Annual Report

2023

Index

1. Letter from the Chairwoman _ 3
Letter from the CEO _ 5

2. Ethical governance at the highest level _ 8

3. Strategy and value creation _ 24

4. FCC in 2023 _ 84

5. Business lines _ 92

A1. Appendix I. Financial Statements _ 269

A2. Appendix II. Sustainability Report _ 560

Letter from the Chairwoman

Dear shareholders,

In this Annual Report you will find a summary of the main figures and the most important milestones that have defined FCC's activity in 2023.

A year as demanding as it was, extraordinary in terms of results, a year in which we have once again proven our ability to turn every challenge into an opportunity to continue serving and accompanying our society.

With this background, the FCC Group has moved forward, controlling the phases involved in the end-to-end water cycle; optimising resources and applying circular economy principles; developing infrastructures; producing the associated materials necessary to execute them; and entering the world of real estate management.

We have once again proven our ability to **make each challenge** an **opportunity**

The results that we as a Group have achieved are extremely satisfying.

With a **turnover** of 9,026 million euros, 17.1% more than in 2022. The Cement and Construction activities have made a significant contribution to this growth, followed by a sharp rise in the Water Area.

Due to our progress in the Group's main business areas, in 2023 we improved our **Ebitda** by 16.6%, up to 1,529 million euros.

In this last year, **we have kept on adding** and we are still doing it properly

Ebit also grew 49.1% to 910.3 million euros due to the rise in Ebitda, the base effect of the 2022 adjustment of 200 million euros in the value of various property, plant and equipment elements and goodwill in the Cement Area.

At year end 2023, Group **financial debt** stood at 3.1 million euros, 2.9% less than in 2022.

The **backlog** reached 41.62 million euros at 31 December, 3.3% up compared to the previous year end and largely attributable to the notable increase in Water activity.

These results are largely due to the strategic commitment made for some years now, focused on transformation as a cross-cutting foundation of our business and on optimising our technical, operational and financial efficiency. In doing so, we have again demonstrated that it is possible to achieve highly satisfactory results through responsible growth, combined with the pursuit of profitability in our businesses.

Results that allow us to propose a flexible dividend for our shareholders of over 283.4 million euros at our AGM, equivalent to 0.65 euros per share, charged to available reserves and 30% more than was offered the previous year.

I would like to reiterate our gratitude to investors, shareholders, strategic partners and clients for their support and trust in our project, with a special mention for our best capital: each and every proffesional within the FCC Group, who make it possible on a daily basis; I thank them for their engagement and unconditional commitment.

As engineer Carlos Slim usually says: *"Profitability comes from productivity, efficiency, management, austerity and how business is managed. Everything adds up if you do it properly"*.

And we are. This last year, 2023, we have kept on adding, and we are still doing it properly.

Finally, please allow me to share my sincere optimism and firm hope in the future. The passion for a job well done, the resilience and team spirit that characterise FCC are the best guarantee for success in the new times to come.

Esther Alcocer Koplowitz
Chairwoman of the FCC Group

Letter from the CEO

Dear shareholders,

Welcome to the 2023 FCC Group Annual Report. Over the following pages, you will be able to review the activity and evolution throughout last financial year, as well as our performance and progress in environmental, social and corporate governance matters.

The last few years have presented a changing and uncertain context for world economic activity, and 2023 was no exception due to of different geopolitical conflicts. Also, the macroeconomic environment has been characterised by high interest rates and persistently high inflation, with the contribution of the global energy crisis. Another important question for the private sector are regulatory changes in various business areas, which require companies to implement essential procedural changes, requiring investments and the mobilisation of additional resources.

Turnover amounted to **9,026 million euros**, **17.1%** more than in 2022

However, since our company was created at the beginning of last century, we have proven that our business model has the capacity to adapt to different challenges. So in 2023, the Group has continued to strengthen its leading position worldwide, operating in more than 38 countries and reaching a turnover of 9,026 million euros (17.1% higher than 2022). This increase is an accurate reflection of the good performance of all business lines with significant improvements in Construction (43.5%), Cement (18.9%) and Water (12.4%).

I am proud to present these results, proof of the continuous improvement of this Group and the excellent performance in its activities. Our business model is solid, built on the foundation of our values, which guide our decision making, and our governance structure based on transparency and responsibility.

The Group obtained a gross operating result (Ebitda) of **1,529 million euros, 16.6%** more than the previous year

As a leading international company in public service provision with a mission to efficiently and sustainably design, implement and manage environmental services, end-to-end water cycle management and major infrastructure construction to improve quality of life, we feel the obligation to relentlessly face the challenge represented by the 2030 Agenda. We will continue in our efforts to adopt the **Sustainable Development Goals** as our own, searching for and promoting new actions.

Moreover, we are fully aware of the role played by **R&D&i investments** to optimise our resources, offer better services and find more effective solutions for the public. In 2023, we therefore allocated 13.5 million euros and more than 100 professionals to promoting research, development and innovation at FCC Group. I would also like to emphasise the active participation of different Areas of our company in various research projects, especially the *LIFE* programme projects promoted by the EU and dedicated to the environment and climate action. Research and innovation are key to improve our Group's competitiveness. We will need new technologies to face the main challenges of the cities of tomorrow, offering innovative and sustainable solutions.

In terms of the **environment**, we believe that FCC Group can play a key role in the challenges and that is why we are firmly committed to contributing to the fight against climate change. By implementing adaptation solutions as part of the 2050 Climate Change Strategy, in 2023 we have reduced our greenhouse gas (GHG) emissions by 8% compared to the previous year. This is an example of the contributions we feel we can make, suitably managing our interactions with the natural environment by setting ambitious environmental goals and transparent practices.

In relation to our **social management**, we have reinforced our workforce compared to the previous year with over 3,000 new recruitments in our Group. We are currently more than 67,000 people with values including our search for community well-being and development, which explains our participation and active collaboration in social programmes and initiatives. In recognition of these efforts, FCC has received the 2023 ONCE Social Group Region of Madrid Charity Award in the Business category, in appreciation of our projects to tackle aspects such as inequality, poverty or the risk of social exclusion.

Another of our shared values is honesty and respect, pillars of our performance in **corporate governance**. Together we all promote transparency, ethics and respect for the law and we want to be part of this culture. In this vein, this year we have adapted the Group Compliance Model to the requirements introduced by the new Law 2/2023, of 20 February, regulating the protection of people who report breaches of regulations and the fight against corruption.

Ebit rose by **49.1%** in 2023 to **910.3 million euros**

Entering into more detail in the **economic sphere**, the Group obtained a **gross operating result (Ebitda)** of 1,529 million euros, **16.6%** more than the previous year. Meanwhile, our **net operating result (Ebit)** saw a rise in **49.1%** compared to last year, up to 910.3 million euros. The company's **attributable net result** was 591 million euros, a significant increase of **87.5%** on the previous year. This is a direct consequence of the operating result as well as using the equity method to include the Metrovacesa stake in the Real Estate Area. As for the **business portfolio**, the figure recorded at the end of last year was 41,620 million euros, with a **3.3%** increase on the previous year and a notable rise in Water business.

Each business area of our company has stood out in 2023 for some relevant milestones, which I would like to highlight:

Firstly, in 2023 we closed the sale of 24.99% of the **Environmental Services Area** parent company to the Canadian investment fund CPP Investment. The new shareholder will reinforce the positioning and strategic development of the subsidiary, its areas and regions where it operates. Furthermore, the Area agreed to buy the business of Urbaser group, UK, and has reinforced its presence in the US, becoming one of the 15 main companies in that country in solid waste management and recycling. Milestones worthy of note at national level include a contract to modernise and operate the Jerez region treatment plant in Cádiz (Spain), which will serve around half a million people.

The **Water Area** entered into the US market by acquiring 97% of MDS (Municipal District Services, LLC) is worthy of note. With this operation, Aqualia begins to provide service to a population of over 364,000. Specialisation in end-to-end water cycle management maintains our position and competitiveness in Europe. In Spain, new desalination and reuse actions stand out. Finally, in 2023, Aqualia was awarded relevant contracts in France, Colombia and Saudi Arabia which reinforced its position.

Meanwhile, the **Construction Area** has bolstered its position in the main markets in Spain with the award of construction works for the new ONCE headquarters in Madrid; underground work on the R-2 Cercanías commuter train line through Montcada i Reixac (Barcelona); or the engineering and construction projects for photovoltaic plants in Seville and Cáceres by FCC Industrial.

At international level, the consortium led by FCC Construcción was chosen as the preferred bidder to execute works on the new underground line in Porto, an additional 6.3 kilometres for the city's underground network. FCC Industrial has also obtained a major contract to build a regasification terminal in Germany, with a portfolio of 270 million euros, which will be the country's second LNG (liquefied natural gas) regasification plant. The company continues its activity in the Netherlands with new contracts including one to build a modern Pallas reactor, a key project that will help treat multiple patients to treat multiple patients suffering from cancer and cardiovascular diseases. Also, a contract to modernise a series of bridges in Pennsylvania (US A).

The **Cement Area** saw a significant increase in sales despite a slowdown in the Spanish sector during the last months of 2023. In this context, the Area redefined the values and behaviours of its business culture seeking the alignment with the new purpose to *Promote Sustainable Progress*: be stronger, more solid and sustainable in operations and decision making. The goal is to remain a benchmark in the sector in all countries where the Area operates.

Finally, in 2023, the **Real Estate Area** boosted its consolidation by increasing the FCC Property (of which it controls 80.03% of the capital) stake in the investee companies Realia Business, S.A. and Metrovacesa, S.A., increasing its stake to 66.29% and 21.21%, respectively. With this movement, the Group's Real Estate Area continues to enhance its assets and make the most of property business opportunities.

We close 2023 as a year in which we have reinforced our leadership position, achieving major economic results and strengthening our human capital. Despite the challenges facing today's society, FCC Group has been able to generate and create opportunities for growth.

Lastly, I would like to sincerely thank you all, shareholders, investors, strategic partners and clients, for your ongoing support and the trust you place in our company year after year. Having you by our side on this journey means we can maintain our growth over time. You give us the strength we need to advance in fulfilling our corporate missions: improving quality of life.

No company achieves business success without its **main asset: a great team**

With my final words, I would like to stress the admirable daily work of every member of the FCC Group workforce. This team, made up of excellent professionals, continuously proves their talent and vocation and are the foundations for building our corporate culture. Please continue to show your best version, defending our values in an honest and exemplary way. No company achieves business success without its main asset: a great team behind it. You are the real success of FCC.

Pablo Colio Abril
CEO of the FCC Group

2

Ethical governance at the highest level

1. Governance with values _ 9

2. Ethical conduct and integrity _ 13

3. The FCC Group's Risk Management Model _ 20

1. Governance with values

For FCC Group, governance rooted in the principles of sustainability, integrity and business ethics is a priority reflected consistently in its values, decision-making and corporate practices. FCC reinforces and guarantees exemplary behaviour, ensuring regulatory compliance and business conduct based on transparency, equity, ethics and integrity, promoting its commitment to sustainability and corporate responsibility.

The **FCC Group Code of Ethics and Conduct** and the **Compliance Model** are the foundations for company governance, setting the standards of behaviour and integrity of the value chain, covering all Group employees, the community and stakeholders and including environmental, social, labour and good governance commitments.

As part of its commitment to best good governance practices, FCC Group aligns with the **Unified Good Governance Code of Listed Companies by the National Securities Market Commission (CNMV by its acronym in Spanish)** recommendations, incorporating around 85% of the most stringent international standards and focusing its efforts on recommendations that include sustainability as part of the scope of the Board of Directors.

1.1. Governance structure

The FCC Group corporate governance structure comprises several bodies that are fundamental for strategic and efficient decision making that favours of a responsible corporate culture: the **General Shareholders' Meeting**, the Group's ultimate decision-making body that sets the Group strategy; the **Board of Directors**, which represents the highest powers for managing, administering and representing the company; and three specific committees, the **Executive Committee**, the **Audit and Control Committee** and the **Appointment and Remuneration Committee**, which favours effective and transparent management and supervision.

Within its commitment to ethical and transparent management, each year FCC Group publishes the **Corporate Governance Report** that includes information on the governance structure, best practices and follow-up on Code of Good Governance recommendations. This report is available on the FCC corporate website.

Governance structure

General Shareholders' Meeting

It is governed by the provisions of Law, the company's Articles of Association, and the Regulations of the General Meeting. The shareholder structure is reflected in the Board of Directors and, in accordance with the Articles of Association, the right to information, attendance and voting at the General Shareholders' Meeting is recognised for holders of one or more shares.

Board of Directors

Body entrusted with the administration, representation and control of FCC in accordance with the powers set out in the Articles of Association and the Board Regulations.

At the end of 2023, the FCC Group Board of Directors had 11 members, with women representing 36% of its members and various nationalities represented.

In 2023, the Board met a total of 14 times with an average attendance of 91.52%. It approved the Equality, Diversity and Inclusion Policy and the Internal Information System Policy, in addition to occasionally amending the FCC Group Code of Ethics and Conduct.

Executive Committee

The permanent delegation body appointed by the Board of Directors that makes decisions related with FCC Group Investments, access to credits, loans and other financial instruments.

Specifically, in 2023, the Executive Committee met eight times, reaching a total of 36 agreements.

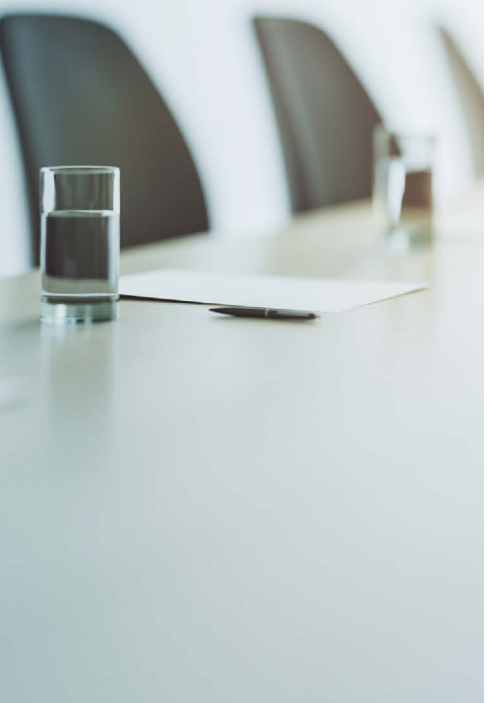
Audit and Control Committee

A body with no executive duties but with information, advice and proposal powers. It supports the Board in the tasks of financial and non-financial reporting supervision and sending reports to the General Shareholders' Meeting; exercising internal controls and assessing the efficiency of the risk policy; and liaising and ensuring the independence of the external auditor.

The Audit and Control Committee held ten meetings in 2023 in which it addressed various Compliance and Sustainability matters as it is in charge of supervising the corporate environmental, social and governance policies and informing the Board of Compliance Model updates.

Appointment and Remuneration Committee

The body responsible for advising, informing and proposing the re-election, ratification and dismissal of directors, as well as their remuneration and the remuneration of FCC Group senior management. Responsible for detecting possible conflicts of interest and related transactions, as well as taking on any duty attributed by Law, the FCC Group Articles of Association or the Board of Directors Regulations. In 2023, the Appointment and Remuneration Committee met six times, reaching a total of 19 agreements.



Composition of the Board of Directors and its Committees

Members of the Board of Directors	Position on the Board	Nature	Executive Committee	Audit and Control Committee	Appointment and Remuneration Committee
Esther Alcocer Koplowitz	Chairwoman	Proprietary	○		○
Juan Rodríguez Torres	Director	Proprietary	○	○	○
Carlos Slim Helú	Director	Proprietary			
Álvaro Vázquez de Lapuerta	Director	Independent		●	○
Esther Koplowitz Romero de Juseu	First Vice Chairwoman	Proprietary			
Pablo Colio Abril	Chief Executive Officer	Executive	○		
Alejandro Aboumrad González	Vice Chairman	Proprietary	●		
Carmen Alcocer Koplowitz	Director	Proprietary			
Alicia Alcocer Koplowitz	Director	Proprietary	○		
Manuel Gil Madrigal	Director	Independent		○	●
Gerardo Kuri Kaufmann	Director	Proprietary	○		

● Chairman/Chairwoman
○ Member

1.2. Remuneration model

FCC Group has set a **Remuneration Policy** for 2022-2025 on the remuneration model for directors. It guarantees the principles and values of FCC and ensures that director remuneration is fair and reasonable.

Remuneration of executive and non-executive personnel at FCC Group is set according to different criteria such as position, duties, level of responsibility and competences, and pursuant on the circumstances of the company, country and market depending on each activity.

The Remuneration Policy provides a mixed system and all information on how it was applied in 2023, including detailed remuneration, is reported and published in the **Annual Report on the Remuneration of Directors**, available for consultation on the FCC corporate website.

According to the Board of Directors Regulations, the remuneration policy must respect the following criteria:

- Remuneration necessary to attract and retain directors with an adequate profile.
- Remuneration according to the interests of the shareholders and Group.
- Balanced remuneration that can reward dedication, qualification and responsibility, and allow directors to maintain independent criteria.
- Remuneration related with professional performance of beneficiaries.

2. Ethical conduct and integrity

2.1. Business conduct

The FCC Group integrity and corporate ethics framework responds to the need for reinforcing and guaranteeing exemplary behaviour and ensuring that anyone linked to its activity ensure regulatory compliance as a key factor in their firm commitment to due diligence.

Compliance Model

The **FCC Group Compliance Model** fosters transparency, respect for law and due diligence by means of effective governance and reporting. The Public of the Model is the prevention and detection of risks of non-compliance and behaviours that could lead to criminal offences.

The **FCC Group Code of Ethics and Conduct** is the cornerstone for this Model and responsible Group management which, following its approval in 2012 and the latest review in 2023, is implemented with policies, with the principles and behaviours expected of the workforce, executive teams, suppliers and contractors, as well as processes and controls on a consolidated regulatory base.

The **FCC Compliance Committee** is a top-level body with independent powers of initiative and control. It depends on the Audit and Control Committee of the FCC Board of Directors. The committee is part of the Model as the Group's Criminal Prevention body. Its powers include monitoring and supervising regulatory compliance programmes, promoting ethical culture and preventing illegal behaviours. Compliances committees have also been set up in the businesses with a similar composition and duties so as to provide support to their decision-making bodies and the Committee itself.

The FCC Compliance Committee is chaired by the corporate Compliance Officer and includes the Legal Service general manager and Human Resources manager. The general Internal Audit manager also participates, taking part in investigations if necessary, and the business Compliance Officers attend Committee meeting, in this case as guests. During 2023, the Compliance Committee met a total of twelve times, once at an extraordinary meeting.

Compliance Model regulatory base

- Code of Ethics and Conduct.
- Crime Prevention Manual.
- Anti-corruption Policy.
- Gift Policy.
- Agent Policy.
- Policy on relationships with partners in relation to compliance.
- FCC Group participation policy in bidding processes for goods or services.
- Competition Policy.
- Tax Compliance Policy.
- Human Rights Policy.
- Equality, Diversity and Inclusion Policy.
- Internal Reporting System Policy.
- Compliance Comittee Regulations.
- Whistleblowing Channel Procedure.
- Investigation and Response Procedure.
- Protocol for the Prevention and Eradication of Harassment.

Most relevant actions to the FCC Group Compliance Model 2023

- Adaptation of the Model to the new Law 2/2023, of 20 February, regulating the protection of people who report breaches of regulations and the fight against corruption.
- Approval of the FCC Group Internal Information System by the Board of Directors, as well as updating the regulatory base.
- Review of the Compliance Model by a prestigious external firm for independent assessment.
- Boost to the number of investee companies and joint ventures adhered to the Model with defining their own.
- Annual supervision by the FCC Group Internal Audit department.
- Review of the criminal risk assessment and updating of the Model's crime, risk and control matrixes.
- Two six-monthly self-assessments and certification of the Compliance Tool, of controls and processes designed to minimise the most significant criminal risks.
- Implementation of the Annual Compliance Training Plan 2023 and approval of the Three-year Training Plan 2024-2026.
- Launch of the global training course in "Conflicts of Interest" in twelve countries and eight languages.
- Assessment of supplier risk in Compliance for 771 new suppliers, with 20 of them requiring specific assessment from the Compliance department.
- 220 due diligence evaluations on third parties (potential partners, agents and suppliers), from the Group's different businesses.

Dissemination and training in the Compliance Model are a fundamental tool in preventing crimes such as corruption, fraud, money laundering and all criminal offences or breaches of the rules applying to the FCC Group. To respond to this need for knowledge and training, a training plan has been defined with three priority subjects —FCC Group Code of Ethics and Conduct, Competition and Corruption—, mainly online for greater reach and with in-person seminars when required for the type of training.

Whistleblowing Channel

The FCC Group **Whistleblowing Channel** is one of the key measures adopted to prevent regulatory non-compliance. It is available to employees and stakeholders, guarantees their rights and enables them to exercise their duty to **report possible breaches of the FCC Group Code of Ethics and Conduct as well as the Compliance Model**. A tool that is accessible on the intranet, corporate website and by post, it favours anonymous, confidential and repercussion-free collaboration in the identification of possible breaches.

The Channel is managed by the FCC Group Compliance Committee according to the specific procedures of the Whistleblowing Channel and the Investigation and Response Procedure. A total of 214 communications were received in 2023, of which 137 were classified as relevant and 77% of the notifications were of a labour nature.

2.2. Prevention and detection of corruption and bribery

FCC Group has a firm commitment to **zero tolerance for corruption, bribery and all forms of extorsion**. The FCC Group Code of Ethics and Conduct is the core of the regulatory framework that reflects the transparency, integrity and eradication of corrupt practices in all Group operations, implemented in different prevention and control policies and measures.

In addition to the FCC Anti-corruption Policy, the Group has other policies and procedures that favour transparency, ethics and the fight against corruption. These include the **Agents Policy**, which regulates relations with any commercial agent or business partner; the **Gift Policy**, on the principles related with giving and accepting gifts; the **Bid Policy** and procurement processes by public and private entities and the submission of bids; and the **Competition Policy** to ensure compliance with regulations and prevent any breach. In 2023, the Group **Internal Reporting System Policy** was also approved; it regulates the protection of people who report breaches, regulations and the fight against corruption.

The FCC Group regularly conducts a global analysis taking into account its operations and jurisdictions to assess the risk of exposure to crimes related with corruption and bribery. This analysis is based on a matrix of the different risk events and defining controls that will prevent crimes being committed.

In line with the promotion of a corporate culture of Compliance, training in anti-corruption is provided for FCC Group employees and is mandatory for the risk group. At the end of 2023, more than 5,000 have completed this training.

The **FCC Anti-corruption Policy**, applicable to all Group employees and companies, set out the following principles:

Principles of the FCC Anti-corruption Policy

- Compliance with the law and ethical values.
- Zero tolerance of bribery and corruption.
- Extension of commitment to business partners.
- Prevention of money laundering.
- Transparent relations with the community.
- Monitoring of ownership and confidentiality of data.
- Rigour in control, reliability and transparency.
- Managing conflicts of interest.
- Promotion of continuous training on ethics and compliance.

2.3. Money laundering

FCC Group strictly complies with regulations **against money laundering and the financing of terrorism** in all its financial operations and locations, implementing specific measures to ensure integrity and transparency with the most stringent compliance standards. To prevent potential crimes, in 2023 a risk assessment was conducted and different controls were implemented.

Furthermore, the system implemented in audited each year internally and by an external Agent or entity to verify its effectiveness and training is provided to personnel assigned to this activity so as to detect any risk operation.

In relation with external marketing companies, a prior analysis is run before contracting them to verify that their activity and operations adapt to the general FCC Group principles, we also monitor their obligation to train their sales agents in this matter.

Checks against money laundering (AML)

- Body entrusted with supervising and monitoring prevention measures.
- Updated Manual on the Prevention of Money Laundering.
- Training the workforce.
- Assessment and review of powers of attorney and proxies.
- Review of purchase and sale contracts.
- Establishment of an internal advisory and whistleblowing line.

2.4. Human Rights

With its **Human Rights Policy**, FCC Group undertakes and declares to protect and respect human rights as a fundamental element of corporate culture and the company's values. Approved by the Board of Directors, the Policy is part of the Group Compliance Model and is aligned with the United Nations Guiding Principles and the Universal Declaration of Human Rights (UDHR), as well as the fundamental principles of the International Labour Organization (ILO).

Available on the FCC corporate website in 14 languages, the Human Rights Policy extends to all corporate activities, requiring equal protection from partners, collaborators and suppliers according to the FCC Group Code of Ethics and Conduct and the specific commitment included in the company's Sustainability Policy.

The Group also implements **due diligence** mechanisms in accordance with the United Nations Guiding Principles on Business and Human Rights. The FCC Compliance Model compiles the commitments, principles and standards of conduct applicable and which enable the company to align with the international benchmark framework and legislation applicable in each country where it operates.

FCC Group also has a Whistleblowing Channel where anyone can raise questions and report any irregularity or beach in company activities affecting human rights.

Commitments are implemented and monitored by the Group Sustainability Committees and business Committees in coordination with the corporate Human Resources and Procurement departments.

Reinforcing FCC's commitment, since 2006 the Group subscribes to the **United Nations Global Compact** and its 10 principles which include companies' duty to support and respect the protection of fundamental human rights, also in the value chains. Specifically, in 2023 the FCC Group took part in the first edition of the ***Business and Human Rights Accelerator***, a pioneering international programme launched by the United Nations Global Compact.

Once again, to mark Human Rights Day, new impetus was given to the dissemination of the FCC Policy and commitment to the Universal Declaration, which this year celebrated its 75th anniversary.

Human Rights commitments by area

Freedom of association and collective bargaining	To recognise workers' rights to freedom of association.
Decent and paid employment	Guarantee fair and favourable working conditions and equitable and satisfactory remuneration.
Forced labour and child labour	Reject forced or involuntary labour, and respect for children's rights.
Diversity and inclusion	To reject all forms of discrimination.
Health and safety	Guarantee the safety of workers and operations.
Data privacy	Make and ensure responsible use of personal data.
Respect for communities	Establish relationships of respect and credibility with local communities.

2.5. Tax transparency

The Group's commitment to tax transparency and compliance is reflected in the **FCC Tax Strategy**, which is in turn backed by an effective tax risk identification and management system. The purpose is to ensure compliance with applicable regulations and coordination of best tax practices in all Group operations. This commitments is also reinforced by FCC voluntarily subscribing to the **Spanish Tax Agency's Code of Best Tax Practices**.

FCC Group's Tax Strategy is defined in its **Code of Tax Conduct**, which sets the policies, values and principles that must guide the tax behaviour of all people related to the Company, and in the **Tax Control Framework Standard** and management procedures in this area. The Board of Directors, supported by the Groups governance bodies, is responsible for reviewing and approval the Strategy to guarantee compliance with tax regulations and effective and ethical governance in all operations.

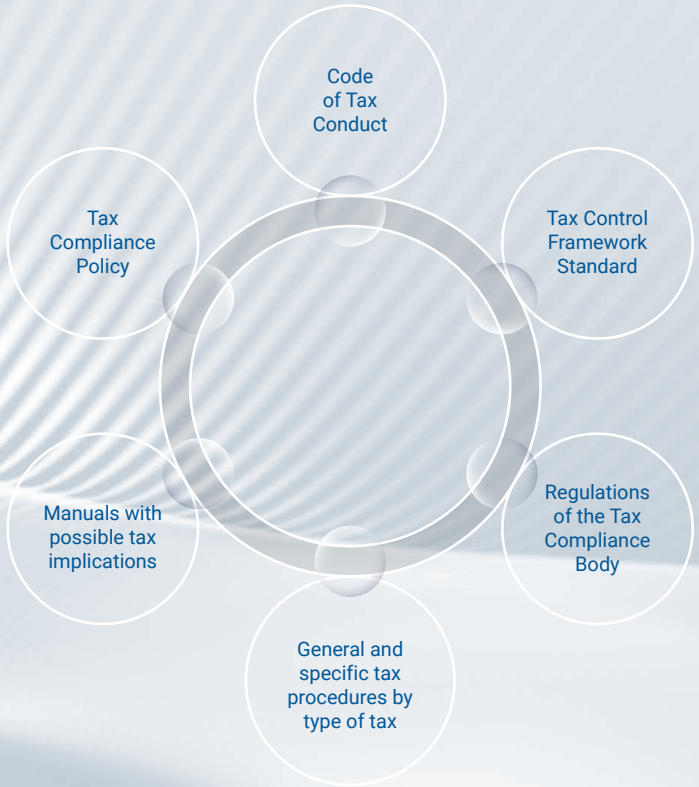
On 22 March 2023, the FCC Board of Directors approved the **FCC Group Tax Compliance Policy** with the goal of identifying, preventing, managing and mitigating tax risks defined in the Framework Standard, and to ensure that internal tax control systems prevent risks from materialising.

FCC Group also has a **Tax Compliance Management System**, certified in 2023 in accordance with the UNE 19602:2019 standard. It is a comprehensive structure of processes and procedures implemented throughout the organisation which ensures that tax practices are ethical, efficient and aligned with the FCC Group business objectives and commitment to tax transparency and sustainable development.

The System is implemented and supervised by the **Tax Compliance Body**, which is comprised of members of the Group's corporate Tax Department and must report to the FCC Group CEO, Audit Committee and Compliance Committee. It is also responsible for identifying tax risks inherent to the Group, classifying and prioritising them, and proposing prevention or mitigation measures.

To ensure transparency and compliance with best tax practice standards, FCC Group submits its **Tax Transparency Report** to the Tax Agency each year, making information on global tax contribution by country available to stakeholders. Moreover, the FCC Group Whistleblowing Channel allows any person or counterparty legally linked with the Company to notify their concerns related with possible unethical or illegal conducts, irregularities, illegal actions or non-compliance with any regulation or Group tax policy.

Tax Compliance Management System



2.6. Cybersecurity and data protection

Protecting the organisation's information assets, as well as guaranteeing the privacy, integrity and availability of data, is essential in order to comply with current regulations and avoid cybersecurity and data protection risks.

FCC Group has a **Cybersecurity Model** that encompasses the principles and minimum requirements for the evolution of current information systems in order to ensure the confidentiality, integrity and availability of Company information.

In 2023, FCC Group developed the cybersecurity governance model and reinforced security monitoring systems in accordance with technology changes and to address emerging threats. Cross-cutting initiatives have been implemented relating to the promotion of a cybersecurity culture at all levels of the organisation, risk and threat analyses to implement and prioritise measures, and the monitoring, supervision and follow-up of the cybersecurity status to guarantee regulatory compliance.

Continuous information to employees on the use of technology is key in developing this Model. For this reason, 10,000 training actions in cybersecurity, data protection and the use of technology were conducted in 2023.

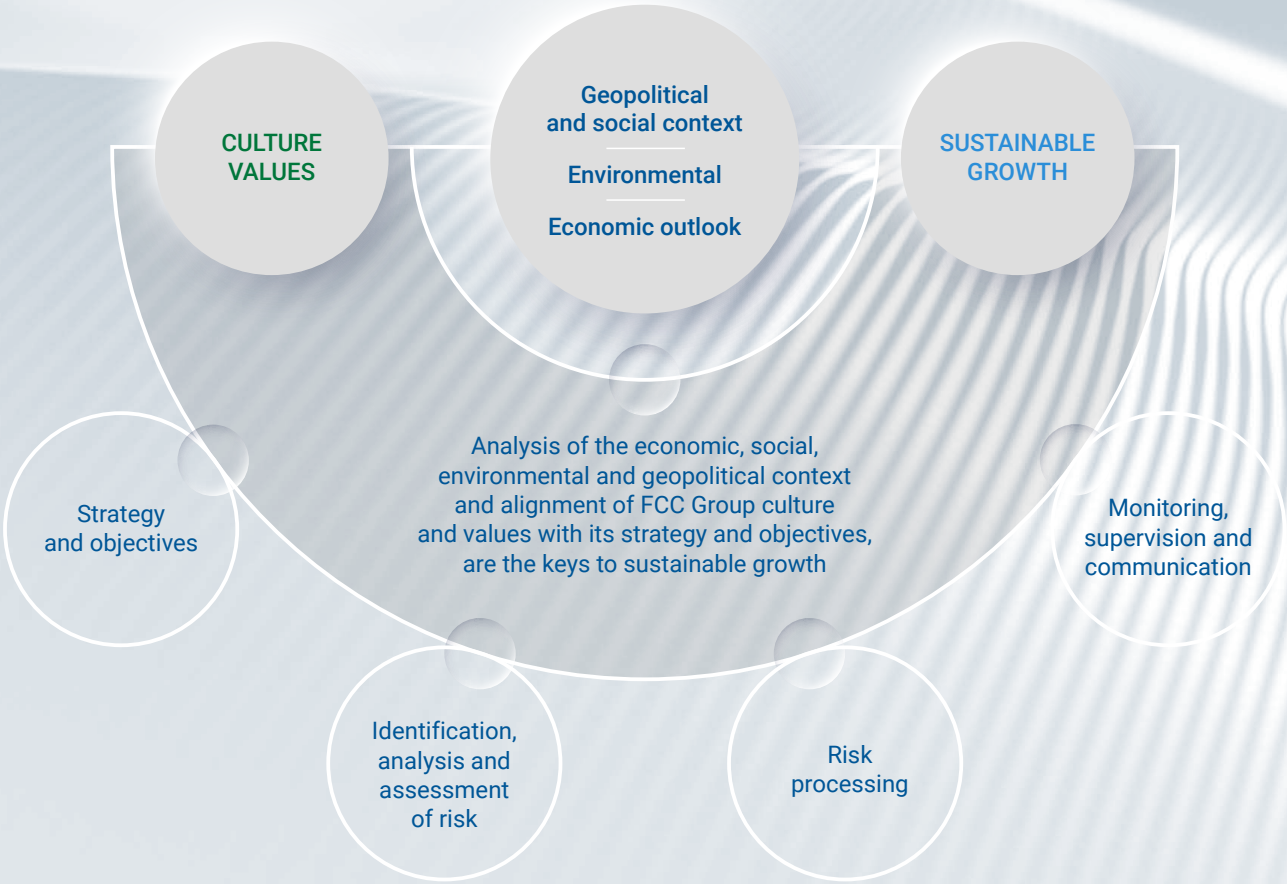
Principles for guaranteeing information and data security and protection

- Guarantee transparency and trust at all times regarding the secure processing of personal data.
- Undertake responsibility and commitment in the use of personal data, based primarily on data confidentiality.
- Ensure information integrity to prevent unauthorised manipulation.
- Efficiently manage the security of personal data processed at FCC Group.
- Ensure personal data are available when necessary, allowing access only to those necessary as part of their duties.

3. The FCC Group's Risk Management Model

The FCC Group is exposed to various risk factors inherent to its activities and related to the environmental, economic, social and geopolitical evolution in the different countries where those activities are carried out. Many of these risk factors are interconnected and could potentially affect the sustainable growth of the Group, although they also represent opportunities in the context of the United Nations SDGs (Sustainable Development Goals).

In response to this environment, the FCC Group has developed a Risk Management Model and a Compliance Model aligned with its strategy, culture and values and integrated with the operations of the various business lines. These models establish integral frameworks for identifying, evaluating, managing, monitoring and supervising risks, establishing responsibilities at different levels of the organisation.



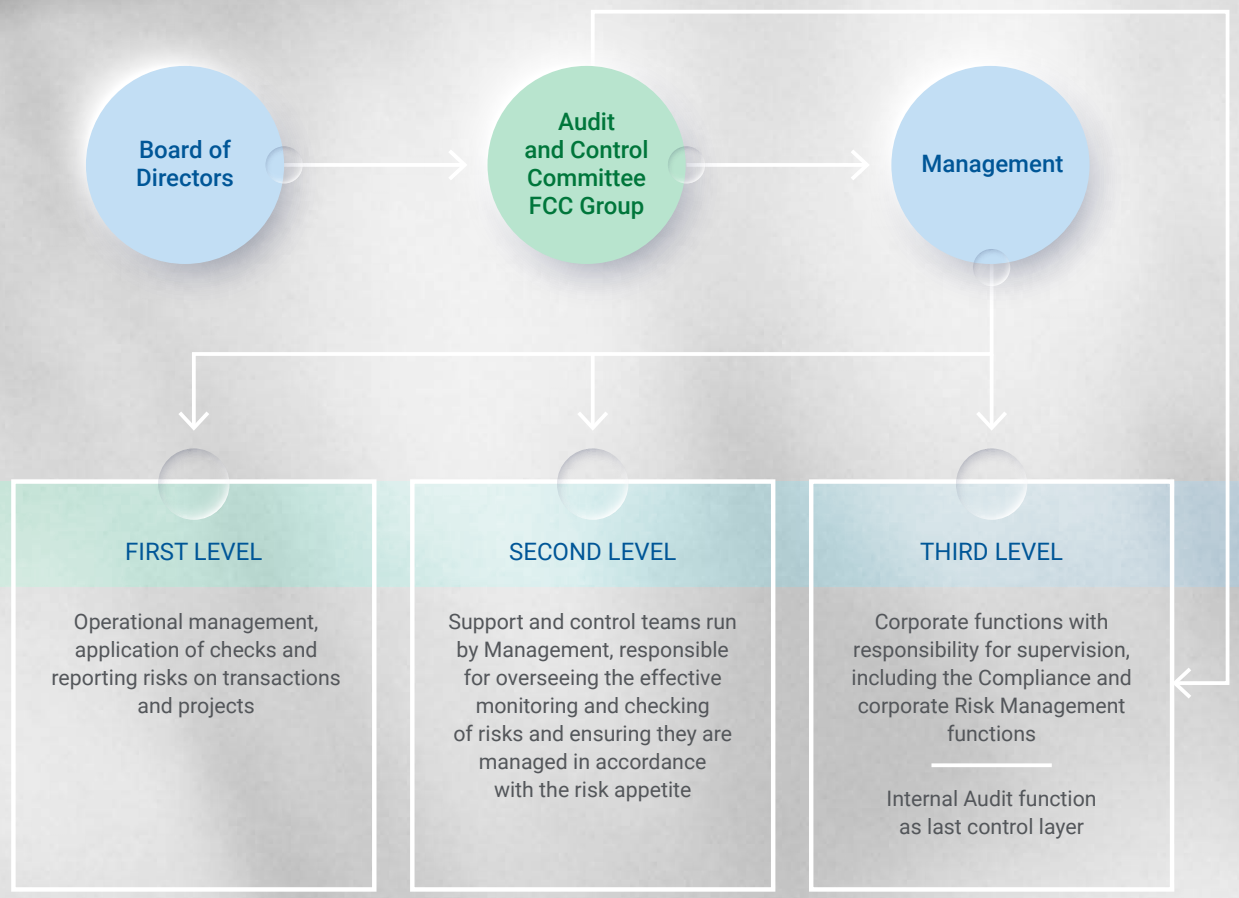
3.1. Key roles for risk management

The Risk Management Model is interlocked with the FCC Group's corporate governance model, in which functions, powers and responsibilities are assigned both at corporate level and in each of the business units, so that they function in a coordinated way to boost their effectiveness and consolidate the control environment.

In this regard, the Risk Management Model is defined and approved by the Board of Directors, looking out for the creation and protection of value and the interests of stakeholders.

The Audit and Control Committee is ultimately responsible for supervising the Risk Management Model and the internal control of the company, receiving reporting from various functions in the organisation, including Risk Management, Compliance and Internal Audit acting as the last layer of control.

The Model is implanted and developed by the management, which establishes organisational structures, assigns specific responsibilities for operational management, support and supervision and defines reporting lines with a view to attaining the objectives of the FCC Group.



Significant risk scenarios

1. Strategic Risks

- Deterioration of the economic environment.
- Geopolitical and regulatory instability.
- Climate change.
- Deviations in sustainable objective achievement.
- Impairment of reputation.
- Technological disruption.

Response plans

- Monitoring and analysis of changes in the environs.
- Consolidation of the diversified international position as a provider of services classified as essential.
- Maintaining market share in mature markets.
- Analysis of opportunities in countries with a stable political-social situation.
- Search for new public-private collaboration formulas to develop the end-to-end water cycle, environmental services and infrastructure.
- Sustainable finance taxonomy area.
- Integrating the businesses into the circular and low-carbon economy and alignment with the SDGs.
- Development of the Sustainability Policy.
- Development of the Environmental
- Investment in R+D+i projects.

2. Operational Risks

- Risks associated with bidding process.
- Contractual disputes.
- Difficulty to attract and retain talent.
- Investment property price fluctuation.
- Damage to the environment.
- Price volatility.
- Cyber threats.

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.
- Monitoring plans for specific project risks.
- Monitoring of contractual requirements in project management plans.
- Appropriate insurance coverage.
- Training, coordination and development of human resources.
- Periodic valuations of real estate assets by independent experts.
- Operational unit and information security management system.

Significant risk scenarios (continued)

3. Compliance Risks

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

Response plans

- Update programmes in different regulatory areas.
- Regulated systems with detailed procedures.
- Quality management systems, environmental management and occupational risk prevention in accordance with international standards.
- 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, Equality and Diversity schools of Campus FCC.

4. Financial Risks

- Credit risk.
- Liquidity risk.
- Exchange rate fluctuation.
- Interest rate fluctuation.
- Limitation 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 asset risk management and updating and monitoring goodwill values and deferred tax assets.

3

Strategy and value creation

1. Mission, vision and values _ 25
2. Strengths of the business _ 28
3. Sustainability in action _ 31
4. Response to future challenges _ 48

1. 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, cement 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 regions and activities.

For the people who belong to the company, this Code of Ethics and Conduct represents the highest-ranking standard in the FCC Group's range of policies and procedures, which strengthens the culture of compliance and supports its long-term value creation 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.

Vission

What we want to be

To be an international benchmark Group 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. These are the Group's values.

These values form part of the FCC Group's Code of Ethics and Conduct and are intended to transmit and instil the principles to everyone working in the company.

Our Values

Honesty and respect

We want to be recognised for honest and honourable behaviour, worthy of the trust of collaborators, clients and suppliers as long-term benchmark partners.

Results oriented

We pursue the improvement and achievement of goals to make FCC a leader in profitability and competitiveness.

Rigour and professionalism

We work with exemplarity and a service-minded approach, developing our ability to seek efficient and innovative solutions.

Loyalty and commitment

We encourage diversity, promote professional development and recognise merit and creativity as a stimulus to productivity and progress.

Well-being and development of communities

We are aware of the value that our services bring to society, and we are committed to the protection of the environment and the development and wellbeing of communities.

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

THERE ARE
more than **67,000 of us** working in more than **30 countries**.

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

1.1. The FCC Group's guiding principles

Honesty and Respect

1. We observe legislation and ethical values.
2. Zero tolerance for bribery and corruption.
3. We prevent money laundering and the financing of terrorism.
4. We safeguard free competition and best market practices.
5. We exemplify ethical conduct in the securities market.
6. We avoid conflicts of interest.

Diligence and Professionalism

7. We are diligent in terms of control, reliability and transparency.
8. We safeguard the reputation and image of the Group.
9. We use the company's resources and assets efficiently and safely.
10. We oversee the ownership and confidentiality of data and information.

Loyalty and Commitment

11. Our clients are the focal point.
12. Health and safety are paramount.
13. We promote diversity and fair treatment.
14. We are committed to our environment.
15. We are transparent in our relations with the community.
16. We extend our commitment to our business partners.

2. 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 one of the FCC Group areas.

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.

Health and Safety

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

Quality and Innovation

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

Care for the Environment

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

2.1. Keys to a diversified business

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

- Municipal concessions for the management of the end-to-end water cycle as a public service.
- Infrastructure concessions under the BOT (Build, Operate and Transfer) model.
- O&M services (Operation and Maintenance of infrastructures).
- EPC models (Engineering, Procurement and Construction).

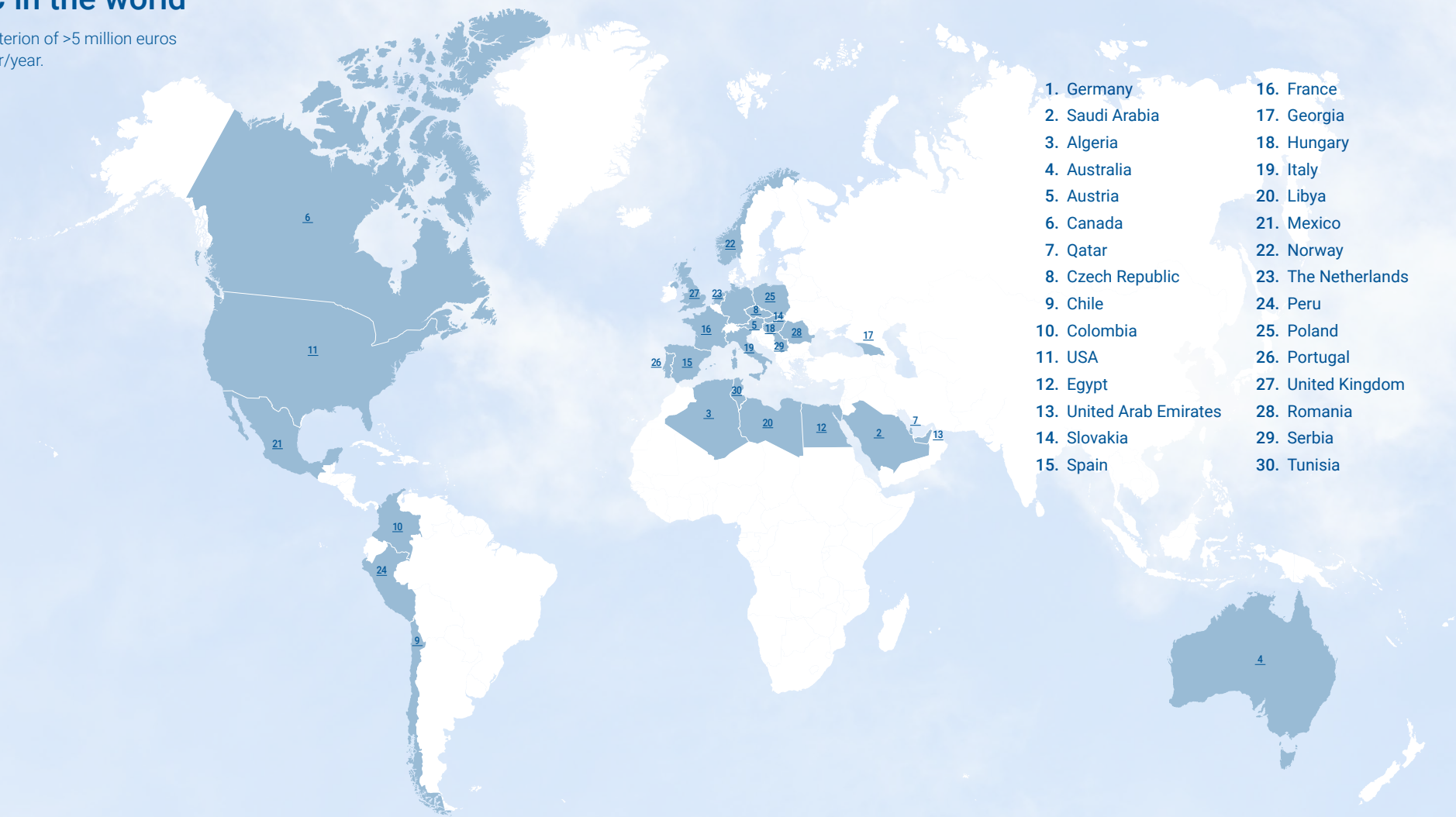
- Civil engineering (bridges, tunnels, highways, railway projects, hidraulic and maritime projects, etc.).
- Non-residential construction (sports, health and cultural infrastructures, etc.).
- Residential construction.
- Industrial.
- Concessions.
- Infrastructure maintenance.
- Prefabricated construction.
- Cement.
- Brand image.

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

- Development and sale of real estate products, mainly housing.
- Property rental (offices, premises and shopping centres).
- Development and operation of projects aimed at housing rental.
- Land management.

2.2.
FCC in the world

With criterion of >5 million euros turnover/year.



1. Germany
2. Saudi Arabia
3. Algeria
4. Australia
5. Austria
6. Canada
7. Qatar
8. Czech Republic
9. Chile
10. Colombia
11. USA
12. Egypt
13. United Arab Emirates
14. Slovakia
15. Spain
16. France
17. Georgia
18. Hungary
19. Italy
20. Libya
21. Mexico
22. Norway
23. The Netherlands
24. Peru
25. Poland
26. Portugal
27. United Kingdom
28. Romania
29. Serbia
30. Tunisia

3. Sustainability in action

The FCC Group has over a century of experience in service provision, based on a diversified model to promote urban and social development in order to improve the quality of life of citizens and contribute to sustainable progress.

In 2023, FCC Group achieved notable milestones in sustainability and reinforced its commitment to the **United Nations Global Compact** and the contribution to the **2030 Agenda** and the **Sustainable Development Goals**, proposing innovative and sustainable solutions capable of responding to challenges, adapting management to the environmental, social and governance circumstances in various sectors and geographies where the company operates.

3.1. ESG Framework

The **FCC Group Sustainability Policy**, approved by the Board of Directors, reflects the company's commitment to sustainable development. This policy defines the Group's strategic environmental, social and governance (ESG) priorities including the reduction of emissions, protection of biodiversity, occupational safety, equal opportunities and corporate good governance. The Policy also sets a framework for dialogue with stakeholders and the response to society's expectations in order to contribute to a more sustainable future for the planet and the communities where the organisation operates.

Sustainability is a priority for FCC Group, **led by the highest company's governance bodies**, the responsibilities of which are set out in the Sustainability Policy as follows:

- The **Board of Directors of FCC**, which oversees compliance with the Sustainability Policy through its **Audit and Control Committee**, is responsible for approving, monitoring and assessing the company's sustainability strategy and practices.
- The **FCC Group Sustainability Committee**, composed of the various business areas and corporate units, is responsible for implementing the Policy and the common strategy.
- The **Sustainability Committees of each area** are responsible for developing, implementing and overseeing compliance with the Policy in its business unit and the deployment of its own strategy.
- The **Compliance and Sustainability Department**, part of the General Secretariat, is responsible for, *inter alia*, the results monitoring system, the identification of associated risks and coordination of the FCC Group's Sustainability Committee.

ESG Strategies

FCC Group establishes a framework of reference in the **ESG Framework**, which is the **strategic guide for managing environmental, social and good governance initiatives and projects**, contribution to the Agenda 2030 and the Sustainable Development Goals (SDG), and respond to national and international commitments and standards. Cross-cutting programmes have also been set up to promote and integrate sustainability at all levels of the company through innovation, communication and creating partnerships.

The main business areas have also defined specific sustainability strategies suitable for their activities, thus reinforcing their management and in line with the FCC Group sustainable development commitment.

FCC Group Priorities

In 2023, FCC Group conducted a **double materiality assessment** as provided in the new *European Sustainability Reporting Standards* (ESRS), thus being able to identify how company activities impact stakeholders and the environment and also the risks and opportunities that can significantly influence each Group business.

The phases of the dual materiality study were:

- **Review and identification of impacts, risks and opportunities** aligned with ESRS requirements.
- **Topic grouping**, prioritising them according to the ESRS.
- Direct **query** to business area departments on ESG impacts identified and queries of the main stakeholders: workforce, suppliers and clients.
- **Risk and opportunity assessment** based on financial, reputational, operational and legal dimensions.
- **Consolidation of results**, defining the resulting material matters by impact and financial materiality for the three dimensions: environment, social and good governance.

Material dimensions and issues identified:

- **Environmental Dimension:**
  - Climate change and energy
  - Pollution
  - Water
  - Biodiversity
  - Resources and materials
  - Waste
- **Social Dimension:**
  - Working conditions
  - Health and safety
  - Equality and diversity
  - Data protection
  - Subcontracting and suppliers
  - Safety and quality of products and services
- **Governance Dimension:**
  - Integrity of conduct
  - Public administrations and industry associations
  - R&D&I

From a cross-cutting perspective, the **resulting material topics** were: climate change and energy, working conditions, ethical conduct and subcontracting and suppliers. Compared to previous studies, this edition of the materiality analysis also highlights relevant matters such as pollution, biodiversity, equality and diversity, data protection and R&D&I.

ESG Framework Structure

E Environment
- Climate action
- Circular economy
- Responsible use of water resources
- Biodiversity protection

S Social
- Human Rights
- Social action
- Human capital
- Health and well-being
- Diversity and equal opportunities

G Governance
- Value chain
- ESG risk management
- Ethics, integrity and compliance

T Transversal
- Innovation
- Communication
- Partnerships

Stakeholders

FCC Group has trusting, transparency relationships with stakeholders through constant **dialogue** so we are able to understand and address their expectations, needs and concerns using different **channels for communication**, dialogue and participation based on a **transparent, honest and truthful relationship**.

FCC uses various digital channels with presence on key **social media**, as well as a **corporate website and business websites** that include and regularly publish information on environmental, social and governance performance. There is also a specific sustainability inbox where stakeholders can directly send any concern related to this matter.

Stakeholders communication and participation channels

Shareholders and investors

- Economic and ESG performance available on the website www.fcc.es.
- Board of Directors and Committees.
- General Shareholders' Meeting.
- Shareholders Relations Office.
- Investor Roadshows.

Workforce

- One - FCC corporate intranet.
- Whistleblowing Channel.
- FCC360 – FCC's app.
- Dissemination and awareness-raising campaigns.
- Campus FCC.
- Employee portal
- We are FCC: quarterly online magazine.
- We are FCC: poster.
- Meetings with worker representatives.

Partners

- Agreements, sponsorships and donations.
- Partnerships.
- Business forums.
- Publications and presentations.
- Due diligence procedures.

Clients and communities

- Satisfaction surveys.
- Liaisons.
- Dialogue channels with clients and local communities according to the business line.

Suppliers and contractors

- Information and awareness-raising sessions.
- Platform for supplier approval.
- Respect for the FCC Group Code of Ethics and Conduct and Anti-corruption Policy.
- Commitment to applying the UN Global Compact.

Public administrations and regulators

- Participation in initiatives for sector self-regulation and legislative developments.

Innovation with purpose

At FCC, innovation is an essential tool to **promote operational efficiency**, create a competitive edge and commit to **sustainable growth**, responding to market and stakeholder needs through digitalisation and business transformation.

The company's main lines of action in innovation are:

- Urban development.
- Design of new sustainable products.
- Process optimisation.
- Technological progress for data processing.

The FCC Group innovation strategy is rolled out in a collaborative environment, the **Digital Innovation Lab** (DI_Lab), governed by a specific framework drafted to systematise innovation initiatives. This framework is based on the Design Thinking methodology. Following the Group roadmap, each business area develops its own innovation lines of action according to the characteristics of their sector.

An **Innovation Forum** was set up in 2023 with the participation of R&D&I teams from business areas and the DI_Lab so as to increase coordination in innovation opportunities, share knowledge and promote new initiatives. The Forum contributes to efficient management, which generates greater business, social and environmental impact, leading to the development of new ideas, solutions and products.

Once again we have celebrated a new edition of **Innovation Day**, an annual event promoted by the DI_Lab, presenting the main innovation and digitalisation projects from the company's different business area and with participation from external collaborators. This event promotes and fosters innovation as an essential driving force to optimise efficient, address digital challenges and promote practical solutions.

68
projects in development

€13,598,75
investment in R&D&I

94%
of sustainability projects

More than 100
professionals involved

3.2. Environmental achievements and challenges

Environmental management

Through transparent practices and ambitious environmental conservation and protection goals, FCC Group not only seeks to comply with applicable regulations but also to lead the path towards a sustainable future based on environmental respect. To achieve this, it has a corporate **Sustainability Policy**, which sets out the FCC lines of environmental action.

- Boost climate action.
- Promote the circular economy,
- Manage water resources responsibly.
- Maintain natural capital.

Following corporate guidelines, the businesses have specific environmental policies in which they undertake to prevent or, failing this, mitigate the negative environmental impacts of their activities. They identify the **significant environmental aspects** of their operations and implement them with certified and/or verified **environmental management systems** according to leading international standards or regulations to ensure that appropriate operational procedures and best available practices are implemented following the principle of precaution. In 2023, 82.7% of FCC activity is environmentally certified according to the ISO 14001 standard.

To guarantee **actions in accordance with the environmental commitments**, in 2023 the Group dedicated over 260 employees and assigned more than 100 million euros to environmental risk prevention, investing in updating its fleet of vehicles and machinery, in R&D&I projects for environmental improvement or energy efficiency measures, among others. FCC also has guarantees in place to repair damage in the event of accidental pollution as it has an environmental civil liability policy, with a general civil liability policy and additional coverage for some businesses.

Climate action

FCC Group adheres to the fight against climate change by implementing environmentally friendly actions and measures aiming to minimise its carbon footprint, mitigate the negative climate impacts of its activity and lead the transition toward a low-carbon emissions economy. Loyal to this commitment, FCC has a **2050 Climate Change Strategy** with long-term goals for the Group to address the fight against climate change. The different business perspectives are compiled in a single document marking the path towards **reducing carbon footprint and adapting to climate change**. At the same time, each business works on defining its own actions, objectives and metrics according to the specific characteristics and needs of their activity, also defining their commitments and strategies for carbon neutrality.

82.7%
activity with environmental certification

More than
€100 million
in preventing environmental risks

The Group's strategic approach is based on studying opportunities and climate risks that can have a significant impact for FCC, taking into account the organisation's diverse activities, in various sectors and geographical areas, which entails the presence of multiple climate change threats.

Climate change-related impacts are included in the Risk Management Model with a **procedure for the identification, assessment and prioritisation of climate-related risks and opportunities** based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations and reviewed in 2023. This is a comprehensive methodology applicable to all FCC Group companies and activities around the world; it enables us to understand the level of importance or materiality of all climate risks and opportunities identified. As a result of the analysis in 2023, FCC has identified the priority climate physical risks, transition risks and opportunities in all its activities and where it must focus its efforts.

As additional proof of its commitment to climate action, FCC Group voluntarily reports each year to the **Carbon Disclosure Project** (CDP) with information on climate risks and opportunities, its strategic approach, action plans and progress achieved.

Measures to adapt to climate change: adaptation of infrastructure, facilities, processes and materials; development of procedures to protect employees and use of action protocols in extreme climate events.

32.5% consumption of renewable energy

8.1% less GHG emissions

Greenhouse gas emissions

The Group's annual **carbon footprint** calculation is a necessary requirement to ensure compliance with greenhouse gas (GHG) emission reduction commitments and the definition of suitable improvement strategies. Following **GHG Protocol** criteria and methodologies endorsed by the **Spanish Climate Change Office (OECC)**, FCC Group evaluates and analyses its overall annual results through its businesses. Measuring the carbon footprint each year provides evidence of the organisation's efforts in the fight against climate change, with 8.1% fewer GHG emissions in 2023 compared to the previous year.

Measures to reduce carbon footprint: electric vehicles and machinery, energy recovery from waste, use of renewable energies, use of efficient lighting systems, promotion of low-emission mobility and efficient driving, optimisation of fuel use, use of alternative fuels and installation of climate control systems with refrigerant gases with lower heating potential.

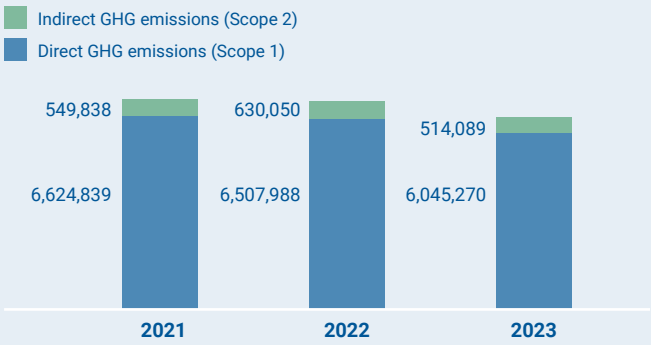
Energía

Energy consumption accounts for most of FCC Group's carbon footprint. The main GHG emissions come from using energy from direct sources, which require fuel to operate, and indirect sources, which mainly consume electricity. Throughout 2023, total energy consumption was 1.5% less than the previous year.

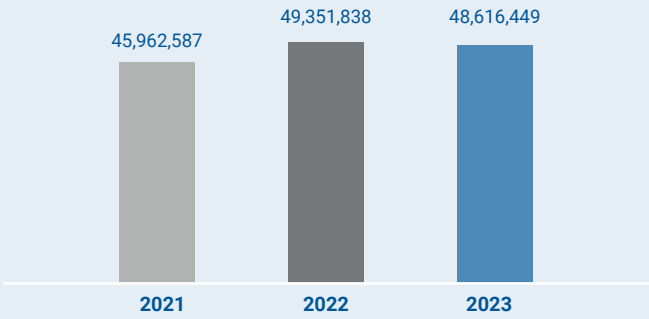
Moreover, in line with its environmental commitments, FCC Group remains committed to consuming **energy from renewable sources**, which represented 32.5% of total energy consumed in 2023, proving that the company is improving in the use of green energies.

Energy efficiency measures: maintenance of energy management systems certified according to the ISO 50001 standard, increased consumption of renewable energies, maintenance and replacement of equipment and machinery, electrification of the vehicle fleet, monitoring consumption, installation of LED lights, energy optimisation of processes and installations, efficient climate control systems and workforce training.

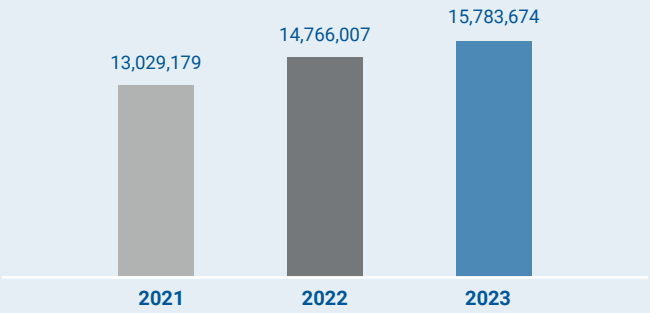
FCC Group's Carbon Footprint (tCO_2e)



Direct and indirect energy consumption (GJ)



Consumption of energy from renewable sources (GJ)



Pollution

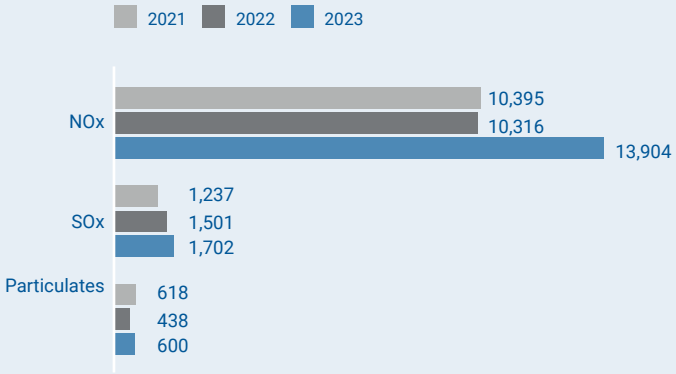
FCC Group identifies the main sources of pollution in its operations, defining **actions and measures to prevent or mitigate the possible contribution to associated environmental impacts**. The Group must control its activities that produce atmospheric pollution due to NOx, SOx, particles and other pollutant gases, to water and land caused by accidental spills and discharges, light pollution due to light emissions or noise pollution by generating noise and vibrations.

Measures to reduce atmospheric pollution: monitoring and control of emissions with sensors; use of low-emission vehicles; optimisation of routes and speed control; use of renewable energies; design of action plants for accidental situations; irrigation of paths, paving and dust control; maintenance and renewal of machinery; use of emission limitation techniques; installation of hoods and filters; and efficient climate control systems.

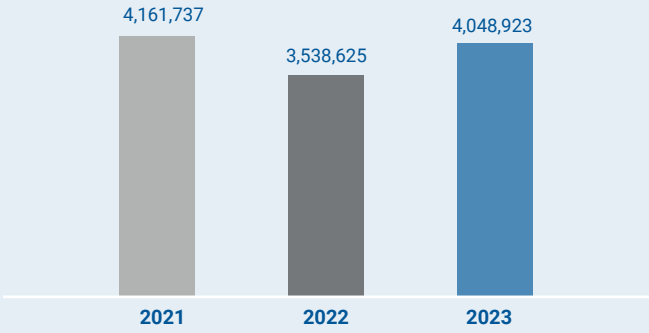
Measures to control spills and discharges: definition of discharge control and monitoring procedures; development of emergency plans; analytical control of discharges and control of concentrations; rainwater collection and channelling system layout; installation of process water and leachate purification and treatment systems or sending to authorised managers; recirculation or reuse of greywater; proper storage of chemical products and hazardous waste; and availability of spill retention systems.

Measures to prevent noise and light pollution: use of electric vehicles and machinery; equipment maintenance; installation of acoustic isolation, screens, barriers or closures; use of sensors and respectful lighting systems; adapting activities hours; and employee training and awareness.

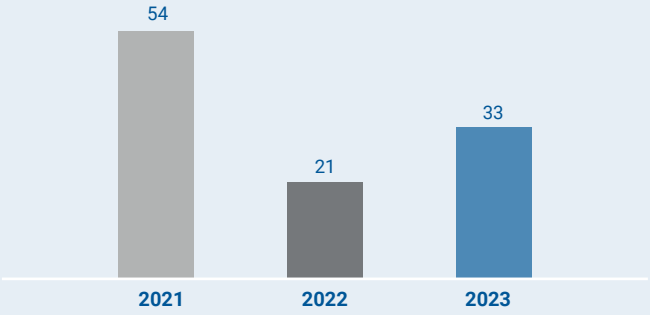
Emissions of the main atmospheric pollutants (t)



Volume in water discharges (m³)



Volume of significant spills (m³)



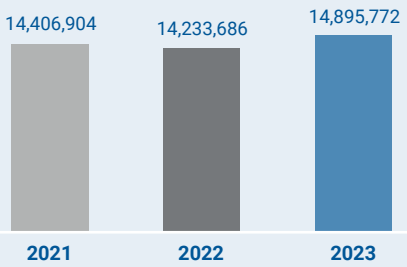
Water

The growing concern for water shortage makes **responsible water resource management** a cornerstone for mitigating the adverse effects of the lack of water and promoting sustainable use. In this context and considering it is an essential resource for its activities and for society in general, FCC Group promotes the **responsible use of water** and is working to provide solutions for water shortage and stress.

Within FCC Group, the **Water Area** plays a fundamental role in **end-to-end water resource management**. Through its activity, the company undertakes to optimise the use of this resource, both public and private, so as to favour sustainable community development. However, controlling water consumption is of vital relevance for all business areas, which work to mitigate the adverse impacts of intensive-consumption activities.

Measures for responsible water management: distribution network maintenance; use of efficient and water-economising technologies, equipment and devices; monitoring and control of consumption and losses; process optimisation; recirculation and reuse of process effluents, wastewater and rain water; and workforce

Water abstraction (m^3)



Data for the Water Area's self-consumption are not included as this is considered residual consumption.

Biodiversity and ecosystems

FCC Group acknowledges the urgent need to address the protection of biodiversity and ecosystems. Aware that company operations may generate impacts in natural systems, FCC is strongly committed to **the conservation of natural capital and the recovery of affected ecosystems**.

Progress improvement of results over the years is notable, reflecting the company's ongoing commitment to the constant search for actions and measures to mitigate negative impacts on biodiversity. Proof is the increase in hectares protected and spaces restored in 2023 by 170% compared to the previous year.

FCC is also concerned with finding out the footprint of its activities in **sensitive areas**, in other words, areas with ecosystems that require additional attention. Conserving them is fundamental to ensure sustainable biodiversity management and to safeguard ecosystem integrity. The Group also strives to monitor well-being and guarantee the conservation of any **vulnerable species** present in spaces occupied by FCC facilities or in their surrounding areas.

More than
8,500 ha
protected areas and spaces restored

Measures to protect and care for biodiversity and ecosystems: use of low-toxicity products; implementation of end-to-end pest management systems; encouraging wildlife in urban environments; protection of native species and prevention of invasive species; replanting and restoring affected areas; implementation of deterrent techniques to prevent opportunistic species; impact studies; biodiversity, control and accident log plans; delimitation of sensitive areas; use of existing paths; planning projects according to species lifecycles; transfer of species; and participation in projects with nature protection associations.

Measures taken to preserve or restore biodiversity

	2021	2022	2023
Protection of vulnerable areas (ha)	1,237	1,854	5,536
Restoration of affected areas (ha)	940	1,364	3,156

Circular economy and use of resources

FCC recognises the importance of **responsible and efficient resource management**, both in terms of raw material and resource consumption and waste generation and management, so as to guarantee a sustainable future. It therefore implements circular practices for long-term success, playing a leading role in the transition towards a circular economy and the fight against resource shortage.

This commitment comes to fruition by integrating the principles of circularity in the businesses, highlighting adhesion to several areas of the **Spanish Pact for a Circular Economy**.

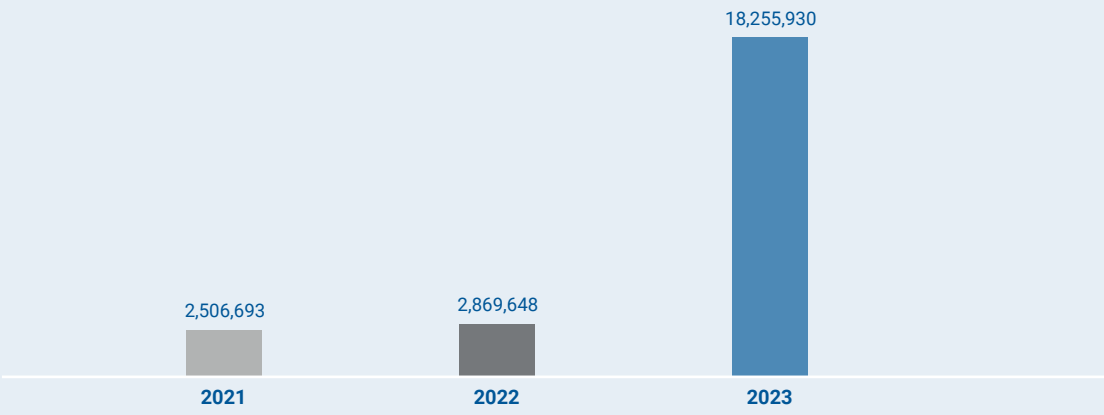
On one hand, **responsible and effective waste management** by developing exemplary practices is crucial to reduce pollution, preserve natural resources and mitigate climate change. An approach that contributes to preserving ecosystems, protecting biodiversity and preventing possible risks for human health.

Within the Group, the **Environmental Services Area** plays a leading role in the transition toward a circular economy. It has a positive impact in the circular model with its **waste collection, recycling and recovery services**, contributing to end product lifecycles by processing the urban and industrial waste it manages. The Area also brings an innovative approach based on the search for circular solutions by optimising its processes and identifying more sustainable alternatives in its activities.

As for Group data, in 2023 hazardous waste was reduced by 42% although there was a significant increase in non-hazardous waste as a result of the increased number of demolition work and changes stemming from Law 7/2022. However, over 84% of waste generated was managed by different elimination processes.

42%
reduction in hazardous waste

Total waste generated (t)



On the other hand, FCC's firm commitment to **efficient resource consumption and conscious use of raw materials**, intermediate and end products, and the end of their lifecycle is evidenced by efforts to optimise processes, minimise waste and maximise the value of products throughout their lifecycle. These principles are incorporated into Group activities to generate positive impacts through various actions.

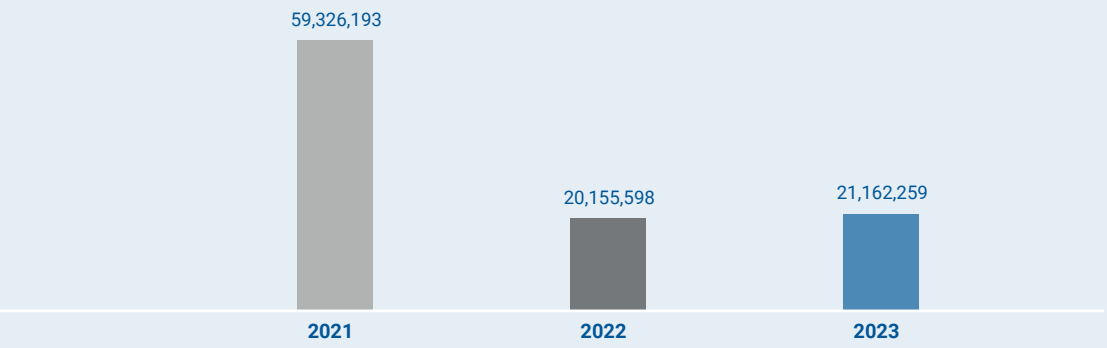
In 2023, there was a 5% increase is resource consumption compared to the previous year, emphasising the rise in the use of semi-processed products as a result of activities developed by the Infrastructure Area that required greater concrete consumption.

Transition towards a circular economy measures: minimisation of waste for elimination; waste recovery; optimisation of processes to obtain by-products; use of secondary raw materials; production and use of biofuels; development of R&D&I projects; use of recoverable elements; recovery and reuse of process elements; generation of energy from waste; use of alternative fuel sources; alternative use of resources; proper waste separation and promotion of responsible resource use.

Measures for responsible waste management: implementation of waste minimisation plans; waste recovery; reuse of process waste; acquisition of vehicles with recoverable elements; reuse of sludge for compost and organic fertilisers; commitment to reusable packaging; reduction in the use of materials that generate hazardous waste; adequate design of waste storage facilities; promotion of good separation practices and workforce awareness campaigns.

Measures for sustainable resource use: monitoring and control of consumption; reduction in the use of non-renewable natural resources; use of recycled materials, recovered waste and alternative materials; use of waste as a fuel; commitment to reusable materials; preference for products with returnable packaging; reuse of waste generated by activities; protocols for efficient product use and employee awareness.

Total materials used (t)



3.3. Human commitment

FCC Group continues to reinforce the fundamental pillars of its lines of action listed in its **Sustainability Policy** based on talent management; promoting diversity, equality and inclusion; and promoting the health and well-being of people in order to improve its services and professional teams, for social and labour development where it operates and quality of life.

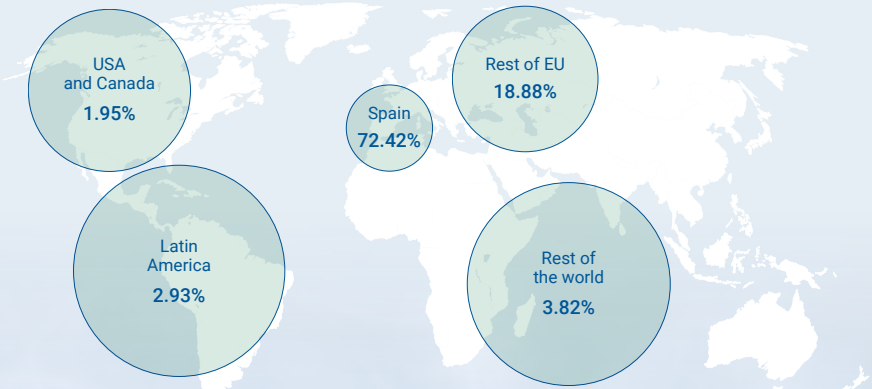
22.5%
women

77.5%
men

The best teams

FCC maintains its upward trend, reaching **67,000 employees** in 2023, spread around and working in 38 countries worldwide. One of the main characteristics that defines the company is its stable employment. This year, 84% of employees have a permanent contract and 88% full-time hours.

Distribution of the workforce by geographical area



Distribution of the workforce by gender and functional level

	Hombre	Mujer
Governance and Management	428	79
Supervisors	3,900	912
Technicians	4,767	2,288
Administrative staff	897	2,084
Other trades	42,024	9,711
Subtotal	**52,016**	**15,074**
Total	**67,090**	

It is worth noting that, in 2023, the number of women in the functional Supervisors level, previously executives and pre-executives, rose by 10.55%.

New hires by gender and functional level

	2022			2023		
	Hombre	Mujer	Total	Hombre	Mujer	Total
Governance and Management	14	3	17	15	5	20
Supervisors	282	68	350	583	165	748
Technicians	780	360	1,140	1,733	719	2,452
Administrative staff	123	309	432	178	317	495
Other trades	10,032	2,876	12,908	10,822	2,785	13,607
Total	**11,231**	**3,616**	**14,847**	**13,331**	**3,991**	**17,322**

Likewise, in 2023 the number of female hires grew at practically all functional levels compared to the previous year.

Salary policy

FCC remunerates its employees according to sector competitiveness and geographic, internal **equality** and level of **responsibility** criteria.

FCC operates in diverse productive sectors in 38 countries and employee remuneration is generally subject to applicable collective bargaining agreements (in the case of Spain, more than 900 agreements of different scopes in 2023).

FCC Group wage gap

FCC's remuneration management is based on criteria of objectivity, external competitiveness and internal equality. FCC does **not differentiate by gender**, so remuneration is equal based on level of contribution to the business (functional level) and the responsibility and value of each position.

Two rates, gross and adjusted, are considered to calculate the wage gap at FCC Group. The following figure shows the **results obtained** in 2023:

2.79% adjusted wage gap

Calculated considering aspects that compare men and women in a similar situation, such as gender, functional level, seniority, applicable collective bargaining agreement, etc.

