

**GREEN BOND  
REPORT  
2022**

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## 1. INTRODUCTION

**FCC Medio Ambiente** (hereinafter **FCC MA**) is a global environmental services company with more than 113 years' experience in providing essential public services to almost 60 million people in nearly 5,000 municipalities in 13 countries (Europe and America).

It provides a broad, comprehensive range of services that include:

1. Urban Sanitation Activities: municipal solid waste collection, street cleaning, beach cleaning, maintenance of fountains and coastal waters.
2. Management of municipal wastes in waste treatment installations: Separation of the different fractions and preparation for recycling or re-use, composting or biomethanation of organic matter, and landfills for the disposal of unusable waste.
3. Management of municipal wastes in waste treatment installations for energy recovery.
4. Cleaning and maintenance of parks, gardens and green areas.
5. Cleaning and maintenance of sewage networks.
6. Energy management, maintenance of installations and energy supply. This activity includes works for the improvement and renovation of the installations, auditing and consultancy and investments required to save energy and the replacement of fossil fuels with renewable energies.
7. Providing the above services using ECO vehicles such as the following:
  - Vehicles powered by Natural Gas, which have the advantage of a drastic reduction of polluting emissions, such as NO<sub>x</sub>, SO<sub>x</sub>, particles and noise.
  - Electric vehicles. Vehicles with Zero emissions, greater energy efficiency and a significant reduction in noise.
  - Hybrid vehicles. These are vehicles equipped with two different energy storage systems on board, with at least one of these energy storage systems considered to be sustainable (electricity or natural gas).
8. Soil maintenance, refurbishment of contaminated soils and comprehensive management of industrial waste.

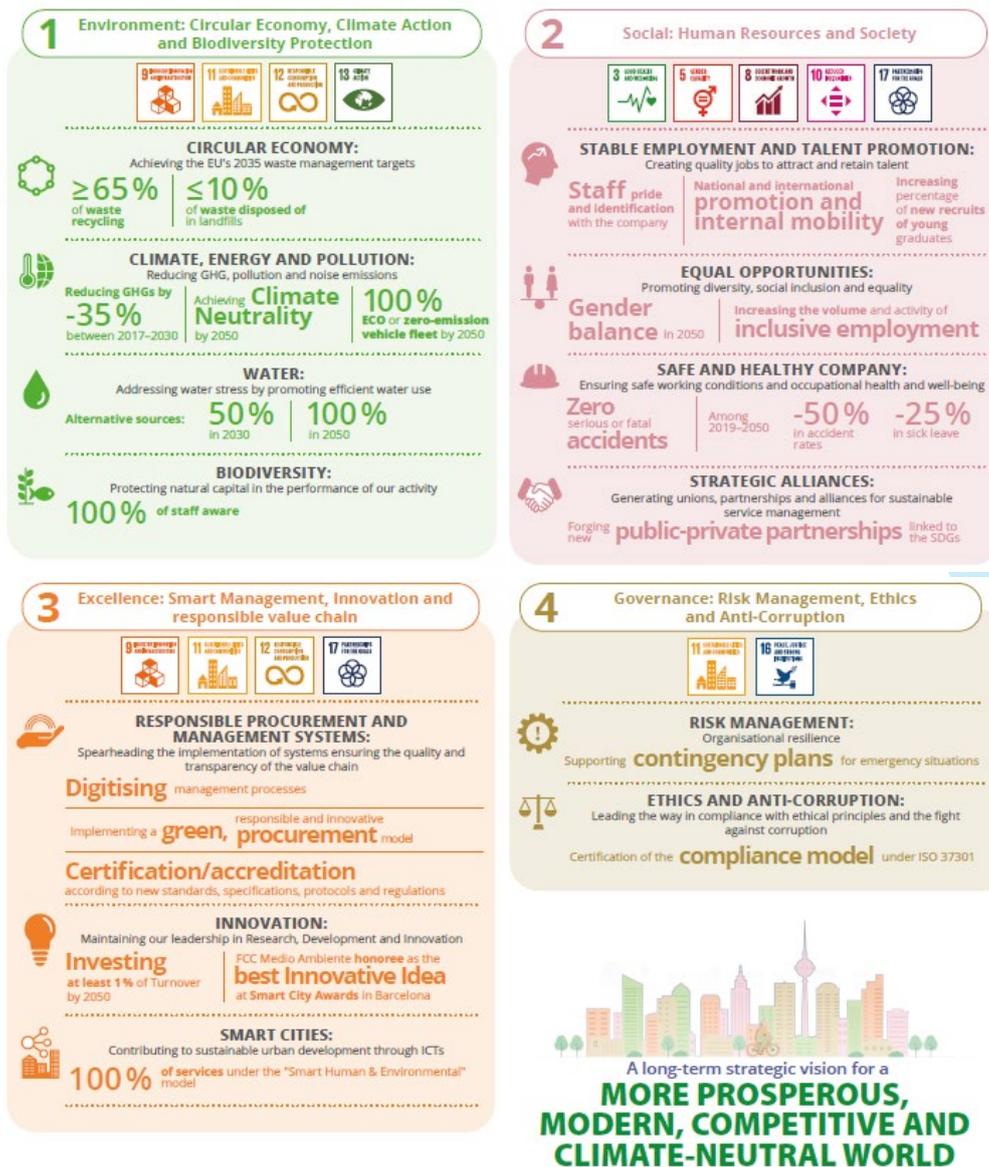
The activities undertaken by **FCC MA** have a direct impact on promoting sustainable development and the health and well-being of citizens.

