evidence relating to:

- Activities, products and services provided by the organization.
- Consistency and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the disclosure of non-financial information in order to ensure the completeness, accuracy and veracity of its content.
- Letter of Disclosures from the Administrative Body.

The conclusions are therefore based on the results of this sample process, and do not absolve the Organization of its responsibility for compliance with applicable legislation.

Information related to the Taxonomy of environmentally sustainable activities prepared in accordance with the EU Regulation 2020/852 of the European Parliament and of the Council of June 18, on the establishment of a framework to facilitate sustainable investments, regarding the obligation to disclose information on the manner and extent to which the activities of the obligated company are associated with economic activities that are considered environmentally sustainable according to the environmental principles and objectives established in said Regulation, is among the evidence reviewed. In line with this new requirement, the organization has included in the Non-Financial Information Report the information which, in their opinion, best enables compliance with this new obligation, and which is included in annexed VIII of the attached Disclosure of Non-Financial Information.

The personnel involved in the verification process, the review of findings and the decision to issue this Disclosure have the knowledge, skills, experience, training, supporting infrastructure and capacity to effectively carry out these activities.



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CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that the disclosure of non-financial information included in the "Sustainability Report FCC Group 2021" and for information concerning the reporting period, year ended December 31, 2021, does not provide accurate information on the performance of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. and subsidiaries consolidated in the non-financial report, in terms of social responsibility content required by Law 11/2018 regarding environmental, social and personnel issues, including the management of equality, non-discrimination and universal accessibility, human rights, the fight against corruption and bribery, and diversity.

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Page 5 of 5

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# Annual Corporate Governance Report

End date business year in question: 2021

CIF (Tax ID): A-28037224

Corporate Name:
**Fomento de Construcciones y Contratas, S.A.**

Registered address:
C/Balmes, 36. 08007 Barcelona

# A Ownership structure

## A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

| No ☒ | Yes ☐ |
|---|---|
| Date of board approval | dd/mm/yyyy |
| Minimum period of uninterrupted tenure required by the bylaws | |

Indicate whether the company has awarded votes for loyalty:

| No ☒ | Yes ☐ |
|---|---|

| Date of the last modification of the share capital | Share capital | Number of shares | Number of voting rights (not including additional loyalty-attributed votes) | Number of additional attributed voting rights corresponding to shares with a loyalty vote | Total number of voting rights, including additional loyalty-attributed votes |
|---|---|---|---|---|---|
| 27-07-2021 | 425,173,636 | 425,173,636 | 425,173,636 | 0 | 0 |

| Number of shares registered in the special register pending the expiry of the loyalty period | 0 |
|---|---|

| Observations |
|---|
| |

Indicate whether there are different share classes with different associated rights:

| Yes ☐ | No ☒ |
|---|---|

| Class | Number of shares | Par value | Number of voting rights | Rights and obligations conferred |
|---|---|---|---|---|
| _ | _ | _ | _ | _ |

| Observations |
|---|
| |

## A.2 List the company's significant direct and indirect shareholders at year end, excluding directors with a significant shareholding:

| Name or company name of shareholder | % of voting rights attached to the shares (including votes for loyalty) | | % voting rights through financial instruments | | % of total voting rights | From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| Gates III, William H. | – | 5.736 | – | – | 5.736 | | |
| Control Empresarial de Capitales S.A. de C.V. | 61.200 | 13.002 | – | – | 74.202 | | |
| Nueva Samede 2016, S.L.U. | 4.540 | – | – | – | 4.540 | | |
| Esther Koplowitz Romero de Juseu | 0.033 | 4.540 | – | – | 4.573 | | |
| Carlos Slim Helú | – | 7.005 | – | – | 7.005 | | |

**Observations**

Breakdown of indirect holding:

| Name or company name of the indirect owner | Name or company name of direct owner | % of voting rights attached to the shares (including votes for loyalty) | % voting rights through financial instruments | % of total voting rights | From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote |
|---|---|---|---|---|---|
| Gates III, William H. | Cascade Investment, LLC. | 3.986 | – | 3.986 | |
| Gates III, William H. | Bill & Melinda Gates Fundation Trust | 1.750 | – | 1.750 | |
| Control Empresarial de Capitales, S.A. DE C.V. | Dominum Dirección y Gestión, S.A. | 8.462 | – | 8.462 | |
| Esther Koplowitz Romero de Juseu | Nueva Samede 2016, S.L.U. | 4.540 | – | 4.540 | |
| Carlos Slim Helú | Finver Inversiones 2020, S.L.U | 7.005 | – | 7.005 | |

**Observations**

Regarding the position of CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. (CEC):

Regarding the holdings through intermediaries (i) 19,301,251 shares in Fomento de Construcciones y Contratas S.A. ("FCC") owned by Nueva Samede 2016 S.L.U. representing 4.540% of FCC's share capital, hereby stated for the exclusive purposes of art. 24.2.B of RD 1362/2007. In spite of this, CEC does not hold any right to vote on this 4.540%. Therefore, CEC holds directly and indirectly, only 69.66% of FCC's voting rights.

Concerning the position of ESTHER KOPLOWITZ ROMERO DE JUSEU:

Esther Koplowitz Romero de Juseu directly controls 0.033% of FCC and 4.540% indirectly through Nueva Samede 2016, S.L.U., Dominum Desga, S.A. and Ejecución y Organización de Recursos, S.L.

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

| Most significant changes |
|---|
| |

## A.3 Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

| Name or company name of director | % of voting rights attached to the shares (including votes for loyalty) | | % voting rights through financial instruments | | % of total voting rights | From the total percentage of voting rights attributed to the shares, indicate, where appropriate, the percentage of additional votes attributed corresponding to the shares with a loyalty vote | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| Aboumrad González, Alejandro | 0.074 | – | – | – | 0.074 | – | – |
| Colio Abril, Pablo | 0.027 | – | – | – | 0.027 | – | – |
| Dominum Desga, S.A. | 0.000 | – | – | – | 0.000 | – | – |
| Dominum Dirección y Gestión, S.A. | 8.462 | – | – | – | 8.462 | – | – |
| Alicia Alcocer Koplowitz | 0.078 | – | – | – | 0.078 | – | – |
| Gil Madrigal, Manuel | 0.000 | 0.008 | – | – | 0.008 | – | – |
| Inmobiliaria AEG, S.A. de C.V. | 0.000 | – | – | – | 0.000 | – | – |
| Kuri Kaufman, Gerardo | 0.069 | – | – | – | 0.069 | – | – |
| Proglio, Henri | 0.001 | – | – | – | 0.001 | – | – |
| Rodriguez Torres, Juan | 0.077 | – | – | – | 0.077 | – | – |
| Samede Inversiones 2010, S.L.U. | 0.000 | – | – | – | 0.000 | – | – |
| Vázquez Lapuerta, Álvaro | 0.001 | – | – | – | 0.001 | – | – |
| Gómez García, Antonio | 0.005 | – | – | – | 0.005 | – | – |
| **Total** | **8.794** | **0.008** | | | **8.802** | **–** | **–** |

| Total percentage of voting rights held by the Board of Directors | 8.802 |
|---|---|

| Observations |
|---|
| |

Breakdown of indirect holding:

| Name or company name of director | Name or company name of direct owner | % of voting rights attached to the shares (including votes for loyalty) | % voting rights through financial instruments | % of total voting rights | From the total percentage of voting rights attributed to the shares, indicate, where appropriate, the percentage of additional votes attributed corresponding to the shares with a loyalty vote |
|---|---|---|---|---|---|
| Gil Madrigal, Manuel | Tasmania Inmuebles, S.L. | 0.008 | – | 0.008 | – |

| Observations |
|---|
| |

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

| | |
|---|---|
| Total percentage of voting rights represented on the board of directors | 81.24 |

| Observations |
|---|
| |

## A.4 Indicate, as applicable, the family, commercial, contractual or corporate relations between the holders of significant shares, insofar as that they are known by the company, unless they are immaterial or are part of ordinary commercial traffic, with the exception of those reported in section A.6:

| Related name or company name | Type of relationship | Brief description |
|---|---|---|
| – | – | – |

## A.5 Indicate, as the case may be, the commercial, contractual or corporate relations between the holders of significant shares, and the company and/or its group, unless they are immaterial or are part of ordinary commercial traffic:

| Related name or company name | Type of relationship | Brief description |
|---|---|---|
| FCC Construcción and Carso Infraestructura y Construcción S.A.B. de C.V. | Corporate | Collaboration agreement to jointly undertake projects in the Americas, excluding the United Mexican States, through the constitution of a special purpose vehicle (SPV): "FCC Américas". |

## A.6 Describe the relationships, unless they are immaterial to the two parties, between significant shareholders or parties represented on the Board and directors, or their representatives, in the case of corporate directors.

Explain, as applicable, how significant shareholders are represented. Specifically, indicate the directors appointed on behalf of significant shareholders whose appointment was promoted by significant shareholders, or who were linked to significant shareholders and/or entities in their group, specifying the nature of these relationships. In particular, include the existence, identity and position of Board members, or representatives of directors, of the listed company, who are, in turn, members of the governing body, or their representatives, in companies that hold significant holdings in the listed company or in entities of the group of these significant shareholders.

| Name or company name of related director or representative | Name or company name of related significant shareholder | Company name of the group company of the significant shareholder | Description of relationship/post |
|---|---|---|---|
| Alejandro Aboumrad González | Control Empresarial de Capitales, S.A. de C.V. | Several subsidiaries of the shareholder | Administrator |
| Antonio Gómez García | Control Empresarial de Capitales, S.A. de C.V. | Grupo Carso SAB de C.V. | Alternate Director and General Manager |
| | | Grupo Frisco SAB de CV | Director |
| | | Grupo Elementia SAB de CV | Director |
| Gerardo Kuri | Control Empresarial de Capitales, S.A. de C.V. | Several subsidiaries of the shareholder | Director |
| Juan Rodríguez Torres | Control Empresarial de Capitales, S.A. de C.V. | Minera Frisco | Director |
| | | Telesites | Non-executive chairman |
| | | Carso Infraestructura y Construcción S.A.B. de C.V. (CICSA) | Director |
| Alfonso Salem Slim | Control Empresarial de Capitales, S.A. de C.V. | Several subsidiaries of the shareholder | Managing director and/or director of various subsidiary companies of the aforementioned company |
| Pablo Colio Abril | Control Empresarial de Capitales, S.A. de C.V. | Carso Infraestructura y Construcción S.A.B. de C.V. (CICSA) | Director |
| | | Cafig Constructores, S.A. de C.V. | Director |
| | | Constructora Terminal Valle de México, S.A. de C.V. | Director |
| | | Servicios Terminal Valle de México, S.A. de C.V. | Director |
| | | Servicios CTVM, S.A. de C.V. | Director |
| | | Finver Inversiones 2020, S.L. | Director |
| | | Soinmob Inmobiliaria Española | Director |
| | | Dominium Dirección y Gestión, S.A. | Director |
| Inmobiliaria AEG, S.A. de CV | Control Empresarial de Capitales, S.A. de C.V. | – | Director appointed at the proposal of significant shareholder. |
| Samede Inversiones 2010, S.L., | Esther Koplowitz Romero de Juseu | – | Director appointed at the proposal of significant shareholder. |
| Alicia Alcocer Koplowitz | Esther Koplowitz Romero de Juseu | – | Director appointed at the proposal of significant shareholder. |
| Dominum Dirección y Gestión, S.A. | Control Empresarial de Capitales, S.A. de C.V. | – | The significant shareholder indirectly holds FCC shares through this director. |
| Dominum Desga, S.A. | Esther Koplowitz Romero de Juseu | – | Director appointed at the proposal of significant shareholder. |

| Observations |
|---|
| |

A.7 Indicate whether the Company has been informed of shareholders' agreements that affect it as established in Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes ☒ No ☐

| Parties to the shareholders' agreement | % of share capital concerned | Brief description of the agreement | Expiry date of the agreement, if any |
|---|---|---|---|
| Esther Koplowitz Romero de Juseu and Control Empresarial de Capitales, S.A. de C.V. | 50.16 | Relevant fact of 27/1/2014 (see note) | Open-ended |
| Control Empresarial de Capitales, S.A. de C.V., Nueva Samede 2016, S.L.U., Inversora Carso S.A. de C.V. and Esther Koplowitz Romero de Juseu | 72.36 | Relevant fact of 05/02/2016 (see note) | Open-ended |

**Observations**

Relevant Fact of 27 November 2014: FCC's controlling shareholder reported that negotiations with Control Empresarial de Capitales S.A. de C.V., a company owned by Inmobiliaria Carso S.A. de C.V., which in turn is controlled by the Slim family, have been successfully completed.

Relevant Fact of 5 February 2016: For the purposes of continuing with the recapitalisation process of Fomento de Construcciones y Contratas, S.A. ("FCC" or the "Company") through a new capital increase of €709,518,762 announced by the Company on 17 December 2015 (the "New Capital Increase"), the Company has been informed that, Esther Koplowitz Romero de Juseu ("EK") (and the companies related to her, Dominum Direccion y Gestión, S.A. ("Dominum") and Nueva Samede 2016, S.L.U. ("Nueva Samede")) have entered into a non-extinguishing modifying novation contract with Inversora Carso S.A. de C.V. ("I. Carso") and its subsidiary Control Empresarial de Capitales, S.A. de C.V. ("CEC") of the Investment Agreement signed on 27 November 2014 (the "Novation of the Investment Agreement").

The Investment Agreement was included in the relevant fact published on 27 November 2014 and subsequently deposited in the Companies Register of Barcelona.

The main aspects of the Novation of the Investment Agreement are to establish the terms and conditions for: (a) the incorporation of Nueva Samede into the Novation as a future shareholder of FCC following the New Capital Increase, (b) the continuation of the FCC recapitalisation process through the New Capital Increase regulating the subscription commitment of both I. Carso as Nueva Samede and (c) the modification of certain provisions regarding Corporate Governance, the share transfer system as well as the removal of the provision regarding the maximum participation of the parties in the Company's capital shares.

Indicate whether the Company is aware of any concerted actions among its shareholders. If so, describe them briefly:

Yes ☐ No ☒

| Participants of coordinated action | % of share capital concerned | Brief description of the coordinated action | End date of the coordinated action, if applicable |
|---|---|---|---|
| – | – | – | – |

**Observations**

If there has been any change or termination of these agreements or coordinated actions during the year, expressly indicate:

## A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes ☒ No ☐

| Name or company name |
|---|
| Control Empresarial de Capitales, S.A. de C.V. |

| Observations |
|---|
| |

## A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

| Number of direct shares | Number of indirect shares (*) | Total % of share capital |
|---|---|---|
| 2,410,758 | – | 0.567 |

| Observations |
|---|
| |

(*) Through:

| Name or company name of direct owner | Number of direct shares |
|---|---|
| – | – |
| **Total:** | |

| Observations |
|---|
| |

Explain any significant changes during the year:

| Explain the significant changes |
|---|
| |

## A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

**Ordinary General Meeting Resolution of 28 June 2018 (item seven on the agenda):**

Fomento de Construcciones y Contratas, S.A. was authorised, as were the Group companies meeting any of the circumstances set out under Article 42.1 of the Code of Commerce, to proceed with the derivative acquisition of own shares, through purchase and sale transactions swaps or any others allowed by law, at the price resulting from their stock market price on the day of acquisition, falling between the maximum and minimum values listed below:

The maximum value shall be calculated by increasing the maximum price for the three months prior to the moment at which the acquisition takes place by 20 percent.

The minimum value shall be calculated by deducting 20 percent from the minimum price for the three months prior to the moment at which the acquisition takes place.

In light of this authorisation, the Board, the Executive Committee and the Chief Executive Officer may, interchangeably, acquire their own shares, under the terms provided for in Article 146 of the Spanish Corporate Enterprises Act.

The Board of Directors, the Executive Committee and the Chief Executive Officer may also, interchangeably, allocate all or part of their own shares acquired as part of the execution of remuneration schemes that seek or involve the delivery of shares or option rights over shares, pursuant to the provisions of Article 146.1 of the Spanish Corporate Enterprises Act.

This authorisation is granted for the maximum period legally permitted, pursuant to the limit of the share capital applicable according to the regulations in force at the time of acquisition.

The acquisition of shares, which shall be fully paid up, must allow FCC Group companies, who, as applicable, have acquired them, to set aside provisions for the restricted reserve set out in Article 148.c) of the Spanish Corporate Enterprises Act.

This authorisation voids the authorisation approved by the Board on 23 May 2013.

## A.11 Estimated floating capital.

| | % |
|---|---|
| Estimated floating capital | 12.15 |

| Observations |
|---|
| |

## A.12 Indicate whether there are any restrictions (statutory, legislative or of any kind) on the transferability of securities and/or any restrictions on the right to vote.

In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes ☐ No ☒

| Description of the restrictions |
|---|
| |

## A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

Yes ☐ No ☒

If applicable, explain the approved measures and the terms in which the restrictions will be deemed ineffective:

| Explain the measures approved and the terms under which ineffectiveness will occur |
|---|
| |

## A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes ☒ No ☐

If applicable, indicate the different classes of shares and, for each class of shares, the corresponding rights and obligations.

| Indicate the different classes of shares |
|---|
| – |

Note:

On 7 July 2021, FCC Servicios Medio Ambiente Holding, S.A.U., a company wholly owned by FCC, renewed the Euro-Commercial Paper Programme (ECP) promissory note programme for a maximum amount of €400 million with the following characteristics:

1. Issuer: FCC Servicios Medio Ambiente Holding, S.A.U.

2. Maximum value of the programme: €400 million

3. Stock Market: Main Securities Market of the Irish Stock Exchange (Euronext Dublin).

4. Programme Dealers: Banca March, Bred Banque Populaire, Société Générale and Crédit Agricole.

On 5 November 2021, FCC renewed the Euro-Commercial Paper Programme (ECP) promissory note programme up to a maximum amount of €600 million, with the following characteristics:

1. Issuer: Fomento de Construcciones y Contratas, S.A.

2. Maximum value of the programme: €600 million.

3. Stock Market: Main Securities Market of the Irish Stock Exchange (Euronext Dublin).

4. Programme Dealers: Caixabank, Banco Sabadell, S.A., Santander and Banca March.

On 27 November 2019, it was reported as a relevant fact that FCC Servicios Medio Ambiente Holding, S.A.U., a company fully owned by FCC, approved the issuance of two simple bond (the "Bonds") as part of an agreement taken by the Board of Directors on 13 November 2019. The Company successfully completed the pricing of the two Bond issues, amounting to €600 million paying annual interest of 0.815% and maturing in 2023; and the amount of €500 million, paying annual interest of 1.661% and maturing in 2026, respectively.

On 1 June 2017, it was reported as relevant fact and as a continuation to relevant facts Nos. 249540 and 252375, the pricing of two single bond issues by FCC Aqualia, S.A. (subsidiary of Fomento de Construcciones y Contratas, S.A.), for the sum of €700,000,000 paying annual interest of 1.413% and maturing in 2022 and for the sum of €650,000,000, paying annual interest of 2.629% and maturing in 2027, respectively. Both issues were secured against specific assets of the FCC Aqualia Group. Upon approval and registration of the corresponding prospectus, the Bonds were accepted to trading on the unregulated market (Global Exchange Market) of the Irish Stock Exchange.

# B General shareholders' meeting

## B.1 Indicate and, where appropriate, describe, whether there are differences with the system of minimum quorums provided for in the Spanish Corporate Enterprises Act with respect to the quorum of the General Meeting of Shareholders.

Yes ☒ No ☐

| | % quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters | % quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions of Article 194 of the Spanish Corporate Enterprises Act |
|---|---|---|
| Quorum required at 1st call | 50.00% | 50.00% |
| Quorum required at 2nd call | 45.00% | 45.00% |

**Description of differences**

**Art. 17.- Constitution of the Meeting**

1. The Ordinary or Extraordinary General Meeting of Shareholders shall be validly constituted, at the first call, when the shareholders present or represented account for at least fifty percent (50%) of the subscribed capital with the right to vote; and at the second call, the constitution of the Meeting shall be valid when the shareholders present or represented account for at least forty-five percent (45%) of the subscribed capital with the right to vote. Exceptions to the foregoing are those cases in which, in accordance with the items included on the Agenda, it is not legally possible to require a higher percentage of capital for the General Shareholders Meeting to be validly constituted than that established by the applicable regulations.
2. Likewise, the percentages mentioned in the previous paragraph shall also be those applicable so that the Ordinary and Extraordinary General Shareholders Meeting can validly resolve on the issue of bonds which, in accordance with the regulations applicable at any given time, are within the powers of the General Shareholders Meeting, the increase or reduction of capital, the transformation, merger or spin-off of the Company, the general assignment of assets and liabilities, the suppression or removal of the right of first refusal on new shares, the transfer of address abroad and, in general, any modification to the Articles of Association.
3. If, to validly adopt an agreement with respect to any, or several, items on the agenda of the General Meeting of Shareholders, pursuant to the applicable legal or statutory regulations, a certain percentage of the share capital must be in attendance and this percentage is not reached, or the consent of the specific shareholders affected is required and they are not present or represented, the General Meeting of Shareholders shall be limited to discussing and deciding on items on the agenda that do not require the attendance of this percentage of the share capital or the aforementioned shareholders.

## B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:

Yes ☒ No ☐

Describe how it is different from the regime provided in the Corporate Enterprises Act.

| | Super majority other than the figure established in Article 201.2 Corporate Enterprises Act for the hypotheses provided for in 194.1 Corporate Enterprises Act | Other cases of super majority |
|---|---|---|
| % established by the entity for the adoption of resolutions | 50.01% | 0.00% |

| Describe the differences |
|---|
| **Art. 26. - Deliberations. Adopting resolutions. Minutes** |
| 3 […] In particular, the issuance of shares or bonds or securities convertible into shares with the exclusion of the first right of refusal in favour of the shareholders of the Company shall be approved when more than fifty percent (50%) of the subscribed share capital present or represented with voting rights vote in favour. |

Note:

50.01% is calculated against the subscribed share capital with voting rights.

## B.3 Indicate the rules applicable to the modification of the Company's Bylaws. In particular, indicate the majorities required to modify the Bylaws, as well as, where applicable, the rules in place to protect the rights of shareholders in the modification of the Bylaws.

In general, the amendment of the Articles of Incorporation is a matter for the General Meeting. Regarding the majorities required to amend the Articles of Incorporation, a quorum of fifty percent (50%) and forty-five percent (45%) of the subscribed share capital with voting rights is required on first and second call, respectively. In turn, for the adoption of the resolution to amend the Articles of Incorporation, if the capital present or represented exceeds fifty percent (50%) of the capital, the resolution shall be adopted by absolute majority, and the favourable vote of two-thirds of the capital present or represented at the General Meeting shall be required when, at second call, shareholders representing forty-five percent (45%) or more of the subscribed capital with voting rights are present without reaching fifty percent (50%). Notwithstanding the foregoing, the issuance of shares or bonds or securities convertible into shares with the exclusion of the first right of refusal in favour of the shareholders of the Company shall be approved when more than fifty percent (50%) of the subscribed share capital present or represented with voting rights vote in favour.

Additionally, as regards the rules laid down for the protection of shareholders' rights in the amendment of the Articles of Incorporation, these essentially refer to the right of shareholders to be informed, as provided for by law. In this regard, the Board draws up a report justifying the proposed amendment, and the notice convening the General Meeting clearly states the articles whose amendment is proposed and the right of all shareholders to examine the full text of the proposed amendment and the report thereon at the registered office, as well as to request the delivery or sending of these documents free of charge, which are also published continuously on the corporate website from the publication of the notice convening the meeting.

Shareholders may also request, up to the fifth day prior to the date scheduled for the meeting, such information or clarifications as they deem necessary regarding the proposed amendment (as well as regarding all the items on the agenda), or ask such questions in writing as they deem appropriate, and may also request, during the meeting, such information or clarifications as they deem appropriate.

Finally, and in accordance with article 4 of the Articles of Incorporation, the Board of Directors is authorised to change the registered office within Spain, amending the aforementioned article of the Articles of Incorporation to include the new registered office of the Company by virtue of the transfer, and such resolution must be approved by the ordinary majorities required for resolutions of the Board, i.e. an absolute majority of the directors attending the meeting, either in person or by proxy.

## B.4 Indicate the attendance details at the general meetings held in the year to which this report refers and those in the preceding years:

| | Attendance data | | | | |
|---|---|---|---|---|---|
| | | | % remote voting | | |
| Date of general meeting | % physical presence | % by proxy | Electronic voting | Other | Total |
| 29-06-2021 | 0.246% | 46.457% | 0.003% | 44.061% | 90.767% |
| Of which, Floating capital: | 0.246% | 10.898% | 0.003% | 0.426% | 11.573% |
| 2-06-2020 | 0.205% | 61.760% | 0.005% | 28.170% | 90.140% |
| Of which, Floating capital: | 0.096% | 9.732% | 0.005% | 0.007% | 9.840% |
| 8-05-2019 | 20.082% | 70.735% | 0.004% | 0.005% | 90.826% |
| Of which, Floating capital: | 0.115% | 9.223% | 0.004% | 0.005% | 9.347% |
| 28-06-2018 | 20.119% | 69.418% | 0.001% | 0.003% | 89.541% |
| Of which, Floating capital: | 0.062% | 8.307% | 0.001% | 0.003% | 8.373% |
| 28-06-2017 | 20.261% | 68.631% | 0.004% | 0.030% | 88.926% |
| Of which, Floating capital: | 0.238% | 7.520% | 0.004% | 0.030% | 7.792% |

| Observations |
|---|
| |

B.5 Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

Yes ☐ No ☒

| Items on the agenda that have not been approved | % vote against (*) |
|---|---|

(*) If the non-approval of the item can be traced to a cause other than a vote against, an explanation shall be provided in the text section and in the "% vote against" column, "N/A" shall be inserted.

B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

Yes ☐ No ☒

| |
|---|
| Number of shares required to attend the General Shareholders' Meeting |
| Number of shares required to vote remotely |

| Observations |
|---|

B.7 Indicate whether it has been established that certain resolutions, other than those established by law, involving an acquisition, disposal, contribution of essential assets to another company or other similar corporate transactions, must be submitted for approval by the General Shareholders' Meeting.

Yes ☒ No ☐

| Explanation of the resolutions that must be submitted to the General Shareholders' Meeting, other than those established by Law |
|---|
| Decisions not provided for by Law, and which, according to the Corporate Bylaws, must be taken by the General Meeting, are as follows:<br>Article 14 of the Articles of Incorporation, section g):<br>"g) The issuance of bonds and other securities that, pursuant to the applicable regulations at any time, are the responsibility of the General Shareholders' Meeting and the delegation to the Board of Directors of the power to issue them." |

B.8 Indicate the address and manner of accessing the company's website for information on Corporate Governance and other information on general shareholders' meetings that must be made available to shareholders on the Company's website.

FCC's website (**www.fcc.es**) has a section dedicated to Corporate Governance, accessible from the home page, through the "Responsibility and Sustainability" section. This section contains information on the Company's regulations on corporate governance, governing bodies, annual corporate governance and remuneration reports, shareholders' meetings, shareholders' agreements, ethics and integrity. In addition, this tab, under the heading "General Shareholders' Meeting", provides shareholders with specific access for electronic voting and for the electronic shareholders' forum, in accordance with the provisions of article 539.2 of the revised text of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital).

This section of the website is accessible with two clicks from the homepage. Its contents are structured and hierarchised, under quick access headings and all its pages can be printed out.

The pages in this section have been developed in compliance with Level AA according to the UNE 139803:2012 Standard, which in turn is based on the W3C Web Content Accessibility Guidelines 2.0.

All Priority 1 and Priority 2 requirements have been checked by expert accessibility analysts using manual accessibility analyses, complemented by different semi-automatic tools, user agents and technical aids.

# C Structure of the company's administration

## C.1 Board of Directors

### *C.1.1 Maximum and minimum number of directors provided for the Bylaws and the number defined by the General Shareholders' Meeting:*

| | |
|---|---|
| **Maximum number of directors** | 15 |
| **Minimum number of directors** | 9 |
| **Number of directors defined by the Shareholders' Meeting** | 14 |

| Observations |
|---|
| |

### *C.1.2 Complete the following table on board members:*

| Nombre o denominación social del consejero | Represent-ative | Director category | Position on the Board | First appointment date | Last appointment date | Election procedure | Date of birth |
|---|---|---|---|---|---|---|---|
| Dominum Desga, S.A | Esther Alcocer Koplowitz | Proprietary | Chairwoman | 27-09-2000 | 02-06-2020 | General Shareholders' Meeting Resolution | 10/11/1970 |
| Samede Inversiones 2010, S.L.U. | Esther Koplowitz Romero de Juseu | Proprietary | Vice Chairwoman | 13-04-2015 | 08-05-2019 | General Shareholders' Meeting Resolution | 10/08/1950 |
| Pablo Colio Abril | | Executive | Chief Executive Officer | 12-09-2017 | 28-06-2018 | General Shareholders' Meeting Resolution | 8/06/1968 |
| Alejandro Aboumrad González | | Proprietary | Vice Chairman | 13-01-2015 | 02-06-2020 | General Shareholders' Meeting Resolution | 26/02/1980 |
| Dominum Dirección y Gestión, S.A. | Carmen Alcocer Koplowitz | Proprietary | Director | 26-10-2004 | 08-05-2019 | General Shareholders' Meeting Resolution | 01/01/1974 |
| Alicia Alcocer Koplowitz | | Proprietary | Director | 29-06-2021 | 29-06-2021 | General Shareholders' Meeting Resolution | 10/10/1971 |
| Manuel Gil Madrigal | | Independ-ent | Director | 27-02-2015 | 08-05-2019 | General Shareholders' Meeting Resolution | 1/05/1960 |
| Antonio Gómez García | | Proprietary | Director | 29-06-2016 | 02-06-2020 | General Shareholders' Meeting Resolution | 21/02/1961 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Inmobiliaria AEG, S.A. de CV | Carlos Slim Helú | Proprietary | Director | 13-01-2015 | 08-05-2019 | General Shareholders' Meeting Resolution | 28/01/1940 |
| Gerardo Kuri Kaufmann | | Executive | Director | 13-01-2015 | 08-05-2019 | General Shareholders' Meeting Resolution | 17/12/1983 |
| Henri Proglio | | Independ-ent | Director | 27-02-2015 | 08-05-2019 | General Shareholders' Meeting Resolution | 29/06/1949 |
| Juan Rodríguez Torres | | Proprietary | Director | 7-10-2015 | 02-06-2020 | General Shareholders' Meeting Resolution | 5/08/1939 |
| Alfonso Salem Slim | | Proprietary | Director | 29-06-2016 | 02-06-2020 | General Shareholders' Meeting Resolution | 3/11/1961 |
| Álvaro Vázquez de Lapuerta | | Independ-ent | Director | 27-02-2015 | 08-05-2019 | General Shareholders' Meeting Resolution | 30/04/1957 |

| | |
|---|---|
| **Total number of directors** | 14 |

Indicate any departures, either by resignation or through an agreement reached by the general meeting, that have occurred on the Board of Directors during the reporting period:

| Name or company name of director | Category of the director at the time of departure | Last appointment date | Date of cessation | Special committees of which he/she was a member | Indicate whether the departure occurred before the end of the term. |
|---|---|---|---|---|---|
| – | – | – | – | – | – |

**Cause of departure, if before the end of the term of office and other remarks; information on whether the director has sent a letter to the other members of the board and, regarding departures of non-executive directors, an explanation or the opinion of the director who has been dismissed by the general meeting**

*C.1.3 Complete the following tables on the members of the Board and their categories:*

## EXECUTIVE DIRECTORS

| Name or company name of director | Post in company's organisation chart | Profile |
|---|---|---|
| Pablo Colio Abril | CEO of FCC, Chairman of FCC Construcción, Chairman of FCC Medio Ambiente, Vice Chairman of FCC Servicios Medio Ambiente Holding, S.A.U and Vice Chairman of FCC Medio Ambiente Reino Unido S.L.U. | Architect, graduating from the Higher Technical School of Madrid. He has spent most of his professional career at FCC, a company to which he has dedicated more than 26 years.<br>Within the Group, he has been responsible for the international expansion of the Industrial area. Positions he has previously held include Managing Director of FCC Construcción and Managing Director of FCC Industrial.<br>He is the CEO of the FCC Group and a member of its Executive Committee, functions that he combines with those of the Chairman of FCC Construcción, Chairman of FCC Medio Ambiente and Vice Chairman of FCC Servicios Medio Ambiente Holding, S.A.U. He is also a director of the Mexican firm Carso Infraestructuras y Construcción (CICSA). |
| Gerardo Kuri Kaufmann | CEO of Cementos Portland Valderrivas and Realia Business | Industrial Engineer graduate from the University of Anáhuac (Mexico). From 2008 to 2010, he served as purchasing director at Carso Infraestructuras y Construcción, S.A.B. de C.V. From the incorporation of Inmuebles Carso, S.A.B de C.V., he has been in charge of its General Management. He is a member of the board of directors of Minera Frisco SAB. de C.V., Elementia, S.A., Philip Morris México, S.A. de C.V. and Inmuebles Carso, S.A.B de C.V. He is the CEO of Cementos Portland Valderrivas, S.A. and Realia Business, S.A. |

| | |
|---|---|
| Total number of executive directors | 2 |
| % of the total Board | 14.29 |

| Observations |
|---|
| |

## EXTERNAL PROPRIETARY DIRECTORS

| Name or company name of director | Name or company name of the significant shareholder that he/she represents or that has proposed his/her appointment | Profile |
|---|---|---|
| Dominum Desga, S.A. (Represented by Esther Alcocer Koplowitz) | Esther Koplowitz Romero de Juseu | Degree in Law, she has completed the Senior Business Management Program (PADE) at the IESE in Madrid.<br><br>Since January 2013, she has served as Chairwoman of the FCC Group, a member of its Executive Committee and the Appointments and Remuneration Committee.<br><br>She is also a director at Cementos Portland Valderrivas, on behalf of EAC Medio Ambiente, S.L., Realia, on behalf of EAC Inversiones Corporativos, S.L., and CaixaBank-Banca Privada.<br><br>The representatives of the directors Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Dirección y Gestión, S.A. and the director Alicia Alcocer Koplowitz, have a mother-daughter relationship.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| Samede Inversiones 2010, S.L.U. (Represented by Esther Koplowitz Romero de Juseu) | Esther Koplowitz Romero de Juseu | She holds a degree in Philosophy and Arts from the University of Madrid; she has developed her business experience in the international field as a Director of Veolia and Vivendi.<br><br>She is founder and chairwoman of the Esther Koplowitz Foundation. Among other acknowledgements, she has been awarded: the Grand Cross of Civil Merit, the Gold Medal of the Region of Madrid, the Gold Medal and the title of Academic of Honour of the Royal Academy of History, the distinction of Honorary Citizen by the Valencia City Council, the City of Barcelona Coat of Arms, the Business Leader of the Year award, granted by the Spanish Chamber of Commerce in the USA, the Blanquerna Prize of the Generalitat of Catalonia, Madrid Grand Cross of Healthcare, the Gold and Diamond Insignia of the Police Orphans Foundation, Légion d'Honneur of the French Republic and The Grand Cross of the Civil Order of Environmental Merit, awarded by the Spanish Council of Ministers.<br><br>The representatives of the directors Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Dirección y Gestión, S.A. and the director Alicia Alcocer Koplowitz, have a mother-daughter relationship.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |

| Name or company name of director | Name or company name of the significant shareholder that he/she represents or that has proposed his/her appointment | Profile |
|---|---|---|
| Alejandro Aboumrad González | Control Empresarial de Capitales, S.A. de C.V. | Industrial Engineer graduate from the University of Anáhuac (Mexico). He has worked in subsidiaries and companies related to Grupo Carso during the last 15 years, of which five years he worked at Grupo Financiero Inbursa in the area of Project Evaluation and Risk Assessment. He is member of the board of directors of Inmuebles Carso, S.A.B. of C.V. and Minera Frisco, S.A.B. of C.V., holding the post of General Manager with the latter. He is a director at Cementos Portland Valderrivas, S.A. on behalf of Inmobiliaria AEG, S.A. de C.V., and Chairman of the Board of Directors of FCC Aqualia, Chairman of FCC Servicios Medio Ambiente Holding, S.A.U and Vice Chairman of the Board of FCC and Chairman of its Executive Committee.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| Dominum Dirección y Gestión, S.A.U. (Represented by Carmen Alcocer Koplowitz) | Control Empresarial de Capitales, S.A. de C.V. | Graduate in Law from the Francisco de Vitoria University of Madrid. She is a director of FCC, S.A., representing Dominum Dirección y Gestión, S.A.U. and a director of Cementos Portland Valderrivas, S.A., representing Meliloto, S.L.<br><br>The representatives of the directors Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Dirección y Gestión, S.A. and the director Alicia Alcocer Koplowitz, have a mother-daughter relationship.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |

| Name or company name of director | Name or company name of the significant shareholder that he/she represents or that has proposed his/her appointment | Profile |
|---|---|---|
| Alicia Alcocer Koplowitz | Dª. Esther Koplowitz Romero de Juseu | A Law graduate, she started her professional career at Banco Zaragozano, where she worked for four years in the Finance Department, at the bank's treasury desk and served as a director.<br><br>She is a director at FCC and a member of its Executive Committee. In turn, she is chairwoman of Cementos Portland Valderrivas, S.A. and a member of its Executive Committee and its Appointments and Remuneration Committee.<br><br>She is a member of the Innovation Committee, under the Secretary of State for Science, Technology, and Innovation.<br><br>She is also a member of the board of the Valderrivas Foundation and the Hispano Judía Foundation.<br><br>The representatives of the directors Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Dirección y Gestión, S.A. and the director Alicia Alcocer Koplowitz, have a mother-daughter relationship.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| Antonio Gómez García | Control Empresarial de Capitales, S.A. de C.V. | He is a graduate in Industrial Engineering from the Universidad Iberoamericana. He has been Managing Director of Grupo Porcelanite, S.A. de C.V., of US Commercial Corp., S.A.B. de C.V., and currently holds the position of Managing Director of Grupo Carso, S.A.B. de C.V. He is a director of Grupo Frisco S.A.B. de C.V., and a director of Grupo Elementia S.A.B. de C.V.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |

| Name or company name of director | Name or company name of the significant shareholder that he/she represents or that has proposed his/her appointment | Profile |
|---|---|---|
| Inmobiliaria AEG, S.A. de CV (Represented by Carlos Slim Helú) | Control Empresarial de Capitales, S.A. de C.V. | Civil Engineer from the National Autonomous University of Mexico (UNAM). Founder of Grupo Carso, S.A.B. de C.V., América Móvil, Grupo Financiero Inbursa, and Inversora bursátil. He is the owner of Teléfonos de México (Telmex).<br><br>He has been Vice Chairman of the Mexican Stock Exchange and Chairman of the Mexican Association of Brokerage Houses.<br><br>He was the first Chairman of the Latin American Committee of the New York Stock Exchange Board of Directors.<br><br>He is currently Chairman of the Board of Directors of Carso Infraestructuras y Construcción (CICSA), Minera Frisco and Chairman of Fundación Carlos Slim de la Educación, A.C. and Fundación Telmex, A.C. In addition, he is a member of the Board of Directors of Inmuebles Carso and IDEAL.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| Juan Rodríguez Torres | Control Empresarial de Capitales, S.A. de C.V. | Civil Engineer from the Autonomous University of Mexico. He has a full Master's degree in Operational Planning and Research from UNAM. He has also completed administration studies at IPADE and obtained a diploma in prestressed concrete in Paris. He founded the Mexican Business Generation Association. He has been Production Manager and Controller of Preesforzados Mexicanos, S.A. de ICA, and Managing Director of Domit Group in the footwear sector.<br><br>He is currently a director of Minera Frisco, S.A.B. de S.A. de CV. and of Carso Infraestructura y Construcción, S.A.B. de C.V. (CICSA) and non-executive chairman of Telesites. He is a director of Cementos Portland Valderrivas, S.A., representing Inmuebles Inseo, S.A. de C.V., a director of FCC Aqualia and non-executive chairman of Realia.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| Alfonso Salem Slim | Control Empresarial de Capitales, S.A. de C.V. | He graduated in Civil Engineering from University of Anahuac in the class of 80-84. Throughout his professional career, Salem Slim has performed the role of assistant director of Expansion at Sanborns Hermanos; director of Shopping Centres at Grupo CARSO; director of Real-Estate at INBURSA; Managing Director of Hoteles Calinda, Managing Director of Grupo PC Constructores; Managing Director of IDEAL, and he is currently Vice Chairman of the Board of Directors of IDEAL and Chairman of the Board of Directors and Managing Director of Inmuebles CARSO. He is also a member of the boards of CARSO Group; IDEAL; CICSA; Inmuebles Carso; ELEMENTIA, FORTALEZA and Naturgy Mexico.<br><br>(See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |

| | |
|---|---|
| **Total number of proprietary directors** | 9 |
| **% of the total Board** | 64.29 |

**Observations**

## EXTERNAL INDEPENDENT DIRECTORS

| Name or company name of director | Profile |
|---|---|
| Manuel Gil Madrigal | He holds a degree in Law and Business Sciences (E-3) by ICADE and is a founding partner of the company Tasmania Gestión. In 2000, he also founded the financial company N+1 (currently Alantra) and has been a director of Vidrala, Barón de Ley, General de Alquiler de Maquinaria (GAM) and Campofrío, among other companies. During his career he has also been director of Capital Markets for AB Asesores Bursátiles, partner of Morgan Stanley and auditor of Arthur Andersen. |
| Henri Proglio | A graduate of the Higher School of Business Administration (HEC) in Paris. He is currently a director of Natixis Banque and of Dassault Aviation. He has also served as Chairman of the energy giant Électricité de France (2009-2014) and Veolia Environnement (2003-2009), as well as a board member of FCC, Lagardère Group and Vinci, among other companies. |
| Álvaro Vázquez de Lapuerta | He holds a degree in Law and Business Studies (E-3) by ICADE and is currently a partner of the firms Akiba Partners and Meridia Capital Partners. He was Managing Director for Spain and Portugal at Dresdner Kleinwort, and CEO and head of Investor Relations at securities firm BBVA Bolsa. Previously he held various positions at JP Morgan in Mexico, New York, London and Madrid. |

| | |
|---|---|
| **Total number of independent directors** | 3 |
| **% total of the Board** | 21.43 |

| Observations |
|---|
| |

Indicate whether any director qualified as independent receives any amounts or benefits for any concept other than director remuneration from the company or its group, or maintains or has maintained, during the last tax year, a business relationship with the company or with any company in its group, either in its own name or as a significant shareholder, director or senior manager of an entity with which he/she maintains or has maintained this relationship.