19.15% gross wage gap

Calculated by obtaining the percentage different between total median salary of men and women.

In any case, the percentage difference **does not imply that there is gender-based pay discrimination** as there are other factors outside the company's scope of action which significantly contribute to increasing gender pay inequality. These include masculinisation in most sectors where the Group operates, working conditions from cases of subrogation, individual performance, economic crises, political situation, sociocultural reasons, education or experience in the job.

Digitalisation and data management

FCC has an information and data analysis tool and platform, the **Data Boutique**, which this year has continued to advance in the creation of reports, specifically on absenteeism, training, total remuneration and forecasting new costs linked to contributions.

Training and development

Training and development of FCC teams and professionals is essential in talent management and to respond to the needs and challenges of all the company's different businesses. With **annual training plans**, cross-departmental and by area of activity, we offer mandatory and voluntary training in different subjects which, in 2023, included the following initiatives:

- Training linked to the **Compliance Model**, related to Conflicts of Interest, the Tax Compliance System and international dissemination of the FCC Group Code of Ethics and Conduct.
- Programmes on **digitalisation and cybersecurity**, promoting adaptation and digital transformation with seminars, monographs and training in technologies, processes and innovation.
- Training actions to promote **diversity, equality and inclusion**, working on the following issues: inclusive leadership, unconscious biases, integration of the gender perspective in occupational risk prevention, inclusive language, awareness of non-discrimination, gender violence, cyber harassment and processing and investigating cases of harassment.

- Health and safety workshops focused on **mental well-being, digital stress and physical and mental loads.**
- Programmes designed for the **development of young talent, female leadership and people management**.
- Specialisation in various areas of **technical knowledge**, such as the BIM (Building Information Modelling) methodology.

Over 700,000 training hours in different areas of the FCC Group business were given in 2023, aiming at all organisational levels and of the company and covering various areas of technical knowledge, health and safety, skills, languages and on diversity and compliance, etc. Specifically, from **Campus FCC**, the Group *e-learning* platform with training content in 14 languages, 112 training actions were offered in over 470 calls.

Diversity and equality

On 28 November 2023, the FCC Group Board of Directors approved the **Equal Opportunities and Safe Environments, Diversity and Inclusion Policy**, thus reinforcing the commitment by the company and all FCC employees to diverse, equal and inclusive work environments based on respect, free from any form of discrimination, harassment, intolerance or violence.

For FCC the principle of equal opportunities is a commitment to action that cannot be waived, set out in the FCC Group Code of Ethics and Conduct. Thanks to permanent social dialogue and the common interest in guaranteeing equal treatment and opportunities for women and men, FCC Group has **14 Equality Plans** —five of which are Group plans— and **five Equality in Business distinctions**, sign of excellence in equality granted by the competent authority in Spain to FCC's main parent companies.

This year we have continued to promote various initiatives and new actions that consolidate and reinforce the company's commitment to diversity, equality, inclusion and the fight against gender violence, mostly notably:

- Publication of the FCC Group **Inclusive Communication Guide**, launched with a training clip.
- **Seminar on Inclusive Leadership** for FCC Group executive staff.
- Renewal of the **Diversity Charter** 2023-2025.
- Participation in the **Development Programme** for Management – Women with High Potential by EOI (School of Industrial Organisation).
- Participation in the **Promociona Project** by CEOE (Spanish Federation of Business Organisations) and ESADE (Higher School of Business Administration and Management).

Pablo Colio, FCC Group CEO, inaugurates the Inclusive Leadership Seminar at the FCC Headquarters in Las Tablas (Madrid, Spain).

Event to mark International Day for the Elimination of Violence against Women, held in Madrid (Spain).

- As part of the **fight against gender violence**, a training clip was launched entitled "Cycle of Gender Violence and Support Networks" and, once again, a seminar was held to raise awareness with FCC granting an award to the Security Forces (National Police, Civil Guard and Local Police of Madrid) in recognition of their work.
- Under the Group's commitment to prevent workplace harassment and guarantee respectful work environments, in 2023 an initiative was launched to raise awareness on **Cyberharassment** for staff with no access to information systems by means of campaigns at different work centres.
- In terms of accessibility, the FCC headquarters received **UNE 170001-2:2007 Universal Accessibility Certification**, which accredits access and universally accessible services.
- FCC received the **Charity Award** by Grupo Social ONCE Region of Madrid in the business category for promoting social projects aimed at reducing aspects such as inequality and the risk of social exclusion.

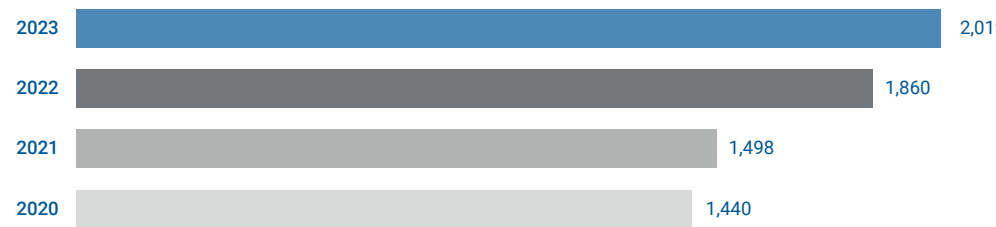
Additionally, in 2023, the FCC space for the equality, diversity and inclusion of its workforce, **you_*diversity***, received the award for best internal communication practice granted by the **Internal Communication and Corporate Identity Observatory**.

In 2023, the number of **employees with an accredited disability** at FCC Group was 2,204. This number has increased for the third year in Spain.

Moreover, in 2023 FCC Group took part in different initiatives with organisations that promote safe, respectful and inclusive work environments such as REDI, the Business Association for LGTBI Diversity and Inclusion.

Isidoro Valverde and Sonia Serrano from the FCC Group Labour Relations and Equality department collect the award for the best internal communication practice in sustainability for the you_*diversity* project.

Evolution of workers with disabilities in Spain



Health, safety and well-being

The FCC principles of action are based on the real and effective integration of health and safety in all its decisions and activities, involving its network of partners, contractors and suppliers in the preventive culture and ensuring a **system of continuous improvement of working conditions** that considers the most stringent safety standards, such as the ISO 45001 standard. In this line, **road safety management systems** were implemented in 2023 and FCC received ISO 39001 certification in sensitive activities such as road maintenance and urban sanitation in Madrid.

Evolution of the main rates

Workplace accidents with sick leave and occupational accident rates have dropped from the previous year with a **Global accident frequency rate** of 18.82 in 2023 and a **Severity rate** of 0.87. Therefore, these markers were once again below the equivalent indices published by the Ministry of Labour and Social Economy in every sector of activity.

Gender perspective in health and safety management

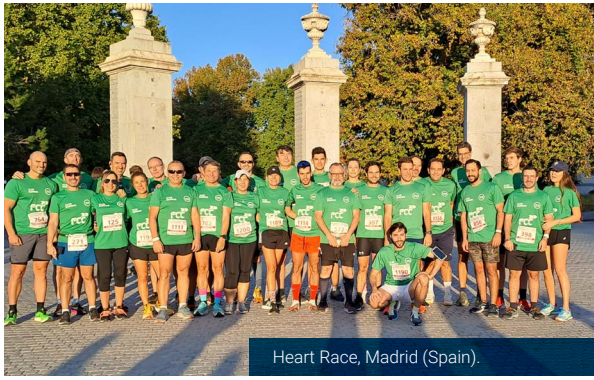
As part of our continuous improvement to integrate gender perspective in health and safety management, in 2023 the work was carried out on two main lines of actions focusing on **specialised training** for occupational risk prevention staff and occupational health and safety managers, and the creation of a **specific working group** to work on absenteeism and health indicators broken down by gender, specific preventive measures for women in traditionally male activities and promoting health with gender perspective.

Promoting personal health and well-being

As regards the promotion of health and well-being, in 2023 **mental and emotional well-being** actions were implemented, progress made in the assessment of **psycho-social risks** and we have continued to develop **health promotion programmes** with campaigns on healthy eating and taking part in sports leagues and events. Also, various work centres obtained **heart and brain protected space** certification.

Likewise, to better disseminate content, resources and programmes to promote health habits among the workforce, **LIVE Healthy platform** was set up as a web space also available on a mobile app.

As part of their duty to protect and improve employee health, as well as prevent and detect pathologies with medical check-ups and health monitoring, this year the **FCC Medical Services** have focused their efforts on the prevention of cardiovascular risks and the fight against smoking and obesity.


Heart Race, Madrid (Spain).

Organisational culture

FCC Group considers proper **work time organisation** management to be essential, creating a **quality and well-being work environment** based on the personal and professional development of workers and providing measures for work-life balance, flexibility, joint responsibility, disconnection and social benefits appropriate to the different organisation and production realities and needs of each centre, function or activity. These include:

- Flexibility in working hours and holiday periods, in addition to continuous working hours during the summer and on Fridays.
- Improving leave for sickness and/or bereavements and to deal with personal or family circumstances.
- Extending leave for breastfeeding, reduced working hours and unpaid leave with guaranteed return to the job.
- Complements for maternity and paternity, disability, temporary disability, hospitalisation, etc.
- Collective workplace accident insurance and compensation for death or permanent, total or absolute disability.
- Rewards for retirement, marriage and birth.
- Special prices on goods and services via the FCC Club.

Moreover, in accordance with the **Policy on the Use of Technological Equipment**, work continues to promote and guarantee workers' right to digital disconnect depending on the nature and characteristics of the job.

3.4. Transforming communities

Community well-being and satisfaction are fundamental for FCC Group; **interaction and creating solid relationships** are a priority to generate a significant and positive impact on the social, economic and environmental surroundings.

As part of FCC's commitment to fostering community well-being and promoting socioeconomic development where it operates, the company makes its **social contribution** a reality with different lines of action based on the creation of value, knowledge, integration and charity action.

In 2023, FCC assigned more than 5.5 million euros to sponsorships and donations to the non-profit organisation, foundations and sector associations it collaborates with according to objective criteria, as well as financial contributions and support for social action.

More than
€5.5 million
on social action

Creating value

Promoting a positive socioeconomic impact for community development and environmental protection, as well as fostering job creation and contracting local suppliers.

Knowledge

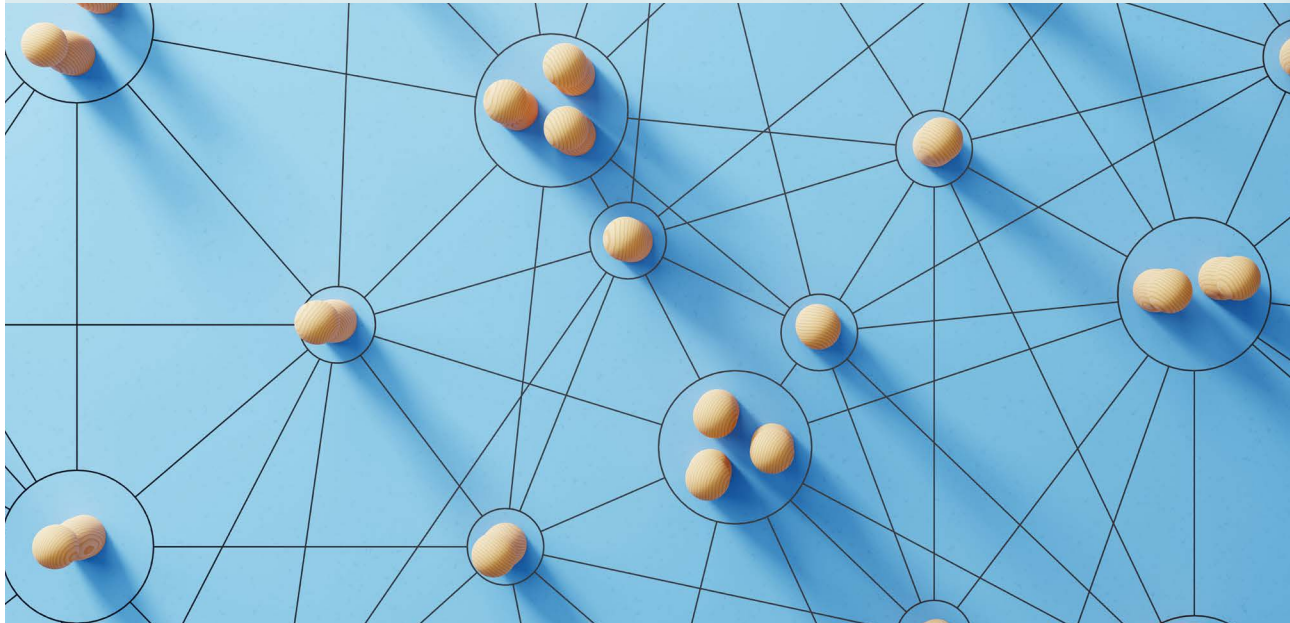
Cooperating with community education and awareness initiatives that promote social development and progress, and supporting the generations of tomorrow.

Integration

Favouring the transformation of cities into inclusive spaces thanks to awareness-raising actions and support, as well as social and labour integration of those who are vulnerable or at risk of exclusion.

Solidarity

Participating in programmes and campaigns in partnership with associations, foundations and entities from the tertiary sector and making donations to improve the lives of people.



3.5. Clients and suppliers

As part of its commitment to sustainability, interaction with **the value chain plays a vital role for FCC**, with a focus on creating and maintaining solid relationships based on trust and honesty, strengthening them by ensuring maximum quality in products and services, setting up effective tools for dialogue and implementing due diligence processes in the supply chain.

As provided in the Code of Ethics and Conduct, FCC Group puts **clients at the centre of its activity**, working to ensure maximum excellence and generate differential value in the provision of products and services that respond to clients' needs.

FCC has a continuous **process of listening, learning and adaptation** to address clients' expectation and respond to their demands and needs. **Procedures to guarantee privacy and safeguard health and safety** of clients and end users with a specific assessment of practically all products and services. Furthermore, another priority for the company is **quality management system certification** such as ISO 9001, which promotes rigorous compliance with applicable regulations and quality standards, reinforcing FCC's commitment to excellence.

Supplier management has a leading position in the FCC Group value chain, adopting strategies to ensure the selection of and collaboration with **responsible, efficient, ethical and sustainable commercial partners**, to guarantee exemplary business conduct and establish transparent relationships with suppliers and contractors based on transparency and trust.

FCC Group has a relationship with 46,102 suppliers mainly in Spain but also spread around various countries worldwide. In addition to geographic diversification, there are different types of suppliers that vary according to the business area, so as to adapt the supply chain to specific needs and respond to the wide variety of company operations.

In order to ensure FCC's commitment to responsible and sustainable commercial relationships, FCC uses various tools for commercial partners to align and prove compliance with the social, ethical and environmental standards set by the company. This commitments starts with an **integrated framework** based on:

The **FCC Group Code of Ethics and Conduct** and supplier and contractor adhesion to fundamental principles of compliance with legislation and ethical practices against corruption, bribery and fraud; express respect for fundamental human and labour rights; respect for the environment, minimisation of environmental impacts and implementation of sustainable environmental management.

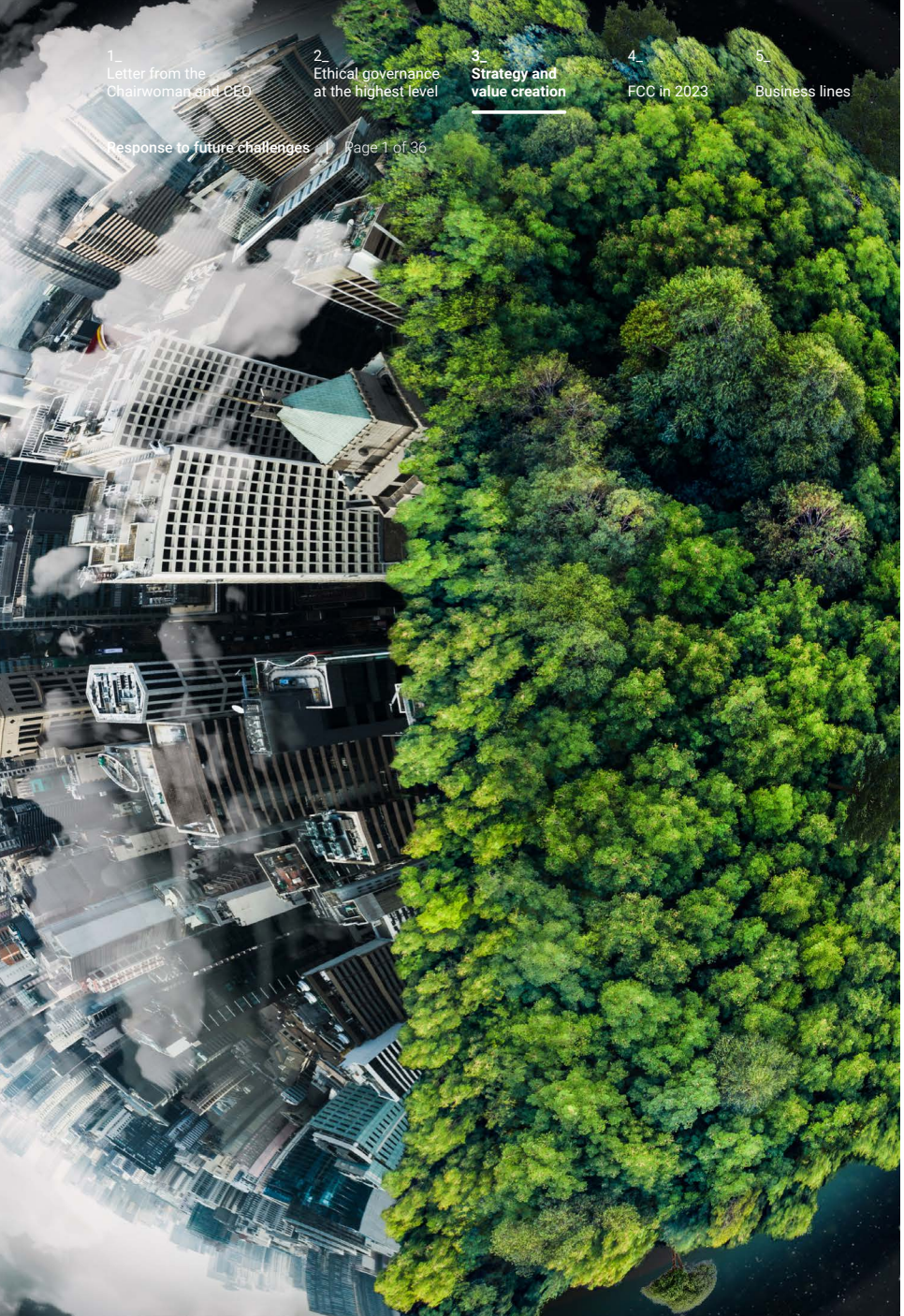
The **Purchasing Manual** based on the principles of competitiveness, transparency and objectivity, which includes the fundamental principles of the procurement model, responsibilities and duties, as well as processes to follow so as to comply with internal regulations.

The **General Contracting Conditions**, which regulate trade and commercial partner relationships, setting the terms and conditions for contracting, mandatory ethical clauses and sustainability aspects that suppliers and contractors must accept and meet during the term of the contract.

To guarantee supply chain integrity and sustainability, FCC has implemented a thorough **due diligence process for supplier approval and assessment** in line with ethical, economic, social, labour and environmental standards set by the company to initiate and maintain contractual relationships. This process requires:

- Signing a Statement of Compliance on respect for human rights and the fight against corruption and conflicts of interest, among other ethical commitments.
- Reporting information related to necessary issues and requirements on different areas: financial information; environmental performance; occupational health and risk prevention; labour, workforce and discrimination management; compliance model and criminal prevention; information security and data protection measures and systems, as well as reporting other operational details for product and service provision.

Suppliers are assessed according to the information received and classified based on their level of risk. An **approval certificate is issued with a rating** of A, B, C or D, the latter classified as high risk, requiring a specific due diligence process. FCC also conducts regular assessments and surveys to maintain and complete the approval process and reinforce supply chain supervision.



4. Response to future challenges

With the aim of improving citizens' life, the FCC Group has succeeded in becoming an international reference in Europe, Latin America, the USA, the Middle East and North Africa in the area of provision of public services and development of infrastructure.

With net revenues of €9.026 billion in 2023, 17.1% more than in 2021, the Group has demonstrated the good financial performance of its various lines of business:

These figures reflect FCC's ability successfully to face the challenges presented by a dynamic environment, contributing solutions of value to society and so contributing to improving the future.

4.1. Global trends

Climate change and water stress

Climate change is one of the most crucial challenges facing humanity in the coming decades, its urgency worldwide has been recognised by the international community.

A recent report by the World Meteorological Organization (WMO)[1] confirms that 2023 was the warmest year on record to date with an average near-surface temperature 1.45°C above pre-industrial levels. Additionally, the main greenhouse gas concentrations always experienced continuous growth throughout 2023.

Based on projections forecast for 2027 by the different climate models, the average global temperature is expected to occasionally exceed pre-industrial levels by 1.5ºC with a likelihood of 66%.

1. State of the Global Climate 2023 (wmo.int).

This trend leads to significant impacts, such as increased frequency and intensity of extreme climate events including heat waves, droughts, flooding and storms, also the melting of pole caps and glaciers will contribute to the rising sea level.

At the same time, water stress in certain regions is another critical consequence of increasing global warming. The severe drought and worrying fall in water resources at global level in 2023 intensify hydrological imbalances, with a projected 40% drop in water resources available on a global scale according to previsions of the United Nations.[2]

The planet is immersed in one of the greatest scenarios of water stress in history. In this context, sustainable water management is crucial, especially in light of demographic growth and climate changes.

Climate change and water stress Figures

- In 2023, July was the hottest month ever recorded. Overall, the Earth was around 1.4ºC warmer in 2023 than the late 19th-century average.[3]
- The rising sea level rate between 2013 and 2022 is more than double the rate recorded between 1993 and 2002 due to continuous warming of the oceans and melting glaciers and polar caps.[4]
- Carbon dioxide (CO_2) levels are 50% higher than in the pre-industrial era. And because of their long lifespan, temperatures will continue to rise for many years. Concentrations of the three most abundant greenhouse gases –carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O)– reached unprecedented levels in 2022, the last year in which we consolidated global figures are available. Real-time data from certain locations indicate that concentrations of these three gases continued to rise in 2023.[5]
- According to a report by the World Meteorological Organization, Swiss glaciers have lost around 10% of their residual volume in recent years. [6]
- Ocean heat content reached its peak in 2022, the last full year for which data are available in the 65 years of observational records.[7]
- According to data collected since 1993, year in which observations by satellite were first obtained, the average global sea level reached an all-time high in 2023, proof of continued warming of the oceans and melting of glaciers and ice sheets.[8]
- Droughts in Europe are estimated to cause 9 billion euros in damage each year. In a context where temperatures rise 1.5°C due to climate change, costs would skyrocket to 25 billion a year.[9]
- With climate change, Spain will suffer more frequent and extreme weather phenomena like flooding and droughts, which will worsen the effects of more heat waves, greater flooding and less water security. Southern European countries such as Portugal, Spain and Italy already suffer greater water stress and the situation in Spain is expected to decline significantly by 2050.[10]
- In 2022, 2.4 billion people lived in areas exposed to, in some cases extreme, water stress.[11]

2. Water Action Decade - Sustainable Development (un.org).

3. NASA. (2024, 12 January). NASA Analysis Confirms 2023 as Warmest Year on Record - NASA.
4. 2023 shatters climate records, with major impacts. (2023, 28 November). World Meteorological Organization.
5. 2023 shatters climate records, with major impacts. (2023, 28 November). World Meteorological Organization.
6. 2023 shatters climate records, with major impacts. (2023, 30 November). World Meteorological Organization.
7. 2023 shatters climate records, with major impacts. (2023, 30 November). World Meteorological Organization.
8. 2023 shatters climate records, with major impacts. (2023, 30 November). World Meteorological Organization.
9. WWF; Report 2023: "Water for Nature, Water for Life".
10. WWF; Report 2023: "Water for Nature, Water for Life".
11. WWF; Report 2023: "Water for Nature, Water for Life".

Urban development

Globally, we are facing a challenged boosted by a combination of globalisation, climate events and economic crises that lead people to migrate from their homes to other geographic areas.

Climate change is triggering migrations at a global level, thus transforming urban development. And in the future, climate dangers are expected to cause a redistribution of populations in various parts of the world, thus increasing pressure on urban areas.

The Synthesis Report (AR6) by the Intergovernmental Panel on Climate Change (IPCC) highlights that climate risks are still the main cause of internal displacements, as demonstrated by recent events of high-impact flooding, fires and drought.[12] It also notes that between 3.3 and 3.6 billion people currently live in conditions that are highly vulnerable to climate change. These impacts threaten the lives, health, means of survival and well-being of people around the world, while accentuating social fragility and inequality.

The new World Bank report, *"Thriving: Making Cities Green, Resilient, and Inclusive in a Changing Climate"* [13] emphasises the vital role cities play in improving quality of life. It also underlines their importance in counteracting the negative effects of climate change in critical areas like water supply, food safety or biodiversity.

Moreover, by 2050, the urban population is expected to rise by another 2.5 billion, which will create greater pressure on water resources and infrastructure.

Protecting and restoring ecosystems, such as forests, will become essential to guarantee urban resilience in this context. For this reason, we must continue to focus on adapting to climate change and on efforts to reduce risk, strengthen capabilities to address future challenges and build safer and more sustainable cities.

12. IOM; "Key Messages to the 28th UN Climate Change Conference of the Parties"_November23.pdf (iom.int).

13. The World Bank. Report (2023): "Thriving: Making Cities Green, Resilient, and Inclusive in a Changing Climate".

Urban development. Figures

- Lack of innovation and investment to promote greener cities will mean that global GHG emissions will remain above the level required to limit global warming to 1.5ºC, even if high-income countries manage to achieve zero net emissions by 2050.[14]
- Another 2.5 billion city dwellers are expected for 2050, which will exert greater pressure on water resources and infrastructure and make protecting and restoring ecosystems, such as forests, a fundamental component of urban resistance and water security.[15]
- Demand for urban land is growing up to 50% faster than the population. From here to 2030, the world is expected to have 1.2 million km^2 more urban built-up area.[16]
- The consequences of global warming lead to significant migratory movements, as revealed in the latest Global Report on Internal Displacement.[17]
- Cities represent two thirds of global energy consumption and are responsible for more than 70% of greenhouse gas emissions.[18]
- In 2022, natural disasters caused around 32.6 million forced internal displacements (within the borders of a single country), a number that is still higher than displacements caused by armed conflicts (28.3 million migrations).[19]

14. The World Bank. Report (2023): "Thriving: Making Cities Green, Resilient, and Inclusive in a Changing Climate".
15. The World Bank. Report (2023): "Thriving: Making Cities Green, Resilient, and Inclusive in a Changing Climate".
16. Urban Development Overview. The World Bank.
17. Urban Development Overview. The World Bank.
18. Urban Development Overview. The World Bank.
19. IDMC's Global Report on Internal Displacement (GRID) 2023.

The circular and sustainable economy

Our current production systems are not sustainable. They extract more resources than nature can replenish and release more pollutants than nature and people can tolerate. Europe continues to operate under a predominantly linear model where market products normally have a relatively short useful phase and business models focus on mass product production. Moreover, Europe's strong dependence on natural resources to provide materials, food and fuel is leading to significant environmental degradation.[20]

The circular economy contrasts with the "disposable" concept of the traditional economic model[21]. It represents a fundamental change in our production and consumption models, going beyond mere waste management. An approach that focuses on maximising the value of resources and minimising waste. The European Union (EU) has implemented measures like the Circular Economy Action Plan to facilitate the transition to a circular economy and thus be able to address current environmental and socioeconomic challenges. However, although legislative progress has been made, we are still facing considerable challenges that require immediate attention.

Achieving the circular goals set for 2030 will require concerted and coordinated action at all levels. Decisive measures must be taken to reduce waste, prioritise a reduction in resource use and improve recycling rates. From the EU and national governments to companies and society, all stakeholders must fully commit to the process. Working together is fundamental to overcome the remaining challenges and leverage the opportunities offered by the circular economy.[22]

20. Accelerating the circular economy in Europe. State and Outlook 2024. European Union.
21. Circular economy: definition, importance and benefits. European Parliament.
22. The Circularity GAP Report 2024. Circular Economy Foundation.

The circular and sustainable economy. Figures

- The total quantity of materials consumed by the world economy continues to rise; more than half a billion tonnes of materials have been consumed in the last six years alone.[23]
- The world is only 7.2% circular[24]. Only 7.2% of material used is currently recycled and reintroduced into the economy. This creates a significant impact on the environment and worsen climate, biodiversity and pollution crises.[25]
- More than 90% of materials are wasted, lost or not available for reuse for years as they are blocked in long-term inventories, such as buildings and machinery.[26]
- The circular economy has reached megatrend category. The volume of discussions, debates and articles on the concept has almost tripled in the last five years.[27]
- In 2022, the proportion of material resources used from recycled waste reached 11.5%.[28]
- The proportion of secondary materials consumed by the world economy has dropped from 9.1% in 2018 to 7,2% in 2023, a decrease of 21% in five years.[29]
- Around 45% of greenhouse gases (GHGs) come from the use and manufacture of products, along with food production. Applying circular economy strategies in five key areas (cement, aluminium, steel, plastics and food) could eliminate almost half of world GHG emissions from the production of goods, equivalent to 9.3 million tonnes of CO_2eq in 2050. This would be equivalent to reducing current transport sector emissions to zero.[30]

23. The Circularity GAP Report 2024. Circular Economy Foundation.
24. Innovation and financing: the pillars for circular transformation. Forética.
25. What is circular economy and why does it matter? PNUD.
26. The Circularity GAP Report 2024. Circular Economy Foundation.
27. The Circularity GAP Report 2024. Circular Economy Foundation.
28. EU's circular material use rate slightly up in 2022. Eurostat.
29. The Circularity GAP Report 2024. Circular Economy Foundation.
30. Circular economy overview 2023. European Investment Bank.

Digital transformation, artificial intelligence and cybersecurity

The digital transformation has revolutionised how organisations operate and adapt to an increasingly technological environment. This change, fostered by developments such as artificial intelligence (AI), redefines how we interact with information and business processes. By providing machines with the ability to learn and take independent decisions, AI has become a fundamental element in this transformation, enabling companies to optimise their operations, anticipate trends and offer their clients customised solutions.

On the other hand, other digitalisation processes in process optimisation using virtual reality, 5G technology, the internet of things (IoT) and quantum computing are tools that maximise the potential for innovation and capacity for companies to bring added value. Blockchain technologies and BIM (Building Information Modelling) ensure process traceability and improve construction project planning. ICT technologies (Information and Communication Technologies) used for smart cities allow efficient natural resource management and improve quality of life.

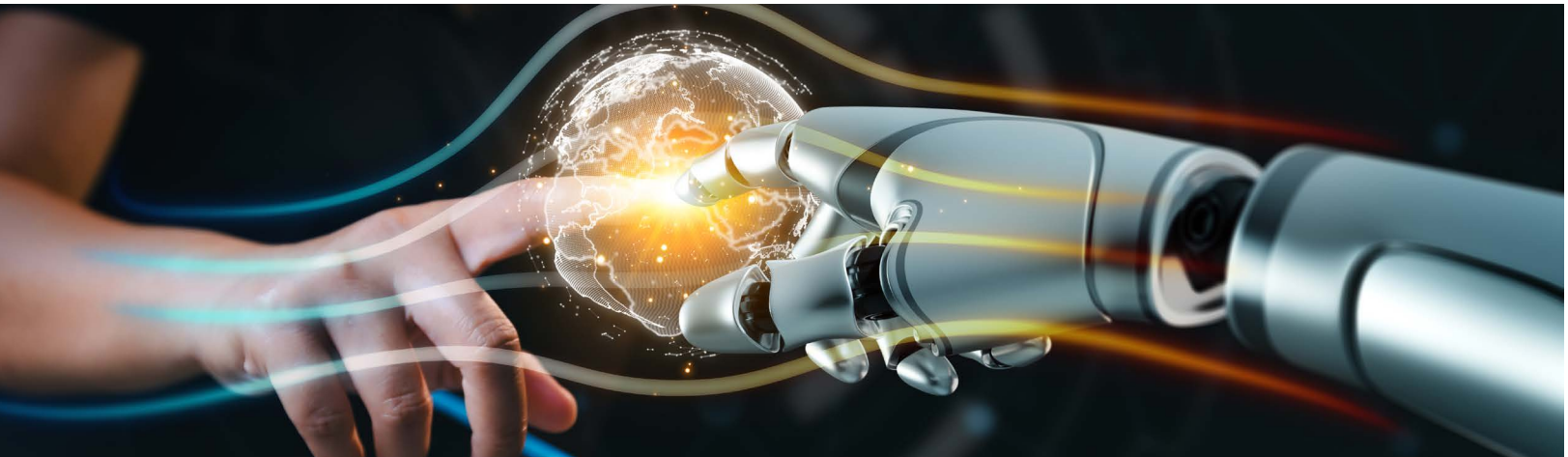
However, new challenges, especially in cybersecurity, also arise with the opportunities offered by these technologies. As organisation adopt more advanced technologies, their vulnerability to more sophisticated cyber attacks increases, highlighting the importance of protecting data and infrastructures against constantly-evolving threats. People could use technology to compromise corporate systems and cause significant damage, challenging the effectiveness of traditional security measures.

Addressing these challenges requires a multidimensional approach involving companies, political leaders and technology developers. Companies must strengthen their cybersecurity infrastructures and train staff to detect and respond to emerging threats. Incorporating AI in cybersecurity strategies can improve the identification of threats and accelerate response times. Meanwhile, political leaders have a vital role to play in creating solid legal frameworks that promote best cybersecurity practices and foster international cooperate to combat cybercrime. Developers also have the responsibility to design sturdy systems resistant to improper use. It is also essential to continue researching AI and cybersecurity in order to anticipate and address evolving threats.

The European Commission recently published a guide to establish cybersecurity requirements in high-risk AI systems, in line with the new Artificial Intelligence Act that will be passed in 2024[31]. This legislation will ban certain AI applications that infringe fundamental citizen rights and sets clear obligations for high-risk AI systems. These regulatory efforts are fundamental for guaranteeing that AI is used in a responsible, ethical way to benefit society.

In economic terms, technology applications have a significant impact on the global market. These technologies are expected to contribute positively to gross domestic product (GDP) at world level.[32]

In a scenario of continuous digital transformation, addressing security challenges that arise from progress in artificial intelligence is essential. Collaboration between companies, governments and technology development communities is fundamental to ensure a secure and sustainable digital future.



31. EU AI Act: first regulation on artificial intelligence European Parliament.
32. Artificial Intelligence (AI) - Statistical data. Statista.

Digital transformation, artificial intelligence and cybersecurity. Figures

- In Spain, 58% of Spanish entrepreneurs and executives include the digital transformation among their strategic priorities for 2023.[33]
- Artificial intelligence is one of the technology areas with greatest short and medium-term economic projection. It could break the barrier of 300 billion USD in 2025.[34]
- Artificial intelligence is estimated to improve the GDP of the energy industry, public services and mining by 5.5% in terms of productivity.[35]
- Just 4% of organisations are sure that users with access to their networks and systems are protected from cyber attacks.[36]
- In 2023, a total of almost six million cyber attacks were recorded worldwide, a 22% increase compared with 2022.[37]
- Approximately four out of ten companies around the world state that they are not resilient enough against sophisticated cyber attacks. The real figure is likely to much greater as attack methods evolve and use artificial intelligence more and more.[38]
- According to the Worldwide Security Spending Guide published by IDC, European security spending will grow by 12.3% in 2024, another year strong momentum. Spending in the region is expected to rise at a constant rate throughout the 2022-2027 period, reaching 84 billion dollars in 2027.[39]

33. Outlook Spain 2023. Digital transformation. KPMG.
34. Artificial intelligence: global market value 2021-2030. Statista.
35. Artificial intelligence: impact on global GDP by sector 2030. Statista.
36. State of the connected world 2023 Edition. Insight Report January 2023. World Economic Forum.
37. Cyber Threat Report 2023. SonicWall.
38. Key strategies for building cyber resilience in 2024. World Economic Forum.
39. State of the connected world 2023 Edition. Insight Report January 2023. World Economic Forum.

Protecting biodiversity

The current global situation presents a concerning reality, the world is facing a triple planetary crisis of which biodiversity loss is part. Despite international efforts in recent decades to preserve biodiversity, the continuous loss of habitats, degradation of ecosystems and extinction of species are still a threat for the environment and society[40]. This problem is one of the main global risks[41], requiring urgent solutions to face climate and natural emergencies.

The European Union has proposed and passed different laws, such as the Nature Restoration Law[42], in order to achieve climate and biodiversity goals, as well as fulfil its international commitments, particularly the Kunming-Montreal Global Biodiversity Framework[43]. This Framework sets four objectives to be achieved for 2050 and 23 global goals for 2030 designed to protect and restore nature, guarantee sustainable use and encourage investments for a green world economy. To achieve these objectives and goals, countries must set domestic goals with national strategies and action plans on biodiversity. COP16 on biodiversity will be held in Colombia in 2024[44], assessing whether national objectives are sufficient to achieve the Framework's global objectives and goals.

However, despite efforts made, the chronic funding deficit for biodiversity conservation is still a significant obstacle[45]. In order to fulfil commitments and address the biodiversity crisis, it is essential that we adopt a comprehensive approach combining regulatory and voluntary measures, strengthening the use of economic instruments and promoting private sector involvement to multiple available resources. The European Commission has already announced that it will double its international funding for biodiversity for the period between 2021 and 2027. This European sustainable funding initiative will contribute to guiding funding towards supporting investments in biodiversity.[46]

For all these reasons, FCC Group acknowledges the urgent need to address the protection of biodiversity and ecosystems. Aware that company operations may generate impacts in natural systems, FCC is strongly committed to conserving natural capital. This commitment is reflected in the various policies, strategies and actions of each business area, as well as the different environmental awareness projects the company participates in. Proof of this commitment in 2023 is the renewed adhesion of FCC Environment Iberia to the Pact for Biodiversity of the Spanish Business and Biodiversity Initiative (IEEB) and the Group's adhesion to the same pact and initiative since 2013.

40. The Sustainable Development Goals Report 2023. United Nations.
41. The Global Risk Report 2023: World Economic Forum.
42. New law to restore 20% of EU's land and sea. European Parliament.
43. Kunming-Montreal Global Biodiversity Framework. UN.
44. What is COP16 on biodiversity, to be hosted by Colombia in 2024? WWF.
45. The Sustainable Development Goals Report 2023. United Nations.
46. Stop biodiversity loss: The EU outlines achievements one year after adopting the global plan for nature and people. European Commission.

Protecting biodiversity. Figures

- More than 50% of the global GDP is linked to nature and the services it provides.
- Up to one million species are threatened by extinction and could become extinct in a few decades.
- Worldwide, at least 100 times more public funds are assigned to subsidies that are harmful for the environment than to funding forests.
- Up to 200 species become extinct every day.
- Around 40% of the world's population, equivalent to 3.2 billion people, is negatively affected by the degradation of the planet.
- Since 1990, around 420 million hectares of forest have been lost due to converting land to other uses.
- In 2023, three quarters of the planet's land ecosystem and around 65% of the marine environment has been significantly altered by human actions.
- In 2023, between 100 and 300 million people are at increased risk of suffering floods and hurricanes because of coastal habitat loss.
- Our global food system is the main reasons for biodiversity loss and agriculture alone is an identified threat for 24,000 of the 28,000 species at risk of extinction.
- Investing in nature provides an opportunity to generate 10 billion USD in added value and create 395 million jobs.

4.2. FCC's response to future challenges

Environmental Services

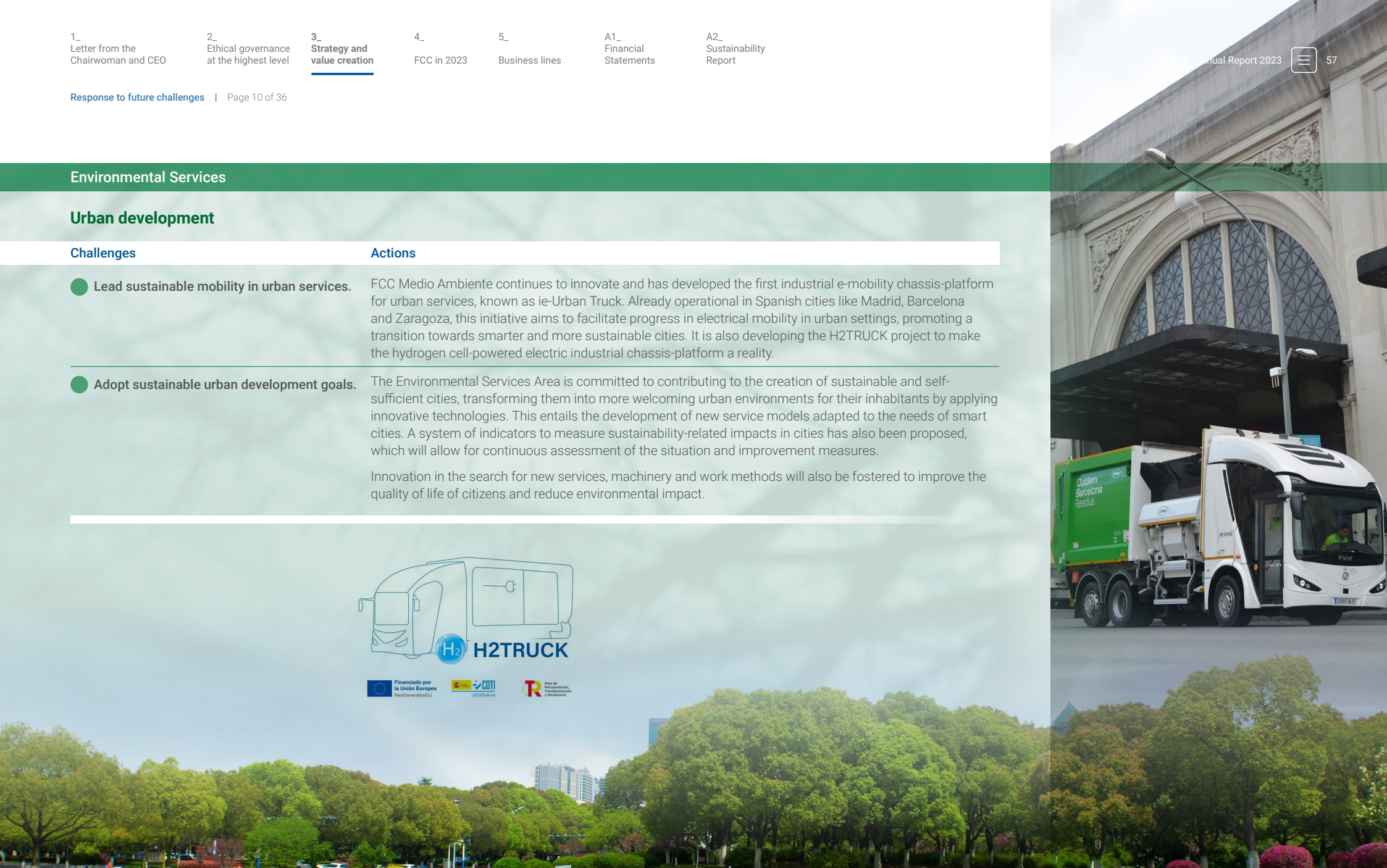
Climate change and water stress

Challenges	Actions
Attain carbon neutrality by 2050.	In order to reduce greenhouse gas emissions and achieve carbon neutrality for 2050, FCC Medio Ambiente's strategy includes a series of measures and actions to prevent or mitigate its contribution to environmental impacts associated with pollution. These measures include improving waste management and processes, as well as the progressive replacement of the organisation's vehicles for a more sustainable fleet. In this sense, focusing on generating renewable energy and contributing to the achievement of SDG 7 'Affordable and clean energy', FCC Medio Ambiente obtained the 'Calculate-Reduce-Offset' seal for the third year running, making its commitment to the reduction of greenhouse gas emissions effective. At the same time, it collaborates in reforestation projects that act as CO_2 sinks to offset emissions.
Implement innovative solutions to promote the development of sustainable cities and communities.	Integrating state-of-the-art technology developments along with knowledge, initiatives and best practices, FCC Medio Ambiente offers more efficient solutions, such as the development of vehicles using clean energies, generation of renewable energy, and the use of efficient equipment and machinery at its facilities, promoting self-consumption of energy with minimum impact to improve quality of life and make the cities where it offers services ever more sustainable.
Increase investment in sustainable projects.	FCC Medio Ambiente demonstrates its commitment to sustainability issuing green bonds. These funds are used in projects that generate major environmental benefits, specifically related with mitigation and adaptation to climate change, in the communities where it operates.
Promote the use, consumption and responsible management of water resources and address water stress.	The Area has implemented various initiatives and best practices designed to improve efficiency in water use. These measures are reflected both in the facilities and in the execution of cleaning and watering services for parks and green areas.

Environmental Services

Urban development

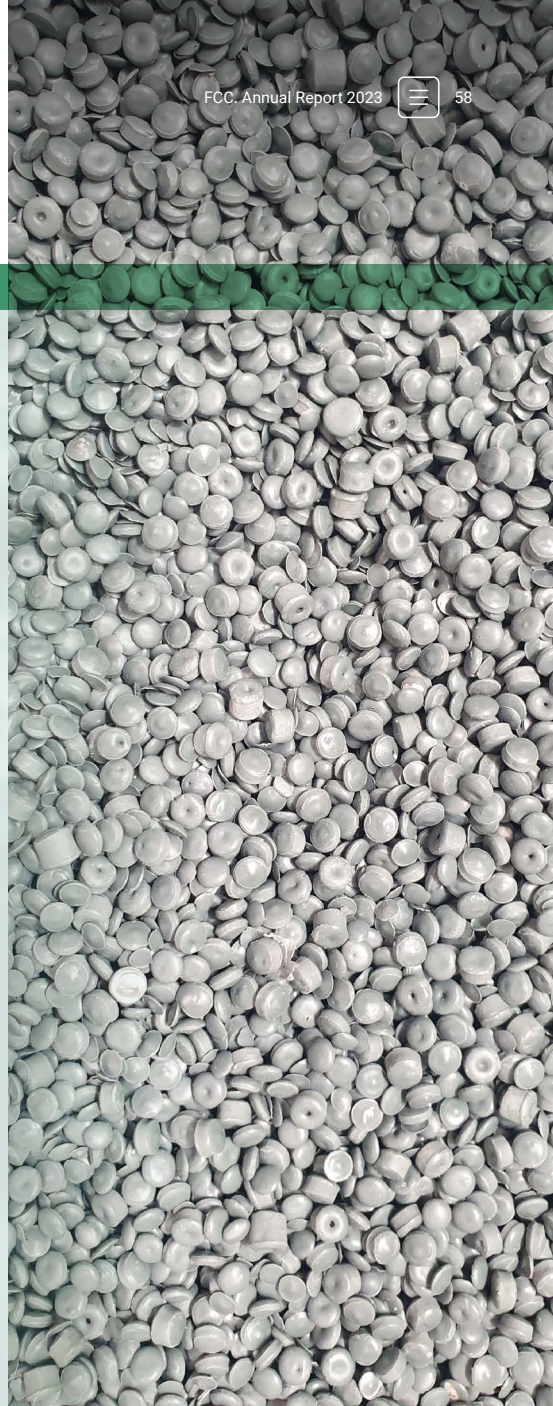
Challenges	Actions
Lead sustainable mobility in urban services.	FCC Medio Ambiente continues to innovate and has developed the first industrial e-mobility chassis-platform for urban services, known as ie-Urban Truck. Already operational in Spanish cities like Madrid, Barcelona and Zaragoza, this initiative aims to facilitate progress in electrical mobility in urban settings, promoting a transition towards smarter and more sustainable cities. It is also developing the H2TRUCK project to make the hydrogen cell-powered electric industrial chassis-platform a reality.
Adopt sustainable urban development goals.	The Environmental Services Area is committed to contributing to the creation of sustainable and self-sufficient cities, transforming them into more welcoming urban environments for their inhabitants by applying innovative technologies. This entails the development of new service models adapted to the needs of smart cities. A system of indicators to measure sustainability-related impacts in cities has also been proposed, which will allow for continuous assessment of the situation and improvement measures. Innovation in the search for new services, machinery and work methods will also be fostered to improve the quality of life of citizens and reduce environmental impact.



Environmental Services

Circular and sustainable economy

Challenges	Actions
Implement improvements in waste management and recovery processes.	For the purpose of improving waste management, reducing emissions and improving the percentage of waste recovery, FCC Medio Ambiente participates in R&D&i projects related to the circular economy. Projects such as BIOPROLIGNO, RSU4HOM, ECO2D4.0 or B-FERST aim to recover different types of waste to contribute to the maintenance of infrastructure and green areas, as well as the development of new construction materials.
Optimisation and extension of waste management services.	FCC Medio Ambiente has strengthened its waste management position in the UK, Spain and the USA. In the UK, FCC Servicios Medio Ambiente has extended its business in waste recycling and treatment activities with the partial purchase of the Urbaser group providing these services. It is expanding in Spain with new contracts for various facilities that will increase waste recovery activity. FCC Environmental Services increases its presence in the USA in waste collection and treatment with various initiatives that reflect a strategy of geographic expansion, service diversification and strategic acquisitions.
Reduce the quantity of waste sent to landfill for more recycling and reuse.	The Environmental Services Area is committed to process optimisation and circularity. By taking part in a variety of projects such as LIFEPLASMIX, LIFE4FILM and LIFE ZEROLANDFILLING, it encourages avoiding urban waste being deposited in landfills to achieve recovery and effective recycling.
Transform traditional waste treatment processes.	With the aim of transforming traditional biological treatment processes in biorefinery, FCC Medio Ambiente takes part in projects like INSECTUM and DEEP PURPLE, which use insects to promote the bioconversion of urban by-products and biowaste to recover resources.
Promote the use of new clean energy sources.	FCC Medio Ambiente is conducting various production projects for clean energies like biogas, biomethane and biohydrogen from biowaste. The LIFE LANDFILL BIOFUEL, LIFE INFUSION and ECLOSION initiatives seek to transform waste management centres into biomethane and green hydrogen production facilities.



Environmental Services

Acceleration of digital transformation, cybersecurity and artificial intelligence

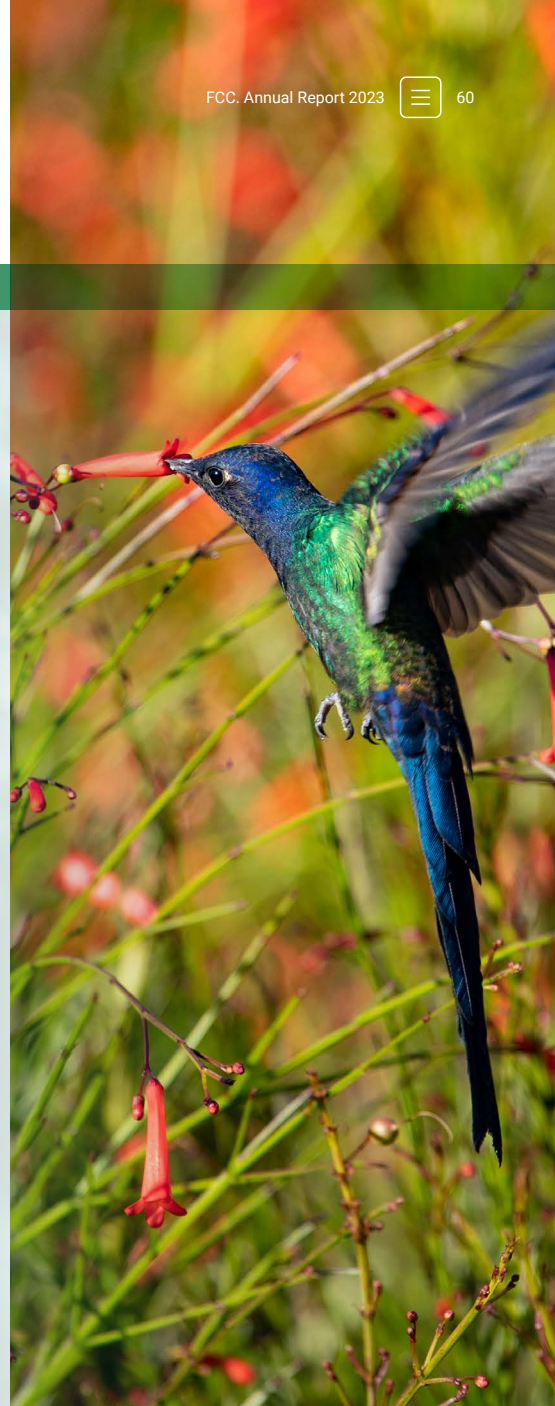
Challenges	Actions
Optimise service quality and guarantee data protection.	FCC Medio Ambiente continues to promote digitalisation and data protection through the VISION platform. This vertical app, incorporated into the National Security Scheme in 2022 and certified according to the ISO 27001 standard, is key in improving relations with clients and service provision efficiency.
Design tools to improve productivity.	In collaboration with the SCALIBUR project, FCC Medio Ambiente has participated in implementing a continuous monitoring system to provide an accurate and real-time assessment of the quality of biowaste input into the Las Dehesas biomethanisation plant in Madrid (Spain). This tool will facilitate the implementation of corrective measures and contribute to improving operational efficiency in recycling processes.
Management system digitalisation.	FCC Medio Ambiente's 2050 Sustainability Strategy includes as an integral part of its lines of action the acceleration of management system digitalisation processes to promote knowledge synergies. The VISION platform is in constant development and serves as a basis for extending process digitalisation in the organisation by rolling out new modules, connecting with other platforms, both internal and external, or providing mobility applications.

vision
smart environmental services

Environmental Services

Protecting biodiversity

Challenges	Actions
Forest management and restoration.	FCC Medio Ambiente collaborates with the Galician Forestry Association to restore areas affected by wildfires in Ponteareas and Vigo, in Pontevedra (Spain), applying natural regeneration and selective planting techniques. In collaboration with the Hellín City Council in Albacete (Spain), FCC Medio Ambiente has also restored an inert construction and demolition waste landfill in town. This ecological restoration initiative focused on replanting the area with native tree species. With these projects it also offsets part of the carbon footprint generated by its activity.
Protect biodiversity in the urban environment and ecosystems.	The Area is involved in various activities related to the maintenance and preservation of parks and green areas as well as others specific to its industrial treatment and urban solid waste elimination facilities, such as collaboration in the bird tracking process. In line with this commitment, in 2023 FCC Medio Ambiente renewed its adhesion to the Pact for Biodiversity of the Spanish Business and Biodiversity Initiative (IEEB).
Raise staff awareness on protecting biodiversity.	As part of the Environmental Services Area's commitment, a Training Plan focused on responsible management has been developed, which includes a module dedicated to biodiversity. The aim of the plan is to inform and raise awareness among partners on activities that improve and consolidate sustainable environmental management in the services provided.
Eradicate the proliferation of invasive species.	FCC Medio Ambiente has undertaken various actions in the fight against pests, collaborating closely with institutions such as the Polytechnic University of Valencia and the Canary Islands Agrarian Research Institute. These partnerships have led to consultancy and studies aimed at combatting various invasive species.



Water

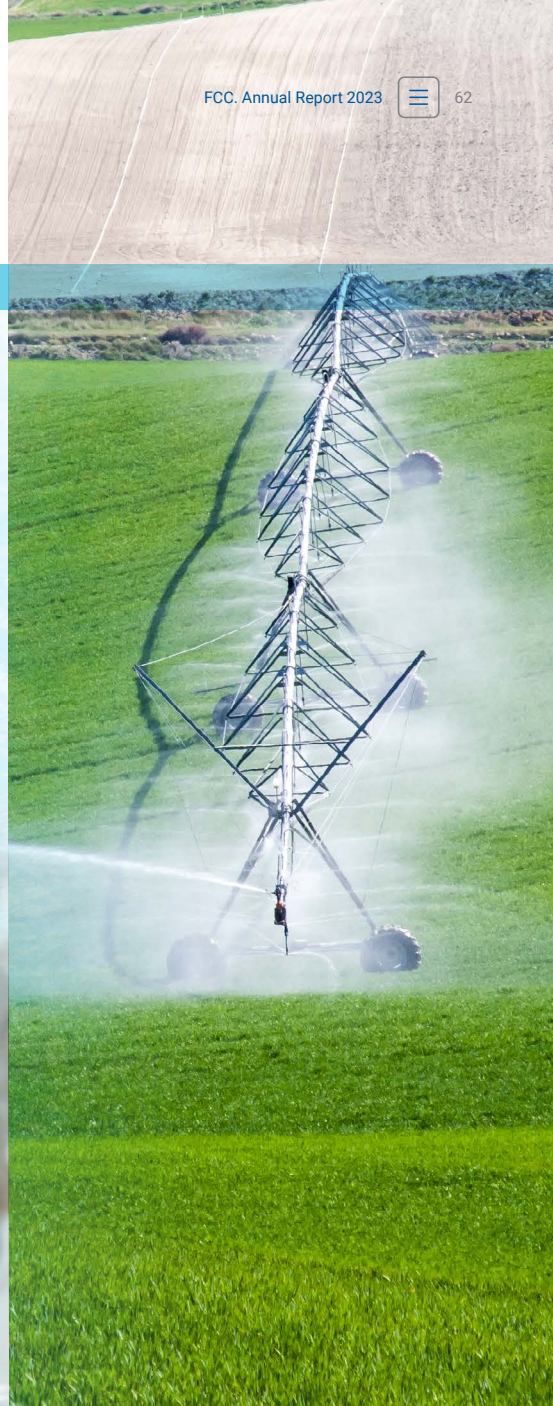
Climate change and water stress

Challenges	Actions
Mitigate climate change.	In line with its vision of preserving the environment, Aqualia activates projects to achieve CO_2 emission neutrality, increase the use of renewable energies, improve energy efficiency at facilities and transform the vehicle fleet. To limit its contribution to the carbon footprint, implementing the energy optimisation system reduces the use of energy for lighting and climate control at Group offices and warehouses. Improvements to monitoring and control platforms also help reduce consumption and contribute to energy efficiency.
Reduce and prevent the possible contribution to environmental impacts caused by pollution.	The Water Area ensures correct compliance with legal requirements on atmospheric emissions and designs preventive measures to be taken in case of environmental risk with all its partners.
Alleviate water stress with better water management.	To address the water shortage and reduce water stress, Aqualia assesses how its activities impact water resources, implementing processes such as water desalination.

Water

Urban development

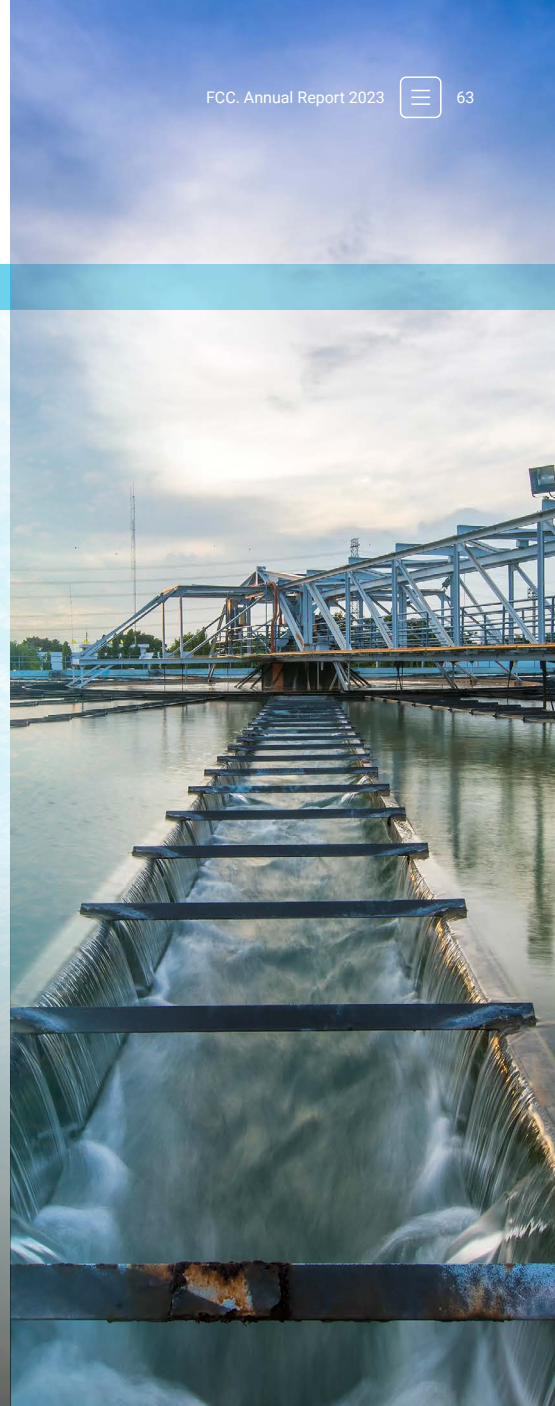
Challenges	Actions
Build infrastructure to supply water to the population.	Aqualia distributes drinking water through a network from header deposits to towns and homes, ensuring efficient access for the population.
Ensure urban development that is resilient to extreme climate conditions.	The Water Area works on solutions such as the LIFE Reseau project, which supports the reconditioning of sanitation infrastructures to increase their resilience in areas of intense rainfall.
Manage infrastructure to contribute to sustainability in food production and efficient handling of water resources.	Aqualia manages and maintains irrigation infrastructures, collaborating with communities and entities to ensure optimum water availability for the agricultural sector.



Water

Circular and sustainable economy

Challenges	Actions
Minimise waste generated by maximising product value throughout their life cycle.	Aqualia works to develop solutions to treat wastewater by converting into value-added products, thus significantly reducing energy consumption. The LIFE Ulises project, ran in conjunction with the El Bobar Plant in Almería (Spain), stands out for studying how to transform wastewater treatment plants into neutral-discharge biofactories.
Promote the circular economy through cutting-edge technology development.	The Water Area is developing various advanced technologies to improve water quality, seeking efficiency and optimisation of municipal and industrial installation operation related with the end-to-end life cycle of this resource. One example is recovering phosphorous through struvite precipitation.
Facilitate the transition towards a circular model by means of collaboration.	Agreements with the supply chain to reuse resources and promote responsible water consumption among citizens are just some of the specific measures adopted by Aqualia to guarantee the transition to a circular model.



Water

Acceleration of digital transformation, cybersecurity and artificial intelligence

Challenges	Actions
Digitalise water management to ensure an efficient end-to-end cycle.	Investment in technology innovation means Aqualia continues to progress in the efficient digital transformation to achieve smart management and an optimised end-to-end water cycle. This roadmap includes energy efficient processes, continuous monitoring and the detection and prediction of events prior to decision making. All to continue optimising sustainable management and water quality. Digital innovation projects include those aimed at developing Aqualia Water Analytics (AWA) for smart water management in cities; projects to improve mobility in management processes to gain efficiency; and others geared to the integration of different platforms.
Use artificial intelligence to improve the quality of life of citizens.	The development of artificial intelligence has contributed to launching projects to offer users greater transparency in the water service, increasing their knowledge of processes and awareness of water use. New technologies are incorporated that contribute to the modernisation of the service provided (Smart Santander) and customer management and communication systems are developed to make them an active part in the process (Smart App).

Water

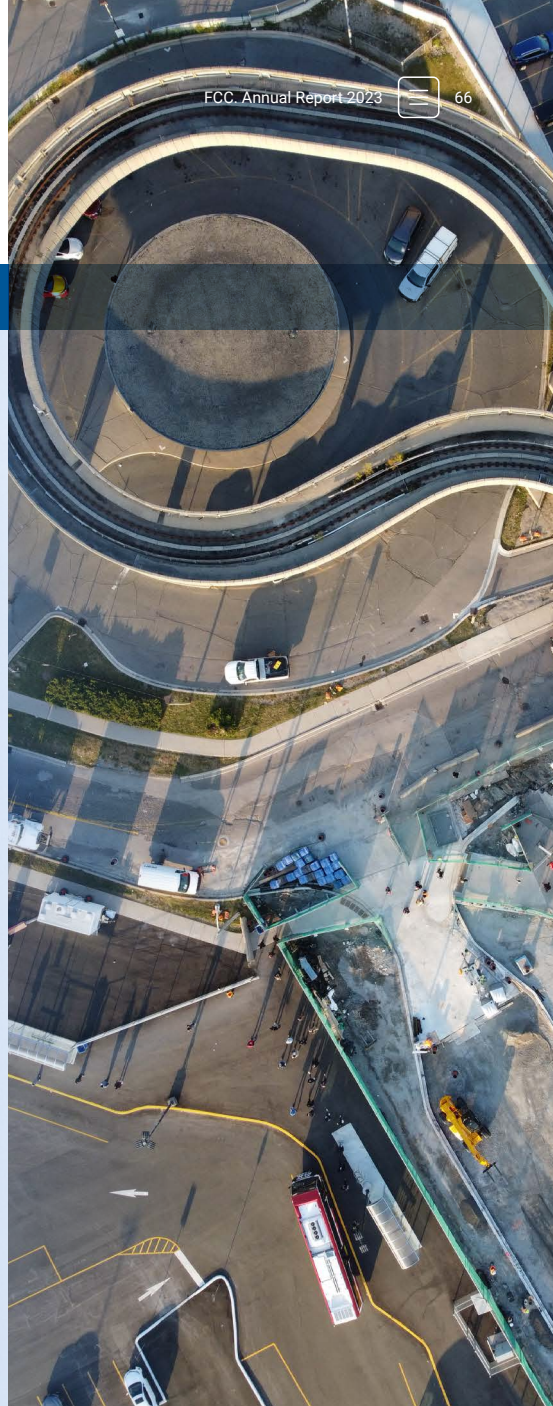
Protecting biodiversity

Challenges	Actions
Protect and seek the recovery of aquatic and land ecosystems.	Aqualia is developing a project so it can identify possible impacts on biodiversity and establish controls to protect and prevent the degradation of ecosystems, promoting efficient and equitable practices in water use.

Infrastructure

Climate change and water stress

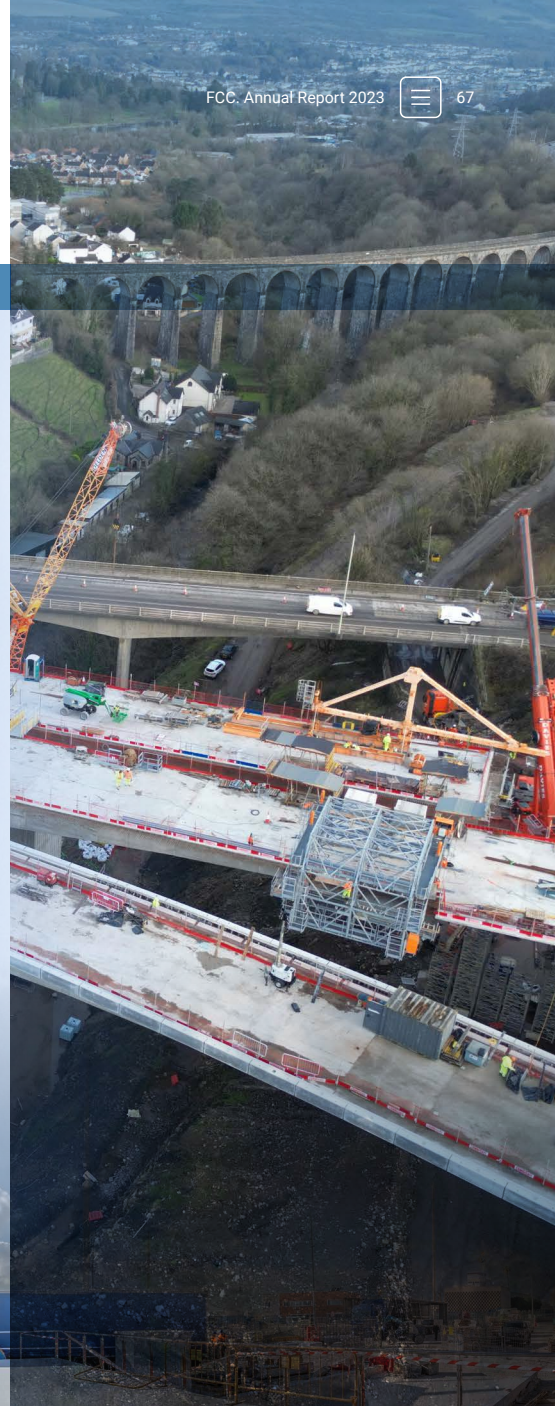
Challenges	Actions
Promote adaptation and identify solutions for climate resilience.	Making the most of new emerging technologies, FCC Construcción set objectives in the Climate Change Strategy to improve its response to imminent meteorological changes. FCC Construcción seeks to strengthen infrastructures, residential and non-residential buildings (museums, sports facilities, healthcare facilities, etc.) by adapting processes and resilient materials in the design and construction phases.
Reduce dependence on fossil fuels.	As part of the sustainable R&D&i solutions, the Infrastructure Area is committed to replacing its vehicle fleet, reducing the consumption of fossil fuels and fostering the use of electricity with renewable energy sources.
Contribute to the reduction of greenhouse gas emissions.	FCC Construcción has developed a series of measures that promote energy efficiency in its site and centre processes using new technologies and by optimising energy consumption. The measures include the installation of LED lights and adaptation of modern and efficient machinery. It also includes the concept of climate change in its organisation, obtaining the "Calculate and Reduce" seal from the Ministry for Ecological Transition and the Demographic Challenge in consecutive years for its Emissions Reduction Plan 2021-2025.
Identify solutions to problems caused by water stress.	The company continuously reduces its water consumption by means of efficient use of water, such as water collection, treatment and reuse measures. A methodology is under development to calculate its hydrological footprint with an audit and certification planned for 2024.
Formalise a roadmap to mitigate the impact of its business model in aspects of climate action.	The 2023-2026 Climate Change Strategy contains the organisational response to the climate challenge at FCC Construcción. The strategy is a fundamental basis for achieving objectives, detailing certain processes for compliance.



Infrastructure

Urban development

Challenges	Actions
Integrate sustainable construction in site development.	FCC Construcción develops projects that stand out for their commitment to sustainable development (economic, social, environmental and governance) at global level. Sustainable practices are included in projects, such as the design, construction, operation and maintenance of a commuter train network in Toronto (Canada), as well as various infrastructures developed in over 21 countries around the world. FCC Construcción's commitment to sustainability is embodied in its Sustainability Strategy, approved and published in 2023.
Participate in projects that promote urban transformation in cities where it operates.	In 2023, FCC Construcción won the project to bury the train track in Moncada i Reixac, Barcelona (Spain). The contract entails building a new station, which will represent an urban and railway transformation. This project will improve the quality of life of people, creating new living spaces and promoting the town's urban transformation. The design will follow sustainability and accessibility criteria, contributing to the reducing the carbon footprint and making the city more dynamic at socioeconomic level.



Infrastructure

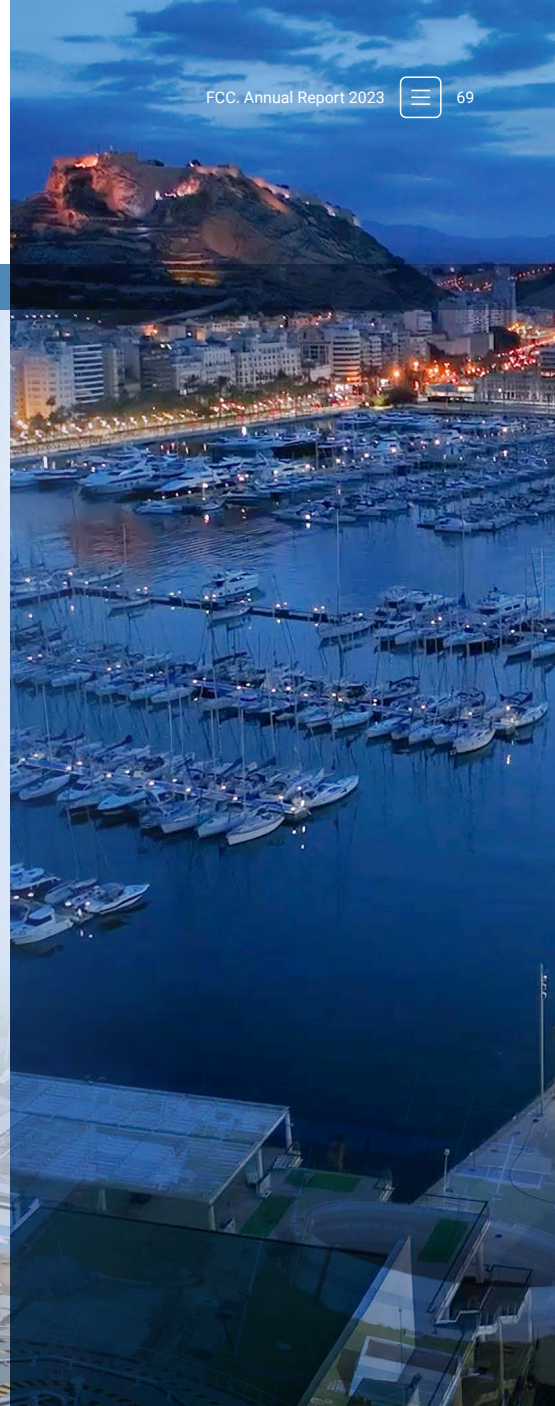
Circular and sustainable economy

Challenges	Actions
Integrate circularity throughout the value chain.	Starting with a collaborative effort with its suppliers, FCC Construcción ensures that the materials and equipment used in its projects contribute to efficiency, extending their use and reincorporating them into the product-waste-product cycle at the end of their useful life. Close collaboration with the supply chain is essential to foster responsible practices and increase the positive environmental impact.
Incorporate responsible use of materials and waste recovery.	The Infrastructure area's Sustainability Plan covers methods for the transition to a circular model, prioritising waste recovery and responsible use of materials. To this end, it manages waste by including best practices, promoting the reuse of waste and use of recycled and renewable materials.

Infrastructure

Acceleration of digital transformation, cybersecurity and artificial intelligence

Challenges	Actions
Implement solutions for operational efficiency.	The ISO 27001-certified Alejandría Project is an innovative platform for information centralisation and data integrity. Alejandría is the basis for management at the organisation, providing a comprehensive vision of the evolution of information at FCC Construcción. It integrates quick and precise search capacity and implements a common structure that guarantees file security.
Develop technologies to improve process techniques.	Prefabricados Delta, a subsidiary of the Infrastructure Area, has developed a technology based on the Industry 4.0 framework. Initially installed at the Puente Genil factory in Córdoba (Spain), this solution as successfully completed the pilot phase. The next step is to extend it to all elements of the two manufacturing plants, setting a significant milestone in the organisation.
Optimise site monitoring.	The launch of the Cupix mobile platform aims to make it easier to view site life cycles and promote client collaboration in design by capturing 3D images of work settings. It also allows for proactive risk identification, cost optimisation and improved time used in project management.



Infrastructure

Protecting biodiversity

Challenges	Actions
Contribute to ecological integrity.	FCC Construcción collaborations contribute to ecological continuity is urban areas. For example, it will work with Madrid City Council in building a forest ring around the city, using native species and restoring degraded areas.
Integrate biodiversity protection measures.	Biodiversity is protected by preparing specific biodiversity plans and establishing a methodology for the prevention and assessment of impacts in vulnerable habitats.
Raise awareness on the importance of biodiversity.	FCC Construcción recognises the importance of participating in environmental awareness. In collaboration with Madrid City Council and the Spanish Association for the Protection of Butterflies and their Environment (ZERYNTHIA), the company has developed the Butterfly Oasis as part of the Metropolitan Forest project. The aim is to create spaces to protect pollinators so as to increase awareness and promote permeability for biodiversity in urban settings.
Prioritise the renaturalisation of spaces.	The Infrastructure Area implements local renaturalisation actions. It has taken part in the development of accessible trails among native vegetation and commercial areas, improving access and maintaining trail continuity.

Cement

Climate change and water stress

Challenges	Actions
Changes in carbon price mechanisms and emission rights trading.	Each year, Cementos Portland Valderrivas Group sets targets for reducing emissions in its activity. To achieve this, it develops improvement plans to move towards the energy transition. Some measures include improving dosing and alternative fuel systems, the use of materials with a higher percentage of biomass and changing furnace burners.
Improve energy efficiency.	The Cement Area has assigned resources to launch energy efficiency strategies as well as conducting audits according to the ISO 50001 standard. The strategies include solar panels projects, continuous improvement of productive processes, installation of expert systems in driving the furnace in coal and cement mills, as well as updating equipment. Critical production processes have also been reviewed with specialised engineering in search of energy improvements.
Optimise the use of water resources.	The company manages water consumption at its facilities responsibly. This entails automation and leak control in water networks to prevent losses. A system has also been put in place to reuse wastewater from other companies so that water can be used to cool gas conditioning equipment before filtering. Rainwater collection and reuse measures have also been implemented for processes, as well as improvements to water infrastructure.
Commitment to alternative fuels for thermal energy generation.	GCPV has a strong commitment to reducing tonnes of CO_2 emissions to the atmosphere and continuously opts for the use of alternative fuels with biomass as an alternative source of thermal energy to fossil fuels. This measure has avoided to emission of 2,327,768 tonnes of CO_2 in the last 13 years.
Increase the use of renewable energy sources.	The Area is involved in a variety of cross-sector collaborative projects to extend the use of renewable energies at its facilities. As a result of these initiatives, GCPV closed a long-term power purchase agreement (PPA) with Capital Energy. With this agreement, the power company undertakes to supply approximately 80,000 MWh of energy generated by wind farms to the factory in Cantabria (Spain). In 2023, around 63% of electricity consumed at cement factories in Spain came from PPAs from renewable sources and the renewable energy mix supplied by independent marketing company Fortia.