**FCC MA** has published a climate change strategy in which it establishes objectives for the gradual replacement of conventional vehicles with clean technologies, hybrid or electric vehicles and also for replacement with waste treatment technologies that avoid landfilling.

During the financial year 2021, **FCC MA** published its Sustainability Strategy with a 2050 horizon ([Video-strategy](#)) that has four axes that will mark the company's actions in terms of sustainable management: **Environment, Social, Excellence and Governance**, with objectives specific in each field of activity.



Some of these commitments are:



FCC MA is committed to using the cleanest and most advanced technologies in the provision of high-quality services, sustainable in the medium and long term and adapted to the needs of clients. To achieve this, one of the pillars is technological innovation as a result of having been pioneers in many aspects of environmental services, developing more sustainable vehicles, using treatment technologies to improve recycling and creating the most comprehensive service management platform in the sector. The improvement of environmental quality is a central objective of the services provided by FCC MA. This attitude has led to FCC MA receiving numerous awards, with special mention among the most recent for:

- For the second consecutive year, the Spanish Climate Change Office has awarded FCC MA the **triple seal "Calculo-reduzco-compenso"** for the carbon footprint of the year **2021**. In this way, its commitment to reduce greenhouse gas emissions is strengthened. **FCC MA** is the third time that it has obtained the "Reduzco" seal in a row and the second year in which it has obtained the "Compenso" seal by signing agreements for the acquisition of absorption rights belonging to reforestation projects.



Evolution of the Carbon Footprint of **FCC MA** 2013\_2021

## 2. GREEN BONUS SCOPE

In November 2019, **FCC MA** published its framework for the issuance of sustainable bonds, linked to the United Nations Sustainable Development Goals (SDG). Several days later, **FCC MA** issued its first green bond for a total of 1,100 million euros, divided into two sections, one of €600 million maturing in 2023 and the other of €500 million maturing in 2027.

The issuance of this bond enables the bank to allocate funds to projects in activities with a positive impact on the environment, financing projects related to the following categories included in those defined in the framework:

- Prevention and control of pollution: urban sanitation, municipal waste treatment plants, waste to energy recovery plants, cleaning and maintenance of sanitation networks and industrial waste treatment.
- Biodiversity: Cleaning and maintenance of green areas.
- Energy efficiency: projects to improve energy efficiency in municipal installations.
- Clean transport: Clean energy vehicles.

This annual **FCC MA** Green Bond allocation report is made available to the public, detailing the allocation of the net proceeds of any pending issuance. In addition, it provides information on the expected environmental impacts of eligible ecological projects, choosing indicators based on the availability of relevant data.