None

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

| Name or company name of director | Description of the relationship | Reasoned statement |
|---|---|---|
| | | |

## OTHER EXTERNAL DIRECTORS

The other external directors shall be identified and the reasons they cannot be considered proprietary or independent and their relationships, whether with the Company, its directors, or its shareholders, shall be detailed:

| Name or company name of director | Reasons | Company, executive or shareholder with whom he/she maintains a relationship | Profile |
|---|---|---|---|
| | | | |

| | |
|---|---|
| **Total number of other external directors** | |
| **% total of the Board** | |

| Observations |
|---|
| |

Indicate any changes that have occurred during the period in each director's category:

| Name or company name of director | Change date | Previous category | Current category |
|---|---|---|---|
| – | – | – | – |

| Observations |
|---|
| |

*C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:*

| | Number of female directors | | | | % of total directors for each category | | | |
|---|---|---|---|---|---|---|---|---|
| | Year t | Year t-1 | Year t-2 | Year t-3 | Year t | Year t-1 | Year t-2 | Year t-3 |
| Executive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proprietary | 4 | 4 | 4 | 4 | 44.44 | 44.44 | 44.44 | 40 |
| Independent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other External | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total:** | **4** | **4** | **4** | **4** | **28.57** | **28.57** | **28.57** | **26.66** |

**Observations**

–

*C.1.5 Indicate whether the company has diversity policies in place in relation to the company's Board of Directors in terms of issues including age, gender, disability, or professional training and experience. SMEs, pursuant to the definition contained in the Account Audit Law, shall report, as a minimum, the policy established in relation to gender diversity.*

Yes ☐ No ☐ Partial policies ☒

If so, describe these diversity policies, their objectives, the measures and the way in which they were applied and their results over the year. The specific measures adopted by the Board of Directors and the Appointments and Remuneration Committee to achieve a balanced and diverse presence of directors shall also be indicated.

In case the company has no diversity policy in place, explain the reasons for this.

**Description of the policies, objectives, measures and manner in which they have been applied, as well as the results obtained**

Article 38.4.j of the Regulations of the Board of Directors lays down the following among the functions of the Appointments and Remuneration Committee: "Assist the Board in its role of ensuring that the selection procedures of its members favour diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Directors, so that the Company deliberately seeks and includes among the potential candidates, women who meet the intended professional profile, with the Board having to explain, where applicable, through the Annual Corporate Governance Report, the reason for the scant or non-existent number of female Directors and the initiatives taken to correct this situation. For this purpose, it should set a target for representation of the under-represented sex on the board and develop guidance on how to achieve this target".

In 2019, FCC renewed its commitment to the Diversity Charter for the period 2019-2021, a voluntary code for the promotion of the core Equality principles. The initiative, promoted by the Directorate of Justice at the European Commission as part of the development of its anti-discrimination policies, contemplates the implementation of inclusion policies and non-discrimination programmes at signatory companies.

The different Equality Plans signed by the FCC Group include the different actions included in the so-called Diversity Charter.

*C.1.6 Explain the measures that, where appropriate, the Appointments Committee may have agreed to ensure the selection procedures do not suffer from implicit biases that prevent the selection of female directors, and to ensure the company deliberately seeks and includes among the potential candidates, women who meet the professional profile sought and make it possible to achieve a balanced presence of women and men. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:*

| Explanation of the measures |
|---|
| Article 38.4.j of the Regulations of the Board of Directors lays down the following among the functions of the Appointments and Remuneration Committee: "Assist the Board in its role of ensuring that the selection procedures of its members favour diversity of gender, experience and knowledge and do not suffer from implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Directors, so that the Company deliberately seeks and includes among the potential candidates, women who meet the intended professional profile, with the Board having to explain, where applicable, through the Annual Corporate Governance Report, the reason for the scant or non-existent number of female Directors and the initiatives taken to correct this situation. For this purpose, it should set a target for representation of the under-represented sex on the board and develop guidance on how to achieve this target".<br><br>The Appointments and Remuneration Committee has not established, to date, specific additional measures to those contained in Article 38.4.j of the Board's Regulation, nor objectives other than those pertaining to the current situation. The percentage of female directors (4) on the Board of Directors is 28.57 percent.<br><br>The Group has also implemented specific training for female employees to help them gain the necessary qualifications to qualify for senior management positions in the company. These include programmes such as: "Promociona" or "Progresa" of the CEOE or within the Escuela de Organización Industrial (EOI). The different Equality Plans also establish positive discrimination measures in favour of women workers, in the case of curricular equality. |

When, despite the measures adopted, as applicable, the number of female directors or senior executives is low or zero, explain the reasons that justify this:

| Explanation of the reasons |
|---|
| In the 2021 business year, no vacancy has been filled in any senior management position in the FCC Group, which is why it has not been feasible to hire or appoint any senior executives.<br><br>In terms of the number of female directors, FCC has four female directors compared to 14 seats on the Board of Directors. |

*C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.*

At the General Shareholders' Meeting of 28 June 2016, four new directors were appointed at the proposal of the controlling shareholder Inversora Carso, which exercised the power granted by the shareholders' agreement dated 25 February 2016. Two other directors were also re-elected at the aforementioned meeting.

On 12 September 2017, the Board of Directors co-opted Pablo Colio Abril as a director and appointed him as Chief Executive Officer, delegating to him all the delegable powers of the Board. Subsequently, on 28 June 2018, the General Shareholders' Meeting agreed to appoint Pablo Colio Abril, a member of the Board of Directors, as an executive director.

In all six cases, the Appointments and Remuneration Committee issued a favourable report to the Board of Directors on the suitability of the directors.

The Appointments and Remuneration Committee has not, for the time being, established any objectives in this respect other than the current situation, nor any measures additional to those set out in article 38.4.j) of the Regulations of the Board of Directors.

As of 31 December 2021, the Board of Directors of FCC has a representation of 28.57 percent of female directors, with Esther Alcocer Koplowitz as non-executive chairwoman.

*C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:*

| Name or company name of shareholder | Reason |
|---|---|
| – | – |

Indicate whether formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others, at whose request proprietary directors have been appointed, have not been met. If applicable, explain the reasons that they have not been addressed:

Yes ☐ No ☒

| Name or company name of shareholder | Explanation |
|---|---|
| | |

*C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:*

| Name or company name of director or committee | Brief description |
|---|---|
| Pablo Colio Abril | All except those that are non-delegable |
| Executive Committee | All except those that are non-delegable |

*C.1.10 Identify, as the case may be, the members of the Board that assume the positions of administrators, representatives of administrators or directors at other companies that are part of the listed Company's group:*

| Name or company name of director | Company name of the Group entity | Position | Entrusted with executive functions? |
|---|---|---|---|
| Alicia Alcocer Koplowitz | Cementos Portland Valderrivas S.A. | Director | No |
| | Realia Business, S.A. | Director | No |
| Gerardo Kuri Kaufmann | Cementos Portland Valderrivas | Chief Executive Officer | Yes |
| | Realia Business | Chief Executive Officer | Yes |
| Juan Rodríguez Torres | Cementos Portland Valderrivas | Director | No |
| | FCC Aqualia | Director | No |
| | Realia Business | Non-executive chairman | No |
| Álvaro Vázquez de Lapuerta | Cementos Portland Valderrivas | Director | No |
| Alejandro Aboumrad González | Cementos Portland Valderrivas, S.A. | Representative of Inmobiliaria AEG, S.A. | No |
| | FCC Aqualia, S.A. | Director and Chairman of the Board of Directors | No |
| | FCC Servicios Medio Ambiente Holding S.A.U. | Chairman | Yes |
| Antonio Gómez García | FCC Américas | Alternate director | No |
| Pablo Colio Abril | FCC Aqualia, S.A. | Director, Member of the Audit And Control Committee, Member of the Investment Committee and Member of the Regulatory Compliance Committee. | No |
| | FCC Construcción, S.A. | Chairman | Yes |
| | FCC Environment (UK) limited | Administrator | Yes |
| | FCC Medio Ambiente Reino Unido, S.L.U | Vice Chairman | Yes |
| | FCC Medio Ambiente, S.A.U | Chairman | Yes |
| | FCC Servicios Medio Ambiente Holding, S.A.U. | Vice Chairman | Yes |
| | Guzman Energy O&M, S.L. | Chairman | Yes |
| | FCC Austria Abfall Service AG | Chairman | No |

| Observations |
|---|
| |

*C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:*

| Name or company name of director | Company name of the listed or non-listed entity | Position | Observations |
|---|---|---|---|
| Manuel Gil Madrigal | Barón de Ley, S.A. | Director | Remunerated |
| | Tasmania Gestión, S.L. | Joint director | |
| | Tasmania Inmuebles, S.L. | Chairman-chief executive officer | Remunerated |
| Pablo Colio Abril | Carso Infraestructura y Construcción S.A.B. de C.V. (CISCA) | Director | Remunerated |
| | Cafig Constructores S.A. de C.V. | Director | |
| | Constructora Terminal Valle de Mexico S.A. de C.V. | Director | |
| | Servicios Terminal Valle de Mexico, S.A. | Director | |
| | Servicios CTVM S.A. de C.V. | Director | |
| | Finver Inversiones 2020, S.L. | Director | |
| | Soinmob Inmobiliaria Española | Director | |
| | Dominum Dirección y Gestión S.A. | Director | |
| Álvaro Vázquez de Lapuerta | Libra Fotovoltaica S.L. | Sole administrator | |
| Esther Koplowitz Romero de Juseu | Diseño Especializado en Organización de Recursos, S.L. | Sole administrator | |
| | Ordenamientos Ibéricos, S.A. | Sole administrator | |
| | Dominum Desga S.A. | Sole administrator | |
| | Ejecución Organización de Recursos, S.L. | Sole administrator | |
| | Samede Inversiones 2010, S.L. | Sole administrator | |
| | Nueva Samede 2016, S.L. | Sole administrator | |
| | Fundación Esther Koplowitz | Chairwoman | |
| Esther Alcocer Koplowitz | Soinmob Inmobiliaria Española, S.A. | Director | |
| | EAC Inversiones Corporativas, S.L. | Joint director | |
| | EAC Medio Ambiente S.L. | Joint director | |
| | Meliloto S.L. | Joint director | |
| | Diseño Especializado en Organización de Recursos, S.L. | Joint Powers of Attorney | |
| | Ordenamientos Ibéricos, S.A. | Joint Powers of Attorney | |
| | Dominum Desga S.A. | Joint Powers of Attorney | |
| | Ejecución Organización de Recursos, S.L. | Joint Powers of Attorney | |
| | Samede Inversiones 2010, S.L. | Joint Powers of Attorney | |
| | Nueva Samede 2016, S.L. | Joint Powers of Attorney | |

| Name or company name of director | Company name of the listed or non-listed entity | Position | Observations |
|---|---|---|---|
| Alicia Alcocer Koplowitz | Soinmob Inmobiliaria Española, S.A. | Director | |
| | EAC Inversiones Corporativas, S.L. | Joint director | |
| | EAC Medio Ambiente S.L. | Joint director | |
| | Meliloto S.L. | Joint director | |
| | Diseño Especializado en Organización de Recursos, S.L. | Joint Powers of Attorney | |
| | Ordenamientos Ibéricos, S.A. | Joint Powers of Attorney | |
| | Dominum Desga S.A. | Joint Powers of Attorney | |
| | Ejecución Organización de Recursos, S.L. | Joint Powers of Attorney | |
| | Samede Inversiones 2010, S.L. | Joint Powers of Attorney | |
| | Nueva Samede 2016, S.L. | Joint Powers of Attorney | |
| Carmen Alcocer Koplowitz | EAC Inversiones Corporativas, S.L. | Joint director | |
| | EAC Medio Ambiente S.L. | Joint director | |
| | Meliloto S.L. | Joint director | |
| | Diseño Especializado en Organización de Recursos, S.L. | Joint Powers of Attorney | |
| | Ordenamientos Ibéricos, S.A. | Joint Powers of Attorney | |
| | Dominum Desga S.A. | Joint Powers of Attorney | |
| | Ejecución Organización de Recursos, S.L. | Joint Powers of Attorney | |
| | Samede Inversiones 2010, S.L. | Joint Powers of Attorney | |
| | Nueva Samede 2016, S.L. | Joint Powers of Attorney | |
| Alfonso Salem Slim | Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V. (IDEAL) | Director | Remunerated |
| | Grupo Carso, S.A.B. de C.V. | Director | Remunerated |
| | Carso Infraestructura y Construcción, S.A. de C.V. (CICSA) | Director | Remunerated |
| | Elementia Materiales, S.A.B. de C.V. | Director | Remunerated |
| | Fortaleza Materiales, S.A.B. de C.V. | Director | Remunerated |
| | Naturgy México, S.A. de C.V. | Director | |
| | Jezzine Uno, S.L.U. | Administrator | |
| | Inmuebles Carso, S.A. de C.V. y sus subsidiarias | Director and/or Managing Director | Remunerated |
| | Centro Histórico de la Ciudad de México, S.A. de C.V. | Director | |
| Juan Rodríguez Torres | Calzado Tecnico S.A. de C.V. | Representative | Remunerated |
| | Calzado Rohcal S.A. de C.V. | Representative | Remunerated |
| | Calzado y Componentes S.A. de C.V. | Representative | Remunerated |
| | Inmobiliaria Inro S.A. de C.V. | Representative | Remunerated |
| | Inmobiliaria Calro S.A. de C.V. | Representative | Remunerated |
| | Inmobiliaria Proii S.A. de C.V. | Representative | Remunerated |
| Henri Proglio | Dassault | Director | Remunerated |
| | ATALIAN | Director | Remunerated |
| | ABR Management | Director | Remunerated |

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

| Identity of the director or representative | Other paid activities |
|---|---|
| Álvaro Vázquez de Lapuerta | Meridia Partners S.L. - partner |
| Henri Proglio | Natixis - censeur |

| Observations |
|---|
| |

*C.1.12 Indicate and, if applicable, explain whether the Company has established rules on the maximum number of Boards of Directors on which its directors may sit, identifying, where appropriate, where this provision is regulated:*

Yes ☐ No ☒

| Explanation of the rules and identification of the document where this is regulated |
|---|
| |

*C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:*

| | |
|---|---|
| Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros) | 2,458 |
| Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros) | 0 |
| Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros) | 0 |
| Pension rights accumulated by former directors (thousands of euros) | 3,066 |

| Observations |
|---|
| – |

*C.1.14 Identify members of senior management who are not executive directors, and indicate the total remuneration accrued in their favour during the business year:*

| Name or company name | Position(s) |
|---|---|
| Marcos Bada Gutiérrez | Managing Director of Internal Audit |
| Felipe B. García Pérez | General secretary |
| Miguel Ángel Martínez Parra | Managing Director of Administration and Finance |
| Félix Parra Mediavilla | Managing Director of Aqualia |

| Number of women in senior management 0 | Position(s) |
|---|---|
| Percentage of total senior management 0% | – |

| | |
|---|---|
| Total remuneration of senior management (thousands of euros) | 1,908.15 |

| Observations |
|---|
| – |

*C.1.15 Indicate whether there has been any change in the Board's regulation during the business year:*

Yes ☒ No ☐

| Description of the changes |
|---|
| The Regulations of the Board of Directors were updated in response to: (i) the reform of the Corporate Enterprises Act implemented by Law 5/2021 of 12 April, which amends the revised text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, (ii) Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July, on auditing of accounts, with regard to non-financial information and diversity, and (iii) and the partial reform of the CNMV's Code of Good Governance of 26 June 2020 (CBG); also in line with the Technical Guide 1/2016 on good practices for the application of the "comply or explain" principle.<br><br>Accordingly, on 29 June 2021, Board Resolution 27/2021 approved the amendment of the Regulations of the Board of Directors. |

*C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.*

The General Shareholders' Meeting is responsible for the appointment and removal of directors. Directors may be re-elected indefinitely, one or more times, for maximum periods of four years (Article 30.3 of the Bylaws).

Pursuant to Article 29.4 of the Bylaws, in its proposals for the appointment, re-election, ratification or removal of directors submitted to the General Shareholders' Meeting and in the appointment decisions adopted by the Board in the use of its legally attributed powers of co-option, the Board of Directors shall follow the criteria and guidelines established in this regard in the Regulations of the Board of Directors.

Chapter IV of the Regulations of the Board on the "Appointment and Removal of Directors" regulate these cases:

Article 16. Appointment, ratification or re-election of directors.

1. Proposals for the appointment or re-election of directors submitted by the Board of Directors for consideration by the General Shareholders' Meeting and the appointment decisions adopted by the Board in the use of its legally attributed powers of co-option, shall fall on persons of recognised prestige, solvency, technical competence and experience, and shall be approved by the Board at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and after a report from the Appointments and Remuneration Committee, in the case of other directors. 2. All proposals shall be accompanied by a justifying report from the Board assessing the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Shareholders' Meeting or the Board meeting. 3. From the moment at which the announcement of the General Shareholders' Meeting is published, the Board of Directors shall publish, on its website, the following information on the persons proposed for the appointment or ratification as Directors: (i) professional and biographical profile; (ii) other Boards of Directors to which he/she belongs, whether or not they are listed companies, and also on any other remunerated activities of any kind; (iii) indication of the category of director to which they belong, indicating, in the case of proprietary directors, the shareholder at whose proposal they have been appointed, re-elected or ratified or with whom they are related; (iv) date of first appointment as a Director of the Company, and also of subsequent re-elections; (v) shares of the Company and derivative financial instruments having as their underlying the shares of the Company, held either by the Director whose position is to be ratified or re-elected or by the candidate for the first appointment as Director. This information shall be kept up to date; and (vi) (vi) the reports and proposals of the competent bodies in each case. 4. The Secretary of the Board of Directors shall provide each new Director with a copy of the Bylaws, these Regulations, the Code of Ethics of the FCC Group, the Internal Regulations of Conduct in the Securities Market, the latest financial statements and management reports, both individual and consolidated, approved by the General Shareholders' Meeting, the audit reports corresponding thereto and the latest economic and financial information sent to the markets. They shall also be provided with the identification of the current account auditors and their representatives. 5. Each director shall sign a document confirming receipt of this documentation, that they are aware of its contents and that they faithfully fulfil their duties as a director. 6. The Company shall establish orientation programmes that provide new directors with fast and sufficient knowledge of the Company and its Group as well as the Corporate Governance rules, in addition to imparting knowledge refresher courses when the circumstances so require.

Article 17. Duration of the position

1. Directors shall serve in their post during the term established in the Bylaws. 2. Directors appointed by co-option shall hold their position until the date on which the first General Shareholders' Meeting is held. Furthermore, if the vacancy arises once the General Shareholders' Meeting has been called and before it is held, the Board of Directors may appoint a director until the next General Shareholders' Meeting is held. 3. A director whose mandate is coming to an end or who, for any other reason, ceases to hold office, may not provide services at a competitor of FCC for a period of two (2) years. 4. The Board of Directors, if deemed appropriate, may dispense with this obligation or shorten its duration.

Article 18. Re-election of directors

In addition to satisfying the established requirements in terms of appointments established in Article 16 above, prior to any re-election of directors that is submitted to the General Shareholders' Meeting, the Appointments and Remuneration Committee must issue a report in which the quality of work and dedication to the position of the proposed directors during the previous term.

Article 19. Departure of directors.

1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers. 2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases: a) When they step down from their positions, posts or functions to which their appointment as executive directors was associated. b) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in FCC or reduces their shareholding to a level that requires the reduction of the number of proprietary directors. c) When they are affected by any of the cases of incompatibility or prohibition provided by Law. d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place the credit and reputation of the Company at risk. 3. In particular, Directors must inform the Board and, if appropriate, resign, when situations arise that affect them, whether or not related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, of any criminal proceedings in which they are under investigation, and also of the procedural developments thereof.

In any case, having been informed or otherwise having become aware of any of the situations mentioned in the preceding paragraph, the Board shall examine the case as soon as possible and, having regard to the specific circumstances, shall decide, after a report from the Appointments and Remuneration Committee, whether or not to take any action, such as opening an internal investigation, requesting the resignation of the Director or proposing his or her dismissal. This shall be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which shall be recorded in the minutes, without prejudice to the information that the Company must disclose, if appropriate, when the corresponding measures are adopted. 4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, just cause shall be deemed to exist when the Director takes up new posts or incurs new obligations that prevent him/her from devoting the necessary time to the performance of the duties inherent to the post of Director, has failed to comply with the duties inherent to his/her post or has incurred in any of the circumstances described in article 6.2.a) of these Regulations that prevent his/her appointment as an independent Director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes

in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the share capital. 5. When, either by resignation or by resolution of the General Meeting, a Director leaves office before the end of his term of office, he shall sufficiently explain the reasons for his resignation or, in the case of non-executive Directors, his views on the reasons for the removal by the General Meeting, in a letter to be sent to all members of the Board. In addition, and notwithstanding the disclosure in the Annual Corporate Governance Report, to the extent relevant for investors, the Company shall publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the Director. In particular, should a director's resignation be due to the adoption by the Board of significant or reiterated decisions about which the director has expressed serious reservations and as a result chooses to resign, the letter of resignation addressed to the other members shall expressly state this circumstance.

*C.1.17 Explain the extent to which the annual assessment of the Board has resulted in significant changes to your internal organisation and the procedures applicable to your activities:*

| Description modifications |
|---|
| In 2021, no shortcomings have been detected that make an action plan necessary. |

Describe the assessment process and the areas assessed by the Board of Directors assisted, where appropriate, by an external consultant, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been subject to assessment.

| Description of evaluation process and evaluated areas |
|---|
| The Board of Directors of Fomento de Construcciones y Contratas, S.A. issued a report evaluating the quality and efficiency of its operation, and that of its Committees, during financial year 2021, in order to comply with the duty imposed by article 34. 9 of the Regulations of the Board of Directors, through which recommendation 36 of the Good Governance Code of Listed Companies, article 529 nonies of the Corporate Enterprises Act and the recommendations of CNMV technical guide 3/2017 published in June 2017 and CNMV technical guide 1/2019 published in February 2019 are incorporated.<br><br>The report was examined and approved by the Company's Board of Directors, which in accordance with the aforementioned Article 34.9 of the Regulations of the Board is the body responsible for assessing the quality and efficiency of its own functioning, at its meeting on 23 February 2022. In preparing the report, all the members of the Board of Directors were involved and actively participated, taking into consideration the comments, assessments, opinions and suggestions expressed as part of this process by all of them.<br><br>For the 2021 financial report, the self-assessment process was performed assessing the different aspects that affect the functioning, efficiency and quality of the actions taken and decisions made by the Board of Directors, as well as the contribution of its members to the exercise of the duties and achievement of the aims assigned to the Board.<br><br>Furthermore, the respect and compliance by the Board of Directors and its members for the statutory precepts, the Regulations of the Board of Directors and, in general, the rules of Good Governance of Listed Companies have been taken into account. |

*C.1.18 Breakdown, for business years in which the assessment has been aided by an external consultant, of the business relationships that the consultant or any company in its Group maintains with the Company or any company in its Group.*

The information and advice of the internal services of the Company has been provided, without such advice being received from external consultants.

### *C.1.19 Indicate the cases in which directors are required to resign.*

Consolidated text of the Board of Directors' Regulations following the amendments of 29 June 2021 and entered in the Companies Registry in July 2021.

Article 19. Departure of directors

1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers.
2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases:
   a) When they step down from their positions, posts or functions to which their appointment as executive directors was associated.
   b) In the case of proprietary directors, when the shareholder at whose request they were appointed transfers their entire shareholding in FCC or reduces their shareholding to a level that requires the reduction of the number of proprietary directors.
   c) When they are affected by any of the cases of incompatibility or prohibition provided by Law.
   d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place the credit and reputation of the Company at risk.
3. In particular, Directors must inform the Board and, if appropriate, resign, when situations arise that affect them, whether or not related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, of any criminal proceedings in which they are under investigation, and also of the procedural developments thereof.

   In any case, having been informed or otherwise having become aware of any of the situations mentioned in the preceding paragraph, the Board shall examine the case as soon as possible and, having regard to the specific circumstances, shall decide, after a report from the Appointments and Remuneration Committee, whether or not to take any action, such as opening an internal investigation, requesting the resignation of the Director or proposing his or her dismissal. This shall be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which shall be recorded in the minutes, without prejudice to the information that the Company must disclose, if appropriate, when the corresponding measures are adopted.
4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, just cause shall be deemed to exist when the Director takes up new posts or incurs new obligations that prevent him/her from devoting the necessary time to the performance of the duties inherent to the post of Director, has failed to comply with the duties inherent to his/her post or has incurred in any of the circumstances described in article 6.2.a) of these Regulations that prevent his/her appointment as an independent Director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the share capital.
5. When, either by resignation or by resolution of the General Meeting, a Director leaves office before the end of his term of office, he shall sufficiently explain the reasons for his resignation or, in the case of non-executive Directors, his views on the reasons for the removal by the General Meeting, in a letter to be sent to all members of the Board. In addition, and notwithstanding the disclosure in the Annual Corporate Governance Report, to the extent relevant for investors, the Company shall publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the Director. In particular, should a director's resignation be due to the adoption by the Board of significant or reiterated decisions about which the director has expressed serious reservations and as a result chooses to resign, the letter of resignation addressed to the other members shall expressly state this circumstance.

### *C.1.20 Are super majorities, other than those provided for by law, required for any type of decision?*

Yes ☒ No ☐

If applicable, describe the differences.

| Description of differences |
|---|
| Articles 4.6 and 34.10 stipulate that amendments to the Regulations of the Board must be agreed by an absolute majority vote of all the members of the Board. |
| Article 26.4 of the Regulations of the Board of Directors, regarding the powers of information and inspection of directors, establishes that the information they have requested may not be denied in any case when the request has been supported by an absolute majority of the members of the Board. |
| Article 27.3 of the Regulations of the Board of Directors, on advice from external experts, provides that in the event of a request for expert assistance by any of the Committees of the Board of Directors, it may only be denied when the majority of the Board considers that the circumstances set forth in Article 27.2 are not met. |
| Finally, article 19.2.d) stipulates that directors must tender their resignation to the Board of Directors and, if the latter deems it appropriate, tender their resignation if they are seriously reprimanded by the Board for having breached their obligations as directors, following a proposal or report from the Appointments and Remuneration Committee, or when their remaining on the Board could jeopardise the Company's credit and reputation, when the Board itself so requests by a majority of at least two thirds of its members. |

*C.1.21 Explain whether there are specific requirements, other than those applicable to all directors, to be appointed as Chairman of the Board of Directors.*

Yes ☐ No ☒

| Description of the requirements |
|---|
| |

*C.1.22 Indicate whether the bylaws or the Regulations of the Board establish a limit on the age of directors:*

Yes ☐ No ☒

| | Age limit |
|---|---|
| Chairman | |
| Chief Executive Officer | |
| Director | |

| Observations |
|---|
| |

*C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:*

Yes ☐ No ☒

| Additional requirements and/or maximum number of mandates. |
|---|

*C.1.24 Indicate whether the Bylaws or Regulations of the Board of Directors establish specific rules for the delegation of the votes of directors to other directors, the applicable procedure and, in particular, the maximum number of delegations that may be made to the same director, as well as if any limits have been established on the categories to which it is possible to delegate, beyond the limits imposed by the legislation. As applicable, describe these rules briefly.*

Articles 21.2.b) and 34.8 stipulate that when there is to be any non-attendance, the director must grant a proxy with instructions. The Chairman shall decide, in case of doubt, on the validity of proxies granted by Directors who do not attend the meeting.

There are no formal processes for proxy voting in the Board of Directors beyond those described above and no limitations as to the categories in which proxies can be granted in addition to the legal ones.

*C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Furthermore, indicate, where appropriate, the times that the Board has met without the presence of the Chairman. In this calculation, proxies granted with specific instructions shall be considered as attendance.*

| | |
|---|---|
| **Number of Board meetings** | 11 |
| **Number of board meetings held without the chairman's presence** | 0 |

| Observations |
|---|
| |

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

| | |
|---|---|
| Number of meetings | – |

| Observations |
|---|
| |

Indicate the number of meetings held by each board committee during the year:

| | |
|---|---|
| Number of executive committee meetings | 10 |
| Number of audit committee meetings | 10 |
| Number of appointments and remuneration committee meetings | 6 |
| Number of committee meetings _____ | |

| Observations |
|---|
| |

*C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:*

| | |
|---|---|
| Number of meetings at which at least 80% of directors were in attendance | 10 |
| % of face-to-face attendance divided by total votes during the year | 90.26% |
| Number of meetings with the face-to-face attendance, or proxies made with specific instructions, of all directors | 0 |
| % of votes cast with face-to-face attendance and proxies made with specific instructions, divided by total votes during the year | 90.26% |

| Observations |
|---|
| In terms of the number of meetings held, only face-to-face attendance has been taken into account, since no proxies were made with specific instructions. |

*C.1.27 Indicate whether the individual and consolidated annual accounts submitted to the Board for preparation have been certified previously:*

Yes ☒ No ☐

Identify, where appropriate, the person(s) who has/have certified the company's individual and consolidated annual accounts for their preparation by the Board:

| Name | Position |
|---|---|
| Pablo Colio Abril | Chief Executive Officer |
| Miguel Martínez Parra | Managing Director of Administration and Finance |
| Juan José Drago Masiá | Managing Director of Administration |

| Observations |
|---|
| |

*C.1.28 Explain the mechanisms, if any, established by the board of directors to ensure that the financial statements submitted by the board of directors to the general shareholders' meeting are drawn up in accordance with accounting regulations.*

The duties of the Audit and Control Committee include, but are not limited to, discussing with the Company's external auditor any significant weaknesses in the internal control system detected in the course of the audit and reviewing the process of preparing the economic and financial information periodically published by the FCC Group, checking compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of generally accepted accounting principles. This function is particularly important in the case of annual reporting, so that prior to the preparation of the annual accounts by the Board of Directors, the Audit and Compliance Committee examines these accounts in detail and requests the participation of the external auditor in the Committee meeting to present the conclusions of its review work.

Thus, once prepared by the Board, the external auditor's report will not contain any reservations.

*C.1.29 Is the secretary of the board also a director?*

Yes ☐ No ☒

If the secretary does not have director status, fill in the following table:

| Name or company name of the secretary | Representative |
|---|---|
| Francisco Vicent Chuliá | _ |

| Observations |
|---|
| |

*C.1.30 Indicate the specific mechanisms established by the Company to preserve the independence of the external auditors, as well as, if applicable, the mechanisms to preserve the independence of financial analysts, investment banks and rating agencies, including how they have implemented the legal provisions in practice.*

To this end, Article 37. 4 of the Regulations of the Board states that "The primary duty of the Audit and Control Committee shall be to support the Board of Directors in its oversight tasks, by periodically reviewing, among others, the process of preparing financial and economic information., its internal controls and the independence of the external auditor. In particular, by way of example, and without prejudice to other tasks entrusted to it by the Board of Directors, the Audit and Control Committee shall be responsible for:

b) Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit. The external auditor shall also: […] (iv) establish the appropriate relations with the external auditor to receive information on those matters that could threaten its independence, for examination by the Committee, and any other matters related to the process of carrying out the auditing of accounts and, where appropriate, the authorisation of services other than those prohibited, in the terms contemplated in the regulations governing the auditing of accounts on the independence regime, and also those other communications contemplated in the legislation on auditing of accounts and in the auditing standards; (v) ensuring the independence of the external auditor, particularly by putting appropriate measures in place: 1) to ensure that the engagement of advisory and consultancy services with said auditor or companies in its group does not entail a risk to its independence, for which purpose the Committee shall request and receive annually from said auditor a declaration of its independence in relation to the Company or entities directly or indirectly related to it, as well as detailed and individualised information on 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 the provisions of the regulations governing the auditing of accounts; 2) for the Company to notify the CNMV of the change of auditor, accompanied by a statement of any disagreements with the outgoing auditor and, if any, their content, and, in the event of resignation of the external auditor, to examine the circumstances giving rise to such resignation; and 3) ensure that the Company and the external auditor comply with current rules on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other rules on auditor independence, and ensure that the external auditor's remuneration for its work does not compromise its quality or independence; and (vi) encourage the Company's auditor to assume responsibility for the audits of the companies comprising the Group.

c) Each year, prior to the issuance of the account auditing report, issuing a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in section b)v)1) above, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities."

Likewise, the FCC Group has an internal procedure that must be applied to all controlled companies, which establishes that all services other than the auditing of accounts that are provided by auditors require an independence analysis and prior approval as a requirement for their contracting.