Cement

Circular and sustainable economy

Challenges	Actions
Apply circular economy processes such as replacing fossil fuels with alternative sources.	The company is immersed in a sustainable production projects for its plant in Alcalá de Guadaíra, Seville (Spain). The project is based on a circular economy model widely adopted in Spain that promotes industrial symbiosis by using different types of non-hazardous waste as a source of energy. Thanks to its high heat power, composition and granulometry, this fuel will allow for the partial replacement of conventional fuel currently used.
Increase material and energy recovery.	GCPV is an important recycler of a wide range of industrial waste, such as ash, slags, construction and demolition waste and paper manufacturing process sludges. This fosters the responsible consumption of natural resources by reusing materials obtained from waste and by-products, reducing the need for natural raw materials and minimising the environmental impact associated with their extraction. It also promotes the use of fuels with a high biomass content and uses other materials that would end up in landfill were they not reused in an industrial setting.
Optimise waste management.	To ensure the proper management of waste produced at our factories, selective collection measures are implemented in accordance with current legislation. Emphasis is placed on waste prevention and separation for temporary storage until they are finally managed by an authorised manager, prioritising options such as recycling, reuse and recovery over elimination in landfill whenever possible.

Cement

Acceleration of digital transformation, cybersecurity and artificial intelligence

Challenges	Actions
Administrative modernisation and strengthening collaboration with our suppliers.	The Supplier Channel launched by Cementos Portland Valderrivas Group opens up new opportunities by streamlining administrative tasks and improving the supplier experience. This initiative offers the change to automate processes, freeing up human resources for more strategic tasks. The structured communication channel also operates 24 hours a day to encourage greater collaboration and efficiency in supplier relations.
Modernisation and technology innovation in the construction industry.	CPV Group is committed to collaborating and developing R&D&i projects for the manufacture of reliable, sustainable, resilient and high-quality construction products, with the aim of promoting economic and social development. This commitment translates into a more efficient use of resources and actively promoting the adoption of advanced technologies, research and innovation.
Implement the digital signature on delivery notes, an essential tool for streamlining management.	The digital signature has been implemented on delivery notes at all Cement factories in Spain. The digital signature is a confirmation system that can record cement and mortar product delivery to factories and at destination online by using electronic devices. This digital signature replaces signing paper delivery notes used after delivering goods, thus saving time, improving certainty in material delivery and helping reduce the carbon footprint.

Cement

Protecting biodiversity

Challenges	Actions
Implement sustainable practices to mitigate the alteration of natural habitats.	Obtaining raw materials and particle emissions cause alterations in natural habitats. In response to this, Cementos Portland Valderrivas has implemented various measures to mitigate its impact on these habitats. These measures that include repairing soil morphology, replanting used surfaces with suitable sowing and planting techniques and the use of native species. Agreements are also in place with nature protection associations.
Develop integrated management criteria to promote biodiversity.	In order to guarantee balanced biodiversity, different criteria that impact decisions on the type of resources to use, location, waste management and economic viability are established in both operating processes and project design.
Generate positive impact on biodiversity.	In 2023, El Porcal was included in the wetland catalogue of the Region of Madrid thanks to close collaboration between Cementos Portland Valderrivas Group and a nature association. El Porcal has now become an idyllic space, home to many native and migratory species. It has thus been selected to form part of a national project with EU funding focusing on resolving the threat to the marbled duck population, one of seven bird species in a critical situation in Spain. Another GCPV action to promote biodiversity is by planting cereals and legumes at the Monjos factory quarry to favour the proliferation of wildlife in the hunting territory of a pair of Bonelli's eagles that inhabit the area.

Real Estate

Climate change and water stress

Challenges	Actions
Mitigation and adaptation to climate change.	In order to reinforce its environmental commitment, FCC Real Estate uses sustainable architecture principles in its developments. In the case of buildings that have already been erected, by replacing climate control units for other using lower-impact refrigerant gases to reduce greenhouse gas (GHG) emissions. On the other hand, Real Estate's will to reduce energy consumption and achieve energy efficiency has led to it to design buildings with energy efficiency rating A or B, responsible material procurement, adjust temperatures and instal LED lights in buildings.
Human and environmental health protection.	In order to respect public health and care for the environment, the Real Estate Area has incorporated ECO LABEL-certified cleaning products at all buildings with BREEAM certification. This measure is part of its commitment to minimising the negative impact on the environment and human health.
Ensure responsible use of water and use alternative sources to the network to reduce water stress.	The company implements measures to efficiently monitor, reduce and manage water consumption, make use of rainwater and improve treatment systems.

Real Estate

Urban development

Challenges	Actions
Promote sustainable urban development to improve the quality of life of people.	FCC Real Estate promotes spaces created for public well-being and contributes to the creation of more inclusive, safe, resilient and sustainable cities.
Raise public awareness based on sustainable construction.	The Real Estate Area promotes more sustainable habits and greater awareness among building users, supporting them in proper management of waste generated and by the use of systems, in design and construction, which provide environmental, social and economic benefits.

Real Estate

Circular and sustainable economy

Challenges	Actions
Reduce global waste generated and ensure proper management.	Aware that the main types of waste generated in the Real Estate Area are produced by the activities of property tenants, the company works with authorised managers to ensure property management and removal of waste depending on its nature.
Increase the useful life of existing resources.	To better use existing resources, the Real Estate Area implements waste tracking and recovery measures. Reusing furniture and other elements in leased offices and premises is one example of these measures.
Advance towards a more circular construction model.	A Waste Management Plan has been implemented on order to ensure more efficient waste management and reduce the quantity of waste generated on new sites. This is a waste tracking and recovery tool for monitoring and identification to adopt measures that help minimise waste and thus contribute to the circular economy, in collaboration with different construction companies.

Real Estate

Acceleration of digital transformation, cybersecurity and artificial intelligence

Challenges	Actions
Improve customer experience through home digitalisation.	The progressive implementation of home automation is a key aspect in increasing the well-being of users by integrating the comfort of remote use of smartphones with the optimisation of resources used by the Real Estate Area in its activities.
Develop new technologies for efficient resource use.	To improve efficiency in building resource use, FCC Real Estate take part in R&D&i projects to develop technology systems.

Real Estate

Protecting biodiversity

Challenges	Actions
Minimise the deterioration of natural habitats and soil degradation.	An Environmental and Biodiversity Management Plan is developed for each BREEAM-certified property so as to protect and improve elements of ecological value at the sites.
Protect local biodiversity through collaboration.	The Real Estate Area applies measures and participates in projects for the conservation, protection and increase of populations of species such as the peregrine falcon.

4.3. FCC Strategy: focus on growth with profitability

FCC has proven its resilience and adaptation throughout its history based on three main components: a leadership position in the different businesses; sustainability as a source of income; and the strength of its balance sheet and shareholder structure.

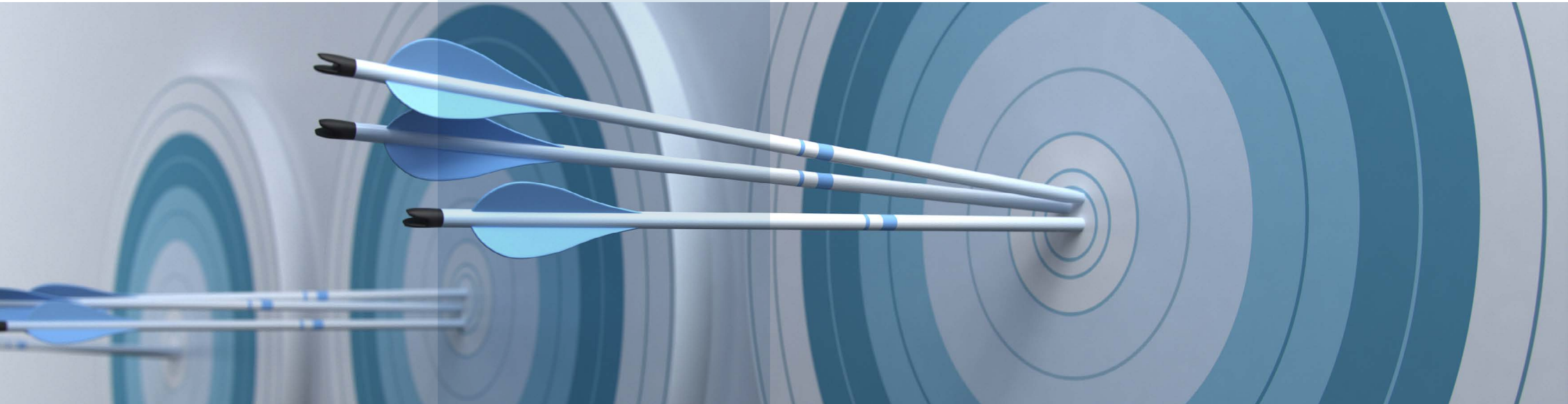
The FCC Group's model of value creation aims to foster the sustainable evolution of cities, positioning FCC at the forefront of its competitive environment, taking into account quality and innovation, integrity in its actions, efficiency in management, proximity and commitment in the way it acts. The FCC Group and each of its businesses focus their strategy primarily on:

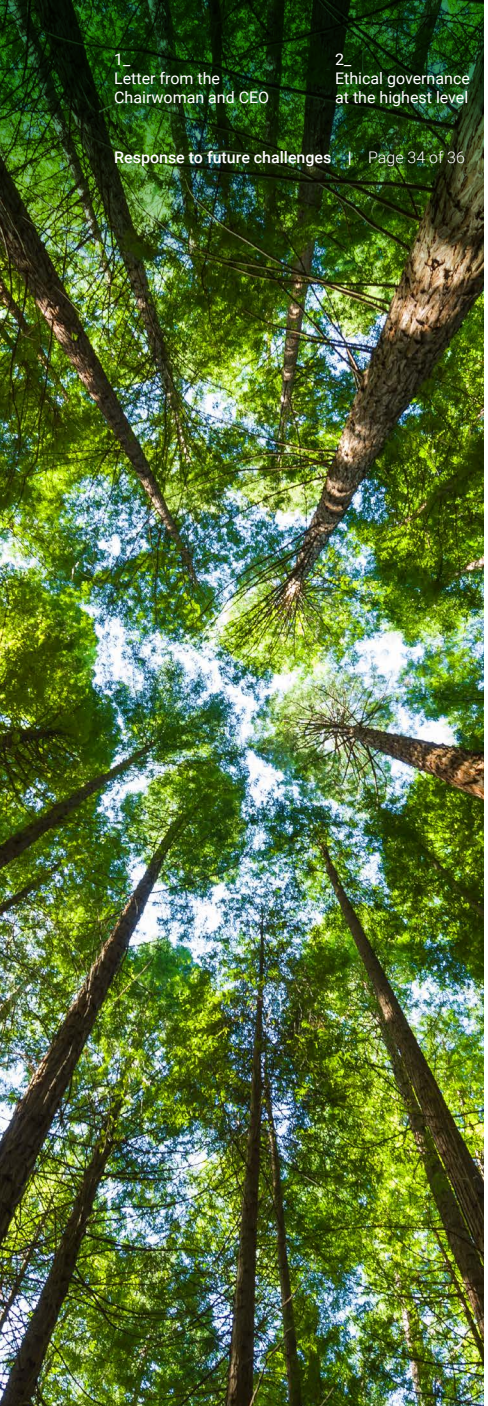
- **Strengthen their competitive** position in key markets in which it is currently present.
- **Selective** growth in new markets that are attractive and aligned with the corporate culture and risks of the company.

Maintain leadership in key markets and selective growth in new markets

In the countries where it operates, FCC focuses its efforts on guaranteeing the quality and continuity of its services and products with the aim of retaining a competitive position in each market. Given the diversity and how they complement each of the businesses, 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. 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.

Meanwhile, 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.





Environmental Services

The Environmental Services Area is in a process of transformation caused by the different environmental demands from regulations mainly related with the circular economy and climate change. New opportunities therefore focus primarily on improving energy efficiency, in smart cities and urban mobility. The area's strategic objective is to increase the quality and quantity of reusable raw materials by investing in selective collection and automatic sorting facilities to comply with regulatory objectives.

Moderate growth is expected in **Spain**, competing in tenders that are attractive as they are strategic or profitable. Waste collection and street cleansing activities are expected to maintain a contract renewal rate of over 90% and also to obtain new contracts, mainly related with applying municipal waste regulations and as part of regional Waste Master Plans. In the industrial waste activity, the goal is to diversify the business with types of treatment other than those currently applied and to increase the portfolio of major clients.

Strategic actions in Spain will focus on maintaining competitiveness and a leadership position, combining technical knowledge and the development of innovative technologies, offering respectful and sustainable services related to climate change and the reduction of the carbon footprint. On the other hand, as previously indicated, the Area will try to leverage potential opportunities arising from more stringent regulations and new services, such as smart city development, which aims to apply a circular model that reintroduces waste materials into the production processes based on R&D&i projects.

In **Portugal**, business opportunities are also expected in urban waste disposal and industrial waste treatment.

A slowdown is expected in the **United Kingdom** despite governmental objectives setting a recycling expectation of 65% in 2024 and a maximum of 10% of waste ending up in landfill. However, delays in different environmental regulations linked to the extended producer responsibility, the container return system or implementation of a tax in 2028 on sector emissions are generating certain short-term uncertainty.

In **Central Europe**, the medium-term strategy may lead to a change in the business model in the Czech Republic, Poland and Slovakia towards greater treatment and the development of energy recovery from waste motivated by the legal situation that will tax and ban landfilling.

As for the **USA**, various contracts initiated in 2022 have been consolidated in 2023, including other major ones in California, Florida and Texas. Work also continues to extend and modernise the first recycling centre in Placer County in California, with the final handover expected in December 2024. It will be one of the biggest environmental compounds of its kind with capacity to treat 650,000 tonnes per year. In total, US sales have grown by 46% in 2023 and FCC is among the top 15 sector companies in the country; it is the largest recycling processor in Texas with a major presence in Florida and significant operations in the west.

In the coming years, the company will continue to consolidate its presence by the growth of more residential contracts and boosting the commercial collection activity.

Water

In the Water Area, the aim is to maintain a competitive position in the markets where it operates and make the most of opportunities arising in consolidated markets for end-to-end water cycle management, mainly in Europe. In other expanding markets, the plans are to promote end-to-end cycle management as well as growth via BOT *(Build-Operate-Transfer)* and O&M *(Operation & Maintenance)* in North Africa, Latin America and the Middle East. New opportunities will also be studied in markets like the USA and other countries provided they have a stable political-social context that allows for long-term project development.

Full recovery of pre-pandemic levels in non-residential consumption is expected in consolidated markets. This situation will be reinforced by new contracts added in 2023 in Colombia, France and the US A.

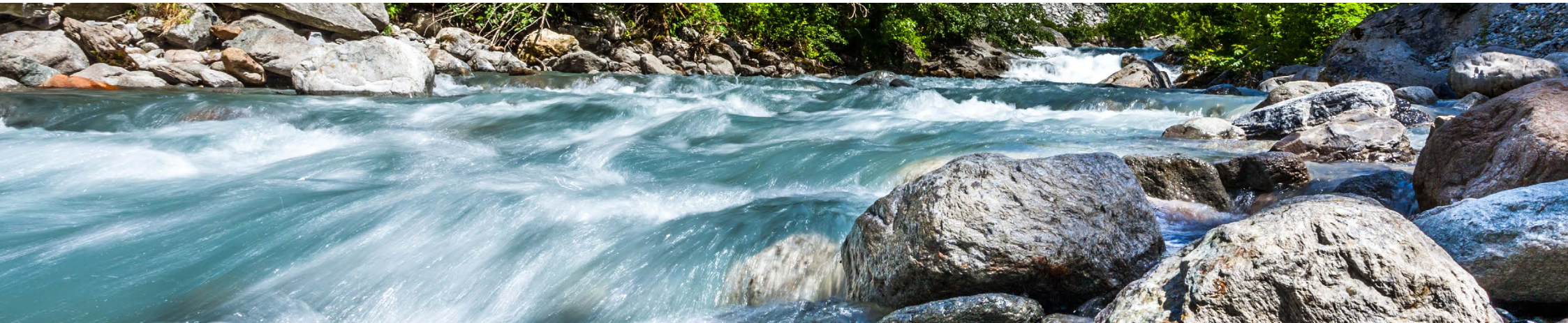
By geographic area, in **Spain** normalisation of electricity rates is expected, an increase in contracts that mitigate price volatility that set a larger volume of consumption at a fixed price, as well as the municipalities managed by Aqualia considering applying the Consumer Price Index (CPI) accumulated over the last two years. The PERTE programme (Strategic Projects for Economic Recovery and Transformation) project award process is expected to be streamlined to promote the digitalisation of the end-to-end water cycle management. Note that, at national level and some autonomous regions have approved emergency plans for the construction of new infrastructure, new deep catchments, extending desalination plants and improving the use of surface water. New actions in Barcelona, Almería and Málaga in desalination stand out, as well as reuse in Andalusia and Alicante, valued overall at 1.4 billion euros and set to increase in 2024 and beyond. The Government of Spain also approved the third cycle of hydrological planning for all national basins, with a joint budget for necessary actions of 22.8 billion euros, so opportunities are expected from the proposals that may be submitted.

In the **rest of Europe** concessions are expected to continue, such as Caltanisseta in Sicily (Italy), for which 14 million euros were obtained from the REACT-EU programme to improve remote control and reading services Also in **France**, with contracts in Pays de Dreux and the renewal of Andres. Numerous proposals has been submitted to water tenders in the Czech Republic with various awards achieved.

In **Saudi Arabia** there is an ambitious programme for the modernisation and optimisation of end-to-end water cycle services; and in **Egypt** an ambitious Desalination Plan associated with the generation of photovoltaic energy will begin with Aqualia leading a multidisciplinary and multinational consortium.

Meanwhile in **LATAM**, in addition to contracts in Mexico and Colombia, Peru is in the process of assessing the efficiency of public supply services to allow the incorporation of private initiative. Aqualia has participated in various initiatives for wastewater treatment and desalination plants currently at an advanced stage.

Finally, in the **USA**, we have acquired a majority stake in the company Municipal District Service, LLC (MDS), whose main goal is comprehensive water and sanitation infrastructure services in Municipal Utility Districts (MUD) to develop the US market. Water scarcity, the obsolescence of hydraulic infrastructure, low penetration by private operators and the demand for regulating pollution are the main opportunities for growth in the different states.



Construction

In the Construction Area, the **international market** focuses on countries and markets with a stable presence and secured project financing. The Area currently has a selective presence in more than 16 countries in Europe, MENA and America. The search for new contracts always follows a stringent risk management procedure that ensures profitability and cash flow generation of a selective portfolio of projects.

Turnover is expected to be similar in 2024 to 2023 thanks to the development of infrastructure work from previous years in various markets (America, Middle East and Europe). In 2024, new project contracts have been formalised, such as the EPC *(Engineering, Procurement and Construction)* for the liquefied natural gas (LNG) storage and regasification terminal in Stade (Hamburg), construction of the Rubí Metro line in Porto (Portugal), *"Pape Tunnel and the Underground Station"* for the Toronto Underground (Canada) and the construction of a nuclear reactor in Petten (Netherlands), to name just a few.

Highlights at **national level** include awards for the construction project to bury the R-2 train line as it passes through Montcada i Reixac (Barcelona); the demolition of buildings, refurbishment of the Auditorium and completion of the new ONCE headquarters (Madrid); the new hospital in Aranda de Duero (Burgos); A-73 motorway construction project (Burgos); phase 3 development in Los Berrocales (Madrid) or the new engineering and construction projects for photovoltaic plants in Seville and Cáceres by Industrial.

Cement

The Cement Area's main objective is to remain competitive in terms of both costs and market share in the markets in which it operates, attempting to retain its status as an industry benchmark in all the countries in which it has a presence. The Area enjoys a position of leadership in its main market, Spain, and a relevant position in Tunisia.

However, the cement sector in **Spain** has seen a slowdown in consumption in recent months, a slight drop in exports, which we are trying to boost, and a sharper fall in imports.

Internal consumption in 2024 is expected to fall 4% in **Tunisia**, mainly due to the economic, social and political crisis experienced by the country in recent years.

In this context, the Area will continue to pursue its policies of optimisation of expenditure and investments and adaptation of all its organisational structures to the reality of the various markets in which it operates in order to improve cash flow generation and support sustainable development.

Real Estate

In 2023, the Real Estate Area has continued its consolidation in the Group by increasing the stake of FCC Real Estate, a company in which FCC has an 80% stake in listed companies Realia Business, S.A. and Metrovacesa, S.A. These operations, together with those carried out in the previous two years have made it possible to take advantage of opportunities for growth in the sector, diversify risk and the presence of FCC Real Estate in Spain by expanding its activity to new areas of operations where it was not present; and finally, a notable increase in recurring rental asset activity as a whole. Equity assets were measured in December 2023 and account for over 73% of total group assets.

Furthermore, gaining representation on the Metrovacesa governance bodies in December 2023 reinforces the real estate group's solidity, benefiting from its ability to generate cash flow.

In terms of future forecasts, the **equity Area** will continue to work on increasing its portfolio of BREEAM sustainability certified buildings managed and improving performance in offices, business premises and shopping centres regarding energy and water consumption and waste management with continuous, automated and digital monitoring.

The **Real Estate Area** will maintain its development activity by completing ongoing projects and starting new ones, seeking profitability and viability.

Finally, a new investment in Build to Rent (BtR) projects in Tres Cantos (Madrid) with a total of 59% of the homes completed. The Area will continue its operations and analyse opportunities provided there is a guaranteed return on investment.

4

FCC in 2023

Highlights of the year 2023 _ 85

Key figures _ 88

1. Highlights of the year 2023

January

- FCC Medio Ambiente continues to provide municipal services for the city of Manresa (Barcelona, Spain).
- FCC Equal Comunidad Valenciana Special Employment Centre starts up new street cleansing service in the town of Massamagrell (Valencia, Spain).
- EnergyLOOP, company promoted by FCC Ámbito and Iberdrola, will build its innovative wind turbine blade recycling plant in the municipality of Cortes (Navarre, Spain).
- FCC Environment opens a new recycling centre for sorting plastic and paper waste in Ostrava (Czech Republic).
- Aqualia wins a 10-year contract to manage drinking water in the area of Foret du Theil, in the Ille and Vilaine department of Brittany (France).
- Aqualia takes part in the StepbyWater alliance conference *'Drought in Europe'* supported by the Government of Spain and the Spanish Federation of Municipalities and Provinces (FEMP).
- Aqualia participates in *'Carrefour des gestions locales de l'eau'*, the main water management event in northwest France.
- FCC Construcción achieves a key milestone in the Major Bridge P-project in Pennsylvania (USA).
- FCC Construcción is certified by the National Security System (ENS) for its cybersecurity.
- FCC Construcción wins the project to construct the new Son Dureta hospital complex in Mallorca (Islas Baleares, Spain).
- The Cementos Portland Valderrivas Group launches its campaign under the name "Safety is not negotiable" aimed at raising the awareness of all personnel of all kinds of work involving high risk and the attitude to adopt towards them.
- Construction begins at Residencial Arabona. 64 detached 4-bedroom homes of FCC Inmobiliaria in the municipality of Tres Cantos (Madrid, Spain).

February

- FCC Medio Ambiente sends a shipment of basic necessities to Ukraine with the collaboration of 'És Per Tu'.
- FCC Ámbito launches the PV4INK project for the recycling of photovoltaic panels (Spain).
- The consortium, led by Aqualia, that manages water services for the North Cluster in Saudi Arabia formally begins its operation.
- Aqualia presents a seminar in Oviedo (Spain) on regeneration and reuse of water as part of the *H2020 ULTIMATE project*.
- The treatment plant in Jerez de la Frontera (Cádiz, Spain), opts for energy sustainability by installing over 1,500 solar panels.
- FCC Construcción continues to grow in Romania with two new railway contracts.
- FCC Construcción accedes to REDI, the Business Network for Diversity and LGBTI Inclusion.
- The Cementos Portland Valderrivas Group presents to the Municipality of Santa Margarida i els Monjos, Barcelona, Spain, the historic documentary archive of the old Freixa Cement and Lime factory, consisting of 62 documents of great heritage value,which were incorporated into the Municipal Archive.
- Application for Building Permit for the "Natura" residential building, 64 apartments in Massarrojos (Valencia, Spain) and the "Sedalis" residential building, 39 apartments in Finca El Pato (Málaga, Spain).

Group
Environment
End-to-end Water Management Cycle
Infraestructures
Cement
Real Estate

March

- FCC Group Corporate Services signs its 1st Group Equality Plan.
- FCC Environment starts up the Integrated Waste Management System in Brăila County, (Romania).
- Platja d'Aro Council in Girona (Spain) awards Aqualia management of the water supply for the next 25 years.
- Twenty-year extension to the Aqualia contract, via its subsidiary Linaqua, for service in Linares, Jaén, thus consolidating the first contract in Spain obtained in 1972.
- Inauguration of the AITASA treatment plant at the largest petrochemical industrial estate in Southern Europe, built by Aqualia, and that will operate for 5 years.
- Aqualia and Los Alcázares Council in Murcia (Spain) present the NINFA project, which will monitor and prevent contamination in the waters of the Mar Menor.
- FCC Construcción and Samsung C&T Corporation sign a partnership agreement to work together on international infrastructure projects.
- FCC Industrial wins the contract to develop a large regasification plant in Germany.
- The CPV Group celebrates International Women's Day in all its centres under the motto "Todos Sumamos" (All Together).
- The Group collaborates to reverse the critical situation of the marbled duck in Europe, with the release of 20 specimens in the lakes of its property at El Porcal, Madrid Province, Spain.
- Public authorities of Cantabria visit the Cementos Portland Valderrivas Group's facilities at the Port of Santander, Spain.
- Handover of keys for 71 apartments of FCC Inmobiliaria's "Bôrea Portablanca Phase II" development: 1, 2, 3 and 4-bedroom homes in Arroyo del Fresno (Madrid, Spain).

April

- FCC celebrates the V Edition of the Vive Saludable Awards.
- FCC Environmental Services breaks ground at the Placer County Environmental Compound in California (USA).
- Dual nomination at the Global Water Awards for 'Water Company of the Year' and 'Wastewater Project of the Year' for the Abu Rawash plant (Egypt).
- AqualiaMACE rewarded by public corporation Al Ain Distribution Company, Abu Dabi (United Arab Emirates) for its commitment to the health and safety of is more than 500 employees.
- The 'Hub Reusa' project is presents at the El Toyo WWTP in Almería (Spain) as a reference for the agricultural use of regenerated water.
- Present at the *Quality Water Summit* and the 5th Ibero-American Congress of Engineering and Technology (CIBITEC23).
- FCC Construcción publishes its GHG emission report for 2022.
- FCC Construcción wins the contract for the extension of the Fira de Barcelona (Spain).
- FCC Construcción obtains the CO2 Performance Ladder Certificate, Level 5.
- Cementos Portland Valderrivas' Alcalá de Guadaíra factory, near Seville, Spain, obtains ISO 50001 Energy Management System certification from AENOR, the Spanish standards authority.
- The Torre Realia\The Icon is rated "Outstanding" in the management category, the highest rating granted by BREEAM , thus joining a select group of 13 office buildings in the Autonomous Region of Madrid (Spain).
- Launch of the marketing strategy for "Residencial Provenza", a development of Valaise, 43 protected rental homes. 1, 2, and 3-bedroom homes in the municipality of Tres Cantos (Madrid, Spain).

May

- The FCC Group receives a prize for best practices in internal communication for its you_diversity project.
- FCC Medio Ambiente renews its accession agreement to the Spanish Business and Biodiversity Initiative (Spain).
- FCC Medio Ambiente organises Solidarity with Ukraine events in Madrid and Barcelona with the participation of the 'És Per Tu' non-profit association (Spain).
- FCC Environment becomes a double winner at the Letsrecycle Awards for Excellence 2023 in Recycling and Waste Management with the award for Household Recycling Centre of the Year and for Contributing to Achieving Zero Emissions (Buckinghamshire, UK).
- Aqualia named *Water Company of the Year 2022* at the Global Water Awards 2023.
- 'Ofiso 2023 Award' granted to Aqualia for the best sustainable loan in 2022 for the corporate green syndicated loan of 1.1 billion euros.
- FCC Construcción publishes its Strategy for Combating Climate Change 2023-2026.
- FCC Construcción wins the contract to construct the A-73 Burgos-Santander motorway and the Baix Llobregat motorway in Catalonia (Spain).
- Construction begins at Realia's "Hato Verde Soul" development. 64 chalets with 3 and 4 bedrooms in Guillena (Seville, Spain).

June

- FCC announces a voluntary OPA (Public Acquisition Bid) on 7% of its capital stock for subsequent amortisation.
- FCC Medio Ambiente makes a public commitment to the Tent organisation at the European Business Summit to hire 300 refugees.
- FCC Ámbito becomes the second company in Spain to obtain the WEEELABEX certification for its WEEE management facility.
- Aqualia starts to manage supply and sewerage in Riohacha, capital of the department of La Guajira (Colombia).
- Participation in the 25th ANDESCO Congress held in Cartagena de Indias (Colombia).
- Aqualia takes part in the 13th AEDYR International Congress (Spanish Association of Desalination and Reuse) in Granada (Spain).
- #Actúa, the Aqualia 2021 Sustainability Report, finalist at the 6th "Ramón del Corral" Dircom Awards.
- FCC Construcción Chile completes the second section of the Parque Mapocho Río, the biggest urban environmental regeneration project in Chile.
- FCC Construcción Australia and Martinus sign an MoU on working together on railway infrastructure projects.
- FCC Construcción starts work on the new institutional HQ of the ONCE Social Group in Madrid (Spain).
- The Cementos Portland Valderrivas Group launches the first edition of its corporate magazine "Portland Contigo" (Portland Next to You) in which the company's main milestones and news items are shared.
- Handover of keys to Realia's "Glories Bcn" 47 homes with 2, 3 and 4 bedrooms and a shopping area (Barcelona, Spain).
- Construction begins on Realia's "Hato Verde Soul" development.63 single homes with 3 and 4 bedrooms in Guillena (Seville, Spain).
- Start of refurbishment works on the foyer of the Castellana 41 office building (Madrid, Spain).

July

- FCC Medio Ambiente and FCC Ámbito develop solar energy infrastructures at their recycling plants (Spain).
- The Millerhill Recycling and Recovery Centre operated by FCC Environment will supply heat to the first community heating network in Midlothian (Scotland).
- FCC Environmental Services renews the contract for waste collection in the western area of Polk County (Florida, USA).
- Aqualia officially begins Phase 1 of operations for the Integral Management Improvement (IMI) project in Los Cabos, Baja California Sur (Mexico).
- New contract awarded to Aqualia in France for sanitation and water treatment in 41 municipalities in the Centre-Loire Valley region for six years.
- Aqualia wins the contract to operate and maintain three floating desalination plants in Saudi Arabia that will produce 50,000 m^3 of desalinated water per day.
- Aqualia is awarded the work to extend the Fonsalía desalination plant in Santa Cruz de Tenerife (Canary Islands, Spain).
- FCC, third Spanish construction company worldwide according to Deloitte's Global Powers of Construction (GPoC).
- FCC Industrial wins the contract to construct its first floating PV plant in Spain.
- The company's CEO presents the Principle of Conduct and Action forming the Business Culture of the Cementos Portland Valderrivas Group and the main thrust of which is "Driving Sustainable Progress".
- Start of marketingof "Residencial Provenza Phase I": 50 protected rental apartments developed by Valaise. 1, 2 and 3-bedroom homes in Tres Cantos (Madrid, Spain).
- Launch of the marketing strategy for "Residencial Benevivere": 98 apartments with 2, 3 and 4 bedrooms with excellent communal zones including a swimming pool and children's play area in the municipality of Valdemoro (Madrid, Spain).

August

- FCC Medio Ambiente renews its commitment to the collection, cleansing and ground maintenance services of the city of Valencia (Spain).
- FCC Medio Ambiente awarded new waste collection contract in Ripollès (Girona, Spain).
- FCC Medio Ambiente renews waste collection and street cleansing contract for the city of Torrent (Valencia, Spain).
- Aqualia and NGO Asperga, from Spain, and Rotary E-Club Origen, from Colombia, launch local initiatives thanks to grants from IFM Investors.
- Aqualia participates in the Technology Transfer Seminars organised by Aqualia - AdTa (Águas do Tejo Atlântico), which belongs to the state corporation Águas de Portugal.
- Caltaqua begins digitalising remote reading by installing 17,000 remotely-controlled meters (Italy).
- FCC Construcción wins more than €670 million worth of infrastructure contracts in Spain.
- FCC Industrial and TotalEnergies start work on the project to build five PV plants in Spain.
- Launch of the marketing strategy for "Parque del Ensanche Phase III": 113 homes with 2, 3 and 4 bedrooms and a shopping area. Common zones with SplashPark and Pet Spa which are joined to Phases I and II with swimming pool, landscaped zones and two padel courts.
- Start of refurbishment works on the Albasanz 14, Albasanz 16 and Avenida de Bruselas 36 office buildings (Madrid, Spain).

Group | Environment | End-to-end Water Management Cycle | Infraestructures | Cement | Real Estate

September

- FCC receives the 2023 Charity Award from ONCE Social Group Region of Madrid.
- Esther Koplowitz receives the Medal of Honour for her contribution to medicine and biomedical research.
- FCC Servicios Medio Ambiente updates its Green Financing Framework incorporating taxonomic criteria (Spain).
- FCC Medio Ambiente grows in the Barcelona Metropolitan Area with the contract for the operation of the Ecoparc 3 (Spain).
- Inauguration of the Centre for Innovation in the End-to-end Water Cycle at the Salamanca WWTP (Spain) to develop bioproduct generation projects.
- Aqualia is recognised by the Federation of Business Owners of Cádiz (Spain) for its contribution to the SDG with the "Sosteniblómetro" initiative.
- The Sotra Link Consortium, of which FCC Construcción forms part, starts construction of the Sotra Connection project, the largest suspension bridge built digitally (Norway).
- FCC Construcción attends the United Nations' Climate Change Conference.
- FCC Construcción wins the contract to bury the train track in Montcada (Catalonia, Spain).
- FCC Construcción recognised in the XVI Spanish Biennial of Architecture and Urbanism for its remodelling of Plaza de España and its surroundings (Madrid, Spain).
- Dragon Products Company, a subsidiary of Giant Cement Holding Inc., in which the Cementos Portland Valderrivas Group holds a 45% stake, announces the wind-down of operations of the furnace and the quarry at the Thomaston, Maine plant in the USA.
- Initiation of sales of FCC Inmobiliaria's "Residencial Pireo", 108 multi-family homes, 2, 3 and 4 bedrooms, with ground floor and penthouses in the municipality of Tres Cantos (Madrid, Spain).

October

- FCC given the ECOFIN Image of Spain Award.
- The King presents engineer Carlos Slim with the '9th Enrique V. Iglesias Award for Development of the Ibero-American Business Space'.
- The FCC Group Board of Directors approves the OPA report.
- FCC closes the sale of 24.99% of the Environment area parent company for 965 million euros.
- Completion of the agreement to sell 24.99% of the capital of FCC Servicios Medio Ambiente Holding, S.A.U. to CPP Investments.
- FCC Medio Ambiente awarded the contract for the refurbishment and operation of the Las Calandrias Environmental Compound (Cádiz, Spain).
- FCC Medio Ambiente delivers its AVANZA Awards to four innovative, committed and sustainable projects (Spain).
- FCC Medio Ambiente to continue providing facility management services for Bilbao City Council (Biscay, Spain).
- FCC Medio Ambiente renews the 2022 'Calculate-Reduce-Offset' seal awarded by the Spanish Office for Climate Change (Spain).
- MITERD approves the Campo de Gibraltar PERTE in Cádiz (Spain), a project submitted by Aqualia and the public corporation Arcgisa to digitalise the water cycle in eight municipalities.
- The Cartagua and Aquamaior services in Portugal are awarded the "Exemplary quality of water for human consumption seal".
- Photobiorefinery inaugurated for the Deep Purple project at the treatment plant in Linares (Jaén, Spain).
- Aqualia celebrates the second edition of the "i4U" Innovation Awards.
- FCC Construcción completes the excavation of the longest and deepest tunnel in Latin America, the Guillermo Gaviria Tunnel (Colombia).
- Convensa wins the contract for the complete modernisation of the Madrid-Seville high-speed railway line (Spain).
- FCC Construcción's Concepción Industrial Bridge project passes the 50% complete (Chile).
- The management team of Dragon Portland Ltd and Dragon Alfa Ltd, accompanied by their six best customers, visit the Mataporquera factory in Cantabria, Spain.
- Handover of the keys to Realia's "Parque del Ensanche Phase II", development of 80 apartments with 2, 3 and 4 bedrooms in Alcalá de Henares (Madrid, Spain).
- Launch of the marketing strategy for "Residencial Provenza Phase II", a development of Valaise, 102 protected rental homes. 1, 2, and 3-bedroom apartments in the municipality of Tres Cantos (Madrid, Spain).
- Launch of the Realia app in office buildings for requesting services, reporting incidents, posting the cultural agenda, exclusive discounts for tenants, etc.

November

- FCC implements an Energy and Zero Waste Policy.
- Esther Alcocer Koplowitz, chairwoman of FCC Group, receives the 'Business Leader of the Year Award'.
- FCC Medio Ambiente obtains European funds for the development of the PLAUSU project: Autonomous Platform for Urban Services (Spain).
- FCC Medio Ambiente awarded the waste collection contract for the city of San Sebastián (Gipuzkoa, Spain).
- FCC Medio Ambiente highlights its achievements and efforts in social and environmental sustainability and innovation at the 2023 Smart City Expo World Congress (Barcelona, Spain).
- FCC Medio Ambiente launches the LIFE ZEROLANDFILLING project to reduce the flow of waste to landfill (Spain).
- FCC Ámbito obtains the 2022 'Calculate-Offset' seal awarded by the Spanish Office for Climate Change (Spain).
- Aqualia wins the new contract to supply drinking and sanitation water in Santa María de Guía (Gran Canaria, Spain), for a period of 40 years.
- Speech at the 5th Silk Road Forum in Tbilisi (Georgia) with participants from more than 60 countries including political leaders and representatives from international organisations and financial institutions.
- Aqualia gains the *Diversity Leading Company* seal and renews the 'Equality in Business-DIE' distinction awarded by the Spanish Ministry of Equality.
- Aqualia collaborates in the 35th ANEAS Annual Convention and Expo (National Association of Water and Sanitation Entities) in Mexico.
- FCC Construcción wins the contract to construct the Rubi Line, Casa da Música-Santo Ovídio, of the Oporto Metro (Portugal).
- FCC Construcción wins the contract to construct the PALLAS modern nuclear reactor for medicinal uses (Netherlands).
- FCC Construcción's Neom tunnel project reaches three kilometres of drilling (Saudi Arabia).
- Construction begins at "Residencial Pireo", 108 multi-family homes, 2, 3 and 4 bedrooms, with ground floor and penthouses in the municipality of Tres Cantos (Madrid, Spain).

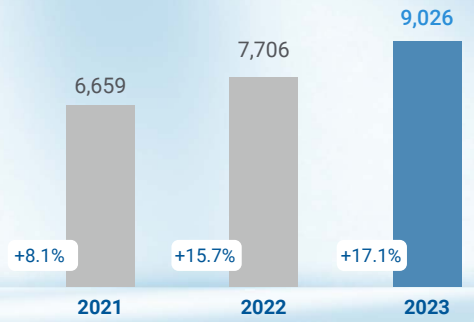
December

- FCC implements a universal accessibility management system.
- In December, FCC completed the voluntary OPA to amortise treasury shares.
- FCC Servicios Medio Ambiente signs an agreement for the acquisition of Urbaser's UK affiliate.
- FCC Medio Ambiente Iberia publishes its ninth biennial Sustainability Report: 'Aligned with the SDGs.'
- FCC Ámbito completes the environmental authorisation process for solar panel recycling in its Cadrete facility (Zaragoza, Spain).
- FCC Environment awarded the prestigious Sword of Honour Award by the British Safety Council (UK).
- FCC Environment begins construction works on new Boston solar park (Lincolnshire, UK).
- FCC Environmental Services is awarded the waste collection service in St. Johns County (Florida, USA).
- Aqualia and FCC Construcción complete the extension of the Glina WWTP (Bucharest, Romania).
- Twelve projects are submitted by Aqualia to the second call of the Water Cycle Digitalisation PERTE.
- Aqualia receives the *'Impact Project Investment of the Year'* award.
- Aqualia takes part in the *Salón des Maires et des Collectivités Locales* in France, backed by the AMF (French Association of Mayors).
- GWP opens its first multifunctional operations centre to improve water service in Tbilisi (Georgia).
- FCC Construcción publishes the 2023 Environmental Communication report and updates its 2022 Sustainability Report.
- FCC Construcción completes a section of Lima's first underground metro (Peru).
- FCC Construcción and Aqualia complete the project to remodel and extend the Glina waste-water treatment plant (Bucharest, Romania).
- The Cementos Portland Valderrivas Group presents the Culture Awards to members of its personnel judged outstanding in terms of +Solidarity, +Greenness and +Communication.
- Initiation of sales of Realia's "Hubara" development. 44 apartments with 2, 3 and 4 bedrooms, in Las Palmas de Gran Canaria (Canary Islands, Spain).
- Launch of Realia's new website.
- Completion of the refurbishment works on the foyers of the Albasanz 14 and Albasanz 16 office buildings (Madrid, Spain).

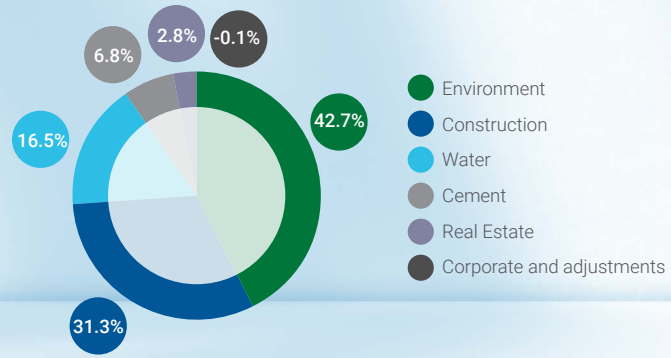
Group | Environment | End-to-end Water Management Cycle | Infraestructures | Cement | Real Estate

2. Key figures

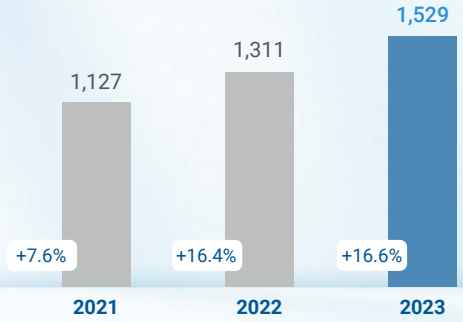
Revenue. Millions of euros



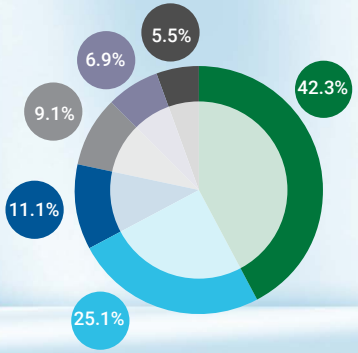
2023 turnover by activity. %



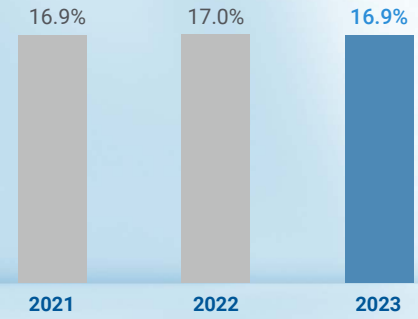
Gross operating profit (Ebitda). Millions of euros



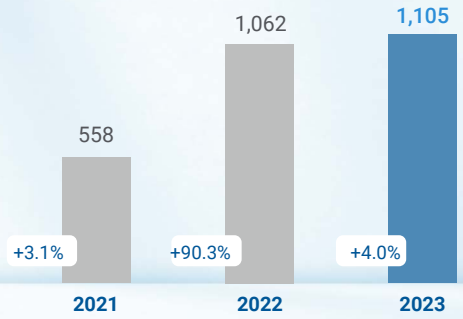
2023 Ebitda by activity. %



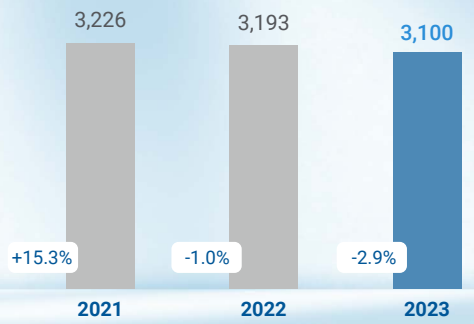
Ebitda margin. %



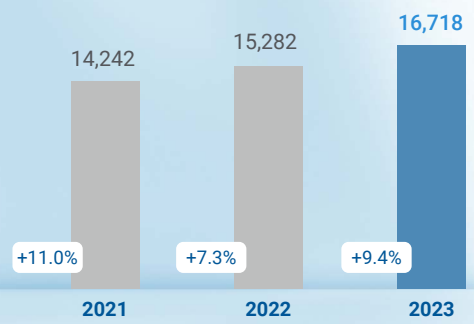
Investments. Millions of euros



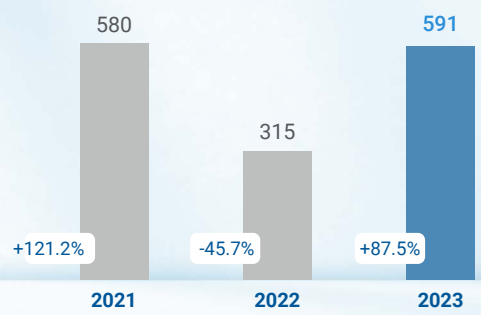
Net financial debt. Millions of euros



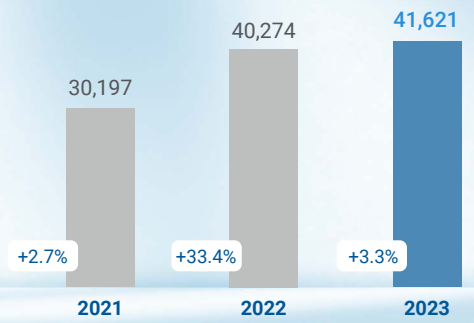
Total assets. Millions of euros



Earnings attributable to the parent. Millions of euros

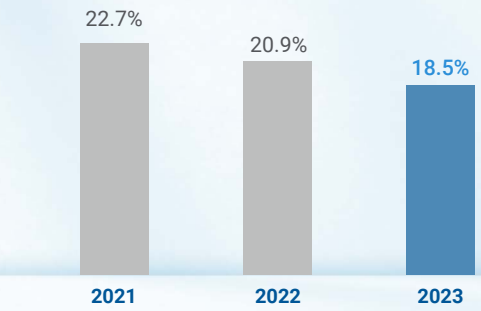


Portfolio of works and services. Millions of euros



Equity. Millions of euros

Financial leverage. Net debt / Total assets. %



2.1. Stock Market Performance 2023

Evolution of the stock market and share price

On the monetary policy front, the year 2023 was characterised by the market's conviction that we were nearing the end of the process of rate hikes on the part of the Federal Reserve (Fed) and the European Central Bank (ECB) which started in 2022 and was aimed at halting the generalised increase in prices, with its dangerous spiralling impact on wages. Although the euro zone economy suffered low growth, close to stagnation in some countries during the year, it managed to avoid going into recession, the greatest signs of which were seen in April with the banking crisis in the United States, which led to the rescue of several entities such as Silicon Valley Bank and First Republic Bank, which ended up being taken over by JPMorgan. In Europe, lack of confidence in the sector led to the collapse of Credit Suisse, which was acquired by its rival UBS with support from the Swiss authorities.

Even so, the ECB raised interest rates six times in 2023, by a total of 200 basis points, while the Fed did so four times for a total of 100 bps. The Fed ended the process in July and the ECB did so in September, thanks to the signs of easing inflation and cooling of economic growth, a trend that looks set to continue during the coming year. All this in spite of the renewed upsurge in geopolitical tensions. On top of the conflict in Ukraine, in October war broke out between Israel and Hamas in the Middle East.

According to the IMF's forecast of October 2023, world growth will have moderated from 3.5% in 2022 to 3.0% in 2023 and it estimates 2.9% for 2024, well below the historical (2000-19) average of 3.8%. Growth of the advanced economies is expected to slow to 1,5% in 2023 and 1.4% in 2024 as the tightening of policies starts to take effect. For emerging markets economies, a moderate decline is foreseen, from 4.1% in 2022 to 4.0% in 2023 and 2024. Global inflation is expected to decline at a constant pace, from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, due to the hardening of monetary policy and with the help of lower international commodity prices. In general, core inflation is expected to fall more gradually, and in most cases inflation is not expected to return to the level set as target until 2025.

Growth in GDP (gross domestic product) of the euro zone will also slow sharply, from 3.3% in 2022 to 0.7% in 2023 and 1.2% in 2024.

Spain has been one of the euro zone economies with the biggest positive contribution to growth of the zone, with the GDP growth forecast at 2.5% in 2023 and 1.6% in 2024, and average inflation forecast at 3.6% for 2023 and 3% for 2024.

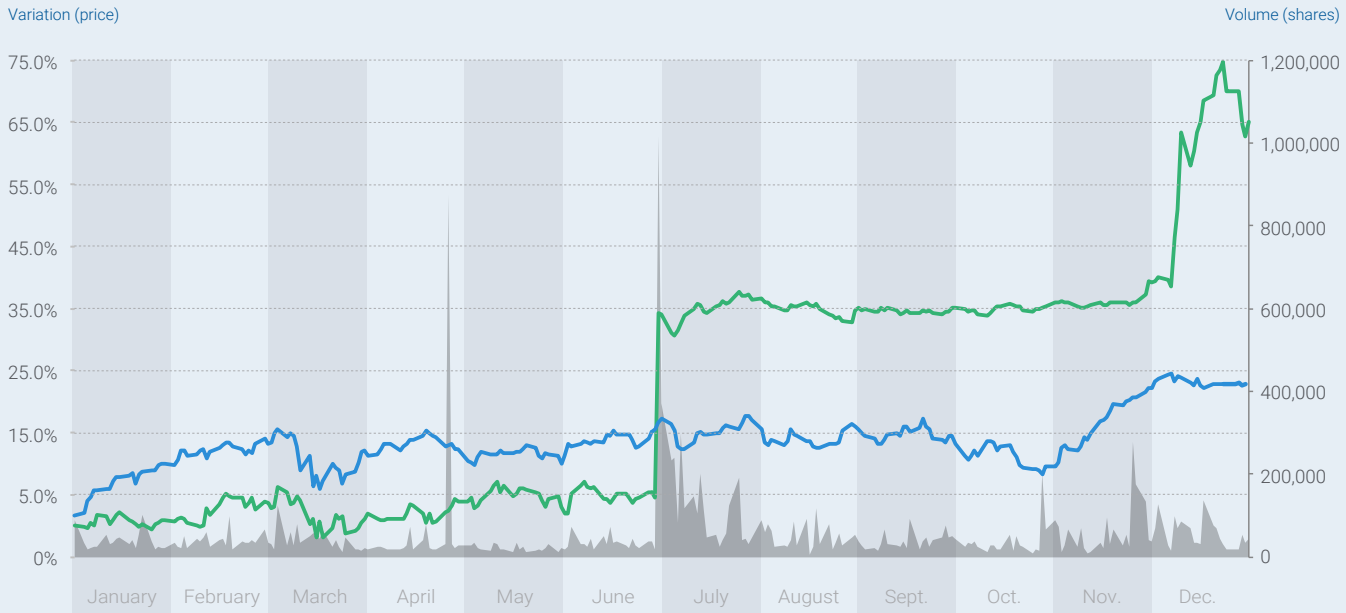
As regards the stock market, the Spanish stock exchange ended the year among the best in 2023. It ended the year on 10,102.10 points, having exceeded 10,258 points at the beginning of December, its highest point since 2018. The index rose by 22.8% from January, being surpassed, in Europe, only by the Milan stock exchange, which gained 28.0% over the course of the year.

Annual evolution of FCC's shares

In this context, FCC shares were also affected by corporate transactions such as the scrip dividend and the OPA (public acquisition offer) for 7% of the company's capital, which led to an increase of 65% in the share price over the course of the year. At year-end, the share price was €14.56, a high sof €15.40 having been reached on 21 December and a low of €8.16 (adjusted for dividend) on 15 March 2023. FCC ended the year with a market capitalisation of 6,350 million euros.

Trading

Total trading volume this year was over 14 million securities, with a daily average exceeding 55,000 shares. The brokered volume is conditioned by the level of market liquidity with a 9% estimated free float and by the type of long-term minority investors, with a long time as a shareholder and, therefore, a low turnover ratio.



% Chg. FCC	1.1%	2.5%	-1.5%	1.9%	-1.9%	31.3%	2.0%	-1.5%	0.3%	0.7%	2.5%	18.4%	65.1%
% Chg. Ibex35	9.8%	4.0%	-1.7%	0.1%	-2.1%	6.0%	0.5%	-1.4%	-0.8%	-4.4%	11.5%	0.4%	22.8%

5

Business lines

Environment _ 93
End-to-end Water Management Cycle _ 135
Infrastructure _ 208
Cement _ 238
Real Estate _ 249

Environment

1. Geographical platforms and sector analysis. Strategy _ 94
2. Activity in the Environment Area _ 103
3. Highlights Environment 2023 _ 104
4. Other highlights _105
5. Excellence and sustainability _ 117
6. Innovation and technology _ 123

FCC Servicios Medio Ambiente has surpassed the results of the previous year, achieving an **annual turnover** of **€3,853.2 million (+5.83%)**, a **gross operating profit** of **€646.7 million (+9.04%)** and a **profit before tax** of **€296.9 million (+11.83%)**

1. Geographical platforms and sector analysis. Strategy

The Environmental Services Area of the FCC Group has been delivering municipal services and end-to-end waste management for more than 110 years, **serving today over 67 million people in close to 5,400 municipalities**.

In 2023 the company operated in a total of 11 countries through a variety of services that reflect its extensive experience in the industry, including: collection, treatment, recycling, energy recovery and disposal of municipal solid waste; public street cleansing; maintenance of sewage systems; parks and ground maintenance; treatment and disposal of industrial waste or the recovery of polluted soils.

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

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

The destabilising effects of Russia's invasion of Ukraine continued to be felt throughout the year, although the influence on price, fuel and energy indices was less marked than in the previous period. FCC Servicios Medio Ambiente has intensified its efforts in **growth and cost restraint and has achieved an outstanding performance** that has allowed it to surpass the excellent results of the previous year, reaching an **annual turnover of €3,853.2 million (+5.83%)**, a **gross operating profit** of **€646.7 million (+9.04%)** and a **profit before tax** of **€296.9 million (11.83%)**. The backlog keeps at a record €13,284.4 million.

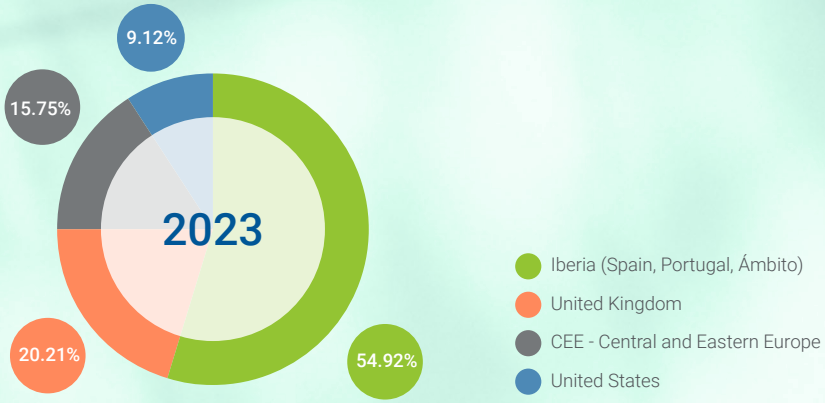
In 2023, FCC Servicios Medio Ambiente managed 24.7 million tonnes of waste and produced 4.9 million tonnes of secondary raw materials (SRM) and refuse-derived fuel (RDF). The company boasts over 800 operational waste management facilities, out of which more than 220 are environmental compounds performing waste management and recycling, including 11 waste-to-energy projects with a capacity of 3.2 million tonnes per year and 380 MW of non-fossil electricity.

As a significant milestone, in October 2023 the FCC Group perfected the agreement for the sale of a minority stake of 24.99% of the capital of its subsidiary FCC Servicios Medio Ambiente Holding, S.A.U. ("FCC Medio Ambiente") to the Canada Pension Plan Investment Board ("CPP Investments"), through its subsidiary CPP Investment Board Europe S.àr.l.

Furthermore, FCC Servicios Medio Ambiente announced in December an agreement to acquire Urbaser's activities in the United Kingdom through its subsidiary FCC Environment UK.

Financially, in 2023 FCC Servicios Medio Ambiente carried out the issuance of a six-year bond in the European market for €600 million, fully subscribed. It also carried out the annual renewal of the Euro Commercial Paper notes programme for up to €400 million.

Turnover 2023. Geographical platforms



In 2023, FCC Servicios Medio Ambiente managed **24.7 million tonnes** of waste and produced **4.9 million tonnes** of secondary raw materials (SRM) and refuse-derived fuel (RDF)

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

FCC Medio Ambiente provides environmental services in almost **3,700 municipalities in Spain and Portugal** (FCC Environment), serving a population of close to **33 million inhabitants** with activities including street cleansing, the collection and transport, treatment and disposal of waste, parks and ground maintenance, maintenance of sewage systems, beach cleaning, and energy efficiency services, among others. During the 2023 financial year, FCC Medio Ambiente Iberia **managed 11.8 million tonnes of solid waste**.

The destabilising effects of Russia's invasion of Ukraine continued to be felt throughout the year. Although the influence on price indices, fuel and energy has been less marked than in the previous year, the upward pressure on wage costs has been significant. **FCC Medio Ambiente Iberia's efforts to develop the business and optimise costs** have enabled it to achieve an excellent performance. In 2023, the portfolio figure reached a record €8,418.1 million, with important renewals such as the **Collection and Cleansing** service for the northern area of the **city of Valencia**, where the company has been present since 1957, and the award of new contracts, such as the refurbishment and operation of the **Las Calandrias Environmental Compound in Jerez de la Frontera (Cádiz, Spain)**. The annual turnover has reached €2.116 billion and the gross operating profit €314.7 million, increases of 5.44% and 2.71% with respect to 2022.

In this environment, the company has continued to develop its **2050 Sustainability Strategy** and has published the **21-22 ninth Sustainability Report**, aligned with the Sustainable Development Goals and under the slogan **"Leading the era of change"**, which highlights the progress made in the 20-22 Action Plan and presents the main challenges of its new 23-26 Sustainability Action Plan. Among the most relevant milestones in the two-year period, the 28.9% increase in the recovery of valuable materials and the 35.3% raise in the use of renewable energies stand out.

Innovation is a paramount part of this Strategy, an element within FCC Medio Ambiente's DNA and the basis of its competitive differentiation, as evidenced by the significant **investment figure of close to €4 million** in R&D&I in 2023. The company has met the development milestones of the low cab heavy-duty vehicle for urban service applications on a chassis-platform with a 100% plug-in electric engine, whose battery can be recharged by a hydrogen fuel cell, called **H2TRUCK**. It has also opened a new line of research in the development of **connected service equipment**

Access here the 2050 **Sustainability Strategy video**

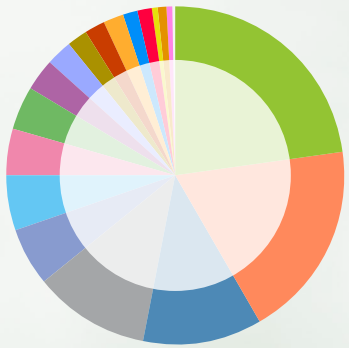
Access here the **21-22 Sustainability Report Video-Summary**

and autonomous driving with the **PLAUSU project** (AUtonomous PLatform for Urban Services), also recognised with funds from the Centre for the Development of Industrial Technology (CDTI for its acronym in Spanish) and co-financed by the European Regional Development Fund (ERDF). The year also saw the **real commissioning** of numerous **100%-electric collection and cleansing equipment** developed by the company, which continues to research both in the field of **Renewable Energy Vehicles**, as well as in projects that promote the **Circular Economy**, or in **Information and Communication Technologies applied to services**.

In 2024 FCC Medio Ambiente Iberia will continue to focus on tenders for the **development of infrastructures** to meet the demanding **recycling and landfill diversion targets** of the European Union and on the implementation of the **separated collection of the organic fraction**, with support in many cases from the **European Next Generation funds** of the Spanish Recovery, Transformation and Resilience Plan (PRTRE for its acronym in Spanish).

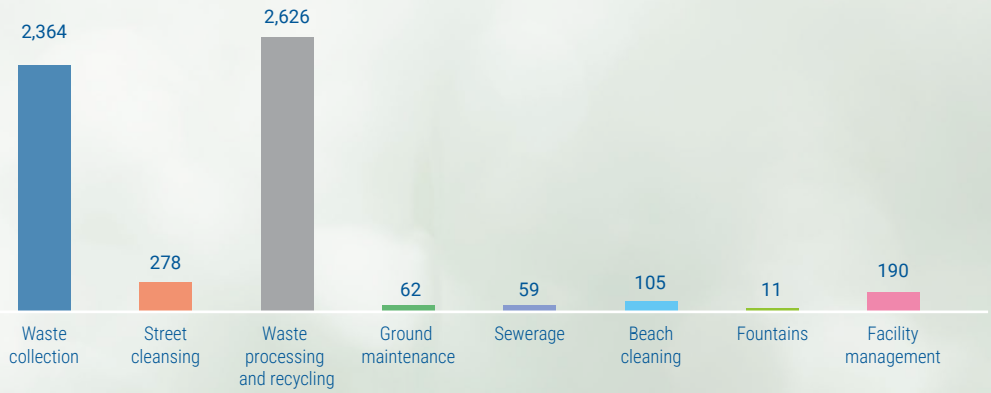
The environmental services market in **Portugal**, on the other hand, continues to evolve favourably, with the award of the **Waste Collection and Street Cleansing contract in Vila Real**.

Turnover 2023. Geographical location



- 23.0% Catalonia
- 18.8% Community of Madrid
- 11.6% Valencian Community
- 10.9% Andalusia
- 5.8% Basque Country
- 5.2% Aragón
- 4.5% Canary Islands
- 4.0% Castilla y León
- 3.1% Galicia
- 2.5% Murcia
- 2.0% Asturias
- 2.0% Navarre
- 1.8% Balearic Islands
- 1.4% Portugal
- 1.4% Extremadura
- 0.8% Castilla-La Mancha
- 0.8% La Rioja
- 0.6% Cantabria

Municipalities served 2023



Inhabitants served 2023

FCC Ámbito

FCC Ámbito is specialised in the comprehensive management of industrial and commercial waste, recovery of by-products and decontamination of soil. Through innovative solutions to make the most of resources contained in the different types of waste, FCC Ámbito has become a strategic partner of industries and businesses that, aligned with the circular economy, develop their activities ensuring environmental, social and economic sustainability. Overall, it boasts a total of 39 treatment centres in Spain and Portugal, which represent 69 process lines that guarantee the performance of the facilities. Internationally, FCC Ámbito has a significant presence in Portugal, where it operates through its subsidiary ECODEAL.

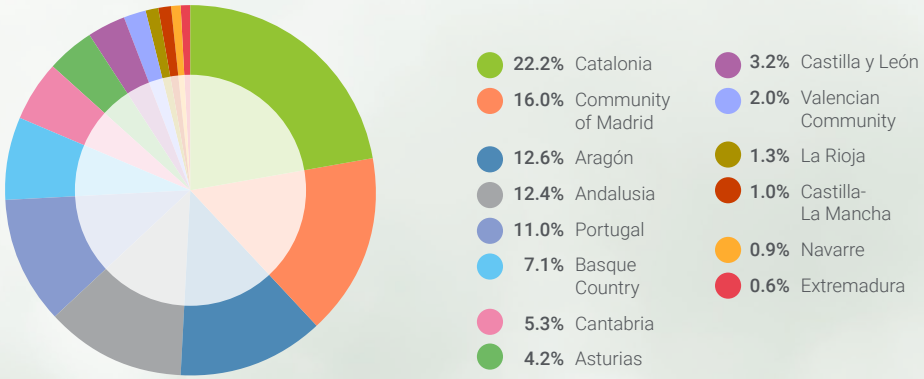
Within the Spanish market, a slight decrease in tonnes of processed waste, mainly from environmental liabilities, has been detected throughout 2023. However, the result of FCC Ámbito's activity is maintained, with a solid recovery of margins from the lows of the economic and pandemic crisis. The legislative changes that are taking place promote greater control of the traceability of waste by regional administrations, a fact which, together with the entry into force of extended producer responsibility, favours management companies that possess end of treatment facilities, as is the case of FCC Ámbito.

Regarding process optimisation and focusing on reducing fossil fuel energy consumption, FCC Ámbito is firmly committed to solar energy with a major investment plan for the 2023-2024 biennium in most of its facilities, thus contributing to achieving the FCC Group's decarbonisation and sustainability objectives.

In Portugal there has also been a certain decrease in the number of tonnes treated, mainly due to the absence of special operations this year, but at the same time there continues to be a recovery in activity with the main recurring customers and a recovery in prices.

This year, the Industrial Waste activity will continue to improve the efficiency of operations and grow the business. The addition of new technologies will enable FCC Ámbito to strengthen its position in the waste recycling and recovery markets, placing itself as a key player in the circular economy.

Turnover 2023. Geographical location



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 harnessing the full potential of the resources it manages, targeting greater volumes of recycling whilst generating energy from waste that cannot be cost-effectively recycled.

Across the country the company serves around 18 million citizens and it managed 6 million tonnes of waste as a resource in 2023, generating around 115 MWe of green energy from non-recyclable waste.

FCC Environment achieved **revenues of close to €780 million** in 2023, with a **gross operating profit** of **€174.9 million** and **profit before tax** of **€87.9 million**, up 14.62% and 153.81% on 2022, respectively, which constitutes an excellent performance.

As the UK market evolves and government policies change, there is increasing pressure to demonstrate that ESG (Environmental, Social and corporate Governance) criteria are being followed to achieve objectives, and the company has worked hard to evidence that it delivers real social value to the communities it serves. It can now display it to customers by measuring these activities, which include such diverse initiatives as volunteering, planting sapling trees, educating school children, community clean-ups, driving carbon savings through fuel efficiency or alternative fuels in vehicles, or keeping items in use for longer by encouraging a 'repair and reuse' mentality.

Thus, the measured economic figure of social value brought forward by the company as a direct benefit to the municipalities where it operates has grown from £27,625 (about €32,200) in 2021 to £317,352 (about €370,000) in 2023.

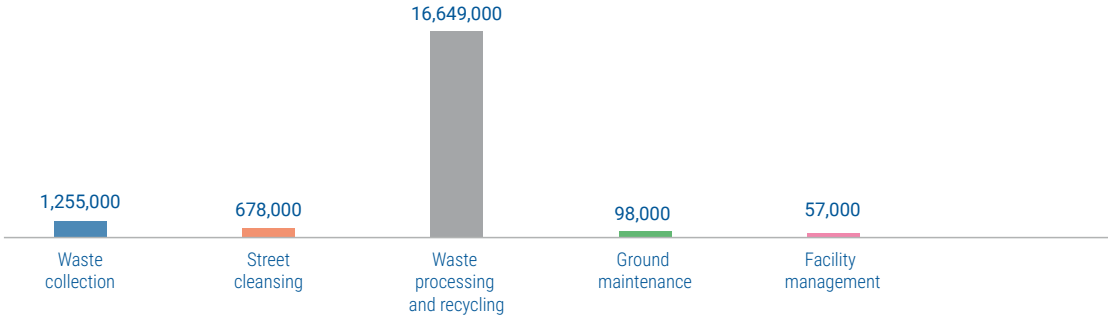
The company has also invested in a wide range of waste management facilities that aim to minimise the amount of waste going to landfill sites by processing the material to ensure it reaches its full potential as a valuable resource. The state-of-the-art Material Recovery Facility (MRF) in Reading, Berkshire, was the first in the UK to install a self-teaching, AI-powered robotic waste picking system, and the Midlothian waste-to-energy plant in Scotland will soon be contributing to heat 3,000 homes, education and retail properties in the area.

In 2023 FCC Environment published its own plan to achieve Net Zero Emissions and deliver environmental excellence in everything it does, with a consistent focus on social value, pushing for the repair and reuse of items that still have a useful life, increasing recycling aligned with Government policy, greener fuels and vehicles and reclaiming land for economic use, as well as enhancing biodiversity in all its activities.

The UK recycling market will undergo major changes in 2024, as producers of household packaging will be required to pay for the full cost of recycling or disposal of waste under the Extended Producer Responsibility system. A Return and Deposit Scheme will roll out and the Simpler Recycling campaign will include flexible plastics in household recycling separate collections, food waste and kerbside glass collections, where there is no such service at present. Medicines Regulatory Group (MRG) regulations will also change to mandate a stricter testing regime and response to change.

As for the company, it will continue to serve its customers and communities with excellence in the proper management of secondary raw materials and the valorisation of its land holdings.

Inhabitants served 2023



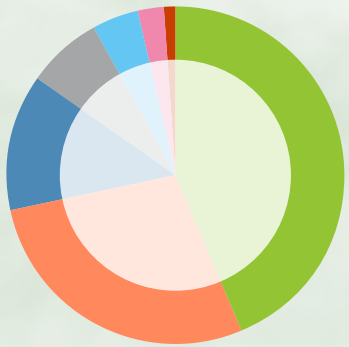
FCC Environment CEE

FCC Environment is one of the leading global groups in Central and Eastern Europe (CEE) in the end-to-end management of municipal solid waste and the recovery of renewable energies, where it serves 6 million inhabitants in 1,571 municipalities. It applies innovative systems and state-of-the-art clean technologies in the provision of quality services, sustainable in the medium and long term and adapted to the needs of customers.

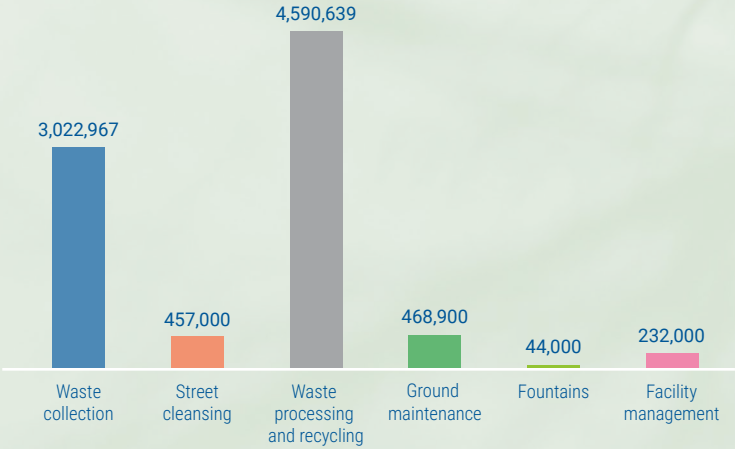
The 2023 financial year, which exceeded €600 million in turnover for the first time (€607 million), was very successful for the company, with a gross operating profit of €109.3 million (18% of turnover and +7.37% over 2022). Overall, the year continued to be marked by high inflation and low or even negative gross domestic product growth.

The main drivers of the favourable Ebitda development were the increase in waste collection and treatment prices and the stabilisation of secondary raw material prices (especially paper), mainly in the Czech Republic; the overall good development of the treatment business in Austria; and a very favourable development in Hungary during the second half of the year after having signed mainly collection and treatment contracts with the new global waste management operator MOHU MOL.

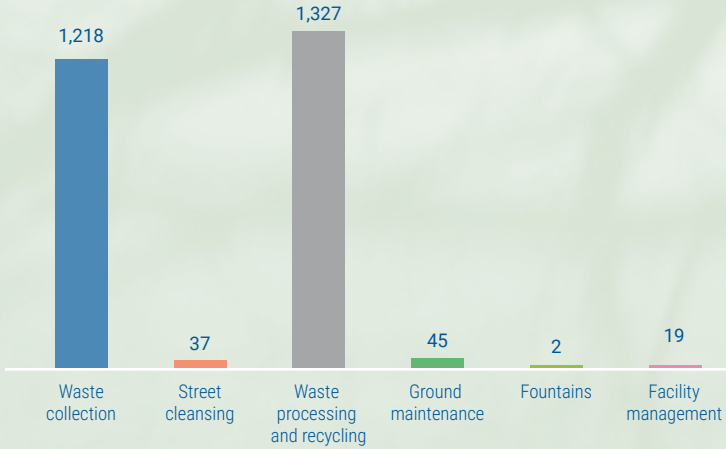
Turnover 2023. Geographical location



Inhabitants served 2023



Municipalities served 2023



FCC Environmental Services USA

FCC Environmental Services is one of the top 15 comprehensive solid waste management and recycling companies in the United States. It serves over 10.5 million Americans in the states of California, Texas, Florida, Nebraska and Iowa and in 2023 it managed 2.13 million tonnes of waste.

Just a few years after the start of the activity in the United States, the market continues to offer important growth opportunities in the field of municipal solid waste management, both in household and commercial collection as well as in recycling and treatment activities.

Once again, business in 2023 has been exceptional, with the award and renewal of several long-term contracts in some of the main municipalities in Florida, such as Polk and St. Johns counties. FCC has also successfully completed the start-up of the Palm Coast service awarded in 2022.

Total revenues in 2023 amounted to €351.6 million, and the gross operating result reached €47.9 million, respectively 42.2% and 37.24% more than in the previous year and, with a backlog of €2.108 billion, a very significant level of growth is also expected for 2024. For the new financial year, the company's strategy is to consolidate the commercial business and continue with the vertical integration of its activities, with the incorporation of waste collection and treatment contracts or the potential acquisition of businesses that fit within the company's long-term strategy.

FCC Environmental Services kept consolidating its commercial business with the integration of the recently acquired Houston Waste Solutions company in the Houston metropolitan area, which will position FCC as one of the largest commercial companies in the area.

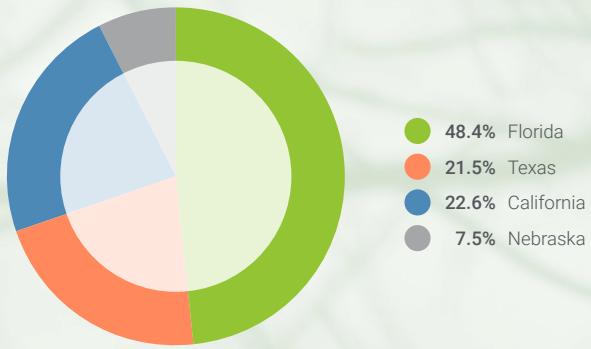
The commercial division boasts a total of nine locations across three states, Texas (Houston and Dallas), Florida (West Palm Beach, Daytona Beach, Port Saint Lucie, Tampa, Lakeland and Orlando) and Nebraska (Omaha). The division currently serves industrial customers such as Exxon Mobil, Amazon, Dr Pepper, Greater Omaha Meat Packing and major universities.

The commercial business growth strategy is three-pronged. First, to sell front-loading and roll-off services to small, medium and large companies. Second, to expand the current customer portfolio and market all additional services FCC can offer. Third, to sell profitable business by harnessing annual and off-cycle price increases.

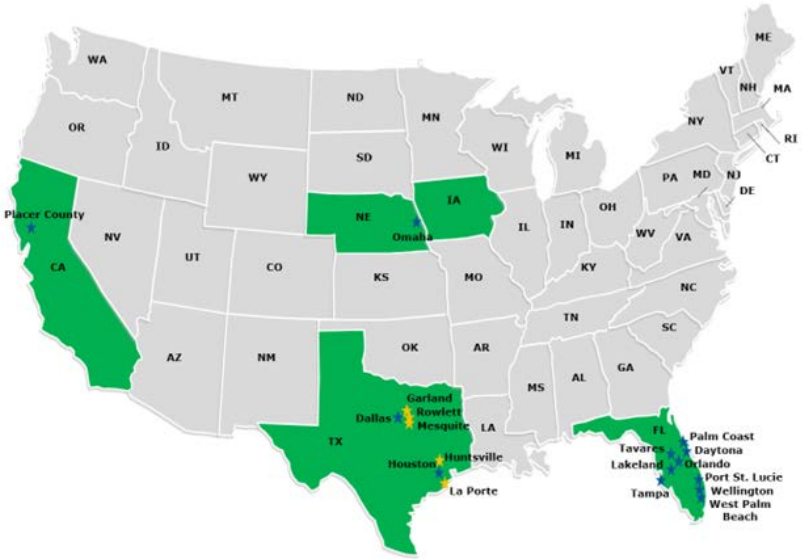
In 2023 the commercial business line exceeded budgeted revenues and profitability by 54% and 56% respectively. Year-on-year revenue growth reached €24 million with the addition of 3,600 new commercial customers of which 60% are retail, 30% industrial and 10% miscellaneous.