### 3. KEY FIGURES FOR THE GREEN BOND

<b>Issuer</b>	FCC Servicios Medio Ambiente Holding, S.A.U.	
<b>Guarantors</b>	FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.	
<b>Parent</b>	Fomento de Construcciones y Contratas, S.A.	
<b>Issue Rating</b>	BBB- (Stable) by Fitch	
<b>Form / Status of the note</b>	Bearer Global Notes, RegS, Senior Unsecured	
<b>Nominal Amounts</b>	EUR600,000,000	EUR500,000,000
<b>Issue Date</b>	4th December 2019	
<b>Maturity Date</b>	4th December 2023 (4 Years)	4th December 2026 (7 Years)
<b>Coupon</b>	0.815% Fixed, payable annually	1.661% Fixed, payable annually
<b>ISINs</b>	XS2081491727	XS2081500907
<b>Listing</b>	Irish Stock Exchange plc, Global Exchange Market	
<b>Paying &amp; Security Agent</b>	The Bank of New York Mellon	

## 4. SUMMARY OF THE FCC MA GREEN BOND FRAMEWORK

### 4.1. ELIGIBLE CATEGORIES

Eligible Green Projects are those projects that are financed, totally or partially, and directly or indirectly by **FCC MA**. They will include investment expenses and operating expenses, to that extent that the expense provides clear environmental benefits and promotes the transition to low-carbon technologies.

The following are the categories to which the projects deemed eligible have been assigned.

Eligible Category	UN SDG	Examples of projects
<p><b>Prevention and control of pollution</b></p>	   	<ul style="list-style-type: none"> <li>- Collection of waste from streets, parks, beaches and the sea</li> <li>- Waste composting projects</li> <li>- Classification of wastes</li> <li>- Tyre retrieval projects</li> <li>- Waste classification and treatment installations</li> <li>- Waste-to-energy conversion installations</li> </ul>
<p><b>Energy Efficiency</b></p>		<ul style="list-style-type: none"> <li>- Energy efficiency in lighting</li> </ul>
<p><b>Clean Transport</b></p>	  	<ul style="list-style-type: none"> <li>- Electric, hybrid and natural gas vehicles.</li> </ul>
<p><b>Protection of land and aquatic biodiversity</b></p>		<ul style="list-style-type: none"> <li>- Post closure landfill remediation.</li> <li>- Treatment of contaminated soils.</li> <li>- Treatment of contaminated water.</li> <li>- Maintenance and protection of parks, gardens and green areas.</li> </ul>

## 4.2. DEVELOPMENT AND SELECTION OF PROJECTS

FCC MA has established a Green Bond Working Group (GBWG) to undertake the evaluation and selection process.

The GBWG meets at least twice a year to review the projects to which funds have been allocated from the green bonds to verify their compliance with the Green Bond Framework and approve the allocation of these funds. The GBWG also reviews fund management and the submission of reports.

### 4.3. EXTERNAL REVIEW

**FCC MA** will contract an external entity to provide an external review in the form of a Second Part Opinion on the Framework of FCC Servicios Medio Ambiente Holding, who will confirm alignment with GBP. This Second Part Opinion is published in <https://www.fccma.com/es/>

Each year **FCC MA** is also committed to contracting an external entity to assess the compliance of the bonds issued with regard to the Framework. This report will also be made public on <https://www.fccma.com/es/>

## 5. USE OF FUNDS

The funds collected are included in FCC Servicios Medio Ambiente Holding's "cash pooling" system and are subsequently distributed to those subsidiaries that have already implemented or will implement projects aimed at improving environmental performance (both new investments and refinancing projects).

It is important to mention that projects that are considered eligible, often consist of the provision of services whose final objective is the achievement of environmental improvement, such as selective waste collection and street cleaning. In order to achieve these environmental improvements, not only vehicles and machinery are required but also work centres (installations) and utensils, such as containers, waste bins, etc. so in these cases all the investment made for the provision of these services is considered eligible: installations, vehicles, machinery, containers, etc.