*C.1.31 Indicate whether during the business year, the Company has changed its external auditor. If applicable, identify the incoming and outgoing auditor:*

| Yes ☒ | No ☐ |
|---|---|

| Outgoing auditor | Incoming auditor |
|---|---|
| Deloitte, S.L. | Ernst & Young, S.L. |

| Observations |
|---|
| The General Shareholders' Meeting approved at its meeting of 2 June 2020, at the proposal of the Audit and Control Committee, the appointment of Ernst&Young, S.L. as auditors of FCC and its consolidated group for the financial years 2021, 2022 and 2023. |

If there were any disagreements with the outgoing auditor, explain their content:

| Yes ☐ | No ☒ |
|---|---|

| Explanation of disagreements |
|---|
| |

*C.1.32 Indicate whether the audit firm performs other work for the Company and/or its Group other than those inherent to audits and, in that case, state the fees received for this work and the percentage they represent of the fees billed to the Company and/or its Group:*

Yes ☒ No ☐

| | Company | Group companies | Total |
|---|---|---|---|
| Amount invoiced for non-audit services (thousands of euros) | 0 | 9 | 9 |
| Value of work other than audits/ Value of audit works (in %) | 0.00 | 0.26 | 0.24 |

| Observations |
|---|
| |

*C.1.33 Indicate whether the audit report of the previous year's annual accounts includes reservations or qualifications. As applicable, indicate the reasons given to shareholders at the General Shareholders' Meeting by the Chairman of the Audit Committee to explain the content and scope of these reservations or qualifications.*

Yes ☐ No ☒

| Explanation of 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 business years that the current audit firm has been continuously auditing the Company's individual and/or consolidated financial statements. Furthermore, indicate the percentage that the number of years audited by the current audit firm accounts for in terms of the total number of years in which the annual accounts have been audited:*

| | Individual | Consolidated |
|---|---|---|
| Number of uninterrupted years | 1 | 1 |

| | Individuales | Consolidadas |
|---|---|---|
| Number of exercises audited by the current audit firm/ Number of years that the Company or its Group have been audited (in %) | 3.13% | 3.13% |

| Observations |
|---|
| |

*C.1.35 Indicate and, as applicable, describe if there is a procedure for directors to receive the necessary information to prepare meetings with administrative bodies with sufficient time:*

Yes ☒ No ☐

**Describe the procedure**

Regulations of the Board of Directors.

Article 26. Information and inspection powers

"1. In the performance of their duties, every director has the duty to demand and the right to obtain from the Company, the adequate and necessary information that will allow them to fulfil their obligations concerning all aspects of FCC and its subsidiaries and investees, whether national or foreign. To this end, they may examine the documentation deemed necessary, make contact with those responsible for the affected departments and visit the corresponding facilities. 2. To refrain from disturbing the ordinary management of the FCC Group, the exercise of the powers of information shall be channelled through the Chairman, who shall respond to the director's requests, directly providing the information or offering the details of the corresponding contacts at the corresponding organisational level. 3. If the request for information is denied, delayed or incorrectly responded to, the requesting director may repeat their request before the Audit and Control Committee, and, once the Chairman and the requesting director have provided their reasons, this Committee shall decide how to proceed for the purposes mentioned above. 4. The requested information may only be denied when, in the opinion of the Chairman and the Audit and Control Committee, it is unnecessary or harmful to the Company's corporate interests. This refusal shall not apply when the request has been supported by the absolute majority of the Board members".

"Article 30. The Chairman. Functions

[…]

3. The Chairman, as the maximum person responsible for the management and efficient functioning of the Board of Directors, [...] shall ensure, with the collaboration of the Secretary, that the Directors receive sufficient information in advance to deliberate on the items on the Agenda […]."

*C.1.36 Indicate whether the company has established rules obliging requiring directors to disclose and, where appropriate, to resign when situations arise that affect them, whether or not this is related to their actions in the company itself, which could be harmful to the credit and reputation of the company:*

Yes ☒ No ☐

**Explain the rules**

Regulations of the Board of Directors.

Article 25. Information duties of Directors.

Directors shall inform the FCC Appointments and Remuneration Committee, through the Corporate Responsibility Department or any other that may replace it, of the following points: d) Legal, administrative or other claims that, given their importance, could seriously affect the reputation of FCC. e) In general, any circumstance or situation that may be relevant to their performance as an FCC Director.

Article 19. Departure of the Director.

1. Directors shall step down from their posts when the period for which they were appointed comes to an end or when the General Shareholders' Meeting decides so in the use of its legally and statutorily conferred powers.
2. Directors shall make their position available to the Board of Directors and formalise, if the Board deems appropriate, their resignation in the following cases:

   […]

   c) When they are affected by any of the cases of incompatibility or prohibition provided by Law.

   d) When approved by at least two thirds (2/3) of the members of the Board: - if, having infringed their obligations as directors, they are seriously reprimanded by the Board, at the proposal or subject to a report by the Appointments and Remuneration Committee, or - when their permanence on the Board may place the credit and reputation of the Company at risk.
3. In particular, Directors must inform the Board and, if appropriate, resign, when situations arise that affect them, whether or not related to their actions in the Company itself, that may damage the credit and reputation of the Company and, in particular, of any criminal proceedings in which they are under investigation, and also of the procedural developments thereof.

   In any case, having been informed or otherwise having become aware of any of the situations mentioned in the preceding paragraph, the Board shall examine the case as soon as possible and, having regard to the specific circumstances, shall decide, after a report from the Appointments and Remuneration Committee, whether or not to take any action, such as opening an internal investigation, requesting the resignation of the Director or proposing his or her dismissal. This shall be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which shall be recorded in the minutes, without prejudice to the information that the Company must disclose, if appropriate, when the corresponding measures are adopted.

| Explain the rules |
|---|
| 4. The Board of Directors may not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, just cause shall be deemed to exist when the Director takes up new posts or incurs new obligations that prevent him/her from devoting the necessary time to the performance of the duties inherent to the post of Director, has failed to comply with the duties inherent to his/her post or has incurred in any of the circumstances described in article 6.2.a) of these Regulations that prevent his/her appointment as an independent Director. The removal of independent directors may also be proposed as a result of takeovers, mergers or similar corporate transactions that involve a change in the capital structure of the Company, when these changes in the structure of the Board are attributable to the proportionality of the number of proprietary directors and independent directors in relation to the capital represented by the proprietary directors and the remainder of the share capital. |
| 5. When, either by resignation or by resolution of the General Meeting, a Director leaves office before the end of his term of office, he shall sufficiently explain the reasons for his resignation or, in the case of non-executive Directors, his views on the reasons for the removal by the General Meeting, in a letter to be sent to all members of the Board. In addition, and notwithstanding the disclosure in the Annual Corporate Governance Report, to the extent relevant for investors, the Company shall publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the Director. In particular, should a director's resignation be due to the adoption by the Board of significant or reiterated decisions about which the director has expressed serious reservations and as a result chooses to resign, the letter of resignation addressed to the other members shall expressly state this circumstance. |

*C.1.37 Indicate, unless special circumstances have arisen which have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not this is related to his or her performance in the company itself, which could be harmful to the credit and reputation of the company:*

Yes ☐ No ☒

| Director's name | Nature of the situation | Observations |
|---|---|---|
| | | |

In the above case, indicate whether the board of directors has examined the case. If the answer is yes, state the reasons why, in light of the specific circumstances, it has taken any action, such as opening an internal investigation, requesting the resignation of the director or proposing the director's dismissal.

Also indicate whether the board's decision has been subject to a report from the appointments committee.

Yes ☐ No ☐

| Decision taken/action performed | Reasoned explanation |
|---|---|
| | |

*C.1.38 Detail the significant agreements that the Company has entered into and that come into force, are modified or terminated in the event that control of the Company is handed over following a takeover, and their effects.*

On 5 February 2016, Nueva Samede 2016, S.L.U. (hereinafter "Nueva Samede") and I. Carso (hereinafter "I. Carso") entered into an options contract to buy shares in Fomento de Construcciones y Contratas, S.A. (hereinafter, "FCC") before Madrid Notary Jaime Recarte Casanova, recorded under his notary protocol No. 285 ("Purchase Option"), by virtue of which Nueva Samede irrevocably granted I. Carso an option to purchase 9,454,167 ordinary shares of FCC, representing 2.496% of its share capital and of which Nueva Samede is the proprietor after the subscribing and paying in of the capital increase of FCC as entered on record in the Barcelona Companies Registry on 4 March 2016 (the "Affected Shares").

It is hereby stated for the record that the Affected Shares form part of the 7.028% of FCC's share capital owned by Nueva Samede which are attributed to I. Carso for the exclusive purposes of article 5.1.d of the Royal Decree regulating takeover bids and over which I. Carso has no direct or indirect voting rights.

In relation to the foregoing, as at 22 July 2016, I. Carso exercised the Purchase Option held over all the Shares Affected and effective 14 June 2016. However, the formal arrangement of the exercise of the Purchase Option was subject to the condition precedent which, cumulatively, results in the following: (i) the authorization by the National Securities Market Commission of the Bid submitted by CEC, approved on 29 June 2016, and (ii) the presence on the FCC Board of Directors of a majority of directors appointed at the request of I. Carso and/or CEC or any company associated with I. Carso (the, "Condition Precedent"), which was fulfilled following the appointments of Miguel Martinez Parra, Alfonso Salem Slim, Antonio Gomez García, and Carlos Manuel Jarque Uribe on 28 June 2016. As at 22 July 2016, pursuant to the provisions of Article 36.2 of Royal Decree 1066/2007, of 27 July, the National Securities Market Commission communicated, through a relevant fact, that the takeover proposed by Control Empresarial de Capitales, S.A. de C.V. involving 100% of the share capital of Fomento de Construcciones y Contratas, S.A., had been accepted for 97,211,135 shares representing 48.30% of the shares included in the bid and 25.66% of the share capital of Fomento de Construcciones y Contratas, S.A.

On 2 August 2021, the CNMV was informed by means of a Notification of Significant Shareholdings that Finver Inversiones 2020, S.L.U. indirectly owns 7.005% of FCC. This company is 100% owned by Inmobiliaria AEG, S.A. de C.V. which in turn is controlled by Carlos Slim Helú.

On 3 August 2021, the company Nueva Samede 2016, S.L.U. informed the CNMV by means of a Notification of Significant Shareholdings that it holds 4.540% of FCC directly. This company is wholly owned by Esther Koplowitz Romero de Juseu.

On 3 August 2021, the CNMV was informed by means of a Notification of Significant Shareholdings that Esther Koplowitz Romero de Juseu directly controls 0.033% of FCC and indirectly controls 4.540% of FCC, through Nueva Samede 2016, S.L.U.

On 4 August 2021, the CNMV was informed by means of a Notification of Significant Shareholdings that CEC directly and indirectly holds exclusively 69.66% of the voting rights of FCC. Dominum Dirección y Gestión, S.A. owns 8.462% of FCC and is 100% controlled by Control Empresarial de Capitales, S.A. de C.V. (CEC).

*C.1.39 Identify individually, when referring to directors, and on an aggregate basis for other cases and indicate, in detail, the agreements between the Company and its administrative and management positions or employees concerning compensation, guarantee or shield clauses, when they resign or are dismissed improperly or if the contractual relationship comes to an end as a result of a takeover bid or other transactions.*

| Number of beneficiaries | 2 |
|---|---|

| Type of beneficiary | Description of the agreement |
|---|---|
| Chief Executive Officer | And if the contractual relationship is terminated at the will of the CEO for any of the following causes:<br>– Substantial changes in working conditions that are notoriously detrimental to his professional training, that are detrimental to his dignity, or that are decided with serious transgression of good faith, by the Company.<br>– Failure to pay for three consecutive months or six alternate months, or continued delay in the payment of the remuneration agreed under the contract.<br>– Succession of a company or significant change in ownership of the same, which has the effect of a renewal of its governing bodies or the content of its main activity, provided that the termination occurs within three months of the occurrence of such changes.<br>– Any other serious breach of the contractual obligations by the Company, with the exception of force majeure budgets, in which the payment of compensation shall not be applicable.<br>As in the case of free and unilateral termination from the Company, he will have the right to receive compensation resulting from the sum of the following two items:<br>a) The amount resulting from the termination of the employment relationship that the CEO previously held with FCC Construcción or with any other company of the FCC Group using 12 September 2017 as the calculation date (and in accordance with the applicable regulations on that date).<br>b) The amount resulting from multiplying 7 days wages by the number of years that have elapsed from 12 September 2017 until the contract expires. |

| Type of beneficiary | Description of the agreement |
|---|---|
| General secretary | Concerning the general secretary, an executive director up until 13 January 2015, the Company, having received authorisation from the Executive Committee, took out and paid up the insurance premium to cover the payment of contingencies relating to death, permanent incapacity for work, retirement pensions and benefits or other concepts to be paid, in addition to others, to certain executive directors and executives.<br>Specifically, the contingencies giving rise to compensation are those involving the termination of the employment relationship for any of the following reasons:<br>a) Unilateral decision of the Company.<br>b) Winding up or disappearance of the Parent Company for any reason, including a merger or spin-off.<br>c) Death or permanent disability.<br>d) Other causes of physical disability or legal incapacitation.<br>e) Substantial modification of professional conditions.<br>f) Resignation, having reached the age of 60, at the request of the executive and with the agreement of the Company.<br>g) Resignation, having reached the age of 65, by unilateral decision of the executive.<br>As at 31 December 2021, the General Secretary is entitled to a net amount equivalent to 3.5 times his annual gross remuneration. |

Indicate whether, beyond the assumptions provided for in the regulations, these contracts must be communicated and/or approved by the corresponding bodies of Company or its Group. If so, specify the procedures, expected cases and the nature of the bodies responsible for their approval or communication:

| | Board of Directors | General Shareholders' Meeting |
|---|---|---|
| Body authorising the clauses | X | |

| | YES | NO |
|---|---|---|
| Are the clauses notified to the General Shareholders' Meeting? | X | |

| Observations |
|---|
| |

## C.2 Committees of the Board of Directors

*C.2.1 Provide details of all the Committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors who serve on them:*

### EXECUTIVE COMMITTEE

| Name | Position | Category |
|---|---|---|
| Alejandro Aboumrad González | Chairman | External proprietary director |
| Dominum Desga, S.A. (represented by Esther Alcocer Koplowitz) | Voting member | External proprietary director |
| Alicia Alcocer Koplowitz | Voting member | External proprietary director |
| Gerardo Kuri Kaufmann | Voting member | Executive director |
| Juan Rodríguez Torres | Voting member | External proprietary director |
| Pablo Colio Abril | Voting member | Executive director |

| | |
|---|---|
| % of executive directors | 33.33 |
| % of proprietary directors | 66.67 |
| % of independent directors | 0 |
| % of other external directors | 0 |

| Observations |
|---|
| |

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 have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Regulations of the Board of Directors.

Article 36. The Executive Committee.

1. The Board may permanently delegate all its powers to the Executive Committee, with the exception of those whose competence is reserved by Law, the Bylaws or these Rules. In particular, the Executive Committee shall be responsible for deciding on investments, divestments, credits, loans, lines of guarantee or surety or any other financial facility, the unit amount of which does not exceed the figure established in Article 31.3 of these Regulations, unless otherwise indicated in the content of the delegation granted by the Board. Furthermore, the Executive Committee may exercise, for duly justified reasons of urgency, the powers attributed to the Board of Directors, in accordance with Article 8 of these Rules. 2. The Board of Directors, following a report from the Appointments and Remuneration Committee, shall appoint the Directors to sit on the Executive Committee. Its Secretary shall be the Secretary to the Board of Directors. 3. The Executive Committee shall consist of a minimum of four (4) and a maximum of ten (10) members. 4. The members of the Executive Committee shall step down from their posts when they step down in their capacity as Director or when the Board so agrees. Vacancies that occur shall be filled as soon as possible by the Board of Directors. 5. The Chairman of the Executive Committee shall be appointed from among its members by the Committee itself. In the absence or if it is impossible for the Chairman of the Executive Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting. 6. The Executive Committee shall hold ordinary meetings each month in which the Board of Directors is not due to hold a meeting, excluding the month of August, and may meet on an extraordinary basis whenever required on account of the company's corporate interests. 7. The Executive Committee shall be convened by its Chairman, on his own initiative or when requested by at least two (2) of its members, by e-mail or any other means that allows accreditation of receipt, addressed to each of its members at least forty-eight (48) hours prior to the date of the meeting, although it may be convened 24 (twenty-four) hours prior to the date and time of the meeting for reasons of urgency, in which case, the Agenda of the meeting shall be limited to the points that gave rise to the urgency. Along with the announcement of each meeting, the corresponding documentation will be sent to the members of the Executive Committee so that they can form an opinion and cast their vote. 8. In the absence of the Chairman of the Executive Committee or if he or she is unable to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his or her position the longest and, in the event of a tie, the oldest in age. 9. Meetings shall be held at the registered office or at any place designated by the Chairman as indicated in the announcement. 10. The Executive Committee shall be validly constituted when a majority of its members are in attendance, counting those present and those represented. Those absence may be represented by another member of the Executive Committee. In any case, non-executive directors may only be represented by another non-executive Director. 11. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak. 12. Resolutions shall be adopted by an absolute majority of the Committee's members. In case of a tie, the matter shall be submitted to the Board of Directors, to which end the members of the Executive Committee shall ask for it to meet pursuant to the provisions of Article 30 of these Rules, unless it was already due to meet in the following thirty (30) calendar days, in which case the Committee will ask the Chairman of the Board to include the items resulting in a tie on the agenda of the meeting. 13. The Executive Committee, through its Chairman, shall inform the Board of the matters discussed and the resolutions adopted by the Committee, sending a copy of the meeting minutes to all directors.

At a meeting held on 23 January 2022, a report was issued on the functioning of the Committee and the performance of its duties in 2021, concluding that the Executive Committee responsibly assumes and performs the duties and powers delegated to it by the Board of Directors, diligently and effectively handling the Company's affairs that require constant attention and monitoring.

The Committee met ten times during financial year 2021, and with the appropriate frequency for the fulfilment of its functions.

The Executive Committee is not attributed or delegated any other functions not listed in section C.1.9.

With regard to the most important initiatives undertaken by the aforementioned Committee, a total of 35 agreements were adopted during these meetings, which dealt with the approval of the self-assessment report of the Executive Committee for financial year 2020 and authorisations for: the sale of company shares, debt capitalisations, offsetting of losses, share purchases, reduction of share capital, conversion of subordinated loan capital, decisions on organisational charts, dissolution and liquidation of companies, simplification of intragroup claims, reorganisation of sub-groups, exercise of pre-emptive share purchase rights and authorisation of subleases, among other matters.

## AUDIT AND CONTROL COMMITTEE

| Name | Position | Category |
|---|---|---|
| Manuel Gil Madrigal | Chairman | Independent director |
| Juan Rodriguez Torres | Voting member | External proprietary director |
| Henri Proglio | Voting member | Independent director |
| Álvaro Vázquez de Lapuerta | Voting member | Independent director |

| | |
|---|---|
| % of proprietary directors | 25 |
| % of independent directors | 75 |
| % of other external directors | 0 |

| Observations |
|---|
| |

Explain the duties, including, where appropriate, those in addition to those defined by law, which are attributed to this Committee, 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 have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Regulations of the Board of Directors.

Article 37. Audit and Control Committee

1. The Board of Directors of FCC shall set up a permanent Audit and Control Committee, without executive functions and with information, advisory and proposal-making powers within its scope of action, which shall be composed of a minimum of three (3) and a maximum of six (6) Directors who shall be appointed by the Board of Directors, taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial, with all of its members being non-executive Directors and the majority of them being independent. The mandate of the members of the Committee shall not exceed their mandate as directors, without prejudice to them being re-elected indefinitely, insofar as they remain directors.

   At least one of the independent members of the Audit and Control Committee shall be appointed taking into account their knowledge and experience in accounting, auditing or both.

2. As a whole, the members of the Committee shall have relevant technical knowledge with regard to the activity sector of the Company. The Committee shall appoint the Chairman from among the independent Directors, and may also elect a Vice-Chairman. The duration of these positions may not exceed four (4) years or their terms of office as members of the Committee, and they may be re-elected after at least one year has elapsed since they left the position. The Audit and Compliance Committee shall appoint a Secretary and, where appropriate, a Vice-Secretary, who may not be Directors, who shall assist the Chairman and shall ensure the smooth running of the Committee, taking care to duly record the proceedings of the meetings, the content of the deliberations and the resolutions adopted in the minutes. Minutes of each meeting shall be drawn up by the Secretary or acting Secretary and signed by the Secretary of the Commission with the approval of the Chairman.

3. The Audit and Control Committee shall be validly constituted when the majority of its members are in attendance, whether in person or represented, adopting its resolutions by an absolute majority of its members present or represented; in case of a tie, the Chairman shall cast the deciding vote.

4. The primary function of the Audit and Control Committee shall be to support the Board of Directors in its oversight tasks, by periodically reviewing, among others, the process of preparing financial and economic information, its internal controls and the independence of the external auditor

   In particular, by way of example, and without prejudice to other tasks entrusted to it by the Board of Directors, the Audit and Control Committee shall be responsible for:

   a) Reporting to the General Shareholders' Meeting on issues arising in relation to matters within the Committee's competence and, in particular, on the outcome of the audit, explaining how the audit has contributed to the integrity of the financial information and the role the Committee has played in this process.

   b) Serving as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit. The external auditor shall also: (i) submit proposals for the selection, appointment, re-election and replacement of the account auditor to the Board of Directors, assuming responsibility for the selection process, pursuant to the provisions of EU regulations, as well as the conditions under which they were contracted; (ii) regularly gather information from the external auditor on the audit plan and the results of its performance, in addition to maintaining its independence in the performance of its duties and verifying that Senior Management takes its recommendations into account; (iii) discus the significant weaknesses of the internal control system detected in the development of the audit with the Company's external auditor, without compromising its independence. To this end, and where appropriate, the Audit and Control Committee may submit recommendations or proposals to the Board of Directors and the corresponding monitoring period. (iv) establish the appropriate relations with the external auditor to receive information on those matters that could threaten its independence, for examination by the Committee, and any other matters related to the process of carrying out the auditing of accounts and, where appropriate, the authorisation of services other than those prohibited, in the terms contemplated in the regulations governing the auditing of accounts on the independence regime, and also those other communications contemplated in the legislation on auditing of accounts and in the auditing standards; (v) ensuring the independence of the external auditor, particularly by putting appropriate measures in place: 1) to ensure that the engagement of advisory and consultancy services with the external auditor or companies in its Group does not entail a risk to its independence, for which purpose the Committee shall request and receive annually from the external auditor a declaration of its independence in relation to the Company or entities directly or indirectly related thereto, as well as detailed and individualised information on additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by persons or entities related thereto, in accordance with the provisions of the regulations governing the auditing of accounts; 2) for the Company to notify the CNMV of the change of auditor, accompanied by a statement of any disagreements with the outgoing auditor and, if any, their content, and, in the event of resignation of the external auditor, to examine the circumstances giving rise to such resignation; 3) ensure that the Company and the external auditor comply with current rules on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other rules on auditor independence, and ensure that the external auditor's remuneration for its work does not compromise its quality or independence; and (vi) encourage the Company's auditor to assume responsibility for the audits of the companies comprising the Group.

   c) Each year, prior to the issuance of the account auditing report, issuing a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in section b)v)1) above, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities.

   d) Supervising the Internal Audit unit of the Company that ensures the proper functioning of the information and internal control systems and that will functionally report to the Chairman of the Committee, with the person responsible for the Internal Audit function being obliged to submit to the Committee, for its approval by it, its annual work plan, to inform it directly of its execution, including possible incidents and limitations to the scope that may arise in its development, the results and the follow-up of its recommendations, as well as to submit to it at the end of each financial year a report on its activities. The Committee should ensure that its activity is primarily focused on relevant risks (including reputational risks).

e) Supervising the internal risk management and control unit, which shall have at least the following functions: (i) ensure the proper functioning of the risk control and management systems and, in particular, that all significant risks affecting the Company are identified, managed and adequately quantified; (ii) actively participate in the development of risk strategy and major risk management decisions; and (iii) ensure that risk management and control systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

f) Supervise and analyse the effectiveness of the Company's internal control and the risk control and management policy approved by the Board of Directors, ensuring that it identifies or determines at least: (i) the different types of risks faced by the Company (inter alia, operational, technological, legal, social, environmental, political and reputational risks, including corruption-related risks), including financial or economic risks, contingent liabilities and other off-balance sheet risks; (ii) A tiered risk management and control model; (iii) the level of risk that the Company considers acceptable; (iv) the measures envisaged to mitigate the impact of the identified risks, should they materialise; and (v) the information and internal control systems to be used to control and manage these risks, including contingent liabilities or off-balance sheet risks, and submit it to the Board for approval.

g) Supervising the process of preparing and presenting individual and consolidated annual accounts and management reports, and the periodic financial information that is disclosed to the markets, and submit recommendations or proposals to the Board of Directors with a view to safeguarding their integrity; ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles, informing the Board of Directors, before the adoption by the latter of the following resolutions: (i) the financial information and the management report, which shall include, where appropriate, the mandatory non-financial information that the company must periodically disclose, ensuring that the interim accounts are drawn up under the same accounting criteria as the annual accounts and, to this end, consider the appropriateness of a limited review by the company's external auditor; and (ii) the creation or acquisition of shares in special purpose vehicles or entities domiciled in countries or territories considered tax havens, and also any other transactions or operations of a similar nature which, due to their complexity, could undermine the transparency of the FCC Group.

h) Ensuring that the annual financial statements that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations. Whenever the auditor has included a qualification in its audit report, the Chairman of the Audit and Compliance Committee shall clearly explain at the General Shareholders' Meeting the opinion of the Committee on its content and scope, and a summary of such opinion shall be made available to the shareholders at the time of publication of the notice of the General Shareholders' Meeting, together with the rest of the proposals and reports of the Board, together with the rest of the proposals and reports of the Board.

i) In relation to information systems and internal control: (i) supervise and assess the preparation process and the integrity of the financial and non-financial information relating to the Company and, where appropriate, its Group, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria; (ii) supervise and periodically evaluate the internal control and financial and non-financial risk management systems relating to the Company and, where appropriate, its Group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, so that the main risks are properly identified, managed and disclosed; (iii) ensuring the independence and effectiveness of the Internal Audit function, proposing the selection, appointment, reappointment and removal of the head of the Internal Audit service, and also the budget of the Internal Audit service, receiving regular information on its activities and verifying that senior management takes into account the conclusions and recommendations of its reports; receiving regular information from the Response Committee and the Management Control and Risk Management Division, respectively, on the development of its activities and the functioning of internal controls; (v) establish and supervise a mechanism to enable 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 become aware of within the Company or its Group. Such a mechanism should ensure confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the whistleblower and the reported; (vi) ensure in general that the policies and systems put in place for internal control are effectively implemented in practice.

j) Reporting on Related-Party Transactions to be approved by the General Meeting or the Board of Directors and supervising the internal procedure established by the Company for those whose approval has been delegated in accordance with the applicable regulations.

k) Supervising compliance with the Company's environmental, social and corporate governance policies and rules, and also the internal codes of conduct and, in particular: (i) ensuring that internal codes of conduct and corporate governance rules comply with regulatory requirements and are appropriate for the Company, ensuring also that the corporate culture is aligned with its purpose and values, and also reviewing compliance by the persons affected by such codes and governance rules and their reporting obligations to the Company; (ii) supervising compliance with the Company's corporate governance rules and internal codes of conduct, and ensuring that the corporate culture is aligned with its purpose and values; (iii) overseeing implementation of the general policy on economic-financial, non-financial and corporate reporting, as well as communication with shareholders and investors, proxy advisors and other stakeholders. The Committee will also monitor how the Company communicates and interacts with small and medium-sized shareholders; (iv) periodically assessing and reviewing the system of corporate governance and the Company's environmental and social policy to ensure that they fulfil their mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of other stakeholders; (v) monitoring that the Company's environmental and social practices are in line with the strategy and policy; and (vi) supervising and evaluating the processes of relations with the different stakeholders.

l) Issuing such reports and proposals as may be requested by the Board of Directors or by the Chairman of the Board of Directors and such others as it deems appropriate for the better performance of its functions and, in particular, (i) to issue a report on proposals to amend these Regulations, in accordance with the provisions of article 4.3 thereof; (ii) decide on the requests for information that the directors, in accordance with the provisions of article 26.3 of these Regulations, submit to this Committee; and (iii) request, where appropriate, the inclusion of items on the agenda of Board meetings under the conditions and within the deadlines established in article 34.3 of these Regulations.

5. The Audit and Control Committee shall have access to the information and documentation required for the exercise of its functions and may seek the 41 advice of external professionals who, in the capacity of advisors and up to a maximum of two (2) for each member of the Committee, they believe appropriate, to which end the provisions of Articles 27.3 and 35.4 of these Regulations shall apply. These advisors shall attend meetings with the right to speak but not to vote.

6. The Audit and Control Committee shall meet at least once per quarter and, in addition, every time its Chairman calls a meeting, or at the request of two (2) of its members. Each year, the Committee shall draw up an action plan for the year to be reported to the Board of Directors, as well as a report on its activity during the year, which will serve as the basis for the evaluation that the Board of Directors will carry out. In the absence or if it is impossible for the Chairman of the Audit and Control Committee to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his/her position the longest and, in the event of a tie, the oldest in age.
7. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak. In the absence or if it is impossible for the Chairman of the Audit and Control Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting.
8. Any member of the management team and the staff of the FCC Group shall be obliged to attend Committee meetings and to provide their collaboration and access to the information available to them when so required; to this end, the provisions of Article 35.6 of these Rules shall apply. The same shall be required of the Company's Accounts Auditors.
9. Any aspects not expressly regulated in this Article regarding the functioning of the Audit and Control Committee, shall be regulated by the Audit and Control Committee itself.

   Over the course of 2021, in the performance of said powers, the Committee has performed, by way of example, the following duties:

   - Serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results of each audit, as well as submitting proposals for the selection, appointment, re-election and replacement of the account Auditor, assuming responsibility for the selection process, pursuant to the provisions of EU regulations, as well as the conditions under which they were contracted.
   - Discuss the significant weaknesses of the internal control system detected in the development of the audit with the Company's external auditor, without compromising its independence Receive information from the external Auditor on issues that may pose a threat to their independence and, where appropriate, the authorisation of services other than those prohibited, under the terms provided for in the regulations governing account auditing activities on the system of independence.
   - Ensure the independence of the external Auditor, establishing the corresponding measures to this end.
   - Inform the General Shareholders Meeting of any issues that may arise with regard to those matters that fall within the scope of the Committee and, in particular, of the result of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in this process.
   - Each year, prior to the issuance of the account auditing report, issue a report that expresses an opinion on whether the independence of the auditors or audit firms has been compromised. This report shall contain, in any case, a reasoned assessment on the provision of each and every one of the additional services referred to in Article 37.4 section b)v)1) of the Regulations of the Board, taken individually and as a whole, other than the legal audit and in relation to the system of independence or the regulations governing the account auditing activities.
   - Supervise the Company's internal audit unit, as well as its control and risk management policy, reviewing the identification of the most relevant risks and the adoption of the necessary measures to mitigate their impact.
   - Supervise the process of preparing and submitting individual and consolidated financial statements and management reports, and the financial information that is regularly disclosed to the markets, and submit recommendations or proposals to the Board of Directors with a view to safeguarding their integrity; ensuring compliance with the legal requirements and the correct application of generally accepted accounting principles.
   - Report favourably on the process of preparing the individual and consolidated annual accounts and management reports for 2020, and that they have been prepared in compliance with the legal requirements and applying generally accepted accounting principles.
   - Report favourably to the Board of Directors on the proposal to amend the Regulations of the Board of Directors, the Regulations of the General Meeting of Shareholders and the Bylaws of the Company, in order to adapt them to the new reform of the Corporate Enterprises Act.
   - Report favourably on the 2020 Annual Corporate Governance Report.
   - Supervise compliance with the Company's environmental, social and corporate governance policies and rules, and also the internal codes of conduct.
   - Report favourably on the adequacy of the information contained in the "Interim Statement", referring to the first and third quarters of 2021, in accordance with the provisions of article 20, section 1, of Royal Decree 1362/2007, of 19 October, and the provisions that develop it, recommending its approval by the Board of Directors and its submission to the CMNV and Stock Exchanges.
   - Report, globally, on communications through the "Internal Communication Channel" and the actions carried out to this end. An internal whistleblowing channel and procedure is in place that allows employees and third parties to send their questions and report irregular behaviours confidentially.
   - In relation to the proposal to the Board of Directors of the Company, for submission by the latter to the General Shareholders' Meeting, of a flexible dividend (scrip dividend), the review by the members of the Committee of the compensation mechanism for shareholders to ensure that the options of (i) transferring the free allotment rights to the Company by virtue of the Purchase Commitment were economically equivalent, was particularly relevant and (ii) to receive such amount in New Shares, i.e. without, in economic terms, favouring or penalising any of such options.
   - Approve, in compliance with the provisions of article 34.9 of the Board Regulations, the self-assessment report on the functioning of the Audit and Compliance Committee of the Company during financial year 2020, to be submitted to the Board of Directors.
   - Submit a favourable report to the Board on the approval of the FCC Group's Bidding Policy.
   - Report favourably on the adequacy of the information contained in the financial statements of the first half of 2021 ("Abridged annual accounts" and "Interim Management Report") in terms of the provisions of Article 11 et seq. of Royal Decree 1362/2007, of 19 October, and its implementing provisions.
   - Report favourably to the Board on the Company's Non-Financial Information Report (Sustainability Report) for financial year 2020.

– Issue, in compliance with the provisions of article 24.4 of the Board Regulations and in accordance with the provisions of article 529 duovicies.3 of the Corporate Enterprises Act, the report prior to the approval, by the General Meeting or by the Board of Directors, of the execution of a Related-Party Transaction, assessing whether the transaction is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the related party. Likewise, supervise the internal procedure established in the Company for those related-party transactions whose approval has been delegated in accordance with the applicable regulations.

On 23 February 2022, the Audit and Control Committee issued its report on its activities and operations throughout 2021, for assessment by the Board.

Thus, during 2021, the Audit and Control Committee reached a total of 19 agreements in its ten meetings, which dealt with the approval of the self-assessment report on the functioning of the Committee for financial year 2020, the approval of the report on the independence of the auditors for financial year 2020, and the favourable information to the Board regarding: the Annual Corporate Governance Report, the formulation of the annual financial statements, the Non-Financial Information Report, contribution of funds to the equity of various subsidiaries, adaptation of the information contained in the interim statement for the first quarter of 2021, application of profit for the year 2020, distribution of a flexible dividend, adaptation of the Bylaws and the Regulations of the General Meeting, amendment of the Regulations of the Board, reply to the survey on the concept of materialisation in the audit of accounts requested by the CNMV, related-party transactions, granting of a loan to Realia, and also the process of preparing the various financial and management information reports for financial year 2021.

Based on the foregoing, it can be concluded that the Audit and Control Committee assumes and efficiently and diligently complies with the powers attributed to it in the Company's different corporate texts.

Identify the members of the Audit Committee that have been appointed taking into account their knowledge and experience in accounting, auditing or both, and report on the date on which the Chairman of this Committee was appointed to the position.

| | |
|---|---|
| **Names of directors with experience** | Manuel Gil Madrigal |
| **Date of appointment of the Chairman to the position** | The chairman of this Committee is Manuel Gil Madrigal, appointed on 8 May 2019. |

**Observations**

## APPOINTMENTS AND REMUNERATION COMMITTEE

| Name | Position | Category |
|---|---|---|
| Álvaro Vázquez de Lapuerta | Chairman | Independent director |
| Dominum Desga, S.A. represented by Esther Alcocer Koplowitz | Voting member | External proprietary director |
| Juan Rodríguez Torres | Voting member | External proprietary director |
| Manuel Gil Madrigal | Voting member | Independent director |

| | |
|---|---|
| **% of proprietary directors** | **50** |
| **% of independent directors** | **50** |
| **% of other external directors** | **0** |

**Observations**

Explain the duties, including, where appropriate, those in addition to those defined by law, which are attributed to this Committee, 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 have exercised each of the functions attributed in practice, whether by law, in the Bylaws or in other corporate agreements.

Regulations of the Board of Directors.

Article 38. Appointments and Remuneration Committee

1. The Board of Directors of FCC shall constitute a permanent Appointments and Remuneration Committee without executive functions and with powers of information, advice and proposal within its scope of action, which will be composed of a minimum of four (4) and a maximum of six (6) directors, appointed by the Board of Directors, consisting exclusively of non-executive directors, of which at least two (2) must be independent directors and two (2) proprietary directors. The Committee shall appoint the Chairman from among its independent members. The mandate of the members of the Appointments and Remuneration Committee shall not exceed their mandate as directors, without prejudice to them being re-elected indefinitely, insofar as they remain directors.