Inhabitants served 2023

Turnover 2023. Geographical location



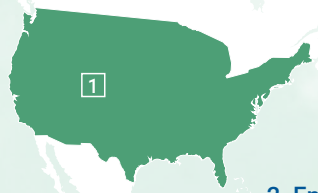
Presence of FCC Environmental Services in the USA



FCC Environmental Services Activity in the USA in 2023

- Award of the contract for the collection of municipal solid waste for St. Johns County for the next 7+5+5 years (Florida).
- Renewal of the contract for the collection of municipal solid waste for the western part of Polk County for the next 5+1+1+1 years (Florida).
- Start-up of the solid urban waste collection contract for the city of Palm Coast (Florida).
- Award of the contract for the waste collection of the urban public school districts of Volusia and Flagler counties for the next 3 years (Florida).
- Renovation work begins on the Placer County Environmental Compound in California.
- Renewal of the city of Huntsville's recyclables contract for next year (Texas).
- Renewal of the city of Garland's recyclables contract for the next 2 years (Texas).
- Integration of Houston Waste Solutions (Texas).

2. Activity in the Environment Area



1. USA

FCC Environmental Services

St. Johns County (Florida)

Waste Collection.
€523.3 million.

Polk County (Florida)

Western area Waste Collection.
€140 million.

Volusia and Flagler counties (Florida)

Waste Collection from Public School Districts.
€2.8 million.

2. England

FCC Environment

West Cheshire and Chester

Waste Disposal.
€40.35 million.

Herefordshire

Waste Collection.
€4.35 million.

3. Poland

FCC Environment

Nowy Targ

Waste Collection and Treatment.
€1.5 million.

Lubliniec

Waste Collection and Treatment.
€1.5 million.

4. Austria

FCC Environment

Leibnitz

Waste Collection and Treatment by the AWM.
€1.5 million.

5. Hungary

FCC Environment

Miscellaneous Waste Management for MOHU MOL Waste Management Ltd.

6. Czech Republic

FCC Environment

Nošovice

Comprehensive Waste and Recycling Management for Hyundai Motor Manufacturing.
€10.8 million.

Vysoké Mýto

Comprehensive Waste and Recycling Management at three IVECO plants.
€6 million.

Ostrava-Kunčice

Management of a Recycling Centre.

7. Romania

FCC Environment

Braila County

Operation of Integrated Waste Management System Facilities (zones 2 and 3).
€8.54 million.

8. Slovakia

FCC Environment

Hlohovec

Collection, Transport, Disposal of Waste and two Household Recycling Centres.
€1.8 million.

9. Spain

FCC Medio Ambiente

Valencia

Lot 2 Waste Collection and Street Cleansing (northern area of the city).
€525.89 million.

Jerez de la Frontera (Cádiz)

Refurbishment and Operation of the Las Calandrias Environmental Compound.
€317 million.

Torrent (Valencia)

Waste Collection and Street Cleansing.
€101 million.

San Sebastián (Gipuzkoa)

Waste Collection.
€67.3 million.

Bilbao (Biscay)

Facility Management for the City Hall.
€53.4 million.

Sant Adrià de Besòs (Barcelona)

Operation of Ecoparc 3.
€28.3 million.

Lepe (Huelva)

Waste Collection and Street Cleansing.
€27.06 million.

Santanyí (Mallorca)

Waste Collection.
€20.91 million.

Barcelona

Cleaning of graffiti and Removal of other elements from the public thoroughfare.
€14.57 million.

Badajoz

West Lot 2 Waste Collection for the Environmental Municipalities Association of the Regional Council.
€13.59 million.

San Miguel de Abona (Tenerife)

Waste Collection.
€13.17 million.

Alcudia (Mallorca)

Lot 1 Waste Collection.
€12.83 million.

Ripollès (Girona)

Waste Collection.
€12.5 million.

FCC Ámbito

Basque Country

Management of Environmental Incidents and Emergencies and their Waste for the Basque Government.

La Muñoza (Madrid)

Waste, Household Recycling Centres and Treatment Plants Comprehensive Management for IBERIA.

10. Portugal

FCC Environment

Vila Real

Waste Collection and Street Cleansing.
€18.22 million.

3. Highlights Environment 2023

PLAY

January

- FCC Medio Ambiente continues to provide municipal services for the city of Manresa (Barcelona, Spain).
- FCC Equal Comunidad Valenciana Special Employment Centre starts up new street cleansing service in the town of Massamagrell (Valencia, Spain).
- EnergyLOOP, company promoted by FCC Ámbito and Iberdrola, will build its innovative wind turbine blade recycling plant in the municipality of Cortes (Navarre, Spain).
- FCC Environment opens a new recycling centre for sorting plastic and paper waste in Ostrava (Czech Republic).

February

- FCC Medio Ambiente sends a shipment of basic necessities to Ukraine with the collaboration of 'És Per Tu'.
- FCC Ámbito launches the PV4INK project for the recycling of photovoltaic panels (Spain).

March

FCC Environment starts up the Integrated Waste Management System in Brăila County, (Romania).

April

- FCC Environmental Services breaks ground at the Placer County Environmental Compound in California (USA).

May

- FCC Medio Ambiente renews its accession agreement to the Spanish Business and Biodiversity Initiative (Spain).
- FCC Medio Ambiente organises Solidarity with Ukraine events in Madrid and Barcelona with the participation of the 'És Per Tu' non-profit association (Spain).
- FCC Environment becomes a double winner at the Letsrecycle Awards for Excellence 2023 in Recycling and Waste Management with the award for Household Recycling Centre of the Year and for Contributing to Achieving Zero Emissions (Buckinghamshire, UK).

June

- FCC Medio Ambiente makes a public commitment to the Tent organisation at the European Business Summit to hire 300 refugees.
- FCC Ámbito becomes the second company in Spain to obtain the WEEELABEX certification for its WEEE management facility.

July

- FCC Medio Ambiente and FCC Ámbito develop solar energy infrastructures at their recycling plants (Spain).
- The Millerhill Recycling and Recovery Centre operated by FCC Environment will supply heat to the first community heating network in Midlothian (Scotland).
- FCC Environmental Services renews the contract for waste collection in the western area of Polk County (Florida, USA).

August

- FCC Medio Ambiente renews its commitment to the collection, cleansing and ground maintenance services of the city of Valencia (Spain).
- FCC Medio Ambiente awarded new waste collection contract in Ripollès (Girona, Spain).
- FCC Medio Ambiente renews waste collection and street cleansing contract for the city of Torrent (Valencia, Spain).

September

- FCC Servicios Medio Ambiente updates its Green Financing Framework incorporating taxonomic criteria (Spain).
- FCC Medio Ambiente grows in the Barcelona Metropolitan Area with the contract for the operation of the Ecoparc 3 (Spain).

October

Completion of the agreement to sell 24.99% of the capital of FCC Servicios Medio Ambiente Holding, S.A.U. to CPP Investments.

- FCC Medio Ambiente awarded the contract for the refurbishment and operation of the Las Calandrias Environmental Compound (Cádiz, Spain).
- FCC Medio Ambiente delivers its AVANZA Awards to four innovative, committed and sustainable projects (Spain).
- FCC Medio Ambiente to continue providing facility management services for Bilbao City Council (Biscay, Spain).
- FCC Medio Ambiente renews the 2022 'Calculate-Reduce-Offset' seal awarded by the Spanish Office for Climate Change (Spain).

November

- FCC Medio Ambiente obtains European funds for the development of the PLAUSU project: Autonomous Platform for Urban Services (Spain).
- FCC Medio Ambiente awarded the waste collection contract for the city of San Sebastián (Gipuzkoa, Spain).
- FCC Medio Ambiente highlights its achievements and efforts in social and environmental sustainability and innovation at the 2023 Smart City Expo World Congress (Barcelona, Spain).
- FCC Medio Ambiente launches the LIFE ZEROLANDFILLING project to reduce the flow of waste to landfill (Spain).
- FCC Ámbito obtains the 2022 'Calculate-Offset' seal awarded by the Spanish Office for Climate Change (Spain).

December

- FCC Servicios Medio Ambiente signs an agreement for the acquisition of Urbaser's UK affiliate.
- FCC Medio Ambiente Iberia publishes its ninth biennial Sustainability Report: 'Aligned with the SDGs.'
- FCC Ámbito completes the environmental authorisation process for solar panel recycling in its Cadrete facility (Zaragoza, Spain).
- FCC Environment awarded the prestigious Sword of Honour Award by the British Safety Council (UK).
- FCC Environment begins construction works on new Boston solar park (Lincolnshire, UK).
- FCC Environmental Services is awarded the waste collection service in St. Johns County (Florida, USA).

4. Other highlights

CPP Investments completes the acquisition of 24.99% of FCC Servicios Medio Ambiente Holding, S.A.U.

As a significant milestone, in October 2023 the FCC Group perfected the agreement for the sale of a minority stake of 24.99% of the share capital of its subsidiary FCC Servicios Medio Ambiente Holding, S.A.U. ("FCC Medio Ambiente") to the Canada Pension Plan Investment Board ("CPP Investments"), through its subsidiary CPP Investment Board Europe S.àr.l.

FCC Servicios Medio Ambiente reaches agreement for the purchase of Urbaser's affiliate in the UK

FCC Servicios Medio Ambiente has agreed to buy the business of Urbaser's affiliate in the United Kingdom. The estimated enterprise value of the transaction (including debt and equity) is £398 million (around €464 million). The deal is expected to be completed in the second quarter of 2024, subject to the fulfilment of certain conditions customary in this type of transactions.

Urbaser entered the UK market in 1998 and its businesses and operations include municipal waste collection, recycling, treatment and street cleansing activities and it boasts household recycling, composting, materials recovery, energy recovery and disposal centres. The business serves over 12 million citizens, has more than 1,700 employees and in 2022 it managed over 1.5 million tonnes of waste. Urbaser's activities in the UK account for around 5% of Urbaser total revenues.

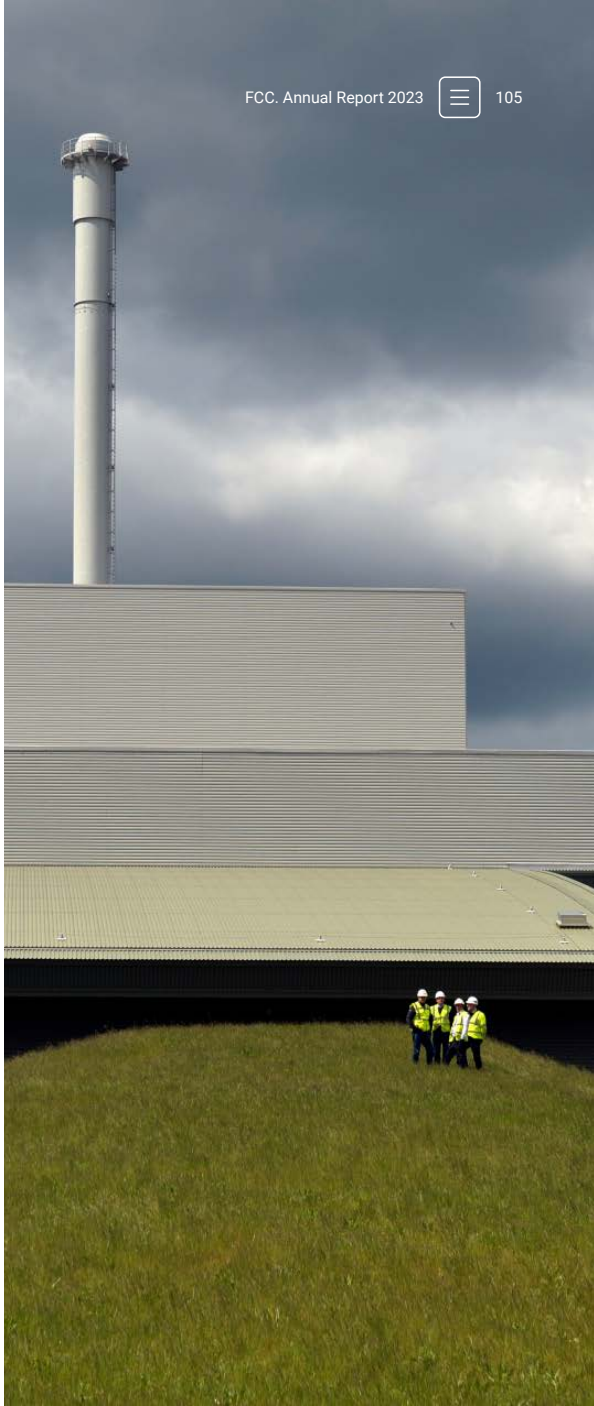
Santander Corporate & Investment Bank acts as financial advisor to FCC Servicios Medio Ambiente in the transaction and Linklaters is acting as legal advisor.

FCC Servicios Medio Ambiente has been present in the UK market since 1989 through its affiliate FCC Environment UK and is one of the top five waste management local operators. The acquisition of Urbaser's UK business will enable it to expand its product and service offering and enhance the value proposal for its customers.

FCC Servicios Medio Ambiente updates its Green Financing Framework incorporating taxonomic criteria

This new Green Financing Framework is a reflection of FCC Servicios Medio Ambiente's ongoing commitment to sustainability, which began in 2019 with the previous framework and was boosted in 2021 with the launch of its 2050 Sustainability Strategy.

The Framework follows the Green Bond and Loan Principles set out by the International Capital Market Association (ICMA) and the Loan Market Association (LMA), as it encompasses short and long-term bond and loan financing products. As a novelty, in updating the framework, a reference to the EU Taxonomy has been included in order to establish a link between the projects to be funded through this new version of the Framework and the sustainable activities defined in EU Taxonomy. This innovative character allows the company, backbone of the FCC Group's environmental activities, to highlight its ambition to align the use of funds with a positive environmental impact with climate mitigation and adaptation objectives of the EU Taxonomy Regulation. In this regard it should be noted that, according to the data reported for the 2022 financial year, approximately 83% of FCC Servicios Medio Ambiente's eligible activity is aligned with the objectives of EU Taxonomy. All Green Projects incorporated in the Framework provide clear environmental benefits and promote the transition to low-carbon technologies.



Iberia. FCC Medio Ambiente Spain

FCC Medio Ambiente reaffirms its commitment to Valencia city services

Valencia City Council has once again trusted FCC Medio Ambiente with the street cleansing and urban waste collection and transport contract for lot 2 for €525.89 million over a 15-year period. The company has been present in the city since 1957. The contract boasts a workforce of over 550 people to serve 365,000 inhabitants, collect around 140,000 tonnes per year and cover an area of 2.3 million square metres. The nearly 200 service vehicles and machines will have ECO and Zero Emission environmental labels. The more than 2,000 container islands will have a container for each fraction and the new electric bicompartmentalised vehicles for maintenance tasks will enable the simultaneous selective collection to be reinforced with the minimum environmental impact. 1,600 sensors, locking systems and user identification equipment will be installed, as well as filling buoy sensors. Two mobile household recycling centres will be added.

FCC Medio Ambiente awarded the contract for the modernisation and operation of Las Calandrias Environmental Compound in Jerez de la Frontera (Cádiz)

Jerez de la Frontera City Council awarded FCC Medio Ambiente the contract for the modernisation and operation of Las Calandrias Environmental Compound, which will serve over 450,000 inhabitants of the area. The contract is worth €317 million for the next 20 years, with a possible one-year extension, and the work is expected to be completed in 18 months. The planned investment reaches €40.8 million and aims to provide the facilities with state-of-the-art recycling technology, with maximum flexibility and modularity to meet the European Union's recovery targets. The total capacity of the plant will be 260,000 tonnes per year. It will boast photovoltaic panels, a system to minimise odours, new refining lines, a compost and biostabilised material storehouse and a leachate treatment facility.

FCC Medio Ambiente renews the contract for waste collection and street cleansing in the city of Torrent in Valencia

FCC Medio Ambiente renewed its contract for waste collection and street cleansing in Torrent, where it has been present since 1996. The service, worth €101 million over the next 14 years, will have a staff of nearly 100 people and a fleet of 65 vehicles to serve the city's more than 85,000 inhabitants. All of the service's new equipment has an ECO or Zero Emission environmental label, 80% electric and 20% powered by Compressed Natural Gas (CNG). The entire fleet of containers is being renewed; the collection of the organic fraction is being introduced throughout the municipality as well as door-to-door collection in the old town. Solar panels will also be installed on the roof of the machinery depot. In order to promote social sustainability, women victims of gender violence and people with disabilities will join the workforce.

Iberia. FCC Medio Ambiente Spain

FCC Medio Ambiente to continue providing municipal services for the city of Manresa (Barcelona)

FCC Medio Ambiente will continue to provide waste collection and street cleansing services for the city of Manresa, where it has been present uninterruptedly since 1993. The contract is worth €91.4 million over the next ten years and will serve nearly 80,000 inhabitants. The service boasts a staff of 145 people and a fleet of 54 vehicles. It shows Manresa City Council's commitment to sustainability and a cleaner environment for the city, with significant reductions in CO_2 emissions and noise pollution thanks to the new service machinery, a large proportion of which will be Zero-Emission electric. In addition, solar energy panels will be installed in the service's central depot.

FCC Medio Ambiente with Ukraine

On the occasion of the first anniversary of the invasion of Ukraine, the company launched an internal campaign to raise funds and collect basic necessities that culminated in the transport by road of a shipment to the Polish-Ukrainian border, from where it was distributed to families affected by the conflict. This campaign and shipment was made possible thanks to the collaboration of the "És Per Tu" non-profit organisation, different branches and people from FCC Medio Ambiente. Following the reception of the shipment, the company held two "Solidarity Days of Commitment to Ukraine" at its headquarters in Madrid and Barcelona to raise awareness of the situation of the Ukrainian refugees, thank the staff for their solidarity and continue to demonstrate FCC Medio Ambiente's social vocation.

FCC Medio Ambiente renews its commitment to the city of San Sebastián (Gipuzkoa)

San Sebastián City Council awarded the contract for waste collection to the RSU Donostia joint venture, led by FCC Medio Ambiente, for €67.3 million. The company has been providing the service uninterruptedly since 1990. The contract, which serves over 187,000 residents, includes 33 newly acquired sustainable vehicles, 40% fully electric, which will drastically reduce noise, pollutant and CO_2 emissions, and will incorporate several units of the multi-award-winning ie-Urban truck on the industrial chassis-platform for electric mobility for urban services developed by FCC Medio Ambiente. The service has a staff of 70 people and foresees the collection of more than 53,000 tonnes of waste annually. The aim of this renewal is to reach 65% of recycled waste by 2035 and to achieve 57.42% of selective collection.

Iberia. FCC Medio Ambiente Spain

FCC Medio Ambiente to continue providing facility management services for Bilbao City Council (Biscay)

Bilbao City Council has once again awarded to a joint venture led by FCC Medio Ambiente the facility management service contract for the City Hall and other dependent entities that the company has been providing since 1993. The contract amounts to €53.4 million for the next four years with a possible extension of one more year and will cover over 350,000 square metres spread over 170 centres and the city's only funicular railway. The service will boast a staff of around 400 people and will incorporate newly acquired Zero-Emission environmental-labelled machinery to join the existing electric fleet. It will also install small household waste recycling centres for non-containerised selective collection (toner, batteries, etc.) on the public thoroughfare.

FCC Medio Ambiente grows in the Barcelona Metropolitan Area with the contract to operate Ecoparc 3

The Barcelona Metropolitan Area has awarded FCC Medio Ambiente, in a joint venture with another company in the sector, the new contract to operate Ecoparc 3, located in the town of Sant Adrià de Besòs. The contract is worth €28.3 million for the next three years, with two possible one-year extensions. The company is already present in two of the four compounds that treat waste from the city of Barcelona and its metropolitan area. It is foreseen to manage 198,000 tonnes of residual waste and 60,000 tonnes of organic waste per year. During the execution of the contract, a tender is planned to refurbish the facility, so that the biological system will change from treating the organic matter contained in the residual fraction to processing the organic fraction collected selectively.

FCC Medio Ambiente awarded new waste collection contract in Ripollès (Girona)

Ripollès County Council awarded FCC Medio Ambiente the new waste collection contract for over €12.5 million for the next six years to serve the 25,200 inhabitants of the 19 city councils that make up the county. To collect the 11,500 tonnes of waste per year, the service boasts 15 vehicles and 21 people. The service will be monitored by GPS systems in all vehicles and radio frequency identification (RFID) tags on containers. Environmental objectives are set, namely to improve selective collection by 2% per year to reach an increase of 12%, which will mean a recycling rate of 50.88% by the end of the contract. The service also includes the management of a waste transfer plant given the remoteness of the final recycling facilities.

Iberia. FCC Ámbito

The EnergyLOOP company receives the backing of Next Generation Funds and signs an agreement with SURUS to advance the energy transition and boost circular economy

EnergyLOOP, company owned by FCC Ámbito and Iberdrola for the recycling of wind farm components, has signed a collaboration agreement with SURUS, a leading Spanish company in adding value through the implementation of sustainability and circular economy projects, with the aim of providing a joint solution for the recycling of wind turbine blades in wind farm repowering projects. Under the agreement, SURUS will provide a flow of elements from those projects where it implements its circular dismantling solution and EnergyLOOP will recycle those blades that have not been marketed for reuse.

EnergyLOOP's activity will begin with the start of operation of its innovative plant located in the municipality of Cortes in Navarre (Spain) in 2024, which will involve an investment of close to €10 million. It will be the first industrial-scale plant in Europe and will place Spain at the technological forefront of this sector. The company expects to create around 100 direct and indirect jobs over the decade. To promote the construction of this facility, EnergyLOOP submitted the project: ADVANCED MULTIPURPOSE RECYCLING OF AEROGENERATOR BLADES (RAMPA for its acronym in Spanish) to the "Circular Repowering" programme within the framework of the Recovery, Transformation and Resilience Plan financed by the European Union - Next Generation EU, from which it received a grant of close to €2.9 million.

FCC Ámbito starts up recycling photovoltaic panels activity

Following the successful completion of start-up tests, the Aragonese Institute for Environmental Management granted final authorisation to FCC Ámbito's photovoltaic panel recycling plant. Located in Cadrete, Zaragoza (Spain), it offers the sector a solution for recycling its panels. The plant is integrated into FCC Ámbito's glass recycling activity, thus achieving direct recovery of the glass, the main material of the panels. The treatment technology is exclusively mechanical and environmentally more sustainable as it does not generate any waste flow other than the materials that make up the panels. The facility will give a new life to 200,000 panels per year and has required an investment of €1 million.

Expansion of Industrial Waste activity in Portugal

Industrial waste business is expanding in Portugal with the acquisition of the company Resicorreia, which has two operational waste treatment facilities, one in in the north, in Sertã, and the other in Loures, near Lisbon. A site adjacent to Ecodeal's location has also been acquired in pursuit of a future expansion.

Iberia. FCC Ámbito

FCC Ámbito and Iberdrola extend their collaboration in circular economy in Spain to develop battery recycling solutions together with Glencore

FCC Ámbito and Iberdrola will collaborate with Glencore to provide industrial-scale lithium-ion battery recycling solutions in the Iberian Peninsula through the development of a specialised facility. This alliance will seek to establish the strategic arrangements necessary for the effective recovery of lithium batteries, extending the positive impact of the initiative to other actors along the entire value chain. It will also contribute to the research and development necessary for the effective circularity of these materials. In this way, FCC Ámbito and Iberdrola extend the collaboration they began with EnergyLOOP to address the recycling of wind turbine blades and reinforce their circular economy strategies, with a production and consumption model that is a key lever for the energy transition.

Renewal of the contract for Environmental Emergencies of the Basque Country region

The Basque Government has awarded FCC Ámbito one of two lots of the contract for the management of environmental incidents/emergencies and waste generated, consisting of dealing with incidents likely to have an environmental impact in the region, as well as the collection of waste generated in emergency situations. With the renewal of this contract, FCC Ámbito will continue to provide technical assistance to the Basque Government's department of Environment and Territorial Policy for another two years, with the possibility of a further two-year extension.

Renewal of Iberia's waste management contract

After four years of service to Iberia España, the Western branch of FCC Ámbito has renewed the contract for the comprehensive management of waste generated by this company at its La Muñoza facilities in Madrid (Spain) for a further two years. The awarded services include the management and maintenance of the waste recycling centre, the treatment plant of the physicochemical treatment line and the WWTP facility, as well as the collection and management of hazardous and non-hazardous waste.

Iberia. FCC Environment Portugal

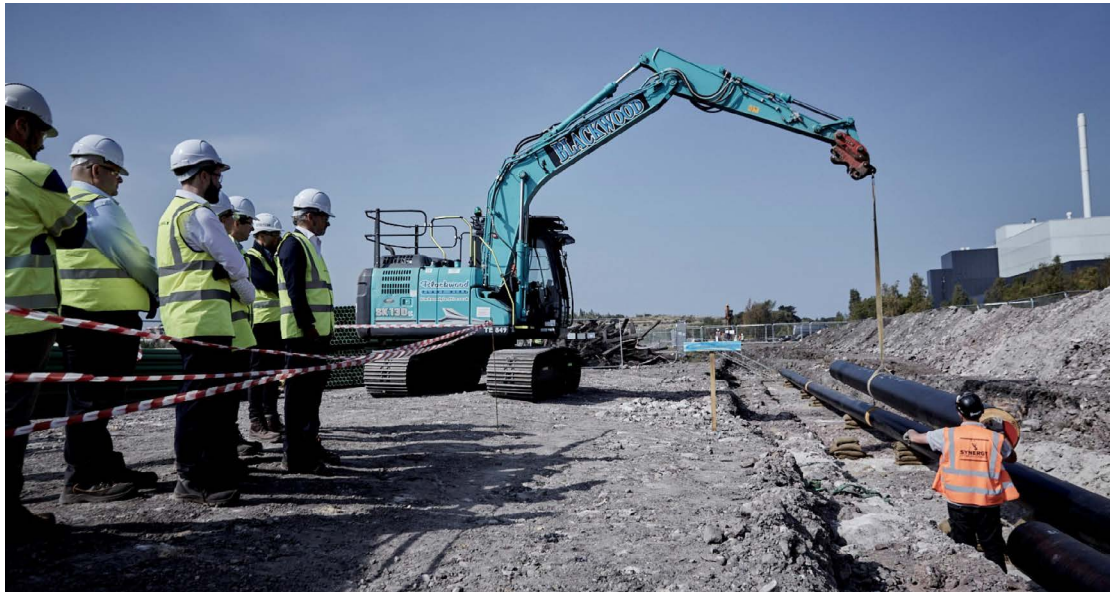
Renewal of the urban waste collection and street cleansing service in the municipality of Vila Real

FCC Environment has renewed the Vila Real waste collection and street cleansing contract for a period of ten years for a value of over €18.22 million. It serves 49,574 inhabitants and includes the collection of organic and residual waste, as well as the maintenance and washing of containers.

United Kingdom. FCC Environment UK

Construction work begins on Boston's new solar park

FCC Environment commenced construction of a new landfill solar park in Boston, Lincolnshire, which will generate around 10,500 MWh, enough to power 2,900 homes. The project is located on a site of over 12 hectares and is being developed in accordance with the methodology approved by the UK Environment Agency to promote biodiversity. It is planned to introduce a range of new high-value habitats, increase nesting and feeding opportunities for birds, provide shelter and breeding facilities for reptiles and amphibians and relocate existing orchids. To protect the existing landfill cap engineering, a large proportion of the solar foundations will be above ground and will use recycled aggregate. The solar park is scheduled to be operational in June 2024.



FCC Environment to supply heat to Midlothian's first district heating network

The Millerhill Recycling and Energy Recovery Centre (RERC) operated by FCC Environment will supply heat to the first district heating network in the county of Midlothian. The Midlothian Energy Limited joint venture has taken a step forward towards the regeneration and decarbonisation of the area by supplying low carbon heating to newly built homes via an underground pipe network. This year alone, the RERC plans to feed 100,000 MWh into the network, supplying 3,000 homes, schools and businesses and avoiding the emission of over 2,500 tonnes of CO_2. This initial heat supply will be the catalyst for a wider regional network stretching into South Edinburgh and East Lothian.

United Kingdom. FCC Environment UK

Completion of the Suffolk Recycling Centre redevelopment

The new and improved Foxhall household recycling centre in Ipswich opened to the public in December following the completion of redevelopment works ahead of schedule. The new facility increases capacity for vehicles, improves access from Foxhall Road and reduces queuing on the highway. It also has a new raised level construction which gives better access to containers for users without the need for stairs.

Work completed on new solar park in Winterton

FCC Environment's new solar park in Winterton has reached project completion. Developed on a former landfill site, the park generates circa 4,300 MWh of renewable energy each year, enough to power more than 1,300 homes.

FCC Environment double winner at the 2023 Letsrecycle Awards for Excellence in Recycling and Waste Management

FCC Environment won two awards at the 2023 Letsrecycle Awards for Excellence in Recycling and Waste Management. On the one hand, it received the 'Household Recycling Centre of the Year' award for its High Wycombe facility in Buckinghamshire, where public entities, citizens and the company have collaborated to make a real and measurable difference to the volume of recycling. In addition, it was awarded in the 'Contribution to Achieving Zero Emissions' category for 'Reuse and Repair'. Committed to achieving Net Zero targets and reducing its carbon footprint, FCC Environment believes that repair and reuse are fundamental to avoiding emissions because they extend the lifespan of items, thus reducing the manufacture of new products.

Central and Eastern Europe. FCC Environment CEE

Contract with MOHU MOL Waste Management Ltd. (Hungary)

FCC Environment was awarded the waste management contract by MOHU MOL Waste Management Ltd. (owned by the Hungarian oil company MOL). FCC provides waste collection and management services for a total value of €5.2 million and acts as a partner in the landfill, composting and mixed packaging waste collection service for an order book value of €10.4 million per year. The contract began on 1st July 2023.

Renewal of the contract with Hyundai Motor Manufacturing Czech s.r.o. in Czech Republic

FCC Environment has once again renewed the contract for the comprehensive complex waste management of Hyundai Motor Manufacturing Czech, which it has been providing since 2008 and which represents a total order book value of €10.8 million. The service, which began on 1st November for the next three years, covers the collection, transport and subsequent treatment of all waste produced, including secondary raw materials.

FCC Environment to continue providing services for Iveco Czech Republic, a.s., Vysoké Mýto (Czech Republic)

FCC Environment will provide diverse outsourcing services (emptying of containers at the location where the waste is generated, waste management, supply of equipment and employees) for Iveco Czech Republic at three different plants in Vysoké Mýto, with whom it has been working since 1998.

The prior three-year contract, which included the collection, disposal and further processing of secondary raw materials, expired on 31st December 2022 and has been extended for three more years.

Central and Eastern Europe. FCC Environment CEE

Integrated Waste Management System in Braila in operation (Romania)

FCC Environment started up the contract awarded in 2021 to operate two of the three areas of the Braila County Integrated Waste Management System for a period of seven years and an order book value of €8.54 million. The company has been appointed to operate the INSURATEI Transfer Station with an annual capacity of 5,000 tonnes serving 46,000 inhabitants; and the management and operation of the IANCA Integrated Waste Management Centre, which consists of a landfill and a waste sorting plant with an annual capacity of 5,000 tonnes. The facilities were built and equipped through a €5 million project co-financed by the European Regional Development Fund. FCC Environment's investments in Romania to ensure the optimisation and conditions necessary for the operation of these facilities amount to over €130,000 until 31st December 2023.

Renewal of the contract of the city of Hlohovec (Slovakia)

FCC Environment renewed its contract with the city of Hlohovec for the collection, transport and disposal of municipal waste, as well as the operation of two household waste recycling centres. The company has been providing services in the city since 2006. The contract is worth €1.8 million and is valid until 31st December 2024.

Renewal of contracts in Poland

FCC Environment has renewed the contract for the collection and treatment of municipal waste from the city of Nowy Targ with 24,000 inhabitants, worth almost €1.5 million and with a duration of 12 months. The company has also signed the renewal of the contract for the collection and treatment of waste from the town of Lubliniec. For this contract, FCC will collect solid urban waste, selective raw materials and organic waste from more than 20,000 inhabitants over the next year. The expected turnover of the service amounts to €1.5 million.

AWV Leibnitz (Austria)

FCC Environment in Austria has been awarded a contract by the Leibnitz Waste Management Association (Abfallwirtschaftsverband AWV) for the next five years to begin on 1st January 2024. It secures 9,000 tonnes of household waste per year for FCC's Halbenrain (Styria) treatment plant and generates an annual revenue of approximately €1 million. The special feature of this contract is that the transport to the treatment plant and the subsequent transfer of processing residues to the incineration plant will be carried out by electric lorry.

United States. FCC Environmental Services

Polk County renews its trust in FCC Servicios Medio Ambiente

Polk County (Florida) has once again awarded FCC Environmental Services the contract for municipal solid waste collection in the western area of the county. The renewal represents an order book value of up to $155 million (about €140 million) for a maximum of five years and three possible one-year extensions. The new service, which serves more than 200,000 people, represents an investment of $20 million (about €18 million) and will incorporate a fleet of 38 state-of-the-art, compressed natural gas (CNG) collection vehicles, as well as the setting up of a CNG refuelling station in its facilities.

Expansion of Municipal Collection services in Florida

The Board of Commissioners of St. Johns County in Florida has awarded FCC Environmental Services the contract for the solid waste collection service, worth a total of up to $575 million (€525.3 million). The initial contract spans 7 years, with the potential for two 5-year extensions, and will begin on 1st August 2024. The service will attend over 300,000 residents and involve a major investment of $42 million (€38.3 million) including the acquisition of a CNG-powered fleet of 62 new collection lorries and 13 ancillary vehicles.

Two new school contracts awarded in Florida

FCC Environmental Services has been awarded two new contracts for waste collection from public school districts in Volusia and Flagler counties for the next three years. The awards represent a portfolio of up to $3 million (nearly €2.8 million) and will serve nearly 110 schools in both counties, a total of nearly 75,000 students. Services under both contracts will be provided from the company's facility in Volusia County.

United States. FCC Environmental Services

Commissioning of the Palm Coast contract (Florida)

FCC Environmental Services started up the municipal solid waste collection service for the city of Palm Coast, located in Flagler County, on 1st June, which was awarded in July 2022. The contract represents a backlog of $175 million (about €163.3 million) for a term of up to ten years. Palm Coast is a city of 90,000 people and since the company rolled out the service, over 1,000 homes have been built and settled in. The company has added 35 trucks to its fleet, 30 of them CNG-powered, operating from the Volusia facility.

Management and operation of the Placer environmental recycling compound continues (California)

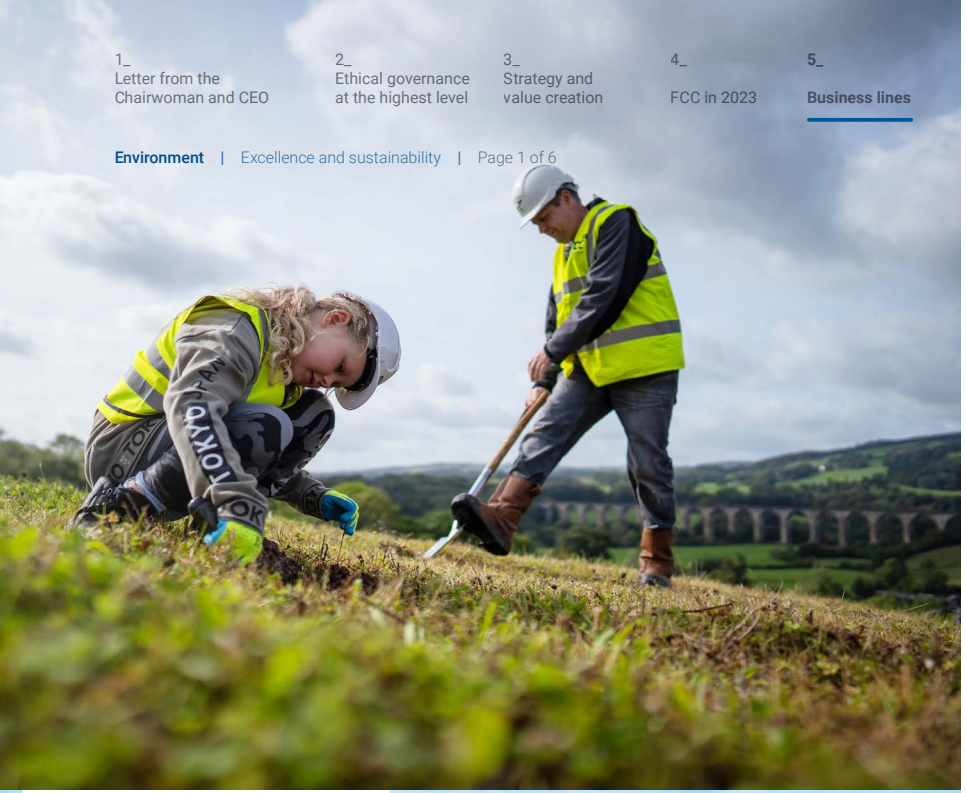
The Municipal Solid Waste Management Authority of Placer County awarded FCC Environmental Services the contract for the construction and operation of the environmental recycling compound for a total of $1.5 billion (about €1.4 billion). During 2023, operations have further developed and the MSW recovery rates established in the contract have been achieved. New equipment has also been installed for the treatment of construction and demolition waste (C&D), capable of processing 60 tonnes per hour of C&D and recovering 60% of the material.

City of Huntsville contract renewal (Texas)

The city of Huntsville has extended the contract with FCC Environmental Services for the management of recyclables for one more year. The overall annual revenue from this contract will amount to $200,000 (about €184,000).

Renewal of the contract of the city of Garland (Texas)

FCC Environmental Services has renewed the city of Garland's contract for the transportation and treatment of recyclable waste and its subsequent marketing for a period of two years. Annual revenues associated with the treatment of recyclable materials in the region reach €1 million (€923,000).



5. Excellence and sustainability

2021-2022 biennial Sustainability Report

FCC Medio Ambiente has presented its **2021-2022 ninth biennial Sustainability Report,** aligned with the SDGs and verified by an independent external entity. Under the slogan 'Leading the era of change,' the report highlights the progress made in the 20-22 Action Plan and presents the main challenges of its new 23-26 Sustainability Action Plan, within the framework of its **2050 Sustainability Strategy**, which will mark the company's development over the next few years. The Strategy revolves around four main lines of action: Environmental, Social, Excellence and Governance, within which the Action Plan includes 17 strategic objectives, 176 commitments and 282 compliance indicators.

Regarding the progress made on the commitments within the 20-22 Action Plan, the report offers a figure of 79.2% of achievements and 9.4% of targets 'under way'. Some of the most relevant milestones include the commitment to the circular economy, with the renewal of accession to the Pact for the Circular Economy and an increase of 28.9% in the valorisation of recoverable materials. In terms of efficiency in the use of resources, there has been 35.3% increase in the consumption of renewable energies (2020-2022) and 25% increase in water consumption from alternative sources. In terms of the fight against climate change, in 2022 the company avoided the emission of 3,333,990 tonnes of CO_2e.

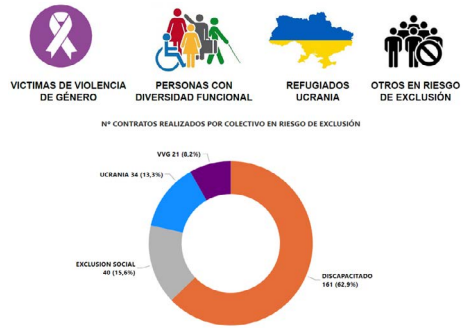
The 23-26 Sustainability Action Plan considers 17 strategic objectives, 176 commitments and 282 compliance indicators

AVANZA Awards

The AVANZA awards were created with the aim of recognising the work and efforts made by the people of the organisation who contribute on a daily basis to improving the company's competitiveness, social integration within the business, quality of processes, respect for the environment and the development and application of innovative solutions or practices. All this within the scope of the organisation's ongoing commitment to sustainable development, the promotion of well-being at work and research, development and innovation. These awards, whose first edition was held in 2017, are given every two years and are meant for all business units within the Environmental Services area.

This year's edition, under the slogan 'Together, we create the future,' 22 initiatives competed in the categories: Social Initiatives, Quality, Environment and Innovation. The following projects received the top awards:

Social Initiatives



Programme for the integration of groups at risk of exclusion into the labour market.

Author: Madrid branch.

Quality

Use of new technology to control 100% of the weighing of litter bins in the San Sebastian-Donostia beach cleaning.

Author: Gipuzkoa – Navarre branch.

Environment

Small dimensions rear-loading bi-compartmentalised compact-collection lorry on a hybrid electric chassis.

Author: Machinery department.

Innovation

Zero Waste and circular economy at the Refrigerator Recycling Plant.

Author: Industrial Waste Eastern branch.

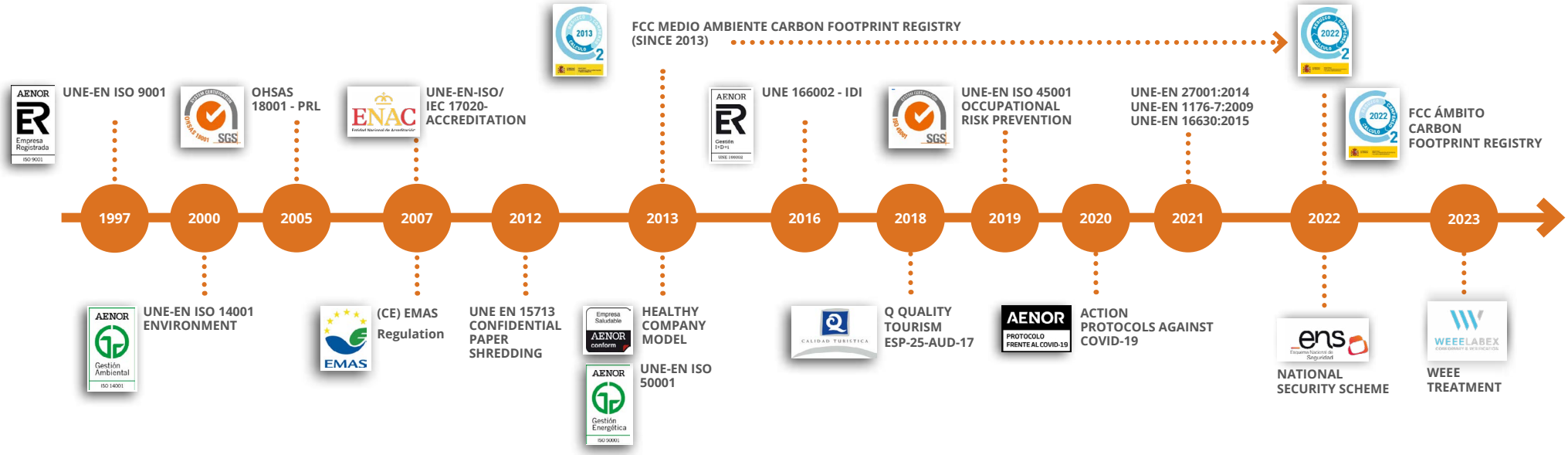
Service excellence

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

Both FCC Medio Ambiente and FCC Ámbito have implemented an Integrated Management System based on the requirements by international standards of recognised prestige that ensure a management model based on excellence, which integrates, as its name implies, sections as varied as quality, environment, occupational health and safety (OHS), R&D&I, energy efficiency, healthy organisation, quality in tourism and information security, among others. This system establishes a working methodology that guarantees that processes are carried out with rigour, applying sustainability criteria and in accordance with common procedures.

The following graph shows the historical evolution of the certifications and accreditations obtained by FCC Medio Ambiente and FCC Ámbito:

Certifications and accreditations obtained by FCC Medio Ambiente and FCC Ámbito



Sustainability and excellence highlights in 2023

- In 2023, the carbon footprint corresponding to the previous year's data was verified. For the third year in a row, FCC Medio Ambiente obtained once again the "Calculate-Reduce-Offset" seal awarded by the Spanish Office for Climate Change (OECC for its acronym in Spanish), the scope of which includes the calculation, reduction and offsetting of emissions associated with the consumption of electricity, fuel, landfill, composting, biomethanisation, energy recovery of waste and hydrofluorocarbon (HFC) leaks generated by the organisation's activities. The company has thus managed to reduce its average emission intensity by 0.67% in the 2020-2022 three-year period compared to the previous three-year period. To achieve this reduction, FCC Medio Ambiente is working on key aspects in the fight against climate change, such as the sustainability of its vehicle fleet, improvements in waste treatment facilities and the generation of renewable energy.
- In 2022, the company collaborated in a certified reforestation project that will span over the next 40 years in an area of 40 hectares located in the *Monte de Utilidad Pública* No. 60 *"Valle de Iruelas"*, belonging to the *Asocio de Ávila* Municipalities Association and included within the Natural Reserve of the same name. This area, which is home to one of the most important colonies of black vultures in Europe, was burnt down in 2019, making it urgent to restore it in order to halt the erosive processes and re-establish the regulation of the hydrological cycle. This is why 80,000 trees have been planted, including wild pine and birch trees.
- FCC Ámbito successfully completed the process of verifying its carbon footprint and entering the 'Carbon Footprint, CO_2 Offsetting and Absorption Projects Registry' established by the Ministry for Ecological Transition and the Demographic Challenge. For the 2022 financial year, it has obtained the 'Calculate-Offset' seal awarded by the OECC, whose scope includes the calculation and offsetting of emissions associated with the consumption of electricity, fuels, industrial waste landfills, industrial waste treatment and hydrofluorocarbon (HFCs) leaks generated by the activities carried out by the organisation.

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

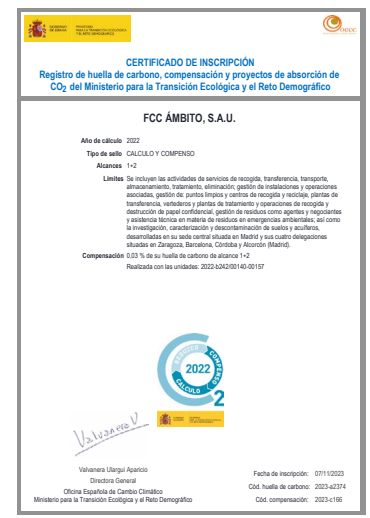
FCC MEDIO AMBIENTE, S.A.U.

Año de cálculo 2022
Tipo de sello CALCULO, REDUZCO Y COMPENSO
Alcances 1+2 y 3
Alcance 3 incluye las emisiones indirectas asociadas al consumo de electricidad, combustible, depósito de vertedero, compostaje, biometanización, valorización energética de residuos y fugas de HFCs.
Límites Se incluyen las actividades 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 de parques, 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, 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 0,61 % de la media de la intensidad de emisión en el trienio 2020-2022 respecto del trienio 2019-2021, para el alcance 1+2 y 3.
Compensación 0 % de su huella de carbono de alcance 1+2 y 3.
Realizada con las unidades: 2021-b111/02150-02167

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

Fecha de inscripción: 10/10/2023
Cód. huella de carbono: 2023-a2302
Cód. compensación: 2023-c161

2013-2023 Evolution of FCC Medio Ambiente's Carbon Footprint



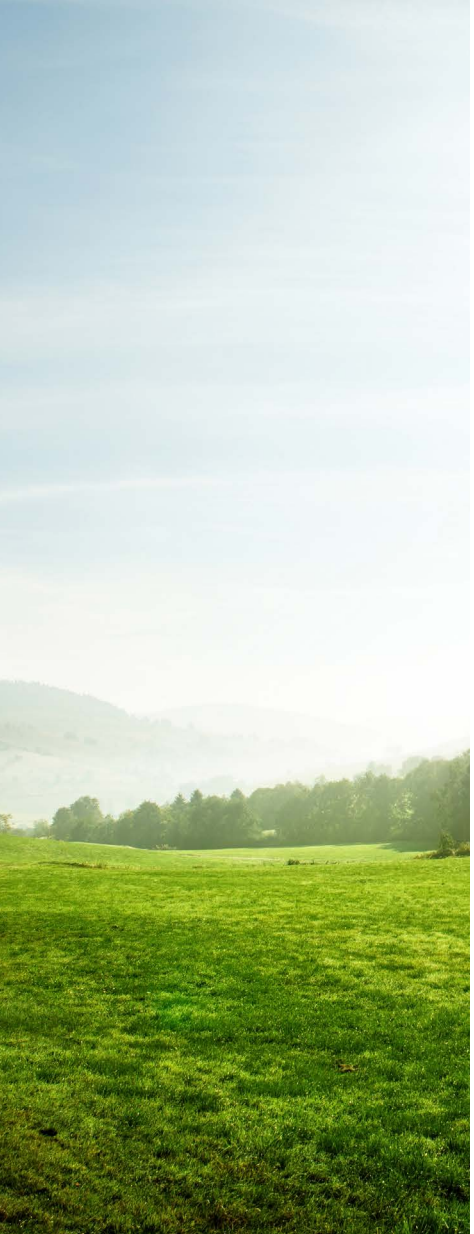
CERTIFICADO DE INSCRIPCIÓN
Registro de huella de carbono, compensación y proyectos de absorción de CO_2 del Ministerio para la Transición Ecológica y el Reto Demográfico

FCC ÁMBITO, S.A.U.

Año de cálculo 2022
Tipo de sello CALCULO Y COMPENSO
Alcances 1+2
Límites Se incluyen las actividades de servicios de recogida, transferencia, transporte, almacenamiento, tratamiento, eliminación; gestión de instalaciones y operaciones asociadas, gestión de: puntos limpios y centros de recogida y reciclaje, plantas de transferencia, vertederos y plantas de tratamiento y operaciones de recogida y destrucción de papel confidencial, gestión de residuos como agentes y negociantes y asistencia técnica en materia de residuos en emergencias ambientales; así como la investigación, caracterización y descontaminación de suelos y acuíferos, desarrolladas en su sede central situada en Madrid y sus cuatro delegaciones situadas en Zaragoza, Barcelona, Córdoba y Alcorcón (Madrid).
Compensación 0,03 % de su huella de carbono de alcance 1+2
Realizada con las unidades: 2022-b2420/00140-00157

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

Fecha de inscripción: 07/11/2023
Cód. huella de carbono: 2023-a2374
Cód. compensación: 2023-c166



- In 2023, FCC Ámbito, through its subsidiary InduRaees, obtained the WEEELABEX certification for the treatment of refrigeration equipment in its Waste Electrical and Electronic Equipment (WEEE) management plant located in Osorno (Palencia, Spain). This accreditation recognises best practices in the treatment of this type of waste, and aims to develop and provide quality, service and tools to promote the use of the best WEEE management facilities on the market. FCC Ámbito has thus become the second company in Spain to obtain this certification.

- On the tenth anniversary of its launch in 2013, FCC Medio Ambiente renewed its membership agreement with the Spanish Business and Biodiversity Initiative (IEEB for its acronym in Spanish), a public-private collaboration platform that seeks to involve the business sector in the improvement and maintenance of biodiversity and natural capital, coordinated by the Biodiversity Foundation of the Ministry for Ecological Transition and the Demographic Challenge (MITECO for its acronym in Spanish). The company's sustainability commitments, set out in its 2050 Sustainability Strategy, include the protection of natural capital in the management of its services, understanding cities as 'ecosystems that are home to urban biodiversity'. Being part of the IEEB is a further step towards fulfilling the commitments of the environmental axis of this Strategy in terms of biodiversity.

- FCC Environment received the British Safety Council's prestigious Sword of Honour, which recognises companies that achieve excellence in occupational health and safety and environmental management. This is the third time that the organisation has been recognised, having previously received the award in 2017 and 2020. On this occasion it was given to the company's Green Energy division for the five-star rating received in the audit of the Eastcroft waste-to-energy plant. This has enabled FCC to be one of only 115 organisations worldwide to receive this award.

Other sustainability highlights

- FCC Ámbito received the 'Circular Aragón Seal' for its glass recycling activity, awarded by the Government of Aragon, for its contribution to circularity throughout the value chain, the fulfilment of best practices and the actions for process improvement such as participation in R&D&I projects.

- Over 2023, FCC Medio Ambiente collaborated and participated in the development of three forestry management projects, two in collaboration with the Galician Forestry Association (one through FCC Medio Ambiente and another through FCC Ámbito) and one in collaboration with the Hellín City Council in Albacete (Spain).

- After commissioning two photovoltaic power plants in Linz and Himberg in the past two years, FCC Environment Austria has begun five new projects to increase its renewable energy production. By 2026 the company will thus cover about 25% of its electricity consumption by photovoltaic energy. These measures are aligned with its goal of becoming self-sufficient in terms of electric power by 2035.

- FCC Environment installed solar panels on the roof of the Ostrava-Hrabová office building in the Czech Republic. The power of the plant is 15 kWp and it will produce 16,000 kWh per year, covering approximately 9% of the building's total consumption.

- FCC Environment, which carries out waste and recycling collections as well as ground maintenance on behalf of Harborough District Council in the UK, has been supporting the community to plant nearly 5,000 hedge whips which have been supplied free of charge by the Leicestershire County Council and The Conservation Volunteers, with a further 2,500 whips to be planted in 2024.

- The Las Tablas building, headquarters of the FCC Group in Madrid (Spain), received in 2023 the 'Zero Waste' certification, which means that over 90% of all waste generated in the building is being recovered. The AENOR Zero Waste specification has been implemented in the building since 2021 with the support of FCC Medio Ambiente.

6. Innovation and technology

Throughout 2023, FCC Servicios Medio Ambiente kept on developing innovation projects and, for yet another year, upheld the certification of its R&D&I Management System, in accordance with the UNE 166002 standard.

R&D&I projects in development or launching phase reached an investment of close to €4 million throughout the year. They are classified into four areas of knowledge:

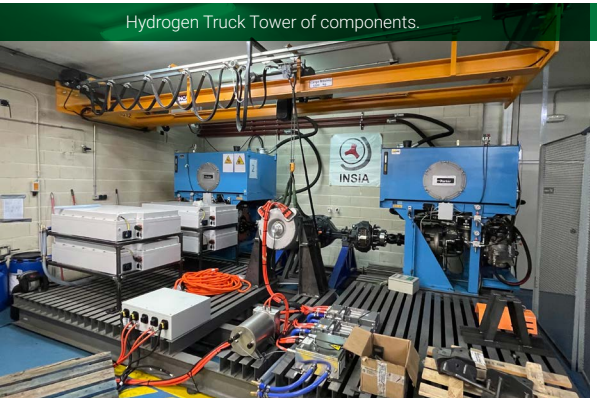
- **Vehicles, mobile machinery and facilities**
- **Management and recycling of waste – Circular Economy**
- **Information and Communication Technologies**
- **Sustainable development**

Vehicles, mobile machinery and facilities

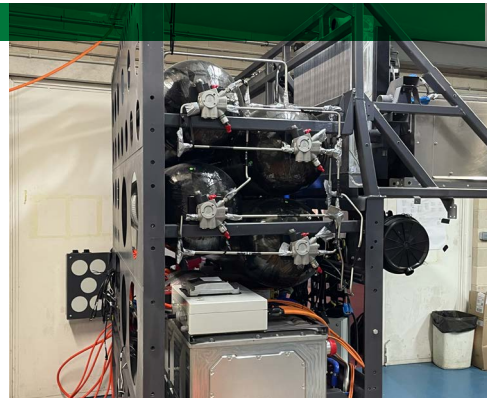
Projects associated to vehicles and mobile machinery

H2TRUCK Project

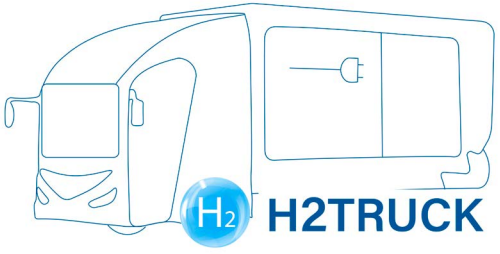
Since the end of 2021, FCC Medio Ambiente has been developing a low cab heavy-duty vehicle for urban service applications on a chassis with a 100% plug-in electric engine, whose battery can be recharged by a hydrogen fuel cell, called H2TRUCK, as part of the Programme for Sustainable Automotive Technology (PTAS for its acronym in Spanish) within the framework of the funds granted by the Centre for the Development of Industrial Technology (CDTI for its acronym in Spanish) and supported by the Spanish Ministry of Science, Innovation and Universities (MICIN for its acronym in Spanish) as part of the Recovery, Transformation and Resilience Plan financed by the European Union.



Hydrogen Truck Tower of components.

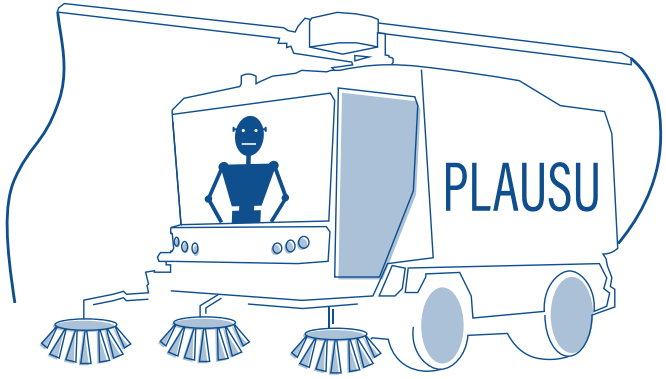


The company thus differentiates itself in the provision of urban services through excellence in the environmental, technical and economic features of its offer. Although the initial prototype is a large-tonnage solid waste compactor collector, the developing chassis will be versatile and can be adapted to different types of bodywork to provide a variety of urban services in the future. In addition, a mobile hydrogen compression and refuelling station has been developed from scratch so that the prototype vehicle can be quickly and safely refuelled and tested at any location.



Funded by the European Union NextGenerationEU

Building on the achievements established in 2022, especially the characterisation of the fuel cell on the test bench at the National Hydrogen Centre (CNH2) located in Puertollano (Ciudad Real, Spain), FCC Medio Ambiente has continued working on the project throughout 2023, with the completion of the design and development of all systems to be incorporated in the vehicle, the trial and bench testing of the entire power train, including the electronic management of the fuel cell and the lithium-ion battery at the University Institute for Automotive Research (INSIA in Spanish). In addition, the final production of the prototype has begun, both chassis and bodywork, and it is expected that both the prototype and the hydrogen refuelling station will be available in 2024.



EUROPEAN UNION
European Regional Development Fund
"A way of making Europe"

PLAUSU Project: Autonomous Driving

In 2023 FCC Medio Ambiente established another line of research and development for the coming years: autonomous driving and connected vehicle technology in the field of urban services. The aim of the project is to research and develop automation technologies, specifically focused on the operation in autonomous mode of a platform for urban service vehicles in cleansing tasks, and to materialise these technologies on a dual washing down-sweeper vehicle that already incorporates a fully electric driving and propelling system.

The project, named 'Autonomous Platform for Urban Services' (PLAUSU), has received funds for the CDTI and is co-financed by the European Regional Development Fund (ERDF). The project has a two-year execution period and is being carried out in collaboration with INSIA.

The system will have a tablet or similar device for remote control where the user will be able to supervise and correct the performance of the machine, as well as control the ancillary cleaning elements. Navigation of the washing-down and sweeping vehicle will be reinforced with GPS positioning and LiDAR (Light Detection and Ranging) perception, using a digital map with the location of fixed elements. In areas where GPS coverage is insufficient, perception sensors will be used for guidance and positioning.

Other electric mobility projects

The following research projects, launched in 2022, have been consolidated this year and now the first series of vehicles are already operating in Spanish cities such as Madrid and Valencia:

- Tanker manufactured in high density copolymer (polyester reinforced with fibreglass, GFRP), for street watering and washing down tasks with front water jets and sprinklers, upper pole and double rear reel, 2 metres wide (non-existent on the market), on a fully electric chassis with a state-of-the-art European-made lithium-ion battery, also 2 metres wide and maximum authorised mass (MAM) of 18 tonnes (with the possibility of being registered up to 19 tonnes).
- New side-loading bodywork on a 26-tonne Compressed Natural Gas (CNG) chassis for the washing of containers with capacity from 1,100 to 3,200 litres, with an aluminium washing chamber and maximum clean water capacity of up to 9,750 litres. Special internal and external washing pumps allow a whole working day's washing without having to refill water, which reduces down time, increases performance and consequently decreases the vehicle's energy consumption and pollutant emissions.

Green vehicles in Wychavon's fleet (United Kingdom)

FCC Environment added eight vehicles powered by Hydrotreated Vegetable Oil (HVO) to its waste and recycling collection service in the Wychavon district of Worcestershire. These vehicles reduce by 90% CO_2 emissions compared to those powered by diesel, and their implementation constitutes an intermediate stage in the transition towards electric mobility. This is part of a process in which the Wychavon District Council, in partnership with FCC Environment, will invest £270,000 (circa €315,560) to ensure that all city service vehicles are powered by HVO.

Fuel savings from new fleet of power shovels in the United Kingdom

FCC Environment has invested in a fleet of Cat® 966 XE wheel loaders after seeing an annual fuel saving of £11,000 (€12,835) per machine. Data showed that over a six-month period the machines had achieved a 29% reduction in fuel consumption. Based on this, over a seven-year life cycle, and with a standard repair and maintenance warranty programme, the machines will collectively deliver savings of over £250,000 (€292,000).

Projects associated to facilities

Robotic waste sorting system at the Dallas plant in Texas (USA)

FCC Environmental Services' first waste sorting robot was installed at the Dallas plant in March and has been jointly funded by the Carton Council of North America (CCNA) and the Foodservice Packaging Institute (FPI). The AMP Generation 4.3 robot operating at 40-60 picks per minute is programmed to separate carton and paper cups on the quality control line, along with any Polyethylene Terephthalate (PET) bottles containing liquid that were not picked by optical sorters. This machine has allowed the Dallas government, which collects domestic recyclables, to manage cartons from nearly half a million households. The robot has driven down the plant's residue tonnage by 4%, with a corresponding increase in recovered materials for sale to a paper mill and reduction of disposal costs.

Fire suppression system for the new C&D waste line at the Placer County environmental compound in California (USA)

Due to the size of the equipment, the height of the canopy and the wall-less structure of the new demolition and construction (C&D) waste facility at the Placer County environmental compound, a solution different from the conventional fire detection systems had to be found. A regular system would not detect a fire from the tipping floor in time as, given the characteristics of the plant, it would have probably spread by the wind and the air draft. Therefore, a system designed by Fire Rover has been installed which uses 12 thermal cameras and 24 hosepipes to monitor the entire structure, equipment, etc. 24 hours a day, 7 days a week. The hoses are connected to the municipal water network so that the resource is unlimited, giving the fire brigade a greater reaction capacity.

Construction of several CNG stations in Florida (USA)

FCC Environmental Services has successfully completed the construction of two CNG refuelling stations in 2023. On the one hand, Lake County required a refuelling station for its new CNG vehicles. Built by Opal Fuels, it was commissioned in September and has the capacity to refuel 40 vehicles. On the other hand, the Volusia refuelling station expansion has been completed to service the Palm Coast contract. FCC Environmental Services commissioned Clean Energy to expand the existing facility with an additional 45 fuelling stations in addition to the existing 40.

Management and recycling of waste. Circular economy

Funded by the European Union NextGenerationEU

Photovoltaic panels recycling

FCC Ámbito launched the PV4INK project to develop technologies for the recovery of the silver contained in photovoltaic panels and its conversion into nanoparticles that can be used directly in the conductive ink industry for electronic applications. The project will run for three years and involves the participation of TECNAN, LEITAT and LUREDERRA, with funding from the State Research Agency, part of the Ministry of Science, Innovation and Universities (MICIU, for its acronym in Spanish), within the framework of the call for Public-Private Collaboration Projects, co-financed by the Spanish Government's Recovery, Transformation and Resilience Plan. It will be carried out at an FCC Ámbito plant in Zaragoza, which will install a line for the treatment of photovoltaic panels at the end of their useful life, scheduled to be commissioned in 2024.

Recovery of critical raw materials from Municipal Solid Waste (MSW)

MINETHIC: Promoting the recovery and valorisation of strategic mineral resources for the green transition

Official website of the project: www.minethic.es

The MINETHIC project, led by FCC Medio Ambiente and subsidised by the CDTI with support from the MICIU, is co-financed by the Recovery and Resilience Mechanism. The goal of the project is to research new sources of non-conventional mining raw materials for the green transition. FCC Medio Ambiente will be responsible for concentrating phosphorus, nickel and cobalt present in the slag from waste incineration, as well as phosphorus in biostabilised material from biological treatment of municipal solid waste. During 2023, microbiological research was conducted at the Multisectoral Research Technology Centre (CETIM for its acronym in Spanish) for the bioaccumulation of phosphorus with PAO microorganisms (Poliphosphate Accumulating Organisms) using FCC Medio Ambiente's biostabilised material.

Recovery of slag from MSW incineration

ECO2D4.0 (ZL-2023/00884): Development of comprehensive road surface solutions using priority waste from the Basque Country, and ecosystem for the functional and environmental monitoring of road infrastructures

FCC Medio Ambiente is participating in a project co-financed by HAZITEK 2023, the Basque Country's Business R&D Support Programme, which seeks to research new applications for waste management in the region. It focuses on cases with limited recovery options, such as ferrosite, incineration slag, foundry sands, milling refuse and black slags. Products from digitised ECO-roads are being developed, exploring the technical and market feasibility of using different waste streams as secondary aggregate in pavement design. Complementary materials seek to obtain sustainable layer solutions, ensuring compliance with functional and environmental specifications at all stages of development.

RSU4HOM: Development of new construction products from the valorisation of incineration slags from municipal solid waste

Led by FCC Medio Ambiente and co-financed by the HAZITEK 2022, the project is planned to last 30 months, from July 2022 and with a scheduled end date of December 2024.

RSU4HOM aims to minimise the environmental impact generated by the landfilling of incineration slag from two plants in Zubieta (Gipuzkoa, Spain). The aim is to recover this waste and integrate it as aggregates for the manufacture of construction materials (concrete, mortar and precast concrete).

Leading a circular economy for plastic

Co-funded by the European Union

LIFE ZEROLANDFILLING (LIFE-2022-SAP-ENV 101114213): Recovering landfill waste through an innovative and integrated process committed to the circular economy

Official website of the project: www.zerolandfilling.com

The LIFE ZEROLANDFILLING project, led by FCC Medio Ambiente, addresses the increase in urban waste generation through an innovative system for the management and recovery of non-recyclable waste, mainly plastics and bio-waste. The consortium includes CEPSA, ECOCUADRADO, NEOLIQUID, the University of Alcalá and Ecomesa (subsidiary of FCC Medio Ambiente). It is expected to treat 2,112 tonnes of waste, avoiding 2,069.76 tonnes of CO_2e associated with landfilling. The recovery process will produce 458 tonnes of green naphtha and 583 tonnes of solid coal, avoiding the generation of 918.56 and 1,700.26 tonnes of CO_2e, respectively. The project promises a sustainable zero landfill solution, low carbon footprint and circular economy, with environmental and economic impact in Europe. It is expected to reduce 160,000 tonnes of waste and 355,222.65 tonnes of CO_2e per year over 3 years, consolidating the European waste treatment sector. In 2023, the kick-off meeting was held and administrative work, licensing, basic engineering and selection of sites for prototypes have begun.

European Commission

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

Official website of the project: www.lifeplasmix.com

This project, led by FCC Medio Ambiente, is aimed at demonstrating the material recovery of Plastic Mix from municipal waste (PP, PS and EPS) in a semi-industrial plant located at the Ecocentral plant, Granada (Spain). During this year, the processes for obtaining recycled pellets from Plastic Mix for the manufacture of added-value products have been optimised.

European Commission

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

Official website of the project: www.life4film.com

Project carried out by a consortium led by FCC Medio Ambiente and co-financed by the European LIFE programme, with the aim of avoiding sending plastic film (LDPE) present in urban waste to landfill or energy recovery through the implementation of innovative recycling on a semi-industrial scale by means of a recovery line of 11,000 tonnes per year at the Ecocentral in Granada. During 2023, the work has been completed, concluding the project achieving its objective, proof of which are the ECOSAC bags being distributed already, obtained from recovered plastic film.

Leader in renewable energy

FCC Medio Ambiente is committed to converting the "Waste Treatment Centre" (WTC) into a "renewable energy producer". To this end, it has a line of research for the development of innovative processes for the production of hydrogen and methane by means of biological treatments (bioH_2 and bioCH_4) from waste, as well as thermochemical processes such as gasification and biogas purification.

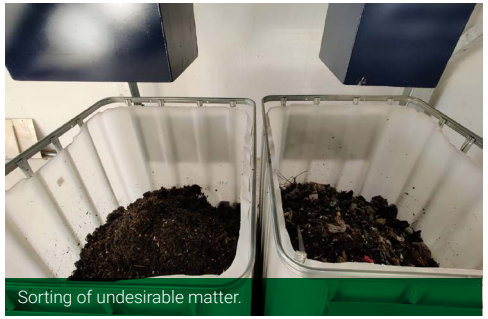
ECLOSION

Funded by the European Union NextGenerationEU

ECLOSION: New materials, technologies and processes for the generation, storage, transport and exploitation of renewable hydrogen and biomethane, generated from bio-waste (2021-2024) MIG-20211071

FCC Medio Ambiente carried out research in the laboratories of the University of Valladolid (Spain) with the aim of studying the dark fermentation process using Organic Fraction of Municipal Solid Waste (OFMSW) as a substrate. As a result, a significant amount of hydrogen was obtained out of the total biogas generated in each fermentation. The development of new, efficient and low-cost polymeric membranes has also been completed for the separation of biohydrogen mixtures from dark fermentation (H_2/CO_2) and H_2/CH_4 mixtures from syngas purification.

In 2023, a novel depacker has been installed that will enable the obtention of organic waste streams free of impurities, thus optimising the dark fermentation process. During 2024, dark fermentation tests will be carried out on a scale prototype at the Valladolid WTC.



Sorting of undesirable matter.

Gas station at the Ecocentral plant in Granada (Spain).

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

Official website of the project: www.landfillbiofuel.eu

Project co-financed by the European LIFE programme which aims to demonstrate the technical and economic viability of a solution based on the implementation of new landfill exploitation techniques to improve biogas production and facilitate the recovery of waste gases through the purification of biogas by means of an adsorption process through vacuum pressure oscillation. The gas station has been installed at the Granada Ecocentral plant where the first refuelling with the biomethane obtained has been carried out. During 2023, different tests were conducted with the biomethane generated, verifying that all of them comply with current regulations. Likewise, this year, light and heavy-duty vehicles have travelled over 30,000 and almost 40,000 kilometres respectively with the biomethane produced from landfill biogas.

Biorefineries

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

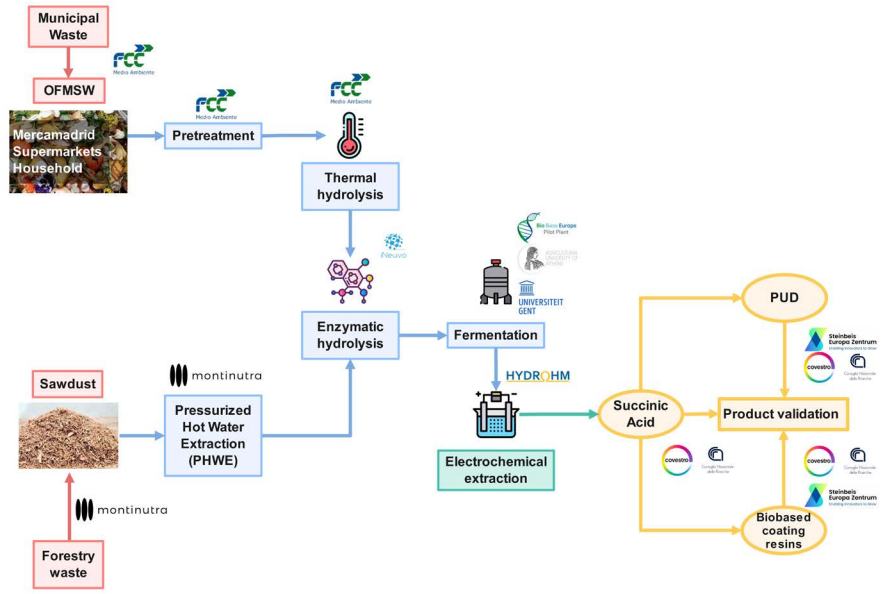
CDTI's CIEN programme project, led by FCC Medio Ambiente, which consists of the implementation of an innovative system for the recovery of urban bio-waste based on its bioconversion by means of insects into products with high added value for industry (human and animal food, nutraceuticals/pharmaceuticals, fertilisers and chemicals).

FCC Medio Ambiente participates in the conditioning and supply of the OFMSW for its subsequent recovery. 2023 has seen the completion of the project, allowing the first results of the bioconversion of urban waste into valuable products to be obtained.

Creation of new by-products and biomaterials

BIOPROLIGNO (CPP2022-009647): Transformation of lignocellulosic waste into bioproducts for their application in infrastructure and ground maintenance

The BIOPROLIGNO project is funded by the Spanish State Research Agency under the 2023 Public-Private Partnership programme. It started in 2023 and has a planned duration of three years. This project aims to develop experiences in the field of lignocellulosic waste pyrolysis, where three state-of-the-art bioproducts are generated: wood vinegar, charcoal and biochar. These have demonstrated their effectiveness in laboratory and experimental tests, and the project intends to use them in real experiences in the field of maintenance of linear infrastructures and green areas, so that they can offer an improvement in the management of woody urban waste.



LUCRA (101112452 – HORIZON-JU -CBE-2022): SustainabLe sUCcinic acid production using an integRAted electrochemical bioreactor and renewable feedstock

Official website of the project: www.lucra-project.eu

FCC Medio Ambiente participates in this HORIZON JU CBE (Circular Bio-based Europe Joint Undertaking) call project that will use municipal solid waste and wood waste as feedstock for the large-scale production of bio-based chemicals products with high yields and high interest for industrial end-users, from a circular bioeconomy biorefinery approach. LUCRA proposes innovative technology for the electrochemical extraction of succinic acid through the circular use of the aforementioned resources, which greatly reduces the dependence on fossil resources by developing a sustainable route for the production of succinic acid. The implemented process aims to reduce the cost of bio-succinic acid and will demonstrate a 50% reduction of Greenhouse Gases (GHG) compared to conventional production processes. In 2023, the kick-off meeting of the project took place in the city of Ghent (Belgium). In addition, the first samples of organic waste have been sent to the different project partners to start the research.