It is also important to note that in some of the activities, such as energy recovery from waste or investment in installations to improve energy efficiency, the investments are very long-term, 20 or 25 years, so although the general criterion has been to consider the refinancing of investments made since 2016 included, for the above-mentioned activities investments from previous years have been considered, taking into account that the amortisation period in these cases far exceeds the maturity period of the bonds.

The table below shows the data for eligible investments by category until **2019**:

CATEGORY	SDG	INVESTMENT (€ million)	%
Prevention and control of pollution		744.52	90.35%
Energy efficiency		11.72	1.42%
Clean transport		60.40	7.33%
Biodiversity protection		7.37	0.89%
<b>TOTAL</b>		<b>824.01</b>	

The table below reflects the data of eligible investments by category for the year 2020:

CATEGORY	SDG	INVESTMENT (€ million)	%
Prevention and control of pollution		191	94.86%
Energy efficiency		0.63	0.31%
Clean transport		8.38	4.16%
Biodiversity protection		1.33	0,66%
<b>TOTAL</b>		<b>201.34</b>	

The table below reflects the data of eligible investments by category for the year 2021:

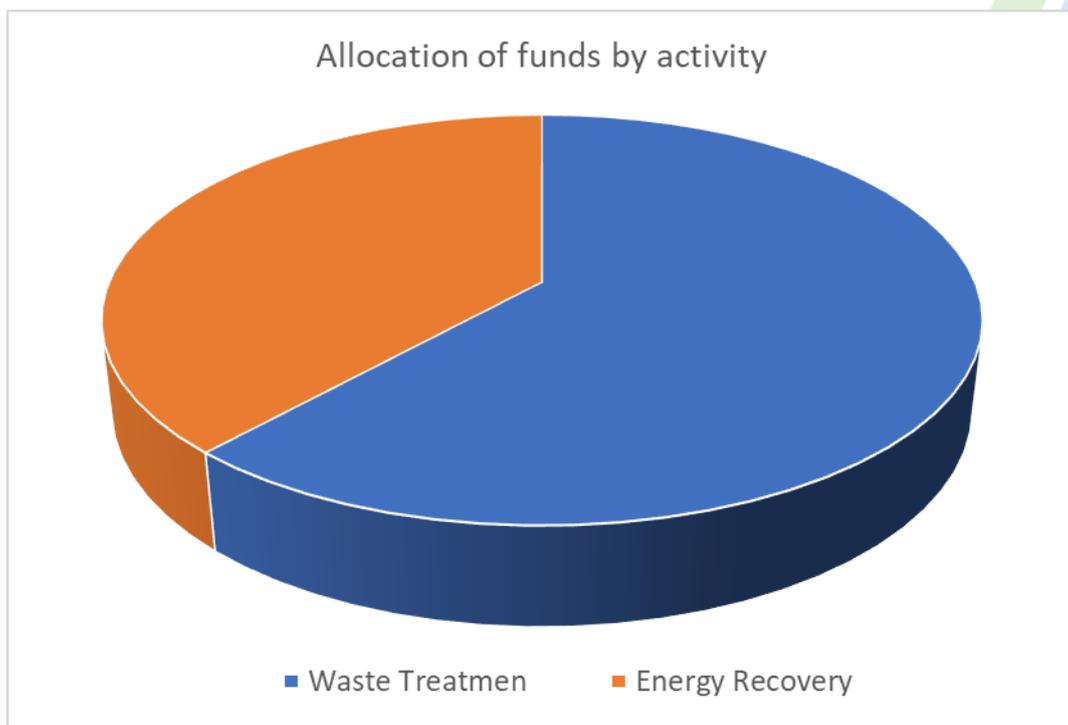
CATEGORY	SDG	INVESTMENT (€ million)	%
Prevention and control of pollution	   	74.65	100%
<b>TOTAL</b>		<b>74.65</b>	

Being that all the funds of the green bond corresponding to:

**€ 1,100 Million**

A more detailed analysis taking allocation by activity into account gives the following results:

ACTIVITY	CATEGORY	INVESTMENT (€ million)	%
Waste Treatment	Env. Control Cont.	46.04	62%
Energy Recovery	Env. Control Cont.	28.61	38%
<b>TOTAL</b>		<b>74.65</b>	



## 6. SUSTAINABILITY BENEFITS

In 2021, the projects financed with the green bond achieved the following results in terms of the environmental impact of our activities.