2. The Committee shall appoint a Secretary, who need not be a Director, who shall assist the Chairman and shall ensure the smooth running of the Committee, duly recording in the minutes the proceedings of the meetings, the content of the deliberations and the resolutions adopted, and the minutes shall be signed by the Secretary of the Committee with the approval of the Chairman. The members of the Appointments and Remuneration Committee shall step down from their posts when they do so in their capacity as directors or when the Board of Directors so agrees.
3. The Appointments and Remuneration Committee shall be validly constituted when the majority of its members are in attendance, whether in person or represented, adopting its resolutions by an absolute majority of its members present or represented; in case of a tie, the Chairman shall cast the deciding vote.
4. The Appointments and Remuneration shall have the powers of information, assessment and proposal within its powers, corresponding to it, in addition to the functions established by law, the Company By-laws or in accordance with these Rules, the following:

   a) Assess the necessary skills, knowledge and experience of those on the Board of Directors. For these purposes, it shall define the functions and skills required of the candidates to fill each vacancy and shall assess the time and dedication necessary for them to perform their duties effectively, ensuring that the non-executive directors have sufficient time available for the proper performance of their duties".

   b) Examine and organise the succession of the Chairman of the Board of Directors and the CEO, and, where applicable, to make proposals to the Board of Directors so that this succession takes place in an orderly and planned manner.

   c) Submit to the Board of Directors proposals for the appointment of independent Directors for appointment by co-option or for submission to the decision of the General Shareholders' Meeting, and also proposals for the re-election or removal of such Directors by the General Shareholders' Meeting.

   d) Report on proposals for appointments of the remaining Directors for appointment by co-option or for submission to the decision of the General Shareholders' Meeting, as well as proposals for their re-election or removal by the General Shareholders' Meeting.

   e) Report on proposals for the appointment and removal of senior officers, and also propose the basic conditions of their contracts, which the chief executive proposes to the board, proposing the persons or positions that should be considered senior officers of the company, in addition to those contemplated in article 2.2 of these Regulations, and drawing up the proposals for reprimands referred to in article 19.2.d) of these Regulations. Likewise, it will previously report on appointments for the holding of positions or posts that have an annual remuneration equal to or higher than the figure established by the Committee itself in each case, which must be reported to the Board of Directors.

   f) Propose to the Board of Directors the remuneration policy for Directors and general managers or those who perform their senior management duties under the direct supervision of the Board, the Executive Committee or the Chief Executive Officer, as well as the individual remuneration and other contractual conditions of executive Directors, verifying compliance therewith. It shall also report and make proposals on multi-year incentive plans affecting the Company's senior management and, in particular, those that may be established in relation to the value of the shares.

   g) Report to the Board of Directors, in advance, on the individual determination of the remuneration of each Director in his capacity as such within the framework of the Articles of Association and the remuneration policy, and also on the individual determination of the remuneration of each Director for the performance of the executive duties attributed to him within the framework of the remuneration policy and in accordance with the provisions of his contract.

   h) Periodically review the remuneration policy applied to Directors and Senior Executives, including, where applicable, share-based remuneration schemes and their application, and ensure that their individual remuneration is proportionate to that paid to other Directors and Senior Executives of the Company, as well as verify the information on remuneration of Directors and Senior Executives contained in the various corporate documents, including the Annual Report on Directors' Remuneration. Prepare and keep a record of positions of FCC Directors and Senior Managers.

   i) Prepare and keep a record of positions of FCC Directors and Senior Managers.

   j) Assist the Board in its function of ensuring that the procedures for selecting its members favour diversity with respect to matters such as age, gender, disability or 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 to be achieved, so that the company deliberately seeks and includes among the potential candidates, women with the desired professional profile, and the Board must explain, if appropriate, through the Annual Corporate Governance Report, the reason for the low or nil number of female Directors and the initiatives adopted to correct this situation. For this purpose, it should set a target for representation of the under-represented sex on the board and develop guidance on how to achieve this target".

   k) Report on the proposals for appointment of the members of the Committees of the Board of Directors.

   l) Inform on the appointment of the Chairman of the Board and the Vice-Chairmen, and also inform on the appointment and removal of the Secretary and, where appropriate, Vice-Secretary of the Board.

   m) Verify the category of Directors as set out in article 6.3.

   n) Report, in advance, to the Board of Directors on all matters provided for by law, the Bylaws and these Regulations of the Board.

   o) Receive and keep the register of situations referred to in section g) above and the personal information provided by Directors, as established in article 25 of these Regulations.

   p) Request, where appropriate, the inclusion of items on the agenda of Board meetings, under the conditions and within the deadlines established in article 34.3 of these Regulations.

   q) Ensure that any conflicts of interest do not undermine the independence of the external advice provided to the committee.

5. In the case of matters relating to executive directors and senior management, the Committee shall consult with the Chairman and chief executive of the Company. Likewise, any Director may ask the Appointments and Remuneration Committee to consider potential candidates to fill vacancies on the Board.

6. The Appointments and Remuneration Committee shall have access to the information and documentation necessary for the performance of its duties. The members of the Appointments and Remuneration Committee may be assisted during its meetings by the persons who, as advisers and up to a maximum of two (2) for each member of said Committee, they deem appropriate, for which purpose the provisions of articles 27.3 and 35.4 of these Regulations shall apply. These advisors shall attend meetings with the right to speak but not to vote.
7. The Committee shall meet with the established frequency and each time a meeting is called by the Chairman or requested by two (2) of its members and at least once a quarter. Each year, the Committee shall draw up an action plan for the year to be reported to the Board, as well as a report on its activity during the year, which will serve as the basis for the evaluation that the Board of Directors will carry out.
8. In the absence or if it is impossible for the Chairman of the Appointments and Remuneration Committee to attend a meeting, or if this position has been vacated, the meeting may be called by the member of the Committee who has served in his/her position the longest and, in the event of a tie, the oldest in age.
9. Deliberations shall be guided by the Chairman, who shall hand the floor over to attendees who ask to speak.
10. In the absence or if it is impossible for the Chairman of the Appointments and Remuneration Committee to attend a meeting, or if this position has been vacated, the corresponding functions shall be exercised by the member elected to this post by the majority of those in attendance at the meeting.
11. The Appointments and Remuneration Committee shall regulate its own functioning in all matters not provided for in the Bylaws and in these Rules.

The Appointments and Remuneration Committee of Fomento de Construcciones y Contratas, S.A. has issued a report on its functioning and the performance of its duties at its meeting of 23 February 2022.

As a result of the assessment process that the Committee performed on its own functioning, positive conclusions were reached, both in terms of its composition and internal organisation and the exercise of the powers assigned to it.

During 2021, it exercised, among others, the following competences:

- Assess the skills, knowledge and experience required on the Board, defining the roles and skills required of the candidates to fill each vacancy and assessing the time and dedication necessary for them to perform their duties well, ensuring that non-executive directors have sufficient time available for the proper performance of their duties.
- Report on the proposed appointment and re-election of directors and members of the Committees of the Board of Directors.
- Propose to the Board of Directors the remuneration policy for Directors and general managers or those who perform their senior management duties under the direct supervision of the Board, the Executive Committee or the Chief Executive Officer, as well as the individual remuneration and other contractual conditions of executive Directors, verifying compliance therewith.
- Report to the Board of Directors, in advance, on the individual determination of the remuneration of each Director in his capacity as such within the framework of the Articles of Association and the remuneration policy, and also on the individual determination of the remuneration of each Director for the performance of the executive duties attributed to him within the framework of the remuneration policy and in accordance with the provisions of his contract.
- Periodically review the remuneration policy applied to Directors and Senior Executives, including, where applicable, share-based remuneration schemes and their application, and ensure that their individual remuneration is proportionate to that paid to other Directors and Senior Executives of the Company, as well as verify the information on remuneration of Directors and Senior Executives contained in the various corporate documents, including the Annual Report on Directors' Remuneration.
- Approve the content of the documents named: Appointments and Remuneration Committee Report on the Chairman of the Board of Directors and Appointments and Remuneration Committee Report on the CEO, for assessment by the Board of Directors in terms of the performance of their duties during the 2020 business year, submitted to the Board of Directors for this body to perform the assessment referred to in Article 34.9 of its Regulations.
- Approve the Report on the functioning of the Appointments and Remuneration Committee during the 2020 business year, as well as the Report ratifying the current categories (proprietary, independent or executive) of the members of the Board.
- Report on the appointment of Senior Managers and other positions that fall within the first three levels, in addition to those with remuneration equal to or greater than €75,000.
- Propose to the Board of Directors, for subsequent submission to the Ordinary General Shareholders' Meeting, the Annual Report on Remuneration of the Company's Directors for financial year 2020.
- Report favourably on the Proposal on the statutory remuneration of the Board of Directors for financial year 2020.
- Approve the application of the Variable Remuneration Plan for the 2020 business year.
- Approve the Variable Remuneration Plan for 2021.
- Report on the critical aspects relating to the general salary policy for financial year 2021 at the FCC Group.
- Approve the Company's Succession Plan.
- Approve the Company's staff selection procedure.
- Report favourably to the Board, so that it may submit the Directors' Remuneration Policy for financial years 2021, 2022 and 2023 to the Ordinary General Shareholders' Meeting.
- Approve the activity report of the Appointments and Remuneration Committee for financial year 2020.
- Propose to the Board of Directors the remuneration policy for executive directors, the terms and conditions of the Chief Executive Officer's contract, and being in accordance with the Company's remuneration policy.

During the six meetings held by this Committee in 2021, a total of 17 resolutions were reached, which have addressed: the approval of the Report on the functioning of the Appointments and Remuneration Committee during the financial year 2020, the report ratifying the categories of directors, the Report of the Appointments and Remuneration Committee on the Chairman of the Board of Directors, the Report of the Appointments and Remuneration Committee on the Chief Executive Officer, proposal of the Annual Report on the remuneration of the directors of FCC, S. A for the 2021 financial year, the application of the 2020 Variable Remuneration Plan and approval of the 2021 Plan, approval of the FCC Succession Plan, approval of the FCC personnel selection procedure, the Directors' Remuneration Policy for the 2021, 2022 and 2023 financial years, the report on the activities of the Appointments and Remuneration Committee during the 2020 financial year. Likewise, a favourable report has been issued on: the approval of related-party transactions, the Report-Proposal on the statutory remuneration of the Board of Directors for the financial year 2020, the FCC Group Salary Policy for 2021, authorisation of a non-competition agreement, on proposals for the appointment of directors and on various contractual transactions.

Based on the foregoing, it can be concluded that the Appointments and Remuneration Committee assumes and efficiently and diligently complies with the powers attributed to it in the Company's different corporate texts.

*C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:*

| | Number of female directors | | | |
|---|---|---|---|---|
| | Year t Number % | Year t-1 Number % | Year t-2 Number % | Year t-3 Number % |
| Executive Committee | 33.33% (2) | 33.33% (2) | 33.33% (2) | 33.33% (2) |
| Audit Committee | 0% (0) | 0% (0) | 0% (0) | 0% (0) |
| Appointments and Remuneration Committee | 25% (1) | 25% (1) | 25% (1) | 25% (1) |

| Observations |
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*C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.*

- Regulations of the Board of Directors of FCC (Chapter IX. Committees of the Board of Directors, articles 35 to 38). The Regulations are available on the "Regulations" link in the "Corporate Governance" section of the "Responsibility and Sustainability" section of the Company's corporate website.
- Reports of the Committees for the evaluation of their functioning during financial year 2021. In addition, on the occasion of the call to the Ordinary General Shareholders' Meeting held on 29 June 2021, the activity reports of the Audit and Control Committee and the Appointments and Remuneration Committee were published on the corporate website, together with the other documentation.

# D Related-party and intragroup transactions

## D.1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Article 24 of FCC's Regulations of the Board of Directors states that:

Related Transactions

1. The Board of Directors shall be responsible for the knowledge and approval, following a report from the Audit and Compliance Committee, of transactions that the Company or Group companies carry out with Directors, or with shareholders holding, individually or in concert with others, at least ten percent (10%) of the voting rights, including shareholders represented on the Board of Directors of the Company or of other companies forming part of the Group or with other persons who are considered related parties as provided by law ("Related-Party Transactions"), unless their approval corresponds to the General Shareholders' Meeting.
2. For the purposes of the provisions of the preceding section, transactions between the Company and its wholly-owned companies, directly or indirectly, the approval by the Board of Directors of the terms and conditions of contracts to be entered into with Directors who are to perform executive duties, including, where appropriate, the Chief Executive Officer or Senior Executives, and the determination by the Board of the specific amounts or remuneration to be paid under such contracts, shall not be considered as a Related-Party Transaction.

   Nor shall any transaction carried out by the Company with its subsidiaries or investees be considered a Related-Party Transaction, provided that no other party related to the Company has an interest in such subsidiaries or investees.
3. The approval of Related-Party Transactions whose amount or value is equal to or exceeds ten percent (10%) of the total asset items according to the latest balance sheet approved by the Company shall be the responsibility of the General Shareholders' Meeting. The approval of all other Related-Party Transactions shall be the responsibility of the Board of Directors, which may not delegate this power except in respect of Related-Party Transactions with companies within the Group that are carried out within the scope of ordinary management and on an arm's length basis, and also Related-Party Transactions entered into by virtue of contracts with standardised conditions applied en masse to a large number of customers, at prices or rates established in general by whoever acts as supplier of the good or service in question and the amount of which does not exceed 0.5% of the net turnover of the Company.
4. The Audit and Compliance Committee shall issue a report prior to the approval by the General Meeting or by the Board of Directors of a Related-Party Transaction. In this report, the Committee must assess whether the transaction is fair and reasonable from the point of view of the Company and, if applicable, of the shareholders other than the related party, and give an account of the assumptions on which the assessment is based and the methods used.

   Directors who are members of the Audit and Compliance Committee affected by the Related-Party Transaction may not participate in the preparation of the report.

   This report shall not be mandatory in relation to the conclusion of Related-Party Transactions whose approval has been delegated by the Board of Directors in the cases legally permitted and provided for in these Regulations.
5. Whenever, in accordance with the provisions of section 3 of this article, the Board of Directors delegates the approval of Related-Party Transactions, the Board of Directors itself shall establish an internal reporting and periodic control procedure to verify the fairness and transparency of these transactions and, where appropriate, compliance with the applicable legal criteria.
6. The Board of Directors shall ensure the public disclosure of Related-Party Transactions entered into by the Company or companies of its Group, the amount of which reaches or exceeds five percent (5%) of the total amount of the asset items or 2.5% of the annual turnover of the Company.

   To this end, a notice, with the legally required content, must be placed in an easily accessible place on the Company's website, which in turn must be communicated to the CNMV. The announcement must be published and communicated no later than the date on which the Related-Party Transaction is entered into and must be accompanied by the report issued, where appropriate, by the Audit and Compliance Committee.

7. To determine the amount of a Related-Party Transaction, transactions entered into with the same counterparty in the last twelve months shall be counted in aggregate.

   As regards the criteria and general rules governing the abstention obligations of the affected directors or shareholders, the Company applies the legal regime: (i) when the power to approve related-party transactions lies with the board, the director affected or the director representing or related to the shareholder affected must abstain from participating in the deliberation and voting on the relevant resolution in accordance with section 228.c) of the Corporate Enterprises Act. However, directors who represent or are related to the parent company in FCC shall not abstain, notwithstanding the fact that, in such cases, if their vote was decisive for the adoption of the resolution, the rule of reversal of the burden of proof shall apply in terms similar to those provided for in article 190.3 of the Corporate Enterprises Act; and (ii) when the competence is that of the General Meeting, the shareholder affected shall be deprived of the right to vote, except in cases in which the proposed resolution has been approved by the Board without the vote against of the majority of the independent directors. However, where applicable, the rule of reversal of the burden of proof provided for in Article 190.3 of the Corporate Enterprises Act shall apply.

## D.2 Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

| Name or company name of shareholder or any of its subsidiaries | % Share-holding | Name or company name of the company or entity within its group | Nature of the relation-ship | Nature of the operation and other information necessary for its evaluation | Amount (thousands of euros | Approving body | Identification of the significant shareholder or director who has abstained | The proposal to the board, if any, has been approved by the board without a vote against the majority of independents |
|---|---|---|---|---|---|---|---|---|
| Control Empresarial de Capitales, SA de CV | 80.03% | F-C y C, S.L. Unipersonal | Acquisition | Acquisition of shares in Realia Business, SA. representing 13.11% of its share capital. | 83,941 | Board of Directors | None | – |
| Soinmob Inmobiliaria Española S.A. | 80.03% | F-C y C, S.L. Unipersonal Energéticas S.A.U. | Non-cash contribution | Contribution of all shares of Jezzine Uno, S.L.U. | 226,200 | Board of Directors | None | – |

| Observations |
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D.3 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

| Name or company name of the administrators or managers or their controlled or jointly controlled entities | Name or company name of the company or entity within its group | Relationship | Nature of the operation and other information necessary for its evaluation | Amount (thousands of euro) | Approving body | Identification of the significant shareholder or director who has abstained | The proposal to the board, if any, has been approved by the board without a vote against the majority of independents |
|---|---|---|---|---|---|---|---|
| Alejandro Aboumrad González | FCC | Director | Provision of services | 338 | Board of Directors | – | – |
| Gerardo Kuri Kaufmann | -Cementos Portland Valderrivas -Realia | Chief Executive Officer | Provision of services | 350 | Board of Directors | – | – |

| Observations |
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| – |

D.4 Report individually on intragroup transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, any intragroup transactions carried out with companies established in countries or territories that are considered a tax haven shall be reported:

| Company name of the Group entity | Brief description of the operation and other information necessary for its evaluation | Amount (thousands of euros) |
|---|---|---|
| Realia Business, S.A. | Contract with FCC Construcción, S.A., for the construction of 80 dwellings, garages, storage rooms and sports areas, Phase 2 of PP41, "Campo del Ángel", in Alcalá de Henares (Madrid) | 12,740 |
| Realia Patrimonio, S.L.U. | Contract with FCC Industrial e Infraestructuras Energéticas S.A.U. for the supply and installation of intercoms by FCC Industrial, S.S. in Torre Fira de Barcelona | 13 |
| Realia Patrimonio, S.L.U. | Rendering of services by FCC Industrial e Infraestructuras Energéticas S.A.U. | 1,193 |
| Realia Patrimonio, S.L.U. | Rendering of services by FCC Medio Ambiente, S.A. | 162 |
| Realia Patrimonio, S.L.U. | Rendering of services by Servicios Especiales de Limpieza, S.A. | 496 |

| Company name of the Group entity | Brief description of the operation and other information necessary for its evaluation | Amount (thousands of euros) |
|---|---|---|
| Realia Patrimonio, S.L.U. | Rental contract by Fedemes, S.L. | 13 |
| Realia Business, S.A. | Rendering of services by FCC Industrial e Infraestructuras Energéticas S.A.U. | 2 |
| Realia Business, S.A. | Rendering of services by FCC Construcción, S.A. | 12,001 |
| Realia Business, S.A. | Rendering of services by Fomento de Construcciones y Contratas, S.A. | 142 |
| Realia Business, S.A. | Rental contract by Fedemes, S.L. | 101 |
| F-C y C, S.L. | Rendering of services by Áridos de Melo, S.L. | 296 |
| F-C y C, S.L. | Rendering of services by FCC Construcción, S.A. | 21,383 |
| F-C y C, S.L. | Rendering of services by FCC Medio Ambiente, S.A. | 9 |
| F-C y C, S.L. | Rendering of services by Fomento de Construcciones y Contratas, S.A. | 54 |
| F-C y C, S.L. | Rental contract by Fedemes, S.L. | 112 |
| F-C y C, S.L. | Rendering of services by Realia Business, S.A. | 2,371 |
| FCC Construcción, S.A. | Rendering of services by F-C y C, S.L. | 2 |
| Cementos Portland Valderrivas, S.A. | Rendering of services by Realia Patrimonio, S.L.U. | 90 |
| Fomento de Construcciones y Contratas, S.A. | Rendering of services by Realia Patrimonio, S.L.U. | 11 |
| Realia Patrimonio, S.L.U. | Intragroup loan of Cementos Portland Valderrivas, S.A. | 140 |
| Realia Patrimonio, S.L.U. | Intragroup loan of Fomento de Construcciones y Contratas, S.A. | 24 |
| Realia Business, S.A. | Intragroup loan of Fomento de Fedemes, S.L. | 38 |
| Realia Business, S.A. | Intragroup loan of Fomento de Construcciones y Contratas, S.A. | 120,000 |
| F-C y C, S.L. | Intragroup loan of Asesoría Financiera y de Gestión, S.A. | 21 |
| F-C y C, S.L. | Intragroup loan of Fomento de Construcciones y Contratas, S.A. | 32,258 |
| Fomento de Construcciones y Contratas, S.A. | Intragroup loan of Realia Patrimonio, S.L.U. | 2,664 |
| Fomento de Construcciones y Contratas, S.A. | Intragroup loan of Realia Business, S.A. | 44 |
| Fomento de Construcciones y Contratas, S.A. | Intragroup loan of F-C y C, S.L. | 23,017 |
| Claro Enterprise Solutions, S.L. | Contract for the provision of IT services to Fomento de Construcciones y Contratas, S.A. | 13,446 |
| Banco Inbursa, S.A. | Accrual of interest on subordinated financing of Cementos Portland Valderrivas, S.A. | 1,764 |

**Observations**

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

D.5 Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

| Company name of the related party | Brief description of the operation and other information necessary for its evaluation | Amount (thousands of euros) |
|---|---|---|
| – | – | – |

**Observations**

## D.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interests between the Company and/or its Group and its directors, executives or significant shareholders or other related parties.

Article 23 of the Regulations of the Board of Directors states that:

1. As part of his/her duty to avoid the conflicts of interests indicated in section 2.e) of the preceding article, the Director shall refrain from: a) Undertaking transactions with the Company or with Group Companies, except in the case of ordinary transactions, carried out under standard conditions for customers and of limited relevance, including those for which information is not necessary to express the true image of equity, of the financial situation and the results of the Company. b) Using the name of the Company or invoking his/her status as a director to unduly influence the execution of private transactions. c) Making use of social assets, including confidential information on the Company, for private purposes. d) Taking advantage of the Company's business opportunities. e) Obtaining advantages or remuneration from third parties other than the Company and its Group associated with the performance of their duties, unless they are a mere courtesy. f) Performing activities on their own account or on behalf of others that involve effective competition, whether current or potential, with the Company or that, in any other way, place them in a permanent conflict with the interests of the Company.
2. The above provisions shall also apply in the event that the beneficiary of the prohibited acts or activities is a person linked to the director.
3. In any case, directors shall notify the Board of Directors, through the Corporate Responsibility Department or any other department that may replace it, with sufficient notice, of any direct or indirect conflict of interests that they or persons linked to them may have with the interests of the Company or those of the group of companies that comprise the FCC Group or its related companies.
4. The Company may waive the prohibitions contained in this article in individual cases by authorising a Director or a related person to enter into a specific transaction with the Company, to use certain corporate assets, to take advantage of a specific business opportunity, or to obtain an advantage or remuneration from a third party, without prejudice to the provisions of the Law and these Regulations in relation to Related-Party Transactions.
5. This authorisation shall be agreed by the General Shareholders' Meeting when the intention is to waive the prohibition on obtaining an advantage or remuneration from third parties, involves a transaction worth more than ten percent (10%) of the Company's social assets or concerns the obligation to not compete with the Company. In the latter case, the waiver may only be offered in the event that the Company is expected to suffer no damages or that the damages will be offset by the advantages expected to be obtained from the waiver, and the waiver shall be granted by express and separate consent of the General Shareholders' Meeting.
6. In the other cases to which the prohibitions in this article apply, authorisation may also be granted by the Board of Directors, subject to a favourable report from the Appointments and Remuneration Committee, provided that the independence of the members granting this authorisation is guaranteed with respect to the relieved director or the related person. In addition, it will be necessary to ensure that the authorised transaction protects social assets from harm or, where appropriate, they are undertaken subject to market conditions, and the transparency of the process. The affected directors or those representing or associated with the affected shareholders shall refrain from participating in the deliberation and voting process concerning the resolution in question. When Related-Party Transactions are involved, the provisions of the Law and these Regulations shall apply.
7. In any case, conflicts of interest incurred by the directors shall be included in the report, under the terms established by Law.
8. For the purposes of this provision, related persons are understood as those included in the Spanish Corporate Enterprises Act.

## D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes ☒ No ☐

There is a collaboration agreement between FCC Construcción (FCC Group) and Carso Infraestructuras S.A.B de CV (a company related to Control Empresarial de Capitales) to jointly undertake projects in the Americas (excluding the United Mexican States), through a special purpose vehicle (SPV) "FCC Américas".

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiary companies and the parent company or its subsidiary companies have been accurately publicly disclosed:

Yes ☐ No ☒

| Report on the respective areas of activity and any business relationships between the listed company or its subsidiary companies and the parent company or its subsidiary companies, and identify where these aspects have been publicly disclosed |
|---|
| Collaboration agreement between FCC Construcción (FCC Group) and Carso Infraestructuras (a company related to Control Empresarial de Capitales) to jointly undertake construction projects in the Americas (excluding the United Mexican States), through a special purpose vehicle (SPV) "FCC Américas". |
| These aspects have not been publicly disclosed. |

Identify the mechanisms planned to resolve possible conflicts of interests between the parent company of the listed company and the other Group companies:

| Mechanisms to resolve potential conflicts of interests |
|---|
| A joint executive committee has been set up for the company FCC Américas to resolve any disputes that may arise. Regarding the FCC's Board of Directors, for the adoption of resolutions in view of the tender for a project in the Americas, directors with a potential conflict of interest abstained. |

# E Risk control and management systems

## E.1 Explain the scope of the company's financial and non-financial risk management and control system, including tax risk.

The FCC Group Risk Management Model has been designed with the aim of identifying and assessing the potential risks that could affect the Group's different areas, as well as establishing mechanisms incorporated into the organisation's processes that make it possible to manage risks within the accepted levels, providing the Board of Directors and Senior Management with reasonable assurance regarding the achievement of the main objectives defined. This Model applies to all FCC Group companies, as well as to those affiliates where FCC has effective control, promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the assessment of financial and non-financial risks, including tax risks, in terms of impact and likelihood of occurrence, giving rise to Risk Maps, and subsequently the establishment of prevention and control activities to mitigate the effect of these risks. In addition, this Model includes the establishment of reporting flows and communication mechanisms at different levels, which allow both decision-making and its review and continuous improvement.

The FCC Group also has a Criminal Prevention Model, developed, among other aspects, through a specific matrix of risks and controls. Its integration into the organisation's processes contributes to strengthening the control environment. This is in addition to a Tax Code of Conduct and a Tax Control Framework Standard, in which the process of identifying and assessing tax risks and assigning responsibilities for both the management and reporting of these risks is implemented.

## E.2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial risk management and control system, including tax risk.

The Board of Directors is responsible for approving the FCC Group's Risk Management Model, identifying those risks that are considered to be the company's main risks and implementing and monitoring the appropriate internal control and information systems, in order to ensure both the future viability and the competitiveness of the Group, adopting the most relevant decisions for its best development.

The Audit and Control Committee is responsible for risk management and control systems:

- Supervise the internal risk management and control unit so that it focuses on ensuring the proper functioning of the risk management and control systems and their proper functioning for risk mitigation.
- Supervise and analyse the effectiveness of the internal control and risk management model, ensuring that it identifies or determines:
  - the different types of risks to which the Group is exposed, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
  - a tiered risk management and control model.
  - the level of risk that the group considers acceptable.
  - the measures planned to mitigate the impact of the risks identified, should they materialise.
  - the information and internal control systems to be used to control and manage these risks, including contingent liabilities or off-balance sheet risks, and submit them to the Board for approval.
- Ensure that the internal audit unit's activity is primarily focused on relevant risks, including reputational risks.

In this connection, the FCC Group Risk Management Model is based on the establishment of three levels of risk management and internal control, the first two residing with the business units and the third with the corporate areas.

The first tier concerns the operational lines of the business areas, which act as risk generators and are responsible for managing, monitoring and appropriately reporting the risk generated, including tax risk.

The second tier, also assumed by the business units, consists of support, control and supervision teams, ensuring effective control and adequate risk management, including tax. At this tier, the management of each business area is responsible for the implementation of the Risk Management Model, including those relating to financial reporting. The Business Compliance Officer assists the Corporate Compliance Officer in the dissemination of the Criminal Prevention Model, in the identification of risks and in the definition and monitoring of controls, and proposes action plans, within its scope, in cases where breaches or inefficiencies in the functioning of controls have been detected, submitting these proposals to the Corporate Compliance Officer.

The third level consists of corporate areas that report to Senior Management and/or to the Audit and Control Committee. This third level encompasses the Tax Division, responsible for the definition of tax policies, procedures and criteria generally applied to the FCC Group and the Corporate Compliance Officer, whose duties include the implementation of the Crime Prevention Model, the identification of risks in this area, and the definition and follow-up of the relevant controls, as well as the management of the Whistleblowing Channel and the proposal of action plans in cases in which breaches or inefficiencies have been detected in the operation of the controls. The Internal Audit and Risk Management areas, which report to the Audit and Control Committee, are also part of this third level. The Risk Management area is responsible for coordinating the Risk Management Model, defining a baseline methodology for identifying, assessing and reporting risks, providing support to those responsible for its implementation, and the Internal Audit area, in its capacity as the final level of control, ensures that the policies, methods and procedures are adequate and verifies their effective implementation.

## E.3 Indicate the main financial and non-financial risks, including tax risks and the extent to which those involving corruption are significant (the latter being understood within the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives.

Below, details are provided of the main risk scenarios, grouped by categories: strategic, operational, compliance and financial.

### Strategic Risks

**Geopolitical and regulatory instability.** Increasing geopolitical tension in certain regions/countries could bring economic, political or social instability, as well as regulatory changes affecting the FCC Group's operations. Possible regulatory changes in social, tariff, commercial, labour, corporate, health, environmental, energy, tax, etc. matters, as well as changes in the public models of development and management of environmental services, integral water cycle and infrastructures, could lead to a decrease in business opportunities or a drop in the profitability of projects.

**Climate and environmental risks, health or humanitarian crises, terrorism, regional conflicts.** Short- and medium-term climate disruptions, extreme weather events, environmental crises, epidemics and pandemics, humanitarian crises, armed conflicts or terrorist activities would affect the populations and territories in which the FCC Group carries out its activities and, consequently, the demand for goods and services, the operations and level of activity, and the infrastructures built and operated by the Group. Additionally, costs could be increased due to ecological transition policies or health restrictions and the mobility of goods and people could be hampered, affecting the achievement of the Group's objectives.

**Cut in investment and demand forecasts.** A slowdown in the recovery of the world economy forecast for 2022, which could lower the growth forecasts for certain countries in which the Group operates, an increase in public and private debt, and also changes in the forecasts and investment priorities of current and potential customers, which could have different negative impacts on the FCC Group. Additionally, the revenues of the Environmental Services, Water, Concessions and Real Estate Business Areas are, to a certain extent, dependent on the level of demand, which is subject to change as a result of conditions that are sometimes beyond the FCC Group's control.

**Loss of market share.** The FCC Group works in highly competitive markets. Any difficulty in developing competitive and profitable bids, as well as the entry of new competitors in mature markets or regulatory and commercial barriers or restrictions for environmental or health reasons, could lead to a loss of market share.

**Damage to reputational image.** The FCC Group may be involved in certain internal or external circumstances that could adversely affect its reputational image and consequently its business.

### Operational Risks

**Termination or unilateral modification of a contract, contractual issues and legal disputes.** Clients may unilaterally modify or terminate certain contracts before their complete execution. The compensation that the FCC Group would receive in such cases may not be sufficient to cover the damages caused and, in addition, the FCC Group may need to resort to legal or arbitration proceedings to collect it, thereby increasing its costs and delaying the receipt of the compensation amounts. Additionally, different interpretations of contractual and regulatory requirements can lead to discrepancies that increase litigation and impact on the outcome of projects.

**Appraisal of real estate investments.** Real estate market activity could be affected by increased uncertainty in the economic and social environment with the potential impact on the appraisal of real estate assets.

**Project rescheduling.** Political and/or financial instability in certain markets in which the Group operates, as well as other circumstances beyond FCC's control, such as the unavailability of land for infrastructure projects, delays in obtaining licences, health or environmental restrictions, disruption of the supply chain for goods and services, etc., could result in the rescheduling of projects in progress, with repercussions on the outcome of such projects.

**Price increases and unavailability of raw materials and outsourced services.** In the course of its activities, the FCC Group consumes considerable volumes of raw materials and energy, as well as working with a great number of subcontractors and manufacturers. An increase in the prices of energy and certain raw materials, together with a lack of availability of the latter, derived from the reactivation of world demand after the COV-19 health crisis, the slow reactivation of industry in producer countries still strongly affected by the pandemic, and the increase in the price of international transport, could cause inefficiency in the supply chain and subcontracted services, delays in the execution of projects, as well as an economic and financial impact on the FCC Group's results, especially in cases where there are difficulties in passing on these increases to the end customer. Additionally, this problem could condition the implementation of infrastructure plans promoted by different countries, and also the projects associated with European Funds (2021-2027 Next Generation), aimed at tackling the consequences of the COVID-19 pandemic, and to accelerate the digital and ecological transitions of the European economy.

In relation to the Cement business, an increase in energy prices, coupled with a price increase in $CO_2$ emission allowance trading, could impact the production cost structure.

**Risks arising from links with third parties.** The FCC Group could undertake its business activities jointly with public authorities or private entities through different forms of association. However, adverse circumstances in the project, or in a partner's economic or reputational situation, could lead to a situation that could adversely affect the FCC Group.

**Labour conflict.** Some of FCC Group's activities are labour intensive, with considerable geographical diversity (each with their respective labour laws), that for different reasons could lead to conflicts that will would the company's productive capacity and reputation.

**Loss of human capital.** The success of the FCC Group's business operations depends largely on key personnel with technical and managerial experience, so a substantial loss of such personnel could affect the completion and results of certain projects.

**Risks associated with digitisation.** Increased digitisation of operations and remote working could lead to disruptions in an ever-changing environment with continuous innovation.

**Cyberattacks.** The existence of threats of a cybernetic nature could affect tangible and intangible assets and lead to prolonged interruption, uncontrolled access and information and data leaks and/or hijacking.

**Health and safety risks.** One of the FCC Group's priority aims is to perform its activities with a high level of health and safety for all personnel, and to comply strictly with legal regulations in the field, which is reflected in the Prevention of Risks at Work Policy approved by the Board of Directors. Even so, the FCC Group could be affected by the health crisis and incidents or accidents in the development of its activity that could harm and interfere with operations.

**Environmental risks.** CC's environmental commitment is mirrored in the Group's Environmental Policy approved by the Board of Directors. The Group has environmental management systems in place, implemented in projects and contracts that are audited and certified in accordance with the UNE-EN-ISO 14001 Standard. However, due to the nature of the Group's activities, there may be circumstances under which damage may occur in the form of spills, emissions, etc., that have an impact on projects and contracts.

### Compliance Risks

**Discrepancies in regulatory or contractual compliance.** The FCC Group's operations should respect all applicable regulations and these will vary from one jurisdiction to another and even from one municipality to another, as well as being subject to modifications. However, in certain circumstances there may be occasional discrepancies in regulatory aspects, especially in the phase of adaptation to new legislation that may be enacted. Additionally, difficulties and/or discrepancies in the fulfilment of all contractual requirements may arise in certain projects.

**Non-Compliance with the Code of Ethics.** The FCC Group has a Code of Ethics and Conduct, Ethics Channel (Whistleblowing Channel), and Criminal Prevention Manual, policies such as, yet not limited to the Anti-Corruption Policy, Human Rights Policy, Policy on Tenders, Agents, Gifts and Relations with Partners on Compliance approved by the Board of Directors, and also a protocol for the prevention and eradication of harassment, and anyone linked to any FCC Group company must adhere to these measures, policies and codes. The high level body entrusted with promoting and supervising the Compliance Model is the Compliance Committee, chaired by the Corporate Compliance Officer.

Nevertheless, in the course of operations and relationships with clients, partners and suppliers, situations could arise that could lead to potential non-compliance with these regulations, resulting in legal, economic and reputational damages for the Group.

### Financial Risks

**Credit risk and liquidity risk.** Both risks are mainly attributable to accounts receivable and are therefore related to the Group's exposure to the credit risk of its clients and the liquidity lines available to them. The Group monitors the credit quality of its clients, the liquidity and financing lines for each of the companies to mitigate this risk.

**Restricted access to financial markets.** In specific circumstances, there may be some difficulty in obtaining or renewing corporate financing or for the execution of certain projects, due to situations of general instability that cause temporary disruption for the capital markets, requirements or guarantees requested by financiers, as well as the viability of the economic models that justify the repayment of funds. All this could affect regular funding, normal business, or result in the loss of business opportunities.

**Impairment of the commercial fund.** The FCC Group has a significant amount of goodwill on its balance sheet. FCC cannot guarantee that the Group will not incur losses/adjustments as a result of impairment of the commercial account or any other of the Group's material assets. If this should occur it could significantly affect the FCC Group's economic result.

**Recoverability of deferred tax assets.** At consolidated level, the FCC Group has a certain amount of deferred tax assets, the vast majority of which relate to the Spanish tax group. Their recoverability could be affected by the cyclical nature of the Fiscal Group's profit, or by future changes in tax rates, especially corporate tax in Spain.

**Fluctuation of exchange rates.** Exchange rate risk is primarily located in borrowings denominated in foreign currencies, investments in international markets and payments received in currencies other than the euro.

**Fluctuation of interest rates.** The purpose of the Group's financial policy is to make sure that exposure of its debt is partially linked to variable interest rates. Continued inflationary pressures, mainly driven by rising commodity and energy prices, could lead to higher interest rates. Any increase in interest rates could give rise to an increase in the FCC Groups's financial costs associated with borrowings at variable interest rates and could also increase the cost of refinancing the FCC Groups's borrowings and the issue of new debt.

## E.4 Identify whether the entity has risk tolerance levels, including for tax risk.

According to the Risk Management Model, the level of tolerance to risk assumed by the FCC Group shall be dynamic over time, and shall vary depending on internal and/or external factors. It shall be defined by the Board of Directors and aligned with the strategy.