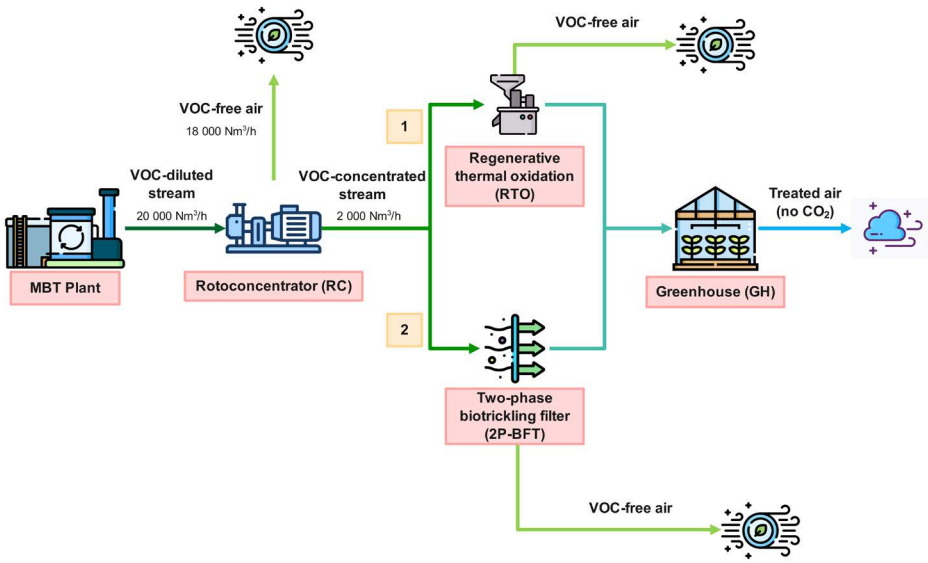
DEEP PURPLE: Domestic Extraction of Emerging Products with Purple Phototrophic Bacteria

Official website of the project: www.deep-purple.eu

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

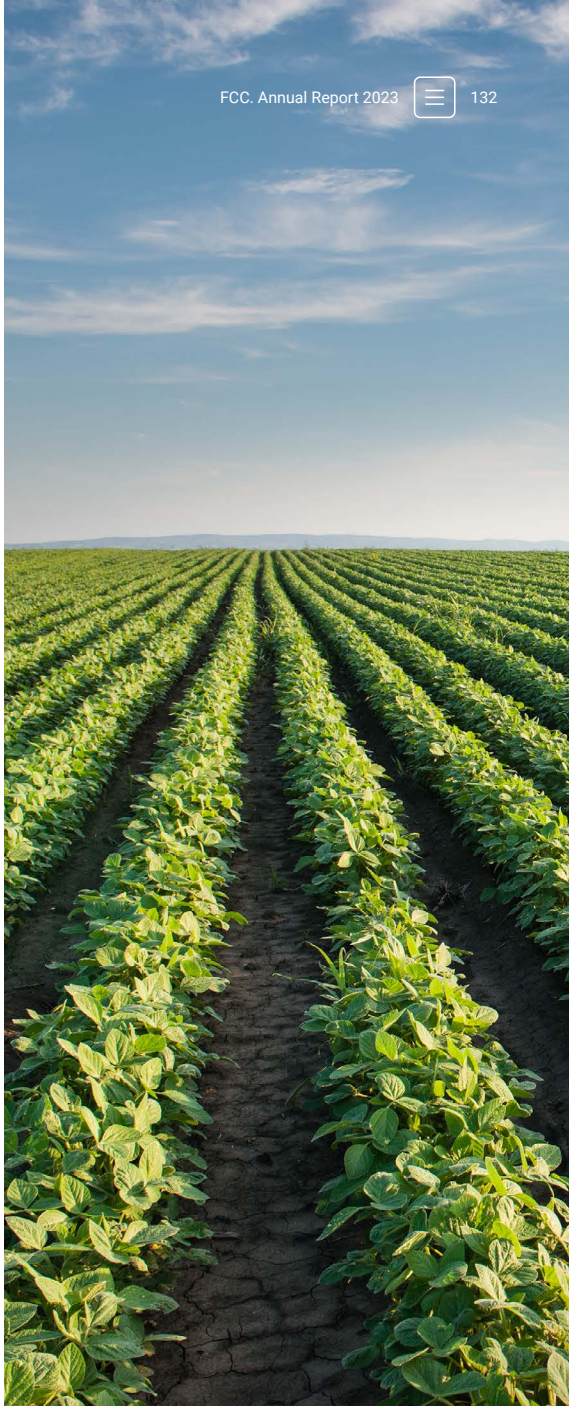
The project proposes a synergistic and comprehensive treatment for the valorisation of three types of bio-waste: OFMSW, sludges from wastewater treatment plants (WWTP) and urban wastewater, by means of a multi-platform photo-biorefinery based on phototrophic purple bacteria. This new concept will enable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

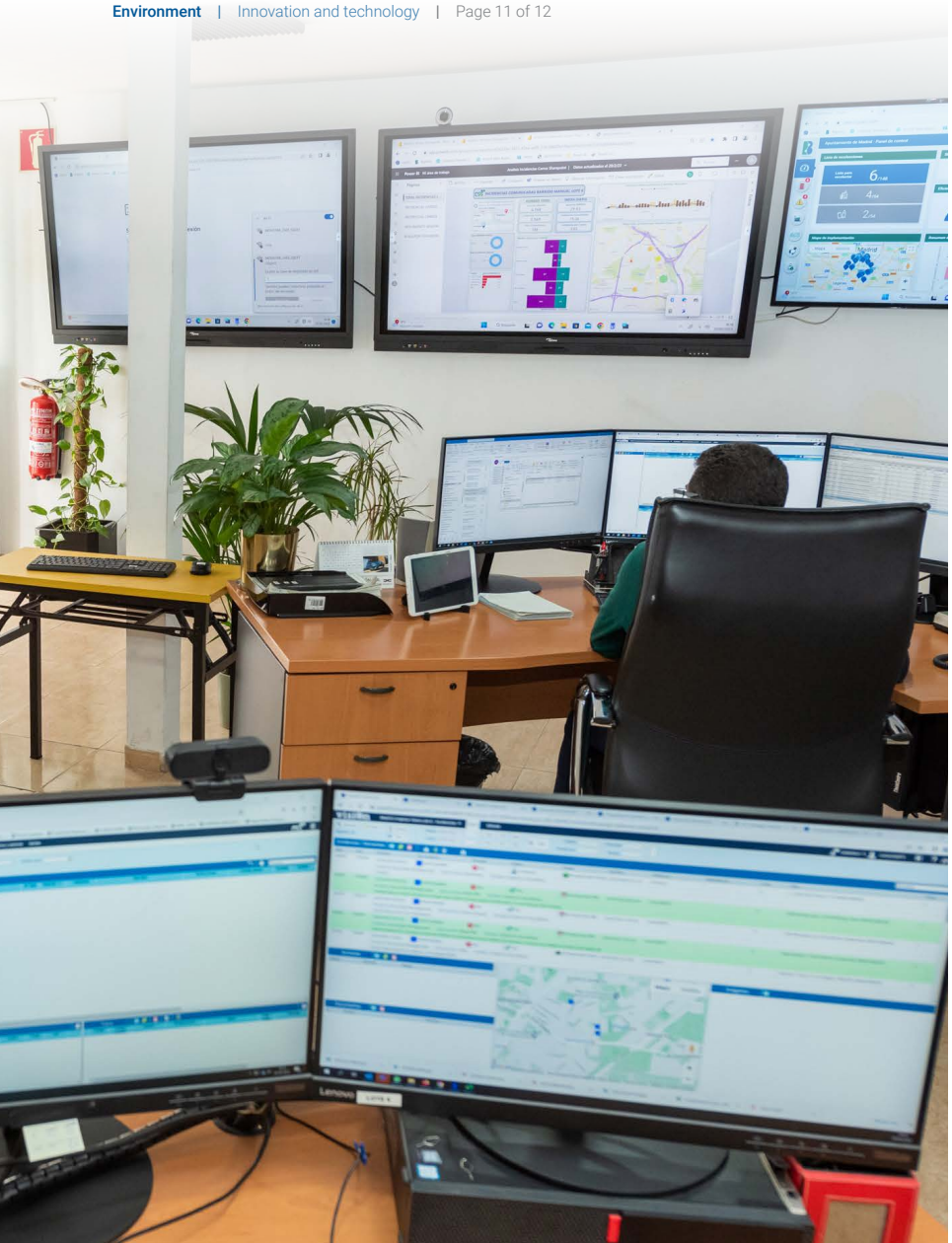
Mitigation of environmental impact



LIFE ABATE (LIFE-2022-SAP-ENV 101113838): Marketable high performance compact technologies for the abatement of VOCs in EU waste treatment plants, decreasing CO_2 emissions and energy consumption

The LIFE ABATE project, partially funded by the LIFE programme, aims to improve the sustainability of mechanical biological waste treatment (MBT) plants by demonstrating the benefits of innovative technology to reduce emissions of non-methane volatile organic compounds (NMVOCs) and CO_2. This process includes a VOC concentration stage using the concentrator followed by biological or thermal degradation, reducing emissions of NMVOCs and odours, lowering energy consumption and using the emitted CO_2 to promote the growth of crops in greenhouse agriculture. The ultimate goal of the project is to reduce NMVOC and CO_2 emissions, improving human and ecosystem health and well-being, with a lower energy consumption in comparison to current systems. The solution will be validated on an industrial scale at Ecoparc 3 Barcelona (Spain) and replicated at the Las Dehesas Biomethanisation plant in Madrid (Spain). In 2023, the partners visited these facilities to determine the optimal location for the prototypes.





Information and communication technologies

VISION

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

In the city services management sphere, there is an increasing demand for integrated and accurate information that guarantees the provision of the necessary work with the quality demanded by public administration and citizens.

FCC Medio Ambiente, through its ICT department, is developing 'VISION - Intelligent platform for the provision of citizen services', which enables it to meet the objectives set by clients and respond to current and future requirements regarding the provision of services. This platform has been a driving force for innovation since the beginning of its development in 2008, applying best practices in IT developments, integrated communications systems, geographic information management, Internet of Things, etc.

2023 saw the completion of a major technological migration process necessary to respond to the large number of users and clients served by VISION.

The resulting technical solution is a platform that integrates a web portal, communication services with third-party applications (communication APIs), mobility platform, geographic services, IoT, connection with advanced third-party services, also prepared for the new challenges posed by the use of artificial intelligence in the systems. Boarded on containers and hosted on AWS (Amazon Web Services), it is a modular and scalable infrastructure that adapts to specific needs and it constitutes the basis for guaranteeing the sure growth of business demands. This technological environment meets the requirements of high availability (24/7), security and scalability required by the ISO-27001 and National Security Scheme certifications in which the system is certified.

In terms of software development, continuous integration and delivery methodologies (CICD) are used to provide a swift response to new requirements or the evolution of current ones. Within this methodology, quality control systems are integrated through the programming and execution of validation tests that globally assess the impact of changes introduced to guarantee their effectiveness, as well as security and regulatory compliance.

Sustainable development

Project for the sealing of metallic mining waste landfills

In 2023 FCC Ámbito completed the 'EFFECTIVE SEALING SOLUTION FOR METALLIC MINING WASTE LANDFILLS FOR THE CONTROL OF POTENTIALLY TOXIC ELEMENTS' Research and Development project. This is a novel process involving a multi-layer physical barrier based on technology proven at small scale. The feasibility of using materials from waste in the making of granular layers was investigated, thus promoting the circular economy. The project received funding from the CDTI and counted with the collaboration of the Polytechnic University of Cartagena. The work was carried out in the Region of Murcia, and it hopes that the positive results will contribute to improving the environmental quality of this and other regions in Spain.

Complast Project

In 2023 FCC Ámbito collaborated in the CIEN 'COMPLAST' project, led by ANTEX, a specialist in synthetic textiles. The project, which will last 42 months, seeks to obtain new thermoplastic composites with improved properties for high-value applications in the aeronautical, railway and automotive industries, which can be recycled and/or incorporate recycled materials. The synthesis and generation of new textile products and thermoplastic composites and their use in parts for different transport industries will be researched, as well as manufacturing processes for the materials and parts to be developed. FCC Ámbito is focusing on finding high-value uses for recycled glass and carbon fibres, collaborating with universities and technology centres such as AITEX, GAIKER and the University of Girona (Spain).

Bicisendas (Cycle Lanes) Project

The CIEN 'Bicisendas' project, led by FCC Construcción and in which FCC Ámbito participates, was completed in 2023. The main objective was to develop a new generation of sustainable, energy self-sufficient, smart, decontaminating, integrated and safe bicycle lanes, made of modular and sustainable materials. The project focused on four areas: environment, energy, safety and ICTs. Universities and technology centres such as CSIC, University of Zaragoza (Spain), UPC, AITIIP, CIMNE, LEITAT and Lurederra collaborated in the project. FCC Ámbito focused on the recovery of waste, selecting materials with high silicon and aluminium content to be used as raw materials in an AAM agglomerant and the study of the suitability of various wastes for the adsorption of hydrocarbons and the immobilisation of microorganisms.

End-to-end Water Management Cycle

1. Sector analysis _ 137
2. Activity in the Water Area _ 146
3. Highlights End-to-end Water Management Cycle 2023 _ 149
4. Service excellence _ 150
5. Innovation and technology _ 172
6. People and culture _ 182
7. Corporate Communication and Sustainability _ 190
8. Regulatory compliance _ 202
9. Digitalisation and cybersecurity _ 205

Aqualia is an international **water services** operator that offers efficient technical solutions, tailored to the supply, management, sanitation and treatment needs of each community. The company provides a **service focused** on the **well-being of people** and **environmental protection**

End-to-end Water Management Cycle

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, while using the United Nations Sustainable Development Goals (SDG) as a benchmark, all following the regulations in force in each geographical area.

The rapid urbanisation process and the need to improve the population's living conditions, optimising a scarce resource, leads governments, regions and industrial corporations to search for specialised operators who can help them provide effective solutions to the water supply, sanitation and treatment problems.

Addressing the water challenge is Aqualia's greatest challenge due to increasingly hotter periods with less –and irregular– rainfall in Europe. The need to move towards a new paradigm that is more aware and sustainable requires innovation to overcome the challenges facing the sector.

Aqualia is a leading international operator, focusing its management on business models based on public-private partnerships, in specific geographic areas, with a growth objective that contains profitability criteria and 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 currently provides service to 45.2 million users and is present in 18 countries: Algeria, Saudia Arabia, Colombia, Chile, Peru, Egypt, UAE, Spain, USA, France, Italy, Mexico, Oman, Portugal, Qatar, Czech Republic, Romania and Georgia.

Aqualia's primary activity is the management of integrated water services in municipalities in countries through long-term concession models or the ownership of proprietary assets. Aqualia operates municipal water concessions in Spain, Portugal, Italy, France and Colombia, as well as asset ownership in Spain. the Czech Republic, Georgia and Colombia.

Aqualia Team.

1. Sector analysis

1.1. End-to-end Water Management Cycle: Spain

In 2023, the effects of the COVID-19 pandemic on water consumption have been overcome. Unfortunately, a new resource availability crisis has emerged due to prolonged drought in vast areas of Spain. Recovery of economic activity, particularly in the services sector and tourism, has also been affected by the invasion of Ukraine, especially caused by the exorbitant increase in material costs that have not been offset by a reduction in energy costs, leading to a Consumer Price Index (CPI) that are remained high although moderate compared to 2022, ending the year with a year-on-year increase of 3.1% and an underlying CPI of 3.8%.

As for the drought, accumulated water reserves started the year at 47% of the available volume of reservoir water, reaching August at 39% and with a slight recover during the last quarter of the year. Overall, reserve values have remained around 20 points below the average of the last 10 years. Inland basins in Catalonia, Andalusia and Murcia maintain reserve values under 20%. Rules to restrict consumption have been adopted in these territories such as lowering supply pressure, cutting supply at night and severe restrictions on non-priority consumption (swimming pools, irrigation, hosing, beaches). Volumes billed in the second half of the year have been affected in these areas; the situation remains the same at the start of 2024.

The Government of Spain and some autonomous regions have approved emergency plans, especially for the construction of new infrastructure, emergency construction work on new deep catchments, extending desalination plants and improving the use of surface water. New actions in Barcelona, Almería and Málaga in desalination stand out, as well as reuse in Andalusia and Alicante, valued overall at 1.4 billion euros and set to increase in 2024 and beyond. Furthermore, the Government of Spain approved the third water planning cycle in all national basins for the period ending 2027, with special emphasis on maintaining ecological flows and quality standards set in European Directives, with a joint budget for the actions necessary of 22.8 billion euros.

The Government of Spain approved the PERTE (Strategic Projects for Economic Recovery and Transformation) project for the Digitalisation of the Urban Water Cycle with a budget of 1.6 billion euros from the European Reconstruction and Development Mechanism. Two tenders were called during the year each with a subsidy of 200 million euros. In the first, Aqualia was awarded to the project submitted for the Campo de Gibraltar (Cádiz). We have submitted 13 proposals in different geographical areas of the country to the second tender, which is expected to be resolved during the first half of 2024.

Regarding the changing electricity costs, Aqualia has maintained a diversification policy for its suppliers by entering into two PPAs (Power Purchase Agreements) and closing prices in the fixed and futures markets for a high percentage of our CUP supply points. This has enabled us to depend only 17.7% on the free market (OMIE), thus being able to maintain a very low average cost during the year of €87/MWh. Furthermore, the reagents necessary for water treatment have recorded a cost increase of 9.4% and material purchase and outsourced work costs rose 18% compared to 2022. On the other hand, average labour costs in Spain in 2023 rose by 5.7%, the largest increase in the last 20 years.

A highly variable conduct was observed in relation to rate billing to customers —citizens and the industrial sector— in 2023. During the first half of the year, there was a 2.3% increase in volumes billed to low pressure customers, recovering pre-pandemic figures. Due to the effect of restrictions on consumption caused by the intense drought, especially in Andalusia and Catalonia, average customer consumption fell by -2.6% in the third quarter. The yearly average value eventually ended with a slight increase of 0.2% compared to 2022. During 2023, the prohibition on cutting off the supply of water to vulnerable customers who had failed to pay their bills was maintained, without this having any material impact on Aqualia's capacity to generate revenue.

Customer behaviour —citizens and industrial sector— compared to water rate billing was variable in 2023. The first quarter saw a 2.3% rise in the volume of water billed to low pressure customers, back to the same levels as before the pandemic. Due to the effect of restrictions on average consumption caused by the intense drought, average customer consumption fell by -2.6% in the third quarter, especially in Andalusia and Catalonia. The yearly average value ended with a slight increase of 0.2% compared to 2022. During 2023, the prohibition on cutting off the supply of water to vulnerable customers who had failed to pay their bills was maintained, with no significant impact on Aqualia's capacity to generate revenue.

Regarding the sale of water in bulk, the volumes supplied rose by 6.6% in 2023 compared to 2022. However, this type of supply has little weight for Aqualia. Growth of the aforementioned high pressure supply rates have benefited from the prolonged drought in Spain.

Great efforts were made to achieve rate increases and obtain subsidies in order to maintain the profitability levels of previous years despite the sharp rise in costs as mentioned above and despite the local elections held in 2023, which is traditionally associated with difficulties associated with rate reviews.

In commercial terms, 2023 was a year for consolidating Aqualia's presence in the industrial water sector. The Polo Químico IWTP in Tarragona, built for the company AITASA (Aguas Industriales de Tarragona) and inaugurated by the President of the Regional Government, is the largest facility of this kind in Spain.

Highlights in the municipal concessions market include new contract awards or the renewal or extension of contracts already operated by Aqualia. The main contracts were Guía de Isora (Tenerife), Fuente del Maestre (Badajoz), Piloña (Asturias), Mancomunidad de Servicios de la Manchuela, Manserman (Cuenca), La Roda (Albacete), Casas Ibáñez (Albacete), Hellín (Albacete), Ibiza, Sant Andreu de la Barca (Barcelona), Linares (Jaén), Puerto de la Cruz (Tenerife) and Martos (Jaén).

Notable O&M (Operation and Maintenance) contracts include operation work for the Western Coastal Area of Asturias Supply System, the Operation and maintenance service on the municipal sewerage network of Madrid (Canal de Isabel II) for Lots 5 Viveros Sub-basin and 6 La Gavia, Sur and Sur Oriental Sub-basins; the Plaza, la Muela and Épila WWTPs in Caspe, Maella, Calaceite and Mazaleón (Zaragoza); improves to sanitation networks managed by CYII for Lot 1 (Madrid); Technical-sporting services at the indoor pools in Travesas, Lavadores, Teis and Valadares de Vigo (Pontevedra); Maintenance services at the water supply and sanitation facilities of the Mancomunidad de Mairaga (Navarra); WWTP maintenance in the area of Tudela (Navarra) and cleaning and inspection of EMACSA sewerage networks (Córdoba).

AITASA Industrial Wastewater Treatment Plant in Tarragona (Spain).

Furthermore, the main O&M contracts extended or renewed were for the maintenance of wastewater treatment stations in Castilla-La Mancha, zone 1 (Toledo); Maintenance service for the Levinco PWTP in Mieres (Asturias); Operation services for the Picadas-Almoguera (Toledo) and Mancomunidad El Girasol (Cuenca) supply systems; Maintenance and fault management service of secondary supply networks in the municipalities of Zone A of the Bilbao Bizkaia Water Consortium (Vizcaya); Operation and maintenance services for the peripheral sanitation networks managed by Canal de Isabel II for Lots 3 Guadarrama, 7 Jarama, 4 Culebro A, 9 Torrelaguna and 11 Santillana; Maintenance service for the Toledo and Santa María de Benquerencia (Toledo) WWTPs; Maintenance service for the sewerage network of the city of Zaragoza and EMASESA (Seville); and Maintenance of the Chiclana de la Frontera y La Barrosa (Cádiz) WWTP.

In the area of EPC (Engineering, Procurement and Construction), awards for expansion work at the San Roque (Cádiz) WWTP; expansion work at the Fuerteventura, Fonsalía and Granadilla de Abona (Tenerife) SDFs; and the IWTP for Fortune Pig in Mollerusa (Lérida). During the year, construction work was completed at the composting plant in Seville (Ranilla WWTP), to extend the IWTP in Melilla, and construction is nearing completion on the new PWTP in Vigo, Mar de Alborán SDF (Almería) and the Galindo WWTP (Bilbao).

Toledo Technology Centre (Spain).

In 2023, Aqualia obtained new contracts in Spain and has renewed services already in operation for a total of 318 contracts. They account for an annual turnover of 241 million euros and a contracted portfolio of 720 million euros. This represents a 94% renewal of contracts maturing in the year, thus accrediting the trust and fidelity amount Aqualia clients.

In the institutional and legislative field, local, regional and general elections were held in May and July 2023. Many local and regional governments have changed and there has been a long delay in establishing the new Central Government, leading to many ongoing tender processes being frozen as well as the boost of the EU Reconstruction Plan.

The Water Urban Cycle Board, on which the MITERD (Ministry for the Ecological Transition and Demographic Challenge), business associations, trade unions and users are represented, has remained active during 2023 as the starting point for the future Spanish Observatory of Urban Water envisaged in the PERTE. The Government approved, in early 2023, the transposition of the new Directive on the Quality of Water intended for human consumption. It also amended the Revised Text of the Water Act and the Public Hydraulic Domain Regulations. Finally, the Water Acts of Extremadura, Aragón, Castilla-La Mancha and Galicia were reviewed, with a strong commitment to regulating the urban water cycle.

The company's permanent policy is the search for efficiency in operational management, with the effort made in 2023 to reduce costs, particularly in reducing consumption (energy, materials, and water purchases) has been noteworthy, an action that has allowed us to improve the efficiency ratios, despite the above-mentioned price increases. Progress has been made in the creation of 11 regional logistics centres to enhance synergies in purchasing capacity and to ensure warehouses provided by suppliers.

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 billing, 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), Oviedo 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.

Aqualia has promoted actions in Spain as a socially committed company, renewing the agreements in place with UNHCR, Caritas and the environment through several initiatives that seek to reduce greenhouse gas emissions, prioritising green energies. Additionally, Aqualia, as a founding partner of the *StepbyWater* Alliance, is maintaining the momentum for the development of its founding goals, under Aqualia's CEO.

1.2. End-to-end Water Management Cycle: International

Internationally, Aqualia concentrated its 2023 activity mainly in Europe, the Middle East and North Africa (MENA) and Latin America (LATAM).

Europe

In 2023, evolution in Europe was characterised by the following relevant events:

- Moderate reduction in consumption caused by: a) the effects of the 2020 health crisis, the consequences of which still remain in some regions, b) public awareness on saving water and caring for the planet, and c) sensitivity of demand in the face of rate increases suffered due to the rise in operating costs. In this sense, the 3.4% reduction in consumption in the Czech Republic compared to the previous year and 2% in Italy are worthy of note.

- Increase in water and sewerage rates. Due to inflation caused by the global energy crisis as a result of the Ukraine war, water service operating costs have suffered major increases which, thanks to the resilience of water contracts backed by mature regulatory systems, have led to parallel rate increases. Thus, the Czech Republic increased its rates by 24.3% and France by 6.7%.

- Member States have adopted supply policies in light of water scarcity based on the search for new water resources in desalination and reuse and greater control of groundwater and surface water, as well as demand policies to reduce leaks, sectorisation and digitalisation by allocating European funds.

- Sustainability plans for reducing carbon footprint and the circular economy to use sector waste for new usable resources (reused water, biogas, biofertilisers, renewable energies) promoted by the European Union, and improved distributed water and discharged water quality, have served as a common thread for the development of new regulations and promoting innovation in treatment technologies.

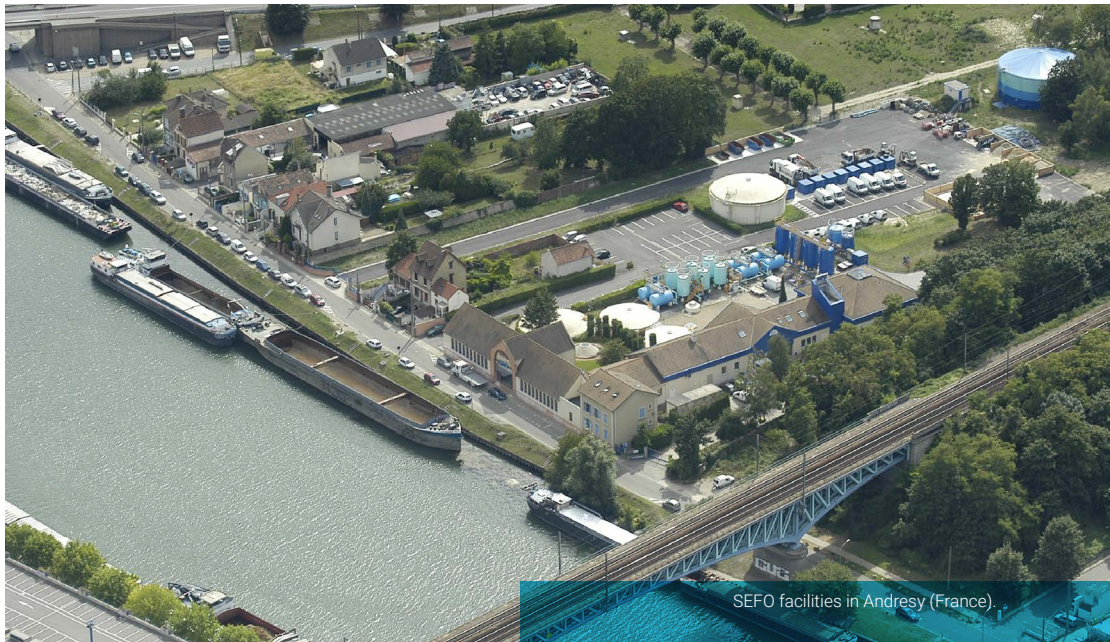
Annual inflation in the **Czech Republic** grew by double figures, subsequently transferred to a rise in operating costs which, by applying the regulatory system, ends up impacting new supply and sanitation rates. The rise in prices has not been a barrier for investments in improving networks in order to maintain high efficiency levels in infrastructures.

The strength of the Czech koruna (annual average 24 CZK/€) has had a favourable impact on the company's consolidated financial statements expressed in its operating currency (euro).

In 2023, Czech subsidiary SmVaK designed an ambitious Sustainability Plan in line with Aqualia's Sustainability Plan. It established new investments designed to improve energy efficiency in existing infrastructures and reduce the system's carbon footprint.

Commercial activity in the country has been intense, especially towards the end of the year, with water tender processes in major cities of Bohemia with existing private operators such as Příbram and Písek despite a trend of changing the management model to direct management. In the geographic area covered —Silesia and Moravia—, Aqualia, via its Czech subsidiary, has been awarded tenders in Opava, Třinec, Žabeň, Doubrava, Háj ve Slezsku and Těrlicko.

France is still the European country with the most business opportunities for organic growth despite having the biggest world competitors in the sector. Public tenders for managing supply, sanitation or the end-to-end water cycle proliferate with a French management model with special characteristics (DSP, *Délégation des Services Publiques*) with low investment needs, contract terms of between 6 and 12 years and joint management with municipalities. Although competition is deeply rooted in the territory and margins are narrowing, Aqualia has increased the population served in the country to 920,000 people. Contracts in Pays de Dreux (first sanitation and then distribution) and the renewal of Andresy are the more relevant milestones in 2023. The Brittany-based management unit continues to expand with new contracts awarded in Iffendic, Lamballe, Theil de Bretagne and Dinan.



SEFO facilities in Andresy (France).

In addition to the classic water management model, the shortage is the driving force behind new opportunities. The French Ministry for the Ecological Transition took a major step forward in the road to water security by publishing key legislation on reuse and reinforcing support for industrial efficiency projects. These measures are the most tangible steps to date towards the goal of increasing reuse at national level by 10% for 2030, set at the beginning of the year in the national Water Plan, compared to the current level of 1%

All this along with constant interest by French authorities in improving supplied water quality by applying membrane technologies will lead to new public tender concessions with investments in improving and expanding treatment infrastructures, such as the case of management in the Paris metropolitan area.

In **Italy**, the concession managed by Aqualia's local subsidiary, Acque di Caltanissetta, has satisfactorily completed its 15.5 million euro project as part of the REACT-EU programme for financing Recovery and Resilience Plans. The project consisted of installing new remote reading systems for 90,000 users, automation and remote control of installations and improving networks in the Sicilian province.

Acque di Caltanissetta was also granted funding from the Sicilian region for two new projects for the Niscemi water network and sanitation in Manfria for a total of 8.1 million euros. The Ministry for the Environment and Energy Security has also awarded funding for another three projects to improve sanitation and treatment in the towns of Delia, Marianopoli and Gel-Manfria for an overall total of 8.3 million euros.

Nevertheless, the most relevant milestone of the year was the resolution by the Provincial Court of Appeal of Caltanissetta (Corte di Appello di Caltanissetta) in favour of the company, with 10.8 million euros awarded for excess costs incurred at the start of the concession. It has been compensated as a rate deficit with approval from the competent authority and the Italian regulator.

The dominant management model in the Italian market is multi-utility via joint ventures with joint public-private ownership, as proven by Italian gas company Italgas recently acquiring shares managed in the country by Veolia.

In **Portugal**, problems caused by the drought are significantly conditioning water in the country. On one hand, with special policies to protect the use of water resources by increasing underground water consumption monitoring and public tender processes to promote distribution network efficiency as part of the digital transition in the sector. On the other, policies to increase supply have been adopted by announcing the construction of new desalination and reuse infrastructures.

The Strategic Plan for Water Supply and Handling Wastewater and Rainwater (PENSAARP 2030) aims to boost leak reduction activity. The plan envisages that any improvement to the network should introduce smart networks in order to meet the target of 20% (10 percentage points below the current level) of water not billed for 2030, set by sector regulator ERSAR.

In terms of desalination, seawater desalination projects planned for the tourist area of the Algarve, industrial area of Sines and agricultural areas in Southern Portugal are worthy of mention.

A new stage for the industrial sector is also opening, gaining awareness of the water situation and actively seeking more efficient solutions for consumption and liquid effluent treatment. Expectations generated by the "green energy corridor" signed by Spain, Portugal and France open the doors to the proliferation of emerging sectors, such as green hydrogen production, which require intensive use of water technologies to obtain quality water and then hydrogen by electrolysis.

Inflation has been contained in operating costs mainly thanks to the standardisation of electricity costs and their coverage, ensured by the revision formulas set out in concession contracts which, following negotiations with the granting authorities, have generally been transferred to rates.

With things gradually returning to normal, as the COVID-19 response restrictions were removed, water consumption fell by an average of 1.4% in the areas where Aqualia operates in the rest of the European continent, mainly due to lower demand from residential customers. However, the growth of the perimeter, tariff management and the increase in consumption by non-residential customers caused Aqualia's turnover in Europe to increase overall in 2023.

The price increase in the energy markets also caused a large upward move in prices in the European countries where Aqualia operates. However, the strength of the regulated systems and, in general, the inclusion of fixed price clauses in contracts, future contracts and participation in PPAs (Power Purchase Agreements) that have characterised the company's management in previous years, allowed Aqualia to remain totally unaffected by the sharp increase in energy costs.

In **France**, Aqualia continued to consolidate its position as the fourth largest water operator in the country, adding new contracts to its portfolio of projects under management, including its first successes outside the Paris region of Ile de France. Specifically, the company was awarded the contract to manage drinking water for the next 10 years in the Foret du Theil area, in the department of Ille-et-Vilaine, and the contract to manage drinking water for nine years in Kergoff, both in Brittany. The subsidiary SEFO was also awarded the water management contract for the municipalities of Rambouillet, Bonnelles and Bullion, and the sanitation management contract for the municipalities of Bois d'Arcy, Bievres, Jouy-en-Josas and La Celle Saint Cloud, in the Versailles area. The company was also awarded a contract for the maintenance of public facilities in Enghien-les-Bains, also in Ile de France. At the beginning of 2023, Aqualia will serve 91 French municipalities, having increased the population served in France to 424,000 inhabitants, representing 200% growth since entering the country in 2019.

In the **Czech Republic**, the rate framework for water and water supply approved in 2021 by the Ministry of Finance was already fully implemented in 2022, and strengthens the active infrastructure management model to ensure its technical and economic sustainability in the short and long term. In this context, Aqualia group companies in the Czech Republic have continued to invest in network improvements and the digital transformation of the service, to contribute towards making increasingly efficient use of the resources employed. Aqualia was also awarded new contracts in the country, including for the operation of sewerage networks in Krmelín, Albrechtice and Rychvald.

in **Italy**, the concession managed by Aqualia's local subsidiary, Acque di Caltanissetta, was selected by the Italian government to receive European funds under the REACT-EU funding programme for Recovery and Resilience Plans. Specifically, Caltanissetta obtained about 14 million euros for the installation of new remote reading systems for 90,000 users, the automation and remote control of installations, and the improvement of networks in the Sicilian province.

In **Portugal**, the problems caused by prolonged droughts have aroused the interest of the public authorities in assessing the feasibility of building desalination plants for the first time in mainland Portugal. Public investments have also been committed to combat drought in the Algarve, Madeira and Alentejo, and other public programmes are expected to include investments for wastewater reuse projects. Aqualia, along with other private operators, is trying to maintain active communication so that part of these investments can be channelled through the robust Portuguese concession framework with equal opportunities for public and private operators. Another of the Portuguese government's lines of action focuses on public aid for decarbonisation and renewables, including green hydrogen. Consequently, a consortium led by Aqualia and FCC Construcción was proposed as the successful bidder for the installation of a green hydrogen production plant in Setúbal, including water supply and treatment facilities, a pioneering project in this field in Portugal.

In **Georgia**, in February 2022, the acquisition of Georgian Global Utilities (GGU), which provides end-to-end water cycle services in the country's capital, Tbilisi, and in two other nearby towns, Mtskheta and Rustavi, was completed. It serves a total population of 1.4 million people.

GWP opens its first multifunctional operations centre to improve water service in Tbilisi (Georgia).

During 2023, progress has been made in the following areas:

- Reorganisation of the company to increase operating efficiency in all processes, especially regarding fault repairs and leaks in the drinking water supply network as well as reducing energy consumption.
- Reorganisation of the company regarding its investment execution capacity to prepare the organisation to execute investments planned and agreed with the regulator at a much higher level than before.
- Drafting of the End-to-end water cycle Master Plan for Tbilisi, Mtskheta and Rustavi. Main technical document setting out the priorities and timeframe for investments and the general status of all service installations.
- Work on the future rate structure with consumption blocks and fixed fees together with the regulator GNERC *(Georgian National Energy and Water Supply Regulatory Commission)*.
- Increased public awareness on the scarcity and value of water with communication campaigns and public events.

In late December 2023, the regulator GNERC published new water rates for the 2024-2026 period, previously agreed with GGU, which will enable greater investment in improving water cycle infrastructure.

MENA

In **Algeria**, the two desalination plants, Mostaganem and Cap Djinet, have continued to operate at full capacity and without significant incidents, providing a critical service to the population in the country's largest metropolitan areas, Oran and Algiers.

Administrative difficulties were experienced throughout 2023 from the cooling relations between Algeria and Spain caused by the Spanish government changing its position on the Sahara conflict.

In **Egypt**, Aqualia continued to satisfactorily operate the Abu Rawash wastewater treatment plant, with a treatment capacity of 1,600,000 m^3/day, which serves the western area of Cairo.

As for the operation of the 250,000 m^3/day New Cairo wastewater treatment plant, work continued at full capacity and to the client's satisfaction throughout the year.

The Alamein desalination plant, with a capacity of 150,000 m^3/day, 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. A 5-year extension to the operation and maintenance contract was signed in 2022 and the plant has operated without incident in 2023.

In 2023, new salination and treatment tenders processes were conducted in Egypt in PPP (Public-Private Partnerships) and DBO (Design-Build-Operate) formats. The results have not been published on the date of the next Report but Aqualia expects to be one of the winning bidder companies.

Abu Rawash Wastewater Treatment Plant (Egypt).

In **Saudi Arabia**, Aqualia completed the last work to extend water service infrastructures for lines 5, 6 and 7 of the Riyadh underground in 2023.

Additionally, the desalination plants operated by the Haaisco subsidiary —Jeddah International Airport desalination plant, KAUST University desalination plant and the Petrorabigh desalination plant—, all operated at full capacity. The Jizan desalination plant, also operated by Haaisco, was finally fully commissioned in late 2023.

In June 2023, Haaisco signed a new operation and maintenance contract for three 50,000 m^3/day floating desalination plants, each for Saudi state shipping company Bahri. One of the three was already operating at the end of the year, awaiting the incorporation of the remaining two. These mobile plants will initially be located in Yanbu port on the Red Sea but may be moved along the country's coast where required for periods of several months.

Aqualia leads consortia that won two of the six regional delegated water service management contracts for the National Water Company in 2022: North Cluster and South Cluster contracts. The other four contracts were awarded to consortia led by Saur, Veolia and Suez.

Since the award in 2022, Aqualia leads the North Cluster and South Cluster consortia, managing two of the six regional water service contracts for the National Water Company. The remaining four contracts were awarded to consortia led by Saur, Veolia and Suez.

Each of these two contracts, North Cluster and South Cluster, have continued to operate to the client's satisfaction in 2023 and each have a large team of professionals who manage and transform the client's existing water management organisation in the provinces of each Cluster. They also undertake an ambitious programme for the modernisation and optimisation of the end-to-end water cycle services, aiming to prepare them for the privatisation phase.

The South Cluster includes the provinces of Jizan, Al Baha, Najran and Asir, and serves a population of 5.5 million. Work began on 1 June 2022. The North Cluster includes the provinces of Qassim, Hail, Al Jouf and Northern Border, and serves a population of 2.5 million. Work began on 1 January 2023. Work has been satisfactory throughout the year in both the north and south.

In terms of new projects in Arabia, in 2023 offers have been submitted for two major projects of the "*Long Term Operation and Maintenance*" programme with investment to renew and extend wastewater treatment plants and 15-year operation; both are pending award.

In the **United Arab Emirates**, 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.

Operation also continues for Al Ain Distribution Company (AADC) for the operation and maintenance of water distribution infrastructure for irrigation in agricultural production facilities and for irrigation of recreational areas.

During 2023 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 incidents. All infrastructures for seawater desalination, supply and distribution of drinking and process water, distribution of cooling water for industries, collection and treatment of wastewater and distribution of reused water for irrigation are all now fully operational.

In **Qatar**, operation has continued at the Al Dhakhira wastewater treatment facilities to the north of the country, with capacity for 55,000 m^3/day and operated by Aqualia MACE. The plant supplies treated water for garden irrigation to areas near the Al Khor stadium, one of the main World Cup venues.

Also, within the framework agreements that Aqualia has signed with Ashghal, the Qatari Ministry of Public Works, for the execution of works on sewerage networks and infrastructures, several internal coating projects for collectors and network extension continued in 2023.

As part of this activity, a new contract was signed to remodel the Doha South wastewater treatment plant.

USA

During 2023, Aqualia maintained its commercial activities in the United States with its active search for new projects and business opportunities. Efforts have specifically focused on acquiring a platform to develop business in the US market.

At 31 December, 97% of the Municipal District Services (MDS) company was acquired via the subsidiary FCC Aqualia USA corp. The purpose of MDS is integral water infrastructure and sanitation management in the Municipal Utility Districts (MUD) around the Houston metropolitan area (Texas). MDS currently serves 360,000 inhabitants with 136 contracts.

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. The increasingly stricter legislation in relation to controlling and eliminating emerging pollutants 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 2023, Aqualia continued to consolidate its position as a sector leader in **Mexico** thanks to a highly diversified asset portfolio, making it a benchmark in the country. This portfolio includes water distribution and purification through the Querétaro and San Luis de Potosí BOT (Build, Operate and Transfer) contracts, desalination through the Guaymas BOT contract, wastewater treatment through the Cuernavaca WWTP BOT contract and the Integral Management Improvement project, with a BOT contract structure, in Los Cabos, Baja California Sur.

Aerial view of the El Salitre Wastewater Treatment Plant (WWTP) in Bogotá (Colombia).

The experience obtained in the BOT contracts 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.

The Guaymas desalination plant, awarded in 2018 by the CEA (State Water Commission) of Sonora under a BOT system and whose execution was delayed slightly due to the pandemic, began operations in mid-2022 and continues to operate satisfactorily, actively contributing to the development of the region and alleviating the intense drought experienced in the state of Sonora.

In June 2023, phase one of the Integral Management Improvement (IMI) Project formally began. This will increase efficiency levels and improve the drinking water service in the municipality of Los Cabos by implementing actions related with sectorisation, user registration, micrometering, leak detection and control, under a public-private partnership system.

In **Colombia**, the final touches continued on the El Salitre WWTP (Wastewater Treatment Plant) construction project in Bogotá. The plant is expected to be finalised in the first half of 2024.

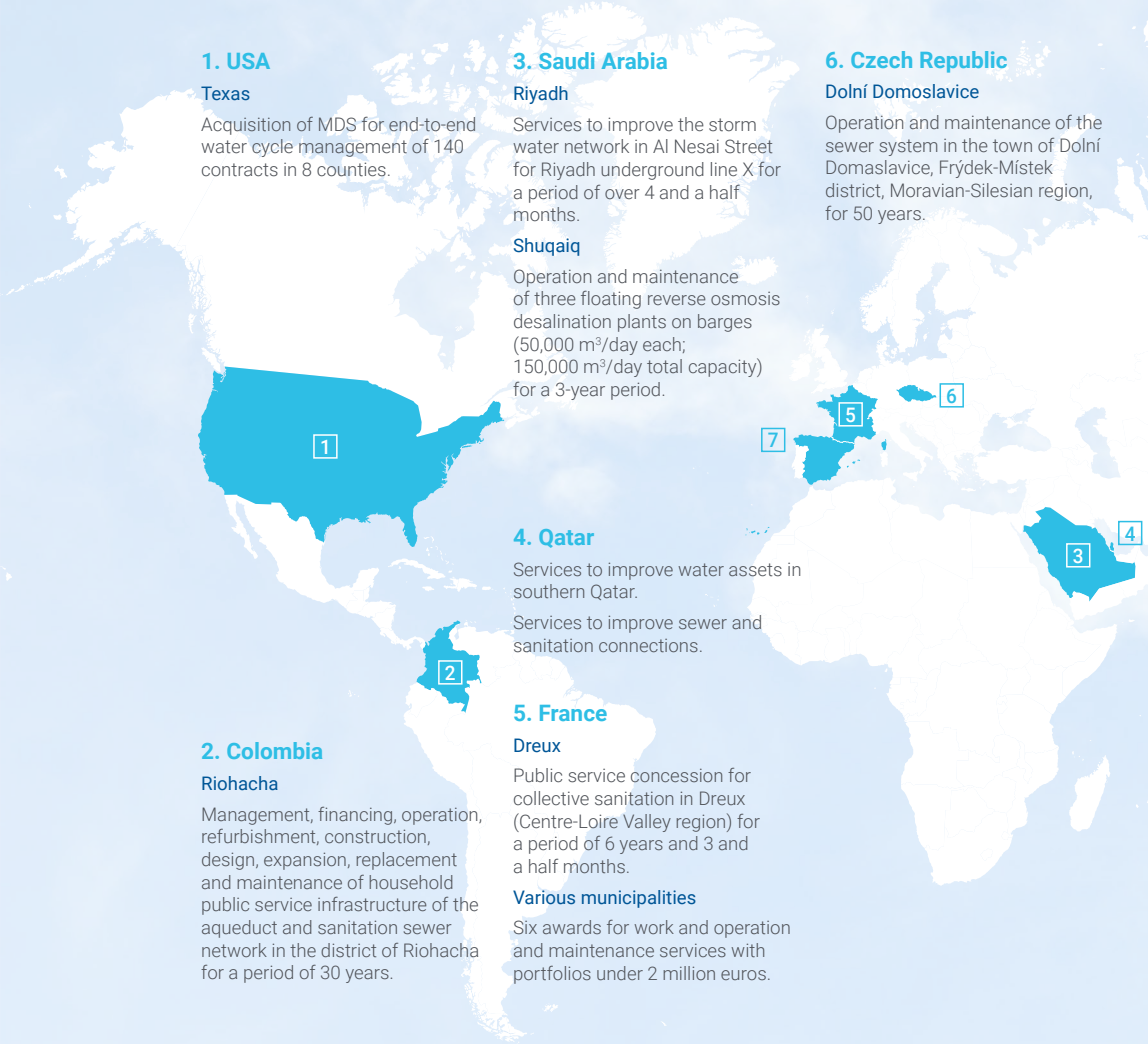
On 1 June 2023, Aqualia began performing the contract for the management, financing, operation, refurbishment, construction, design, expansion, replacement and maintenance of household public service infrastructure of the aqueduct and sanitation sewer network in the district of Riohacha (Guajira). This is the company's largest operation in Colombia and will enable it to provide service to a population of around 310,000 over 30 years.

With the commissioning of the capital of Guajira department, Aqualia strengthens its presents in Colombia where it now supplies 30 municipalities in eight departments throughout the country, and provides service to almost 1.2 million inhabitants, consolidating its position as the second largest private operator in the country.

Aqualia has also continued to integrate and improve management of the services acquired in 2020 in the department of Córdoba (Aguas de Sinú, Uniaguas and OPSA), the municipality of Villa del Rosario, as well as new incorporations in 2022 and the services of Flandes, Ruitoque, Aguas de la Sabana, Aguas de la Península, Aguas de Albania, Aguas de Aracataca, Aquamag Fundación, Aquamag Retén and Aguas del Sur del Atlántico.

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. Aqualia is implementing seven co-financed private initiatives for wastewater treatment and desalination plants. Four of these projects are in an advanced structuring phase and are part of the significant portfolio of short-term projects for ProInversión.

2. Activity in the Water Area



1. USA

Texas

Acquisition of MDS for end-to-end water cycle management of 140 contracts in 8 counties.

2. Colombia

Riohacha

Management, financing, operation, refurbishment, construction, design, expansion, replacement and maintenance of household public service infrastructure of the aqueduct and sanitation sewer network in the district of Riohacha for a period of 30 years.

3. Saudi Arabia

Riyadh

Services to improve the storm water network in Al Nesai Street for Riyadh underground line X for a period of over 4 and a half months.

Shuqaiq

Operation and maintenance of three floating reverse osmosis desalination plants on barges (50,000 m³/day each; 150,000 m³/day total capacity) for a 3-year period.

4. Qatar

Services to improve water assets in southern Qatar.

Services to improve sewer and sanitation connections.

5. France

Dreux

Public service concession for collective sanitation in Dreux (Centre-Loire Valley region) for a period of 6 years and 3 and a half months.

Various municipalities

Six awards for work and operation and maintenance services with portfolios under 2 million euros.

6. Czech Republic

Dolní Domoslavice

Operation and maintenance of the sewer system in the town of Dolní Domaslavice, Frýdek-Místek district, Moravian-Silesian region, for 50 years.

7. Spain

ANDALUSIA

San Roque (Cádiz)

Construction of the discharge grouping for some municipalities in the Campo de Gibraltar and the new San Roque WWTP. 3-year contract with ACUAES.

ARAGÓN

Plaza, La Muela and Épila (Zaragoza)

Operation, maintenance and conservation service of the Plaza, La Muela and Épila WWTP for a period of 3 years.

CANARY ISLANDS

Santa María de Guía (Las Palmas de Gran Canaria)

Concession of the public water supply and sanitation service of Santa María de Guía for a period of 40 years.

Pájara (Las Palmas de Gran Canaria)

Maintenance service for the supply, sewer, treatment and desalination service in Costa Calma, in the municipal district of Pájara, for a period of 2 years.

Santa Cruz de Tenerife

Extension work at the Fonsalía Seawater Desalination Plant for a period of 9 and a half months.

Granadilla de Abona (Santa Cruz de Tenerife)

Extension work at the Granadilla Seawater Desalination Plant for a period of 10 months.

Fuerteventura

Work to replace osmosis modules at the Puerto del Rosario Seawater Desalination Plant for 1 year.

CATALONIA

Mollerussa (Lérida)

DBO (Design, Building and Operation) of the Fortune Pig Industrial Wastewater Treatment Plant in Mollerussa for a period of 8 years.

EXTREMADURA

Fuente del Maestre (Badajoz)

Concession of the public drinking water supply, sewerage and treatment service for a period of 10 years.

MADRID

Work to improve the sanitation networks managed by Canal de Isabel II (Lot 1).

Operation and maintenance service for the sewer network and complementary services in the municipality of Madrid; Canal de Isabel II Metropolitan sewer network (Lot 5, Viveros sub-basins) for a period of 4 years.

Operation and maintenance service for the sewer network and complementary services in the municipality of Madrid; Canal de Isabel II Metropolitan sewer network (Lot 5, La Gavia, south and south-east sub-basins) for a period of 4 years.

Various municipalities

58 work and service and maintenance awards

With portfolios under 2 million euros.

2.1. Expansions and extensions to already managed contracts in Spain

- **Martos (Jaén)**
  Extension of the concession of the water supply and sanitation service in the municipality of Martos for a period of 4 years.

- **Dos Hermanas (Seville)**
  Extension of the project for the construction of the Copero environmental complex.

- **Córdoba**
  Renewal of the cleaning and inspection service of sewerage networks, scuppers and installations of EMACSA for a period of 3 years.

- **Linares (Jaén)**
  Extension of the concession for the end-to-end water cycle service with a joint venture for another 20 years.

- **Zaragoza**
  Extension of the hybrid services contract and minor conservation and repair work for cleaning and maintaining the sewerage and urban drainage systems and network of underground channels of the city of Zaragoza for another year.

- **Piloña (Asturias)**
  Renewal of the concession for water supply and sewerage services in Pilona for a period of 15 year.

- **Ibiza (Balearic Islands)**
  Extension of the concession for water supply and sewerage services in Ibiza for another year.

- **Puerto de la Cruz (Santa Cruz de Tenerife)**
  Extension of the concession for the water supply service in Puerto de la Cruz for another year and a half.

- **San Miguel de Abona (Santa Cruz de Tenerife)**
  Extension of the water supply, distribution network conservation and maintenance and water deposits service in San Miguel de Abona "Golf del Sur, S.A." for another 6 years and 9.5 months.

- **Valmojado (Toledo) and Mancomunidad El Girasol (Cuenca)**
  extension of services for the operation, conservation and maintenance of supply systems in Picadas-Almoguera (Toledo) and Mancomunidad El Girasol and drive systems in Almoguera-Algodor-Sagra Este (Cuenca) for a period of another 2 years.

- **Toledo**
  Extension of the maintenance, conservation, operation and recovery service for the Wastewater Treatment Plants of Toledo and Santa María de Benquerencia for another year.

- **Illescas (Toledo)**
  Extension of the concession for the public drinking water supply and sewerage service management and operation for another year.

- **La Manchuela (Albacete)**
  Renewal of the concession for public drinking water supply and sewerage services for Mancomunidad de Servicios de La Manchuela (Manserman) for a period of 12 years.

- **Hellín (Albacete)**
  Extension of the concession for the sewerage and wastewater treatment service in Hellín and district for another 5 years.

- **Casas-Ibáñez (Albacete)**
  Extension of the water supply service concession for another 15 years.

- **La Roda (Albacete)**
  Extension of the water supply service concession for another 5 years.

- **Lloret de Mar (Girona)**
  Extension of the supply service in the Serra Brava residential development for another 11 and a half years.

- **Sant Andreu de la Barca (Barcelona)**
  Extension of the water supply service concession for another 5 years.

- **Vigo (Pontevedra)**
  Renewal of technical-sporting services at the indoor pools in Travesas, Lavadores, Teis and Valadares and gyms in Travesas and Berbés for another 4 years.

- **Madrid**
  Extension of the operation and maintenance services on the sewerage network and complementary facilities (Lot D, Valdebebas sub-basins, South and South-East; Jarama and Colmenar areas) for a period of 8.5 months.

  Extension of operation and maintenance services of the peripheral sanitation networks managed by Canal de Isabel II (Lot 4, Culebro A) for another year.

  Extension of operation and maintenance services of the peripheral sanitation networks managed by CYII (Lot 3, Guadarrama) for another year.

  Extension of operation and maintenance services of the peripheral sanitation networks managed by CYII (Lot 9, Torrelaguna) for another year.

  Extension of operation and maintenance services of the peripheral sanitation networks managed by CYII (Lot 7, Jarama) for another year.

  Extension of operation and maintenance services of the peripheral sanitation networks managed by CYII (Lot 11, Santillana) for another year.

- **Melilla**
  Extension of works and services for the expansion of the Seawater Desalination Plant and operation during work execution and commissioning.

- **Mancomunidad de Mairaga (Navarra)**
  Renewal of maintenance, conservation, operation, cleaning and repair services of water supply and sanitation installations as well as meter reading for a period of another 10 years.

- **Alcoy (Alicante)**
  Extension of the water supply service concession for another year.

- **Villena (Alicante)**
  Extension of the concession for the public drinking water supply and sewerage service management and operation for another year.

- **Various municipalities in Spain**
  216 renewals, extensions and expansions. With portfolios under two million euros.

3. Highlights End-to-end Water Management Cycle 2023

January

_ Aqualia wins a 10-year contract to manage drinking water in the area of Foret du Theil, in the Ille and Vilaine department of Brittany (France).

_ Aqualia takes part in the StepbyWater alliance conference *'Drought in Europe'* supported by the Government of Spain and the Spanish Federation of Municipalities and Provinces (FEMP).

_ Aqualia participates in *'Carrefour des gestions locales de l'eau'*, the main water management event in northwest France.

February

_ The consortium, led by Aqualia, that manages water services for the North Cluster in Saudi Arabia formally begins its operation.

_ Aqualia presents a seminar in Oviedo (Spain) on regeneration and reuse of water as part of the *H2020 ULTIMATE project*.

_ The treatment plant in Jerez de la Frontera (Cádiz, Spain), opts for energy sustainability by installing over 1,500 solar panels.

March

_ Platja d'Aro Council in Girona (Spain) awards Aqualia management of the water supply for the next 25 years.

_ Twenty-year extension to the Aqualia contract, via its subsidiary Linaqua, for service in Linares, Jaén, thus consolidating the first contract in Spain obtained in 1972.

_ Inauguration of the AITASA treatment plant at the largest petrochemical industrial estate in Southern Europe, built by Aqualia, and that will operate for 5 years.

_ Aqualia and Los Alcázares Council in Murcia (Spain) present the NINFA project, which will monitor and prevent contamination in the waters of the Mar Menor.

April

_ Dual nomination at the Global Water Awards for 'Water Company of the Year' and 'Wastewater Project of the Year' for the Abu Rawash plant (Egypt).

_ AqualiaMACE rewarded by public corporation Al Ain Distribution Company, Abu Dabi (United Arab Emirates) for its commitment to the health and safety of is more than 500 employees.

_ The 'Hub Reusa' project is presents at the El Toyo WWTP in Almería (Spain) as a reference for the agricultural use of regenerated water.

_ Present at the *Quality Water Summit* and the 5th Ibero-American Congress of Engineering and Technology (CIBITEC23).

May

_ Aqualia named *Water Company of the Year 2022* at the Global Water Awards 2023.

_ 'Ofiso 2023 Award' granted to Aqualia for the best sustainable loan in 2022 for the corporate green syndicated loan of 1.1 billion euros.

June

_ Aqualia starts to manage supply and sewerage in Riohacha, capital of the department of La Guajira (Colombia).

_ Participation in the 25th ANDESCO Congress held in Cartagena de Indias (Colombia).

_ Aqualia takes part in the 13th AEDYR International Congress (Spanish Association of Desalination and Reuse) in Granada (Spain).

_ #Actúa, the Aqualia 2021 Sustainability Report, finalist at the 6th "Ramón del Corral" Dircom Awards.

July

_ Aqualia officially begins Phase 1 of operations for the Integral Management Improvement (IMI) project in Los Cabos, Baja California Sur (Mexico).

_ New contract awarded to Aqualia in France for sanitation and water treatment in 41 municipalities in the Centre-Loire Valley region for six years.

_ Aqualia wins the contract to operate and maintain three floating desalination plants in Saudi Arabia that will produce 50,000 m^3 of desalinated water per day.

_ Aqualia is awarded the work to extend the Fonsalía desalination plant in Santa Cruz de Tenerife (Canary Islands, Spain).

August

_ Aqualia and NGO Asperga, from Spain, and Rotary E-Club Origen, from Colombia, launch local initiatives thanks to grants from IFM Investors.

_ Aqualia participates in the Technology Transfer Seminars organised by Aqualia - AdTa (Águas do Tejo Atlântico), which belongs to the state corporation Águas de Portugal.

_ Caltaqua begins digitalising remote reading by installing 17,000 remotely-controlled meters (Italy).

September

_ Inauguration of the Centre for Innovation in the End-to-end Water Cycle at the Salamanca WWTP (Spain) to develop bioproduct generation projects.

_ Aqualia is recognised by the Federation of Business Owners of Cádiz (Spain) for its contribution to the SDG with the "Sosteniblómetro" initiative.

October

_ MITERD approves the Campo de Gibraltar PERTE in Cádiz (Spain), a project submitted by Aqualia and the public corporation Arcgisa to digitalise the water cycle in eight municipalities.

_ The Cartagua and Aquamaior services in Portugal are awarded the "Exemplary quality of water for human consumption seal".

_ Photobiorefinery inaugurated for the Deep Purple project at the treatment plant in Linares (Jaén, Spain).

_ Aqualia celebrates the second edition of the "i4U" Innovation Awards.

November

_ Aqualia wins the new contract to supply drinking and sanitation water in Santa María de Guía (Gran Canaria, Spain), for a period of 40 years.

_ Speech at the 5th Silk Road Forum in Tbilisi (Georgia) with participants from more than 60 countries including political leaders and representatives from international organisations and financial institutions.

_ Aqualia gains the *Diversity Leading Company* seal and renews the 'Equality in Business-DIE' distinction awarded by the Spanish Ministry of Equality.

_ Aqualia collaborates in the 35th ANEAS Annual Convention and Expo (National Association of Water and Sanitation Entities) in Mexico.

December

_ Aqualia and FCC Construcción complete the extension of the Glina WWTP (Bucharest, Romania).

_ Twelve projects are submitted by Aqualia to the second call of the Water Cycle Digitalisation PERTE.

_ Aqualia receives the *'Impact Project Investment of the Year'* award.

_ Aqualia takes part in the *Salón des Maires et des Collectivités Locales* in France, backed by the AMF (French Association of Mayors).

_ GWP opens its first multifunctional operations centre to improve water service in Tbilisi (Georgia).

4. Service excellence

4.1. 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 2023, 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 investment in technology.

Customer service channels

In 2023, the main indicators in customer service channels aqualia contact are:

- The specialist service offered by the telephone agents, in addition to the proactive nature and speed with which the customer service is offered in the form of a remote system using the Presence (Evolutio) solution, made it possible for customers to receive assistance with no downtime via the different customer service and fault reporting channels, such as:
  Customer Service Call Centre, virtual office, mobile app, X (formerly Twitter) and email.
- Customer Service Call Centre. The top remote channel most used by users; during 2023, **1,024,688 calls** were received, a 4% increase compared to the previous year.

The Customer Service Call Centre has an **"Appointment service"** available for customers to prevent waiting times and overcrowding at in-person offices, improving not only the over-the-phone service, but also providing a faster, more effective and pleasant service.

In 2023, **33,621 appointments** were arranged for in-person meetings at our offices in a more efficient manner and without delays.

- Aqualia contact virtual office. The second most used channel for our users. In 2023, **145,042 interactions** were handled through the virtual office. In total, 32.30% interactions were related to amending data, 20.83% electronic billing and 23.91% bank card payments.

Aqualia contact Customer Service Call Centre in Madrid (Spain).

- App for mobile devices. Using the app available to our customers for *smartphones* and tablets, in 2023 **87,702 interactions** were processed, with 70.74% of these regarding payment by bank card and 16.02% to amend data.

- X (formerly Twitter) @aqualiacontact. Through the @aqualiacontact account, messages sent by users are managed and dealt with (**918** in 2023). SMS messages for notifications of bills and incidents and warnings of failures in networks are also possible (954,697 SMS messages in 2023).

The efficiency of all customer relationship channels allows for a **very reduced number of claims, 0.69%** in 2023 with a maximum claim response time set at 11 calendar days. The maximum average meter installation time (from request) of six calendar days is also noteworthy.

To meet the high expectations that the customers have of the service offered by Aqualia, we will continue making progress to be able to provide a quality omnichannel experience when they interact with the company. The following objectives have been set for this:

- A better quality and more pleasant experience for customers:
  - Any operation from any channel.
  - Single processes for every channel.
- More responsive and capable service:
  - Multi-platform customers.
  - Use of resources, development of communication skills by channel.
- For 2024, projects will begin in order to incorporate advanced new technologies to provide a better customer service with management processes that will stand out for their agility and efficiency, such as:
  - Whatsapp professional.
  - Click to call from the website.
  - Payments through Bizum.
  - 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. In 2023, several improvements were made to this tool, including information on production pending billing, and the values of adjusted and total cubic metres; profitability of replaced meters, adding the type of customer and the installation dates for replaced meters; for fraud, the type and final status of the file have been included.

A scorecard is being developed for the meter fleet based on ranges by age and reading rates, with information on the number of meters and billing data, in terms of cubic metres, variable amounts and average tariffs, to boost knowledge for the meter replacement optimisation process.

Regarding the billing and debt management tool for non-tariff items, the functional designs for the incorporation of the multi-currency and multi-language requirements have been established, and the final functional design of the billing requirements in France has also been defined. Both developments shall enable the implementation of all international services.

At December 2023, billing has varied on a constant basis compared to the previous year, with a rise in m^3 of 2.56%, mainly due to domestic consumption in Georgia (9.13%) and high pressure water consumption in the Czech Republic (7.83%) and Spain (6.61%). This rise means a 5.72% increase in billing, also taking into account the sharp rise in rates in the Czech Republic for both supply and sewerage (24%), high pressure water (14%) in Colombia and France, and the impact of the Georgian Lari exchange rate variation.

Regarding the different collection methods, direct debit accounts for 89% of total collections, followed by bank transfer (5%), cash collection (2%), bank counter (2%) and POS (2%).

Turnover variations in 2023 compared to 2022 by country

	%VAR M3 Billed	%VAR Amount Billed	%VAR Average Rate
Spain	1.36%	2.57%	1.19%
Czech Republic	1.91%	22.36%	20.07%
Italy	-1.85%	0.56%	2.45%
Portugal	0.98%	5.56%	4.53%
France	-0.91%	10.23%	11.24%
Colombia	-0.04%	7.45%	7.50%
Georgia	7.74%	12.72%	4.61%
Total	**2.56%**	**5.72%**	**3.08%**

Average collection period and non-payment

Aqualia's average global collection period recorded a rise, mainly due to increased activity in the international area over the last few years, with the recent incorporations of concessions: in Colombia, in Magdalena, Flandes and Sabana (late 2022) and Riohacha (mid-2023); in Saudi Arabia, commission of the North Cluster (January 2023); and in France, new concession in Bretagne (January 2023) and Dreux (October 2023). The trend in recent year is due to the acquisition of French SPIE Group companies in 2019, the companies Qatarat and Haaisco (Saudi Arabia) in 2020, progress in work on the El Salitre WWTP (Colombia) and the incorporation of companies in Georgia in 2022.

In Spain, the continuous improvement of management processes has enabled Aqualia to achieve an average tariff collection period of 1.89 months, similar to pre-pandemic levels.

Regarding non-tariff concepts, there was an increase in the average collection period mainly due to the development of work in La Gomera (Canary Islands) that began in October 2022, work on the El Ejido WWTP (Almería) in early 2023 and the advance of work at the Healsa IWTP in Bodión (A Coruña).

These changes slightly increase the overall average collection period in Spain.

In the tariff processes, the structural default has been improving every year, with Spain improving most, and has evolved as follows:

Aqualia has continued to promote the use of electronic invoicing among its customers with specific campaigns in 2023 to foster the use of electronic billing and gradually replace as many paper invoices as possible. This action has allowed for a 15% increase in the number of bills issued electronically up to December 2023 compared to the previous year, reaching a global rate of 24.42% in Spain and a cumulative global rate of 38.72%, contributing to preserving the environment, with 1,526,887 customers choosing to receive this type of bill, and over 10.7 million electronic bills issued per year.

Average global collection period

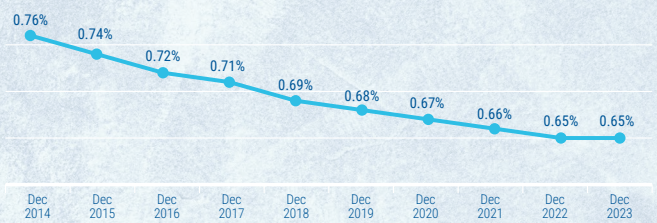
Average tariff collection period in Spain

Average collection period in Spain

Average international collection period

Average non-tariff collection period in Spain

Structural default in Spain



New virtual office project

The project includes the construction of a new website aimed to the end customer. It will replace the current virtual office in order to improve service levels, providing new features and ensuring ease-of-use and agility in the different formalities available.

It has a modern, intuitive design for the customer adapted to the Aqualia brand and optimised for mobile browsing.

The solution is integrated with commercial management systems, allowing for online queries and interactions.

This solution provides flexibility to changes in commercial systems and in the organisation structure, such as incorporating a new operation, contract, company or country. It includes a parameterisation module with multiple configuration options associated with the different levels of the organisation structure.

It will be rolled out to cover all operations with the relevant adaptations to the country and legal entity.

It is planned for production in the first half of 2024.

Electronic document signature project

The aim of the project is to provide an SaaS (Software as a Service) platform integrated with the commercial system and that allows documents to be signed electronically.

Each day, a large number of files are managed that require a document to be signed, physically filed and digitised.

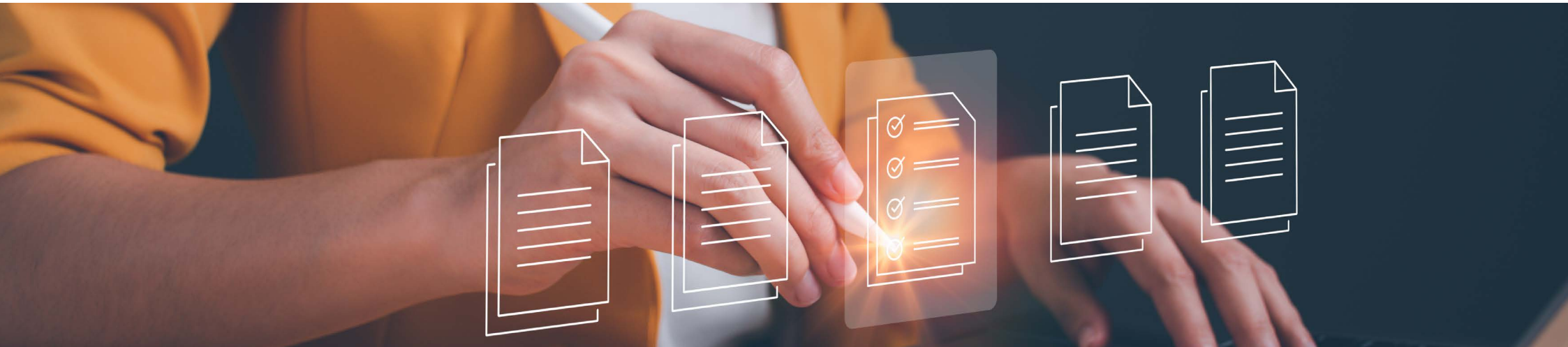
The solution for implementation includes the following features:

- Digitised handwritten signature with stroke biometrics (collection of pressure, slant and speed) that can be completed on *wacom* devices and tablets.
- OTP signature *(One-Time Password)* to obtain consent by sending operating codes to mobiles via SMS.
- The documents signed are automatically saved on a *Sharepoint* document manager.
- Consents are deposited with a notary so that, if necessary, we can accredit who, when and how each consent was accepted.
- The solution will be integrated with all customer service channels (in-person office, call centre, mobile app and virtual office).

This solution will allow us to achieve efficiencies and improves in different aspects of our business, such as:

- Improvements in different processes and task automation.
- Improved customer orientation and service.
- Cost reduction, minimising task completion time and paper usage.
- Improved access and storage of documentation.
- Ensuring documents are signed, as well as their validity and security.

Currently in the construction phase, the solution will be available in product for the first half of 2024.



Genesys Cloud platform implementation project

The goal is to implement a cloud contact centre so we can incorporate major improvements in telephone customer services provided. The main characteristics of the tool include:

- Unified solution for communications via telephone and other channels like email or social media.
- High availability and redundancy of the platform, ensuring 99.99% availability with 24/7 support.
- Weekly monitoring and updates to the Roadmap/Innovation platform including additional improvements for automatic use.

The solution will be rolled-out in product for Call Centre agents during the first half of 2024.

Improvements in notifications to customers with remote meter reading

Improvements related with notifications that can be received by customers with remote meter reading have been included.

Notifications are sent via the aqualia contact mobile app and SMS, thus making it easier to detect problems early and contributing the increase transparency and easy access to various types of information.

The following types of alert were rolled-out in production in 2023:

- Possible leak alert. Based on a series of criteria and algorithms, the AWA (Aqualia Water Analytics) app identifies possible leaks at a given supply point. This triggers an alert notifying the customer that a possible consumption anomaly has been detected. Via the aqualia contact mobile app, customers can configure the following alerts for a given time period and specific supply point, thus including improvements in the effective control of water use.
- Unexpected consumption alert. This notification is generated when consumption is detected based on criteria defined by the customer.
- No consumption in 24 hours alert. Similar to the previous alert, this notification is generated when no type of consumption is detected in a 24-hour period.
- Consumption over fixed limit alert. On the mobile app, the customer can configure a warning alert when their daily consumption exceeds the limit they have set.

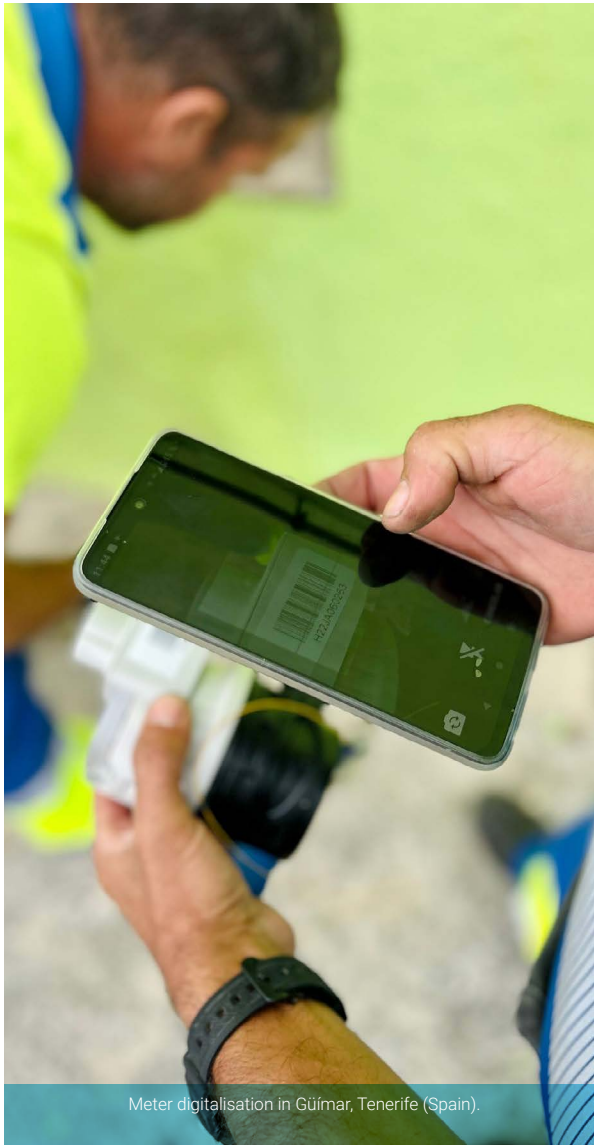
Improvements in continue billing: anomaly automation

An important package of updates has been included in the commercial management system to fully automate the generation of reading and billing anomalies.

As a result of checks prior to the closing of periodic billing, anomalies are generated to identify possible anomalous situations, which are used to control and monitor the billing process.

Prior to rolling out these features, checks were run manually using downloads generated by the system itself. With automation in anomaly generation, we have achieved significant time savings on tasks to be carried out by the user, as well as a change in work system to shorten times and reduce the risk of possible errors.

The system also provides the necessary traceability for validations prior to closing billing and control reports for verifications, as well as expanding data and options for resolving an anomaly.

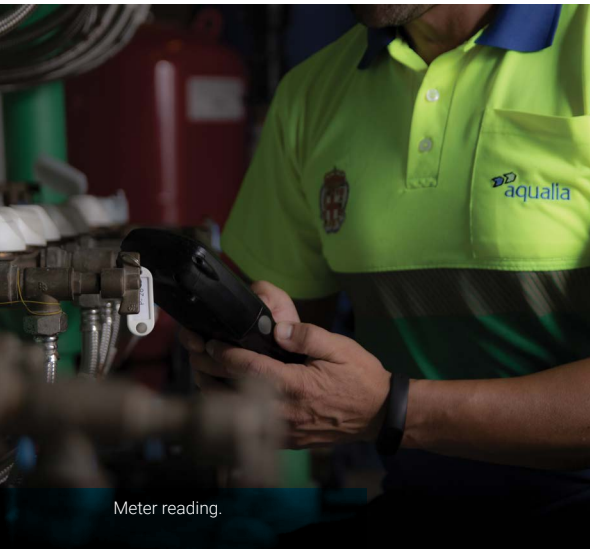


Meter digitalisation in Güímar, Tenerife (Spain).

Improvements in the meter reading mobility application

In the current AQ360 mobility app, the readings module includes the integration with the radio frequency reading operation for certain meter models. With this new operation, radio readings are now from current Android devices for both individual and side-by-side meters and the reading process status can be viewed in these cases.

These improvements have enabled us to replace the old TPLs still in use for radio readings and collect readings with a single app via smartphone.



Meter reading.

Data protection

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. Compliance and adaptation to legislation in force is continuously and permanently reviewed at all entities as it applies to all areas affected in the following aspects:

- Employees.
- Customers.
- Suppliers.
- FCC Group's contractual relations.
- Public administration contractual relations.
- Documentation and internal management.
- Information Technology and Information Security.
- Technical and organisational measures.

The organisation's data protection risks are shown on the risk heat maps. A heat map is a tool presented as a two-dimensional matrix showing the likelihood of a risk occurring while the impact of that risk is plotted on the Y-axis.

These results are obtained from a risk analysis on the different personal data processing activities carried out by the company with the aim of reflecting to what extent a processing activity may cause damage to data subjects due to its characteristics, type of data and type of operations.

The following aspects of actions and reviews completed in 2023 are included in the risk analysis:

- Binding Corporate Standards project.
- Update and implementation of contractual clauses for employees, customers and suppliers.
- Data processing Activity Log review.
- *Econtrols* Privacy Governance project.

A continuous review of implementation and compliance with the principles of the Regulation and the LOPDGDD (Spanish Organic Law on Protection of Personal Data and Guarantee of Digital Rights) is also carried out:

- Management, review and reply to emails received in the departmental data protection inbox.
- Review and analysis of new suppliers, contracts and systems prior to implementation.
- Management of rights of stakeholders.
- Conducting on-site visits at national level to monitor regulatory compliance in offices.
- Compliance monitoring management through questionnaires and meetings via *Microsoft Teams* internationally.

Heat map. Initial status May 2018

LIKELIHOOD	Low-Negligible	Medium-Limited	High-Significant	Very high-Maximum
Very high-Maximum	0	0	0	0
High-Significant	4	171	0	0
Medium-Limited	132	468	224	0
Low-Negligible	0	1	0	0

Heat map. Status December 2023

LIKELIHOOD	Low-Negligible	Medium-Limited	High-Significant	Very high-Maximum
Very high-Maximum	0	0	0	0
High-Significant	0	0	0	0
Medium-Limited	9	87	18	0
Low-Negligible	127	615	199	0

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 the most 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. For example, as part of its commitment to ESG (Environmental, Social and Governance) criteria, Aqualia has been renewing its partnership agreement with Cáritas Española since 2015, subsidising the total water consumption of all Cáritas facilities in Spain where Aqualia provides services. To date, more than 350,000 euros have been subsidised with UNHCR from 2019 onwards, to support the humanitarian organisation's initiatives in Spain. Access to water has also been guaranteed for anyone in a vulnerable situation. Custom payment plans were prepared during the pandemic for customers affected; these have been maintained and extended over these years.

Information on rates and social vouchers id available on the Aqualia website for 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 6,200 payment plans have been agreed in line with each customer's needs. During 2023, more than 2,900,000 users had access to subsidised rates in Spain, 600,000 more than last year, and in other countries, the number exceeds one million users.

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 2023, 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 investment in technology.

2,900,000
users
have had access to subsidised rates in Spain

4.2. Efficient and sustainable management. Management systems

Aqualia continues to work in the development and implementation of an Integrated Management System to:

- Ensure compliance with all applicable contractual and legal requirements.
- Provide information and indicators that guarantee the effectiveness and efficiency of Aqualia processes.
- Enable continuous improvement through targets and Management System Committees.