### 6.1. SPAIN AND PORTUGAL

IMPACT INDICATORS	Business year	
	2.021	
Indicator	U	Data
<b>Tons of waste treated</b>	t	1,086,500
<b>Total GHG emissions avoided by MSW treatment</b>	tCO <sub>2</sub> e	284,946
<b>Total direct GHG emissions avoided</b>	tCO <sub>2</sub> e	284,258
Direct GHG emissions avoided by capturing biogas from landfills	tCO <sub>2</sub> e	100,390
Direct GHG emissions avoided by biological treatment	tCO <sub>2</sub> e	132,713
Direct GHG emissions avoided by retrieval of materials	tCO <sub>2</sub> e	51,155
<b>Indirect GHG emissions avoided</b>	tCO <sub>2</sub> e	688

6.2. THE UNITED KINGDOM

IMPACT INDICATORS	Business year	
	2.021	
Indicator	U	Data
Total tons of waste treated	t	462,718
Energy generated from waste	MWh	343,826
Total emissions avoided	tCO <sub>2</sub> e	834,630
GHG emissions avoided due to energy recovery from waste	tCO <sub>2</sub> e	697,634
Emissions avoided by electricity generation	tCO <sub>2</sub> e	87,368
Emissions avoided by the retrieval of slag	tCO <sub>2</sub> e	1,164
Emissions avoided by the retrieval of ferrous metals	tCO <sub>2</sub> e	6,102
Emissions avoided by the retrieval of non-ferrous metals	tCO <sub>2</sub> e	42,361

## 7. EXAMPLES OF PROJECTS FINANCED WITH THE FCC MA GREEN BOND

### 7.1. ENVIRONMENTAL FACILITY FOR WASTE MANAGEMENT OF MANCOMUNIDAD DEL ESTE







- Investment in 2021: € 25,435,558
- Total investment: € 105,548,322
- Impact indicators:

IMPACT INDICATORS	Business year
	<b>2.021</b>
Indicator	Data
<b>Total tons of waste treated</b>	200,540
<b>Total GHG emissions avoided by MSW treatment</b>	74,822
Emissions avoided by waste treatment (instead of its deposit in landfill)	50,296
Emissions avoided by the recovery of materials	24,526

7.2. FACILITY MILLERHILL EFW - EDIMBURGO Y MIDLOTHIAN








- Total investment: **144,26M€**
- Impact indicators:

INDICADORES DE IMPACTO	Ejercicio
	<b>2.021</b>
Indicador	Dato
Total tons of waste treated	159,482
Total GHG emissions avoided by MSW treatment	285,707
Generated Energy (MWh)	113,825

- Huella de Carbono:

CARBON FOOTPRINT	
EMISSIONS ASSOCIATED TO THE USE OF FUEL (MOBILE AND FIXED SOURCES)	186.41
EMISSIONS ASSOCIATED TO THE TREATMENT PROCESSES (FOSSIL SOURCES)	49,743.33
EMISSIONS ASSOCIATED TO THE CONSUMPTION OF ELECTRICITY	41.15
<b>TOTAL FOOTPRINT (t CO<sub>2</sub> – equ)</b>	<b>49,970.89</b>

# ANNEX 1

## DNV REVIEW



## FCC SERVICIOS MEDIO AMBIENTE HOLDING SAU

### DNV GREEN BOND PERIODIC REPORTING REVIEW

#### Scope and objectives

On the 4TH December 2019, FCC Servicios Medio Ambiente Holding, SAU ("FCC MA" or "Issuer") issued two bonds under their GREEN BOND FRAMEWORK with ISIN: XS2081491727 and ISIN: XS2081500907 (henceforth referred to as "BOND"). The nominal issuance value for the bonds was Euro 600 million and Euro 500 million.