The elements that shall define the risk appetite of the FCC Group are as follows:

- A general profile of medium-to-low and predictable risk, based on a diversified business model.
- A stable and recurring policy for the generation of income.
- Intense participation of Senior Management that guarantees a culture of risk management focused on the protection and assurance of an adequate return on capital.
- A management model that ensures a global and interrelated vision of all risks, as part of a robust risk control environment, with responsibilities at different levels.
- The undertaking of its activity based on a behavioural model that protects the interests of its clients and shareholders.
- Zero tolerance against bribery and corruption.
- Concerning tax risk, the Tax Control Framework Standard defines the general tax risk management policy and the levels of tax risk that can be assumed.

## E.5 Indicate whether the entity has risk tolerance levels, including for tax risk.

While the FCC Group's main activities are the provision of services classified as essential, such as waste management, water supply, urban sanitation and infrastructure management, and the stability of demand for these services, the various consequences of the COVID-19 health crisis and the measures established by the authorities to mitigate it have collaterally affected the activities carried out by the FCC Group, albeit to a lesser extent than in the previous year. In this regard, in certain geographies, mitigating measures have been put in place that have had some impact on activity and productivity levels, affecting the mobility of people and causing inefficiencies in the supply chains of goods and services, which has affected the planning of certain projects.

Additionally, the reactivation of world demand after the COVID-19 health crisis, the slow reactivation of the industry in producer countries still strongly affected by the pandemic, and the increase in the price of international transport, has produced an increase in the prices of raw materials, energy, fuels and subcontracted services, which has affected the results of certain projects, especially those that do not include efficient price review mechanisms that can directly mitigate this impact. Higher energy prices in the Cement business have had an impact on the production cost structure.

In addition to the rescheduling of activities in specific projects due to the health situation throughout 2021, various operational, technical and design circumstances, availability of work areas, contractual interpretation, lack of decision-making by clients, etc., have required the rescheduling of certain projects. The FCC Group carries out various initiatives, such as including contractual clauses that allow the costs arising from said rescheduling to be passed on, in addition to an active commercial relationship with the client in search of satisfactory solutions for both parties.

The ordinary course of the FCC Group's business, and as a result of the high volume of contracts with customers, suppliers and partners, as well as the possible requirements of bodies in different jurisdictions, contractual disputes arise that sometimes result in civil, labour, criminal, arbitration, administrative, regulatory and similar proceedings in which the FCC Group is a party.

With the entry into force of the United Kingdom's Withdrawal Agreement from the European Union, the FCC Group continues to monitor the potential effects on its businesses, especially in the Environmental Services area, and has developed plans to adapt to possible changes in the regulatory framework.

## E.6 Explain the response and supervision plans for the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the Board of Directors responds to any new challenges that arise

Both the FCC Group 's Risk Management Model and its Compliance Model establish comprehensive frameworks for the identification, assessment and management of risks in their respective fields of application.

Once the risks have been identified and prioritized, it is expected to establish control mechanisms through the Risk and Control Matrices that will include key controls aimed at preventing and/or mitigating the risks and the definition of persons in charge of these control activities. For those risks that exceed the accepted level of risk or when non-fulfilment or inefficiencies are detected in the operation of the controls, specific Action Plans will be established taking into account their operational viability, their possible effects, as well as the cost-profit ratio of implementation.

The supervision of the Risk Management Model is carried out by the Business Divisions with the support of the Risk Management area, while supervision of the Ethics and Compliance programmes is carried out by the Compliance Committee, chaired by the Corporate Compliance Officer with the support of the Compliance Officers of the businesses, following certification of controls and processes by their owners.

In the face of potential political and socio-economic uncertainties, and especially in view of the increase in the deficit and public debt of the states, the FCC Group will continue to focus on the consolidation of its diversified international positioning, maintaining its market share in mature markets, and on the search for new public-private partnership formulas for the development of the integral water cycle, environmental services and infrastructure management, embedded in medium- and long-term contracts.

Given the climatic and environmental risks, health and/or humanitarian crises, the FCC Group maintains its position as a benchmark provider of services classified as essential, such as waste collection and treatment and street cleaning, the integral water cycle service and the management and maintenance of transport infrastructures, business areas with low elasticity of demand and stable and predictable medium- and long-term cash flows. FCC has created its own strategy for adapting to climate change in Horizon 2050, which integrates all its business lines, and whose objective is to mitigate the risks associated with climate change by taking advantage of the business opportunities it entails, based on five pillars: Stakeholder communication, carbon footprint reduction, innovation in products and services, integrating their businesses into the circular and low-carbon economy, monitoring emissions and adapting to regulatory changes. In this regard, Aqualia has become the first full water cycle operator to certify its Sustainability Strategy and its contribution to the United Nations SDGs (Sustainable Development Goals), by incorporating sustainability into the company's principles and aligning the company's strategies with the SDGs. Aqualia, FCC Construcción and FCC Medio Ambiente have the "Calculo y Reduzco" seal, awarded by the Spanish Climate Change Office (OECC), as part of the process of registering carbon footprint, offsetting and $CO_2$ absorption projects established by the Ministry for Ecological Transition and the Demographic Challenge (MITERD).

In relation to the risk of termination or modification of contracts and the rescheduling of projects, the FCC Group continuously monitors contractual contingencies, the planning and budgeting of operations and pursues an active negotiation policy.

With regard to price increases and unavailability of raw materials and subcontracted services, purchasing procedures are applied preventively, also using deviation analysis as a detective indicator. Additionally, the FCC Group monitors its key suppliers to avoid the risks of inefficiencies in the supply chain, both as a result of economic difficulties of the suppliers, as well as supply problems and stock breakage due to alterations in the production chain. In addition, in the search for natural hedging, we are working with customers to introduce price review mechanisms in contracts that lack them or are insufficient, and also to formalise extensions in projects affected by the lack of availability of raw materials.

FCC's business units also have quality assurance, environmental management and occupational risk prevention systems, certified in accordance with international standards. Some of these units are part of the European Commission's Eco-Management and Audit Scheme, which is all designed to address these types of operational and compliance risks.

With regard to the risk of vulnerability to natural disasters, in addition to implementing different preventive actions, the FCC Group's policy sets to take out the necessary insurance policies to cover the possible risks to which the various elements of its property, plant and equipment and the activities carried out are subject.

To address the risks related to cyber attacks and information security, the FCC Group has an operational unit responsible for preventing, detecting, analysing and mitigating factors related to security events, such as intrusion, attacks, etc., as well as an Information Security Management System designed in line with international standards, and that has received third party certification for certain business areas. The FCC Group also has an internal policy for complying with the requirements of the data protection regulations, in addition to those responsible for this function both in the business units and at a corporate level.

In terms of other compliance risks, the FCC Group has a Code of Ethics and Conduct, which aims to ensure all persons linked to any FCC Group company are guided by the strictest behavioural guidelines in compliance with laws, regulations, contracts, procedures and ethical principles, being binding on all these persons. The FCC Group's Compliance Model, which is evolving to adapt to the new regulatory requirements and geographies in which the Group carries out its activities, also has, among others, documented policies on relations with partners in the areas of Compliance, anti-corruption, human rights, agents, gifts and tenders, and is complemented by a Criminal Prevention Manual, Compliance Committee regulations, and documented procedures for investigation and response and the Whistleblowing Channel, as well as other procedures that develop the different principles of action set out in the Code of Ethics and Conduct. As regards other compliance risks, such as contractual disputes and the potential increase in litigation, work continues on the monitoring and management of contracts and the identification of legal risks.

Regarding financial risks, they are controlled by specialist departments at the business units, together with the General Administration and Finance Division, whose tasks include reaching decisions on risk transfer mechanisms (insurance), covering interest rate variations, and managing asset risks.

# F Internal risk control and management systems relating to the internal control over financial reporting system (ICFR)

Describe the mechanisms that make up the risk management and control systems in relation to the process of reporting your institution's financial information (ICFR).

## F.1 Institution's control environment.

State, indicating their main characteristics, at least:

### *F.1.1. The bodies and/or areas responsible for: (i) the existence and maintenance of adequate and effective Internal Control over Financial Reporting System (ICFR); (ii) its implementation; and (iii) its supervision.*

The Internal Control over Financial Reporting System (ICFR) shall provide the Audit and Control Committee and Senior Management with reasonable assurance about the reliability of the financial information submitted for approval to the Board and that is periodically disclosed to regulators and the market.

The bodies and areas at the FCC Group responsible for ensuring the existence, maintenance, implementation and supervision of an adequate and effective ICFR, as well as the responsibilities attributed to these bodies are as follows:

**Board of Directorsn**

The duties of this Governing Body include:

- Ultimate responsibility for the approval of the risk management and control policy, including tax risks, identifying the Company's main risks and implementing and monitoring the appropriate internal control and reporting systems, and also the supervision of internal reporting and control systems.
- Defining the information and communication policies with shareholders, markets and public opinion, ensuring the quality of the information provided, approving the financial information that, due to its listed status, the Company must publish periodically.

**Audit and Control Committee**

In relation to the Information and Internal Control Systems, the Audit and Control Committee is responsible for:

- Periodically reviewing, among other aspects, the process of preparing economic-financial information, its internal controls and the independence of the external auditor.
- The supervision of the internal audit services of the Company to ensure the proper functioning of the information and internal control systems, with the head of the internal audit function being obliged to submit to the Committee its annual work plan and to inform it directly of any incidents arising during its implementation, and also to submit a report on its activities at the end of each year. The Committee must ensure that the internal audit activity is primarily focused on the relevant risks.
- Supervision of the internal risk management and control unit, so that it focuses on ensuring the proper functioning of the risk management and control systems and their proper functioning to mitigate risks.
- The supervision and analysis of the effectiveness of the internal control and risk management model, ensuring that it identifies or determines:
  - the different types of risks to which the Group is exposed, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
  - a tiered risk management and control model.
  - the level of risk that the group considers acceptable.
  - the measures planned to mitigate the impact of the risks identified, should they materialise.
  - the information and internal control systems to be used to control and manage these risks, including contingent liabilities or off-balance sheet risks, and submit them to the Board for approval.
- The supervision of the preparation process and the integrity of the financial information related to the Company and its Group, reviewing compliance with regulatory requirements, the adequate definition of the consolidation perimeter and the correct application of accounting criteria.
- Supervision of the process of preparation and presentation of the annual financial statements and management reports, both individual and consolidated, and of the periodic financial information disclosed to the markets, ensuring compliance with legal requirements and the correct application of generally accepted accounting principles, informing the Board of Directors of the financial information and the management report, which shall include, where appropriate, the mandatory non-financial information that the Company must periodically disclose to the public.

– The supervision of the auditor and his/her independence, including the reception of reports and the authorisation of certain services that could pose a threat to his/her independence.

– The supervision of the correct functioning and effectiveness of the Criminal Prevention Model, including the existence of mechanisms for reporting potential irregularities.

### Senior Management

The Senior Management of each of the units is ultimately responsible for the implementation of the Risk Management and Internal Control Model; its duties include the implementation of an effective and efficient control system for risks, including those associated with financial information.

### General Administration and Finance Division

The General Administration and Finance Division performs its duties in the areas of Administration, Information Systems and Technologies, Finance, Purchasing and Human Resources.

The Administration area directs the administrative management of the FCC Group and has the following duties, among others, in relation to Information Systems and Internal Control: general accounting, accounts standardisation, consolidation, tax advice, and tax procedures, tax compliance and the management of administrative procedures.

The Finance area, in relation to the Information and Internal Control Systems, its aims and actions are structured around financing the Group's activities, the management of its debt and financial risks, the optimisation of the treasury and financial assets, financial management and control, the management of markets and CNMV, the analysis and financing of investments, the management, monitoring and control of guarantees and collateral, the management of insurance and industrial and property risks and management control.

The Information Systems and Technologies area of the FCC Group ensures that adequate technological support is provided to the Group's management processes, optimising the level of service provided to users, and ensuring the confidentiality and integrity of information systems. Reporting to this area, the FCC Group has an Information Security Department responsible for defining, and implementing internal controls to verify proper compliance with corporate information security policies, including those that support the processes of preparing and publishing financial information, and that assume responsibility for data protection matters.

### General Internal Audit and Risk Management Division

Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

The responsibilities in relation to the Financial Information Control Systems of the General Internal Audit and Risk Management Division include the supervision of the process of preparing and submitting the Group's financial information before it is issued to the market, as well as contributing, together with the other areas involved, the development of internal controls by monitoring compliance with the policies, standards, procedures and activities that constitute the internal control model to ensure the correct management and reduction of risks, issuing recommendations for their improvement. Its responsibilities also include the supervision of projects and processes, performing a risk identification and an assessment of the control environment.

### Corporate Criminal Compliance Committee

This high-level internal management committee, with autonomous initiative and control powers entrusted by the Board of Directors, through its Audit and Control Committee, is responsible for promoting a culture of ethics throughout the Organisation and ensuring both internal and external regulatory compliance. Its duties and competencies include the monitoring and supervision of ethics and compliance programmes, as well as the Code of Ethics and Conduct, existing policies, rules, procedures and controls aimed, among other objectives, at preventing unlawful conduct. It is chaired by the Corporate Compliance Officer.

## *F.1.2. Whether the following elements are in place, especially in relation to the process of preparing financial information:*

- **Departments and/or mechanisms in charge of: (i) designing and reviewing the organisational structure; (ii) of clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) ensuring there are sufficient procedures for its correct dissemination throughout the institution.**

The highest authority for the design and review of the organisational structure as well as the definition of the lines of responsibility and authority is the CEO, appointed by the Board of Directors. Each Corporate or Business Division must define the organisational structure and the lines of responsibility of its management.

The process of determining the organisational structure is regulated by section 10 of the Group's General Standards Manual, which regulates the bodies that directly report to the Board of Directors, the distribution of the Group's management duties, and the appointment of managerial positions.

The first-level organisational structure is available on the corporate intranet, with the different business units having their own organisational structures associated with specific projects and contracts.

The Appointments and Remuneration Committee is responsible for examining and organising the succession of the Chairman of the Board of Directors and the CEO of the Company and, where appropriate, making proposals to the Board of Directors for this succession to take place in an orderly and planned manner. This is in addition to reporting on proposals for the appointment and dismissal of senior executives and the basic conditions of their contracts.

Among its specific responsibilities in terms of the Internal Control over Financial Reporting System (ICFR), the Administration area of the General Administration and Finance Division is responsible for the assumption of high-level executive functions in the management of the ICFR, the execution of control activities relating to the consolidation subprocess and the normalisation of the processes relating to the preparation of the information. The Risk Management areas responsibilities include methodological support in the identification of risks and controls in the process of preparing financial information. Finally, the Internal Audit area supervises the process of preparing and submitting the Group's financial information before it is issued to the market.

- **Code of conduct, approval body, degree of dissemination and awareness, principles and values included (indicating whether there are specific mentions to the register of operations and preparation of financial information), body in charge of analysing non-fulfilment and proposing corrective actions and sanctions.**

The Board of Directors, as a non-delegable power, is responsible for approving the FCC Group's Regulations or Internal Codes of Conduct. The Audit and Control Committee, in accordance with the aforementioned Regulations, is responsible for ensuring that the Internal Codes of Conduct and the Corporate Governance Rules comply with the regulatory requirements and are adequate for the Company, as well as reviewing compliance by those affected by these codes and rules of governance with their duties to inform the Company.

The FCC Group has a Code of Ethics and Conduct, the last update of which was approved by the Board of Directors in September 2019, which aims to ensure all persons linked to any FCC Group company, regardless of the type of contract applicable to their employment relationship, position or geographical area in which they perform their work, are guided by the strictest behavioural guidelines in compliance with laws, regulations, contracts, procedures and ethical principles, being binding on all these persons. These principles include respect for the law and ethical values, zero tolerance of bribery and corruption, prevention of money laundering and the financing of terrorist activities, protection of free competition and good market practices, ethical conduct in the securities market, avoidance of conflicts of interest, strict control, reliability and transparency of information, protection of the Group's reputation and image, efficient and secure use of the company's resources and assets, vigilance in the ownership and confidentiality of data and information, customer focus, primacy of people's health and safety, promotion of diversity and fair treatment, commitment to our environment, transparent relationship with the community and extension of the commitment to ethics and compliance to business partners.

Specifically, with regard to the recording of transactions and the preparation of financial information, the Code of Ethics and Conduct establishes in the section "Rigour in control, reliability and transparency" that "the FCC Group's information must be prepared with the utmost reliability, complying with the applicable regulations and the company's rules, and must be diligently guarded and kept", indicating that special care must be taken to ensure "the proper and complete accounting, recording and documentation of all transactions, income and expenses as they occur, without omitting, concealing or altering any data or information, so that the accounting and operating records accurately reflect reality and can be verified by the control areas and by internal and external auditors. Failure to follow these premises could be considered fraud. The circumvention of the company's internal controls will be grounds for sanction". In addition, the FCC Group has a Tax Code of Conduct, which also includes a commitment to transparent behaviour in tax matters and an Internal Code of Conduct in the area of the FCC Group's Securities Market.

The Code of Ethics and Conduct is published both on the corporate intranet and on the Group's website in 14 languages, as well as on the websites of several subsidiaries, where it can be consulted by anyone, and regular campaigns are carried out to disseminate, communicate and encourage employees to adhere to it, with the aim of strengthening employees' personal commitment to the company's Compliance Model. This Compliance Model is completed with a Criminal Prevention Manual, Compliance Committee regulations, investigation and response procedures and the Whistleblowing Channel, as well as a series of policies and procedures that develop the different principles of action set out in the Code of Ethics and Conduct, including policies on relations with partners in the areas of compliance, anti-corruption, human rights, agents, gifts and tenders.

In keeping with previous years, a series of training actions on the Code of Ethics and Conduct were carried out in 2021, mainly in online format, through FCC Campus, the company's training platform. In addition to continuing with training courses launched in previous years, such as training on the Code of Ethics and Conduct; anti-corruption training; training on tender processes; and training on the Compliance Model, two new online training courses were given in 2021 as part of the FCC Campus Compliance and Values schools: Whistleblowing Channel training and interpersonal conflict management training.

A total of 11,616 FCC Group trainees successfully completed this compliance training in 2021, reaching a total of 5,588 hours of training.

The Board of Directors has entrusted the Compliance Committee with the task of promoting an ethical culture throughout the organisation, ensuring both internal and external regulatory compliance. Its main duties and competencies include the management of the Whistleblowing Channel and the surveillance and supervision of ethics and compliance programmes, as well as the Code of Ethics and Conduct, and of policies, rules, procedures and controls. The Corporate Compliance Officer is the Chairman of the Compliance Committee and informs this Committee, at least monthly, about the performance of its duties and the level of regulatory compliance.

Additionally, in each of the Group's businesses, a Business Compliance Officer is established to assist the Corporate Compliance Officer in the implementation of the Criminal Prevention Model, in the identification of risks, in the definition and monitoring of controls and in the treatment of complaints and investigations related to crimes and breaches of the Code of Ethics and Conduct received. Furthermore, the Business Compliance Committees have been set up as a Crime Prevention body that supports, in this connection, both the Board of Directors or the equivalent decision-making body and the Corporate Compliance Committee itself. As part of the international consolidation of the Compliance Model, local compliance structures have also been established in different geographies.

- **Whistleblowing channel, which allows for the reporting to the audit committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organisation, stating, if applicable, whether it is confidential in nature and whether it allows for anonymous reporting, respecting the rights of the complainant and the reported party.**

The FCC Group has a Whistleblowing Channel, through which it is possible to confidentially report activities and behaviours that may involve a breach of any of the aspects of the Code of Ethics and Conduct, including potential irregularities that could have criminal consequences.

Communications can be made in three ways:

– Via the corporate intranet.

– Sending an email to a specific email address.

– Sending a letter addressed to a specific post box.

All communications, whether anonymous or nominal, are received and analysed confidentially by the Compliance Committee, and a detailed protocol is applied to all of them, with the aim of providing a response, an orderly treatment and the guarantee of non-retaliation against the whistleblower. The management of the Whistleblowing Channel is regulated in the Whistleblowing Channel Procedure, available on the corporate intranet, and also in the Code of Ethics and Conduct itself, which specifies the obligation of all persons linked to FCC Group companies to report any breach of the Code of Ethics and Conduct of which they become aware. The guidelines, procedures, tools and mechanisms for handling different types of investigations are governed by the Investigation and Response Procedure, which guarantees the rights of the parties.n por el Procedimiento de Investigación y Respuesta, que garantiza los derechos de las partes.

- **Training and periodic update programmes for staff involved in the preparation and review of financial information, as well as in the assessment of the Internal Control over Financial Reporting System (ICFR), covering at least accounting standards, audits, internal control and risk management.**

The training plans, both in the business units and at the corporate level, include various training actions focused on the acquisition, updating and recycling of economic-financial, regulatory, risk control and management knowledge, as well as other regulatory and business aspects, knowledge of which is necessary for the adequate preparation, reporting, supervision and communication of the Group's financial information. Over 17,000 hours of specific training were reported in 2021 on these subjects, including those related to the development of accounting treatments in International Financial Reporting Standards, taxation, use of different tools for recording financial information, planning and management, use and protection of data, etc.

## F.2 Assessment of financial information risks

Report, at least:

### *F.2.1. The main characteristics of the risk identification process, including error or fraud, in terms of:*

- **Whether the process exists and is documented.**

The FCC Group Risk Management Model establishes a comprehensive framework for the identification, assessment and management of risks at all levels of the organisation, assigning responsibilities in different areas and levels of the Organisation.

Section E of this Annual Corporate Governance Report details the activities, responsibilities and functioning of the FCC Group Risk Management Model.

- **Whether the process encompasses all the financial information objectives (existence and occurrence; integrity; appreciation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and how often.**

The Risk Management Model includes a risk master that considers, from different perspectives, risks related to the most relevant financial reporting objectives. On the one hand, as part of Operational and Financial Risks, different aspects relating to the analysis, monitoring and efficiency in the management of different financial information are considered. As part of Compliance Risks, the repercussions of non-compliance with the regulatory requirements in accounting, commercial and corporate matters are contemplated. The risk of fraud is contemplated in the Crime Prevention Model. Finally, as part of Reporting Risks, several risks relating to shortcomings in reporting models and systems are considered, including but not limited to aspects of reliability, timeliness and transparency.

Both the risk identification and assessment processes are updated periodically, in response to both business needs and external factors, with periodic reporting of the most significant risks of the different business units and also of the corporate functions.

- **The existence of a consolidation perimeter identification process, taking into account, among other aspects, the possible existence of complex corporate structures or special purpose entities.**

Each of the FCC Group areas is responsible for maintaining and updating the consolidation perimeter corresponding to its area of activity. Documented procedures are also in place for the reporting of consolidated economic and financial information to the Administration Area, for the creation of consolidation perimeters and the execution of the consolidation process. The Accounting Consolidation and Standardisation Department carries out the accounting standardisation function to ensure that the accounting reflection of operations is correct and homogeneous in all the companies that make up the FCC Group and carries out the consolidation process to obtain the Group's consolidated financial statements. Additionally, periodic controls are performed on the correct accounting treatment of companies that make up the consolidation perimeter.

- **Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.**

The risk master includes different operational, technological, information security, financial, legal, environmental, reputational and other risks, which are incorporated into the five main categories defined: strategic, operational, compliance, financial and reporting risks. These risks are valued considering their potential impact on the financial statements should they materialise.

- **Which governing body at the entity supervises the process.**

The Audit and Control Committee is responsible for the regular supervision of the internal control and risk management systems, including tax risks, so that the main risks are properly identified, managed and disclosed. This is with the support of the Internal Audit function in the review of controls, the General Administration and Finance Division and the Corporate Compliance Officer, whose responsibilities include the review of risk maps and controls related to the Criminal Prevention Model.

In addition, the business unit managements also supervise the risk identification process, their main duties and responsibilities being the implementation of the Risk Management Model, the analysis and monitoring of risks, the design of alert indicators and communication with the Risk Management function.

## *F.3 Control activities*

Report, indicating their main characteristics, whether at least the following are in place: :

### *F.3.1. Procedures for reviewing and authorising the financial information and description of the Internal Control over Financial Reporting System (ICFR), to be disclosed to the securities markets, indicating those in charge of them, as well as descriptive documentation concerning the flows of activities and controls (including those relating to fraud risk) of the different types of transactions that may materially affect the financial statements, including the year-end accounting procedure and the specific review of the relevant resolutions, estimates, measurements and projections.*

The high-level functions regarding the Internal Control over Financial Reporting System (ICFR) are assumed by the General Administration and Finance Division of the FCC Group, which certifies the consolidated accounts in terms of their integrity and accuracy, with the approval of the CEO.

The conclusions of the internal control assessment performed by the external auditor as part of the audit of accounts, together with the supervision performed by the General Internal Audit and Risk Management Division, are submitted to the Audit and Control Committee as part of reports containing the recommendations considered necessary.

Finally, the favourable report of the Audit and Control Committee is a preliminary step as part of the preparation of the Annual Accounts and the Management Report by the Board of Directors.

In addition, as part of the process of disclosing financial information to the securities markets, either quarterly or on an exceptional basis, or when a relevant fact is issued, those responsible for each area review the information reported for the purposes of consolidation. This information is consolidated by the Group's General Administration and Finance Division, which performs specific control activities as part of the year-end accounting process to ensure the reliability of this information. The Internal Audit area supervises the process of preparing and submitting the Group's financial information before it is issued to the market.

Additionally, the specific review of the relevant resolutions, estimates, measurements and projections to quantify certain assets, liabilities, income, expenses and commitments recorded and/or broken down in the Annual Accounts, is also carried out by the General Administration and Finance Division with support from the other divisions. Hypotheses and estimates based on the evolution of the business are reviewed and analysed in cooperation with the corresponding Business Divisions.

For each business area, and also for corporate services, the FCC Group has a series of controls to regulate, supervise and monitor, among others, the business management processes, the aim of which is to prevent and detect breaches of the FCC Group's policies and procedures and potential fraud risk situations.

In addition to the bases established in articles 10, 11 and 14 of the Regulations of the Board of Directors, which describe the specific functions relating to the annual financial statements, the management report and the relationship with the securities market, the FCC Group has defined procedures on the processes for closing and maintaining the chart of accounts, including procedures to ensure the correct identification of the scope of consolidation, and also the accounting treatment of the different types of processes and transactions that may affect the financial statements (accounting, tax, insurance, treasury, etc.), and includes a set of rules that allow economic-financial information to be obtained in a standardised manner, including procedures for making economic-financial information available to the Administration and IT area, obtaining consolidated information, tax reporting, filing of annual accounts, accounting, related-party transactions, etc.

### *F.3.2. Internal control policies and procedures on information systems (among others, on access security, change control, their operation, operational continuity and segregation of duties) that support the institution's relevant processes in relation to the preparation and publication of financial information.*

FCC has an Information Security Policy in place that defines the company's information security model, the regulatory body, organisation and responsibilities when it comes to the security, classification of information, the information security areas, the risk analysis model and the information auditing procedure. Internal control policies and procedures on information systems cover all the Group's information management processes, including the processes for preparing and publishing financial information. Certain processes of the Infrastructure activities (Construction and Industrial, Water and Environmental Services) have an Information Security Management System with ISO/IEC 27001 International Certification.

The documentation of the Information Security System includes specific rules on database security, encryption, access control, equipment configuration control, security on mobile devices, backup copies, incident management, systems laboratories, networks, password security, privacy, security in developments, documents and contracting of services with external companies, physical security, roles and responsibilities in information security, return of technological means and for compliance with the requirements of the General Data Protection Regulation, and also the Policy on the Use of Technological Means, the Information Management Policy and the Security Guide on Good Practices when using Technological Means in the non face-to-face work modality. These regulations are published on the corporate intranet.

In addition, the Information Technology area has procedures in place for managing the life cycle of user access, managing changes to platforms and systems and managing security incidents and breaches.

Information and application security is monitored continuously through an SOC (Security Operations Centre) service, and periodic internal reviews of the computer control environment are also performed.

In addition, the Centre of Expertise that provides the support and maintenance service to the FCC Group's ERP has obtained the SAP "Customer Center of Expertise Primary Certification" certificate.

Lastly, in order to ensure a suitable separation of duties in the entity's important processes in relation to the preparation and publication of financial information, the FCC Group has various tools, including role matrices and approval work flows.

### *F.3.3. Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, as well as those aspects of assessments calculations or measurements entrusted to independent experts, which may materially affect the financial statements.*

The FCC Group Purchasing Regulations, specifically the Purchasing Manual, include the supplier approval and evaluation processes applicable to activities subcontracted to third parties. These processes are developed in a specific procedure and are supported by IT tools.

With regard to significant outsourced activities with an impact on the financial statements, the FCC Group has outsourced the provision of management services for its IT and telecommunications infrastructures, and also the support of the main corporate applications. The Information Systems and Technologies Division has a standard that defines the security criteria in terms of outsourcing to external companies, and specific procedures for the control of outsourced services through the contractual regulation of the following aspects:

- Governance mechanisms and service monitoring
- Audits, inspections and service reviews
- Service level management
- Monitoring and control of services performed by third parties that affect ISO 27001 certifications

The main outsourced activities relating to the execution or processing of transactions reflected in the Group's Financial Statements are the measurement of derivative financial products, the performance of actuarial calculations and the appraisal of certain fixed assets. The General Administration and Finance Division monitors these activities.

The economic information prepared in certain projects by business partners is supervised by the FCC Group's management teams for standardisation prior to consolidation in accordance with the guidelines of the procedures on the economic and financial reporting system and forms part of the auditable environment within the annual audit plans and the scope of consolidation.

## F.4 Information and communication

Report, indicating their main characteristics, whether at least the following are in place

### *F.4.1. A specific area in charge of defining, keeping accounting policies up to date (accounting policies area or department) and resolving queries or conflicts concerning their interpretation, maintaining fluid communication with those responsible for operations across the organisation, as well as an up-to-date accounts policy manual communicated across the units through which the company operates.*

Responsibility for the application of the accounting policies at the FCC Group is centralised through the General Administration and Finance Division, to which the Accounting Consolidation and Standardisation Department and Administrative Coordination Department and Administrative Procedures and Tax Division report. These departments are responsible for functions including but not limited to:

- Defining the Group's accounting policies and incorporating them in the Financial Economic Manual.
- Issuing the accounting regulations applicable to the Group.
- Resolving queries or conflicts concerning the interpretation or application of the Group's accounting policies to any company included in the perimeter and specifying, clarifying or extending the instructions and regulations issued.
- Analysing single operations and transactions carried out or that the Group plans to carry out with a view to ensuring their adequate accounting treatment in line with the Group's accounting policies.
- Interpretation of new developments in accounting regulations and their consistent application in all the companies that form part of the Group.
- Resolution of tax queries and incidents and preparation of tax returns and compliance with other tax obligations.

The Economic and Financial Manual containing the accounting regulations is available on the Group's Corporate Intranet. Different departments within the General Administration and Finance Division take care of the updating and maintenance of this system. The FCC Group also has a Tax Code and a Tax Control Framework Standard.

*F.4.2. Mechanisms for obtaining and preparing financial information in homogeneous formats, for application and use by all units of the company or Group, which support the main financial statements and notes, as well as the information provided on the Internal Control over Financial Reporting System (ICFR).*

The FCC Group has implemented SAP environment tools for the consolidation of the economic-financial information used to respond to the reporting needs of its financial statements. This tool makes it possible to centralise a significant part of the information corresponding to the accounting of the individual financial statements of the Group's subsidiaries in a single system. The system is centrally managed and uses a single account plan. Through this tool, the General Administration and Finance Department collects comprehensive information about the FCC Group as a whole, from both Spanish and foreign companies.

The accounting policies, procedures and internal rules relating to year-end, reporting and consolidation processes are described in the Group's Financial and Economic Manual, in addition to detailing the information that must be provided for the consolidation process and defining both the reporting deadlines and the base documents and forms to provide this information. This Manual also includes procedures for obtaining the consolidated information in SAP FC (creation of consolidation perimeters, execution of the consolidation process, controls, etc.) and for all reporting phases, as well as other procedures relating to the processes of applications in the SAP FC environment.

In addition, at year-end and with a view to publishing the annual financial report, the Administration area of the General Administration and Finance Department sends the year-end plan, including a series of instructions, to those responsible for providing the corresponding financial information. The Administrative Coordination Department, specifies, clarifies or extends these instructions when required.

The consolidated accounts follow the guidelines set out in the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS). With a view to guaranteeing a homogeneous accounting process, the FCC Group has developed a corporate chart of accounts that is also included in the Financial and Economic Manual.

With a view to complying with ESEF regulations, the IT tools for XBRL tagging of the consolidated financial statements and notes to the annual financial statements have been adapted in order to publish these accounts in XHTML format.

## F.5 Supervision of the system's functioning

State, indicating their main characteristics, at least:

*F.5.1. The Internal Control over Financial Reporting System (ICFR) supervision activities performed by the audit committee and whether the company has an internal audit area responsible, in addition to other aspects, for supporting the committee in its work to supervise the internal control system, including the ICFR. Furthermore, the scope of the Internal Control over Financial Reporting System (ICFR) assessment carried out during the year and the procedure through which the person in charge of carrying out the assessment will communicate the corresponding results shall be indicated, whether the company has an action plan detailing the possible corrective measures, and whether their impact on financial information has been considered.*

The Audit and Control Committee performs the following activities:

- Inform the General Shareholders' Meeting about the issues raised in relation to the matters within its remit and, in particular, the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.
- Serve as a channel of communication between the Board of Directors and the external auditor at the Company, assessing the outcome of each audit and ensuring his/her independence.
- Supervision of the company's internal audit services to ensure the proper functioning of the internal control and information systems, with the head of internal audit being obliged to submit to the Committee its annual work plan and to inform it directly of any incidents arising during its implementation, and also to submit a report on its activities at the end of each year.
- Supervise and analyse the effectiveness of the internal control and risk management carried out by the Company.
- Supervise the process of preparing and submitting the financial statements and management reports, both individual and consolidated, and the periodic financial information disclosed to the markets, ensuring compliance with legal requirements and the correct application of generally accepted accounting principles.
- Periodically supervise the Internal Control and Risk Management Systems, including tax risks, so that the main risks are properly identified, managed and made known.

The Internal Audit area forms part of the General Internal Audit and Risk Management Division. Its core mission is to facilitate the Audit and Control Committee in the fulfilment of its duties and responsibilities, acting with total independence from management areas, as it functionally reports to the Audit and Control Committee. The responsibilities and competencies related to the Internal Control over Financial Reporting System (ICFR) include:

- Collaborating in the supervision of the process for preparing and submitting the Group's financial information before it is issued to the market.
- Contributing, together with the other functions involved, to the development of internal control by supervising compliance with the policies, standards, procedures and activities that constitute the internal control model in order to mitigate risks, issuing recommendations for improvement.
- Supervising projects and processes, carrying out a risk identification and an assessment of the control environment.
- Act as a third line of defence, conducting reviews of the Compliance Model.
- Performing the internal investigations designated by the Compliance Committee.

The outcome of the reviews performed by the Internal Audit area and the incidents detected are communicated by the General Internal Audit and Risk Management Division to the Audit and Control Committee.

The Audit and Control Committee is also responsible for approving and monitoring the Annual Activity Plan to be carried out by the Audit and Risk Management Directorate General, and also for supervising the work performed. As part of the 2021 Annual Plan, the following work has been carried out mainly in relation to risk management and control and the monitoring of the Group's Financial Information, in different areas:

- Review of significant applications in the field of the FCC Group's Information Technologies, as well as certain aspects of physical and logical security.
- Monitoring of internal control weaknesses detected during both the Internal and External Audit of the IT area.
- Collaborating in the supervision of the individual and consolidated annual accounts of FCC, S.A., as well as the six-monthly financial statements reviewed by the external auditor.
- Collaborating in the supervision of financial and corporate information sent to regulators and markets and supervised by the Audit and Control Committee:
  - Annual financial report.
  - Management reports.
  - Six-monthly financial report.
  - Quarterly reports.
  - Annual Corporate Governance Report.
- Review of the control environment in relation to the prevention of money laundering and terrorist financing.
- Pre-approval of services other than audit services provided by audit firms, collaborating with the Audit and Control Committee in its work of monitoring the independence of the external auditor.
- Audit of key processes, works and projects/contracts focussing, in addition to other aspects, on reviewing financial information and contractual risks.
- Audit of sample procedures and review of supporting processes.
- Supervision of the FCC Group Criminal Compliance Model.

*F.5.2. Whether a discussion procedure is in place, whereby the account auditor (pursuant to the provisions of the NTA), the internal audit area and other experts can inform Senior Management and the Audit Committee or the company's administrators of significant internal control shortcomings identified during the review of the annual accounts or those entrusted to them. Furthermore, indicate whether an action plan is in place that seeks to correct or mitigate the shortcomings identified.*

The Regulations of the Board of Directors at the FCC Group establish that it is the responsibility of the Audit and Control Committee to serve as a channel of communication between the Board of Directors and the Company's external auditor, assessing the results and discussing the significant shortcomings in the Control System Internal detected during the performance of the audit.

The Group's auditor has direct access to Senior Management, holding regular meetings, both to obtain information required for the performance of his/her work, and to communicate the control shortcomings detected. The main conclusions of their reviews are presented to the Audit and Compliance Committee, detailing the internal control weaknesses revealed in the course of their review of the Group's annual financial statements, including any aspects they consider relevant. In 2021, the External Auditor attended the Audit and Control Committee four times, presenting four reports.