That is why, in 2023, we have worked on the following aspects:

1. Extending the scope of the Integrated Management System (Quality, Environment and Health and Safety, ISO 9001, ISO 14001 and ISO 45001 standards), including new certificates in the following contracts:
   - HAAISCO desalination plants (Saudi Arabia).
   - Mostaganem O&M Joint Venture desalination plant (Algeria).
   - GWP end-to-end water cycle (Georgia).
   - El Reality PWTP (Mexico).
   - Treatment Joint Venture Lot 1 (Spain).
2. Definition of documentation and implementation of a BIM information Management System according to the ISO 19650-1 and ISO 19650-2 standards.
3. Implementation of an Asset Management System according to the ISO 55001 standard in the IDAM Abona contract (Spain).
4. Reorganisation of the Management Systems department, fostering the implementation and completion of internal audits at international level. One notable activity is the International Management Systems Team Meeting held to share experiences and best practices.
5. Analysis of a new Management System computer application to improve and integrate existing options.
6. Continuing to integrate Health and Safety processes in the Management System: improved general documentation, specific documentation by country, integration of processes and documents and integrated audits (both internal and external certification audits).
7. Increase in the efficiency of internal audit processes, planning and conducting integrated internal and external certification audits with very highly-qualified auditors who perform audits on the Quality, Environmental, Energy and Carbon Footprint Management Systems and on occupational health and safety.
8. Definition of a new certificate structure by region and/or country in order to improve the identification and monitoring of local requirements and the certification audit process.
9. Carbon footprint: calculation, verification, reduction and offset actions:
   - Carbon Footprint Calculation, Reduction and Offset Project (Lérida, Spain) (2022-2024): Reduction Plan set for the 2023-2024 period: achieving a 0 footprint for scope 2 by consuming GdO source electricity; Offset Plan under analysis in order to offset 100% of scope 1.
   - Aqualia Spain GHG Reduction Plan (Greenhouse Gas) for the 2023-2024 period.
   - "Calculate+Reduce" 2022 certificate of the HC OECC Register by MITERD (for its acronym in Spanish) in Spain.
   - Hellín Forest Project: analysis of an offset project by planting 1.5 hectares of forest at the Hellín WWTP in Albacete (Spain).
10. Participation in the UNE 343 Committee, the United Nations Sustainable Development Goals Management System, with the aim of participating and establishing a national position in the development of the ISO 52001 standard, which will set the requirements for a United Nations Sustainable Development Goals (SDG) management system.

4.3. Energy management

As part of its commitment to contributing to environmental sustainability, Aqualia has been implementing strategic measures to control and reduce greenhouse gas emissions (GHG).

The balance report for 2023 concisely presents these emissions, detailing their origin in various processes, as seen in the table:

According to the emission agent, in the table we can see the impact of each as a percentage.

The sectors graph shows that the greatest emission agent in the company's activity is electricity consumption, accounting for approximately 31% of all emissions. Other significant emissions are related to wastewater management, whether inherent to managed infrastructure or dependent on volume and pollution on entering the installation. In this context, the effective reduction of these emissions is practically a challenge beyond the company's reach.

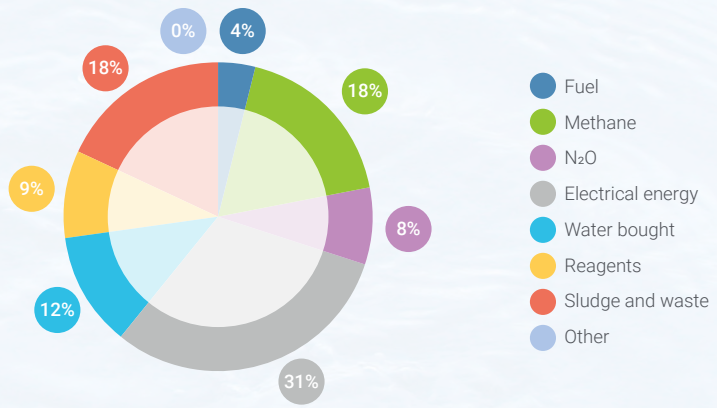
That is why Aqualia's strategic plans to control and reduce GHG emissions have mainly, but not exclusively, focused on reducing those caused by electricity consumption. These key initiatives include:

- Reduced electricity consumption with substantial improvements in the energy efficiency of systems managed.
- Reduction in the emissions factor associated with energy consumed.

Emissions by origin

	t CO_2	t CH_4	t N_2O	GEI (t CO_2e)	%
Supply	121,054	0	0	121,110	**40.7%**
Sewerage	9,915	0	0	9,935	**3.3%**
Purification	95,367	1,789	81	166,866	**56.0%**
Various	0	0	0	0	**0.0%**
Total	**226,336**	**1,789**	**81**	**297,911**	

CO_2 emissions by agent



Energy efficiency improvement plan

The plan is developed according to the ISO 50001-Energy Systems Management standard that Aqualia has implemented since 2016.

In accordance with management system provisions, the contracts included in the management system scope are subject to an energy audit-review every four years, pursuant to the guidelines established in the standard, which seek to reveal the results of the efficiency measures implemented since the previous review, and to propose new measures to improve energy efficiency.

Improvements proposed are monitored and implemented with a computer tool included on the technical report platform, Aqualia RT-BI.

During 2023, these audits were extended to new contracts in Georgia and Colombia, starting with training technical staff in these countries; the first results have been reported in Georgia in the first phase audit with proposals for renewal or improvement in various installations. These proposals are being added to the Infrastructure Master Plan being drafted by the company for those contracts.

The main goals related with reducing energy consumption are set in the Sustainability Plan commitments undertaken by the company.

- PI.1 "By 2023, =<27% of the volume of unregistered water divided by the total volume of water introduced into the distribution network (contracts older than 5 years)".
- PI.2 "By 2023, =<12. Volume of unregistered water per kilometre of network per day (contracts older than 5 years)".
- P2.3 "By 2023, 3% reduction in KWh/m^3 of energy used in drinking water adduction, treatment and distribution processes (weighted calculation using the m^3 managed in each of the three processes. MWC and BOT contracts older than 5 years)".
- P2.4 "By 2023. 3% reduction in KWh/Kg COD removed for energy used in wastewater treatment processes (weighted average value for MWC and BOT contracts older than 5 years)".

Reduction of the emission factor for the electrical energy consumed

As is known, emission factor refers to the quantity of greenhouse gas emissions released into the atmosphere per activity unit or production unit.

This factor is typically express in terms of carbon dioxide equivalent (CO_2e) emissions, which is the standard measure that combines the emissions of different greenhouse gases in terms of the global warming potential of CO_2. Therefore, a reduction in this factor related to energy consumed entails a reduction in emissions from that consumption.

The path taken by the company to reduce the emission factor of electricity consumed is to consume renewables.

The commitments undertaken in the company's Sustainability Plan include:

- P.2 "By 2030, 50% of renewable energy used generated by own facilities, PPAs or procurement, divided by total energy consumed (MWC and BOT contracts older than three years)".

Solar panels installed at the wastewater treatment plant in Jerez de la Frontera, Cádiz (Spain).

The goal is currently close thanks to the installation of self-consumption plants, using biogas resulting from treatment sludge digestion to generate electricity, also for plant self-consumption, cogeneration systems, hydraulic generation, etc.

By 2024, 34 MW of solar photovoltaic energy is expected to being operating in various projects, basically in Spain.

Another source of renewable energy supply is purchasing green energy with a PPA (Power Purchase Agreement).

Using this model, we have been purchasing 76 GWh/year of electricity from photovoltaic plants since 2020 and a new 75 GWh/year contract was incorporated in October 2023, also from photovoltaic plants.

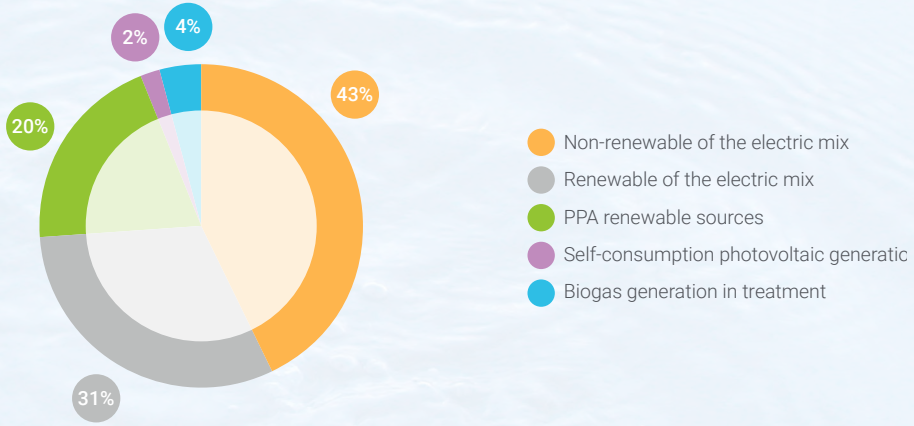
The company's energy mix for 2023 was as shown in the graph below.

The current status of self-consumption plant implementation can be seen in the following table:

Self-consumption plant implementation status

Installed power (Kw)	Spain	Georgia	Czech Republic	Colombia	Oman	Total
Solar Photovoltaic	6,976				1,736	**8,712**
Hydraulic		149,700	214			**149,914**
Biogas Generation	10,888		1,757	6,000		**18,645**
Biogas Boilers	40,969		5,488	6,976		**53,433**
Biogas Motor Heat	16,261		1,757	1,692		**19,710**
Gas stations	0,17					**0,17**
Total						**250,414**

Aqualia energy mix in 2023 (kWh)



4.4. Improvement projects in technical management

Over the course of 2023, 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:

Operations and technological transformation

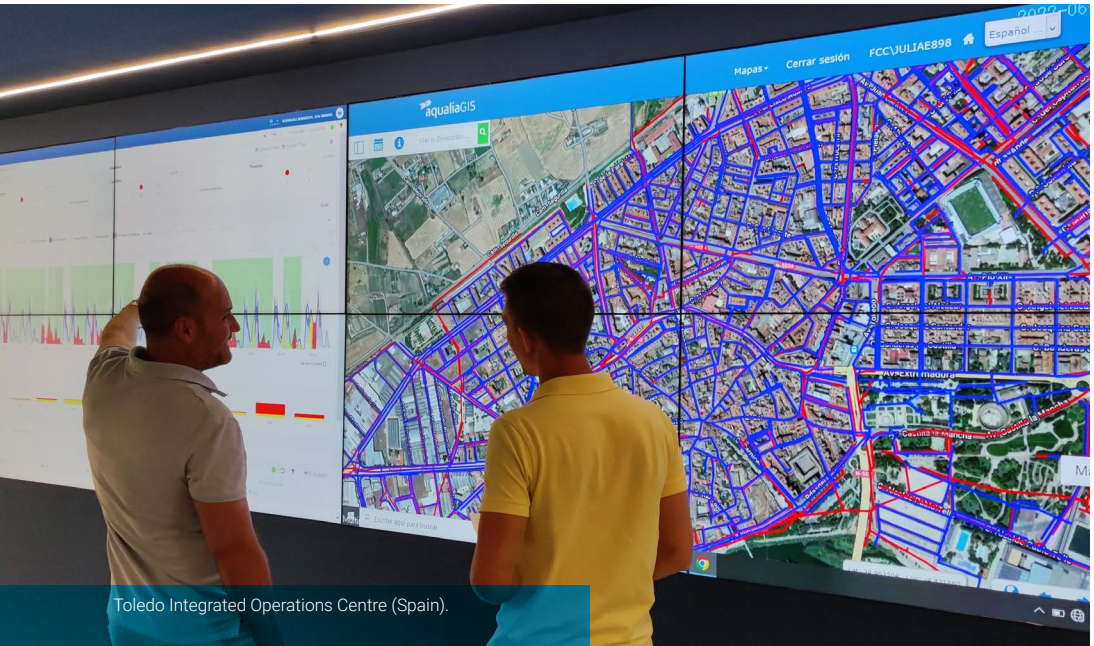
Points common throughout the company in the technical area are shown below.

Technology hubs

In 2023, we have continued to roll out 9 technology hubs in Spain, increasing network sensors and plant control, reviewing systems and operations so that all systems are fully implemented in the services, acting as test services for new developments, and as Operation Centres providing support to an important geographic area of delegations, conducting analyses, classification of events, studying aeration curves and plant processes using systems in a centralised manner once the systems are implemented at regional level.

We have tackled system improvements to have the capacity to control all systems, incidents and alarms from the operations centre. This will generate an operational change and make the most of synergies in operation areas.

The IOCs (Integrated Operations Centres) will view what is happening in their area of influence; all these modifications are being tested at the Toledo IOC as it is the most advanced in terms of implementation at Aqualia.



Toledo Integrated Operations Centre (Spain).

PERTE Spain Projects

The control and proper management of water use in Spain is a constant challenge. Different administrations work together towards optimal management. The PERTE project promotes the use of new information technologies in the end-to-end water cycle, which enhance management, increase efficiency, reduce losses in the supply networks, and ensure progress in meeting environmental objectives set by water planning targets and international regulations.

The specific PERTE objectives are:

- Enhance water use knowledge to consolidate integrated water resources management.
- Increase transparency in water management in Spain.
- Contribute to meeting environmental objectives established in water planning targets.

In the second call, Aqualia has worked to create 12 different new projects in order to participate in a group of applicants and have an impact on the greatest number of municipalities. The Production, Legal, Zones, Communication and Operations departments were involved in achieving this goal during the last three months of the year, covering 596 municipalities with a requested total subsidy of 100 million euros.

Detection of digitalisation needs

During 2023, we continued to analyse the detection of digitalisation needs in all services, to determine the approximate overall cost of digitalisation of the services operated by Aqualia. This task has been mostly completed given the stringent demands in preparing projects for the Next Generation funds.

Logistics centres

The goal of the centres is not only to unify the criteria for service operation in terms of material quality, but also to harness synergies and promote common management operations, working in uniform and optimally organised fashion.

The project arose as a system promoting the reduction of fixed assets, distribution and service, lowering the time spent by contracts not only on the choice of material, but also in order placement follow-up, etc., favouring internal purchases. The goals are to minimise service labour when placing orders, optimise, reduce and control fixed assets (transfer of service parts), improve prices for large shipments (suppliers minimise their transport costs and administrative time), an agreement with a material transport logistics company, material traceability using AQ360, favouring invoicing with SAP internal procurement, connectivity, availability and service.

Progress was made in the commissioning of two new logistics centres in 2023. This, together with the development of a logistics and procurement centre management tool, will add potential and unify purchases from these centres in 2024.

Drones

In 2016, Aqualia received drone operator accreditation from the State Air Security Agency (AESA) that began with a PHANTOM drone and a pilot. The Works department, along with the Operations and Technological Transformation department, has been evolving with photogrammetry, topography, works monitoring, and image processing tests. All developed with in-house resources and training that has currently led us to have five pilots, four UAS (Unmanned Aircraft System), a submarine and a boat. We can currently tackle complex flight situations in CTR (Controlled Traffic Region) to fly over urban areas, so we continue to progress with the equipment and resources we have available.

This action, along with training specialised staff in the Zones, facilitates these teams' operations, covering numerous aspects of daily services, such as:

- Thermographic leak detection in high pressure networks.
- Review of hot spots in critical electrical installations.
- Inspection of facilities (floor plates, structures).
- Surveys and verification of layouts.
- Point cloud.
- Inspection of interior floor plates in tanks, channels, etc. by drone boat.
- Condition inspection for tanks, water intakes, by underwater drone.

In 2024, we will continue to advance in the scheduling of infrastructure surveys due to their importance, whether at installation or commercial level or any other requirement. This point cloud survey using a 3D scanner and aircraft can be incorporated into a viewer in our asset management program to give the platform greater potential.

Virtual glasses

These glasses have been proposed for two purposes:

- Remote assistance, so field and office workers can collaborate in real time with two-way audiovisual communication, exchanging files, capturing images. The use of this technology will enable fast, specialised support with no need for travel and the person wearing the glasses will have their hands free so they can work freely.

- Training module: learning maintenance activities is not easy as it requires many interventions on delicate, expensive equipment. The glasses allow us to view all the steps needed to complete a task, handling 3D objects to better understand the processes and parts.

It is also important to transmit more specialised, non-routine O&M tasks. This device can transmit live to a large number of users, sharing knowledge from anywhere in the world.

Technology transfer: from innovation to business

Regarding the technology transfer of innovative products emerging from successful projects by the company's R&D&i department, during 2023 three real-scale draft projects have been incorporated -two at national and one at international level-, serving as a commercial offering to propose to clients. At national level, a Dual Digestion project was implemented at the Salamanca WWTP in Spain and an ELAN ANAMMOX project at the Valdebebas WWTP. Internationally, an ELAN ANAMMOX project was implemented in Portugal, at the Frielas WWTP. To complete these tasks, information on the operation of reagents installed in Aqualia and data from innovation pilots were collection so as to jointly define design data engineering for these two flows, drafting a technology document that serves for future projects.

Exchanging knowledge and best practices

Exchanging knowledge and best practices are essential for the success of a national and international company such as Aqualia, allowing it to create robust, inclusive solutions. Documenting and exchanging best practices means a company can learn from its own experiences and errors. This knowledge can be converted into specific measures and strengthen its capacity to improve results and offer a faster, more efficient response. Moreover, fostering an interdepartmental knowledge exchange culture can fill information gaps, increase performance and productivity, and motivate leaders within the company.

From a global perspective of company technical management, the department's goal is to facilitate the exchange of experiences between different management areas, establishing different mechanisms for this purpose as detailed below.

Collaboration with departments. Health and well-being

- ATEX and Chlorine gas: aiming to create a mandatory minimum for all of Aqualia's Chlorine gas and ATEX installations worldwide. A multidisciplinary group was created including all departments involved so as to gain a 360º vision. Numerous installations in Spain and abroad were visited to draft this document, searching for minimums that guarantee the safety of our employees and installations but that also have the Aqualia quality seal.

- CF Cut-off Protocol: completion of the asbestos plan and the entry into force of new regulations requires an adaptation in how we operate, communication and carrying out the FC cut-off procedure. During 2023, we worked with Health and Well-being to establish a new operation, and we liaised with the body to approve the FC cut-off work plans.

- Operational technical instructions: work was carried out to prepare an operational instruction for emptying digesters along with Health and Well-being. We started with this due to the need to carry it out at several installations, its complexity and risk, and the fact that it is unusual so the operators of these systems have no prior experience.

- Training catalogue: collaboration with the People and Culture and Knowledge Management departments to prepare the training catalogue for 2024. The catalogue contents were reviewed in terms of technical courses, new courses were proposed, their content reviewed and trainers have been proposed from different departments (engineering, production, innovation and operations).

Improvement documents. Hydraulic simulations

With the purpose of unification, in 2023 a best practice guide was drafted for hydraulic simulations. This document aims to unify supply system simulations so they are carried out by any person dedicated to this task in the same way.

Together with the two documents drafted in 2022, on pump optimisation and analysis and the audit guide, we will make it easier to achieve the objectives set in RD 3-2023.

Poseidón Project

In mid-2023, different working groups began to work to create a new technical tool to make data captured useful for the service manager, minimising external loads. To do this, the necessary data and different plant control templates were determined, as well as how to obtain them by incorporating them into the process and regular functioning of services. The functional document for this project will be developed in early 2024.

Vehicles

The Plan Moves Flota was requested in 2023 to minimise administrative tasks involved in applying for electric vehicle subsidies individually.

At the same time, development and training in the vehicle management and request tool was completed, optimising control over projects that have finalised after developing single framework agreements for fleet registration, vinyls and management.

Regarding vehicle telemetry, we have made progress in implementing industrial vehicles with around 80% of these vehicles controlled, with all vehicles to be controlled in early 2024.

New vehicles of the Municipal Water Service in Ibiza (Spain).

Studies and contracting

We worked with the specialised department to develop technology innovation solutions for studies and tenders. Once the needs were studied, either those set in the specifications or because they entail a better positioning compared to other participants, they are adapted and customised for the plants under tender.

Participation in Sector Seminars and Working Groups

The Treatment area participates in the different committees and working groups of the AEAS (Spanish Water and Sanitation Supply Association). Specifically, it coordinates the participation of different Aqualia members in the Commission V working groups. It also coordinates one of the working groups of this commission, the Occupational Risk Prevention group. More than 25 lectures have been proposed to present at the AEAS Congress in Castellón, of which two oral and five written must be chosen.

Treatment and operation

To determine the actions to be undertaken, improvements, status, inventory and classification of installations, we have inventoried and diagnosed them.

To establish the roadmap, installations were initially diagnosed, management, control and monitoring applications analysed, as well as an analysis of breaches and risk situations for the company.

Diagnosis and optimisation

To be able to define actions and optimise/promote operation improvements, we must understand the installations managed and what tools are used to manage them. We must also define actions to optimise their operation, guaranteeing compliance with discharge parameters as efficiently as possible.

- Define, limit risk and establish associated preventive and corrective measures.
- Analyse technical and human resources assigned to managing installations in order to standardise management criteria and provide necessary support where it is detected.
- Create the Aqualia brand in installation operation and maintenance (O&M).

The analysis was divided into three major blocks: Management, Treatment and Operational Risk, so different specific actions can be proposed for each zone or management unit and/or country.

Analysis of the need for smart treatment process controls

Implementing smart controls in water treatment can be an effective strategy for reducing risks, improving quality and reducing costs. Smart controls are systems that use advanced technology to monitor and control production processes. These systems can detect problems in real time and take measures to correct them before they become a bigger problem. During 2023, work was carried out to develop smart controls that will help to digitalise treatment plants, helping to have greater control over these installations.

One is aeration in wastewater biological reactors, the unit process with the greatest consumption at WWTPs. This control is beneficial for saving costs, minimising chemical consumption and ensuring compliance with all quality standards. The quantity of air supplied to wastewater reactors can therefore be adjusted according to the specific needs of each process. This can reduce energy consumption with energy savings of up to 20% in the aeration process, which is the biggest consumer at the plant, significantly reducing wastewater treatment costs.

Co-digestion capacity analysis

A study of co-digestion capacity was carried out at Aqualia installations in Spain. The aim of this study is to detect installations where co-substrates external to the WWTP can be co-digested with two goals in mind. The first is to generate more biogas to either cogenerate more electricity or, if there is a natural gas network plant nearby, transform it into biomethane and inject it into the network. The second objective is to be capable of processing sludge from other treatment plants managed by the company with no anaerobic digestion in their treatment line.

The study has not only identified installations with "extra volume" in their digestor but has also taken into account other relevant factors such as motor generation at the plant, if discharge authorisation requires nutrients to be eliminated from the water line and whether refurbishment actions are necessary in the sludge line in addition to those required to receive and feed external co-substrate.

The most relevant conclusions are that, of the 25 plants with anaerobic digestion in Spain, 19 have "extra volume" in digestion. Of these 19 plants, only seven have motor generation and do not require refurbishment in the sludge line. However, the Discharge Authorisation requires nutrient eliminate so we would have to review of whether biological treatment is capable of assuming the extra returns from the sludge line or consider building an ELAN ANAMMOX for them. Seven plants do not require nutrient elimination from the water line. Two have motor generation but actions are necessary to refurbish the sludge line.

The overall conclusion is that, although co-digestion is a possibility at 19 Aqualia plants, investment is needed not only for external co-substrate reception and feeding. Additional investment must be added for a motor generator, an ELAN ANAMMOX or to refurbish the sludge line, depending on each installation.

Installation optimisation with simulation tools

Process simulation tools are a highly valuable instrument for plant operation. Once a plant has been calibrated in the simulator, the possible benefits are multiple as different process scenarios can be simulated to see the effects on the effluent without having to run real tests that compromise discharge quality. The main goal pursued is to optimise plant operation in terms of energy consumption, chemical reagent dosing and biogas production.

Some installation simulations were run throughout 2023 to verify whether the plant built was capable of processing real flows and pollution loads while meeting the discharge parameters set in the authorisations. Real examples are AITASA in Spain and Aguas de la Sabana in Colombia.

Plants with special monitoring

A list has been defined of plants that require special attention or monitoring due to their complexity, possible optimisations or improvement needs. Once defined, control and improvement KPIs will be set to assess and analyse at monitoring meetings.

Specialised technical support

In 2023, extensive specialised support for production was provided both internationally and nationally.

At national level in 2023: a feasibility analysis of the cogeneration installation at Zone III plants and support in the AITASA IWTP, a plant designed, built and operated by Aqualia with a proposed objective to create a "lessons learned" document in 2024. Highlights at international level include support in Colombia for different company contracts, conducting visits and providing technical support.

Coordination of support for operational needs

Unique operational improvement projects

Another department task is to coordinate production support needs involving collaboration with other departments. Production reports specific needs arising at the plants and the department analyses whether the work requires collaboration with the Engineering department or, otherwise, if it can be solved without their involvement.

Many operational needs have been transferred to Engineering in 2023 at both national and international level. Nationally, a catalogue of compact UF and NF solutions was prepared to comply with RD 03/2023, which sets more restrictive limits for sulphates and for suspended solids. This project was requested from Zone II but, given that it is of interest nationwide, it was transferred to the other zones. Another relevant job at national level was for Zone III. It consisted of design projects for cogeneration installations at four WTTPs, of which two will be implemented in 2024. Internationally, the project to extend the Gardabani treatment plant in Georgia and the Aguas de la Sabana treatment plant in Colombia stand out.

Unique plant operation monitoring

The installation perimeter analysis identified plants that require special monitoring, either because they include innovative or unique technology processes or as they are a benchmark in the type of treatment. This monitoring has two purposes: to verify optimum operation and provide updated information that can be used if references are requested in tender processes.

AITASA Industrial Wastewater Treatment Plant in Tarragona (Spain).

Water quality and discharges

Water Quality working group

This working group has analysed the impact of the new requirements included in the new Royal Decree on Water Quality that affect the inclusion of new parameters and types of analysis, the preparation of Water Health Plans focused on the identification and management of risk in water supply infrastructures, and increased transparency. And regarding reporting, providing public information on infrastructures and analytical results.

Estimation of the impact of RD3/23

The entry into force of the new water quality regulation has not only led to intense development of functional documents and testing to adapt and improve current systems that today require great dedication in terms of time, but also the economic impact of applying this new regulation at service level has been estimated to transfer those costs. Analytical requirements, hydraulic simulations, sensors and notification of hydraulic audits and IFE indexes are all affected.

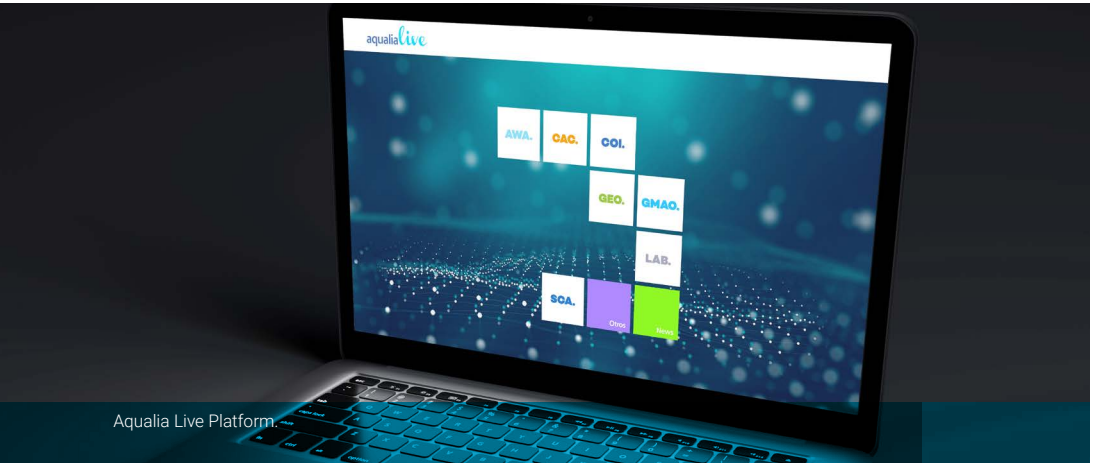
Performance improvement plan

A Hydraulic Performance Improvement Plan was implemented in 2023, selecting the towns where a greater return leads to economic improvement in the different geographic areas.
The plan focuses on improvement action in:

- Remote control and flow control.
- Hydraulic Audit Plan: With the entry into force of RD 3/23 and various European regulations, hydraulic audits must be conducted and sent. A first model milestone has been prepared, focusing on the ILI index which today is being completed by all services with more than 10,000 inhabitants. This point is necessary and will be implemented in all the services indicated.
- Hydraulic Efficiency Plan. A prediagnosis is necessary to identify weaknesses in the network, propose and implement an action plan and optimise actions from a technical and economic perspective.
- Sectorisation. This makes is possible to conduct continuous, precise control to instantly detect leaks and minimise water loss.
- Asset renewal. Renewal of meters to replace older models with new, more accurate models or smart metering to control consumption more efficiently and with a frequency under 24 hours.
- Selected service review plan. Gradual review of objectives.
- Search for leaks in own resources, fundamentally intended to maintain the current NRW rate.
- Search for leaks in external resources linked to the framework agreement closed for this purpose.
- Improvement in active pressure management. Investment in active pressure management equipment and regulators in certain areas of study.
- Improvement in materials by formalising a unified material quality framework agreement.
- Linear asset studies. Renewal and investment based on the repair index, resources allocated and their costs to propose renewals to the relevant administration.

Technological transformation

One of the biggest challenges is boosting operational improvement through digitalisation and the design and use of management tools that are useful for service managers and plant management and, in turn, serve as an information reporting mechanism, thus reducing the bureaucratic and administrative workload of service managers. As the implementation and start-up progresses, systems evolve and benefit from the experience and the new needs that are analysed and developed along with the IT department. Progress has been significant this year.



Aqualia Live Platform.

Aqualia Live development

Work continued in 2023 to develop the *Aqualia Live* platform, with meetings of the groups created in 2022 to promote needs along with the IT department. The aim is also to take a snapshot of the current level of actual usability.

GEO

In 2022, a study was launched to analyse its implementation, level of detail and updating of the GIS, to take action and focus efforts on correct system implementation, since the GIS is the core of the other systems. This study was extended to all areas and countries and has been incorporated as a management report on the GEO web platform so that anyone with an administrator profile can view this snapshot and the evolution of the different GIS under their control. A control panel has also been requested on the GEO platform to make it easier to interpret results and visually analyse GIS evolution.

During that year we have also continued to implement GIS in contracts in France and Villa del Rosario (Colombia). GIS implementation has also begun in other contracts in Colombia, in the Los Cabos Integrated Management Improvement (IMI) Project in Mexico and, in late 2023, studies began to implement our GIS in the town of Rustavi (Georgia) as a step prior to implementation in Tbilisi, as well as implementation in two contracts in Portugal: Aquaelvas and Aquacampomaior.

Following on with the continuous improvement of the GEO platform and due to the characteristics of supply in LATAM countries, by rotation, a request has been made to improve the platform, introducing household cisterns as an element and exporting them to EPANET so as to run more realistic simulations of these systems.

Different requirement documents have been drafted to continue along the line of being able to create digital twins of supply networks. This first step aims to simulate what happens in the supply network when there is a mincut since this must be replicated in the simulation. In line with reducing the NRW, requirements have been drafted so that remote detection can be used to located swimming pools in our contracts, associating them with the supply ID and the GEO-Diversa connection to locate contracts that have no substantial changes in consumption and thus alert to a possible NRW. One notable milestone in Geo was the implementation of the GEO app that can be used to survey elements in the supply and sanitation network via an app. This can work with the GPS on the mobile device, which affects location accuracy, or by linking to an external GPS with bluetooth technology for precision to the centimetre.

With this app, any operator with two hours of training would be capable of surveying network elements, offering tremendous potential when updating or creating a new GIS.

An information flow has been implemented in the data control line to determine who and when a GIS is locally downloaded in any format. Information in the GIS must be protected against unauthorised or fraudulent downloading. In this way, when downloading, the user will be informed that their manager will be informed of the download.

AQ360. Asset Management

Implementation of the Asset Management tool has continued; it has been implemented in a total of 94 installations to meet the objective of 37% of the volume treated in Spain.

Seed maintenance ranges have also been defined for implementation in all installations. These ranges are at subfamily and legislative level to promote legal maintenance control.

Continuing with the implementations ongoing in late 2022, where the asset management system was implemented and operational at the Villa del Rosario PWTP (Colombia) and Usine de Vaucouleurs PWTP, (SEFO), implementation has been extended to: Colombia (all contracts), Portugal (Aquaelvas and Aquacampomaior contracts) and Georgia (Gardabani WWTP).

AQ360. Work Orders

In relation to AQ360 implementation is still at 100% in Spain and the platform continues to operate correctly.

In 2023, testing concluded to be able to select the element affected by a fault. This operation is fundamental to then prepare investment plans. Implementation is expected in all services throughout 2024 and for this reason a new management report has been requested that will indicate how many Work Orders (WO) have an affected element, thus being able to display the corresponding visual.

This tool is widely used on the mobile app, both the clients section (91%) and Work Orders for networks and installations (88%) thanks to training efforts and field work in services. Since late 2022, asset management work orders are derived and solved with mobility.

Internationally, it was operational in the Villa del Rosario (Colombia) and SEFO (France) services by late 2022. Training was provided in 2023 for the other contracts in Colombia and two in Portugal (Aquaelvas and Aquacampomaior). Implementation will begin in the first quarter of 2024. However, effort is required in Colombia to connect the client platform with AQ360 as notices must currently be duplicated as there is no connection between the platforms, causing some rejection towards its implementation.

At the same time, implementation to select the element affected with mobility is under completion, meaning that the operator will be able to select the element they are working on. This will provide knowledge on the number of faults in that element and dates of intervention, all with a focus on good infrastructure management, using this information for infrastructure renewal plans.

SCA

The integration procedure was studied in 2023, initially planned to implement 14 new contracts on the SCA platform. This requires a detailed roll-out plan to properly implement the solution.

AWA (Aqualia Water Analytics)

During 2023, we continued to implement AWA, reinforcing its usability in the Operations Centre environment and introducing new applications aimed at greater digitalisation and help with decision making.

With this application we can take another step in the digitalisation process and analyse data by using artificial intelligence algorithms. AWA is a highly effective tool to help with processing and analysing laboratory ad process data, as well as flows and consumption collected in the corporate SCADA database, establishing a Decision Support System (DSS), alarms and direct actions on equipment and processes.

Improvements proposed include:

- AWA features for Operations Centres (IOC – Integrated Operations Centre).
- Leak Detection Module – AQ360 connection (WO creation and management on AWA).
- Investment Plans.
- Obtaining the performance of all service sectors in the time period selected (related with the new CMN module) (in process).
- Large consumer test (in process).
- Correlation factor (demand forecast).

Three treatment pilot locations in Spain were selected to develop the tool:

- Lérida WWTP, which currently has various smart controls implemented that will help with their design.
- Salamanca WWTP, a similar size and process as the Lérida WWTP, where the same controls can be developed by with in-house technology.
- La Puebla de Montalbán WWTP, Toledo, smaller than the others but with the most common type of treatment in plants operated by Aqualia.

The following developments are in progress for integration in the platform:

- Pollution by image: early detection with images.
- Balances and relationships between consumption of drinking water served and quantity of wastewater received at our installations.
- Centrifuge and poly dosage regulation.
- Decision-making help system in digestion.
- Aeration control.

Aqualia Laboratories.

Aqualia-LAB

The entry into force of the Royal Decree on the Quality of Water for Human Consumption is causing a change in our procedures, including how analyses are managed. A functional document has been drafted, and a new web portal has been developed, where all the planned analyses have been integrated, under current Water Quality legislation, carried out by both accredited laboratories and the other certified laboratories. This portal provides access to all reports, and all the information about the infrastructures is linked to the National Drinking Water Information System (SINAC), such as Water Supply Zone infrastructures. All this consolidated information will serve as a basis for implementing some of the requirements set forth in the new Royal Decree 3/2023 on water quality. At this time it is important to have all the analytics in a single portal, for consultations in the other systems, or to migrate them for different utilities.

It will also be possible to upload all external analysis and mandatory reports and thus monitor compliance with legal requirements of discharge and water quality.

4.5 Technical knowledge management

The Knowledge Management Area began working in 2022. Its main duties are summarised as:

- Concentrate existing "know-how" in the company and make it available to the organisation.
- Encourage interactive communication of experiences and knowledge.
- In partnership with the Training area, collect training needs, adjusting them to different technical job profiles.

Regarding the first objective, a platform is being implemented to collect all existing documentary "know-how" dispersed within the organisation (technical procedures, work instructions, best practices, manuals, etc.), extended with information from external sources. All with the collaboration and engagement of the entire organisation.

The first phase was completed in 2023 by creating the platform divided into themes.

Document collection has begun and a search engine is under development using AI tools.

General roll-out in the organisation is expected for the second half of 2024 once the search tool and screening system for information collected are ready.

4.6 Accredited laboratories

Aqualia currently has a network of laboratories accredited by ENAC, Acreddia, CAI and GAC, under the Aqualia-LAB brand. It includes seven laboratories in Spain (Oviedo, Vigo, Lérida, Ávila, Jerez de la Frontera, Badajoz and Adeje), one in Italy (Caltanissetta), two in the Czech Republic (Ostrava) and one in Georgia (Tbilisi).

RD 3/2023 was published and entered into force in Spain in January 2023, setting the technical-sanitary criteria for the quality of water for consumption, its control and supply in Spain. This RD transposes Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption.

The increased number of analyses generated by the entry into force of this new law applicable to Aqualia-LAB can be quantitively summarised in the table below.

The increased number of samples corresponds to the Observation List and Operational Control analyses incorporated in the new legislation.

To face this sharp increase with guarantees, including the accreditation of new techniques, requires us to expand human and material resources, and extend and adapt some of the laboratories to gain the space needed, not only for the new analytical techniques, but also to manage, transport and store samples given the drastic increase in their number.

First, a new laboratory was installed to replace the lab in Ávila (Spain) and it began operating in October 2023. This new 400 m² laboratory replaces the old 90 m² facility with new storage, training spaces, etc.

Increased number of analyses

Parameters	Entry into force	No. Full year analyses	Parameters	Entry into force	No. Full year analyses
Coliphages	2023	13,699	Bromate	2023	4,063
Vinyl chloride	2023	5,070	Nitrites	2023	3,294
Epichlorohydrin + acrylamide	2023	4,190	Chlorite	2024	4,550
Aerobes at 22ºC	2023	18,765	Chlorate	2024	4,550
Enterococci	2023	13,554	Bisphenol A	2024	5,070
Characterisation	2023	1,228	Haa	2024	4,199
Operation control pesticides	2023	6,752	Pfa	2024	4,190
Microcystin	2023	2,936	Observation list	2024	1,507
Glyphosate	2023	5,378	Uranium	2024	3,640
			Total no. Analyses		**106,635**

Increased number of samples

Observation list	1,507
Operational controls	9,549
Characterisation	1,228
Increase samples new RD	**12,284**
Samples 2022 (before new RD)	27,060
Increase in samples (%)	**45.4%**

5. Innovation and technology

Innovation activities at Aqualia promote the transition to a circular economy with zero carbon footprint in line with European *Green Deal* policies. The Innovation and Technology Department (ITD) develops new sustainable services and processes using intelligent and eco-efficient management tools. To this end, Innovation and Technology Department projects support company activity in achieving the United Nations Sustainable Development Goals (SDGs) with special emphasis on affordable, high quality water and sanitation services (SDG 6), optimised energy balance (SDG 7) without affecting the climate (SDG 13) and responsible production and consumption (SDG 12).

ITD activities can be divided into six lines of work. The following table lists the 21 projects carried out by the ITD in 2023 (in addition to the start and completion dates) as well as the main lines. Main lines are in blue and secondary in grey.

Three projects involving Aqualia were completed in 2023:

- 1 *Marie Sklodowska Curie European Industrial Doctorate* training project: Rewatergy. To recover hydrogen from wastewater and develop new oxidation methods.
- 1 EU LIFE project: Ulises. On energy self-sufficiency and waste recovery at conventional WWTPs using novel, low-cost technologies.
- 1 RIS3 *(Regional Innovation Strategies for Smart Specialisation)* project with ERDF funds from the Regional Ministry for the Economy, Science and Digital Agenda of Extremadura: Efluent-EX. Researches the use of biowaste as a sustainable source of renewable energy, mobility and bioproducts.

Work has continued on the other **17 projects under way**:

- 5 from the European Life programme: IntExt, Phoenix, Zero Waste Water, Infusion and Reseau.
- 2 from the EU Common Initiative H2020/Bio-Based Industries (BBI): B-Ferst and Deep Purple.
- 4 from the EU H2020 programme: Sea4Value, Ultimate, Rewaise and Nice.
- 2 CDTI Science and Innovation Missions on renewable gases: Eclosion and Zeppelin.
- 3 from the new EU Horizon Europe framework: D4Runoff, Cheers and Ninfa.
- 1 from the Mixed Research Unit (MRU) programme with ERDF funds of the Axencia Galega de Innovación (GAIN): Aquatim - to study and implement new technologies throughout the end-to-end water cycle.

A new project has been selected in the Sustainable and efficient industrial water consumption CL6 40-01 call for the EU Horizon Europe 2023 programme: Resurgence (Industrial water circularity: REuse, reSoURce recovery and enerGy efficiENCy for greenEr digitised processes).

Aqualia energy mix in 2023

Record	Acronym	Full name	Start	End	Sustainable treatment	Reuse, purification and sustainable desalination	Sustainability and energy efficiency	Circular economy and biofactories	Industrial water	Digital developments
18 02	H2020 REWATERGY	Sustainable Reactor Engineering for Applications on the Water-Energy Nexus	2019	2023	●		●			
19 05	LIFE ULISES	Upgrading wastewater treatment plants towards energy self-sufficiency and zero-waste concept	2019	2023			●	○		
22 01	RIS3 EFLUENT-EX	Research on the use of biowaste in Extremadura: sustainable source of renewable energy, mobility and bioproducts	2022	2023			○	●		
19 03	BBI B-FERST	Bio-based FERtilising products as the best practice for agricultural management SusTainability	2019	2024	○			●		
19 04	BBI DEEP PURPLE	Conversion of diluted mixed urban bio-wastes into sustainable materials and products in flexible purple photobiorefineries	2019	2024	○			●		
19 06	LIFE INTEXT	Innovative hybrid INTensive-EXTensive resource recovery from wastewater in small communities	2019	2024	●	○				
20 02	H2020 SEA-4VALUE	Developing radical innovations to recover minerals and metals from seawater desalination brines	2020	2024		●				
20 03	H2020 ULTIMATE	indUstry water-utiLiTy symbiosis for a sMarter wATer society	2020	2024			○		●	
20 06	LIFE ZERO WASTE WATER	Positive energy wastewater treatment plant for combined treatment of waste water and bio-waste in small populations	2020	2024	●		○			
20 07	LIFE INFU-SION	Intensive treatment of waste effluents and conversion into useful sustainable outputs: biogas, nutrients and water	2020	2024	●				○	
21 03	MISIONES ECLOSION	New materials, technologies and processes for the generation, storage, transport and integration of renewable hydrogen and biomethane from biowaste	2021	2024			●	○		
21 04	MISIONES ZEPPELIN	Research in innovative and efficient technologies for the production and storage of green hydrogen based on the circular economy	2021	2024			●	○		
20 04	H2020 REWAISE	REsilient WAter Innovation for Smart Economy	2020	2025		●		●		●
20 05	LIFE PHOE-NIX	Innovative cost-effective multibarrier treatments for reusing water for agricultural irrigation	2020	2025	○	●				
21 01	H2020 NICE	Innovative and enhanced nature-based solutions for sustainable urban water cycle	2021	2025	●	○				
21 02	LIFE RESEAU	RESilience EnhAncement in the Urban water sector	2021	2025	●					○
22 04	UMI AQUA-TIM	Mixed research unit: sustainable future of the circular, efficient and resilient water cycle.	2022	2025	●			●		●
22 02	HE D4RU-NOFF	Smart implementation of adaptive hybrid solutions in sewage networks for preventing and managing diffuse pollution from urban water runoff	2022	2026	○					●
22 03	HE CHEERS	Producing novel non-plant biomass feedstocks and bio-based products through upcycling and the cascading use of brewery side-streams	2022	2026				●	○	
22 05	HE NINFA	TakiNg actIoN to prevent and mitigate pollution oF groundwAter bodies	2022	2026		○				●
23 01	HE RESUR-GENCE	Industrial water circularity: reuse, resource recovery and energy efficiency for greener digitised processes	2023	2027				○	●	

● Main line of activity
○ Secondary line of activity

5.1. Sustainable treatment

The following results have been obtained from the four projects completed in 2022:

Talavera de la Reina Wastewater Treatment Plant, in Toledo (Spain), which houses the demonstration platform for 16 technologies.

EU MSCA - Rewatergy

This project focuses on scientific training, under the H2020 Marie Sklodowska Curie programme for European academic networks. It was led by Rey Juan Carlos University in Madrid and Aqualia was an industrial partner hosting two PhD researchers to conduct technology development work at its treatment plants: at the Lérida WWTP, methods were developed to absorb ammonia from wastewater and convert it into hydrogen in collaboration with the University of Cambridge; at the Jerez de la Frontera WWTP (Cádiz), photo and electrodisinfection processes were assessed to eliminate micropollutants from drinking or wastewater, supported by Ulster University (Northern Ireland).

Life IntExt

The project optimises low-cost wastewater treatment technologies in small towns to minimise the energy cost, carbon footprint and waste treatment. Led by Aqualia, the AIMEN and CENTA technology centres, and the University of Aarhus (DK), it evaluates ecologically and economically sustainable solutions for urban centres with fewer than 5,000 inhabitants, supported by specialised SMEs from Germany, Greece and France.

At the Talavera WWTP (Toledo), managed by Aqualia, the demonstration platform of 16 technologies is operated, comparing different systems (wetlands, algae, biofilm reactors or granular sludge). The wetlands are also tested at the facilities of the Andalusian Environment and Water Agency in Seville province to quantify the climatic effect and to compare various pretreatment options (Push, Imhoff).

Life Zero Waste Water

With Aqualia as leader and with Canal de Isabel II as a partner, this project has installed a combined treatment unit for urban wastewater (USW) and organic fraction of urban solid waste (OFUSW) at the Valdebebas WWTP (Madrid). For achieve a zero carbon footprint treatment process, an anaerobic reactor was installed with AnMBR membranes, producing biogas, followed by the ELAN® in-line water process to remove nitrogen with low energy consumption. OFUSW management is assessed transporting the organic matter mix in a single stream to the sewerage system.

In addition to the University of Valencia (co-holder of the AnMBR patent) and the University of Santiago (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).

Life Infusion

This project is coordinated by the Metropolitan Area of Barcelona (AMB) and arises as a continuation of the Life Methamorphosis project. The pilots prior to the project are used at the Ecoparc 2 in Barcelona to design new waste recovery plants from urban solid waste. In collaboration with the EureCat centre for technology and the operator of Ecoparc 2, EBESA, the leachate digestion system was optimised with technology developed by Aqualia, AnMBR and ELAN®, adding an ammonium stripping system produced by Belgian firm Detricon. This process will be transferred to COGERSA, the waste management entity in Asturias, to assess the new leachate management solutions at its plants.

LIFE Reseau

The RESEAU project seeks to increase the capacity and resistance of existing hydraulic sanitation infrastructure against the impact of climate change. Led by Aqualia with the involvement of ITG (Fundación Instituto Tecnológico de Galicia) technology centre and VCS (Vand Centre Syd AS) public operator in Odense (Denmark). Sensors (speed, flow, level, etc.) have been installed in the sanitation network of Moaña (Pontevedra), operated by Aqualia, to monitor and model its behaviour. The goal is to develop a flexible flow management model.

In addition, a 500 m^3 aerobic granular reactor is being built at the Moaña WWTP to treat up to 2,000 m^3/day of wastewater. This advanced biofilm system multiplies biological treatment capacity compared with conventional activated sludge while improving the WWTP's adaptability to load variation and reducing the space necessary for implementation. It also significantly reduces the environmental impact of the treatment by reducing energy needs and avoiding the emission of greenhouse gases.

5.2. Reuse, purification and sustainable desalination

H2020 Sea4Value

The EureCat technology centre coordinates this fully EU-funded project with fourteen partners from seven countries to recover resources from concentrated brines at Seawater Desalination Plants (SWDP). At least eight innovative technology solutions are being developed at 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.

Aqualia's Desalination Innovation Centre in Dénia (Alicante) has been reinforced and a new test platform installed in Tenerife, as well as pilot units at several SWDPs operated by Aqualia. These locations analyse the technical and economic impact of more sustainable desalination methods and new solutions for brine recovery. 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, to reduce CO_2 consumption, cloudiness and the size of facilities.

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). Aquas de Portugal, Almería Provincial Council and Confederación Hidrográfica del Guadalquivir provide the project with several locations to assess effluents with various mobile plants.

This equipment combines physical and chemical treatments with advanced filtration and various ultra and nanofiltration membrane refining skids. Furthermore, the European subsidiary Newland Entech is testing ozone and ultraviolet light modules, which will allow advanced oxidisation and disinfection. To continuously monitor reused water quality, a sensor from Dutch firm MicroLan is integrated into the tests to enable in-line microbiological measurements and respond to risk controls required by the new EU reuse regulation.

H2020 Rewaise

In the EU H2020 Smart Water Economy call, Aqualia participates in two of the five consortia selected, which have combined forces in the CirsEau cluster. Rewaise project is the first with Aqualia acting as coordinator of the 25-member consortium, which includes water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with seven SMEs and 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 labs" including Aqualia operations in Asturias, Badajoz, the Canary Islands, Dénia, Salamanca and Vigo.

Rewaise will enhance Aqualia's strategic lines of technological development, such as sustainable desalination and new membranes, the recovery of brine materials, the reuse of wastewater and its transformation into energy and by-products. This project also has an important line of action in digital development to improve process operation and control, working to simulate networks and plants, optimising service efficiency and water quality.

5.3. Sustainability and energy efficiency

EU MSCA - Rewatergy

In addition to sustainable treatment as mentioned previously, at the Lleida WWTP, methods for the absorption of ammonium from wastewater and its conversion into hydrogen were developed in partnership with the University of Cambridge (England).

Life Ulises

Three technology centres, CENTA, EnergyLab and CIESOL (University of Almería), and Aqualia as coordinator, have worked to transform conventional WWTPs into "energy and biofertilizer production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pretreatment with the PUSH reactor has been implemented at the El Bobar WWTP in Almería, which has also been successfully assessed in Portugal, first at two WWTPs operated by Aguas de Algarve and then at the Cartaxo WWTP operated by Aqualia.

To improve the energy balance in Almería, biomethane is used as fuel for vehicles supplied at a petrol station fed with an ABAD BioEnergy® refining system. Fertiliser production strategies include the development of struvite precipitation, enzymatic hydrolysis and Fresnel lens solar disinfection.

Missions Eclosion

Co-funded by the CDTI, the project aims to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous gases such as hydrogen and biomethane. These energy carriers will be produced from urban waste, agri-food, wastewater and sewage sludge, and will be accompanied by eco-efficient, flexible and intelligent optimisation tools.

The consortium of eight companies, led by Aqualia, together with FCC Medio Ambiente, CADE, Ghenova, ARIEMA, H2B2, Idecal and MindCaps, carries out the research in four development centres, the Valladolid Waste Treatment Centre, managed by FCC Medio Ambiente, and the wastewater treatment plants in Salamanca, Lérida and Jerez de la Frontera, managed by Aqualia. Bio-electrochemical processes for the generation of renewable gases, thermochemical treatment with supercritical gasification, and new processes for separation and storage of the gas mixtures produced to generate high quality pure gases will be researched.

Aerial view of the El Bobar treatment plant in Almería (Spain)

Missions Zeppelin

A second project co-funded by the CDTI is researching a flexible set of green hydrogen production and storage technologies based on the use of waste and by-products (agri-food, textile, sewage treatment plants, from refineries, etc.). The aim is to produce this carrier more efficiently, addressing the technological challenges related to biogas and bioethanol reforming, dark fermentation (DF), microbial electrolysis (ME), gasification, and hydrogen storage.

With new models for obtaining green hydrogen that complement electrolysis with renewable energies, decarbonisation is promoted under the principles of the circular economy and digitalisation. The consortium led by Aqualia includes seven key companies in the hydrogen value chain: Repsol, as leading domestic hydrogen producer and consumer; Naturgy, Redexis and Reganosa, as gas distributors; and Norvento, Perseo and Técnicas Reunidas as technology partners.

The companies are collaborating with nine research organisations (including CETIM, CIEMAT, EnergyLab, CIDAUT, and IMDEA-Energía) to implement, at the Algeciras WWTP (Cádiz), managed by Aqualia, several innovative hydrogen production pilots that can supply large hydrogen consumers in the field, including Acerinox, Viesco, Air Liquide, Linde, and port companies.

5.4. Circular economy and biofactories

RIS3 Efluent-EX

The Efluent-EX project is funded by ERDF RIS3 regional specialisation funds as part of the commitment undertaken by the autonomous region of Extremadura for the green circular economy. To promote clean energies and reuse of organic and agro-industrial waste, Aqualia is working to convert WWTPs into biofactories and sources of renewable energies, promoting sustainable mobility with green biofuels.

At the Badajoz WWTP, managed by Aqualia, solar solutions are implemented to heat the digesters, with photovoltaic panels and a Fresnel lens solar drying and sanitising system. To maximise biomethane and hydrogen production, agro-industrial substrate co-digestion was optimised assessing inventories and characteristics of agricultural, livestock and food industry waste (wineries, fruit, vegetable and dairy processing plants). Various thermal processes were also tested to transform end solid water in carbonaceous materials (biochar): hydrocarbonisation, pyrolysis and activation.

Deep Purple Project at the Wastewater Treatment Plant in Toledo (Spain).

H2020 BBI B-Ferst

Fertiberia is leading the project to develop new biofertilisers from urban wastewater and by-products of agri-food industries, with the participation of Aqualia and ten partners from six different countries. 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 facility is operated at the Jerez de la Frontera WWTP (Cádiz), managed by Aqualia, to incorporate the phosphorus recovered in a new Fertiberia biofertiliser demonstration plant in Huelva.

Work is ongoing to verify that the Aquavite® product complies with the limits set in legislation 2019/1009 on fertiliser products, both in terms of phosphorous oxide content (16%) and presence of pathogens. An infrared thermal dryer is also being tested for disinfection. The resulting product is also used to recover land affected by forest fires in Ávila. Finally, agri-food sludge is being characterised as waste at the Coosur WWTP (Jaén, Spain) operated by Aqualia to be incorporated into Fertiberia formulations.

H2020 BBI Deep Purple

Aqualia, with support from thirteen partners in six countries, is implementing a new demonstration-scale biorefinery model in the project, integrating phototrophic purple bacteria (PPB) in anaerobic carrousels. 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.

After optimising the first photobioreactor prototype at the Toledo-Estiviel WWTP, a demonstration reactor that is 10 times larger was built in 2022 at the Linares WWTP, with a similar installation completed at the Badajoz WWTP. A biogas purification column is installed in SmVaK in the Czech Republic to increase generate performance.

HE Cheers

Coordinated by beer group Mahou-San Miguel with the participation of 10 partners from five European countries, including Aqualia and its subsidiary Hidrotec, the AINIA technology centre and the University of Valladolid. The project aims to give value to underused or wasted by-products from the beer industry, such as husk, wastewater, CO_2 and methane.

With a biorefinery approach inspired in the biodiversity of nature (insect and microbe platforms), five innovative bioproducts that are competitive at market level are generated: insect protein, disinfectant, microbial protein, ectoine and caproic acid. New sustainable transformation bioprocesses are validated on a demonstration scale to achieve a 50% reduction of the carbon footprint in each value chain.

5.5. Industrial water

H2020 Ultimate

The Ultimate project is the second of the EU H2020 *Smart Water Economy* call that Aqualia participates in. Dutch technology centre KWR coordinates 27 partners who implement, in nine living lab locations, innovative industry and water service synergy demonstrations.

Aqualia has installed an industrial-scale fluidised anaerobic reactor (FBBR / Elsar) at the Mahou-San Miguel brewery WWTP in Lérida to recover biomethane and feed a fuel cell. The co-digestion of waste yeast and support for AITASA, in Tarragona, where Aqualia has built a new industrial effluent treatment system that could later be used to supply the petrochemical centre is also under study.

HE Resurgence

This fully funded project is part of the RIA (research and innovation action) Horizon Europe programme. The consortium is led by the CETIM technology centre and comprises 20 partners from 11 countries covering the EU geography and has international cooperation from Turkey and Pakistan. The project envisages a circularity model in industrial water consumption with a broad perspective: efficient technologies for water circularity, energy and raw material recovery, in order to contribute to climate neutrality, circularity and competitiveness in the EU.

Four case studies will be developed including three industrial sectors (pulp and paper, chemicals and steel), as well a fourth case to explore synergies between urban and industrial wastewater treatment. Digital tools will also be developed and applied for optimum water treatment technology configuration and daily operation, making the most of flexibility opportunities in smart networks.

5.6. Digital developments

HE Rewaise

In addition to the reuse, sustainable desalination and purification actions mentioned, this project is cross-cutting and includes digital management solutions studied in Aqualia's "living laboratories" in Asturias, Badajoz, Canary Islands, Dénia, Salamanca and Vigo, in Spain. To improve process operation and control, work is underway to simulate networks and plants, optimising service efficiency and water quality.

MRU Aquatim

The CETIM technology centre, Aqualia and its subsidiary Trainasa make up this Mixed Research Unit (MRU). The goal is to respond to current challenges by studying and implementing new technologies throughout the end-to-end water cycle. Innovation, development of new circular economy models and digitalisation are key factors for obtaining new green energy sources (hydrogen and biogas), new natural resources and their efficient use (nutrients, metals and water). The protection of ecosystems and biodiversity is also included with nature-based solution (NBS), the development of new digital technologies (sensors, traceability, models and predictive systems) and the introduction of improvement actions to ensure quality in water masses.

HE D4Runoff

The project is led by the public water company Vand Center Syd (VCS) in Odense (Denmark), it brings together 12 partners from five countries, including Aqualia and its subsidiary Hidrotec, the Technological Institute of Galicia (ITG), the University of Cantabria, and the Catalan SME Mitiga specialised in risk control software. Tools are developed to quantify, avoid and manage diffuse pollution caused by urban run-off water.

The work programme includes the development of new analytical methodologies with Aqualia laboratories (Hidrotec), the online measurement of micropollutant and bioplastic indicators, and the implementation of preventive strategies to reduce diffuse pollution with multi-criteria analysis and artificial intelligence. Nature-based management solutions (NBS) will be validated in Odense (Denmark), Pontedera (Italy) and Santander and their replicability assessed in Algeciras, Ostrava (Czech Republic) and Cairo (Egypt).

HE Ninfa

The project develops systems to monitor and protect groundwater, starting with the measurement, modelling and treatment of various pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, microplastics and salinity). The pollution prevention and groundwater management strategy is based on early detection systems, a better understanding of synergistic effects and control of risks of multiple disturbance factors. These elements are combined with predictive methodologies to increase resilience and implement treatment and mitigation solutions.

The project is coordinated by the Leitat technology centre, and brings together nine partners from six countries. Aqualia participates with its laboratories (Hidrotec) and implements activities along with another partner, Los Alcázares Town Council (Murcia). A partnership is also planned between Aqualia France and the Institutes Mines-Télécom Atlantique in Brittany (Brest, Rennes, Nantes).

Representatives of the NINFA project research consortium present progress in Los Alcázares, Murcia (Spain).

5.7. Patents

The 10 families of patents and brands were maintained in 2023. They continue to grow since 2014 and two Aqualia Industrial patents are still valid, summarised in the following list.

Status of patents in 2023

Type of protection	Short name	Concession date	Concession no.
National patent SPTO (Spanish Patent and Trademark Office)	Water delivery and filter flushing system	08/02/2005	ES2196949
National patent SPTO (Spanish Patent and Trademark Office)	Anaerobic batch water treatment system	06/05/2009	ES2300164
National patent SPTO (Spanish Patent and Trademark Office)	Carbonatation system	18/11/2015	ES2451579
EPO European Patent	Carbonatation system	18/11/2015	EP2712917
SPTO national patent EPO European patent Trademark EPO European patent	ELAN Anammox process ELAN ® ELAN ®UK ARON ® AQU-ELAN (ELAN in water line)	10/09/2014 17/12/2014 03/09/2014 30/08/2023	ES2466090 EP2740713 11256559 UK00911256559 12785771 EP3255016
EPO European patent Trademark	Algae-optimised LEAR (LEAR) LEAR ®	06/01/2016 03/09/2014	EP2875724 12785713
EPO European patent Trademark	Fluidized bed reactor CMBs FBBR (ELSAR) ELSAR ®	22/04/2020 02/06/2021	EP2927196 18398327
EPO European Patent	Influent distribution and Mixing Device for UASB Reactors PUSH Combined USAB Reactor-solids Anaerobic Digester Device and Method for Treating Unsettled Sewage Mejora PUSH	05/10/2016 15/11/2023	EP3009408 EP4166514
EPO European patent PCT international patent Trademark	Biogas upgrading Biogas upgrading USA and MEXICO ABAD Bioenergy ®	29/03/2017 27/02/2018 02/12/2021 22/05/2017	EP3061515 US9,901,864 B2 388417 016146151
EPO European patent PCT international patent	MDC (Microbial Desalination Cells MIDES) MDC USA	26/08/2020 23/03/2021	EP3336064 US10,954,145
EPO European patent PCT international patent	SAnMBR SAnMBR USA and MEXICO	20/05/2020 03/03/2020	EP3225596 US10,577,266 B2
EPO European patent Trademark	ADVANSIST ANPHORA® ADVANSIST/ ANPHORA®COLOMBIA	10/07/2020 02/06/2021 27/03/2019	EP3546562 18398329 41631
EPO European Patent	DARE	19/05/2021	EP3527538

Three new protections were requested in 2023: a patent and two trademarks for the DAHLIA® and CAMELLIA processes. Of the six patent requests submitted in previous years, two are in the final concession phase (AquaElan and Estruvita). We are still waiting for news on the other four in the patents pending table:

Status of new patents requested

Type of protection	Short name	Application date	Application No.	Result
EPO European Patent	AQUELAN (ELAN in water line)	10/06/2016	EP16382266.1	Concession announced
EPO European Patent	Struvite crystallisation	26/09/2016	EP15754933.8	Concession announced
EPO European Patent	Pressurised reactor	19/10/2017	EP17382699.1	Under assessment
EPO European Patent	Purasand High Recovery	30/09/2022	EP22382912.8	Under assessment
EPO European Patent	WETFAN	28/11/2022	EP22383139.7	Under assessment
EPO European Patent	Ectoine production	03/03/2023	EP23382198.2	Under assessment

6. People and culture

6.1. General action lines

After developing the People and Culture department's activity regarding the ***Be Aqualia*** project, our different roles converge under a common approach and slogan: 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.

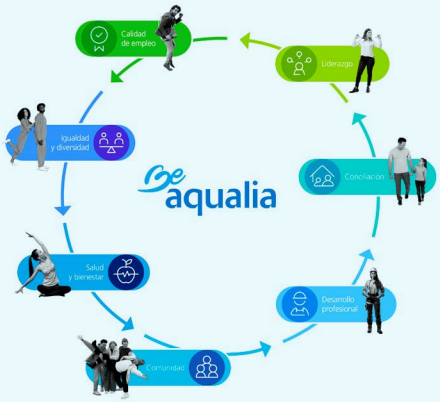
During this year, and keeping the key objective of becoming a **healthy organisation**, work has continued on the basis of the seven blocks of action identified as "health assets" that constitute the different lines of work to be detailed later in the different sections.

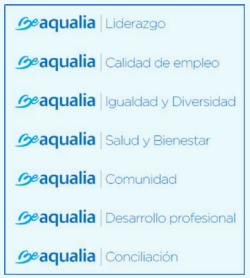
6.2. Conciliation

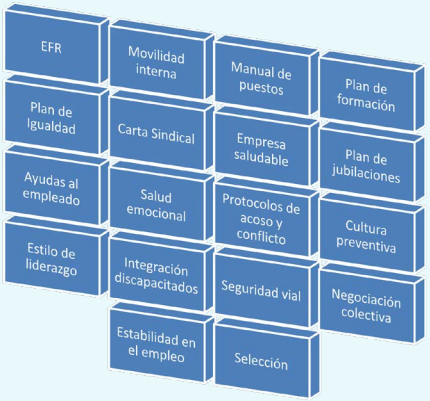
Aqualia keeps its ***efr*** (family responsible company) certification obtained in 2017 and renewed until 2023. Aqualia increased its score since initial certification, having been upgraded from a C to a C+ company.

In 2023, the Employee Voice Survey was conducted to analyse the Efficiency of *Be Aqualia* Measures.

Results indicate that the most valued measures are related with flexible working hours and health. The main suggestions received are related with flexible spaces.







6.3. Diversity and equality

Diversity and inclusion Social

In 2023, Aqualia renewed its participation in the **Diversity Charter** where the company declares that it respects regulations in force on equal opportunities and non-discrimination.

Membership of the **#CEOPorLaDiversidad** alliance is maintained, an initiative led by the Adecco Foundation and CEOE Foundation (Spanish Federation of Business Organisations) to unite companies and their leaders in the values of diversity, equality and inclusion.

Equipos y Talento magazine, a reference in Human Resources, has recognised Aqualia as one of the 70 leading companies in diversity, renewing its ***Diversity Leading Company*** seal with 600 points, exceeding last year's score (556).

Aqualia has set up a **Diversity Committee** to analyse diversity-related matters and projects. The first Diversity, Equality and Inclusion Protocol was approved in 2023, which will allow us to continue advancing in the implementation of an inclusive and bias-free culture.

Entidad adherida a la alianza

CEO & LA DIVERSIDAD

With an agreement signed with FELGTBI+, Aqualia has joined the EMIDIS programme in 2023 to run a diagnosis on LGTBI diversity. The initial result of 46.30 points was positive, far above the average of 30 points obtained by companies beginning to implement these policies.

In 2023, Aqualia maintained its agreement with the ***Asociación Red Empresarial por la Diversidad e Inclusión LGBTI*** **(REDI)**, an ecosystem of companies and professionals in Spain that works to promote safe and respectful work environments for all people, regardless of their identity, gender expression or sexual orientation. Awareness-raising sessions for the workforce have been held with REDI.

Aqualia also celebrated Diversity Week, participating in different activities to raise awareness and support the LGTBI+ community.

Aqualia has an **agreement with *MyGWork*:**, a global recruiting and networking platform for LGTBI professionals, graduates, allies and organisations to promote diversity and inclusion in the workplace. A tool to attract diverse talent at Aqualia.

Moreover in 2023, Aqualia made its commitment to diversity visible in different forums like participating in the **Parliamentary Round Table on: "Diversity, Inclusion and Sustainability, challenges for business and Spain as a society"**, held on 2 June.

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

Empowering Women's Talent (EWT)

Due to its commitment to promoting female talent and diversity, Aqualia has renewed the *Empowering Women's Talent* seal from *Equipos&Talento*, a magazine specialising in Human Resources.

Empresa adherida al programa: 2023

Empowering Women's Talent by Equipos&Talento

'Empowering Women's Talent' seal presentation ceremony.

Continuity of the "Aqualiawomen" Internal Female Talent Network

To promote networking, access to training and coaching. Fifty women currently belong to this network. 83.4% of participants value the activities developed as part of the initiative in its first year as positive.

Cross Mentoring programme, part of Empowering Women's Talent (EWT)

Different companies participate and pairs of mentor and mentee are created. This programme brings the richness of diversity of sectors and business models. Three mentees and three mentors from Aqualia have taken part in programme in 2023, which will continue in 2024.

Equality Distinction

In 2023, Aqualia received an extension of its "Equality in Business (DIE)" distinction for another five years. The Ministry of Equality has recognised Aqualia's efforts in equality by renewing this distinction, granted by the public body in 2010.

Equality Plan

In 2023, Aqualia has implemented the commitments taken on in the Third Equality Plan for the period 2021-2025, which was signed on 5 October 2021, thereby renewing its commitment to guaranteeing equality between sexes (SDG 5) and the reduction of inequalities (SDG 10).

Aquamaior receives the Equal Pay Seal 2023

Aquamaior, the Aqualia subsidiary managing the end-to-end water cycle in the Portuguese town of Campo Maior, has received the award from the Portuguese Commission for Equality in Work and Employment (CITE) for its best practices in promoting equal pay among women and men.

Let's talk about Equality training

The goal is to promote equal opportunities in the workplace, not tolerating direct or indirect discrimination based on gender, race, age, nationality, religion, sexual orientation, disability, etc. This course has been included in the initial training for new hires.

Campaigns Women's Day, Elimination of Gender Violence, etc.

The company continues to show its commitment against gender 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 2023, a new edition of the Development Programme for Management – Women with High Potential by the School of Industrial Organisation (EOI) was held, with five members of the Aqualia workforce participating.

Agreement with Adecco Foundation

For the development of activities aimed at finding employment for women at risk of social exclusion, such as:

- Employment Camp. Socio-labour integration project for women in vulnerable situations. With this initiative, Aqualia aims to contribute to overcoming barriers for these women when attending employment workshops due to their scarce economic resources and lack of family support.
- Participation in the Gender Violence and Employment Report to position employment as a key element in the recovery of female victims.

Agreement with the Ministry of Equality

Aqualia maintains the agreement with the Ministry of Equality (Government Delegation against Gender Violence) to promote awareness and social sensitisation against gender violence as part of the "Companies for a society free of gender violence" initiative signed in November 2022.

Aqualia 'Inspiring and real' equality campaign.

6.4. Leadership

Training in the Aqualia Leadership Model continued in 2023, aimed at managers within the organisation. The training sessions are based on three pillars of leadership for Aqualia: participative, healthy and inclusive.

6.5. Development

Professional and personal development

With the aim of contributing towards a healthy working environment and reducing conflicts, Aqualia has an **Interpersonal Conflict Management Procedure**, which aims to be an effective tool to manage and resolve conflicts that arise in the workplace through mediation.

The **Standard Position Manual** was updated in 2023. It contains descriptions of jobs within the organisation according to professional families. This manual aims to be a basic tool for organisational human resource processes.

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.

Worldwide in 2023, **2,146 courses** were organised in all the countries Aqualia operates and the workforce received **196,546 hours of training**.

The language policy has been implemented in 2023, highlighting the **multilingual platform** where the following languages can be studied: English, French, Portuguese, Italian and Spanish. 407 people have used the platform, 81% of whom have completed training courses/modules.

Language groups and individual classes have also been organised based on the profiles and scope of activity of each job. 199 people have taken part in these training courses, with a 78% completion rate.

Training and awareness in Diversity and Equality were especially relevant in 2023, highlighting the following actions:

- Awareness and protection course against sexual violence at the company.
- Awareness on DE&I LGBTI. 146 people trained.
- Awareness raising in Diversity and Inclusion for new hires. Workforce with email access do the course through the FCC Campus and a campaign is being carried out through posters in different countries and languages for employees without access to a computer.

"Cultural transformation for sustainability" training.

- A course on inclusive language has also been developed with 1,666 participants and another on unconscious bias, completed by 2,245 people.
- Noteworthy commitments in the 3rd Aqualia Equality Plan include raising awareness on the Gender Violence Cycle and Support Networks completed by 2,284 employees online, as well as a campaign with posters and on the *Be Aqualia* app.
- 884 people also participated in Cyberbullying training in 2023.

Likewise, in 2023 training on the **FCC Group Code of Ethics and Code of Conduct** continued for new hires. In the field of regulatory compliance, the course on **Conflicts of Interest** was completed by 1,018 employees.

Given the important of **Cybersecurity**, different courses on this subject were held throughout 2023 with 4,365 participants attending.

Training courses on **Cultural Transformation in Sustainability** were given to Aqualia's team managers to highlight the cultural transformation that the company is undergoing towards sustainability, as evidenced by the launch of the 2021-2023 Sustainability Strategic Plan. This training will continue in 2024.

2,146
courses organised

196,546
hours of training

Training related to emotional health is still viewed as important. Stress management and productivity courses were organised, as well as workshops of psychosocial issues and mental well-being, with 612 participants.

En 2023, Aqualia was recognised as a **"Brain Protected Space"** awarded by the Freno al Ictus Foundation. This recognition is thanks to the training offered to employees at the company's headquarters in Madrid, Barcelona and Seville to help them identify, stabilise and effectively respond to strokes that may occur at company facilities and while performing their work duties. The "Brain Protected Spain" certification programme has trained a total of 358 people.

Aqualia continues to promote and develop processes for the accreditation of professional skills. Aqualia currently has 17 authorised experts (11 for energy and water, six for Safety and the Environment).

Selecting and attracting talent

Aqualia's Selection and Professional Practices department works with a single goal: attract talent, guaranteeing objectivity and equal opportunities in the personnel selection and recruitment processes at all times.

Therefore, in 2023, work continued on Aqualia's Employer Brand image with *Employer Branding* programmes that promote the company's main goal of guaranteeing equal opportunities.

Aqualia has also once again invested in the most relevant job portals with the largest national and international capacity, maintaining in 2023 its contract with the *myGwork* platform to attract diverse talent to Aqualia.

In 2023, 741 selection processes were conducted.

Aqualia also continues to work on attracting young talent by signing agreements with universities and vocational training centres in different regions. New students have been included from the Higher Level Qualification in Water Management and the Intermediate Level Qualification in Water Networks and Treatment Plants of the Dual Vocational Training course in the Region of Madrid, promoted by Canal de Isabel II.

6.6. Quality employment: collective bargaining, labour relations and personnel administration

For collective bargaining, the trend of reducing the number of smaller collective bargaining agreements continued and, by adhering to the Sector Agreement, the 6th State Agreement for the End-to-end Water Cycle continued to be extended as the regulatory reference framework for labour relations.

Conventional agreements at provincial and regional level have also been reached, such as the Regional Collective Bargaining Agreements in Murcia, Madrid and Catalonia, as well as in the provinces of Toledo and Alicante, where Aqualia participated in the negotiating committee.

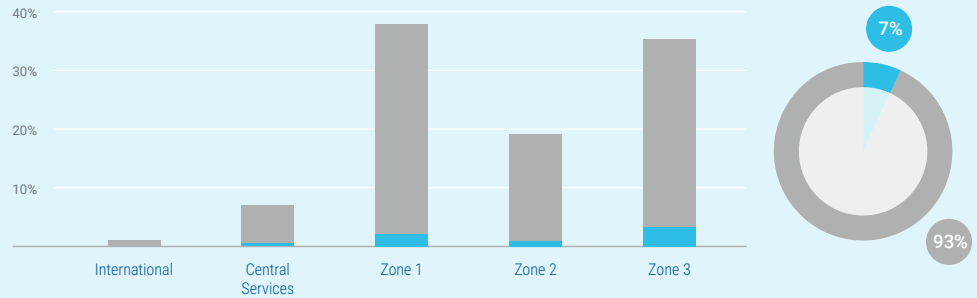
Concerning relations with social partners, the most representative trade union organisations (UGT and CC. OO.) and the companies that represent the sector at employer level (AGA), there were no collective conflicts at sector level or strikes in the Aqualia Group in 2023.

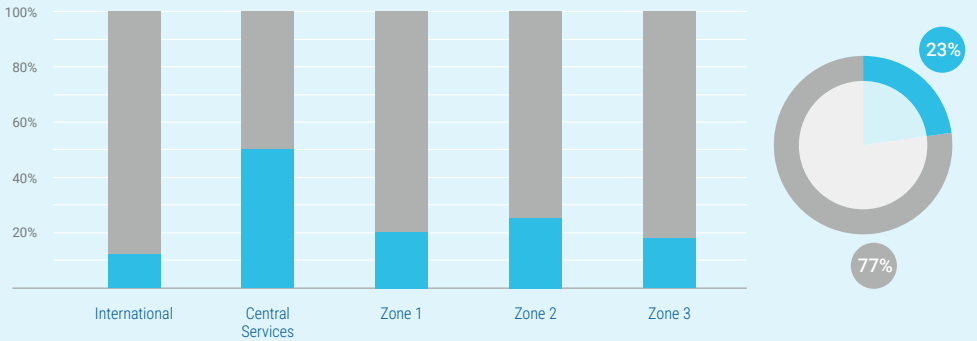
Labour disputes remained low. In terms of collective dispute, there were several low-impact disputes due to applying the collective bargaining agreement with a mediated solution reached in most cases. Internationally, there were no relevant collective labour conflicts. Work Inspections fell by 30% compared to 2022 with conciliation or a favourable result in most cases, except one minor case.

As for equality, Aqualia group companies are required by legislation to have Equality Plans in force and agreed at corporate level. Regarding compliance with regulations regarding personnel with disability, the Aqualia group fully complies with these regulations, adhering to the 2% required for staff with disability in companies with more than 50 workers, and for FCC Aqualia S.A., through the corresponding alternative measures.