FCC MA has used the net proceeds of the BOND to finance the nominated projects and assets falling under the following categories:

##### **Pollution prevention and control:**

- Rubbish collection from streets, parks, beaches and the sea
- Waste composting projects
- Waste sorting
- Tire recovery projects
- Waste sorting and treatment facilities
- Waste-to-energy facilities

##### **Energy Efficiency:**

- Energy efficiency in lighting

##### **Clean Transportation:**

- Fleet of electric, hybrid and natural gas-powered vehicles

##### **Terrestrial and aquatic biodiversity conservation:**

- Remediation of old landfills.
- Treatment of contaminated soil.
- Treatment of contaminated water.
- Maintenance and conservation of parks, gardens, and green areas.

DNV has been commissioned by FCC MA to provide the Periodic Review of the GREEN BOND REPORTING with regards to allocation of proceeds. Our criteria and information covered to achieve this is described under 'Work Undertaken' below. The Periodic Review was conducted on the information provided by FCC MA dated 28<sup>th</sup> October 2022.

No assurance is provided regarding impact reporting, the financial performance of the BOND, the value of any investments in the BONDS, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the BOND has met the criteria established on the basis set out below.

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The scope of this DNV opinion is limited to the Green Bond Principles 2021 (GBP)

## Responsibilities of the Management of FCC MA and DNV

The management of FCC MA has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform FCC MA management and other interested stakeholders in the BOND as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by FCC MA. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by FCC MA's management and used as a basis for this assessment were not correct or complete.

## Basis of DNV's opinion

DNV adapted our Green Bond Principles methodology, which incorporates the requirements of the GBP, to create a FCC MA-specific Green Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion. The overarching principle behind the criteria is that a green bond should "enable capital-raising and investment for new and existing projects with environmental benefits".

As per our Protocol, the criteria against which the GREEN BOND PERIODIC REPORT has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work Undertaken

Our work constituted a **limited assurance process** reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. We have done a high-level review of the available information, based on the understanding that this information was provided to us by FCC MA in good faith.

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We have not performed an audit or other tests to check the veracity of the information provided to us. We have not conducted on-site visits to projects.

The work undertaken to form our opinion included:

Periodic Verification

- Assessment of documentary evidence provided by FCC MA on the BOND and supplemented by a high-level desktop research, documentation review and interviews with key personnel from the issuer FCC MA. These checks refer to current assessment best practices and standards methodology.
- Discussions with FCC MA management, and review of relevant documentation.
- Review of the nominated projects and assets as described in Schedule 2 as at the time of Periodic Verification.
- Review and testing where possible of Reporting Data.
- Documentation of findings for Periodic Verification as detailed in this document. Our opinion as detailed below is a summary of these findings.

## Findings and DNV's opinion

Los hallazgos de DNV se enumeran a continuación:

- 1. Principle One: Use of Proceeds.** FCC MA has reported use of the proceeds of the BOND by 31<sup>st</sup> December 2021, to finance and refinance projects and assets of a total value of **1,100.00 M€**, falling under eligible categories as defined in Schedule 1:

DNV reviewed the criteria for the project categories above to determine the eligibility of the nominated projects and assets.

- 2. Principle Two: Process for Project Evaluation and Selection.** The BOND's proceeds have been allocated solely to finance and refinance eligible assets as defined in **Schedule 1**. DNV has reviewed evidence of the application of eligibility criteria as defined in the FCC MA's GREEN BOND FRAMEWORK, and evidence that demonstrates that FCC MA regularly assesses opportunities for improvement and devises action plans and initiatives to mitigate negative environmental impacts from its operations.
  - 3. Principle Three: Management of Proceeds** DNV has reviewed evidence showing how FCC MA traced the proceeds from the Bond, from the time of issuance to the time of disbursement. The full amount of the proceeds is managed within treasury or equivalent, and thereafter disbursed in accordance with the debt obligation. The funds raised have been incorporated into the FCC Group's "cash pooling" system and have subsequently been distributed to the subsidiaries of FCC Servicios Medio Ambiente Holding for the finance of eligible projects aimed at improving environmental performance (both new investments and projects refinancing). At the end of financial period 2020 the outstanding balance of non-assigned proceeds amounts to 74,65 M€. As stated above, DNV provides no assurance regarding the financial performance of the Bond, the value of any investments in the Bond, or the effects of the transaction.
  - 4. Principle Four: Reporting.** FCC MA has issued a Green Bond Report including impact reporting and allocation reporting. This includes a description of the project categories, and value of the proceeds invested, as well as the associated qualitative and quantitative environmental impacts. DNV has only conducted an assessment on the allocation reporting. DNV provides no assurance on associated quantitative and qualitative environmental impacts.
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**Opinión.**