Additionally, the Internal Audit and Risk Management Department periodically informs the Audit and Compliance Committee of the most relevant aspects of relations with the external auditors and the results of the work included in the Audit Plan related to the supervision of the reliability and integrity of the financial and management information of the Group companies prior to its release to the market, the reviews carried out in relation to compliance with internal and external regulatory requirements, the functioning of the internal control systems, and the development and functioning of the risk management systems, as well as the significant internal control weaknesses identified therein, indicating the recommendations to be implemented for their improvement.

In addition, the Audit and Control Committee, in addition to relying on the Directorate General Internal Audit and Risk Management to fulfil its responsibilities and competencies, will have the support and backing of other areas or functions. In this regard, the Audit and Control Committee receives reports from the General Administration and Finance Division, the Corporate Compliance Officer and various corporate functions regarding materialised risks.

### F.6 Other relevant information

N/A

### F.7 External auditor's report

Report on:

*F.7.1. Whether the Internal Control over Financial Reporting System (ICFR) information sent to the markets has been submitted to review by the external auditor, in which case, the company should attach the corresponding report as an appendix. Otherwise, the reasons for not doing so shall be indicated.*

The information contained here on the Internal Control over Financial Reporting System (ICFR) has been submitted to review by the external auditor, whose report is attached as an appendix to this document. The review has been based on the "Action Guidelines and Reporting Model for the auditor regarding information relating to the Internal Control over Financial Reporting System (ICFR) of listed companies" published by the CNMV in 2013.

## G Degree of compliance with corporate governance recommendations

Indicate the degree of compliance at the company with the recommendations of the Code of Good Governance of Listed Companies.

In the event that any recommendation is not followed or is only partially followed, a detailed explanation of the reasons for this shall be included, so that shareholders, investors and the market in general have sufficient information to assess the company's behaviour. General explanations are not acceptable.

1. **Que los estatutos de las sociedades cotizadas no limiten el número máximo de votos que pueda emitir un mismo accionista, ni contengan otras restricciones que dificulten la toma de control de la sociedad mediante la adquisición de sus acciones en el mercado.**

   Compliant ☒ Explain ☐

2. **Where the listed company is controlled, within the meaning established by Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiary companies, business dealings with that entity or any of its subsidiary companies (other than those of the listed company) or engages in activities related to those of any of them, it should accurately publicly disclose the following:**

   a) **The respective areas of activity and any business relationships between, the listed company or its subsidiary companies and the parent company or its subsidiary companies.**

b) **The proposed mechanisms for resolving any conflicts of interests that may arise.**

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

The Audit and Control Committee is responsible for the knowledge of related-party transactions, which are subject to regulatory controls.

3. **During the ordinary general shareholders' meeting, in addition to the dissemination in writing of the annual corporate governance report, the Chairman of the Board of Directors verbally informs shareholders, in sufficient detail, of the most relevant aspects of the Company's Corporate Governance and, in particular:**

   a) **Changes that have occurred since the last General Shareholders' Meeting.**

   b) **Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.**

Compliant ☐ Partially compliant ☐ Explain ☒

The Company believes that the provisions of the company's corporate governance information to shareholders in the specific report prepared to this end is sufficient; this report accompanies the information made available before the Meeting is held.

In this regard, the notice of the General Shareholders' Meeting expressly states in the "Right to Information" section that any shareholder may obtain from the Company, for examination at the registered office or to be sent immediately and free of charge, among other documents, the Annual Corporate Governance Report, which is submitted to the shareholders for approval as part of the Management Report.

This report is available online on the Company's website under its corporate governance section.

4. **The company defines and promotes a policy regarding communication and contact with shareholders, institutional investors in the framework of their involvement in the company, as well as with voting advisors that fully complies with the standards in force to combat market abuse and addresses shareholders in the same position equally. The company publishes this policy on its website, including information related to the way in which it has been implemented and identifying the points of contact or persons responsible for carrying it out.**

   **And, notwithstanding the legal obligations to disclose inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that helps to maximise the dissemination and quality of the information available to the market, investors and other stakeholders.**

Compliant ☐ Partially compliant ☐ Explain ☒

The Company has drafted its Policy on Communication and Contacts with Shareholders, Institutional Investors, Analysts, Voting Advisors and Credit Rating Agencies, which the Board of Directors may approve in financial year 2022.

Notwithstanding the above, in practice, the Company, in its communication activities, fully observes the rules against market abuse and gives similar treatment to shareholders in the same position and, within the framework of legal obligations to disclose inside and other regulated information, the Company endeavours to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

5. **The Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of first refusal rights in an amount exceeding 20% of the capital at the time of delegation.**

And the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Compliant ☒ Partially compliant ☐ Explain ☐

6. The listed companies that prepare the reports mentioned below, whether they are mandatory or voluntary, publish them on their website well in advance of the Ordinary General Shareholders' Meeting, even when their dissemination is not mandatory:

   a) Report on the independence of the auditor.

   b) Reports on the functioning of the audit committee and the appointments and remuneration committee.

   c) Report of the audit committee on related transactions.

Compliant ☐ Partially compliant ☒ Explain ☐

The Company publishes on its website, together with the other documentation that must be made available to shareholders when the General Meeting is convened, the report of the Audit and Compliance Committee on the independence of the auditor, as well as the reports on the functioning of the Audit and Compliance Committee and the Appointments and Remuneration Committee.

With regard to related-party transactions, the Audit and Control Committee, which exercises, in accordance with the law, the function of reporting on related-party transactions to be approved by the General Meeting or the Board of Directors.

In this regard, the Company considers that information on related-party transactions is sufficiently disclosed to shareholders in section D of the IAGC, which lists the significant related-party transactions that have taken place during the year.

7. The company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

   And the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Compliant ☒ Partially compliant ☐ Explain ☐

8. The audit committee should ensure that the financial statements submitted by the board of directors to the general shareholders' meeting are drawn up in accordance with accounting standards. In those cases in which the auditor has included an exception in the audit report, the chairman of the audit committee should clearly explain at the general meeting the audit committee's opinion on its content and scope, and a summary of said opinion should be made available to shareholders at the time of publication of the notice of call to the meeting, together with the rest of the board's proposals.

Compliant ☒ Partially compliant ☐ Explain ☐

9. The company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

   These requirements and procedures promote the attendance and exercise of shareholders' rights and are applied in a non-discriminatory manner.

Compliant ☒ Partially compliant ☐ Explain ☐

10. When a legitimate shareholder has exercised, before the General Shareholders' Meeting is held, the right to add to the agenda or submit new resolutions, the Company should:

    a) Immediately disseminates these additional items and new resolutions proposed.

    b) Discloses the attendance card template or vote delegation form or distance voting form with the necessary modifications so that the new items on the agenda and alternative resolution proposals can be voted on under the same terms as those proposed by the Board of Directors.

    c) Submit all the alternative points or proposals to a vote and apply the same voting rules as applied to those prepared by the Board of Directors, including, in particular, assumptions or deductions on the meaning of the vote.

    d) After the General Shareholders' Meeting, communicate the breakdown of the vote on these additional items or alternative proposals.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

11. If the company plans to pay out attendance premiums to the General Shareholders Meeting, a general policy on these premiums is established in advance and this policy is stable.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

12. The Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

    And in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Compliant ☒ Partially compliant ☐ Explain ☐

13. The Board of Directors is the correct size to ensure it is effective and participative, meaning it is advisable to have between five and fifteen members.

Compliant ☒ Explain ☐

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

    a) be specific and verifiable;

    b) ensure that proposed appointments and re-elections are based on a preliminary analysis of the powers required by the board of directors; and

    c) promote the diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior executives are considered to be conducive to gender diversity.

    The result of the preliminary analysis of powers required by the Board of Directors is included in the explanatory report issued by the Appointments Committee that is published when the General Shareholders Meeting is called and to which the ratification, appointment or re-election of each director is submitted.

**The Appointments Committee will verify compliance with this policy and will be informed in the Annual Corporate Governance Report.**

Compliant ☐ Partially compliant ☒ Explain ☐

Article 38.4.j) of the Regulations of the Board of Directors establishes the following among the functions of the Appointments and Remuneration Committee: "Assist the Board in its function of ensuring that the procedures for selecting its members favour diversity with respect to matters such as age, gender, disability or 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 to be achieved, in such a way that the Company deliberately seeks and includes among the potential candidates, women who meet the desired professional profile, and the Board must explain, where appropriate, through the Annual Corporate Governance Report, the reason for the low or non-existent number of female directors and the initiatives adopted to correct such situation. For this purpose, it should set a target for representation of the under-represented sex on the board and develop guidance on how to achieve this target".

Thus, In 2019, FCC renewed its commitment to the Diversity Charter for the period 2019-2021, a voluntary code for the promotion of the core Equality principles. The initiative, promoted by the Directorate of Justice at the European Commission as part of the development of its anti-discrimination policies, contemplates the implementation of inclusion policies and non-discrimination programmes at signatory companies.

Notwithstanding the foregoing, the Company has not considered it necessary at this time to include the various provisions already in place regarding the composition and diversity of directors in a specific document formally called a "policy", although the essential principles of Recommendation 14 are included in the rules of conduct of the Company's governing bodies and are applied by them when necessary.

15. **Proprietary and independent directors should constitute a substantial majority of the Board of Directors and the number of executive directors should be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.**

    **And that the number of female directors should account for at least 40% of the members of the board of directors by the end of 2022 and beyond, but no less than 30% before then.**

Compliant ☐ Partially compliant ☒ Explain ☐

With regard to the percentage of female directors, the FCC's Board of Directors has four female directors out of a total of 14, entailing a percentage of 28.57.

16. **The number of proprietary directors as a percentage of the total number of non-executive directors should not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.**

    **This criterion may be relaxed:**

    a) **a) At companies with a high capitalisation with few shareholdings considered significant by law.**

    b) **For companies in which there is a large number of shareholders represented on the Board of Directors who have no links to one another.**

Compliant ☒ Explain ☐

17. The number of independent directors represents at least half the total number of directors.

    However, when the company is not highly capitalised or when, even if it is, one shareholder or more shareholders are acting together, controlling more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

Compliant ☐ Explain ☒

On its Board of Directors, FCC has three independent directors out of a total of fourteen members, representing 21 percent of the total number of directors.

FCC considers that such percentage does not make it necessary to increase the number of independent directors, taking into account the highly concentrated shareholding structure of the Company and the effective role played by the three independent directors.

18. Companies should publish the following information on its directors on their websites and keep it up to date:

    a) Professional and biographical profile.

    b) Other boards of directors to which they belong, whether at listed companies or not, and the other paid activities they perform, regardless of their nature.

    c) Indication of the category of Director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.

    d) Date of their first appointment as a Director of the Company, as well as subsequent re-elections.

    e) Shares in the company, and options on them, that they own.

Compliant ☒ Partially compliant ☐ Explain ☐

19. The Annual Corporate Governance Report, after a check performed by the Appointments Committee, explains the reasons that proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the share capital; and it explains the reasons that formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others, at whose request proprietary directors have been appointed, have not been met.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

20. Proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

21. The Board of Directors does not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be considered that there is just cause when the director first occupies new positions or contracts new obligations that prevent him/her from dedicating the necessary time to the performance of the duties assigned to the position of director, breaches the duties inherent to the position in question or incurs in any of the circumstances resulting in him/her losing his/her status as an independent director, pursuant to the provisions of the applicable legislation.

    The removal of independent directors may also be proposed as a result of takeovers, mergers or other similar corporate transactions that involve a change in the capital structure of the company, when these changes in the structure of the Board of Directors can be attributed to the criteria of proportionality indicated in recommendation 16.

Compliant ☒ Explain ☐

22. Companies should establish rules requiring directors to report and, where appropriate, resign when situations arise affecting them, whether or not this is related to their actions in the company itself, which could be harmful to the credit and reputation of the company. This is in addition to the specific requirement of informing the Board of Directors of any criminal proceedings in which they are under investigation, as well as the progress of any such proceedings.

    And, having been informed of or otherwise having become aware of any of the situations mentioned in the previous paragraph, the board should examine the case as soon as possible. It should also, in view of the specific circumstances, decide, after a report from the appointments and remuneration committee, whether or not to adopt any measures, such as opening an internal investigation, requesting the resignation of the director or proposing his or her dismissal. And to report on the matter in the annual corporate governance report, unless there are special circumstances justifying this, which should be recorded in the minutes. This is notwithstanding the information that the company must disclose, where appropriate, at the time of adopting the corresponding measures.

Compliant ☒ Partially compliant ☐ Explain ☐

23. All directors clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest. The same applies, in a special way, to independents and other directors who are not affected by any potential conflict of interests, in the case of decisions that may harm shareholders not represented on the Board of Directors.

    When the Board of Directors adopts significant or repeated decisions about which the director would have made reservations, he/she shall draw the necessary conclusions and, if he chooses to resign, explain his/her reasons for doing so in the letter indicated in the following recommendation.

    This recommendation also applies to the secretary of the Board of Directors, even if he/she does not have the status of a director.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

24. When, either by resignation or by resolution of the general meeting, a director steps down before the end of their term of office, they should sufficiently explain the reasons for their departure or, in the case of non-executive directors, their views on the reasons for the board's decision to dismiss them, in a letter sent to all members of the Board of Directors.

    And, notwithstanding the fact that all the above is disclosed in the annual corporate governance report, to the extent that it is relevant for investors, the company should announce the departure as soon as possible, including a sufficient mention of the reasons or circumstances provided by the director.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

25. The Appointments Committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

    And the Regulations of the Board establish the maximum number of Boards on which its directors may serve.

Compliant ☐ Partially compliant ☒ Explain ☐

Article 21.4 of the Regulations of the Board of Directors stipulates that "Directors must inform the Appointments and Remuneration Committee of their other professional obligations, in case they might interfere with the dedication proper to their position".

Article 38.4.a) of the Regulations of the Board of Directors also establishes that the functions of this Committee include "Assessing the skills, knowledge and experience required on the Board of Directors. For these purposes, it shall define the functions and skills required of the candidates to fill each vacancy and shall assess the time and dedication necessary for them to perform their duties effectively, ensuring that the non-executive directors have sufficient time available for the proper performance of their duties".

The Company, for the time being, has not set the maximum number of boards to which each director may belong, given that the proven dedication of the directors to the company is adequate, without it being considered necessary, therefore, to indicate such number, for which reason the Company understands that it partially complies with the recommendation.

26. The Board of Directors meets with the necessary frequency to perform its duties effectively and, at least, eight times a year, following the programme of dates and matters established at the beginning of the year, with each director allowed to individually propose other items on the agenda not initially provided for.

Compliant ☒ Partially compliant ☐ Explain ☐

27. The absence of directors is limited to indispensable cases and quantified in the Annual Corporate Governance Report. And when absences do occur, the director should appoint a proxy with instruction.

Compliant ☐ Partially compliant ☒ Explain ☐

Although during financial year 2021, absences of directors have been reduced to essential cases, no proxies have been granted with instructions when absences have been necessary.

28. When the directors or the secretary express concern about any proposal or, in the case of directors, about the progress of the company and these concerns are not resolved by the Board of Directors, at the request of the person expressing them, these shall be recorded in the minutes.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

29. The Company establishes the appropriate channels so that directors can obtain the necessary advice for them to perform their duties, including, if the circumstances so require, external advice charged to the company.

Compliant ☒ Partially compliant ☐ Explain ☐

30. Regardless of the knowledge required by directors in the exercise of their duties, the companies also offer the directors knowledge refresher programmes when the circumstances so advise.

Compliant ☒ Explain ☐ Not applicable ☐

31. The agenda of meetings clearly indicates the points on which the Board of Directors must adopt a decision or resolution so that the directors can study or collect, in advance, the information necessary for its adoption.

When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or resolutions that do not appear on the agenda for approval by the Board of Directors, the prior and express consent of the majority of the directors present shall be required, duly reflected in the minutes.

Compliant ☒ Partially compliant ☐ Explain ☐

32. Directors are periodically informed of changes in the shareholding structure and of the opinion that significant shareholders, investors and rating agencies have about the company and its Group.

Compliant ☒ Partially compliant ☐ Explain ☐

33. The Chairman, as the person responsible for the effective functioning of the Board of Directors, in addition to exercising the duties assigned to him by Law and in the Bylaws, prepares and submits a programme of dates and matters to be discussed to the Board of Directors; organises and coordinates the periodic assessment of the Board, as well as, where appropriate, the company's Chief Executive; is responsible for the direction of the Board and the effectiveness of its functioning; ensures that sufficient discussion time is devoted to strategic issues, and agrees and reviews knowledge refreshver programmes for each director, when the circumstances so advise.

Compliant ☒ Partially compliant ☐ Explain ☐

34. When there is a coordinating director, the Bylaws or the Regulations of the Board of Directors, in addition to the powers that correspond to him by Law, assign the following powers thereto: preside over the Board of Directors in the absence of the Chairman and Vice Chairman, as applicable; echoes the concerns of non-executive directors; maintains contact with investors and shareholders to obtain their points of view to form an opinion on their concerns, particularly in relation to the corporate governance of the company; and coordinates the Chairman's succession plan.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

35. The secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Compliant ☒ Explain ☐

36. The Board of Directors assesses, once a year, and adopts, where appropriate, an action plan that corrects any shortcomings detected regarding:

a) The quality and efficiency of the functioning of the Board of Directors.

b) The workings and composition of its committees.

c) Diversity in the composition and powers of the Board of Directors.

d) The performance of the Chairman of the Board of Directors and the Chief Executive of the company.

e) The performance and contribution of each director, paying particular attention to those responsible for the different Committees of the Board of Directors.

To perform the assessment of the different committees, the report submitted to the Board of Directors will be used, and for the Board assessment, the report submitted to the Appointments Committee.

Every three years, the Board of Directors will be assisted by an external consultant in performing the assessment, whose independence shall be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group may have with the company or any Group company shall be broken down in the Annual Corporate Governance Report.

The process and areas evaluated must be described in the annual corporate governance report.

Compliant ☐ Partially compliant ☒ Explain ☐

The Board of Directors internally performs the annual assessment of the efficiency of its functioning, its committees, as well as that of the Chairman of the Board of Directors (non-executive) and the CEO.

The Company believes that the conclusions drawn during the internal assessment make it possible to sufficiently correct any shortcomings detected or improvements in the functions assigned to the Board.

The assessment with the help of an external consultant has been carried out twice in the past. The Board shall assess the suitability of requesting such external assistance each year.

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent and its secretary should be the secretary of the board of directors.

Compliant ☐ Partially compliant ☒ Explain ☐ Not applicable ☐

The Secretary of the Executive Committee is the same as the Secretary of the Board and, in addition, has several non-executive members. However, the composition of this Committee, whose members have been appointed by the Board taking into account the knowledge, skills and experience of the directors and the duties of the Committee, does not include any independent directors, three of whom are present in the full Board.

All decisions taken by the Executive Committee are reported to the Board.

On this Committee, independent directors may request as many clarifications or comments as they deem appropriate.

Given the continuous control that the Board exercises over the Executive Committee, it has not been considered necessary to include independent directors on this Committee.

38. The board of directors should always be informed of the business transacted and decisions taken by the executive committee and all members of the board of directors should receive copies of the minutes of the meetings of the executive committee.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

39. Members of the Audit Committee as a whole, and especially its Chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Compliant ☒ Partially compliant ☐ Explain ☐

40. Under the supervision of the audit committee, there should be an internal audit unit to ensure the proper functioning of internal control and information systems, reporting functionally to the non-executive chairman of the board or the chairman of the audit committee.

Compliant ☒ Partially compliant ☐ Explain ☐

41. The head of the unit responsible for the internal audit function should present the annual work plan to the audit committee for approval by the committee or the board, report directly to it on its implementation, including any incidents and limitations on scope arising in the course of its implementation, the results and follow-up of its recommendations, and submit an activities report to it at the end of each year.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

42. In addition to those provided by law, the Audit Committee assumes responsibility for the following functions:

1. In relation to information and internal control systems:

a) Supervise and assess the preparation process and the integrity of financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, if applicable, the group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, reviewing compliance with regulatory requirements, the adequate definition of the scope of consolidation and the correct application of accounting criteria.

b) Ensure the independence of the Internal Audit function; propose the selection, appointment and removal of the head of the Internal Audit service, as well as the budget of this service; approving or proposing approval to the Board of the annual internal audit orientation and work plan, making sure that its activity is mainly focused on relevant risks (including reputational risks); receive periodic information about its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.

c) 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 become aware of within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for scenarios where communications can be made anonymously, respecting the rights of the complainant and the reported party.

d) Generally ensure that the policies and systems in place for internal control are effectively implemented in practice.

2. In relation to the external auditor:

a) In case of the resignation of the external auditor, examine the circumstances that may have led to this.

b) Ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.

c) Ensure that the company communicates any change in auditor through the CNMV and accompanies this with a statement about the possible existence of disagreements with the departing auditor and, if there were any disagreements, the nature of them.

d) Ensure that the external auditor holds an annual meeting with the Board of Directors to inform them about the work undertaken and the development of the accounting and risk situation at the company.

e) Ensure that the company and the external auditor respect the rules in force on the provision of services other than auditing services, the limits on the concentration of the auditor's business and, in general, the other rules applicable to the auditor's independence.

Compliant ☐ Partially compliant ☒ Explain ☐

The company's Audit and Compliance Committee performs all the functions envisaged in this recommendation, with the sole exception of the meeting of the external auditor with the full board referred to in section 2.d) of this recommendation, which does not take place, given that, in accordance with the provisions of article 15.1 of the Board Regulations, the board's relations with the external auditor are channelled through the Audit and Compliance Committee, this being the ordinary sphere of information of the external auditor to the members of the board.

Notwithstanding this, the Board is duly informed of the most relevant issues dealt with in the Committee, given that, on the one hand, the Committee reports to the Board on the development of its functions, informing the Board, at the first plenary session following the Committee's meetings, of the activity carried out by the Committee and, on the other hand, a copy of its minutes is sent to all the members of the Board.

43. The Audit Committee may summon any employee or manager at the company, and even arrange for them to appear without any other manager present.

Compliant ☒ Partially compliant ☐ Explain ☐

44. The Audit Committee is informed about the structural and corporate modifications that the company plans to perform for its analysis and preliminary report to the Board of Directors on its economic conditions and its accounting impact and, especially, where appropriate, on the proposed exchange ratio.

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

To date, all directors at the company, including independent directors, have voted in favour of the transactions referred to in this recommendation, meaning that the step previous to those before the Audit and Control Committee is not considered necessary.

In any case, on the Board of Directors, members of the Audit and Control Committee may present their reflections and opinions, which will be taken into account by the Board at the time of making a decision.

45. The risk control and management policy identifies or determines at least:

a) The different types of risk, both financial and non-financial, (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) that the company faces, including financial or economic, contingent liabilities and other off-balance-sheet risks.

b) A tiered risk management and control model, including a specialised risk committee where sectoral rules require this or where the company deems it appropriate.

c) The level of risk that the Company considers acceptable.

d) The measures planned to mitigate the impact of the risks identified, should they materialise.

e) Ensure that control and risk management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Compliant ☒ Partially compliant ☐ Explain ☐

46. Under the direct supervision of the Audit Committee or, where appropriate, a specialised committee of the Board of Directors, there is an internal risk control and management function performed by an internal unit or department at the company that has been expressly attributed the following functions:

a) Ensure the proper functioning of the control and risk management systems and, in particular, that all important risks affecting the Company are properly identified, managed, and quantified.

b) Actively participate in the preparation of the risk strategy and in the important decisions about its management.

c) Ensure that control and risk management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Compliant ☒ Partially compliant ☐ Explain ☐

47. The members of the Appointments and Remuneration Committee, or of the Appointments Committee and the Remuneration Committee, if they are separate, should be appointed ensuring that they have the knowledge, skills and experience suitable for the duties they are called upon to perform and the majority of the members should be independent directors.

Compliant ☐ Partially compliant ☒ Explain ☐

The Appointments and Remuneration Committee is currently made up of two proprietary and two independent directors, one of whom is the Chairman.

FCC considers that the configuration of the Appointments and Remuneration Committee, with two independent directors out of a total of four, and one of them being the chairman, sufficiently guarantees the proper functioning of this Committee, considering the most relevant aspect for the purposes of the composition of the Committee to be that all its members have been appointed by the Board bearing in mind the knowledge, skills and experience of the directors and the duties of each Committee.

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

Compliant ☐ Explain ☒ Not applicable ☐

The two recommended committees are integrated into a single Appointments and Remuneration Committee when considering the Board of Directors:

- that the union of the two facilitates the fulfilment of the attributed functions.
- two separate Committees would not have sufficient matters to deal with during the year to justify the separation, considering that a single Committee can fully comply with all the functions attributed to each Committee by law and the Recommendations of the Code of Good Governance of listed companies.

49. The Appointments Committee should consult with the Chairman of the Board of Directors and the CEO of the Company, especially on matters relating to executive directors.

And any director may request the consideration of potential candidates to fill vacancies of Director from the Appointments Committee, if it finds them suitable in its opinion.

Compliant ☒ Partially compliant ☐ Explain ☐

50. The Remuneration Committee should carry out its duties independently and, in addition to the duties assigned by law, should have the following responsibilities:

a) Propose to the Board of Directors the basic conditions of senior management contracts.

b) Verify compliance with the remuneration policy established by the company.

c) Regularly review the remuneration policy applied to directors and senior executives, including the share based remuneration systems and their application, and ensure that their individual remuneration is in line with that paid to the other directors and senior executives at the Company.

d) Ensure that any conflicts of interest do not undermine the independence of the external advice provided to the committee.

e) Verify the information on directors' and senior executives' remuneration contained in the various corporate documents, including the annual directors remuneration report.

Compliant ☒ Partially compliant ☐ Explain ☐

51. The remuneration committee should consult with the company's chairman and CEO, especially on matters relating to executive directors and senior executives.

Compliant ☒ Partially compliant ☐ Explain ☐

52. The rules governing the composition and operation of the supervision and control committees should be set out in the regulations of the Board of Directors and be consistent with those applicable to the legally obligatory committees in accordance with the above recommendations, including:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) Their chairmen should be independent directors.

c) The Board of Directors should appoint the members of these committees, bearing in mind the knowledge, skills and experience of the directors and the duties of each committee, and should discuss their proposals and reports; and to report, at the first plenary session of the Board of Directors after its meetings, on its activity and should be accountable for the work carried out.

d) The committees may seek external advice, when they consider it necessary for the carrying out of their duties.

e) Minutes should be taken of their meetings and made available to all directors.

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors, which may be the audit committee, the appointments committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the board of directors, in the exercise of its powers of self-organisation, has decided to set up. Such a committee should be formed solely of non-executive directors, the majority of whom should be independent, and should be specifically attributed at least the duties indicated in the following recommendation.

Compliant ☒ Partially compliant ☐ Explain ☐

54. The minimal duties referred to in the above recommendation are as follows:

a) Overseeing compliance with the company's corporate governance rules and internal codes of conduct, and ensuring that the corporate culture is aligned with its purpose and values.

b) Overseeing the implementation of the general policy on economic-financial, non-financial and corporate reporting as well as communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the institution communicates and interacts with small and medium-sized shareholders will also be monitored.

c) Regular evaluation and review of the Company's corporate governance system and environmental and social policy, in order for them to fulfil their aim of promoting the corporate interest and taking into account, as appropriate, the legitimate interests of other stakeholders.

d) Ensuring that the company's environmental and social practices are in line with the established strategy and policy.

e) The supervision and evaluation of the processes of relationship with the different stakeholders.

Compliant ☒ Partially compliant ☐ Explain ☐

55. Sustainability policies on environmental and social issues should at least identify and include:

a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, environment, diversity, accountability, respect for human rights and prevention of corruption and other unlawful actions.

b) Methods or systems for monitoring compliance with policies, associated risks and their management.

c) Mechanisms for monitoring non-financial risk, including those related to ethical and business conduct issues.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Compliant ☒ Partially compliant ☐ Explain ☐

56. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to reward the dedication, qualifications and responsibility required for the position, but should not be so high as to compromise the independent judgement of non-executive directors.

Compliant ☒ Explain ☐

57. Variable remuneration linked to the company's performance and personal performance, as well as compensation in the form of shares, options or rights to shares or instruments linked to the value of the share and long-term savings schemes such as pension plans, retirement systems or other social welfare systems, should be exclusively limited to executive directors.

    The delivery of shares may be considered as remuneration to non-executive directors when it is subject to their remaining on the board. The foregoing shall not apply to the shares that the director needs to sell, if any, to meet the costs related to their acquisition.

Compliant ☒ Partially compliant ☐ Explain ☐

58. In the case of variable remuneration, remuneration policies should include the necessary technical limits and precautions to ensure that said remuneration is related to the professional performance of its beneficiaries and is not simply a result of general market or sector trends or other similar circumstances.

    And, in particular, that the variable components of remuneration:

    i. Should be linked to performance criteria that are predetermined and measurable, and these criteria should take into account the risk assumed in order to obtain a result.

    ii. Should promote the sustainability of the company and include non-financial criteria that are appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.

    iii. Should be designed on the basis of a balance between the achievement of short-, medium- and long-term objectives, allowing performance to be rewarded for continued achievement over a period of time sufficient to assess their contribution to sustainable value creation, so that the elements used to measure that performance do not revolve solely around one-off, occasional or extraordinary events.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

59. The payment of variable components of remuneration is subject to sufficient verification that the performance or other conditions set out above have been effectively met. Entities shall include in the annual directors' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

    In addition, entities should consider the establishment of a malus clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that can lead to their total or partial loss should an event occur prior to the time of payment that makes this advisable.

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

The CEO's variable is related to EBITDA, operating cash flow and individual objectives. This variable is approved once the Board of Directors has drawn up the accounts and approved the financial objectives.

60. Remuneration related to the Company's profit and loss should take into account any qualifications in the external auditor's report that reduce said profit and loss.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

**61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments tied to their value.**

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

Although article 38 of the Articles of Association provides for the possibility that directors may be remunerated through the delivery of shares or stock options of the Company itself, the Company has not considered it necessary for the time being to establish remuneration to its executive directors through the delivery of shares or financial instruments referenced to their value, since it considers that the current variable remuneration systems for its executive directors are the most appropriate to encourage their motivation and professional performance, as well as their commitment and linkage to the interests of the Company and the Group. In particular, the variable remuneration of the Chief Executive Officer, as expressly set forth in the current Remuneration Policy, shall be established, implemented and maintained in line with the business and risk management strategy of the Company, its risk perfil, its objectives, its risk management practices, and the short, medium and long-term performance and interests of FCC as a whole, and shall include measures aimed at avoiding conflicts of interest.

**62. Once the shares, options or financial instruments corresponding to the remuneration systems have been attributed, executive directors may not transfer ownership or exercise them until at least three years have passed.**

**An exception is made where the director has, at the time of the transfer or exercise, a net economic exposure to share price changes of a market value equivalent to an amount of at least twice his or her annual fixed remuneration through the ownership of shares, options or other financial instruments.**

**The above will not apply to shares that the director needs to dispose of in order to meet the costs related to their acquisition or, after a favourable assessment from the appointments and remuneration committee, to address extraordinary situations that so require it.**

Compliant ☐ Partially compliant ☐ Explain ☐ Not applicable ☒

**63. Contractual agreements should include a clause allowing the company to claim reimbursement of the variable components of remuneration when the payment has not been in accordance with the performance conditions or when they have been paid on the basis of data which is subsequently proven to be inaccurate.**

Compliant ☐ Partially compliant ☐ Explain ☒ Not applicable ☐

Variable remuneration is approved by the Board of Directors once the parameters to which it is tied have been verified. It has not been considered necessary, both because of the volume of the remuneration and the time at which it is paid, to establish additional precautions.

**64. Severance payments of payments for contract termination should not exceed a set amount equivalent to two years' total annual remuneration and should not be paid until the company has been able to verify that the director has met the criteria or conditions established for their receipt.**

**For the purposes of this recommendation, termination or contractual termination payments include any payments that accrue or are payable as a result of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-compete agreements.**

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

# H Other information of interest

1. If there are any relevant aspects of Corporate Governance in the Company or in the Group Entities that have not been included in the other sections of this report, but that are necessary to include in order to obtain more complete and detailed information on the governance structure and practices in the entity or its group, please briefly describe them.
2. This section may also include any other information, clarification or detail related to the previous sections of the report insofar as they are relevant and not repetitive.

   Specifically, it shall indicate whether the company is subject to legislation other than Spanish legislation on corporate governance and, if so, include any information that it is obliged to provide that is different from that required in this report.
3. The Company may also indicate whether it has voluntarily adhered to other international, sectoral or other codes of ethical principles or good practice. If applicable, the code in question and the date of adhesion shall be specified. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010.

VOLUNTARY ADHERENCE TO CODES OR GOOD PRACTICES:

Since 2018, FCC has had a new Code of Ethics and Conduct approved by its Board of Directors. Likewise, in 2018, the Board of Directors approved a regulatory section on Compliance and a Group-wide risk control system. In 2019, the Board of Directors slightly updated the Group's Code of Ethics and Conduct.

The FCC Group provides its employees with a Whistleblowing Channel for reporting possible breaches of its Code of Ethics and Conduct and criminal offences.

FCC has been a member of the United Nations Global Compact since 7 May 2007.

Regarding tax matters, on 28 July 2010 the Board of Directors of FCC adopted the decision to adhere to the Code of Good Tax Practices, thereby effectively complying with the obligations arising from it each year.

This annual corporate governance report was approved by the company's Board of Directors at its meeting on 23 February 2022.

Indicate whether any directors voted against or abstained from voting on the approval of this Report.

Yes ☐ No ☒

| Name or company name of the director who voted against the approval of this report | Reasons (against, abstention, non-attendance) | Explain the reasons |
|---|---|---|
| | | |

| Observations |
|---|
| |

**Auditor's Report on Information Relating to Internal Control Over Financial Reporting (ICFR) of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. for the year ended December 31, 2021**

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

Building a better working world

AUDITOR'S REPORT ON "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

(Translation of a report and the information relating to the internal control over financial reporting originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails).

To the Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

As requested by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter, the Company) and our proposal letter of January 27, 2022, we have applied certain procedures in relation to the accompanying "ICFR disclosures" of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A for the year ended December 31, 2021, which summarizes the Company's internal control procedures in respect of its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance, and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Company in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature, and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditor's Report on Information Relating to The 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. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Entity's 2021 financial data described in the accompanying ICOFR information. As a result, had we performed additional procedures to those stipulated in the abovementioned Guidelines or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for in said regulations.

The procedures performed were the following:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is disclosed in the Annual Corporate Governance Report disclosure information included in the Directors' Report-and assess whether such information addresses all the required information which will follow the minimum content detailed in paragraph F, relating to the description of the ICFR, as per the model Annual Corporate Governance Report established by CNMV Circular nº 5/2013 of June 12, 2013 of the CNMV and subsequent amendments, the most recent being CNMV Circular nº 3/2021 of September 28 (hereinafter, the CNMV Circulars).

2. Making inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of the process followed in its preparation; (ii) obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework definitions; (iii) obtain information on whether the control procedures described are implemented and in use by the Company.

3. Reviewing the explanatory documentation supporting the information detailed in item 1 above, including documents directly made available to those responsible for describing ICFR systems. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the audit and control committee.

4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit of the financial statements.

5. Reading of the minutes taken at meetings of the board of directors, audit and control committee, and other committees of the Company to evaluate the consistency between the ICFR businesses transacted and the information detailed in item 1 above.

6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and authorizing the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.