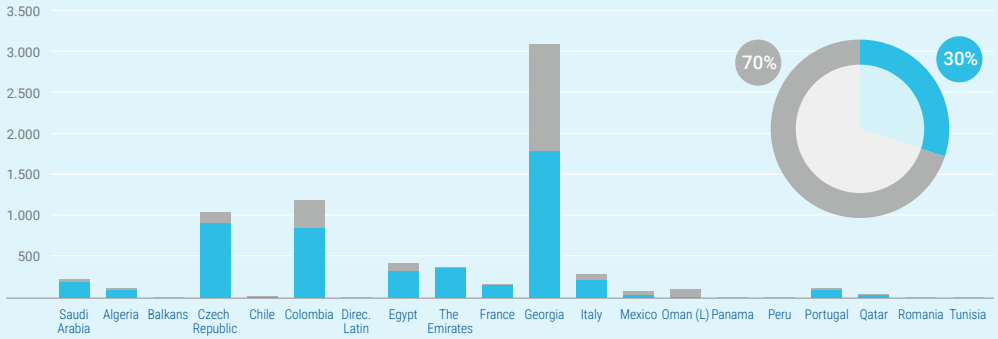
In quantitative figures, the stability policy is maintained nationally at the same level of 93% of permanent contracts in 2023. In terms of gender, the percentage of female employees has increased compared to 2022 at national level, reaching 23% in 2023. At international level, employment stability stands at 70% for permanent contracts and 30% for temporary contracts, and in terms of gender, it stands at 83% men and 17% women. This variation is due to the notable increase in female employees at international level compared to 2022.

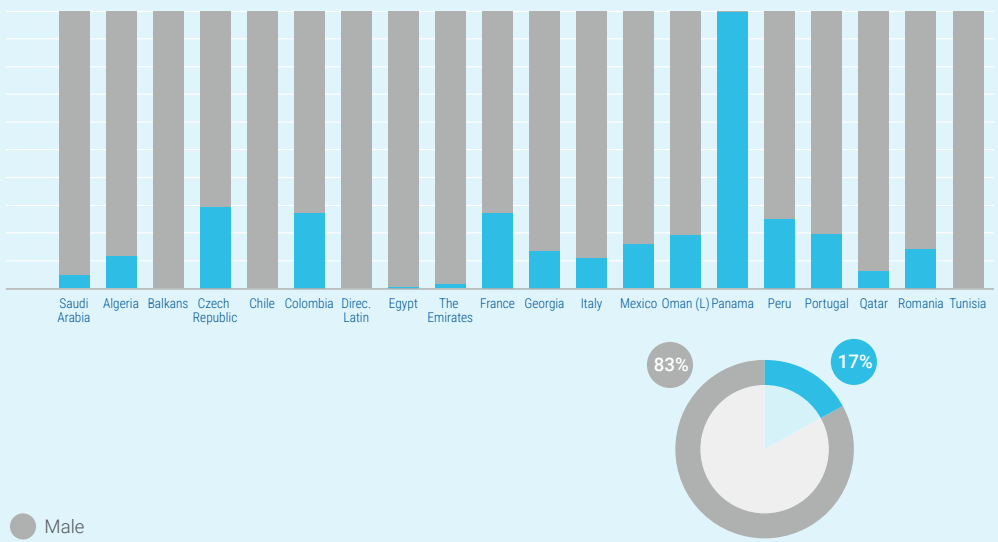
National contracting situation and people by gender





International contracting situation and people by gender





Female Male

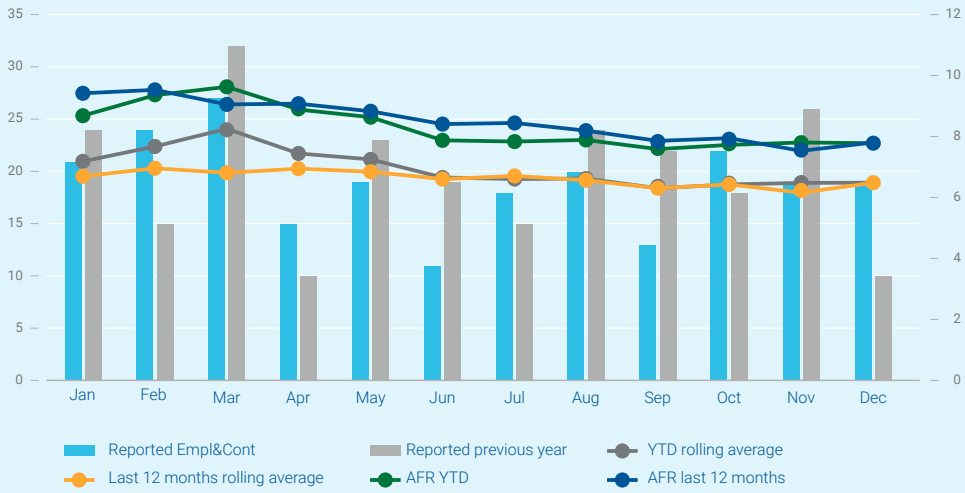
6.7. Health and well-being

Accident frequency rate evolution at Aqualia in 2023

In 2023, the goal to reduce the accident rate was achieved. The AFR stands at around 7.79[1] compared to 9.84 in December of the previous year or 10.12 in October 2022.

That no serious accidents with company employees have occurred is noteworthy.

Accident frequency rate evolution at Aqualia in 2023



(1) Consolidated data to October 2023 and averaged for November and December.

Highlights for health and well-being

The Strategic Plan for Health and Well-being was redesigned in 2023 in line with the company's Strategic Plan, translating it into actions to be developed by 2026.

We have worked on implementing some of these actions under the five lines of work in the Strategic Plan for Health and Well-being that represent progress in the effective and efficient management and continuous improvement not other of safety, but of health and well-being at the company: for the workforce and their family and social environment.

The most significant actions this year were:

Outstanding projects or initiatives aimed at achieving "Zero Harm" to employees:

- The Action Plan against Accidents at Aqualia was designed and disseminated, adapting it to each department.
- Indicators were defined and designed to identify recurrences associated with accidents and for the segregated analysis of accidents by age, gender and other variables of interest.
- Resources were generated for awareness, learning and training with gamification and new technologies.
- Use of the *Be Aqualia* app as a communication tool was encouraged.
- Specialised in-person training on contractor management and using documentation control and tracking platforms.
- 3rd Aqualia International Seminar on Health and Safety.

Projects or initiatives aimed at controlling critical risks at Aqualia:

- Update and presentation of the asbestos work plan for approval.
- Control visits and improvement plan as part of the comprehensive ATEX risk installation control campaign.
- Control visits and improvement plan as part of the comprehensive chloring gas installation control campaign.

Projects or initiatives aimed at improving people's well-being:

Consolidation of the *Be Aqualia* and healthy organisation project with various cross-cutting and specific initiatives focused on comprehensive health improvement for the workforce.

Cross-cutting actions:

- Physical activity (Women's race or completion of the *United Heroes* pilot).
- Diet (*Be Aqualia* strategy against excess weight and obesity, *Befit* with training routes, monthly menus, guided challenges, and integration through health monitoring, webinars, workshops and various talks on eating habits and their influence on health).

Aqualia 'Be fit' workshop.

- Talk on the Prevention of Cervical Cancer.
- Talk on the *Be Aqualia* and El Endrinal healthy eating on site: personal nutrition with high energy demand.
- Intensification of the strategy against excess weight through the Fit Week with a webinar, bike blender activity and *Be Aqualia* packs, various initiatives to promote healthy breakfasts.

Local initiatives:

- Organisation, promotion and, in some cases, sponsoring of sporting activities such as races, hiking, padel tennis, football matches and yoga to improve the posture.
- Distribution of fruit, recipe competition and health breakfasts.
- Family day.
- Local agreements with physiotherapy clinics as well as encouraging taking breaks at the office and physical activity to start the day.

The **emotional health and psychosocial risk management programmes** at the company are worthy of special mention. Once again, multiple interventions were held with our partner *Affor Health*, reinforcing a cultural change at the organisation when addressing mental health by:

- Taking part as a co-founding company and promoter behind a new psychosocial assessment tool, *Mentally Pro,* in collaboration with the University of Barcelona, *Affor Health* and many public and private, national and international entities.
- Participating as a speaker at the Prevention and Addressing Suicide in the Workplace Seminar at the Psychology Association of Madrid (April 2023).
- Employee Assistance Portal (PAE) using Psicomet as a tool for psychosocial diagnosis and monitoring.
- Training on management and individual coping techniques and tools to improve our psychoemotional health with free workshops and webinars for employees, for example, a workshop in emotional first aid.
- Action plans taken from the Work Climate Survey.

Some actions to **promote health** in 2023 were:

- Certification of corporate centres as Brain Protected Spaces through the Freno al Ictus Foundation. Talk on prevention and acting in case of a stroke.
- Participation in Caring for the Voice for telephone operators (CAC).
- Flu Campaign covering approximately 700 employees.
- Extended MRI analysis with PSA dosage is maintained in men over 50.
- Asepeyo Back Schools.
- As part of our health monitoring, 6,809 medical check-up were conducted in Spain during 2023 (5,896 through Cualtis and 913 at SMFCC).

Department optimisation

- Training in specific duties of appointed technicians.
- Working group to improve efficiency and fluidity in the work of the H&W department (SUMA).
- Design, development and implement of new Health and Well-being software in Phase I regarding injuries stemming from work, inspections and actions.

Awards and recognitions received in health and safety

- Our Aqualia Mace project in the United Arab Emirates was recognised for its HSE performance with the HSE Toward the Future 2023 Award.

Julio Agredano, chairman of the Freno al Ictus Foundation, presents the certificate to Félix Parra, Aqualia CEO.

- In Oman, the OSWS project also received the following awards in 2023: British Safety Council Safety International Silver Award and ROSPA International Safety Award.
- Second prize at the 5th VIVE Health FCC Group Awards. Category: Promoting Health. Emotional Well-being at Aqualia: "COVID-19 Challenge".

Additionally, Aqualia's noteworthy participation in:

- PRL Innovación in various lines of work and at the 6th PRL Innovación Congress.
- Psychology Association of Madrid to address and prevent suicide in the workplace.
- Nalanda SMART HSE.

7. Corporate Communication and Sustainability

7.1. Communication

Aqualia's Communication Plan: national and international

The water sector is facing major challenges that put Aqualia in a position of great responsibility with the environment, population and their future. As an essential public service provider, the company has the capacity to resolve problems in territories according to environmental, social and governance criteria (ESG), thus building its social legitimacy.

In this context, the **Aqualia 2023 Communication Plan** (PCOM) includes stakeholder expectations for the company's activity and it sets the strategic lines of the company for each of its audiences. PCOM sets the course for the department's work with the core communication: "Sustainability through digitalisation, focusing on efficient management".

The Plan includes general action lines for the company in communication from a strategic perspective and their adaptation to each moment and territory and to the triple ESG sustainability:

- Achieve a leading company position with capacity to influence the end-to-end water cycle management sector, obtaining a **social licence**. This objective links with **economic sustainability** and affects SDG 17: Strategic alliances.
- Transfer the **real value** the company provides to municipalities with water cycle management (affects **environmental sustainability** SDG 6: Water and sanitation).
- Highlight the company's digital transformation, technological evolution and capacity for **adaptation** to climate change while raising awareness on sustainability. **Social sustainability** affects SDG 12: Responsible production and consumption.

2023 was marked by various special cases, such as local elections in Spain, the PERTE plans or regulatory demands in sustainability and transparency in the sector, as well as Aqualia's own circumstances like entering Georgia and expansion in Colombia and France.

In 2022, 2,012 press releases were sent to the media and 426 meetings were held with media outlets of all kinds.

Once again, one of the main milestones for the Corporate Communication and Sustainability department was the **7th Aqualia Journalism Award** ceremony, held on 7 June at the Madrid Press Association (APM) headquarters. This award saw 41 journalists from Spain and Colombia presenting a total of 60 journalism pieces highlighting the importance of managing the end-to-end water cycle and to increase awareness of water as a valuable and scarce resource. The Award panel granted the prize to a report by Canal Sur TV on water management against climate change by the "Tierra y Mar" and "Espacio Protegido" programme team, directed by José María Montero and presented by Ángela Blanco. Two second prizes and two special mentions were also awarded. A total of 340 pieces have been submitted to the seven edition of the Award.

A report directed by José María Montero and presented by Ángela Blanco, by Canal Sur Televisión, wins the 7th Aqualia Journalism Award.

One of Aqualia's biggest milestones in 2022 was receiving a **corporate green syndicated loan of 1.1 billion euros** from ten banks, led by CaixaBank. This also had its repercussions in 2023 as the company received two recognitions: the "Sustainable loan of the year award 2023" granted by OFISO and the "Impact project/investment of the year 2023", from the *Environmental Finance* journal in December. However, the award with most press coverage at national and international level was the **'Water Company of the year 2022'** given to Aqualia by the Global Water Intelligence information platform.

The year began with the publication of an **interview with Félix Parra, Aqualia CEO** in the February edition of *Agua y Medioambiente* magazine, published in print and digital format by *El Economista*. The economic journal interviewed Félix Parra as chairman of the StepByWater Alliance and asked questions such as the challenges of the water crisis in Spain, investments needed in the urban water cycle, generation of renewable energies in the treatment process and increased energy and Spanish water market costs.

Another important milestone this year were the calls of the PERTE for digitalisation of the water cycle. In the first call, resolved in the second half of the year, Aqualia submitted seven projects including, of which the Ministry for Ecological Transition and the Demographic Challenge (MITERD) finally selected one: the Campo de Gibraltar PERTE. The Corporate Communication and Sustainability department announced this milestone to the press in a press release that was covered in national, sector and, especially, local outlets.

Communication Training

The course **"Training for Aqualia Spokespersons: Influence and Persuasion Development"** Was included in the Aqualia Training catalogue for the second consecutive year in 2023. The goal of this action is to train executives and middle management in how to be spokespersons for the company to persuasively convey messages to our different stakeholders.

Three course sessions were held: in Madrid, on 18 and 19 October; in Seville, on 7 and 8 November; and in Barcelona, on 15 and 16 November. **A total of 28 company professionals participated** in the training, including delegation managers, heads of management units, heads of services and managers of large contracts in Spain. The number of attendees was reduced compared to the previous year (45) to increase customisation and opportunities for employees to take part as the training programme is theoretical and practical.

The course was offered by Ask Consultores and coordinated by the department. Satisfaction surveys resulted in a "general satisfaction with the course" of 4, 3.78 and 4 in each of the three sessions. The training is expected to return in 2024.

Digital communication and social media

In 2023, the **Aqualia website** reached 706,000 visits by 698,000 users, with a rebound rate (users abandoning the site after viewing one page) of 31.3%.

A section on **Responsible use of water (aqualia.com)** was created on the website so that councils can use the responsible use of water campaigns. The new space has two sections: "Water Sanitation" and "Responsible Consumption" where public authorities can find communication tools to raise public awareness on responsible consumption (posters, videos, radio ads, digital tools, bottles, backpacks and stickers, etc.).

Moreover, access to the **Public Information Portal search engine** has also been created on the Aqualia website so users can search for their town with a direct link to their local municipal water service portal. Over this last year we have progressed in the plan to migrate "Public information" portals. This plan was devised as a result of the transposition of Directive 2020/2084 in Spain, which affects the quality of water intended for human consumption. The new requirements include guaranteeing availability of updated information. Local web portals are changing to a new format to comply with the regulation and are accessible from both aqualia.com and from the websites of Spanish councils. By the end of 2023, 200 portals had been published. The phases pending completion are phase 6, with 50 portals under review (pending the receipt of content from the Technical department) and phase 7, with 60 portals in "contribution" (also pending the Technical department).

Responsible water consumption portal.

Another space on the Aqualia website is dedicated to the Sustainability Report. This year, the **2022 Sustainability Report**, available in Spanish, English, French and Portuguese, includes two new developments. A fifth format has been adapted: "The report at a glance", a shortened version with the most essential details. The second was the publication of nine interviews with Aqualia Management Committee executives, each heading a chapter of the Report.

The website section on the SDGs was also updated to mark the **8th anniversary of the SDGs**. In 2023, the United Nations focused on SDG 8, which aims to achieve sustained, inclusive and sustainable growth. The Aqualia web space centred on conveying the company's eight real commitments to progressing in achieving SDG 8: diversity, work-life balance, quality training, physical health, safety, emotional health, promoting local employment and regulatory compliance, each told by an Aqualia manager in that area.

In 2023, the website also updated the spaces aqualiacontigo.com (for the campaign against gender violence on 25 November) and aqualiaigualdad.com (with the International Women's Day campaign on 8 March).

Aqualia has continued to promote the aqualiaeduca.com website as part of its commitment to education and achieving the SDGs. The portal is a free educational tool where children and adults can learn about the water cycle and the importance of its proper management with resources such as videos, comics, puzzles or educational leaflets. The website received 10,017 visits in 2023. Since the web was launched in 2018, it has recorded 62,221 sessions.

Aqualia's **social media** has maintained its growth in 2023 compared to the previous year, both for the number of followers and posts.

- On YouTube, the company has 3,600 subscribers and 2,344,152 views (around 300,000 new views this year).
- On X (formerly Twitter), it has added over 500 new followers this year, currently up to 7,618.
- On LinkedIn, Aqualia followers have risen from 37,854 last year to 49,510 this year, an increase of over 30%.
- Aqualia's Instagram profile, which launched in March 2022, already has 2,270 followers (1,170 more than last year).

The company's social media profiles continue to play an important role for information/training in company initiatives, such as the gender violence campaign, World Environment Day or promoting the "Sosteniblómetro". The User Manual and Employee Participation on Social Media, published in 2022, is still valid as a guide for all Aqualia personnel to know how to use their social media profiles correctly.

Internal communication

Internal communication continues to gain relevance in everyday life at Aqualia as a way of keeping all company employees informed of its activity, positioning and other relevant events, and as an element for internal cohesion and conveying our culture. Work continues to adapt messages to different groups of employees (office workers and deskless or field workers who do not have corporate email).

In 2023, a total of **1,017 internal communications** were sent in different formats: email, informative flash, "Aqualia Global News" newsletter and corporate app.

A total of **13 informative flashes** were sent, significantly lower than previous years to avoid saturation. So the flashes were reserved almost exclusively to inform of new contracts or matters of maximum interest for the company as a whole.

Award winners at the second edition of the Aqualia "i4U" Innovation Awards.

Greater informative weight has been transferred to the **"Aqualia Global News"** newsletter launched in late 2022. A newsletter is sent every fortnight with 15 news/information items available in Spanish and English. There has been a progressive increase in interest for this channel among the workforce with the click rate evolving from 49% to 65% in some cases sent in late 2023. The newsletter is sent by email and the *Be Aqualia* app for deskless employees.

A new, "Personal" section was introduced in 2023: interviews with different company profiles to show the diversity of our internal talent. To mark the first anniversary of the newsletter, a special issue was launched in November with an interview with Juan Pablo Merino, Director of Corporate Communication and Sustainability, and video of employees celebrating this milestone.

In terms of **internal events**, the **2nd I4U Innovation Awards**, an initiative launched in 2021 to promote the development of internal talent and an innovative culture within the company. This edition increased international participation and 33 candidates were submitted by professionals from four countries (Colombia, Italy, Czech Republic and Spain) seeking to improve the quality, efficiency and sustainability of water cycle operations. The awards were present in October at the Aqualia corporate headquarters in Las Tablas (Madrid) and broadcast via streaming with *Microsoft Teams*. The team formed by Lubomir Vyvial and Pavlína Myšáková from SmVaK (subsidiary in the Czech Republic) won this second edition. Two second prizes and an Employee second prize were also presented. The event was communicated internally with an informative flash and the newsletter; and externally via social media and a press release.

In April, for **Safety Week**, several actions were organised in coordination with the Health and Well-being department. The communication of the different activities was done in segmented fashion, so that the teams received information on the activities undertaken in their local areas. We also differentiated between deskless employees and employees with email, apart from some common communications on talks, videos of active breaks and health and safety recommendations.

During this year, the **Befit *Campaign*** was also developed in coordination with the Health and Well-being team: activities, informative talks, webinars, material, informative clips, etc., focused on promoting healthy habits among employees. These were sent to professional by email and notifications on the *Be Aqualia* app.

Work also continued in coordination with the People and Culture department to set up the **Employee Assistance Programme** (PAE), launched in December 2019. Communication pieces, talks to learn how think more healthily and emotional health workshops, etc. were organised. All were available for subsequent download.

Internal Communication channels were also used to disseminate the **New edition of the FCC Group Code of Ethics and Code of Conduct** throughout the company and adapted to all languages. ***Compliance Tips*** were once again sent in 2023. As a new feature, compliance officers sent video messages translated into seven languages on aspects of regulatory compliance.

Internal communication tools were also used to send, segmented by country and group, the **Materiality Survey**, as well as other information of interest, like the **Aqualia catalogue of work-life balance measures (efr) or the Corporate Visual Identity Manual**. Finally, information has been disseminated at certain time, such as actions designed for LGTBI Week, the Aqualia Women Network, Freno al Ictus training and certifications or the Photography Competition for children, nieces, nephews, grandchildren, which was also segmented by language to increase international participation. Support was given to campaign with which Aqualia normally aligns.

Events

National events

Aqualia continues to take part in various leading sector events and congresses, both national and international. This event schedule began in January with the **2nd StepByWater Meeting**, held at the headquarters of the Spanish Federation of Municipalities and Provinces (FEMP) in Madrid. The conference, entitled "Drought in Europe" was supported by the Government of Spain with the participation of various authorities. Félix Parra, Aqualia CEO, opened the event. StepByWater is a pioneering multisector alliance in Europe and Spain. It promotes in an integrated, cross-cutting way as part of an alliance framework, key supranational initiatives such as the 2030 Agenda, the Action for Water Decade, Agreements of the different Climate Summits and Urban agendas. Aqualia is an agent for the "Cultural Revolution of Water" and Félix Parra is chairman of the alliance. Another meeting was held in September with the participation of Aqualia to present "In our hands" at the Calzada de Oropesa lake (Toledo). The action, created by international artist SAYPE, rose awareness on the importance of protecting water.

The company also took part in ***SMAGUA 2023***, held in Zaragoza in March, presenting the PERTE initiative for the digitalisation of urban water. José Gabriel Lumbreras, Director of Operations and Technological Transformation, presented the project developed in collaboration with 130 councils. That same month, the company also participated in the ***2nd Economic Forum of Castilla-La Mancha.* Achievement and Challenges**, organised by El Español, Invertia and El Digital in Toledo (Spain). Santiago Lafuente, Director of Aqualia Spain, and Francisco Jiménez, Director of Aqualia Industrial, participated by analysing the region's challenges in water use.

Aqualia was also at the **Quality Water Summit**, an event organised by the iAgua portal from 24 to 28 April to analyse the main sector trends. Aqualia was one of the key agents and took part in different meeting points: a round table on the future of water management, a session on the energy transition in the water cycle and a session on biofactories and reuse. Zouhayr Arbib, head of Sustainability at the R&D department moderated a round table on wastewater treatment in small and medium towns. Country managers Javier Serra (Egypt) and Javier Díaz (Saudi Arabia) led round tables on business possibilities.

In June, Granada (Spain) hosted the **13th AEDYR International Congress** (Spanish Association of Desalination and Reuse), a forum presenting the latest research and developments in water desalination, reuse and treatment. Highlights of the programme were six presentations by technicians from the company's Engineering and R&D teams. Furthermore, Lyvia Mendes, Aqualia researcher, won the AEDYR prize for the most voted presentation.

Also in Spain, Aqualia took part in events such as the **Spain Smart Water Summit 2023**, organised by iAgua from 19 to 21 September. The event gathered 250 experts to analyse the implications of the digital transformation in the water industry. One of the presentations was by Marcelino Ortega, Process Control Engineer at Aqualia, who focused on data management and environmental impact. Renzo Lovón, Head of Operation Applications & Data Analytics at Aquala also gave a presentation entitled "Transforming cities with data: technologies and case studies from leading operators".

Second StepbyWater Alliance Conference.

The company took part in the **IDA Water and Climate Change Summit**, held in Seville from 15 to 18 October Organised by the International Desalination Association and backed by MITERD, the congress focused on the climate emergency and reuse solutions. Aqualia took part in the seminar on challenges for achieving carbon neutrality through innovation.

In November, Aqualia participated in the **Digital Water Summit** organised by the International Water Association (IWA) in Bilbao, with collaboration from the Aguas de Bilbao Bizkaia Consortium and AEAS, to speak about digitalisation in the water sector and with over 400 international experts attending. Diego Naranjo, head of Efficiency Models and Smart Solutions, gave presentation on efficient network management, the Aqualia platform and its operational control centres. Pedro Rodriguez, Director of Operations and Technology, closed the event as vice-chairman of AEAS, representing the IWA in Spain.

Other events involving the company included the 5th "Andalusia Investors Day" Forum organised in Seville by El Confidencial; the 5th Ibero-American Engineering and Technology Congress, CIBITEC23, in Madrid on 24 and 25 April; and Iberaqua, the first Industry and Water Congress organised by Tecnoaqua in Madrid, on 30 November.

International events

One of the biggest international events of the year took place in May, the ***Global Water Summit***, held in Berlin and analysing the key challenges facing the water sector today. Aqualia collaborated in various presentation showcasing its success stories. Guillermo Moya, Director Europe, and José Enrique Bofill, Director MENA-Asia, took part in the Water leadership panel and the round table on The future of SDG5 finance respectively. These sessions discussed strategic issues and global sustainable water management with CEOs and top-level profiles.

The first of two major events in France where Aqualia was present was the **trade fair *Carrefour des gestions locales de l'eau***, held in Rennes on 25 and 26 January. Essential for public bodies, water management entities and technology providers from North-east France, this year the event celebrated its 24th edition with 500 exhibitors and over one hundred conferences and workshops.

Also in France, in this case to close the year, was the ***Salón des Maires et des Collectivités Locales***, held in Paris in December and backed by the AMF (French Association of Mayors).

At the end of the year Aqualia also attended the **4th Silk Road Forum in Tbilisi** (Georgia), held in the Georgian capital in November under the slogan "Today connected, tomorrow resilient". Around 2,000 participants from over 60 countries discussed regional and global trade and connectivity. José Enrique Bofill, Regional Director MENA and Asia at Aqualia, took part in the round table "Promoting investments with political decisions".

In America, the **25th ANDESCO Congress** took place in Cartagena de Indias (Colombia) in June. Aqualia participated in a debate on the public service model Colombia needs for the future. More than 3.000 people witnessed presentations by Juan Pablo Merino, Director of Corporate Communication and Sustainability, and Yolanda Barahona, head of Corporate Sustainability. "Sustainable Natives: the essence of management in the End-to-end Water Cycle".

In November, the **35th ANEAS Annual Convention and Expo** (National Association of Water and Sanitation Entities of Mexico) was held in Monterrey, with over 8,000 attendees. Aqualia took part as a collaborator with Country Manager Juan Miguel Martínez and Production Director Humberto Morales. Samuel García, expert in water project management, also gave a lecture on "Water and future: the challenge in Nuevo León".

In the Middle East, the company took part in events such as the ***Oman Energy and Water Exhibition and Conference*** (OEWEC) in March, through its subsidiary in Oman, OSWS, and with partner and client Majis. In November, the joint venture formed by Aqualia and GS Inima, operating the Mostaganem and Cap Djinet desalination plants in Algeria since 2011, was invited as a leader in desalination to ***Algerian Desalination Day*** held in Algiers, a meeting point for the country's main agents in desalination and to present the latest developments in reducing energy consumption.

4th Silk Road Forum in Tbilisi (Georgia).

25th Andesco Congress held in Cartagena de Indias (Colombia).

Aqualia receives the 'Water Company of the Year 2022' award at the Global Water Awards 2023.

Awards and recognition

The big recognition received by Aqualia in 2023 was at the Global Water Summit in Berlin in May. The Global Water Awards 2023 were presented by British communication platform Global Water Intelligence. Aqualia won the **Water Company of the Year 2022** award. The panel particularly valued the company's financial, commercial and sustainability achievement in 2022, such as obtaining the green loan of 1.1 billion euros, its integrated energy efficiency and emissions reduction plan or the renewal of almost all its concession in Spain, along with new contracts in Georgia, France, Colombia or Saudi Arabia. The Abu Rawash plant project executed by Aqualia in Cairo (Egypt) was also a finalist in the 'Wastewater Treatment Plant of the Year' category.

Recognitions obtained by the company in 2023 are intrinsically linked to sustainability. The green loan granted to Aqualia for 1.1 billion euros in 2022 led to the company receiving two awards. One, the **"Best sustainable loan of 2022", granted by OFISO** (Spanish Sustainable Financing Observatory) in May, recognising the commitment of institutions and individuals to promoting financial resources for sustainable activities. Isidoro Marbán, CFO, collected the award. The loan was also the reason for the **"Impact project/investment *of the year 2023" award granted by Environmental Finance*** journal in December, highlighting "the diverse and large-scale geographic impact" of the investment.

More closely linked to the Corporate Communication and Sustainability department was being a **finalist at the Ramón del Corral Dircom Awards**. The Association of Communication Directors, Dircom, included the **Aqualia 2021 Sustainability Report ("#Actúa")** among the finalists at the 6th edition of the awards, which recognise excellence and best practices in corporate communication in Spain. The document competed in the "Non-financial information" category of ESG.

Another two local recognitions related to sustainability came from the **Federation of Business Owners of Cádiz (CEC) at its 3rd Recognition of Business Commitment to the Sustainable Development Goals (SDG)**.

Aqualia was worthy of the prize for its "Sosteniblómetro" initiative, a public barometer for sustainable conducts. And also an award at the **27th edition of the Andalusian Environment Awards** granted by the Regional Ministry of Sustainability, Environment and Blue Economy. In this case the recognition was for the Life Ulises project, developed at the El Bobar WWTP in Almería, as a model for transforming treatment plants into zero-discharge biofactories.

Recognitions were also received for leadership and people management. On one hand, the **Diversity Leading Company 2023 seal**, which included Aqualia among 83 companies commitment to diversity and inclusion. Also, the company renewed its **"Equality in Business-DIE" distinction** for another five years, granted by the Ministry of Equality to entities that develop gender equality policies. It was obtained in 2010 and has been extended.

At international level, in the United Arab Emirates, the public Al Ain Distribution Company recognised AqualiaMACE, a company formed by Aqualia and Emirati firm MACE, as a **Partner in Responsibilities** for its commitment to over 500 employees in health, safety and environment. In Colombia, the secretariat for Education and the Municipal Library of Cereté recognised the company for contributing to training new generations in the importance of water with Aqualiaeduca. **Aqualia was also recognised by the Ministry of Labour of the Republic of Colombia** in collaboration with the Organisation of Ibero-American States for Education, Science and Culture, for its notable participation in the Labour Inclusion Strategy in Riohacha (La Guajira).

7.2. Sustainability

Sustainability strategy Sustainability at Aqualia SSP

In the macroeconomic context, the advance of inflation, the difficult geopolitical situation, the energy crisis and trade wars increase protectionism and generate mistrust in society. The need to alleviate the climate emergency has led many states to foster a framework of regulations that push companies towards a positive impact, technological progress and the decarbonisation of the economy.

Water and water resource management are directly affected by the climate crisis. Under this premise, this year Aqualia has consolidated its international position thanks to the capacity for adaptation of its professionals and to generating innovative, digital and sustainable solutions.

In 2021, Aqualia published its first 3-year Strategic Sustainability Plan (SSP), which has enabled the company to launch projects that promote sustainable water management. These three years have seen the company implement established strategic lines based on climate change adaptation and mitigation, culture and people's well-being, ethics and social impact, the promotion of technology for integrated management, digitalisation and communication with all stakeholders.

For another year, after a successful AENOR audit, Aqualia has shown its commitment to environmental sustainability and its contribution to the United Nations Sustainable Development Goals. Aqualia promotes and integrates the Ten Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs) into its corporate culture. The SSP therefore focuses on achieving the goals established by the 2030 Agenda, focusing on cross-cutting action linked to the company's activity.

2022 Sustainability Report

Aqualia published its 2022 Sustainability Report, which includes the company's performance and shows the evolution of its 2021-23 Strategic Sustainability Plan. Aimed at all stakeholders, the document covers progress in three main areas: economic development, environmental performance and social justice.

The Report was prepared according to GRI (Global Reporting Initiative) standards updated in 2021 and which detail how company activity impacts the economy, people, the environment and human rights. The document is audited by AENOR and is in line with the EU CSRD directive (Corporate Sustainable Reporting Directive), which proposes an analysis of the impact of company activity.

One of the new features in the Report were the interviews with Aqualia executives whose activity is directly related to the themes of the SSP strategic lines, heading each chapter.

Internal and external pieces were produced in physical and online format to disseminate the report. A corporate website space was opened in Spanish, another two in Portuguese and one in French. The report was distributed and publicised on Aqualia's digital channels. A prelaunch campaign was held one month earlier on X. In April, the report was submitted to the Management Committee, the full book was delivered and banners were published on the website and in the water sector media. An email and a video were also sent to all employees. A week later, a press release was issued to the media, and executive summaries were sent to all the municipalities where Aqualia operates.

"The environmental axis is directly related with the essence of our work: the care and preservation of water from public service", said Félix Parra, company CEO, in the interview that opens the report. In it he stresses the importance of managing the water cycle efficiently to preserve water resources.

The 2022 Sustainability Report includes the company's performance and shows the evolution of its 2021-2023 Strategic Sustainability Plan.

Strategic materiality. Listening process

Aqualia implements an active and ongoing listening process with stakeholders to identify the most relevant environmental, social and governance issues. This exercise is repeated each year, generating initiatives that seek to maximise positive impacts and minimise negative.

The Strategic Materiality Study identifies and analyses aspects that can serve to updated issues of interest for all relevant stakeholders identified. Based on research of secondary sources such as the Green Deal or OECD and UNESCO documents, and interviews and surveys of internal (employees) and external stakeholders (public administrations, customers, users, suppliers, media, NGOs), issues of interested are obtained, segmented by scope (social, people, governance and environmental) and importance for stakeholders and the company.

The recent European Directive of sustainability reporting (CDRD) and its European Sustainability Reporting Standards (ESRS) propose a more thorough approach to ESG performance and governance. Aqualia created the first dual-impact materiality matrix in 2023, which involves assessing the company's influence in sustainability terms from two perspectives:

- Impact materiality. How sustainability-related corporate matters affect stakeholders and the environment.
- Financial materiality. How sustainability-related matters affect the company's performance and financial position.

Drafting of the new Strategic Sustainability Plan

During the last quarter of the year we worked on drafting the Aqualia Strategic Sustainability Plan 2024-26. The following were taken into account to prepare the document:

- AENOR requirements in the last review and certification of the Strategic Sustainability Plan.
- Listening to employees regarding communication and training for SSP 21-23.
- Listening process with all stakeholders.
- European and global regulations in all areas of sustainability.
- Voluntary reporting standards.
- Sustainability performance rating.

The Plan was prepared jointly and transversally at sessions with the teams responsible for setting feasible actions and objectives and establishing homogenous frameworks.

A draft SSP 24-26 was submitted to the Aqualia ESG Committee in December. Once agreed and approved, the final document will be submitted for approval by the Aqualia Board of Directors during the first quarter of 2024.

Sosteniblómetro, the public sustainable conduct meter.

Awareness

Environmental

Aqualia once again launched a new edition of the **Children's Digital Drawing Contest** on the *microsite* aqualyods6.com, an initiative with over two decades of history. This time, the stars are accompanied by the *Sustainable Gang*, who embody daily actions that help care for the environment, and together they visit different ecosystem. On the portal, children aged 8-10 can learn about the SDGs and complete their drawings online. Through this initiative in Spain and Colombia, Aqualia aligns itself with and supports academic institutions and public administrations, while also moving closer to SDG 4: "Quality Education." Around 300,000 children have already taken part in the contest. **In 2023, the competition saw 7,932 entries submitted and provided 4,100 hours of digital training.**

Promotion for the Sosteniblómetro, the first public sustainable habit meter, has also continued. With an online test available at sosteniblometro.com, the public can measure how sustainable they are with their daily actions. Data was extracted to generate content for the media, positioning the company as a leader in sustainability. Aqualia presented the findings of the 3rd Sustainable Conduct Barometer on World Environment Day in June; and in December, it published data from the 4th Barometer.

22 Marzo #DíaMundialdelAgua #DMA2023

To mark **World Water Day** (22 March), Aqualia launched the message that companies specialised in water management have a key role to play in improving efficiency and sustainability through technology development. Content was published by over 30 media outlets (eight national and 21 regional), both print and digital.

For **World Toilet Day**, 19 November, Aqualia stressed "your essential role" by highlighting the harmful effects of not caring for t he sanitation network. Aqualia resumed its actuaconaqualia.com initiative, appealing for public commitment to using the toilet properly and not as a wastepaper bin with press releases, advertising graphics and social media.

Other campaigns were activated throughout the year such as World Environment Day or the 8th anniversary of the Sustainable Development Goals, launching the **#ComprometidODS campaign**.

Another example of environmental awareness was our participation in the **15th National Environmental Journalism Congress** organised by the Environmental Journalist Association (APIA) in Madrid with the slogan 'Water counts'. Held in October, the event presented different water-related cases of communication. Juan Pablo Merino, Director of Corporate Communication and Sustainability at Aqualia, presented "Ten days working against the clock to resolve the greatest water crisis in Castilla-La Mancha" during which he spoke of the crisis caused by damage in the infrastructure taking water from the Picadas Reservoir (Madrid) to the Valmojado PWTP (Toledo).

Another initiative that Aqualia undertook at local level was **the campaigns for the responsible use of water**, promoted in August due to the serious drought that hit southern Spain hard. Numerous councils asked Aqualia to develop awareness-raising actions: Jaén, Barbate (Cádiz), Tarifa (Cádiz), Alcalá de Henares (Madrid), Berja (Almería), several municipalities in the Canary Islands, Miajadas (Cáceres), Ronda (Málaga), Arcos de la Frontera (Cádiz), Rota (Cádiz), Torrox (Málaga), Vigo (Pontevedra), etc.

Other local initiatives were also launched. For example, the 2023 World Multisport Championship Ibiza, which became the first "0 waste" triathlon championship in the world thanks to the innovative zero-waste water system installed by Aqualia at refreshment stations. Athletes were given over 11,000 litres of water, preventing the use of 35,000 plastic bottles. In Hellín (Castilla-La Mancha), Aqualia distributed cardboard cups and tap water for the "Ciudad de Hellín" half marathon. In Burgos, Aqualia donated 350 reusable water bottles so researchers at the Atapuerca archaeology site could quench their thirst in a sustainable way.

Initiatives related with biodiversity included "The Tree of Life", also in Hellín (Albacete). In collaboration with the local council, over 80 school pupils learned about the importance of caring for water and how to protect the environment by planting trees to form a forest around the Hellín WWTP.

Internationally, 100 trees were planted in the towns of San Antero and Planeta Rica of Córdoba (Colombia) to mark World Tree Day in October. Throughout the year, Aqualia planted more than 500 trees in similar actions around the country, recalling the importance of protecting green spaces. Over 1,000 river turtles were released in the same department, in the town of Lorica. In Italy, Caltaqua signed a partnership agreement with Zero CO_2 with the aim of reducing CO_2 emissions by planting trees and in turn helping families in Tanzania.

Aqualia's activity incorporates the concept of sustainability, reflected in numerous actions launched. For example, **the inauguration of Southern Europe's largest industrial water treatment plant in Tarragona (AITASA)**, attended by Juan Luis Castillo, Director of Zona II; Santiago Lafuente, Director Spain; and Felix Parra, Aqualia CEO. This facility regenerates water from the Tarragona and Vila-seca WWTPs for reuse in industry.

Campaign Against Gender Violence in Colombia.

One local milestone was the **visit to the Toledo WWTP by Javier Ariza, Director General for the Circular Economy of Castilla-La Mancha.** Other circular economy projects in the region were also presented during this visit, such as **Life Answer** (Alovera brewery), **Life Memory** (Alcázar de San Juan WWTP) and **Life Intext** (Talavera de la Reina WWTP, Toledo).

The Deep Purple project photobiorefinery was inaugurated at the Linares treatment plant. The event was attended by the Mayoress of Linares, María Auxiliadora del Olma, and Secretary of State for the Environment, Hugo Morán, among other authorities. This initiative treats water with purple bacteria and its main goal is to use wastewater as an energy resource by generating bioproducts.

Meanwhile, **Aqualia's offices in Oviedo held the presentation of the results of the RE – CARBÓN project**. This research has been running since 2019 at three services in Asturias: Grado WWTP, Luarca WWTP and Entralgo PTWP. It is a circular economy initiative to verify the technical and economic feasibility of regenerating spent activated carbons and producing *biochar* (charcoal) to reduce waste, raw material consumption and foster energy savings.

Social

Aqualia designs and participates in initiatives to raise awareness of equality and diversity. On **International Women's Day** (8 March), Aqualia encouraged users to share their female inspirations with the slogan "Inspiring and real". The campaign ran on the aqualiaigualdad.com website. Aqualia took part in preparing the "#Jobsforall: women at risk of social exclusion in the job market" report with the Adecco Foundation.

To mark the **International Day for the Elimination of Violence against Women**, held on 25 November, Aqualia launched a new initiative on the aqualiacontigo.com website, this time under the slogan "In the face of violence against women, drops of solidarity". Financial support from Aqualia goes to an Adecco Foundation projects aimed at helping women in different complicated situations join the job market: the 'Employment Camp' 2024. The People and Culture department offered several seminars at this camp. Thanks to this campaign, in 2023 Aqualia contributed to training 15 women with a training and career guidance workshop.

Aqualia collaborates in promoting employment for women at risk of exclusion with the Adecco Foundation "Woman Programme". A group of **26 women at risk of exclusion**, some victims of gender violence, visited the Aqualia Contact customer service centre in Madrid.

Aqualia has maintained an **agreement with Cáritas** since 2016, with which it donates the amount of water bills of centres located in towns with this service to the NGO. In 2022, this amounted to 62,000 euros, which benefitted more than 25,000 people in a vulnerable situation or at risk of exclusion. This partnership involves 143 centres in 42 towns.

The social funds for Arcos de la Frontera and Chipiona (Cádiz) were also renewed to pay for water, sewage and water treatment bills for people with financial troubles.

This year, the 2022-2023 edition of the **Community Grant Programme by Australian fund IFM Investors** selected two Aqualia projects in collaboration with local NGOs in Spain and Colombia. The programme, which supports associations that promote social or environmental initiatives in different communities, will give a grant to both projects. Once will be developed in Galicia by means of an agreement with Asperga (Galician Asperger Association) in order to help two people with Asperger Syndrome find jobs. The other will consist of supplying and installing filters to improve water quality for 1,800 people in rural communities for Colombia in collaboration with the Rotary E-Club association.

Cheque presented to the Best Buddies organisation thanks to the Christmas charity action.

In the area of diversity, Aqualia supported inclusion by providing **jobs of people with disability** in Tomelloso (Ciudad Real) and San Juan del Puerto (Huelva). The company recently launched two initiatives to hire people with different disabilities. One was in San Juan del Puerto (Huelva), with the Asociación de Jóvenes Especiales de Moguer-Abriendo Puertas, and the other in Tomelloso (Ciudad Real) with the Cadisla Foundation.

Aqualia continues to foster equality between men and women and this year held the **first meeting of AqualiaWomen**, the internal network to promote professional development that aims to consolidate commitment to equality and diversity.

The company is involved in the communities where it provides services, also at cultural level. In Catalonia, Aqualia supported the Díada de Sant Jordi in Lérida as part of the World Book Day celebrations. The company installed 75 banners with the slogan **"Water and culture, essential"**.

Governance

Aqualia works to achieve its sustainable business objectives and establishes mechanisms to hold itself accountable for the impact its decisions have on sustainability. For this reason, the company communicates its decisions and activities through reports, placing as much emphasis on sustainability information as financial information. This results in documents such as the **Sustainability Report**.

The 2022 Sustainability Report includes Aqualia's economic, environmental and social performance with complete quantitative and qualitative information. It includes all the strategic lines of the 2021-23 Strategic Sustainability Plan (SSP) with their indicators, evolution and SDGs affected. With the 2021-2023 Strategic Sustainability Plan (SSP), Aqualia addresses its commitment to sustainability and defines its strategies and priority lines of action. And as a basis for establishing the cores and commitments of the Strategic Sustainability Plan, Aqualia uses its **Strategic Materiality Study**.

At corporate level, Aqualia continues to focus on continuous improvement without losing sight of the principles of **transparency**. It is one example that led to migrating local web portals to a new format as mentioned previously. To adapt to the recent Directive (EU) 2020/2184 on the quality of water intended for human consumption, Aqualia is working on migrating the "Public information" portals to a new format that complies with the regulation and even extends it in certain aspects.

The company looks to continue contributing to its goals for health and well-being, equality and diversity, and decent and healthy employment, which are reflected in every internal and external communication and in each campaign. The Corporate Communication and Sustainability department tracks its communications with this basis. And also in terms of ethics and regulatory compliance, conveying its cultural of ethical values by means of internal communication. One clear example is ***Compliance Tips***, information clips regularly sent to all Aqualia employees on the main compliance policies.

8. Regulatory compliance

Compliance management has continued to work on rolling out the Compliance Model at new companies included in the perimeter in Colombia (by implementing the SAGRILAFT programmes on the prevention of money laundering and PTEE on transparency and ethics), Saudi Arabia and France, thus implementing the Code of Ethics and Conduct and corporate policies at the new companies. Work has also continued to achieve a Compliance model at various joint ventures in which Aqualia is a shareholder along with various Spanish public authorities.

Following the implementation of a Compliance Model at Georgian Global Utilities JSC is 2023, specific control and process owners have been appointed to run those controls to mitigate the main compliance risks in the activity of the company and its Georgian subsidiaries. This year, the self-assessment on enforcement of controls and processes was carried out with the relevant owners for Aqualia's activity in Georgia. The self-assessment was also regularly conducted in other geographic areas of Aqualia in recent years with monitoring by the Compliance department to verify that controls are applied correctly.

From the third line of defence, the FCC Internal Auditing Management has once again reviewed the Compliance Model where the ongoing development of the Compliance Management System within Aqualia has been verified.

8.1. Compliance policies and procedures

With the entry into force of Spanish law 2/2023, of 20 February, regulating the protection of whistleblowers reporting regulatory breaches and the fight against corruption, various Compliance Model rules affected by the requirements of the law were adapted and approved by the Aqualia Board of Directors. Similar legislation was also passed during 2023 in other European jurisdictions as a result of transposing the Directive which, in most cases, have been covered by the adaptations of the Aqualia parent company.

A new Compliance reporting procedure has also been approved, establishing the criteria to be followed by Compliance Officers and local Compliance coordinators by country and region for regular reports and a protocol on managing conflicts of interest applicable throughout the organisation.

8.2. Training and awareness

The launch of online training on the Code of Ethics and Conduct in the Czech Republic, Italy, Portugal, France, Colombia, Mexico, Peru, Chile, Saudi Arabia, United Arab Emirates and Egypt, as a continuation of the course last year in Spain, was a milestone in the training plan as the course has been adapted and translated into the predominant languages of each country, conveying the ethical principles and values that must guide Aqualia employee conduct.

Specific job-based online training was also provided in 2023 to Aqualia employees activity in each of the countries listed above, and also in Spain, on conflicts of interest to provide knowledge on the different types of conflict and case studies so as to identify the existence of possible conflicts of interest.

New employees joining the company are trained in the Code of Ethics and Conduct and, depending on their position, on international standards to prevent corruption and how it specifically applies at the company.

Specific training was provided in Colombia on the SAGRILAFT and PTEE systems and in Italy on the Organisation and Management Model updated according to Legislative Decree 231/2011.

As part of continuously raising awareness among the workforce, different Video Compliance Tips recorded by the Chief Compliance Officer, other Compliance Officers and local Compliance coordinators were launched. The aim is to convey messages on Compliance culture, the new whistleblower protection regulation, the due diligence procedure with third parties, influence peddling, the operation of the Ethics Channel, how to preserve company assets and ethical commitment in the daily work of employees.

One of the 'Compliance Tips', regulatory compliance video clips to raise awareness among the workforce.

8.3. Risk, controls and monitoring assessment

Given that new crimes such as animal abuse were included in the Spanish Criminal Code in 2023 that can trigger criminal liability of legal entities, the Compliance risk analysis was reviewed to take this new regulation into account. Likewise, the risk analysis for Aqualia activity in Italy was also updated due to the introduction of new crimes that can lead to liability for businesses (payment instruments other than cash, crimes against cultural and landscape heritage).

Again, two control self-assessments on the implementation of controls by control and process owners were conduct, making it possible to know the level of execution of such controls, and potential improvements to be developed based on the information provided by the owners. Controls and processes of Aqualia companies operating in the Republic of Georgia and Czech subsidiaries Vodotech and Aqualia Infraestructuras Inženýring were also included in the self-assessment in 2023.

Effectivity of control execution is verified with monitoring by the Compliance department as a second line of defence to mitigate risks.

Second line of defence monitoring performed by the Compliance department is especially relevant for risk mitigation, wherein the processes identified in Aqualia's activity are analysed by sampling the evidence that demonstrates the execution of controls. This makes it possible to know whether the evidence is sufficiently robust to mitigate the initial risks identified and, if they can be improved, to propose effective action plans that enable effective controls, thus working towards continuous improvement of the compliance system. Execution of 45 controls by over 220 control owners was analysed in 2023. A strengthening in both execution of controls and evidence of their implementation has been observed, reinforcing storage of this evidence to make it more accessible to the different company departments responsible for execution, verification, supervision and auditing.

8.4. Due diligence with third parties in Compliance issues

The due diligence procedure with third parties in Compliance issues was updated in 2023 to include cases of risk review for third parties that continue to have relations with Aqualia. According to whether the risk determined during due diligence was low, medium or high, its analysis will be reviewed every three, two or one year, respectively, to monitor for changes in risk level and if, in the worst case scenario, mitigations plans must be reinforced with that third party to reduce Aqualia's exposure to the risk.

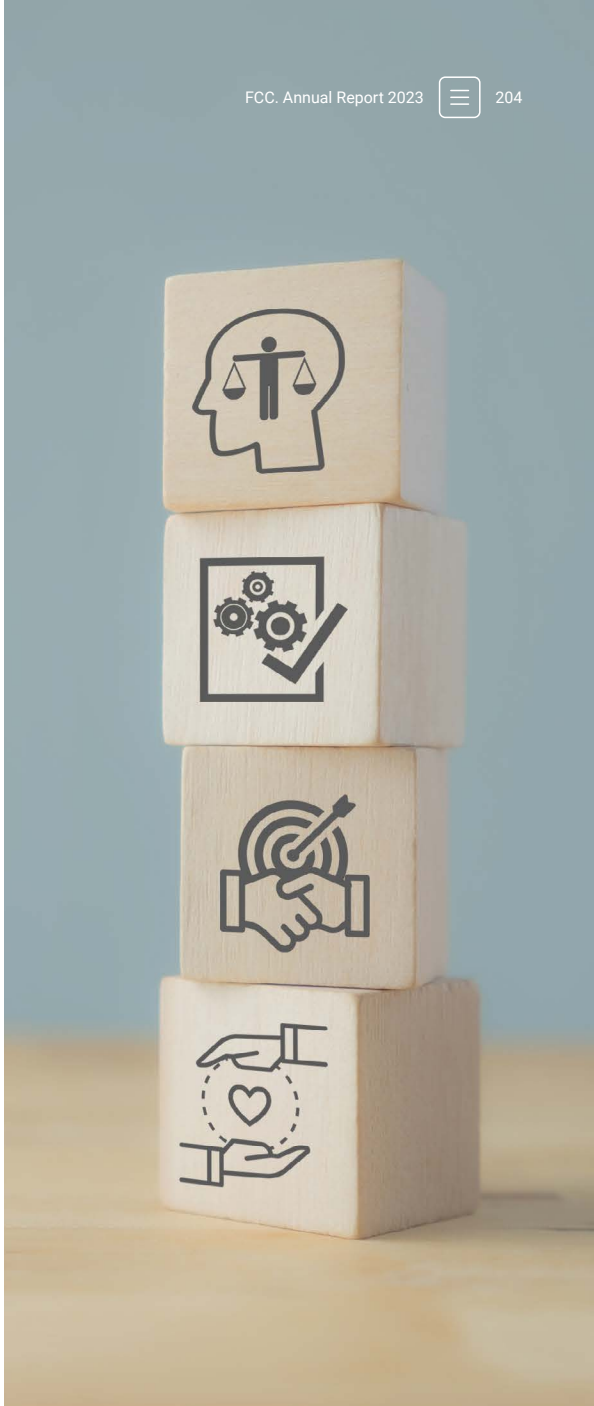
At year-end 2023, at corporate level, 83 internal requests have been received to analyse third parties. Of the final assessment reports issued by Compliance management, 12% of third parties were classified as high risk; 55%, medium risk and 33%, low risk. Depending on the risk levels, mitigation measures are applied, and then the proper implementation of these measures is monitored.

8.5. Ethics Channel *(Whistleblowing line)*

Up to 31 December 2023, 68 alerts were received on the Ethics Channel related to labour issues (25%), customer management (19%), conflicts of interest (4%), improper use of company resources (4%), harassment (3%), internal fraud (2%) and other matters such as technical management, site management and organisation issues which together total 6%. Additionally, 37% of the alerts have been considered as not relevant because they are customer queries, complaints or claims that have to be managed through *aqualia contact* or for other reasons that mean that they should not be considered as alerts for the purposes of the Ethics Channel.

By country, 60% of the alerts concern activity in Spain, but alerts have also been received from Portugal (16%), Czech Republic (7%), Mexico (6%), Colombia (3%), Georgia (3%), France (3%) and Saudi Arabia (2%), which shows that the Ethics Channel is gaining increasing relevance in the international jurisdictions where Aqualia operates.

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 for enhanced internal control.



9. Digitalisation and cybersecurity

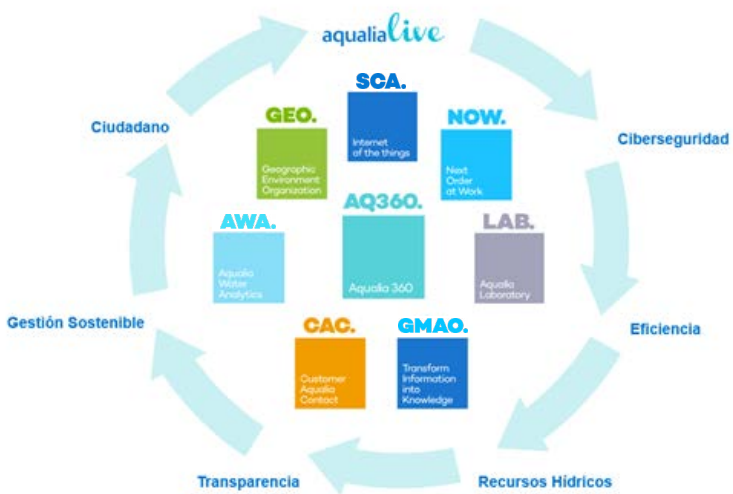
9.1. Digitalisation

Aqualia remains committed to digitalisation as a key tool for achieving its goals in sustainability, efficiency, public service improvement and transparency, all added to a detailed analysis of data managed allows us to clearly improve our decision making as a company to benefit citizens.

Aqualia Live is our platform designed and created by Aqualia experts with *know-how* of the end-to-end water cycle and technology. In other words, designed for people "of water and for water".

Our platform covers all end-to-end cycle processes, starting with training and also purification, distribution, the customer life cycle and ending with treatment and reuse.

2023 was the year for consolidating the *Aqualia Live* platform.



AQ360, the field services app, has transferred business operations to the field (from complete work order management to meter readings and surveying our inventory of field network elements), gaining in efficiency and ensure a direct and fluid flow of information from where it is produced to our central system, providing feedback.

Note that the dynamic assignment of work orders to the nearest qualified operator can reduce or eliminate travel, which translates into fuel savings and fewer CO_2 emissions, eliminating paper (more sustainable) and improving response times and information quality, thus increasing operational efficiency which leads to a better service.

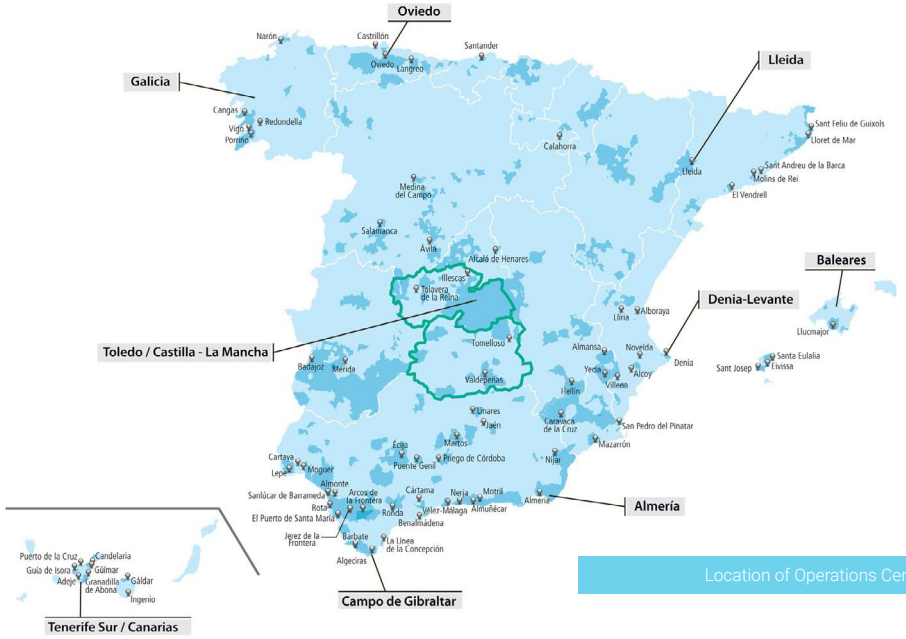
GEO, the geographic information system, has enabled georeferenced network element surveys to identify them and prepare a more precise hydraulic model of the network which, combined with distributed water volumes, flows and pressure, has reduced network faults, provided knowledge on water age and supplied the city with the necessary water at all times, optimising consumption as much as possible given its scarcity in some areas.

A project has begun for the automatic remote detection of urban elements using artificial intelligence which will allow quicker and more accurate identification of swimming pools, green areas, differentiation of types of land, etc., in 2024 using image analysis so as to progress in improving water efficiency.

LAB, the app for water quality management allows us to comply with European regulations on water quality, transposed in Royal Decree 3/2023, of 10 January, establishing the technical and sanitary criteria of the quality water for consumption, its control and supply. This app will be consolidated in 2024 for all end-to-end water cycle management at Aqualia

I**AWA**, the brain behind the platform that collects and analyses a large volume of information for smart decision-making, consolidated early leak detection in 2023 thanks to information obtained from the supply network in SCA real-time, along with local weather forecasts, network sectorisation and other external factors, to identify possible leaks and send them to AQ360 for field verification. This early detection can prevent unnecessary water loss and greater damage to the network. Reducing losses also means that this water did not have to be treated and, therefore, less electricity and reagents are used It is a clear example of how technology is a great ally for sustainability.

Digitalisation, a key tool for efficiency in water cycle management.



Location of Operations Centres in Spain.

Additionally, in 2023, the plan to roll out remote meters continued with almost 400,000 customers reached. They are all consolidated in AWA, regardless of the communication technology (NBIoT, LoraWAN, WMBUS) and meter manufacturer. This has allowed us to analyse millions of data and detect a series of patterns thanks to Big Data, Machine Learning and Artificial Intelligence, generating early alerts for end customers, such as leaks, lack of consumption, consumption in unidentified periods (squatter alert), etc. With this we can provide customers with more information, be sustainable and transparent in our management. The strategy will continue in 2024, consolidating Aqualia's technology position.

During 2023, we have continued to incorporate Operations Centres fully using the *Aqualia Live* platform, helping municipalities to standardise their operations and ensuring compliance with the standards of Aqualia commitments with the different councils, providing common visibility for sustainable, efficient and uniform operation at regional level.

Finally, in 2023, Aqualia has created regional Logistics Centres in Salamanca, Valdepeñas, Oviedo and Vigo for a more efficient management of materials and services necessary for Aqualia operations in the different municipalities, in order to guarantee that critical materials are available at all times for municipalities under their scope, managing more efficient procurement and preventing additional travel. All this thanks to the **AQ360** platform where, backed by this technology, these logistics centres can be controlled with great accuracy and integrating solutions with the main Aqualia material suppliers. We will continue to create regional logistics centres in 2024.

At international level, concessions in France continue working with *Aqualia Live* and new concessions in Colombia started to do so in the second half of 2023.

Finally, Aqualia has prepared for the PERTE projects, both the first demonstration project phase and the second more general phase, always with a focus on water digitalisation and maintaining the same technology strategy that we have been following as a company in recent years.

9.2. Cybersecurity

It is important to make a great effort in Cybersecurity given the high level of exposure to cyberattacks, the growing and more evolved threats, vulnerabilities that come with all the necessary advances and digitalisation itself, and the risks and likelihood of a critical event with reputational, economic, tangible and intangible losses.

Risk management and analysis was addressed in 2023 with work to detect the assets to be protected, regularly assessing risks to be able to prevent incidents, and reduce or mitigate them. The goal of this process was and is to: identify, analyse, measure and manage risks associated with information security, providing the necessary cybersecurity measures and controls to continue protecting Aqualia assets and, therefore, availability of information for employees, for customers and for the availability of our water resources and the evolution of projects with a high level of criticality, specialisation and impact on the organisation and in society.

In 2023, work began on strategic plans in IT / OT and Cybersecurity specifically, reinforcing the security perimeter, monitoring and traceability of access.

At the same time, in 2023 Cybersecurity is being taken into account across the company with awareness training for people working in all Aqualia business liens as well as for infrastructure users at national and international level.

Aqualia also adapt to Regulatory Agents and Cybersecurity best practice guides. An audit was conducted in 2023 regarding how the dimensions of security, covering availability, authenticity and integrity adapt to SO/IEC 27001:2014. We are working to adapt to the most recent version, ISO/IEC 27001:2022, with several changes to be addressed following the new paradigms of this international standard, which sets the requirements for an information security management system (ISMS) in line with three pillars: information, cybersecurity and protecting privacy.

The National Security Scheme (NSS) provides and analyses an excellent vision of designed objectives as a scope scenario in the Aqualia roadmap.

In order to achieve improvement objectives for Information Security (including the classification and protection of information) and Cybersecurity, we must comply with the regulations governing Cybersecurity. The company is therefore active and attentive to any new regulations developed nationally and internationally.

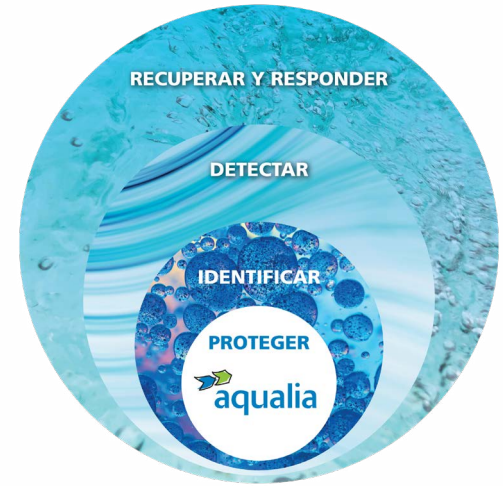
In 2023, the US Department of Commerce has been taken into account as a promoter of innovation and industrial competitiveness by advancing in the science of measurements, standards and technologies to improve economic security and quality of life. In line with the guidelines and best practices outlined by the US National Institute of Standards and Technologies (NIST), these guidelines are followed as shown in the figure:

In 2023, an incipient "live" draft document analysis of the national and international map has been created to comply with the European NIS Directive, version NIS v2, which establishes obligations on exchanging information on Cybersecurity, as well as monitoring and execution obligations for Member States (including many of the countries where we have critical infrastructures and information offices).

In terms of cybersecurity regulatory compliance, in 2023 the ISA/IEC 62443 security framework is being followed as technical standards and reports to define the requirements and processes for secure industrial automation and control systems (IACS). The aim is to find best practices for OT security and a higher level of security performance with a holistic approach, narrowing the gaps between operations and information technologies, as well as process security and cybersecurity, establishing points of reference for cybersecurity with a thorough analysis of the current paradigm.

At the end of 2023, efforts are being made to address approving more homogenous and strengthened security architectures for each Aqualia scenario.

Finally, objectives are set in 2023 to also give greater value in technical procurement assessments for suppliers with optimal security capabilities in line with Regulatory Compliance in Cybersecurity and certifications in force in line with: ISO/IEC 27001:2014 and ISO/IEC 27001:2014, the ENS (any version: basic, medium and/or high), NIS v1 and NIS v2 and ISA/IEC 62443.



Infrastructure

1. Industry analysis _ 210
2. Activity in the Infrastructure Area _ 213
3. Highlights Infrastructure 2023 _ 232
4. Sustainability and excellence _ 233
5. Innovation and technology _ 236

In 2023, the FCC Group's Construction Area recorded a consolidated total order book of **€6,425.9 million**. Gross operating profit (Ebitda) reached **€169.4 million** and turnover **increased by 43.5%** relative to the previous year, reaching **€2,823.1 million**

Infrastructure

With experience built up over more than 120 years, the FCC Group's Infrastructure Area is present in 22 countries, namely Spain, Canada, the United States, Mexico, Colombia, Chile, Peru, Panama, the Dominican Republic, Romania, the United Kingdom, Germany, France, Italy, Belgium, Norway, the Netherlands, Ireland, Portugal, Saudi Arabia, Australia and Qatar. Its activities cover all fields of engineering and construction.

FCC is a leader in implementing transport infrastructure and urban solutions 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 30 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 brand FCC Industrial, as well as other activities related to the construction sector.

In 2023, the FCC Group's Construction Area recorded a consolidated total order book of **€6,425.9 million**. Gross operating profit (Ebitda) reached **€169.4 million** and turnover increased by **43.5%** relative to the previous year, reaching **€2,823.1 million**. In 2023, the portfolio of international projects **declined** by **15.3%**, while income was over **€1,715 million**.

Over the course of 2023, the **Construction Area** was awarded contracts worth approximately **€2,106 million** in total.

Experience and ability

- More than **1,000 km of tunnels.**
- More than **10,000 km of roads and motorways**.
- **1,850 bridges**.
- More than **3,500 km of railways**, of which **1,500 km** are **high speed** and **450 km metro**.
- **50 dams** and **150 km of quays**.
- More than **5,500,000 m²** of **airport runways**.
- More than **2,500,000 m²** of **airport terminals**.
- More than **3,000 km** of **oil and gas pipelines**.

Arterial Railway Network. Eastern Bypass, Valladolid (Spain).

Complete remodelling of the Santiago Bernabéu Stadium Madrid (Spain).

1. Industry analysis

1.1. Domestic market

Spain

The construction sector ended the year 2023 with growth of 2.8%, bringing the level of production to slightly above that of the year 2019. Forecasts for 2024 (1.4%) and 2025 (1.2%) assume no major upsets in the European macro-economic context The sector faces challenges due to the chronic shortage of manpower and the high cost of supplies, energy and credit. As for prospects for residential construction these are rather flat for the period 2023-2025: minimal growth in 2023 (1.0%), stagnation in 2024 (0%) and slight fall in 2025 (-0.5%). These three years of suspense should serve to clear up any doubts as to what the real effects of the new Housing Law will be, to what extent all the public housing announced before the elections will be executed and when the traditional buyer - for whom it is essential to obtain a mortgage loan - will return to the market. These three questions are likely to be resolved favourably, allowing the residential segment to escape stagnation in 2026 (2.5%).

The situation described for housing can be more or less extrapolated to non-residential construction, in which operators are also proceeding with caution in view of the signs of slowdown reaching the real estate market. This translates into more rigorous selection of projects, with priority being given to those of the highest quality and the best locations in the most resilient market segments. Production in 2023 benefited from inertia (2.0%) but judging by the project order book, 2024 looks like being a slightly negative year (-1.0%). Projections for 2025-2026 are in the 1 to 1.5% range.

The refurbishment market had hoped that the PREE programme of subsidies for energy-efficient refurbishment would induce more households to invest in improving the energy-efficiency of their homes. Results of the programme so far are below expectations, so forecasts for 2023 (2.5%) and 2024 (2.6%), despite being robust compared with figures for new-build, are below the initial projections.

Civil engineering is the segment that is making most use of the NGEU (Next Generation EU) funds. The forecast for 2023 was particularly expansive (7%), after which growth rates slacken (3.9% in 2024 and 2.6% in 2025) although they are still above those projected for GDP.

1.2. International market

Europe

Continued growth of the European construction industry is subject to limitations. Beyond the weakening of the economy and the increase in costs, it is necessary to indicate that the year 2022 was a record year for the sector. In the current environment it is no longer possible to sustain such a growth rate, and indeed the sector started to shrink in 2023 (-1.7%) and all the indications are that it will do so further (-2.1%) in 2024.

The two years of contraction have positioned the European sector at a level of production comparable to that recorded in 2019, which stood out as the fourth best year since 2000. This figure certainly represents a respectable level. Estimates for 2025 and 2026 point to a return to growth, with projected increases of around 1.5%.

The epicentre of the downturn in the European construction sector continues to be residential new-build. This segment will account for €85 of every €100 of production lost in the two-year period 2023-2024. The forecast is for two years of intense adjustment (-8.4% in 2023 and -7.4% in 2024) leading to only 1.51 million homes being completed in 2025, 15% fewer than the 1.75 million average per year in the period 2017-2023. The positive exceptions will be the Nordic countries, growing once more after having been the first to enter recession; and the biggest negative exceptions will be Germany and Italy, where the recessive cycle will be longer.

Non-residential construction will make a further negative contribution, albeit less so, to 2023-2024 (-1.0% in 2023 and -1.2% in 2024). Once we get over this period of contraction, growth should return in 2025-2026 (+1.8% p.a. average) despite which production in 2026 (at constant prices) will still be 5% lower than it was in 2019. With a few exceptions in construction relating to health and education, all market niches are finding it more or less difficult to grow.

Civil engineering is the exception in the overall panorama of lowered expectations. Estimated growth for 2023 (+3.8%) is higher than forecast just six months earlier, while forecasts for 2024 (+2.5%) and 2025 (+2.5%) are maintained. Despite the fact that the economic environment is not optimal, the engineering market will reap the rewards of its efforts to decarbonise transport and the supply of energy in Europe, in which the Next Generation funds play a vital role.

Latin America

Latin America in 2023 presented investment growth in infrastructures of 6%. The IDB (Inter-American Development Bank) estimates that investment of US$100 billion per year is needed for the next few years to improve and strengthen infrastructure and promote commercial development in the region.

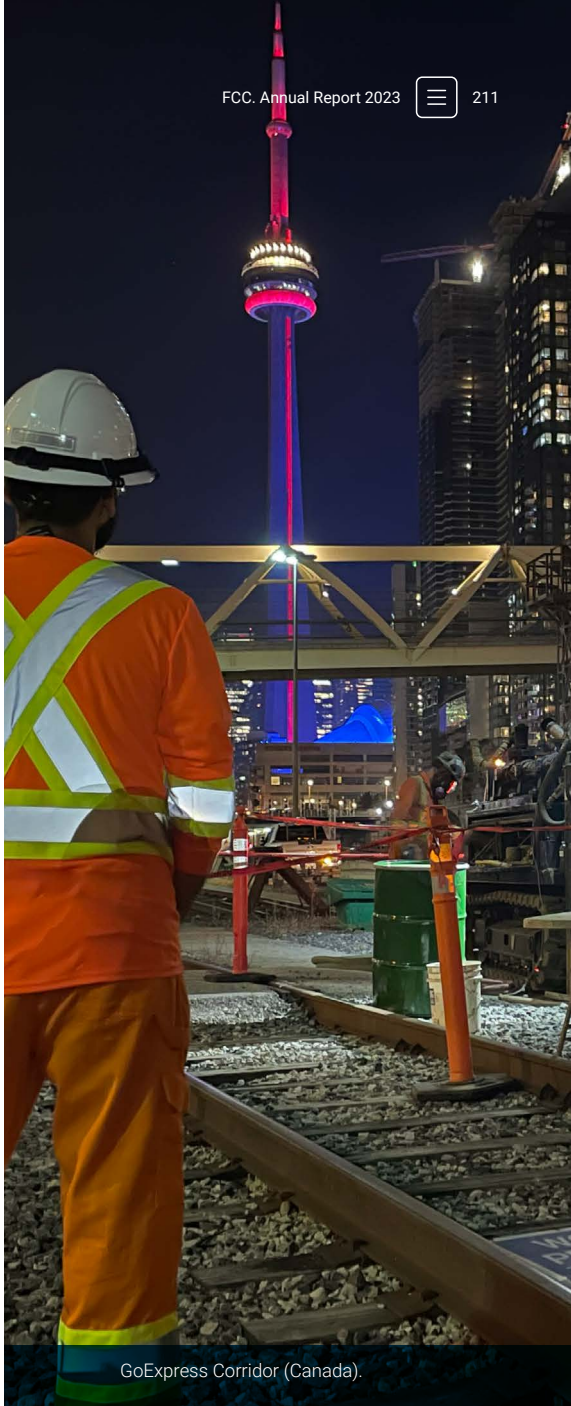
The infrastructure investment panorama in Latin America is growing strongly:

- Transport infrastructure (US$33.6 billion).
- Energy infrastructure (US$6.6 billion).
- Town planning projects and services (US$4.2 billion).

North America

The outlook is positive. The US Infrastructure Development Plan, which has an amount of US$1.2 trillion, of which US$550 billion are for civil engineering projects, including funds for roads, bridges, airports and railway systems, represents a major attraction for companies.

Since its approval at the end of 2021, the Infrastructure Investment and Jobs Act (IIJA) has been acclaimed as a big step towards the reconstruction of US infrastructure. Apart from this, the Inflation Reduction Act is the biggest investment in the history of the United States in the fight against climate change, since it contributes some US$370 billion to strengthening sustainability efforts, increasing energy security and reducing energy costs. The law uses tax credits as the main mechanism to attract clean technologies and energy from renewable sources to the US, and there is evidence that the strategy is working.



GoExpress Corridor (Canada).

It is calculated that US$150 billion will be devoted to clean energy initiatives at the level of public services.

The **infrastructure development plan** breaks down more specifically into the following items:

- **US$110 billion** (€95.2 billion) for the reconstruction of road infrastructure.
- **US$46 billion** (€39.8 billion) for railways, including US$21.8 billion for the Washington-New York-Boston corridor.
- **US$25 billion** (€21.6 billion) for airport infrastructure.
- **US$17 billion** (€14.7 billion) for ports.
- **US$55 billion** (€46.7 billion) for improving the supply of drinking water.
- **US$65 billion** (€56 billion) to expand broadband telecommunications.
- **US$65 billion** (€56 billion) for the renewal of the electricity grid, with priority to generation from renewable sources.

Middle East

Various infrastructure plans are currently being designed, from which transport projects (metro/underground, airports, high-speed railways) and new water projects will be derived. Saudi Arabia's international plan to create a new city deserves special mention: NEOM. This new city is beginning to implement its first infrastructure projects. With an investment of over US$500 billion, this project is part of the Saudi Vision 2030 political programme.

The transformation is led by Riyadh, which will host the Expo 2030 world fair. A new global entertainment, sports and culture centre that is in progress stands out in particular: Qiddiya City Esports Arena. Designed as a new global entertainment, sports and culture centre alongside a multi-use stadium in the city. Projected to become an innovative institution that will serve as a focal point for the city of Qiddiya.

Australia

The Australia Infrastructure Plan is beginning implementation. 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.

The investment in infrastructure, more than $225 billion, will give Australia a solid structure and make it one of the world's most attractive infrastructure markets.

1.3. 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 investment growth slow, severely affected by the energy crisis, and the high inflation and price growth in supplies worldwide. Consequently, the anticipated impact of the PNIEC (National Integrated Energy and Climate Plan) and the Recovery, Transformation and Resilience Plan, which were expected to catalyse industry growth in the renewable energy sector, and digitisation and new technologies after the pandemic, is not being felt.

However, there are certain market niches for particular products in specific countries where FCC Industrial operates that represent an opportunity for growth as part of the strategy to diversify activities and markets.

Francisco Pizarro Photovoltaic Plant, Cáceres (Spain).

2. Activity in the Infrastructure Area

Market 2023

National:	Portfolio of contracts:	**€2,386.1 million**
	Turnover:	**€1,108.1 million**
International:	Portfolio of contracts:	**€4,039.8 million**
	Turnover:	**€1,715 million**

- New contracts awarded
- In progress
- Completed

- Civil engineering
- Non-residential construction
- Hydraulics
- Maintenance
- Industrial
- Environment

1. Spain
- Remodelling of Santiago Bernabéu Stadium, Madrid.
- Puertollano Hospital, Ciudad Real.
- Corporate HQ of the ONCE Group, Madrid.
- Completion of the circular road in Tenerife, Canary Islands.
- Platform for the Murcia-Almeria High Speed Mediterranean Corridor. Totana section.
- 263 MW PV plant, Guillena, Seville.