On the basis of the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that, in all material respects, the reviewed bond projects, are not in conformance with the Use of Proceeds and Allocation Reporting criteria outlined in the FCC MA Green Bond Framework.

**for DNV Business Assurance España, S.L.U.**

Madrid, 25 November 2022



**Lars Appel**  
Project Manager  
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**Juan Andrés Salido**  
Project Sponsor and Technical Reviewer  
DNV – Business Assurance

**About DNV**

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

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**SCHEDULE 1: NOMINATED ACTIVITIES REFINANCED THROUGH FCC MA GREEN BOND**

Activity	Eligible Green Category	SDG	Investment (Million EUR)			
			Funded in:	2019	2020	2021
Urban Sanitation	Pollution prevention and control	   	200,81	38,63		239,44
Waste treatment			114,20	98,31	46,04	258,55
Energy Valorization			418,55	49,45	28,61	496,61
Sewer Cleaning and Maintenance			2,52	0,38		2,90
Industrial waste			8,44	4,23		12,67
<b>Total</b>	<b>Pollution prevention and control</b>		<b>744,52</b>	<b>191,00</b>	<b>74,65</b>	<b>1010,17</b>
Energy efficiency	Energy efficiency		11,72	0,63		12,35
ECO vehicles	Clean Transportation	  	60,40	8,38		68,78
Garden Cleaning and Maintenance	Terrestrial and aquatic biodiversity conservation		7,37	1,33		8,70
<b>Total funding allocated</b>			<b>824,01</b>	<b>201,34</b>	<b>74,65</b>	<b>1100,00</b>

## SCHEDULE 2: FCC MA GREEN BOND REPORT REVIEW PROTOCOL

### 1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"> <li>• Green Use of Proceeds Bond</li> <li>• Green Use of Proceeds Revenue Bond</li> <li>• Green Project Bond</li> <li>• Green Securitised Bond</li> </ul>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- Bond data</li> <li>- FCC MA Green Bond Framework</li> </ul> <p>Discussions with FCC MA management</p>	<p>The reviewed evidence confirms that the BOND falls in the category: Green Use of Proceeds Bond.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- FCC MA Green Bond Framework</li> <li>- Ficha de actividad Bono Verde 1-8, describing green Project categories and eligibility criteria</li> <li>- Green Bond Register</li> </ul> <p>Discussions with FCC MA management</p>	<p>As identified in the GREEN BOND FRAMEWORK the purpose of the BOND is to use the proceeds to finance and refinance credit facilities for projects falling under the following categories:</p> <ul style="list-style-type: none"> <li>• Pollution Prevention and control</li> <li>• Renewable energy</li> <li>• Energy efficiency</li> <li>• Clean transportation</li> <li>• Terrestrial and aquatic biodiversity conservation</li> </ul> <p>DNV's assessment concluded that these assets qualify for inclusion under the Green Bond Principles within above mentioned categories.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Review of: <ul style="list-style-type: none"> <li>- FCC MA Green Bond Framework</li> <li>- Ficha de actividad Bono Verde 1-8, describing green Project categories and eligibility criteria</li> </ul> Green Bond Register Discussions with FCC MA management	DNV reviewed eligibility and exclusion criteria for following activities and projects: <ul style="list-style-type: none"> <li>- Urban Sanitation</li> <li>- Waste treatment</li> <li>- Energy Valorization</li> <li>- Sewer Cleaning and Maintenance</li> <li>- Industrial waste</li> <li>- Energy efficiency</li> <li>- ECO vehicles</li> <li>- Garden Cleaning and Maintenance</li> </ul> DNV considers all activities and projects qualify as Green.  Energy efficiency indicator $R1 < 0,65$ is set as an exclusion criterion for waste to energy plants. DNV reviewed all the waste to energy plants and found that energy efficiency indicators (R1) were clearly above 0,65 in all cases.
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	Review of: <ul style="list-style-type: none"> <li>- Green Bond Register</li> <li>- BOND Proceeds and reporting framework</li> </ul> Discussions with FCC MA management	The proceeds of the BOND, as below, have been reported to be allocated to refinance the nominated projects assets listed in Schedule 1. This represents 100 % of the Green Bond Proceeds and 100% refinancing of individual projects and assets.

## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	<p>The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>• A process to determine how the projects fit within the eligible Green Projects categories identified in the Green Bond Principles;</li> <li>• The criteria making the projects eligible for using the Green Bond proceeds; and</li> <li>• The environmental sustainability objectives</li> </ul>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- FCC MA Green Bond Framework</li> <li>- Ficha de actividad Bono Verde 1-8, describing green Project categories and eligibility criteria</li> <li>- GBWG Minutes of meeting</li> <li>- Green Bond Register</li> </ul>	<p>As per the FCC MA Green Bond Framework, the issuer has set out a Green Bond Working Group (GBWG) to carry out the evaluation and selection process of eligible projects and activities as per eligibility criteria established in the "Ficha de Actividad Bono Verde 1-8"</p> <p>DNV confirmed this process to define a clear and repeatable system by which projects maybe identified and included or excluded from the Green Bond project pool (Green Bond Register).</p>
2b	Issuer's environmental and social and governance framework	<p>In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.</p>	<p>Review of:</p> <ul style="list-style-type: none"> <li>- FCC MA Sustainability and CSR Policy and Governance Framework</li> <li>- FCC MA Annual Report</li> <li>- FCC MA Green Bond Framework</li> </ul>	<p>DNV reviewed the FCC MA Environmental and Sustainability Policy in addition to the Sustainability Reporting Framework for FCC MA and its subsidiary organizations.</p> <p>Based on the evidence reviewed and the discussion we had with senior managers, we found nothing to suggest that FCC MA's environmental, social and governance framework is not in line with good practice of the industry in which it operates.</p>

### 3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub- account, moved to a sub- portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	Review of: <ul style="list-style-type: none"> <li>- Green Bond Register</li> <li>- Capex reports on investments</li> <li>- Activities and projects management system software (Vision)</li> </ul>	DNV has reviewed evidence showing how FCC MA traced the proceeds from the Bond, from the time of issuance to the time of disbursement. The full amount of the proceeds is managed within treasury or equivalent, and thereafter disbursed in accordance with the debt obligation. The funds raised have been incorporated into the FCC Group's "cash pooling" system, and have subsequently been distributed to the subsidiaries of FCC Servicios Medio Ambiente Holding for the finance of eligible projects aimed at improving environmental performance (both new investments and projects refinancing).
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Annual Report and financial statements of: <ul style="list-style-type: none"> <li>- FCC Medioambiente</li> <li>- FCC Ámbito</li> <li>- ECOMESA</li> <li>- Lostock Sustainable Energy Plant Ltd</li> </ul>	The evidence reviewed shows that FCC MA has traced the proceeds from the BOND, from the time of issuance to the time of disbursement and reduced the net balance of proceeds by amounts in line with the assets debt repayment schedule. It has been reported that at the end of the financial period 2020, the outstanding balance of non-assigned proceeds was 0 €.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment	Discussions with FCC MA management	The outstanding balance of non-assigned proceeds was 0 €.

#### 4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Green Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	Discussions with FCC MA management	FCC MA has issued a Green Bond Report including impact reporting and allocation reporting. This includes a description of the project categories, and value of the proceeds invested (as per Schedule1 above), as well as the associated qualitative and quantitative environmental impacts. DNV has only conducted an assessment on the allocation reporting. DNV provides no assurance on associated quantitative and qualitative environmental impacts.