This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV circulars on ICFR-related descriptions in listed companies' Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Fernando González Cuervo

February 24, 2022

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

**ISSUER IDENTIFICATION DETAILS**

End date of the reference year: 31/12/2021

Tax ID: A-28037224

Company Name:

**FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.**

Registered address:

BALMES, 36 BARCELONA



**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

**A. OWNERSHIP STRUCTURE**

A.1. Complete the following table on share capital and the attributed voting rights, including those correspondin to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:
[ ] Yes
[ √ ] No

| Date of most recent change | Share capital (€) | Number of shares | Number of voting rights |
|---|---|---|---|
| 27/07/2021 | 425,173,636.00 | 425,173,636 | 425,173,636 |

Indicate whether there are different share classes with different associated rights:
[ ] Yes
[ √ ] No

A.2. List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

| Name or company name of shareholder | % voting rights attributed to shares | | % voting rights through financial instruments | | % of total voting rights |
|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | |
| GATES III WILLIAM H | 0.00 | 5.74 | 0.00 | 0.00 | 5.74 |
| CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | 61.20 | 13.00 | 0.00 | 0.00 | 74.20 |
| NUEVA SAMEDE 2016, S.L.U. | 4.54 | 0.00 | 0.00 | 0.00 | 4.54 |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | 0.03 | 4.54 | 0.00 | 0.00 | 4.57 |
| CARLOS SLIM HELÚ | 0.00 | 7.01 | 0.00 | 0.00 | 7.01 |

Breakdown of indirect holding:

| Name or company name of the indirect owner | Name or company name of direct owner | % voting rights attributed to shares | % voting rights through financial instruments | % of total voting rights |
|---|---|---|---|---|
| GATES III WILLIAM H | CASCADE INVESTMENT, LLC. | 3.99 | 0.00 | 3.99 |
| GATES III WILLIAM H | BILL & MELINDA GATES FOUNDATION TRUST | 1.75 | 0.00 | 1.75 |
| CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | DOMINUM DIRECCION Y GESTION, S.A. | 8.46 | 0.00 | 8.46 |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | NUEVA SAMEDE 2016, S.L.U. | 4.54 | 0.00 | 4.54 |
| CARLOS SLIM HELÚ | FINVER INVERSIONES 2020, S.L.U | 7.01 | 0.00 | 7.01 |

A.3. Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

| Name or company name of director | % voting rights attributed to shares | | % voting rights through financial instruments | | % of total voting rights | % voting rights that can be transferred through financial instruments | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| ALEJANDRO ABOUMRAD GONZÁLEZ | 0.07 | 0.00 | 0.00 | 0.00 | 0.07 | 0.00 | 0.00 |
| PABLO COLIO ABRIL | 0.03 | 0.00 | 0.00 | 0.00 | 0.03 | 0.00 | 0.00 |
| DOMINUM DESGA, S.A. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| DOMINUM DIRECCION Y GESTION, S.A. | 8.46 | 0.00 | 0.00 | 0.00 | 8.46 | 0.00 | 0.00 |
| ALICIA ALCOCER KOPLOWITZ | 0.08 | 0.00 | 0.00 | 0.00 | 0.08 | 0.00 | 0.00 |
| MANUEL GIL MADRIGAL | 0.00 | 0.01 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

| Name or company name of director | % voting rights attributed to shares | | % voting rights through financial instruments | | % of total voting rights | % voting rights that can be transferred through financial instruments | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| INMOBILIARIA AEG, S.A. DE C.V. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| GERARDO KURI KAUFMANN | 0.07 | 0.00 | 0.00 | 0.00 | 0.07 | 0.00 | 0.00 |
| HENRI PROGLIO | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| JUAN RODRÍGUEZ TORRES | 0.08 | 0.00 | 0.00 | 0.00 | 0.08 | 0.00 | 0.00 |
| SAMEDE INVERSIONES 2010, S.L.U | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ÁLVARO VÁZQUEZ LAPUERTA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ANTONIO GÓMEZ GARCIA | 0.01 | 0.00 | 0.00 | 0.00 | 0.01 | 0.00 | 0.00 |

| Total percentage of voting rights held by the Board of Directors | 8.80 |
|---|---|

Breakdown of indirect holding:

| Name or company name of director | Name or company name of direct owner | % voting rights attributed to shares | % voting rights through financial instruments | % of total voting rights | % voting rights that can be transferred through financial instruments |
|---|---|---|---|---|---|
| MANUEL GIL MADRIGAL | TASMANIA INMUEBLES, S.L. | 0.01 | 0.00 | 0.01 | 0.00 |

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

| Total percentage of voting rights represented on the board of directors | 81.24 |
|---|---|

A.7. Indicate whether the Company has been informed of shareholders' agreements that affect it as established in Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

[ √ ] Yes
[ ] No

| Parties to the shareholders' agreement | % of share capital concerned | Brief description of the agreement | Expiry date of the agreement, if any |
|---|---|---|---|
| ESTHER KOPLOWITZ ROMERO DE JUSEU, INVERSORA CARSO S.A. DE C.V., NUEVA SAMEDE 2016, S.L.U., CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | 72.36 | Relevant Fact of 5 February 2016: For the purposes of continuing with the recapitalisation process of Fomento de Construcciones y Contratas, S.A. ("FCC" or the "Company") through a new capital increase of €709,518,762 announced by the Company on 17 December 2015 (the "New Capital Increase"), the Company has been informed that, Esther Koplowitz Romero de Juseu ("EK") (and the companies related to her, Dominum Direccion y Gestión, S.A. ("Dominum") and Nueva Samede 2016, S.L.U. ("Nueva Samede")) have entered into a non-extinguishing modifying novation contract with Inversora Carso S.A. de C.V. ("I. Carso") and its subsidiary Control Empresarial de Capitales, S.A. de C.V. ("CEC") of the Investment Agreement signed on 27 November 2014 (the "Novation of the Investment Agreement"). | Indefinite |
| ESTHER KOPLOWITZ ROMERO DE JUSEU, CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | 50.16 | Relevant Fact of 27 November 2014: FCC's controlling shareholder reported that negotiations with Control Empresarial de Capitales S.A. de C.V., a company owned by Inmobiliaria Carso S.A. de C.V., which in turn is controlled by the Slim family, have been successfully completed. | Indefinite |

Indicate whether the Company is aware of any concerted actions among its shareholders. If so, describe them briefly:

[ ] Yes
[ √ ] No

A.8. Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

[ √ ] Yes
[ ] No





| Name or company name |
|---|
| CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. |

A.9. Complete the following table with details of the company's treasury shares:

At the close of the year:

| Number of direct shares | Number of indirect shares(*) | Total % of share capital |
|---|---|---|
| 2,410,758 | | 0.57 |

(*) Through:

| Name or company name of direct owner | Number of direct shares |
|---|---|
| No data | |

A.11. Estimated floating capital:

| | % |
|---|---|
| Estimated floating capital | 12.15 |

A.14. Indicate whether the company has issued shares that are not traded on a regulated EU market.

[ √ ] Yes
[ ] No

## B. GENERAL SHAREHOLDERS' MEETING

B.4. Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

| | Attendance data | | | | |
|---|---|---|---|---|---|
| Date of general meeting | % physical presence | % by proxy | % remote voting | | Total |
| | | | Electronic voting | Other | |
| 28/06/2017 | 20.26 | 68.63 | 0.00 | 0.03 | 88.92 |
| Of which, Floating capital: | 0.24 | 7.52 | 0.00 | 0.03 | 7.79 |
| 28/06/2018 | 20.12 | 69.42 | 0.00 | 0.00 | 89.54 |

| | Attendance data | | | | |
|---|---|---|---|---|---|
| Date of general meeting | % physical presence | % by proxy | % remote voting | | Total |
| | | | Electronic voting | Other | |
| Of which, Floating capital: | 0.06 | 8.31 | 0.00 | 0.00 | 8.37 |
| 08/05/2019 | 20.08 | 70.74 | 0.00 | 0.01 | 90.83 |
| Of which, Floating capital: | 0.12 | 9.22 | 0.00 | 0.01 | 9.35 |
| 02/06/2020 | 0.21 | 61.76 | 0.01 | 28.17 | 90.15 |
| Of which, Floating capital: | 0.10 | 9.73 | 0.01 | 0.01 | 9.85 |
| 29/06/2021 | 0.25 | 46.46 | 0.00 | 44.06 | 90.77 |
| Of which, Floating capital: | 0.25 | 10.90 | 0.00 | 0.43 | 11.58 |

B.5. Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

[ ] Yes
[ √ ] No

B.6. Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

[ ] Yes
[ √ ] No



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

## C. STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the articles of association and set by the general shareholders' meeting:

| | |
|---|---|
| Maximum number of directors | 15 |
| Minimum number of directors | 9 |
| Number of directors set by general shareholders' meeting | 14 |

C.1.2 Complete the following table on board members:

| Name or company name of director | Representative | Director category | Position on the board | First appointment date | Last appointment date | Election procedure |
|---|---|---|---|---|---|---|
| HENRI PROGLIO | | Independent | DIRECTOR | 27/02/2015 | 08/05/2019 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| DOMINUM DESGA, S.A. | ESTHER ALCOCER KOPLOWITZ. | Proprietary | CHAIRMAN | 27/09/2000 | 02/06/2020 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| INMOBILIARIA AEG, S.A. DE C.V. | CARLOS SLIM HELÚ | Proprietary | DIRECTOR | 13/01/2015 | 08/05/2019 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| PABLO COLIO ABRIL | | Executive | CHIEF EXECUTIVE OFFICER | 12/09/2017 | 28/06/2018 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| ALEJANDRO ABOUMRAD GONZÁLEZ | | Proprietary | VICE CHAIRMAN | 13/01/2015 | 02/06/2020 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| GERARDO KURI KAUFMANN | | Executive | DIRECTOR | 13/01/2015 | 08/05/2019 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |

| Name or company name of director | Representative | Director category | Position on the board | First appointment date | Last appointment date | Election procedure |
|---|---|---|---|---|---|---|
| JUAN RODRÍGUEZ TORRES | | Proprietary | DIRECTOR | 07/10/2015 | 02/06/2020 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| ÁLVARO VÁZQUEZ LAPUERTA | | Independent | DIRECTOR | 27/02/2015 | 08/05/2019 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| MANUEL GIL MADRIGAL | | Independent | DIRECTOR | 27/02/2015 | 08/05/2019 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| ALFONSO SALEM SLIM | | Proprietary | DIRECTOR | 29/06/2016 | 02/06/2020 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| ANTONIO GÓMEZ GARCIA | | Proprietary | DIRECTOR | 29/06/2016 | 02/06/2020 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| SAMEDE INVERSIONES 2010, S.L.U | ESTHER KOPLOWITZ ROMERO DE JUSEU | Proprietary | VICE CHAIRMAN | 13/04/2015 | 08/05/2019 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| DOMINUM DIRECCION Y GESTION, S.A. | CARMEN ALCOCER KOPLOWITZ | Proprietary | DIRECTOR | 26/10/2004 | 08/05/2019 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |
| ALICIA ALCOCER KOPLOWITZ | | Proprietary | DIRECTOR | 29/06/2021 | 29/06/2021 | GENERAL SHAREHOLDERS' MEETING RESOLUTION |

| | |
|---|---|
| Total number of directors | 14 |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

Indicate any departures, either by resignation or through an agreement reached by the general meeting, that have occurred on the Board of Directors during the reporting period:

| Name or company name of director | Category of the director at the time of cessation | Last appointment date | Date of cessation | Special committees of which he/she was a member | Indicate whether the director left before the end of his/her term of office |
|---|---|---|---|---|---|
| No data | | | | | |

C.1.3 Complete the following tables on the members of the Board and their categories:

| EXECUTIVE DIRECTORS | | |
|---|---|---|
| Name or company name of director | Post in company's organisation chart | Profile |
| PABLO COLIO ABRIL | Chief Executive Officer of FCC | Architect, graduating from the Higher Technical School of Madrid. He has spent most of his professional career at FCC, a company to which he has dedicated more than 26 years. Within the Group, he has been responsible for the international expansion of the Industrial area. Positions he has previously held include Managing Director of FCC Construcción and Managing Director of FCC Industrial. He is the CEO of the FCC Group and a member of its Executive Committee, functions that he combines with those of the Chairman of FCC Construcción, Chairman of FCC Medio Ambiente and Vice Chairman of FCC Servicios Medio Ambiente Holding, S.A.U. He is also a director of the Mexican firm Carso Infraestructuras y Construcción (CICSA). |
| GERARDO KURI KAUFMANN | Chief Executive Officer of Cementos Portland Valderrivas | Industrial Engineer graduate from the University of Anáhuac (Mexico). From 2008 to 2010, he served as purchasing director at Carso Infraestructuras y Construcción, S.A.B. de C.V. From the incorporation of Inmuebles Carso, S.A.B de C.V., he has been in charge of its General Management. He is a member of the board of directors of Minera Frisco SAB. de C.V., Elementia, S.A., Philip Morris México, S.A. de C.V. and Inmuebles Carso, S.A.B de C.V. He is the CEO of Cementos Portland Valderrivas, S.A. and Realia Business, S.A. |

| | |
|---|---|
| Total number of executive directors | 2 |
| % of the total Board | 14.29 |

| EXTERNAL PROPRIETARY DIRECTORS | | |
|---|---|---|
| Name or company name of director | Name or company name of the significant shareholder represented by the director or that nominated the director | Profile |
| DOMINUM DESGA, S.A. | ESTHER KOPLOWITZ ROMERO DE JUSEU | Degree in Law, she has completed the Senior Business Management Program (PADE) at the IESE in Madrid. Since January 2013, she has served as Chairwoman of the FCC Group, a member of its Executive Committee and the Appointments and Remuneration Committee. She is also a director at Cementos Portland Valderrivas, on behalf of EAC Medio Ambiente, S.L., Realia, on behalf of EAC Inversiones Corporativos, S.L., and CaixaBank-Banca Privada. The representatives of the directors Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Dirección y Gestión, S.A. and the director Alicia Alcocer Koplowitz, have a mother-daughter relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| INMOBILIARIA AEG, S.A. DE C.V. | CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | Civil Engineer from the National Autonomous University of Mexico (UNAM). Founder of Grupo Carso, S.A.B. de C.V., América Móvil, Grupo Financiero Inbursa, and Inversora bursátil. He is the owner of Teléfonos de México (Telmex). He has been Vice Chairman of the Mexican Stock Exchange and Chairman of the Mexican Association of Brokerage Houses. He was the first Chairman of the Latin American Committee of the New York Stock Exchange Board of Directors. He is currently Chairman of the Board of Directors of Carso Infraestructuras y Construcción (CICSA), Minera Frisco and Chairman of Fundación Carlos Slim de la Educación, A.C. and Fundación Telmex, A.C. In addition, he is a member of the Board of Directors of Inmuebles Carso and IDEAL. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| ALEJANDRO ABOUMRAD GONZÁLEZ | CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | Industrial Engineer graduate from the University of Anáhuac (Mexico). He has worked in subsidiaries and companies related to Grupo Carso during the last 15 years, of which five years he worked at Grupo Financiero Inbursa in the area of Project Evaluation and Risk Assessment. He is member of the board of directors of Inmuebles Carso, S.A.B. of C.V. and Minera Frisco, S.A.B. of C.V., holding the post of General Manager with the latter. He is a director at Cementos Portland Valderrivas, S.A. on behalf of Inmobiliaria AEG, S.A. de C.V., and Chairman of the Board of Directors of FCC Aqualia, Chairman of FCC Servicios Medio Ambiente Holding, S.A.U and Vice Chairman of the Board of FCC and Chairman of its Executive Committee. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |





| EXTERNAL PROPRIETARY DIRECTORS | | |
|---|---|---|
| Name or company name of director | Name or company name of the significant shareholder represented by the director or that nominated the director | Profile |
| JUAN RODRÍGUEZ TORRES | CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | Civil Engineer from the Autonomous University of Mexico. He has a full Master's degree in Operational Planning and Research from UNAM. He has also completed administration studies at IPADE and obtained a diploma in prestressed concrete in Paris. He founded the Mexican Business Generation Association. He has been Production Manager and Controller of Preesforzados Mexicanos, S.A. de ICA, and Managing Director of Domit Group in the footwear sector. He is currently a director of Minera Frisco, S.A.B. de S.A. de CV. and of Carso Infraestructura y Construcción, S.A.B. de C.V. (CICSA) and non-executive chairman of Telesites. He is a director of Cementos Portland Valderrivas, S.A., representing Inmuebles Inseo, S.A. de C.V., a director of FCC Aqualia and non-executive chairman of Realia. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| ALFONSO SALEM SLIM | CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | He graduated in Civil Engineering from University of Anahuac in the class of 80-84. Throughout his professional career, Salem Slim has performed the role of assistant director of Expansion at Sanborns Hermanos; director of Shopping Centres at Grupo CARSO; director of Real-Estate at INBURSA; Managing Director of Hoteles Calinda, Managing Director of Grupo PC Constructores; Managing Director of IDEAL, and he is currently Vice Chairman of the Board of Directors of IDEAL and Chairman of the Board of Directors and Managing Director of Inmuebles CARSO. He is also a member of the boards of CARSO Group; IDEAL; CICSA; Inmuebles Carso; ELEMENTIA, FORTALEZA and Naturgy Mexico. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| ANTONIO GÓMEZ GARCIA | CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | He is a graduate in Industrial Engineering from the Universidad Iberoamericana. He has been Managing Director of Grupo Porcelanite, S.A. de C.V., of US Commercial Corp., S.A.B. de C.V., and currently holds the position of Managing Director of Grupo Carso, S.A.B. de C.V. He is a director of Grupo Frisco S.A.B. de C.V., and a director of Grupo Elementia S.A.B. de C.V. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| SAMEDE INVERSIONES 2010, S.L.U | ESTHER KOPLOWITZ ROMERO DE JUSEU | She holds a degree in Philosophy and Arts from the University of Madrid; she has developed her business experience in the international field as a director of Veolia and Vivendi. She is founder and chairwoman of the Esther Koplowitz Foundation. Among other acknowledgements, she has been awarded: the Grand Cross of Civil Merit, the Gold Medal of the Region of Madrid, the Gold Medal and |

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

| EXTERNAL PROPRIETARY DIRECTORS | | |
|---|---|---|
| Name or company name of director | Name or company name of the significant shareholder represented by the director or that nominated the director | Profile |
| | | the title of Academic of Honour of the Royal Academy of History, the distinction of Honorary Citizen by the Valencia City Council, the City of Barcelona Coat of Arms, the Business Leader of the Year award, granted by the Spanish Chamber of Commerce in the USA, the Blanquerna Prize of the Generalitat of Catalonia, Madrid Grand Cross of Healthcare, the Gold and Diamond Insignia of the Police Orphans Foundation, Légion d'Honneur of the French Republic and The Grand Cross of the Civil Order of Environmental Merit, awarded by the Spanish Council of Ministers. The representatives of the directors Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Dirección y Gestión, S.A. and the director Alicia Alcocer Koplowitz, have a mother-daughter relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| DOMINUM DIRECCION Y GESTION, S.A. | CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | Graduate in Law from the Francisco de Vitoria University of Madrid. She is a director of FCC, S.A., representing Dominum Dirección y Gestión, S.A.U. and a director of Cementos Portland Valderrivas, S.A., representing Meliloto, S.L. The representatives of the directors Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Dirección y Gestión, S.A. and the director Alicia Alcocer Koplowitz, have a mother-daughter relationship. (See Section A.6 of this Report for a description of the relationships between the director and the significant shareholders). |
| ALICIA ALCOCER KOPLOWITZ | ESTHER KOPLOWITZ ROMERO DE JUSEU | A Law graduate, she started her professional career at Banco Zaragozano, where she worked for four years in the Finance Department, at the bank's treasury desk and served as a director. She is a director at FCC and a member of its Executive Committee. In turn, she is chairwoman of Cementos Portland Valderrivas, S.A. and a member of its Executive Committee and its Appointments and Remuneration Committee. She is a member of the Innovation Committee, under the Secretary of State for Science, Technology, and Innovation. She is also a member of the board of the Valderrivas Foundation and the Hispano Judía Foundation. The representatives of the directors Dominum Desga, S.A., Samede Inversiones 2010, S.L.U., Dominum Dirección y Gestión, S.A. and the director Alicia Alcocer Koplowitz, have a mother-daughter relationship. |

| | |
|---|---|
| Total number of proprietary directors | 9 |
| % of the total Board | 64.29 |



**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

| EXTERNAL INDEPENDENT DIRECTORS | |
|---|---|
| Name or company name of director | Profile |
| HENRI PROGLIO | A graduate of the Higher School of Business Administration (HEC) in Paris. He is currently a director of Natixis Banque and of Dassault Aviation. He has also served as Chairman of the energy giant Électricité de France (2009-2014) and Veolia Environnement (2003-2009), as well as a board member of FCC, Lagardère Group and Vinci, among other companies. |
| ÁLVARO VÁZQUEZ LAPUERTA | He holds a degree in Law and Business Studies (E-3) by ICADE and is currently a partner of the firms Akiba Partners and Meridia Capital Partners. He was Managing Director for Spain and Portugal at Dresdner Kleinwort, and CEO and head of Investor Relations at securities firm BBVA Bolsa. Previously he held various positions at JP Morgan in Mexico, New York, London and Madrid. |
| MANUEL GIL MADRIGAL | He holds a degree in Law and Business Sciences (E-3) by ICADE and is a founding partner of the company Tasmania Gestión. In 2000, he also founded the financial company N+1 (currently Alantra) and has been a director of Vidrala, Barón de Ley, General de Alquiler de Maquinaria (GAM) and Campofrío, among other companies. During his career he has also been director of Capital Markets for AB Asesores Bursátiles, partner of Morgan Stanley and auditor of Arthur Andersen. |

| | |
|---|---|
| Total number of independent directors | 3 |
| % of the total Board | 21.43 |

Indicate whether any director qualified as independent receives any amounts or benefits for any concept other than director remuneration from the company or its group, or maintains or has maintained, during the last business year, a business relationship with the company or with any company in its group, either in its own name or as a significant shareholder, director or senior manager of an entity with which he/she maintains or has maintained this relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

| Name or company name of director | Description of the relationship | Reasoned statement |
|---|---|---|
| No data | | |

| OTHER EXTERNAL DIRECTORS | | | |
|---|---|---|---|
| The other external directors shall be identified and the reasons they cannot be considered proprietary or independent and their relationships, whether with the Company, its directors, or its shareholders, shall be detailed: | | | |
| Name or company name of director | Reasons | Company, executive or shareholder with whom he/she maintains a relationship | Profile |
| No data | | | |

| | |
|---|---|
| Total number of other external directors | N/A |
| % of the total Board | N/A |

Indicate any changes that have occurred during the period in each director's category:

| Name or company name of director | Change date | Previous category | Current category |
|---|---|---|---|
| No data | | | |

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past four years, as well as the category of each:

| | Number of female directors | | | | % of total directors for each category | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2021 | 2020 | 2019 | 2018 |
| Executive | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Proprietary | 4 | 4 | 4 | 4 | 44.44 | 44.44 | 44.44 | 40.00 |
| Independent | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Other External | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 4 | 4 | 4 | 4 | 28.57 | 28.57 | 28.57 | 26.66 |

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

| Identity of the director or representative | Company name of the listed or non-listed entity | Position |
|---|---|---|
| MANUEL GIL MADRIGAL | Barón de Ley, S.A. | DIRECTOR |
| MANUEL GIL MADRIGAL | Tasmania Gestión, S.L. | JOINT DIRECTOR |
| MANUEL GIL MADRIGAL | Tasmania Inmuebles, S.L. | CHAIRMAN-CHIEF EXECUTIVE OFFICER |
| PABLO COLIO ABRIL | Carso Infraestructura y Construcción S.A.B. de C.V. (CISCA) | DIRECTOR |
| PABLO COLIO ABRIL | Cafig Constructores S.A. de C.V. | DIRECTOR |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

| Identity of the director or representative | Company name of the listed or non-listed entity | Position |
|---|---|---|
| PABLO COLIO ABRIL | Constructora Terminal Valle de Mexico S.A. de C.V. | DIRECTOR |
| PABLO COLIO ABRIL | Servicios Terminal Valle de Mexico, S.A. | DIRECTOR |
| PABLO COLIO ABRIL | Servicios CTVM S.A. de C.V. | DIRECTOR |
| PABLO COLIO ABRIL | Finver Inversiones 2020, S.L. | DIRECTOR |
| PABLO COLIO ABRIL | Soinmob Inmobiliaria Española | DIRECTOR |
| PABLO COLIO ABRIL | Dominum Dirección y Gestión S.A. | DIRECTOR |
| ÁLVARO VÁZQUEZ LAPUERTA | Libra Fotovoltaica S.L. | SOLE ADMINISTRATOR |
| ESTHER ALCOCER KOPLOWITZ. | Soinmob Inmobiliaria Española, S.A. | DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | EAC Inversiones Corporativas, S.L. | JOINT DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | EAC Medio Ambiente S.L. | JOINT DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | Meliloto S.L. | JOINT DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | Diseño Especializado en Organización de Recursos, S.L. | JOINT DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | Ordenamientos Ibéricos, S.A. | JOINT DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | Dominum Desga S.A. | JOINT DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | Ejecución Organización de Recursos, S.L. | JOINT DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | Samede Inversiones 2010, S.L. | JOINT DIRECTOR |
| ESTHER ALCOCER KOPLOWITZ. | Nueva Samede 2016, S.L. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | Soinmob Inmobiliaria Española, S.A. | JOINT DIRECTOR |
| ALFONSO SALEM SLIM | Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V. (IDEAL) | DIRECTOR |
| ALFONSO SALEM SLIM | Grupo Carso, S.A.B. de C.V. | DIRECTOR |
| ALFONSO SALEM SLIM | Carso Infraestructura y Construcción, S.A. de C.V. (CICSA) | DIRECTOR |
| ALFONSO SALEM SLIM | Elementia Materiales, S.A.B. de C.V. | DIRECTOR |
| ALFONSO SALEM SLIM | Fortaleza Materiales, S.A.B. de C.V. | DIRECTOR |
| ALFONSO SALEM SLIM | Naturgy México, S.A. de C.V. | DIRECTOR |
| ALFONSO SALEM SLIM | Jezzine Uno, S.L.U. | JOINT DIRECTOR |
| ALFONSO SALEM SLIM | Inmuebles Carso, S.A. de C.V. and its subsidiaries | DIRECTOR |
| ALFONSO SALEM SLIM | Centro Histórico de la Ciudad de México, S.A. de C.V. | DIRECTOR |
| JUAN RODRÍGUEZ TORRES | Calzado Tecnico S.A. de C.V. | BOARD REPRESENTATIVE |

| Identity of the director or representative | Company name of the listed or non-listed entity | Position |
|---|---|---|
| JUAN RODRÍGUEZ TORRES | Calzado Rohcal S.A. de C.V. | BOARD REPRESENTATIVE |
| JUAN RODRÍGUEZ TORRES | Calzado y Componentes S.A. de C.V. | BOARD REPRESENTATIVE |
| JUAN RODRÍGUEZ TORRES | Inmobiliaria Inro S.A. de C.V. | BOARD REPRESENTATIVE |
| JUAN RODRÍGUEZ TORRES | Inmobiliaria Calro S.A. de C.V. | BOARD REPRESENTATIVE |
| JUAN RODRÍGUEZ TORRES | Inmobiliaria Proii S.A. de C.V. | BOARD REPRESENTATIVE |
| ALICIA ALCOCER KOPLOWITZ | EAC Inversiones Corporativas, S.L. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | EAC Medio Ambiente S.L. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | Meliloto S.L. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | Diseño Especializado en Organización de Recursos, S.L. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | Ordenamientos Ibéricos, S.A. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | Dominum Desga S.A. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | Ejecución Organización de Recursos, S.L. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | Samede Inversiones 2010, S.L. | JOINT DIRECTOR |
| ALICIA ALCOCER KOPLOWITZ | Nueva Samede 2016, S.L. | JOINT DIRECTOR |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | Diseño Especializado en Organización de Recursos, S.L. | SOLE ADMINISTRATOR |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | Ordenamientos Ibéricos, S.A. | SOLE ADMINISTRATOR |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | Dominum Desga S.A. | SOLE ADMINISTRATOR |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | Ejecución Organización de Recursos, S.L. | SOLE ADMINISTRATOR |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | Samede Inversiones 2010, S.L. | SOLE ADMINISTRATOR |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | Nueva Samede 2016, S.L. | SOLE ADMINISTRATOR |
| ESTHER KOPLOWITZ ROMERO DE JUSEU | Esther Koplowitz Foundation | CHAIRMAN |
| CARMEN ALCOCER KOPLOWITZ | EAC Inversiones Corporativas, S.L. | JOINT DIRECTOR |
| CARMEN ALCOCER KOPLOWITZ | EAC Medio Ambiente S.L. | JOINT DIRECTOR |
| CARMEN ALCOCER KOPLOWITZ | Meliloto S.L. | JOINT DIRECTOR |
| CARMEN ALCOCER KOPLOWITZ | Diseño Especializado en Organización de Recursos, S.L. | JOINT DIRECTOR |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

| Identity of the director or representative | Company name of the listed or non-listed entity | Position |
|---|---|---|
| CARMEN ALCOCER KOPLOWITZ | Ordenamientos Ibéricos, S.A. | JOINT DIRECTOR |
| CARMEN ALCOCER KOPLOWITZ | Dominum Desga S.A. | JOINT DIRECTOR |
| CARMEN ALCOCER KOPLOWITZ | Ejecución Organización de Recursos, S.L. | JOINT DIRECTOR |
| CARMEN ALCOCER KOPLOWITZ | Samede Inversiones 2010, S.L. | JOINT DIRECTOR |
| CARMEN ALCOCER KOPLOWITZ | Nueva Samede 2016, S.L. | JOINT DIRECTOR |
| HENRI PROGLIO | Dassault | DIRECTOR |
| HENRI PROGLIO | ATALIAN | DIRECTOR |
| HENRI PROGLIO | ABR Management | DIRECTOR |

Manuel Gil Madrigal, positions in the following entities are remunerated: Barón de Ley, S.A./Tasmania Inmuebles, S.L.
Pablo Colio, positions in the following entities are remunerated: Caro Infraestructura y Construcción S.A.B. de C.V. (CISCA)
Alfonso Salem Sliml, positions in the following entities are remunerated: Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V. (IDEAL)/Grupo Carso, S.A.B. de C.V./Carso Infraestructura y Construcción, S.A. de C.V. (CICSA)/Elementia Materiales, S.A.B. de C.V./Fortaleza Materiales, S.A.B. de C.V./Inmuebles Carso, S.A. de C.V. and its subsidiaries
Juan Rodríguez Torres, positions in the following entities are remunerated: Calzado Tecnico S.A. de C.V./Calzado Rohcal S.A. de C.V./Calzado y Componentes S.A. de C.V./Inmobiliaria Inro S.A. de C.V./Inmobiliaria Calro S.A. de C.V./Inmobiliaria Calro S.A. de C.V.
Henri Proglio, positions in the following entities are remunerated: Dassault/ATALIAN/ABR Management

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

| Identity of the director or representative | Other paid activities |
|---|---|
| ÁLVARO VÁZQUEZ LAPUERTA | Meridia Partners S.L. - partner |
| HENRI PROGLIO | Natixis - censeur |

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

[ ] Yes
[ √ ] No

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

| | |
|---|---|
| Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros) | 2,458 |
| Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros) | |
| Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros) | |

| | |
|---|---|
| Pension rights accumulated by former directors (thousands of euros) | 3,066 |

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

| Name or company name | Position(s) |
|---|---|
| FELIPE BERNABÉ GARCÍA PÉREZ | General Secretary |
| MIGUEL MARTINEZ PARRA | Managing Director of Administration and Finance |
| FELIX PARRA MEDIAVILLA | Managing Director of Aqualia |
| MARCOS BADA GUTIÉRREZ | Managing Director of Internal Audit |

| | |
|---|---|
| Number of women in senior management | |
| Percentage of total senior management | 0.00 |

| | |
|---|---|
| Total remuneration of senior management (thousands of euros) | 1,908 |

C.1.15 Indicate whether the Board regulations were amended during the year:

[ √ ] Yes
[ ] No

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors:

[ ] Yes
[ √ ] No

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

[ ] Yes
[ √ ] No

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Furthermore, indicate, where appropriate, the times that the Board has met without the presence of the Chairman. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

| | |
|---|---|
| Number of board meetings | 11 |
| Number of board meetings held without the chairman's presence | 0 |

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

| | |
|---|---|
| Number of meetings | 0 |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

Indicate the number of meetings held by each board committee during the year:

| | |
|---|---|
| Number of Audit and Control Committee meetings | 10 |
| Number of Appointments and Remuneration Committee meetings | 6 |
| Number of Executive Committee meetings | 10 |

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

| | |
|---|---|
| Number of meetings at which at least 80% of directors were in attendance | 10 |
| % of face-to-face attendance divided by total votes during the year | 90.26 |
| Number of meetings with the face-to-face attendance, or proxies made with specific instructions, of all directors | |
| % of votes cast with face-to-face attendance and proxies made with specific instructions, divided by total votes during the year | 90.26 |

C.1.27 Indicate whether the individual and consolidated annual accounts submitted to the board for issue are certified in advance:

[ √ ] Yes
[ ] No

Identify, if applicable, the person(s) who has/have certified the individual and consolidated financial statements of the company for issue by the board:

| Name | Position |
|---|---|
| JUAN JOSÉ DRAGO MASÍA | Managing Director of Administration |
| PABLO COLIO ABRIL | Chief Executive Officer |
| MIGUEL MARTINEZ PARRA | Managing Director of Administration and Finance |

C.1.29 Is the secretary of the board also a director?

[ ] Yes
[ √ ] No

If the secretary does not have director status, fill in the following table:

| Name or company name of the secretary | Representative |
|---|---|
| FRANCISCO VICENT CHULIA | |

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

[ √ ] Yes
[ ] No

| Outgoing auditor | Incoming auditor |
|---|---|
| Deloitte, S.L. | Ernst & Young, S.L. |

If there were any disagreements with the outgoing auditor, explain their content:

[ ] Yes
[ √ ] No

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

[ √ ] Yes
[ ] No

| | Company | Group companies | Total |
|---|---|---|---|
| Amount invoiced for non-audit services (thousands of euros) | 0 | 9 | 9 |
| Value of work other than audits/Value of audit works (in %) | 0.00 | 0.26 | 0.24 |

C.1.33 Indicate whether the audit report of the previous business year's financial statements includes qualifications. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

[ ] Yes
[ √ ] No

C.1.34 Indicate the number of business years that the current audit firm has been continuously auditing the Company's individual and/or consolidated financial statements. Furthermore, indicate the percentage that the number of business years audited by the current audit firm accounts for in terms of the total number of business years in which the financial statements have been audited:

| | Individual | Consolidated |
|---|---|---|
| Number of uninterrupted years | 1 | 1 |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

| | Individual | Consolidated |
|---|---|---|
| Number of years audited by the current audit firm/number of years in which the company has been audited (in %) | 3.13 | 3.13 |

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time:

[ √ ] Yes
[ ] No

| Details of the procedure |
|---|
| Regulations of the Board of Directors.<br>Article 26. Information and inspection powers<br>"1. In the performance of their duties, every director has the duty to demand and the right to obtain from the Company, the adequate and necessary information that will allow them to fulfil their obligations concerning all aspects of FCC and its subsidiaries and investees, whether national or foreign. To this end, they may examine the documentation deemed necessary, make contact with those responsible for the affected departments and visit the corresponding facilities. 2. To refrain from disturbing the ordinary management of the FCC Group, the exercise of the powers of information shall be channelled through the Chairman, who shall respond to the director's requests, directly providing the information or offering the details of the corresponding contacts at the corresponding organisational level. 3. If the request for information is denied, delayed or incorrectly responded to, the requesting director may repeat their request before the Audit and Control Committee, and, once the Chairman and the requesting director have provided their reasons, this Committee shall decide how to proceed for the purposes mentioned above. 4. The requested information may only be denied when, in the opinion of the Chairman and the Audit and Control Committee, it is unnecessary or harmful to the Company's corporate interests. This refusal shall not apply when the request has been supported by the absolute majority of the Board members".<br>"Article 30. The Chairman. Roles [...]<br>3. The Chairman, as the person ultimately responsible for the management and efficient operation of the Board of Directors, [...] shall ensure, with the collaboration of the Secretary, that the Directors receive in advance sufficient information to deliberate on the items on the Agenda [...]". |

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

| Number of beneficiaries | 2 |
|---|---|
| Type of beneficiary | Description of the agreement |
| CEO and General Secretary | CHIEF EXECUTIVE OFFICER: And if the contractual relationship is terminated at the will of the CEO for any of the following causes: - Substantial changes in working conditions that are notoriously detrimental to his professional training, that are detrimental to his dignity, or that are decided with serious transgression of good faith, by the company. – Failure to pay for three consecutive months or six alternate months, or continued delay in the payment of the remuneration agreed under the contract. - Succession of a company or significant change in ownership of the same, which has the effect of a renewal of its governing bodies or the content of its main activity, provided that the termination occurs within three months of the occurrence of such changes. - Any other serious breach of the contractual obligations by the Company, with the exception of force majeure budgets, in which the payment of compensation shall not be applicable. As in the case of free and unilateral termination from the Company, he will have the right to |

| Type of beneficiary | Description of the agreement |
|---|---|
| | receive compensation resulting from the sum of the following two items: a) The amount resulting from the termination of the employment relationship that the CEO previously held with FCC Construcción or with any other company of the FCC Group using 12 September 2017 as the calculation date (and in accordance with the applicable regulations on that date) b) The amount resulting from multiplying 7 days' salary by the number of years elapsed from 12 September 2017 until the time of termination of the contract. GENERAL SECRETARY: Concerning the general secretary, an executive director up until 13 January 2015, the Company, having received authorisation from the Executive Committee, took out and paid up the insurance premium to cover the payment of contingencies relating to death, permanent incapacity for work, retirement pensions and benefits or other concepts to be paid, in addition to others, to certain executive directors and executives. Specifically, the contingencies giving rise to compensation are those involving the termination of the employment relationship for any of the following reasons: a) Unilateral decision of the Company. b) Winding up or disappearance of the parent Company for any reason, including merger or spinoff. c) Death or permanent disability. d) Other causes of physical or legal incapacitation. e) Substantial modification of professional conditions. f) Resignation, having reached the age of 60, at the request of the executive and with the agreement of the Company. g) Resignation, having reached the age of 65, at the executive's sole discretion. As at 31 December 2021, the General Secretary is entitled to a net amount equivalent to 3.5 times his annual gross remuneration. |

Indicate whether, beyond the assumptions provided for in the regulations, these contracts must be communicated and/or approved by the corresponding bodies of company or its group. If so, specify the procedures, expected cases and the nature of the bodies responsible for their approval or communication:

| | Board of Directors | General Shareholders' Meeting |
|---|---|---|
| Body authorising the clauses | √ | |

| | Yes | No |
|---|---|---|
| Are the clauses notified to the General Shareholders' Meeting? | √ | |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

C.2. Committees of the Board of Directors

C.2.1 Provide details of all the Committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors who serve on them:

| Audit and Control Committee | | |
|---|---|---|
| Name | Position | Category |
| HENRI PROGLIO | VOTING MEMBER | Independent |
| JUAN RODRÍGUEZ TORRES | VOTING MEMBER | Proprietary |
| ÁLVARO VÁZQUEZ LAPUERTA | VOTING MEMBER | Independent |
| MANUEL GIL MADRIGAL | CHAIRMAN | Independent |

| | |
|---|---|
| % of executive directors | 0.00 |
| % of proprietary directors | 25.00 |
| % of independent directors | 75.00 |
| % other external directors | 0.00 |

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

| | |
|---|---|
| Names of directors with experience | MANUEL GIL MADRIGAL |
| Date of appointment of the Chairman to the position | 08/05/2019 |

| Appointments and Remuneration Committee: | | |
|---|---|---|
| Name | Position | Category |
| DOMINUM DESGA, S.A. | VOTING MEMBER | Proprietary |
| JUAN RODRÍGUEZ TORRES | VOTING MEMBER | Proprietary |
| ÁLVARO VÁZQUEZ LAPUERTA | CHAIRMAN | Independent |
| MANUEL GIL MADRIGAL | VOTING MEMBER | Independent |

| | |
|---|---|
| % of executive directors | 0.00 |
| % of proprietary directors | 50.00 |
| % of independent directors | 50.00 |
| % other external directors | 0.00 |

| Executive Committee | | |
|---|---|---|
| Name | Position | Category |
| DOMINUM DESGA, S.A. | VOTING MEMBER | Proprietary |
| PABLO COLIO ABRIL | VOTING MEMBER | Executive |

| Executive Committee | | |
|---|---|---|
| Name | Position | Category |
| ALEJANDRO ABOUMRAD GONZÁLEZ | CHAIRMAN | Proprietary |
| GERARDO KURI KAUFMANN | VOTING MEMBER | Executive |
| JUAN RODRÍGUEZ TORRES | VOTING MEMBER | Proprietary |
| ALICIA ALCOCER KOPLOWITZ | VOTING MEMBER | Proprietary |

| | |
|---|---|
| % of executive directors | 33.33 |
| % of proprietary directors | 66.67 |
| % of independent directors | 0.00 |
| % other external directors | 0.00 |

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

| | Number of female directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2019 | | 2018 | |
| | Number | % | Number | % | Number | % | Number | % |
| Audit and Control Committee | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Appointments and Remuneration Committee: | 1 | 25.00 | 1 | 25.00 | 1 | 25.00 | 1 | 25.00 |
| Executive Committee | 2 | 33.33 | 2 | 33.33 | 2 | 33.33 | 2 | 33.33 |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

## D. RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.2. Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

| | Name or company name of shareholder or any of its subsidiaries | % Shareholding | Name or company name of the company or entity within its group | Amount (thousands of euros) | Approving body | Identification of the significant shareholder or director who has abstained | The proposal to the board, if any, has been approved by the board without a vote against the majority of independents |
|---|---|---|---|---|---|---|---|
| (1) | CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | 80.03 | F-C y C, S.L. Unipersonal | 83,941 | Board of Directors | None | NO |
| (2) | SOINMOB INMOBILIARIA ESPAÑOLA S.A. | 80.03 | F-C y C, S.L. Unipersonal Energéticas S.A.U. | 226,200 | Board of Directors | None | NO |

| | Name or company name of shareholder or any of its subsidiaries | Nature of the relationship | Nature of the operation and other information necessary for its evaluation |
|---|---|---|---|
| (1) | CONTROL EMPRESARIAL DE CAPITALES, S.A. DE C.V. | Corporate | Acquisition of shares in Realia Business, SA. representing 13.11% of its share capital. |
| (2) | SOINMOB INMOBILIARIA ESPAÑOLA S.A. | Corporate | Contribution of all shares of Jezzine Uno, S.L.U. |

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

D.3. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

| | Name or company name of the administrators or managers or their controlled or jointly controlled entities | Name or company name of the company or entity within its group | Relationship | Amount (thousands of euros) | Approving body | Identification of the significant shareholder or director who has abstained | The proposal to the board, if any, has been approved by the board without a vote against the majority of independents |
|---|---|---|---|---|---|---|---|
| (1) | ALEJANDRO ABOUMRAD GONZÁLEZ | FCC | Director | 338 | Board of Directors | | NO |
| (2) | GERARDO KURI KAUFMANN | Cementos Portland Valderrivas y Realia | Chief Executive Officer | 350 | Board of Directors | | NO |

| | Name or company name of the administrators or managers or their controlled or jointly controlled entities | Nature of the operation and other information necessary for its evaluation |
|---|---|---|
| (1) | ALEJANDRO ABOUMRAD GONZÁLEZ | Provision of services |
| (2) | GERARDO KURI KAUFMANN | Provision of services |



**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

D.4. Report individually on intragroup transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens

| Company name of the Group entity | Brief description of the operation and other information necessary for its evaluation | Amount (thousands of euros) |
|---|---|---|
| Realia Business, S.A. | Contract with FCC Construcción, S.A., for the construction of 80 dwellings, garages, storage rooms and sports areas, Phase 2 of PP41, "Campo del Ángel", in Alcalá de Henares (Madrid) | 12,740 |
| Realia Patrimonio, S.L.U. | Contract with FCC Industrial e Infraestructuras Energéticas S.A.U. for the supply and installation of intercoms by FCC Industrial, S.S. in Torre Fira de Barcelona | 13 |
| Realia Patrimonio, S.L.U. | Rendering of services by FCC Industrial e Infraestructuras Energéticas S.A.U. | 1,193 |
| Realia Patrimonio, S.L.U. | Rendering of services by FCC Medio Ambiente, S.A. | 162 |
| Realia Patrimonio, S.L.U. | Rendering of services by Servicios Especiales de Limpieza, S.A. | 496 |
| Realia Patrimonio, S.L.U. | Rental contract by Fedemes, S.L. | 13 |
| Realia Business, S.A. | Rendering of services by FCC Industrial e Infraestructuras Energéticas S.A.U. | 2 |
| Realia Business, S.A. | Rendering of services by FCC Construcción, S.A. | 12,001 |
| Realia Business, S.A. | Rendering of services by Fomento de Construcciones y Contratas, S.A. | 142 |
| Realia Business, S.A. | Rental contract by Fedemes, S.L. | 101 |
| F-C y C, S.L. | Rendering of services by Áridos de Melo, S.L. | 296 |
| F-C y C, S.L. | Rendering of services by FCC Construcción, S.A. | 21,383 |
| F-C y C, S.L. | Rendering of services by FCC Medio Ambiente, S.A. | 9 |
| F-C y C, S.L. | Rendering of services by Fomento de Construcciones y Contratas, S.A. | 54 |
| F-C y C, S.L. | Rental contract by Fedemes, S.L. | 112 |
| F-C y C, S.L. | Rendering of services by Realia Business, S.A. | 2,371 |

| Company name of the Group entity | Brief description of the operation and other information necessary for its evaluation | Amount (thousands of euros) |
|---|---|---|
| FCC Construcción, S.A. | Rendering of services by F-C y C, S.L. | 2 |
| Cementos Portland Valderrivas, S.A. | Rendering of services by Realia Patrimonio, S.L.U. | 90 |
| Fomento de Construcciones y Contratas, S.A. | Rendering of services by Realia Patrimonio, S.L.U. | 11 |
| Realia Patrimonio, S.L.U. | Intragroup loan of Cementos Portland Valderrivas, S.A. | 140 |
| Realia Patrimonio, S.L.U. | Intragroup loan of Fomento de Construcciones y Contratas, S.A. | 24 |
| Realia Business, S.A. | Intragroup loan of Fomento de Fedemes, S.L. | 38 |
| Realia Business, S.A. | Intragroup loan of Fomento de Construcciones y Contratas, S.A. | 120,000 |
| F-C y C, S.L. | Intragroup loan of Asesoría Financiera y de Gestión, S.A. | 21 |
| F-C y C, S.L. | Intragroup loan of Fomento de Construcciones y Contratas, S.A. | 32,258 |
| Fomento de Construcciones y Contratas, S.A. | Intragroup loan of Realia Patrimonio, S.L.U. | 2,664 |
| Fomento de Construcciones y Contratas, S.A. | Intragroup loan of Realia Business, S.A. | 44 |
| Fomento de Construcciones y Contratas, S.A. | Intragroup loan of F-C y C, S.L. | 23,017 |
| Claro Enterprise Solutions, S.L. | Contract for the provision of IT services to Fomento de Construcciones y Contratas, S.A. | 13,446 |
| Banco Inbursa, S.A. | Accrual of interest on subordinated financing of Cementos Portland Valderrivas, S.A. | 1,764 |



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

D.5. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

| Company name of the related party | Brief description of the operation and other information necessary for its evaluation | Amount (thousands of euros) |
|---|---|---|
| No data | | |

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

**G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the degree of compliance at the company with the recommendations of the Code of Good Governance of Listed Companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. The articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

   Compliant [X] Explain [ ]

2. When the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

   a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.

   b) The mechanisms in place to resolve any conflicts of interest that may arise.

   Compliant [ ] Partially compliant [ ] Explain [ X ] Not applicable [ ]

The Audit and Control Committee is responsible for the knowledge of related-party transactions, which are subject to regulatory controls.

3. During the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

   a) Changes that have occurred since the last General Shareholders' Meeting.

   b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

   Compliant [ ] Partially compliant [ ] Explain [ X ]

The Company considers that the information on the Company's corporate governance is sufficiently provided to shareholders in the specific report on this subject that accompanies the information made available to them prior to the General Meeting.

In this regard, the notice of the General Shareholders' Meeting expressly states in the "Right to Information" section that any shareholder may obtain from the Company, for examination at the registered office or to be sent immediately and free of charge, among other documents, the Annual Corporate Governance Report, which is submitted to the shareholders for approval as part of the Management Report. This report is available online on the Company's website under its corporate governance section.



**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

4. The company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

   And, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

   Compliant [ ] Partially compliant [ ] Explain [ X ]

The Company has drafted its Policy on Communication and Contacts with Shareholders, Institutional Investors, Analysts, Voting Advisors and Credit Rating Agencies, which the Board of Directors may approve in financial year 2022.
Notwithstanding the above, in practice, the Company, in its communication activities, fully observes the rules against market abuse and gives similar treatment to shareholders in the same position and, within the framework of legal obligations to disclose inside and other regulated information, the Company endeavours to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

5. The Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of first refusal rights in an amount exceeding 20% of the capital at the time of delegation.

   And whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of first refusal rights, the company should immediately publish the reports referred to by company law on its website.

   Compliant [X] Partially compliant [ ] Explain [ ]

6. Listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

   a) Report on the independence of the auditor.

   b) Reports on the functioning of the audit committee and the appointments and remuneration committee.

   c) Report of the audit committee on related transactions.

   Compliant [ ] Partially compliant [ X ] Explain [ ]

The Company publishes on its website, together with the other documentation that must be made available to shareholders when the General Meeting is convened, the report of the Audit and Compliance Committee on the independence of the auditor, as well as the reports on the functioning of the Audit and Compliance Committee and the Appointments and Remuneration Committee.
With regard to related-party transactions, the Audit and Control Committee, which exercises, in accordance with the law, the function of reporting on related-party transactions to be approved by the General Meeting or the Board of Directors.
In this regard, the Company considers that information on related-party transactions is sufficiently disclosed to shareholders in section D of the IAGC, which lists the significant related-party transactions that have taken place during the year.

7. The company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

   And the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

   Compliant [X] Partially compliant [ ] Explain [ ]

8. The audit committee should ensure that the financial statements submitted by the board of directors to the general shareholders' meeting are drawn up in accordance with accounting standards. In those cases in which the auditor has included an exception in the audit report, the chairman of the audit committee should clearly explain at the general meeting the audit committee's opinion on its content and scope, and a summary of said opinion should be made available to shareholders at the time of publication of the notice of call to the meeting, together with the rest of the board's proposals.

   Compliant [X] Partially compliant [ ] Explain [ ]

9. The company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

   These requirements and procedures promote the attendance and exercise of shareholders' rights and are applied in a non-discriminatory manner.

   Compliant [X] Partially compliant [ ] Explain [ ]



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

10. When a legitimate shareholder has exercised, before the General Shareholders' Meeting is held, the right to add to the agenda or submit new resolutions, the Company should:

    a) Immediately disseminate these additional items and new resolutions proposed.

    b) Disclose the attendance card template or vote delegation form or distance voting form with the necessary modifications so that the new items on the agenda and alternative resolution proposals can be voted on under the same terms as those proposed by the Board of Directors.

    c) Submit all the alternative points or proposals to a vote and apply the same voting rules as applied to those prepared by the Board of Directors, including, in particular, assumptions or deductions on the meaning of the vote.

    d) After the General Shareholders' Meeting, communicate the breakdown of the vote on these additional items or alternative proposals.

    Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [ X ]

11. If the company plans to pay out attendance premiums to the General Shareholders Meeting, a general policy on these premiums is established in advance and this policy is stable.

    Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [ X ]

12. The Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

    And in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

    Compliant [X] Partially compliant [ ] Explain [ ]

13. The board of directors is the correct size to ensure it is effective and participative, meaning it is advisable to have between five and fifteen members.

    Compliant [X] Explain [ ]

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

14. The Board of Directors 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 are based upon a prior analysis of the skills required by the Board of Directors; and

    c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

    The result of the prior analysis of the skills required by the Board of Directors shall be contained in the supporting report from the appointments committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

    The Appointments Committee will verify compliance with this policy and will be informed in the Annual Corporate Governance Report.

    Compliant [ ] Partially compliant [ X ] Explain [ ]

Article 38.4.j) of the Regulations of the Board of Directors establishes the following among the functions of the Appointments and Remuneration Committee: "Assist the Board in its function of ensuring that the procedures for selecting its members favour diversity with respect to matters such as age, gender, disability or 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 to be achieved, in such a way that the Company deliberately seeks and includes among the potential candidates, women who meet the desired professional profile, and the Board must explain, where appropriate, through the Annual Corporate Governance Report, the reason for the low or non-existent number of female directors and the initiatives adopted to correct such situation. For this purpose, it should set a target for representation of the under-represented sex on the board and develop guidance on how to achieve this target".

Thus, In 2019, FCC renewed its commitment to the Diversity Charter for the period 2019-2021, a voluntary code for the promotion of the core Equality principles. The initiative, promoted by the Directorate of Justice at the European Commission as part of the development of its anti-discrimination policies, contemplates the implementation of inclusion policies and non-discrimination programmes at signatory companies.
Notwithstanding the foregoing, the Company has not considered it necessary at this time to include the various provisions already in place regarding the composition and diversity of directors in a specific document formally called a "policy", although the essential principles of Recommendation 14 are included in the rules of conduct of the Company's governing bodies and are applied by them when necessary.

15. Proprietary and independent directors should constitute a substantial majority of the Board of Directors and the number of executive directors should be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

    And the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

    Compliant [ ] Partially compliant [ X ] Explain [ ]

With regard to the percentage of the number of female directors, the Board of Directors of FCC has four female directors out of the total of 14 directors, giving a percentage of 28.57.



**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

16. The number of proprietary directors as a percentage of the total number of non-executive directors should not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

    This criterion may be relaxed:

    a) In large-cap companies where very few shareholdings are legally considered significant.

    b) For companies in which there is a large number of shareholders represented on the Board of Directors who have no links to one another.

    Compliant [X] Explain [ ]

17. The number of independent directors represents at least half the total number of directors.

    However, when the company is not highly capitalised or when, even if it is, one shareholder or more shareholders are acting together, controlling more than 30% of the share capital, the number of independent directors represents at least one third of the total number of directors.

    Compliant [ ] Explain [ X ]

On its Board of Directors, FCC has three independent directors out of a total of fourteen members, representing 21 percent of the total number of directors.
FCC considers that such percentage does not make it necessary to increase the number of independent directors, taking into account the highly concentrated shareholding structure of the Company and the effective role played by the three independent directors.

18. Companies should publish the following information on its directors on their websites and keep it up to date:

    a) Professional and biographical profile.

    b) Other Boards of Directors to which they belong, whether at listed companies or not, and the other paid activities they perform, regardless of their nature.

    c) Indication of the category of Director to which they belong, indicating, in the case of proprietary directors, the shareholder they represent or with whom they have links.

    d) Date of their first appointment as a Director of the Company, as well as subsequent re-elections.

    e) Shares in the company, and options on them, that they own.

    Compliant [X] Partially compliant [ ] Explain [ ]

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

19. The annual corporate governance report, after a check performed by the Appointments Committee, explains the reasons that proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the share capital; and it explains the reasons that formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others, at whose request proprietary directors have been appointed, have not been met.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [ X ]

20. Proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

21. The Board of Directors does not propose the removal of any independent director before the end of the statutory period for which they were appointed, unless there is just cause, identified by the Board following in a report from the Appointments and Remuneration Committee. In particular, it shall be considered that there is just cause when the director first occupies new positions or contracts new obligations that prevent him/her from dedicating the necessary time to the performance of the duties assigned to the position of director, breaches the duties inherent to the position in question or incurs in any of the circumstances resulting in him/her losing his/her status as an independent director, pursuant to the provisions of the applicable legislation.

The removal of independent directors may also be proposed as a result of takeovers, mergers or other similar corporate transactions that involve a change in the capital structure of the company, when these changes in the structure of the Board of Directors can be attributed to the criteria of proportionality indicated in recommendation 16.

Compliant [X] Explain [ ]



**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

22. Companies should establish rules requiring directors to report and, where appropriate, resign when situations arise affecting them, whether or not this is related to their actions in the company itself, which could be harmful to the credit and reputation of the company. This is in addition to the specific requirement of informing the Board of Directors of any criminal proceedings in which they are under investigation, as well as the progress of any such proceedings.

And, having been informed of or otherwise having become aware of any of the situations mentioned in the previous paragraph, the board should examine the case as soon as possible. It should also, in view of the specific circumstances, decide, after a report from the appointments and remuneration committee, whether or not to adopt any measures, such as opening an internal investigation, requesting the resignation of the director or proposing his or her dismissal. And to report on the matter in the annual corporate governance report, unless there are special circumstances justifying this, which should be recorded in the minutes. This is notwithstanding the information that the company must disclose, where appropriate, at the time of adopting the corresponding measures.

Compliant [X] Partially compliant [ ] Explain [ ]

23. All directors clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest. The same applies, in a special way, to independents and other directors who are not affected by any potential conflict of interests, in the case of decisions that may harm shareholders not represented on the Board of Directors.

When the Board of Directors adopts significant or repeated decisions about which the director would have made reservations, he/she shall draw the necessary conclusions and, if he chooses to resign, explain his/her reasons for doing so in the letter indicated in the following recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he/she does not have the status of a director.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

24. When, either by resignation or by resolution of the general meeting, a director steps down before the end of their term of office, they should sufficiently explain the reasons for their departure or, in the case of non-executive directors, their views on the reasons for the board's decision to dismiss them, in a letter sent to all members of the Board of Directors.

And, notwithstanding the fact that all the above is disclosed in the annual corporate governance report, to th extent that it is relevant for investors, the company should publish the resignation as soon as possible, including a sufficient reference to the reasons or circumstances provided by the director.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

25. The Appointments Committee ensures that non-executive directors have sufficient time available for the proper performance of their duties.

And the Regulations of the Board establish the maximum number of Boards on which its directors may serve.

Compliant [ ] Partially compliant [ X ] Explain [ ]

Article 21.4 of the Regulations of the Board of Directors stipulates that "Directors must inform the Appointments and Remuneration Committee of their other professional obligations, in case they might interfere with the dedication proper to their position".
Article 38.4.a) of the Regulations of the Board of Directors also establishes that the functions of this Committee include "Assessing the skills, knowledge and experience required on the Board of Directors. For these purposes, it shall define the functions and skills required of the candidates to fill each vacancy and shall assess the time and dedication necessary for them to perform their duties effectively, ensuring that the non-executive directors have sufficient time available for the proper performance of their duties".
The Company, for the time being, has not set the maximum number of boards to which each director may belong, given that the proven dedication of the directors to the company is adequate, without it being considered necessary, therefore, to indicate such number, for which reason the Company understands that it partially complies with the recommendation.

26. The Board of Directors should meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Compliant [X] Partially compliant [ ] Explain [ ]

27. Director absences should occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, the director should appoint a proxy with instruction.

Compliant [ ] Partially compliant [ X ] Explain [ ]

Although during financial year 2021, absences of directors have been reduced to essential cases, no proxies have been granted with instructions when absences have been necessary.

28. When directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

29. The Company establishes the appropriate channels so that directors can obtain the necessary advice for them to perform their duties, including, if the circumstances so require, external advice charged to the company.

Compliant [X] Partially compliant [ ] Explain [ ]



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

30. Regardless of the knowledge required by directors in the exercise of their duties, the companies also offer the directors knowledge refresher programmes when the circumstances so advise.

Compliant [X] Explain [ ] Not applicable [ ]

31. The agenda of meetings clearly indicates the points on which the Board of Directors must adopt a decision or resolution so that the directors can study or collect, in advance, the information necessary for its adoption.

When, exceptionally, for reasons of urgency, the Chairman wishes to submit decisions or resolutions that do not appear on the agenda for approval by the Board of Directors, the prior and express consent of the majority of the directors present shall be required, duly reflected in the minutes.

Compliant [X] Partially compliant [ ] Explain [ ]

32. Directors should be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Compliant [X] Partially compliant [ ] Explain [ ]

33. The chairman, as the person responsible for the effective functioning of the Board of Directors, in addition to exercising the duties assigned to him by law and in the articles of incorporation, prepares and submits a programme of dates and matters to be discussed to the Board of Directors; organises and coordinates the periodic assessment of the board, as well as, where appropriate, the company's chief executive; is responsible for the direction of the board and the effectiveness of its functioning; ensures that sufficient discussion time is devoted to strategic issues, and agrees and reviews knowledge refresher programmes for each director, when the circumstances so advise.

Compliant [X] Partially compliant [ ] Explain [ ]

34. When there is a coordinating director, the Bylaws or the Regulations of the Board of Directors, in addition to the powers that correspond to him by Law, assign the following powers thereto: preside over the Board of Directors in the absence of the Chairman and Vice Chairman, as applicable; echoes the concerns of non-executive directors; maintains contact with investors and shareholders to obtain their points of view to form an opinion on their concerns, particularly in relation to the corporate governance of the company; and coordinates the Chairman's succession plan.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [ X ]

35. The secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Compliant [X] Explain [ ]

36. The Board of Directors should meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity in the composition and powers of the Board of Directors.

d) The performance of the Chairman of the Board of Directors and the Chief Executive of the company.

e) The performance and contribution of each director, paying particular attention to those responsible for the different Committees of the Board of Directors.

To perform the assessment of the different committees, the report submitted to the Board of Directors will be used, and for the Board assessment, the report submitted to the Appointments Committee.

Every three years, the Board of Directors will be assisted by an external consultant in performing the assessment, whose independence shall be verified by the Appointments Committee.

The business relationships that the consultant or any company in its group may have with the company or ar Group company shall be broken down in the Annual Corporate Governance Report.

The process and areas evaluated must be described in the annual corporate governance report.

Compliant [ ] Partially compliant [ X ] Explain [ ]

The Board of Directors internally performs the annual assessment of the efficiency of its functioning, its committees, as well as that of the Chairman of the Board of Directors (non-executive) and the CEO.
The Company believes that the conclusions drawn during the internal assessment make it possible to sufficiently correct any shortcomings detected or improvements in the functions assigned to the Board.
The assessment with the help of an external consultant has been carried out twice in the past. The Board shall assess the suitability of requesting such external assistance each year.

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent and its secretary should be the secretary of the board of directors.

Compliant [ ] Partially compliant [ X ] Explain [ ] Not applicable [ ]

The Secretary of the Executive Committee is the same as the Secretary of the Board and, in addition, has several non-executive members.
However, the composition of this Committee, whose members have been appointed by the Board taking into account the knowledge, skills and experience of the directors and the duties of the Committee, does not include any independent directors, three of whom are present in the full Board.
All decisions taken by the Executive Committee are reported to the Board.
On this Committee, independent directors may request as many clarifications or comments as they deem appropriate.
Given the continuous control that the Board exercises over the Executive Committee, it has not been considered necessary to include independent directors on this Committee.



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

38. The board of directors should always be informed of the business transacted and decisions taken by the executive committee and all members of the board of directors should receive copies of the minutes of the meetings of the executive committee.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

39. Members of the Audit Committee as a whole, and especially its Chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management matters, both financial and non-financial.

Compliant [X] Partially compliant [ ] Explain [ ]

40. Under the supervision of the audit committee, there should be an internal audit unit to ensure the proper functioning of internal control and information systems, reporting functionally to the non-executive chairman of the board or the chairman of the audit committee.

Compliant [X] Partially compliant [ ] Explain [ ]

41. The head of the unit responsible for the internal audit function should submit the annual work plan to the audit committee for approval by the committee or the board, report directly to it on its implementation, including any incidents and limitations on scope arising in the course of its implementation, the results and follow-up of its recommendations, and submit an activities report to it at the end of each year.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

42. In addition to those provided by law, the Audit Committee assumes responsibility for the following functions:

1. In relation to information and internal control systems:

a) Supervise and assess the preparation process and the integrity of financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, where applicable, the group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, reviewing compliance with regulatory requirements, the adequate definition of the scope of consolidation and the correct application of accounting criteria.

b) Ensure the independence of the Internal Audit function; propose the selection, appointment and removal of the head of the Internal Audit service, as well as the budget of this service; approving or proposing approval to the Board of the annual internal audit orientation and work plan, making sure that its activity is mainly focused on relevant risks (including reputational risks); receive periodic information about its activities; and verify that Senior Management takes into account the conclusions and recommendations in its reports.

c) 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 can be made anonymously, respecting the rights of the complainant and the reported.

d) Generally ensure that the policies and systems in place for internal control are effectively implemented in practice.

2. In relation to the external auditor:

a) In case of the resignation of the external auditor, examine the circumstances that may have led to this.

b) Ensure that the remuneration of the external auditor for his/her work does not compromise his/her quality or independence.

c) Ensure that the company communicates any change in auditor through the CNMV and accompanies this with a statement about the possible existence of disagreements with the departing auditor and, if there were any disagreements, the nature of them.

d) Ensure that the external auditor holds an annual meeting with the Board of Directors to inform them about the work undertaken and the evolution of the accounting and risk situation at the company.

e) Ensure that the company and the external auditor respect the rules in force on the provision of services other than auditing services, the limits on the concentration of the auditor's business and, in general, the other rules applicable to the auditor's independence.

Compliant [ ] Partially compliant [ X ] Explain [ ]





The company's Audit and Compliance Committee performs all the functions envisaged in this recommendation, with the sole exception of the meeting of the external auditor with the full board referred to in section 2.d) of this recommendation, which does not take place, given that, in accordance with the provisions of article 15.1 of the Board Regulations, the board's relations with the external auditor are channelled through the Audit and Compliance Committee, this being the ordinary sphere of information of the external auditor to the members of the board. Not with standing this, the Board is duly informed of the most relevant issues dealt with in the Committee, given that, on the one hand, the Committee reports to the Board on the development of its functions, informing the Board, at the first plenary session following the Committee's meetings, of the activity carried out by the Committee and, on the other hand, a copy of its minutes is sent to all the members of the Board.

43. The Audit Committee may summon any employee or manager at the company, and even arrange for them to appear without any other manager present.

Compliant [X] Partially compliant [ ] Explain [ ]

44. The Audit Committee is informed about the structural and corporate modifications that the company plans to perform for its analysis and preliminary report to the Board of Directors on its economic conditions and its accounting impact and, especially, where appropriate, on the proposed exchange ratio.

Compliant [ ] Partially compliant [ ] Explain [ X ] Not applicable [ ]

To date, all directors at the company, including independent directors, have voted in favour of the transactions referred to in this recommendation, meaning that the step previous to those before the Audit and Control Committee is not considered necessary. In any case, on the Board of Directors, members of the Audit and Control Committee may present their reflections and opinions, which will be taken into account by the Board at the time of making a decision.

45. The risk control and management policy identifies or determines at least:

a) The different types of risk, both financial and non-financial, (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) that the company faces, including financial or economic, contingent liabilities and other off-balance-sheet risks

b) A tiered risk management and control model, including a specialised risk committee where sectoral rules require this or where the company deems it appropriate.

c) The level of risk that the Company considers acceptable.

d) The measures planned to mitigate the impact of the risks identified, should they materialise.

e) The information and internal control systems to be used to monitor and manage these risks, including contingent liabilities or off-balance sheet risks.

Compliant [X] Partially compliant [ ] Explain [ ]

46. Under the direct supervision of the Audit Committee or, where appropriate, a specialised committee of the Board of Directors, there is an internal risk control and management function performed by an internal unit or department at the company that has been expressly attributed the following functions:

a) Ensure the proper functioning of the control and risk management systems and, in particular, that all important risks affecting the Company are properly identified, managed, and quantified.

b) Actively participate in the preparation of the risk strategy and in the important decisions about its management.

c) Ensure that control and risk management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors.

Compliant [X] Partially compliant [ ] Explain [ ]

47. The members of the Appointments and Remuneration Committee, or of the Appointments Committee and the Remuneration Committee, if they are separate, should be appointed ensuring that they have the knowledge, skills and experience suitable for the duties they are called upon to perform and the majority of the members should be independent directors.

Compliant [ ] Partially compliant [ X ] Explain [ ]

The Appointments and Remuneration Committee is currently made up of two proprietary and two independent directors, one of whom is the Chairman.
FCC considers that the configuration of the Appointments and Remuneration Committee, with two independent directors out of a total of four, and one of them being the chairman, sufficiently guarantees the proper functioning of this Committee, considering the most relevant aspect for the purposes of the composition of the Committee to be that all its members have been appointed by the Board bearing in mind the knowledge, skills and experience of the directors and the duties of each Committee.

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

Compliant [ ] Explain [ X ] Not applicable [ ]

The two recommended committees are integrated into a single Appointments and Remuneration Committee when considering the Board of Directors:
- that the union of the two facilitates the fulfilment of the attributed functions.
- that two separate committees would not have sufficient matters to deal with during the year to justify the separation, considering that a single committee can fully comply with all the functions that the Law and the Recommendations of the Good Governance Code of listed companies attribute to each committee.

49. The appointments committee should consult with the chairman of the board of directors and the CEO of the company, especially on matters relating to executive directors.

And any director may request the consideration of potential candidates to fill vacancies of Director from the Appointments Committee, if it finds them suitable in its opinion.

Compliant [X] Partially compliant [ ] Explain [ ]





50. The remuneration committee should carry out its duties independently and, in addition to the duties assigned by law, should have the following responsibilities:

a) Propose to the Board of Directors the basic conditions of senior management contracts.

b) Verify compliance with the remuneration policy established by the company.

c) Regularly review the remuneration policy applied to directors and senior executives, including the share based remuneration systems and their application, and ensure that their individual remuneration is in line with that paid to the other directors and senior executives at the Company.

d) Ensure that any conflicts of interest do not undermine the independence of the external advice provided to the committee.

e) Verify the information on directors' and senior management remuneration contained in the various corporate documents, including the annual report on directors' remuneration.

Compliant [X] Partially compliant [ ] Explain [ ]

51. The remuneration committee should consult with the company's chairman and CEO, especially on matters relating to executive directors and senior executives.

Compliant [X] Partially compliant [ ] Explain [ ]

52. The rules governing the composition and operation of the supervision and control committees should be set out in the regulations of the Board of Directors and be consistent with those applicable to the legally obligatory committees in accordance with the above recommendations, including:

a) They should be composed exclusively of non-executive directors, with a majority of independent directors.

b) Their chairmen should be independent directors.

c) The Board of Directors should appoint the members of these committees, bearing in mind the knowledge, skills and experience of the directors and the duties of each committee, and should discuss their proposals and reports; and to report, at the first plenary session of the Board of Directors after its meetings, on its activity and should be accountable for the work carried out.

d) The committees may seek external advice, when they consider it necessary for the carrying out of their duties.

e) Minutes should be taken of their meetings and made available to all directors.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [ X ]

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors, which may be the audit committee, the appointments committee, a committee specialising in sustainability or corporate social responsibility or any other specialised committee that the board of directors, in the exercise of its powers of self-organisation, has decided to set up. Such a committee should be composed solely of non-executive directors, the majority of whom should be independent, and should be specifically attributed the minimum functions indicated in the following recommendation.

Compliant [X] Partially compliant [ ] Explain [ ]

54. The minimum duties referred to in the above recommendation are as follows:

a) Overseeing compliance with the company's corporate governance rules and internal codes of conduct, and ensuring that the corporate culture is aligned with its purpose and values.

b) Overseeing the implementation of the general policy on economic-financial, non-financial and corporate reporting as well as communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the institution communicates and interacts with small and medium-sized shareholders will also be monitored.

c) Regular evaluation and review of the Company's corporate governance system and environmental and social policy, in order for them to fulfil their aim of promoting the corporate interest and taking into account, as appropriate, the legitimate interests of other stakeholders.

d) Monitoring that the company's environmental and social practices are in line with the strategy and policy.

e) The supervision and evaluation of the processes of relationship with the different stakeholders.

Compliant [X] Partially compliant [ ] Explain [ ]



ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES

55. Sustainability policies on environmental and social issues should at least identify and include:

a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, environment, diversity, accountability, respect for human rights and prevention of corruption and other unlawful actions.

b) Methods or systems for monitoring compliance with policies, associated risks and their management.

c) Mechanisms for monitoring non-financial risk, including those related to ethical and business conduct issues.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid the manipulation of information and protect integrity and honour.

Compliant [X] Partially compliant [ ] Explain [ ]

56. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to reward the dedication, qualifications and responsibility required for the position, but should not be so high as to compromise the independent judgement of non-executive directors.

Compliant [X] Explain [ ]

57. Variable remuneration linked to the company's performance and personal performance, as well as compensation in the form of shares, options or rights to shares or instruments linked to the value of the share and long-term savings schemes such as pension plans, retirement systems or other social welfare systems, should be exclusively limited to executive directors.

The delivery of shares may be considered as remuneration to non-executive directors when it is subject to their remaining on the board. The foregoing shall not apply to the shares that the director needs to sell, if any, to meet the costs related to their acquisition.

Compliant [X] Partially compliant [ ] Explain [ ]

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

58. In the case of variable remuneration, remuneration policies should include the necessary technical limits and precautions to ensure that said remuneration is related to the professional performance of its beneficiaries and is not simply a result of general market or sector trends or other similar circumstances.

And, in particular, that the variable components of remuneration:

a) Should be linked to performance criteria that are predetermined and measurable, and these criteria should take into account the risk assumed in order to obtain a result.

b) Should promote the sustainability of the company and include non-financial criteria that are appropriate for the creation of long-term value, such as compliance with the company's internal rules and procedures and its policies for risk control and management.

c) Should be designed on the basis of a balance between the achievement of short-, medium- and long-term objectives, allowing performance to be rewarded for continued achievement over a period of time sufficient to assess their contribution to sustainable value creation, so that the elements used to measure that performance do not revolve solely around one-off, occasional or extraordinary events.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

59. The payment of variable components of remuneration is subject to sufficient verification that the performance or other conditions set out above have been effectively met. Entities shall include in the annual directors' remuneration report the criteria as to the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, institutions should consider the establishment of a malus clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that entails their total or partial loss should an event occur prior to the time of payment that makes it advisable to do so.

Compliant [ ] Partially compliant [ ] Explain [ X ] Not applicable [ ]

The CEO's variable is related to EBITDA, operating cash flow and individual objectives. This variable is approved once the Board of Directors has drawn up the accounts and approved the financial objectives.

60. Remuneration related to the Company's profit and loss should take into account any qualifications in the external auditor's report that reduce said profit and loss.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

61. A significant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments tied to their value.

Compliant [ ] Partially compliant [ ] Explain [ X ] Not applicable [ ]



**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

Although article 38 of the Articles of Association provides for the possibility that directors may be remunerated through the delivery of shares or stock options of the Company itself, the Company has not considered it necessary for the time being to establish remuneration to its executive directors through the delivery of shares or financial instruments referenced to their value, since it considers that the current variable remuneration systems for its executive directors are the most appropriate to encourage their motivation and professional performance, as well as their commitment and linkage to the interests of the Company and the Group. In particular, the variable remuneration of the Chief Executive Officer, as expressly set forth in the current Remuneration Policy, shall be established, implemented and maintained in line with the business and risk management strategy of the Company, its risk perfil, its objectives, its risk management practices, and the short, medium and long-term performance and interests of FCC as a whole, and shall include measures aimed at avoiding conflicts of interest.

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

An exception is made where the director has, at the time of the transfer or exercise, a net economic exposure to share price changes of a market value equivalent to an amount of at least twice his or her annual fixed remuneration through the ownership of shares, options or other financial instruments.

The above will not apply to shares that the director needs to dispose of in order to meet the costs related to their acquisition or, after a favourable assessment from the appointments and remuneration committee, to address extraordinary situations that so require it.

Compliant [ ] Partially compliant [ ] Explain [ ] Not applicable [ X ]

63. Contractual agreements should include a clause allowing the company to claim reimbursement of the variable components of remuneration when the payment has not been in accordance with the performance conditions or when they have been paid on the basis of data which is subsequently proven to be inaccurate.

Compliant [ ] Partially compliant [ ] Explain [ X ] Not applicable [ ]

Variable remuneration is approved by the Board of Directors once the parameters to which it is tied have been verified. It has not been considered necessary, both because of the volume of the remuneration and the time at which it is paid, to establish additional precautions.

64. Severance payments of payments for contract termination should not exceed a set amount equivalent to two years' total annual remuneration and should not be paid until the company has been able to verify that the director has met the criteria or conditions established for their receipt.

For the purposes of this recommendation, termination or contractual termination payments include any payments that accrue or are payable as a result of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-compete agreements.

Compliant [X] Partially compliant [ ] Explain [ ] Not applicable [ ]

Indicate whether any directors voted against or abstained from voting on the approval of this Report.

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES**

[ ] Yes
[ √ ] No

I hereby state that the figures included in this statistical annex match and are consistent with the descriptions and data included in the annual corporate governance report published by the company.

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