2. Canada
- 195 kilometres of Trans-Canadian motorway (30 years).
- Scarborough Subway Extension-Stations, Rail and Systems.
- GO Regional Express Rail On-Corridor.

3. U.S.A.
- PennDOT pathways Major Bridge P3 Initiative, Pennsylvania.

4. Mexico
- Tren Maya. Section 2.

5. Colombia
- Guillermo Gaviria Tunnel.
- "El Salitre" wastewater treatment plant.

6. Peru
- Line 2 and Line 4 branch of the Lima metro.
- New fuel storage and aviation fuel storage tanks at Lima Airport, Peru.

7. Chile
- Parque Mapocho Río.
- Concepción Industrial Bridge.

8. Portugal
- Oporto Metro. Rubi Line: Casa da Música-Santo Ovídio.
- Modernisation of the Western railway line between Mira Sintra-Meleças and Torres Vedras; and between Torres Vedras and Caldas da Rainha.
- Decontamination of soil in the Alvito quarry.

9. Saudi Arabia
- Additional stations on Line 4 of the Riyadh Metro. Park and Ride on Line 4. Science Park on Line 5.
- Lines 4, 5 and 6 of the Riyadh Metro.
- Neom Tunnels (Mountain Section).

10. The Netherlands
- Section of the Badhoevedorp-Holendrecht A9 motorway.

11. Germany
- LNG regasification plant, Hamburg.

12. Norway
- RV 555 Sotrasambandet, the Sotra Connection.

13. United Kingdom
- Section of the A465 dual carriageway.
- Energy Recovery Centre, Drumgray, Scotland.

14. Romania
- Railway lines in Transylvania and new railway awards.
- Design and construction of the wastewater treatment plant and sludge incinerator in Glina, Bucharest.

15. Australia
- Melbourne Airport Link-Maribyrnong River Bridge.

2.1. Projects in development

Over the course of 2023, the Construction Area was awarded contracts worth approximately €1,176 million in total.

Construction

Residential construction

Spain

- ◐ Construction of 344 build-to-rent homes, storage spaces, premises and car parks on Block C of Sector 10 of the Marina del Prat Vermell, Paseo de Zona Franca (Barcelona).
- ● 80 homes in Alcalá de Henares (Madrid).
- ◐ 61 homes in PAU Ciudad Deportiva FC Barcelona in Sant Joan Despí (Barcelona).
- ◐ 42 homes in Arroyofresno Phase II (Madrid).
- ◐ 74 homes in Tres Cantos (Madrid).
- ◐ 64 homes in Tres Cantos (Madrid).
- ○◐ 108 homes in Tres Cantos (Madrid).
- ○◐ 113 homes in Alcalá de Henares (Madrid).

Internacional

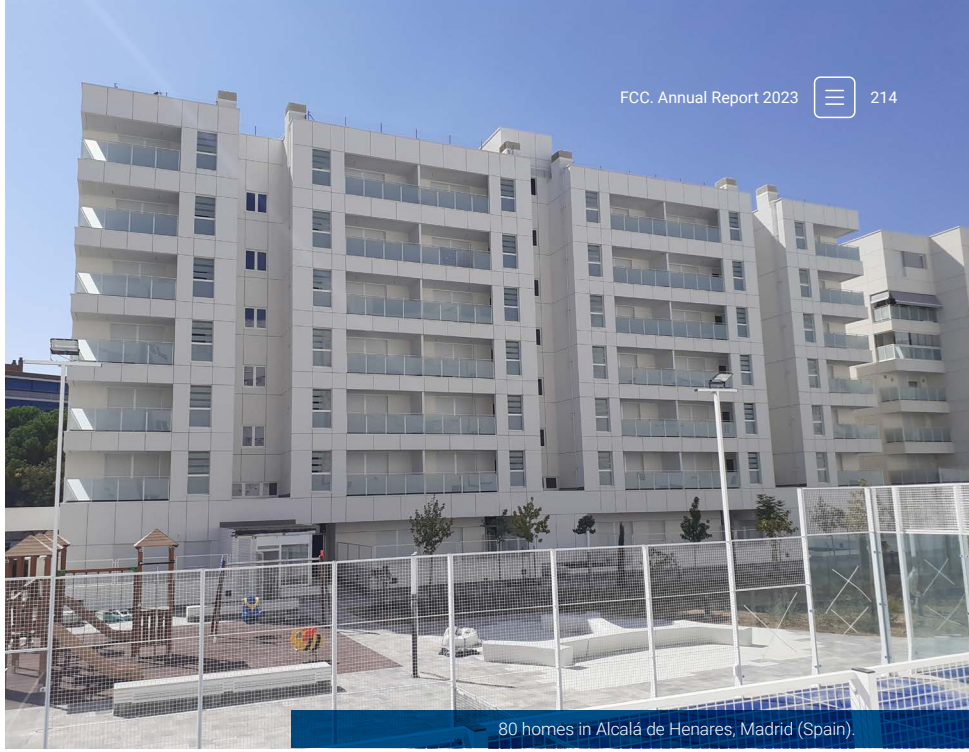
- ◐ La Reserve, plots 01 and 02.1 (Portugal).

Non-residential construction

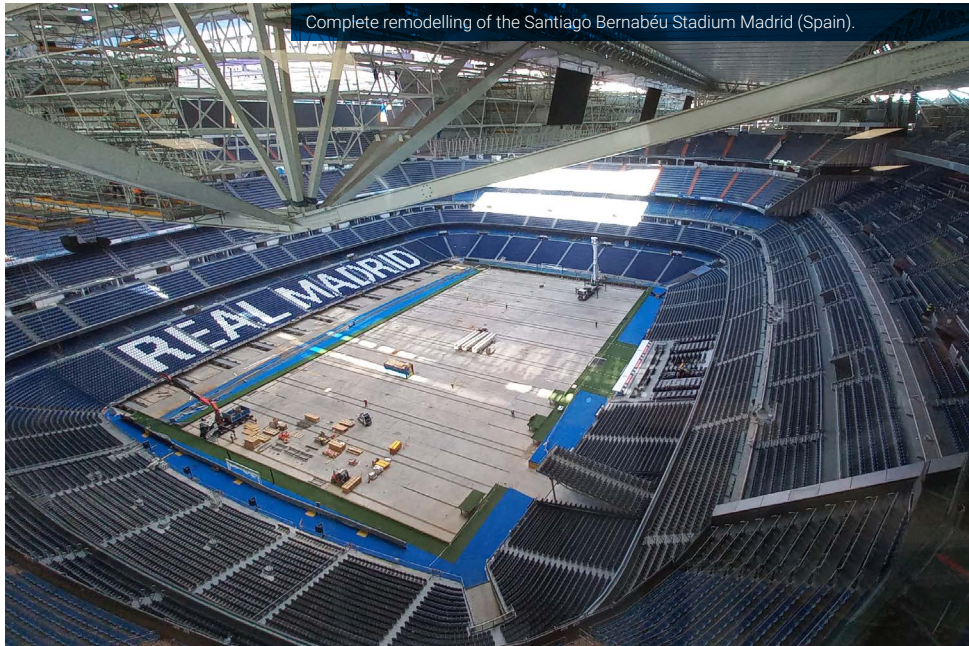
Spain

- ◐ Works at the controlled tailings deposit run by the South Madrid Association, with the expansion of Phase IV, sealing and degasification of Phase III and the expansion of leachate processing capacity in the towns of Pi nto, Getafe and San Martín de la Vega (Madrid).
- ◐ Remodelling of the Santiago Bernabéu Stadium (Madrid).
- ● Lot 4 of the framework agreement for the district of Hortaleza of the Madrid City Council.
- ● Rehabilitation Work for Building III "Tercio" of the Directorate General of the Civil Guard (Madrid).
- ● Construction of an underground building with three basement levels to house the future 132/15KV Electrical Substation in Plaza de España (Madrid).
- ◐ Puertollano Hospital (Ciudad Real).
- ◐ LLot 1 of the framework agreement for subsidiary implementation operations, emergency actions and adoption of security measures in municipal buildings. Implementing municipal green areas for the "Metropolitan Forest" project in the municipality of Madrid.
- ○ New Institutional HQ for ONCE, the Spanish

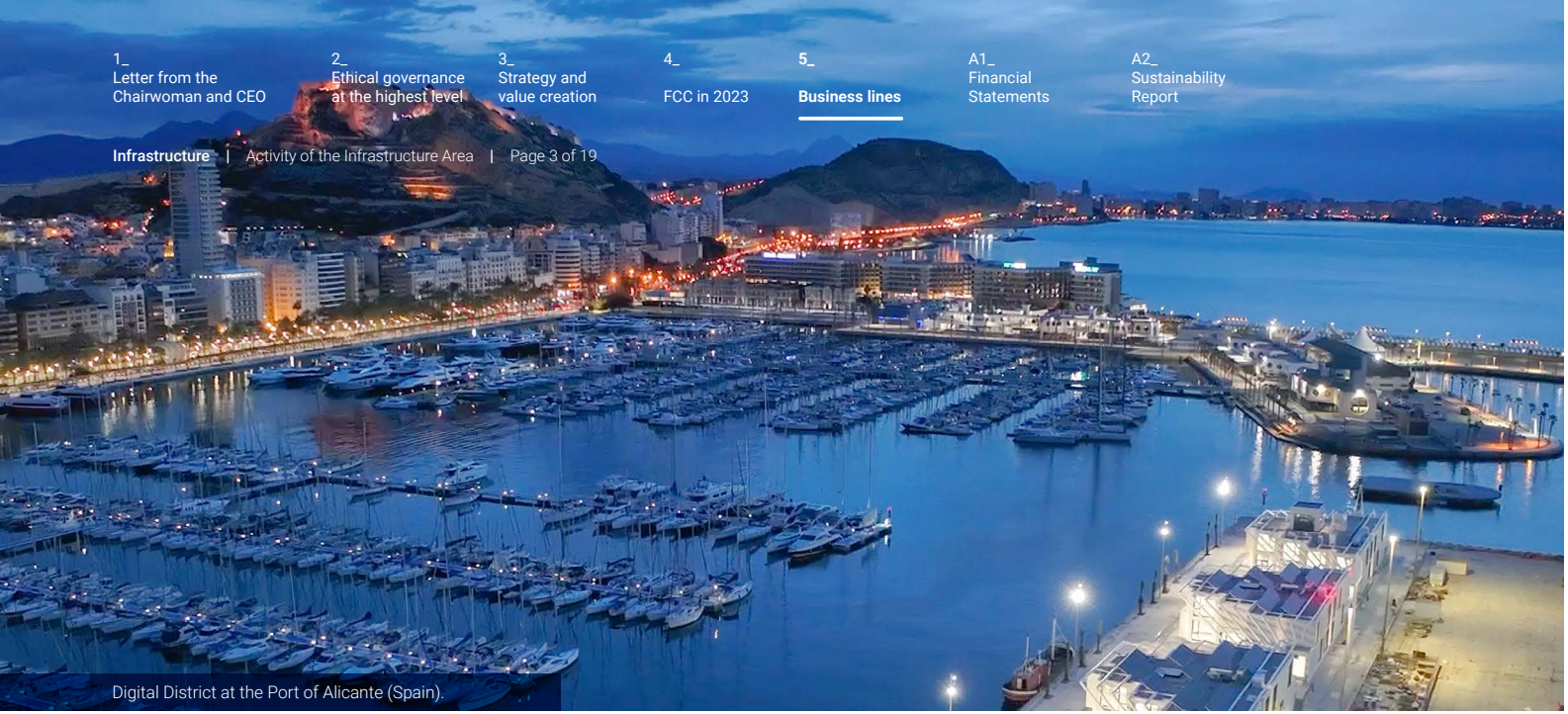
○ Awarded ◐ In progress ● Completed



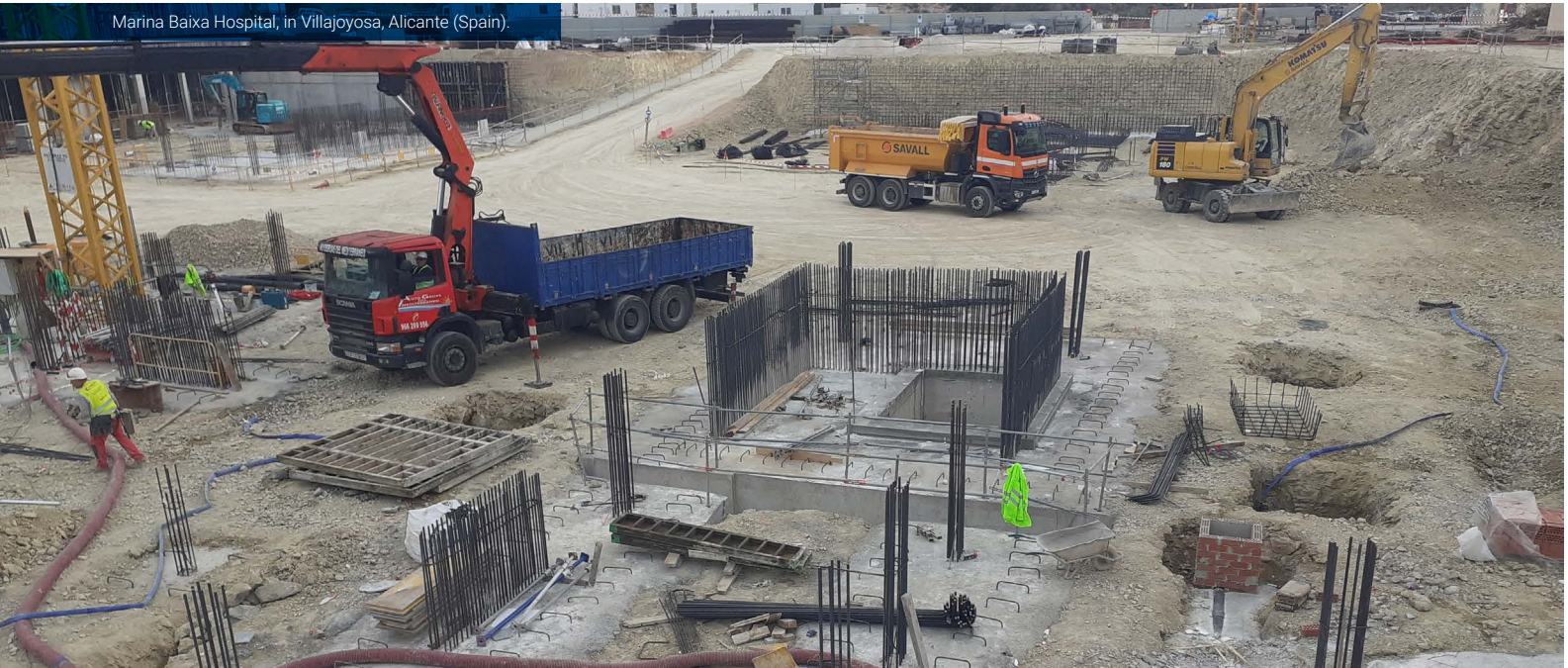
80 homes in Alcalá de Henares, Madrid (Spain).



Complete remodelling of the Santiago Bernabéu Stadium Madrid (Spain).



Digital District at the Port of Alicante (Spain).



Marina Baixa Hospital, in Villajoyosa, Alicante (Spain).

National Organisation for the Blind (Madrid).

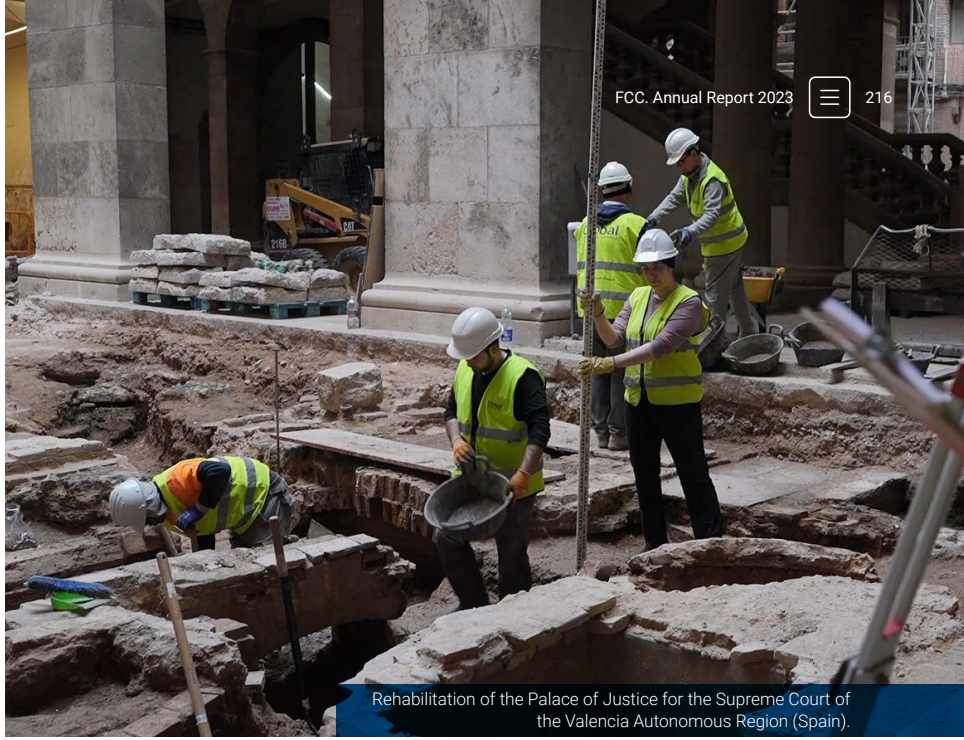
- ● Renovation of the Philosophy and Humanities building of the University of Zaragoza.
- ● Execution of the works for the tertiary building and car park for the Digital District on Dock 5 of the Port of Alicante.
- ◐ Refurbishment of Club de Mar de Mallorca in Palma de Mallorca (Balearic Islands).
- ◐ Remodelling of facilities of the ASTA building in the Port of Barcelona.
- ◐ Office Building on plot P1-P2, sector 10 Marina, Paseo de Zona Franca (Barcelona).
- ◐ Execution of the works for the new construction of an open prison regime centre in the Zona Franca (Barcelona).
- ○ Execution of the Civil Guard Headquarters in Zaragoza.
- ◐ Remodelling of the Fish Market Area and Building in the Port of Barcelona.
- ◐ Expansion works for the Marina Baixa Regional Hospital, Villajoyosa (Alicante).
- ◐ Construction of the new High Resolution Centre for the Murcia Health Service in Águilas (Murcia).
- ◐ Rehabilitation of the Palace of Justice for the Supreme Court of the Valencia Region.
- ◐ Construction of the new High Resolution Centre for the Murcia Health Service in Águilas

(Murcia).

- ◐ Construction of the new Concepción Aleixandre Building of the Miguel Hernández University Campus in San Juan de Alicante.
- ○ New Socio-health Complex in the Son Dureta enclosure for the construction of Building B, in Palma de Mallorca (Balearic Islands).
- ○ Construction of the new Pabellón Cero for the extension of the FIRA Gran Vía enclosure, underground phase, L'Hospitalet de Llobregat (Barcelona).
- ◐ Expansion and renovation of Soria Hospital.
- ◐ Salamanca Hospital.
- ● Phase 0 of the Master Plan for the A Coruña University Hospital Complex.
- ◐ Drafting of the project, execution of the work and commissioning of the Environmental Centre of the Pamplona Region (design phase) (Navarra).
- ○ Expansion and refurbishment works (Phase I) of the University Hospital of Cabueñes, Health Area, Gijón (Asturias).
- ○ Construction works for the new Aranda de Duero hospital (Burgos).
- ○ Construction works for the New University Hospital Complex of A Coruña. Phase 1 (A Coruña).

International

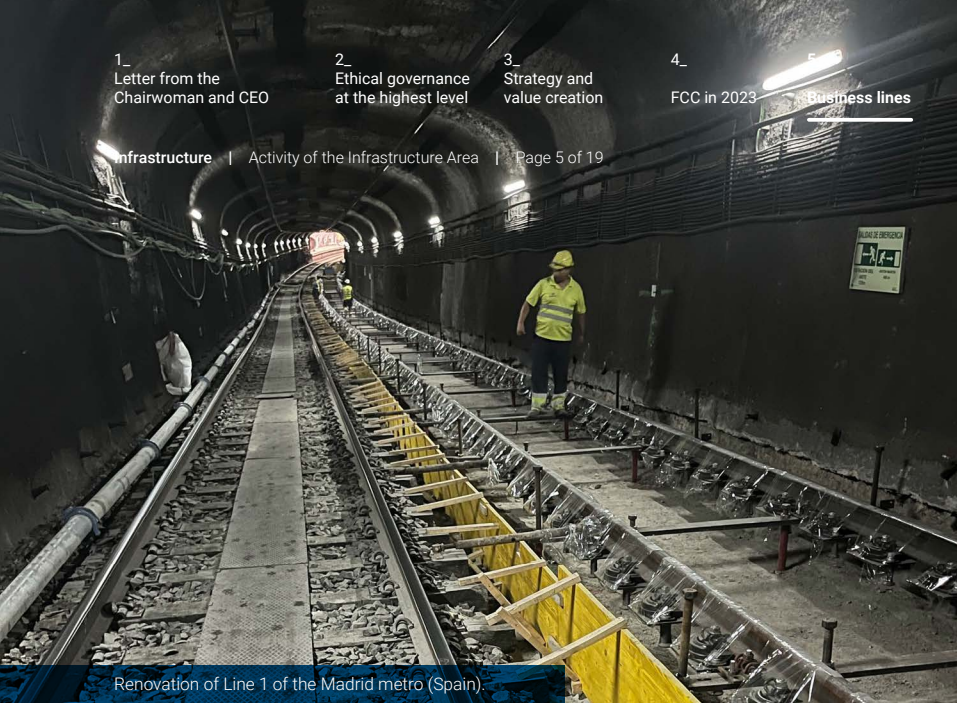
- ○ Construction of the rural hotel Dunas da Comporta (Portugal).
- ○ Authentic Bicas Comporta hotel complex, Grândola (Portugal).
- ○ Construction of the stock storage area and offices for the Móndego mobility system, Coimbra (Portugal).



Rehabilitation of the Palace of Justice for the Supreme Court of the Valencia Autonomous Region (Spain).

Soria Hospital (Spain).

○ Awarded ◐ In progress ● Completed



Renovation of Line 1 of the Madrid metro (Spain).

Meleças-Torres Vedras railway section (Portugal).

Railways

Spain

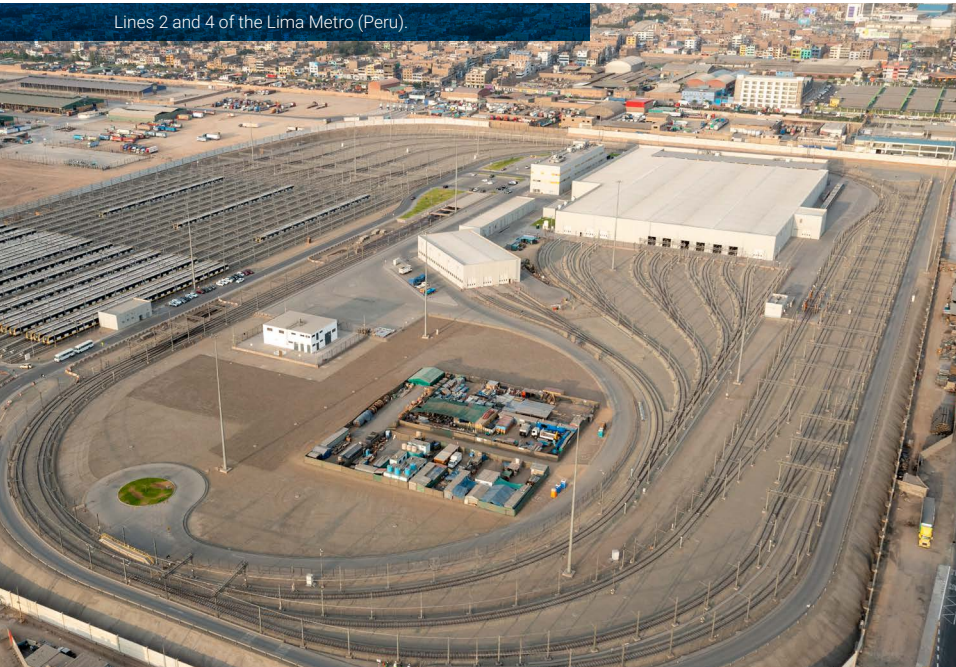
- ◐ First phase of the implementation of the unified light rail network and its urbanisation in the city of Barcelona, Avda. Diagonal-Girona-Nàpols section (Barcelona).
- ◐ Execution of the Tunnel and Station works for the University Zone-Sagrera Meridiana section of Line 9 of the Barcelona Metro – Section III – IVB, Prat de la Riba, Sarrià, Mandri (Barcelona).
- ◐ Improved accessibility and adaptation to the interchange regulations of Maragall station (L4 and L5 FMB), Phase 1 (Barcelona).
- ◐ Execution of the works for the Quisi Viaduct construction project in the Calp-Teulada section of line 9 of the TRAM network (Alicante).
- ○ Duplication of the North-Northwest High Speed Corridor, section Palencia to Vilecha Fork High Speed and electrification of newly duplicated sections of the Palencia-León line.
- ○ Track and electrification for the Valladolid Eastern Rail Bypass.
- ○ Architectural and installation works for the La Sagrera technical train treatment area. Phase B (Barcelona).
- ○ Renovation of track for Line 1 of the Madrid Metro between Sol and Valdecarros stations. Lot 1, Sol-Atocha (Madrid).
- ○ Sleeper renovation project (Phase 2) and removal of ballast on the Madrid-Seville high-speed line.
- ○ Renovation of sidings (Phase 2) on the Madrid-Seville high-speed line.
- ○ Preparation of the Roda de Bará Tunnel for the implementation of standard gauge in the Mediterranean Corridor. Castellbisbal-Murcia section. Sub-section: Sant Vicenç de Calders-Tarragona-Vilaseca Junction.
- ○ Execution of works for the project to replace RS sleepers with monoblock on a 75.91 km section in the Tardienta district (Huesca).
- ○ Maintenance of infrastructure, track, points and crossings for the Madrid-Northeast high-speed line. Montagut, Vilafranca and Sant Feliu bases.
- ○ Maintenance of infrastructure, track, points and crossings for the Madrid-South high-speed line. Antequera base.
- ○ Maintenance of infrastructure, track, points and crossings for the Madrid-South high-speed line. Hornachuelos and Antequera bases.
- ○ Emergency works and services due to flooding in the municipality of Rincón de Soto. Section of Intermodal Line 700 Abando Indalecio Prieto-Casetas. Track conditioning.
- ○ Execution of works for the construction projects to take the ADIF R-2 commuter line underground as it passes through the town, and construction of the new Montcada i Reixac station (Barcelona).

- ◐ Modernisation of the Western railway line between Mira Sintra-Meleças and Torres Vedras.
- ◐ Sidings for the railway complex of the eastern bypass of the Valladolid arterial railway network.
- ◐ Track assembly of Sagrera high-speed Station (Barcelona).
- ◐ Architectural and installation works for the La Sagrera technical train treatment area. Phase A (Barcelona).
- ◐ Valladolid arterial railway network. Eastern Bypass (Valladolid).
- ◐ Accesses to La Sagrera station (Barcelona).
- ◐ Trackbed works on the Nijar-Río Andarax section of the Murcia-Almeria high-speed line.
- ◐ Architectural and installation works for the La Sagrera technical train treatment area. Phase A (Barcelona)
- ◐ Trackbed works on the Nijar-Río Andarax section of the Murcia-Almeria high-speed line.
- ◐ Trackbed works on the Totana-Lorca section of the Murcia-Almeria high-speed line.
- ◐ Platform for the Murcia-Almeria High Speed Mediterranean Corridor. Totana section.
- ◐ Track assembly and access (León).
- ◐ Duplication of the R-3 commuter line. Section: Parets del Vallés-la Garriga. Track and electrification R3 (Barcelona).
- ◐ omprehensive track renovation in the Gijón-Laviana section of the metric gauge network, Asturias.

- ● Gauge extension on overpasses, on the route not affected by the San Julián bypass, between Ourense-Monforte-Lugo.
- ◐ Execution of the works corresponding to the sidings renovation project (Phase 1) on the Madrid-Seville HSL.
- ● Screen replacement service for the Madrid-Seville high-speed railway line between Brazatortas and Seville-Santa Justa Station.
- ◐ New track configuration as a result of the elimination of the Ferrol-Ortigueira telephonic blocks (A Coruña).
- ◐ Implementation of standard gauge in the Mediterranean Corridor. Castellón-Vinaroz section (Castellón).
- ◐ Renewal of tracks 3 and 5 and replacement of sidings on Barcelona commuter lines, Blanes station (Gerona).
- ◐ Implementation of standard width in the Mediterranean Corridor. Section: Valencia North-Valencia Joaquín Sorolla. Track and electrification.
- ◐ Track and catenary for the complete remodelling of the Fuente de San Luis Station for standard gauge implementation (Valencia).
- ◐ Track renewal for the Ourense-Monforte de Lemos section. Line 810.
- ◐ New track configuration as a result of the elimination of telephonic blocks on La Asunción-Guardo metric gauge line 790.

Accesses to La Sagrera station, Barcelona (Spain).

Section 2 of Tren Maya Edzná Station (Mexico).



Lines 2 and 4 of the Lima Metro (Peru).

- ● Maintenance of the north-east high-speed line. Brihuega and Calatayud bases (Catalonia).
- ● Maintenance of the north-east high-speed line. Montagut, Vilafranca and Sant Feliu bases (Catalonia).
- ● Maintenance of infrastructure, track, and switches and crossings for the Madrid-South high-speed railway line. Hornachuelos-Antequera bases.
- ◐ Maintenance and pre-maintenance of infrastructure, track, and switches and crossings for the Plasencia-Badajoz high-speed railway line, Mérida and Cáceres Base Areas.
- ◐ Services, infrastructure and track maintenance for ADIF 2021-2022 conventional and metric gauge lines. Lot 2 North Operations Division.
- ◐ Services, infrastructure and track maintenance for ADIF 2021-2022 conventional and metric gauge lines. Lot 5 Central Operations Division.
- ◐ Services, infrastructure and track maintenance for ADIF 2021-2022 conventional and metric gauge lines. Lot 6 South Operations Division.
- ◐ Integral improvement of the Madrid-Seville high-speed railway line infrastructure. Section C: Guadalmez-Córdoba.
- ◐ Comprehensive maintenance service contract of the Madrid Metro track superstructure (Lot 3, approximately 35% of the Madrid Metro network) (Madrid).

International

- ◐ Section 2 Tren Maya (México).
- ● Line 2 (branch) of Panama metro to Tocumen International Airport (Panama).
- ◐ Line 2 and Line 4 branch of the Lima metro (Peru).
- ◐ Additional stations on Line 4 of Riyadh Metro. Park and Ride on Line 4. Science Park on Line 5 (Saudi Arabia).
- ◐ Lines 4, 5 and 6 of Riyadh Metro (Saudi Arabia).
- ◐ Neom Tunnels (Mountain Section) (Saudi Arabia).
- ◐ Railway lines in Transylvania and new railway awards (Romania).
- ◐ Scarborough Subway Extension–Stations, Rail and Systems, Ontario (Canada).
- ◐ RER3 Go Expansion On-Corr Project. Complete renovation of the Greater Toronto commuter railway (Canada).
- ◐ Melbourne Airport Link- Maribyrnong River Bridge (Australia).
- ○ Rubi Line: Casa da Música-Santo Ovídio. Oporto Metro (Portugal).
- ◐ Modernisation of the Western railway line between Torres Vedras and Caldas da Rainha (Portugal).
- ◐ Móndego Mobility System (SMM) – Rehabilitation of the Praça da Portagem – Coimbra B station section, Coimbra (Portugal).

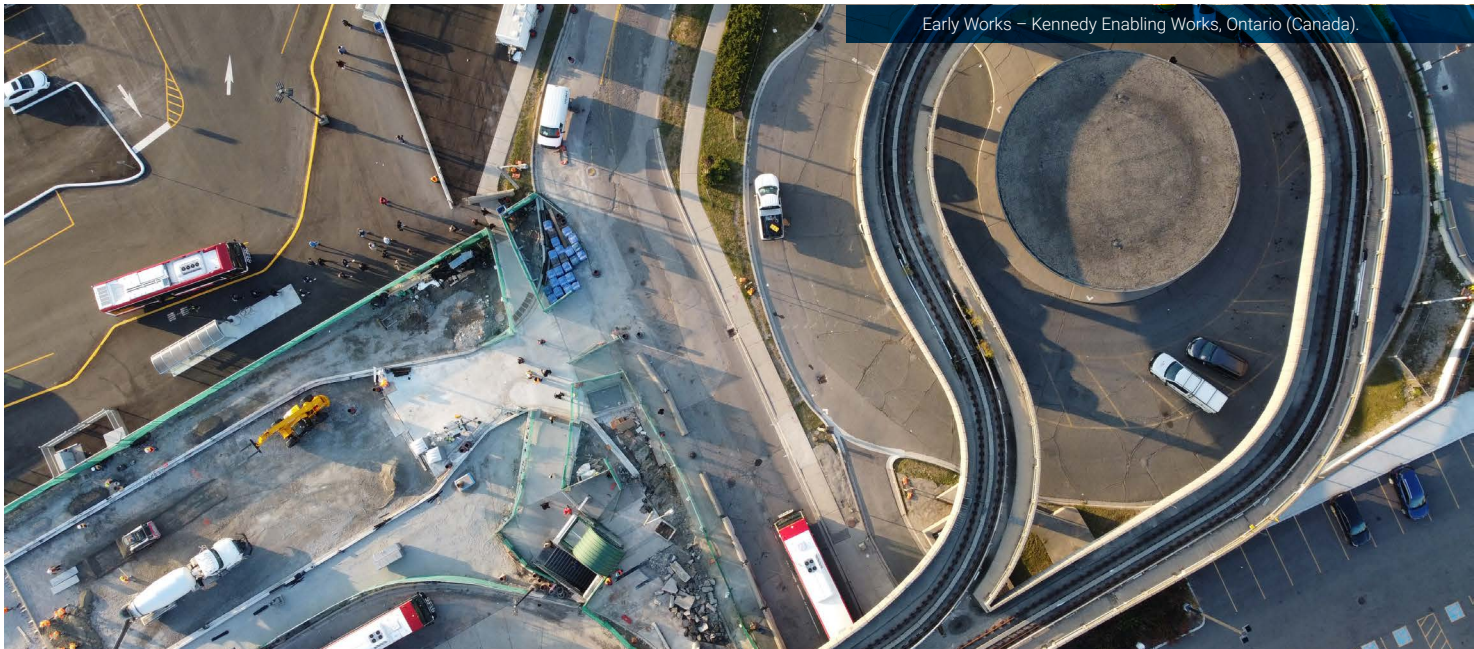
- Modernisation of the Mira Sintra-Meleças-Torres Vedras section of the Western Line (Portugal).
- Modernisation of the Torres Vedras and Caldas da Rainha railway line (Portugal).
- Adaptación del sistema de movilidad del Móndego, en Coimbra a una solución de BRT (Metrobus). Tramo Coimbra B-Portagem (Portugal).

Hydraulics

Spain

- Project and adaptation work of the El Endrinal WWTP in Collado Villalba (Madrid).
- Lot 7 of the Pipeline Renovation Works for the Canal de Isabel II supply network (Madrid).
- Lot 1 of the Works to improve the sanitation networks managed by Canal de Isabel II (Madrid).
- Distribution network works for the Segarra-Garrigues System. Sector 8. Secondary support network Floor B, Perimeter II, Els Omellons (Lleida).
- Distribution network works for the Segarra-Garrigues System. Sector 13. Secondary network Floor D1, Llardecans (Lleida).
- Heightening of the Yesa dam (Navarra).

Lines 4, 5 and 6 of Riyadh Metro (Saudi Arabia).


Early Works – Kennedy Enabling Works, Ontario (Canada).

○ Awarded ◐ In progress ● Completed

- ○ Works on the distribution network for the Segarra-Garrigues System. Sector 10-11-14. Connecting pipes to Pool 300 of Sector 12, Albagés (Lleida).
- ○ Works on the distribution network for the Segarra-Garrigues System. Sector 13. Secondary network Floor C1 Perimeter I, El Cogul (Lleida).
- ○ Construction of sanitation and waste treatment for San Roque and other municipalities in Campo de Gibraltar (Cádiz).
- ○ Storm water tank in El Balcón del Guadalquivir (Córdoba).
- ○ Arona-East sanitation system. Project for the construction of collecting systems and associated force mains, Montaña Reverón WWTP. Aguas de las Cuencas de España (ACUAES).
- ○ Reguengos de Monsaraz hydraulic circuit and the Peral Irrigation Block.

International

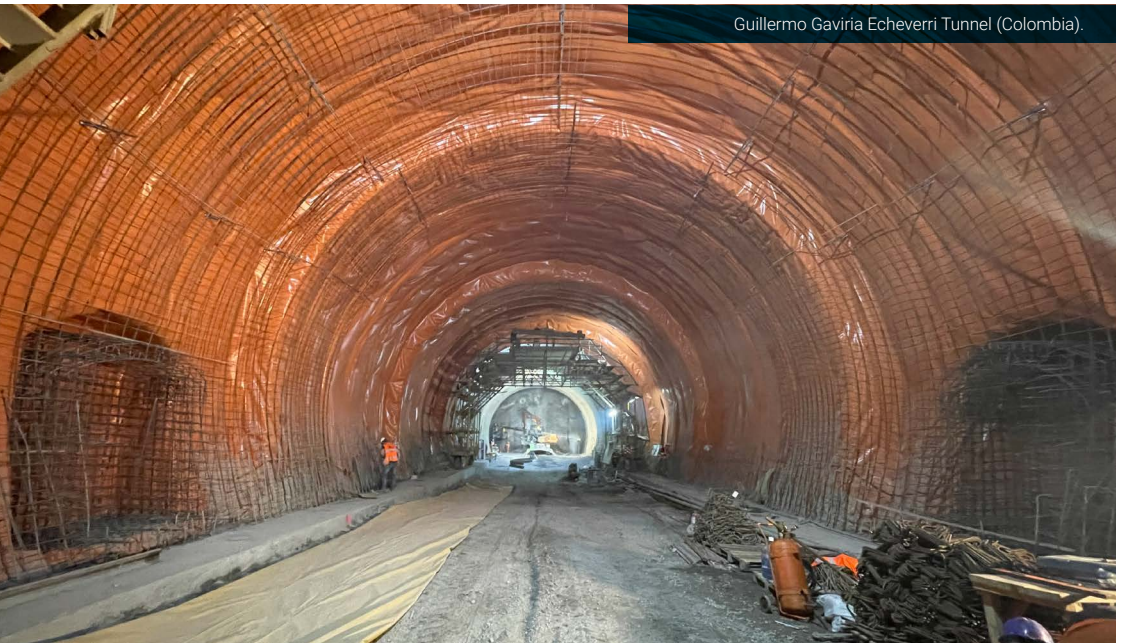
- ◐ "El Salitre" waste water treatment plant (Colombia).
- ● Design and construction of the waste water treatment plant and sludge incinerator in Glina (Bucharest).
- ○ Connection between the Morgavel WWTP and the Monte Chãos reservoir (Portugal).

Maritime

Spain

- ● Rehabilitation of security features for the Botafoc dock foundations in the Port of Ibiza (Balearic Islands).
- ◐ Port Adriano, rehabilitation of the dock, Mallorca (Balearic Islands).
- ● Expansion of the Playa Blanca Port, Lanzarote (Canary Islands).
- ○ Enlargement of the Naos Quay, Arrecife, Lanzarote, Canary Islands. Las Palmas Port Authority (Canary Islands).

○ Awarded ◐ In progress ● Completed


Guillermo Gaviria Echeverri Tunnel (Colombia).

Tenerife Island ring road, Canary Islands (Spain).

Aguas Santas Tunnel (Portugal).

Roads

España

- ◐ Construction: completion of Tenerife Island ring road, section El Tanque-Santiago del Teide. Canary Islands Government (Canary Islands).
- ○ Construction project, A-73 motorway, Burgos-Aguilar de Campoo. Quintanaortuño-Montorio section (Burgos).
- ◐ A-33 motorway. Construction of the section connecting the C-3223 to Yecla with the N-344, Caudete. Murcia and Albacete.
- ○ Completion of the extension works on the Baix Llobregat Motorway (New B-25). Section: Coastal Motorway-A-16 Motorway.
- ◐ Repair and expansion project for the bridge structure over the Sella River in Ribadesella (Asturias).
- ○ Reordering and improvement of road access to the Cívitas Metropolitano Stadium, Phase II (Madrid).
- ○ Demolition, consolidation and construction of a bridge over the River Alberche, on highway M-507 in Aldea del Fresno (Madrid).

International

- ● Renovation of the Águas Santas tunnel (Portugal).
- ◐ Maintenance of 195 kilometres of Trans-Canadian motorway for 30 years (Canada).
- ◐ Guillermo Gaviria Echeverri Tunnel (Colombia).
- ◐ Concepción Industrial Bridge (Chile).
- ◐ Section of the Badhoevedorp-Holendrecht A9 motorway (the Netherlands).
- ◐ RV. 555 Sotrasambandet, the Sotra Connection (Norway).
- ◐ Section of the A465 trunk road in Wales (UK).
- ◐ Major Bridge P Initiative - Project to rehabilitate bridges of Pennsylvania (USA).

○ Awarded ◐ In progress ● Completed

A-33 motorway at Yecla, Murcia (Spain).

Concepción Industrial Bridge (Chile).

Urbanisation

Domestic

- ◐ Urbanisation of stage 1 of U.Z.P. (Programmed urbanisable land) 2.04 Los Berrocales (Madrid).
- ● Urbanisation of A.P.E. 027 "New Mahou-Calderón" (Madrid).
- ◐ Sanitation network, transformation centre and reflection centre at the U.Z.P. 2.04 Los Berrocales (Madrid).
- ◐ Block bounded by Roundabouts G-2, G-3, G-4, G-5 and Road H-8 within the U.Z.P. 2.04 Los Berrocales (Madrid).
- ◐ Earth removal and sanitation (stage 3) located between Gran Vía del Sureste, A3 and M-50 in the area of U.Z.P. 2.04 Los Berrocales (Madrid).
- ● Road asphalting plan in Leganés (Madrid).
- ◐ Framework agreement 2022-2024 for the "Metropolitan Forest" project, on municipal land in the municipality of Madrid.
- ○ Lots 1 and 2 of the Urbanisation works of Phase III of APE 02.27 "New Mahou-Calderón" (Madrid).
- ○ Execution of the Stage 3 works in U.Z.P 02.04 Los Berrocales (Madrid).
- ◐ Connectivity and urbanization improvements for the area around the Santander Street Bridge, in the Sant Martí District (Barcelona).
- ○ Reurbanisation, renovation and improvement of the service networks of Vía Laietana, between Plaza Antoni Maura and Paseo Colón (Barcelona).

International

- ◐ Parque Mapocho Río (Chile).
- ○ Decontamination of soil in the zone covered by the Detailed Plan of the Alvito Quarry (Portugal).

Industrial

FCC Industrial

In 2023, FCC Industrial began work on the Drumgray waste-to-energy plant construction site in Scotland, UK.

The company also won the engineering and construction contract for the Lima Airport fuel storage plant, Peru, to cater to the expected growth in traffic once construction of the new airport is completed.

During 2023, FCC Industrial was awarded the following contacts in Spain:

- "Tagus 380" 380 MW PV plant (Cáceres).
- EPC contract for a 263 MW PV plant in Guillena (Seville).
- Evacuation infrastructure, high-voltage line and substations, Guillena PV plant (Seville).

○ Awarded ◐ In progress ● Completed

Urban development of Los Berrocales, Madrid (Spain).

Fuel storage tanks and industrial installations at Lima International Airport (Peru).

- Lifting substation in Caparacena (Granada).
- Lifting substation in Terrer (Zaragoza).
- Track and catenary for the Valladolid Eastern Rail Bypass.
- Project and renovation work on the railway signalling on the Villanueva–Brazatortas line.
- Heating plant of the Virgen del Rocío Hospital (Seville).
- Photovoltaic installation in the Alfés pool (Lérida).

Main projects in execution

Spain

- Electromechanical installations in the Santiago Bernabéu Stadium (Madrid).
- Electromechanical installations, Soria Hospital.
- Electromechanical Installations in Puertollano Hospital (Ciudad Real).
- Refurbishment of the cold production plant and the heating plant at the Virgen del Rocío University Hospital (Seville).
- Renovation of air conditioning installations and energy improvement at the Teatro Real (Madrid).
- Installation of air conditioning in the Valencia University Clinical Hospital.
- Electromechanical installations at the Civil Guard Headquarters (Zaragoza).
- 176 MW PV plant, Velilla (Palencia).
- 227 MWp PV plant, Cedillo (Cáceres).
- Maintenance of Iberdrola Electrical Networks.
- Maintenance of street lighting in the centre of Madrid.
- Fuentes de la Alcarria PV plant substation (Guadalajara).
- Guillena PV plant substation (Seville).
- Caparacena PV plant substation (Granada).
- Renovation of catenary on the Girona-Figueres line (Gerona).
- Renovation of catenary at the Cabezón de Pisuerga station (Valladolid).
- Execution of the energy, telecommunications and signalling works on lines R2 and R4, Rodalies (Barcelona).
- Execution of the energy, telecommunications and signalling works on the Bobadilla (Granada) to Ronda (Málaga) and Zafra (Badajoz) to Huelva sections of the ADIF rail network.

International

- Electromechanical Installations Riyadh metro, Riyadh (Saudi Arabia).
- Energy-from-waste plant in Drumgray, Scotland (UK).
- New fuel storage and aviation fuel storage tanks at Lima Airport (Peru).

Maintenance and conservation

Maintenance of motorways, highways, roads

The company works to maintain more than 1,300 kilometres of motorways and 3,000 kilometres of conventional highways belonging to a number of public administrations (MITMA Ministry of Transport & Sustainable Mobility), the Regional Government of Extremadura, the Provincial Council of Gipuzkoa, the Provincial Council of Palencia, the Metropolitan Area of Barcelona, the Council of Grand Canary, SEITT (state infrastructure and transport body) and AUCONSA.

Within this network, we would point to the operation and exploitation of more than 20 kilometres of tunnels, most notably the Somport International Tunnel between Spain and France for the MITMA and the Rondes de Barcelona tunnels for the Metropolitan Area of Barcelona.

In 2023, we continued to provide service under maintenance contracts for a total of 20 administrations, and the following new contracts were obtained in Spain:

- Conservation and exploitation of highways, their functional elements and other public services and of minor works relating to these services in Sector: VA-02, Province of Valladolid.
- 51-OR-0205; 30.458/23; Conservation and exploitation of highways and minor works relating to these services in Sector: OR-02, Province of Ourense.
- 51-LU-0205; 30.427/23; Conservation and exploitation of highways and minor works relating to these services in Sector: LU-02, Province of Lugo. All these for the Ministry of Transport and Sustainable Mobility (MITMA).
- Works to repair/improve bridges on the B-10 coastal road over the C-31 in Sant Adrià de Besòs. Metropolitan Area of Barcelona.
- Renovation of the maintenance and operation contract for the highways of the Guipúzcoa "preferential and basic interest network".
- Maintenance services for the provincial network of highways of the Provincial Council of Huelva, Lots North and South.

Maintenance of roads for city councils

During 2023, we continued to perform maintenance services for the roads of the city of Huelva.

Maintenance of road surfaces

During 2023 we started work on the road surface maintenance contract for the Madrid Autonomous Region, zone 3, with the Áridos de Melo Group as our main subcontractor.

Maintenance of transport systems

Maintenance of the Zaragoza and Murcia tramways.

Matinsa. Road conservation works.

Port infrastructure maintenance

Execution of a service contract with the Port Authority of Malaga for the conservation and maintenance of Malaga Port.

Hydraulic infrastructure maintenance

Work started on the following in 2023:

- Maintenance of operating systems at the Mijares-Plana de Castellón and Cenia-Maestrazgo dams for the Júcar Water Board.
- Exploitation, operation and maintenance of the Automated Hydrological Information Systems (AHIS) - 2 lots (Ebro and Júcar Water Boards). Lot 1: Júcar AHIS.
- Repair of the inside of the box beams of the taintor gates for water level control of the García de Sola dam, Badajoz, for the Guadiana Water Board.
- Maintenance and development of the infrastructure included in the hydrological control network of the Catalan Water Agency. Lot 2. Low and medium availability control points.

Continuing, furthermore, with the following contracts in the Area of hydraulic infrastructure for various water boards:

- Operation, maintenance and conservation of the Cancho del Fresno, Ruecas, Sierra Brava, Gargáligas, Cubilar, Azud de Ruecas, Alcollarín and Búrdalo dams, Cáceres
- Operation, maintenance and conservation of dams in zone 3 of the middle basin of the River Guadiana.
- Improvements to the state of existing canals in irrigable areas of general interest to the state in the Guadiana water board 's area, to promote savings, efficiency and sustainability in the use of water resources. Lot: 3. Operation of zones 6 and 7.
- Conservation and maintenance of the Tajo-Segura post-transfer system channels, Murcia, Alicante and Almería. Lot 3 Campo de Cartagena and Pedrera channels and sections II and III of the left bank channel basin, Murcia and Alicante.

Management of emergency and forest fire services

The provision of the fire prevention service for the Provincial Fire Brigade of the Region of Castellón has continued.

This past year we started the prevention and extinction of forest fire service for the Autonomous region of Castilla y León with units composed of fire-fighters and fire engines.

Environmental services

We were awarded the contract for the comprehensive conservation of municipal parks and gardens - lot 6- Casa de Campo and Tres Cantos for the Madrid Municipality, starting in 2024.

The provision of the following services has also continued:

- 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, Segovia.

Alcañiz Hospital, Teruel (Spain).

- Conservation of Manzanares River where it passes through the municipality of Madrid.
- Environmental conservation of La Herrería Forest in the municipality of El Escorial, Madrid, for National Heritage.
- Control and reduction of the Argentine parrot and Kramer parrot population in the municipality of Madrid.
- Execution of the works associated with the competences of the General Directorate for Water Management and Green Areas of Madrid.
- Maintenance and conservation service for the Castilla Canal for the water board.

Environmental works

- Conditioning of several sections of the EuroVelo I and Dehesas de Sierra Morena cycling routes where they pass through the Sierra de Aracena and Picos de Aroche and Sierra Norte natural parks in the province of Seville.
- Green corridor and landscaping of unused spaces in Isla Verde Exterior South, Port of Algeciras, Cádiz.
- Footpath between Las Redes and Vistahermosa, Puerto de Santa María, Cádiz, for the Demarcation of Cádiz Coasts.
- Restoration of a mid-section of the River Guadiana near Villagonzalo, Badajoz, Phase I, as part of the Recovery, Transformation and Resilience Plan (PRTR).
- Handling of vegetation and forestry procedures in hills overlooking reservoirs in the Autonomous Region of Madrid; HIDROFOREST project.

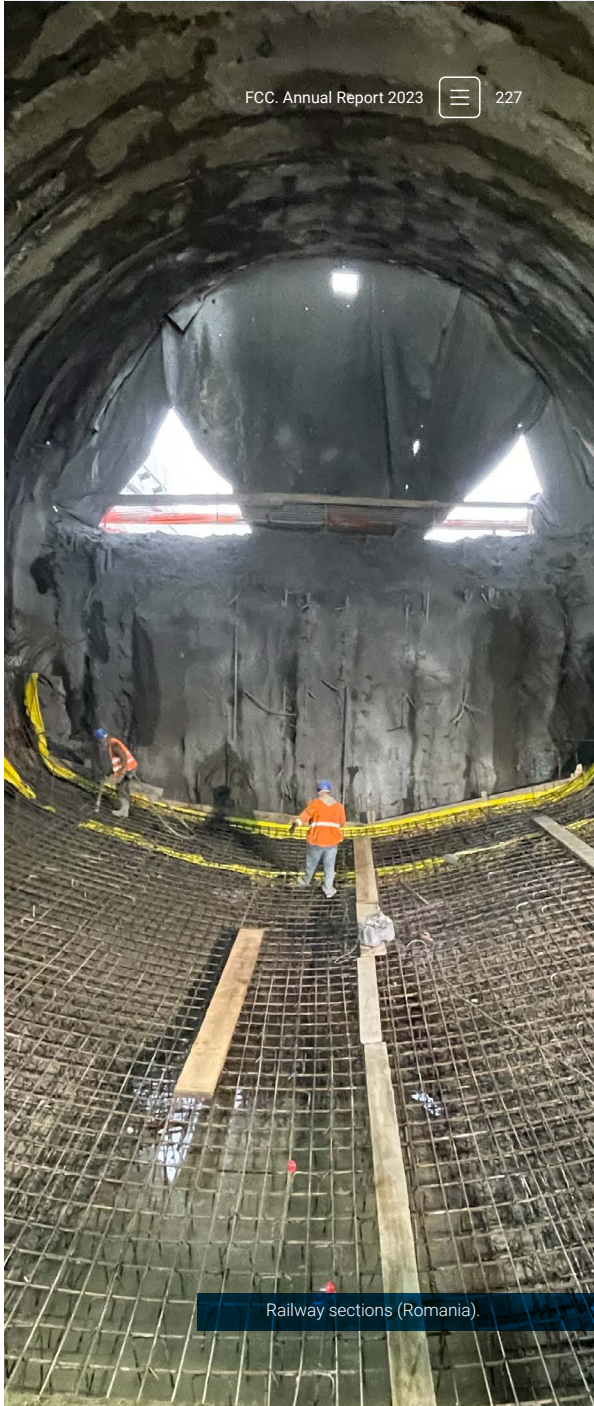
Construction works

The following works were executed in 2023:

- Bringing into conformity with Royal Decree 635/2006 of 26 May on minimum safety requirements in tunnels of loma de Bas and Sierra del Aguilón tunnels on the AP-7 Cartagena-Vera motorway for **SEITT**.
- Repair of damage caused by heavy rains in December 2022 for the **Demarcation of State Highways in Extremadura (MITMA by its Spanish acronym)**.
- Rehabilitation and commissioning of the Santomera intermediate reservoir dam, Murcia. Lot 1 for the **Segura water board**.
- Urgent repair of storm Efrain damage to the hydraulic infrastructure of the Vegas Bajas aquatic ecosystem of the Guadiana, Badajoz and other municipalities, for the **Guadiana water board**.
- Improvement of containment systems on the structures of overpasses of the N-603, province of Segovia, for the **Demarcation of State Highways in Eastern Castilla y León (MITMA)**.
- Repair of structural damage and restoration of the middle containment system on the bridges of the AP-7, Valencia, for the **Demarcation of State Highways in Valencia (MITMA)**.
- Restoration and consolidation of shoulders, drainage and containment and stabilisation of embankments on several sections of the A-15, SO-20, N-111, N-122, N-234 and A-11 highways, for the repair of damage caused by the heavy rains of 21 June 2023, province of Soria, remedying the seriously dangerous situation that had arisen. Sector SO-2 for the **Demarcation of State Highways in Eastern Castilla y León (MITMA)**.

We were also awarded the following two contracts:

- Bringing the Ortega Prados, Casabermeja 1, 2, 3 and 4 tunnels into line with Royal Decree 635/2006. Province of Málaga. Recovery, Transformation and Resilience Plan financed by the European Union **Next Generation EU**.
- Energy saving and efficiency actions in the Folgoso Tunnel. A-52 motorway, between Km. 277.6 and 281.9 Municipality of A Cañiza. Province of Pontevedra. Recovery, Transformation and Resilience Plan financed by the European Union **Next Generation EU**.



Railway sections (Romania).

Supply of concrete piping of Prefabricados Delta.

Prefabricated construction

In 2023, Prefabricados Delta's factories produced:

- More than 24 kilometres of concrete pipe with steel jacket.
- 130,000 concrete sleepers of various types.

For the whole year 2023 Prefabricados Delta contracted more than €42 million. The biggest contracts by activity sector were as follows:

Supplies for hydraulic conduits

Spain

- ○● Irrigation network for the transformation into irrigated land of the irrigable zone of the River Aranzuelo, Burgos, Phase II on the part of the Agrarian Technological Institute of Castilla-León.
- ○◐ Improvements to the state of existing canals in irrigable areas of general interest to the state in the Guadiana water board area, to promote savings, efficiency and sustainability in the use of water resources.
- ○◐ Projects to transform Sector III into irrigated land in the irrigable zone of the Centre of Extremadura.
- ○◐ Supply of post-stressed concrete piping with sheet metal sleeves for "Valdurrios piping and electrification of pumping stations in the irrigable zone of Sector VIII of Monegros II, Bujaraloz and Peñalba".
- ○◐ Supply of post-stressed concrete piping for Barrax Pumping Station, Albacete.
- ○◐ Project for the execution of a central command pool for the modernisation of the irrigation of the Molinar del Flumen community of irrigators.
- ○◐ Protect to transfer water through pipes for the second phase of the replacement of pumps in the East of La Mancha, irrigable zone of the Canal del Picazo (La Grajuela).
- ○◐ Project to transfer water through pipes for the second phase of the replacement of pumps in the East of La Mancha (Canal de Fuensanta).
- ○◐ Supply of post-stressed concrete piping with DN 2400 mm sheet metal sleeves for "Valdurrios piping and electrification of pumping stations in the irrigable zone of Sector VIII of Monegros II (Bujaraloz and Peñalba)".
- ○● Supply of piping and special parts for the Sant Joan D´Espi drinking water treatment plant.

International

- ○◐ Supply of reinforced concrete piping and special parts with steel sleeves for the Combined Cycle Power Plant in Belgium.

○ Awarded ◐ In progress ● Completed

Supply for railway contracts

- ◐ Supply and transport of sleepers for the complete renewal of infrastructure and track in the Calañas-Peguerilla section of the Zafra-Huelva line.
- ◐ Supply and transport of sleepers for the comprehensive renovation of infrastructure and track of the Jabugo section of the Zafra-Huelva line.
- ◐ Supply and transport of sleepers for the complete renewal of infrastructure and track of the Calañas section of the Zafra-Huelva line.
- ● Supply and transport of sleepers for concrete slab and transition zones for the comprehensive renovation of infrastructure and track of the Zafra-Huelva line.
- ◐ Supply and transport of sleepers for the complete replacement of bi-block by monoblock sleepers on various sections of the Seville-Huelva line, lots 1, 2 and 3.

Corporate image

Spain

- Award of the design, manufacture and installation of Renault's new corporate image for the Valladolid and Palencia factories.
- Design, supply and installation at 100 KIA dealers of KIA's external and internal corporate image in Spain.
- Design, supply and installation of the new store concept of the Wild Bean Café image for BP's service stations in Spain.
- Award of the design, manufacture and installation of MG's new corporate image in Spain.

International

- Implementation of the new corporate image of Renault Europe in Spain, Portugal and Italy with restyling of the 2022 image, including the new Renaulution 2022 Logo.
- Implementation of the new corporate image for the Dacia dealership network in Spain, Portugal and Italy, as well as the new logo, Dacia Link.
- Supply of the new Nissan logo for Europe.
- Implementation of the image restyling project for Nissan Europe in dealerships in Spain, Italy and Portugal.
- Supply of image elements for BP's service stations in Europe, with more than 350 operations in the United Kingdom and 323 in Spain, including service station maintenance, and 80 in Portugal.
- Design and manufacture of BP's first marquee for electrical outlets at the HQ of Castrol in Pangbourne, UK.
- Award of contract by Stellantis, a brand that encompasses Opel, Citröen, Peugeot, Fiat, Alfa Romeo and Abarth, for the supply and installation of its exernal corporate image at akll dealers in Spain, Portugal and Italy.
- Award of the contract for the supply and installation of Stellantis' new internal corporate image (including furniture) throughout Spain, Portugal and Italy.
- Design and development of the corporate image of the new "PIVOT" concept of electric service station for BP at European level.
- Design and development of the corporate image of the new Lutterworth concept of service station for lorries, for BP at European level.
- Design of marquees and tentsfor newly cpnstructed BP stations throughout Europe.

BP corporate image at Europe.

○ Awarded ◐ In progress ● Completed

Concessions

In 2023, the recovery in demand was consolidated thanks to the deactivation of measures aimed at reducing mobility, in awards related to:

- **Urban public transport**, such as the Murcia Tramway and the Zaragoza Tramway, where the number of passengers has recovered. In the former case, data were 28.5% above pre-pandemic levels in 2019, and in the latter, they returned to 99%.
- **Road transport**, including Ibiza-San Antonio motorway and Conquense motorway concessions, which have seen volumes of traffic maintained in 2023, equalling the traffic levels recorded in 2022.
- **The leasing of office space and catering facilities,** such as WTCB, where work started on remodelling communal areas of the complex with a view to the holding of Copa América in the summer of 2024.

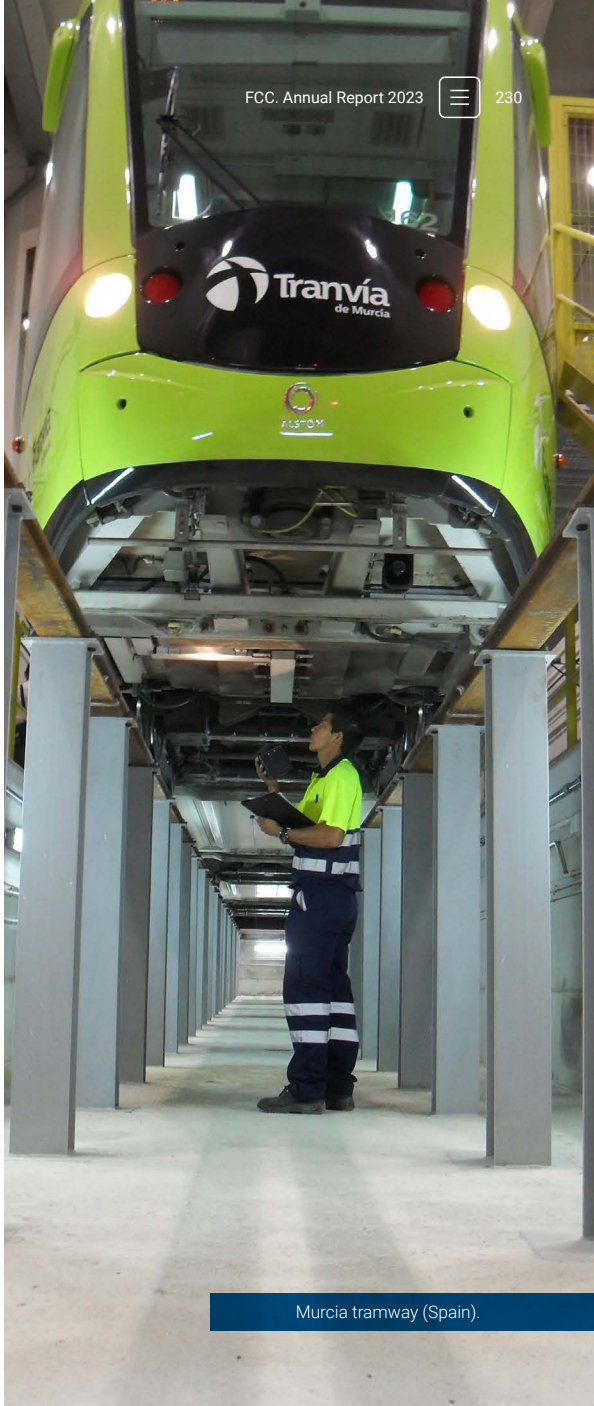
Roads

- **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.
- **A-465 dual carriageway, Heads of the Valleys (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 (100% 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.

Enlargement of the A-465 trunk road (UK).



Murcia tramway (Spain).

- **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. In December 2023 two new tramway units were incorporated; they should improve operations during peak hours and increase passenger capacity.
- **Maintenance of 13 stations on Barcelona's Metropolitan Line 9**: the activities performed during the operation phase mainly consist of the maintenance of the infrastructure and equipment built and installed. 2023 was the eighth year of being open to the public and the service worked normally.
- **Tranvía Metropolità del Besòs and Tranvía Metropolità**: FCC has minority stakes in both Barcelona tram systems, which have a combined route length of 29 kilometres and 58 stops.
- **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. In 2023, progress was made on the metro construction works, and we passed the milestone of completion of the execution of the investments corresponding to phase 1A consisting of 5 stations and 5 kilometres of track, meaning that this section was able to go into service on 21 December 2023.

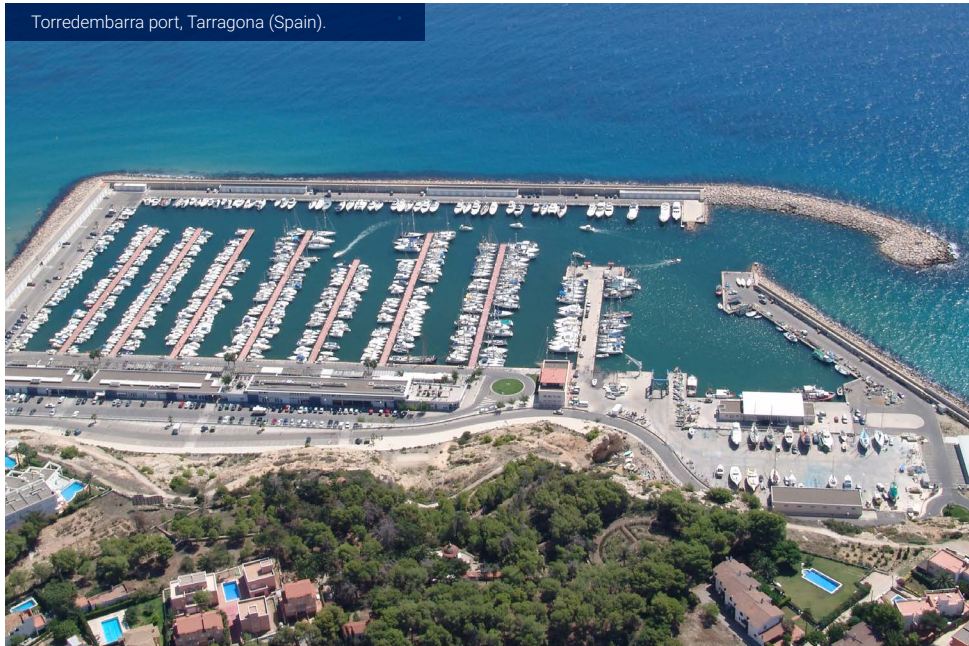
Social

- **World Trade Centre Barcelona, S.A., Spain (24% FCC):** in December 2023, occupancy was 93.0% 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. 2023 was the first full year of operation of the complex.

Ports

- **Port Torredembarra (20% FCC)**: concession of a marina in Torredembarra, which after its completion has been extended for a term of 15 years until December 2037. With the capital increase carried out to strengthen Port Torredembarra's equity, FCC increased its stake by 20%. During 2023 we applied for permits for the execution of the obligatory investment commited to in the extension project.

Haren prison (Belgium).



Torredembarra port, Tarragona (Spain).

3. Highlights Infrastructure 2023

January

_ FCC Construcción achieves a key milestone in the Major Bridge P·project in Pennsylvania (USA).

_ FCC Construcción is certified by the National Security System (ENS) for its cybersecurity.

_ FCC Construcción wins the project to construct the new Son Dureta hospital complex in Mallorca (Islas Baleares, Spain).

February

_ FCC Construcción continues to grow in Romania with two new railway contracts.

_ FCC Construcción accedes to REDI, the Business Network for Diversity and LGBTI Inclusion.

March

_ FCC Construcción and Samsung C&T Corporation sign a partnership agreement to work together on international infrastructure projects.

_ FCC Industrial wins the contract to develop a large regasification plant in Germany.

April

_ FCC Construcción publishes its GHG emission report for 2022.

_ FCC Construcción wins the contract for the extension of the Fira de Barcelona (Spain).

_ FCC Construcción obtains the CO2 Performance Ladder Certificate, Level 5.

May

_ FCC Construcción publishes its Strategy for Combating Climate Change 2023-2026.

_ FCC Construcción wins the contract to construct the A-73 Burgos-Santander motorway and the Baix Llobregat motorway in Catalonia (Spain).

June

_FCC Construcción Chile completes the second section of the Parque Mapocho Río, the biggest urban environmental regeneration project in Chile.

_FCC Construcción Australia and Martinus sign an MoU on working together on railway infrastructure projects.

_FCC Construcción starts work on the new institutional HQ of the ONCE Social Group in Madrid (Spain).

July

_ FCC, third Spanish construction company worldwide according to Deloitte's Global Powers of Construction (GPoC).

_ FCC Industrial wins the contract to construct its first floating PV plant in Spain.

August

_FCC Construcción wins more than €670 million worth of infrastructure contracts in Spain.

_FCC Industrial and TotalEnergies start work on the project to build five PV plants in Spain.

September

_ The Sotra Link Consortium, of which FCC Construcción forms part, starts construction of the Sotra Connection project, the largest suspension bridge built digitally (Norway).

_ FCC Construcción attends the United Nations' Climate Change Conference.

_ FCC Construcción wins the contract to bury the train track in Montcada (Catalonia, Spain).

_ FCC Construcción recognised in the XVI Spanish Biennial of Architecture and Urbanism for its remodelling of Plaza de España and its surroundings (Madrid, Spain).

October

_FCC Construcción completes the excavation of the longest and deepest tunnel in Latin America, the Guillermo Gaviria Tunnel (Colombia).

_Convensa wins the contract for the complete modernisation of the Madrid-Seville high-speed railway line (Spain).

_FCC Construcción's Concepción Industrial Bridge project passes the 50% complete (Chile).

November

_ FCC Construcción wins the contract to construct the Rubi Line, Casa da Música-Santo Ovídio, of the Oporto Metro (Portugal).

_ FCC Construcción wins the contract to construct the PALLAS modern nuclear reactor for medicinal uses (Netherlands).

_ FCC Construcción's Neom tunnel project reaches three kilometres of drilling (Saudi Arabia).

December

_FCC Construcción publishes the 2023 Environmental Communication report and updates its 2022 Sustainability Report.

_FCC Construcción completes a section of Lima's first underground metro (Peru).

_FCC Construcción and Aqualia complete the project to remodel and extend the Glina waste-water treatment plant (Bucharest, Romania).

4. Sustainability and excellence

4.1. 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. For this reason FCC Construcción **has incorporated the Sustainable Development Goals (SDGs) into its activity and its value creaction model**.

This commitment finds concrete expression in its **Sustainability Strategy 2023-2026**, approved by the Sustainability Committee in 2023, with long- (2050), medium- (2030) and short- (2026) term objectives, linked both directly and indirectly to the attainment of the SDGs. To prepare this Strategy, an evaluation was first carried out of the company's impact on the targets of the SDGs in order to identify the areas and ways in which the company could have greater influence on their attainment and thus direct its efforts more effectively.

Moreover, as a new feature in 2023, FCC Construcción became the only construction company on the **United Nations Financial Innovation Platform to Support SDGs** and, as part of its commitment to adopt the four principles of sustainable finance, it has developed a novel tool that allows the sustainable investment made by the company to be lined to the SDGs, making it possible for the organisation to ascertain rigorously its economic impact on sustainable development.

We should also like to highlight the CEO of FCC Construcción's commitment to the SDGs, which constitutes 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 Construcción 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 in turn must 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 Construcción 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.

Apart from this, FCC Construcción was a pioneer in developing its own methodology for evaluating the sustainability of its civil engineering projects, SAMCEW, thus contributing to the adoption of measures that increase the sustainability of its works.

Environmental management

FCC Construcción 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 Construcción 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.

In the Environmental Dimension of the 2023-2026 Sustainability Strategy, FCC Construcción has set itself the objective, for 2026, of extending the System of Best Practices to increase its reach and reduce its environmental impact, and as the main new feature it is also working on calculating the Water Footprint with the dual objective of better managing this resource and increasing its rate of re-use.

Commitment to climate change

Aware as it is of the fact that climate change will pose one of the biggest challenges to humanity, FCC Construcción has published its **Climate Change Strategy**, as part of the Sustainability Strategy, developed under the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It incorporates the necessary measures by means of three strategic lines – mitigation and governance of and adaptation to climate change – aimed at both attaining the goal of zero emissions in 2050 and becoming a resilient company.

FCC Construcción has been integrating climate change management into its activities for years; thus in 2010 it became the first construction company in Spain to verify its GHG emissions, and has since verified them annually. In addition, since 2012, FCC Construcción has held the AENOR **"Environment CO_2 verified"** carbon footprint certificate.

It was the **first construction company to register its carbon footprint** in the "Register of carbon footprint, offset and CO_2 absorption projects" of the Ministry for Ecological Transition and the Demographic Challenge, which has given us the "calculate and reduce" stamp in recent years.

In 2023, for the third year running, AENOR verified or GHG emissions for the past financial year for 100% of the business, under the ISO 14064-1:2018 standard.

Furthermore, in 2023, AENOR also verified the GHG emissions of associates in the Infrastructure Area, **FCC Industrial** and **Matinsa**, under the ISO 14064-1:2018 standard.

Circular economy

At FCC Construcción, the **circular economy** represents a fundamental line of action 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 Construcción 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, FCC Industrial obtained the "Zero Waste" waste management system certificate, granted by AENOR, and in 2023 it worked to implement this system in more works and fixed centres and to create a universally applicable system such as can be integrated into the company's way of acting n its day-to-day dealings, thus ensuring greater recovery of waste and a reduction in the amount of waste destined for incineration without recovery or dumping on landfill.

This constitutes one of the objectives of the **strategic line Circular Economy** of FCC Construcción's 2023-2026 Sustainability Strategy.

Matinsa. Keeping roads open and safe in winter.

4.2. Quality

Service excellence

The participation of FCC Construcción in any infrastructure project means contributing **the experience of a company with over 120 years** 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 Construcción **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 citizens**.

In line with its objective of continuous improvement, to get recognition by stakeholders and give greater confidence to its clients, FCC Construcción maintains its **AENOR Quality System** certificate for practically **100% of its business.**

Customer satisfaction

FCC Construcción'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.

Every year, our customers evaluate the performance of FCC Construcción. According to the results of the surveys, 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 projects. These assessments hold steady at very high levels year after year. In fact, the aspect most highly valued by our customers, "professional abilities of the construction team", reaches a score of 9.7 out of 10, showing the high level of satisfaction of our customers with our teams.

These **excellent results** enable us to state that the stringency and quality of FCC Construcción are factors that set us apart from the competition.

The average score in the satisfaction surveys undertaken in 2023 is 9/10, i.e. outstanding. This assessment holds steady at very high levels over the years, showing FCC's commitment to all its customers in each of its projects.

Some comments from our customers in 2023

_ *"We note in particular the company's commitment to the correct execution of the project, even during the period when the country came to a standstill due to COVID-19, ultimately meeting objectives and deadlines".*

_ *"Work carried out to the entire satisfaction of the Administration".*

_ *"The attitude of FCC personnel was at all times exemplary and very professional".*

_ *"Excellent team in both the technical and human senses. Looking forwards to working together again on another development".*

Knowledge management

FCC Construcción is distinguished by knowledge and experience endorsed by success in a wide range of projects and works. This strength, which is appreciated by our customers, has been confirmed by the implementation of a knowledge management system and the tools that optimise it.

The purpose of knowledge management is to learn from past experience and improve future actions, based on the knowledge stored up in the company.

Awards

Awards obtained in 2023.

Management pioneers

The **Management and Sustainability System at FCC Construcción** is a dynamic system that constantly adapts to the new challenges and processes required by the market. FCC Construcción has always been a **pioneer in implementing** new developments and management systems.

In order 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**.

5. Innovation & technology

FCC Construcción 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.

As part of its activity, FCC Construcción and its investee 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.

5.1. National R+D+i proyects

During 2023, work has been done mainly on the following projects:

FCC Construcción

0 ACCIDNTES
Research of new technologies for health and safety in construction with 0 accidents
File Nº: CIEN-IDI 20230586

CLIMPORT
Modeling system for the design and construction of PORT infrastructures adapted to CLIMate change.
File Number: CPP2022- 009539

ROBUST
Development of a mapping system in indoor environments of reduced dimensions using aerial robots and advanced sensorics
File number: IDI-20220499

PRACAN
Active robotic platform for the identification, control and monitoring of carcinogens in construction environments
Nº de expediente: IDI-20220202

EDIFICTECH
New technological solution 4.0 for the building sector: Connected and centralized management for the installation of facades.
File Nº: IDI-20221024

Megaplas

FOTOVOLPLAS
Development of a new photovoltaic system for self-consumption
File Number: PRAAST2#55982

Matinsa

BIOPROLIGNO
Transformation of lignocellulosic waste into bioproducts for application in gardening and in infrastructure maintenance
Fil Nº: CPP2022-009647

SAIM
INTELLIGENT MARINE INFORMATION SYSTEM
File number: IDI - 20211190

Ecology and management of the Monk Parakeet (*Myopsitta monachus*) and Rose- ringed Parakeet (*Psittacula krameri*) in Madrid
Nº : IND2022/AMB-23645

FCC Industrial

CYBERSEC
Investigación en Tecnologías Emergentes para lograr Infraestructuras Ciberseguras y resilientes
Nº de expediente: CIEN-20200003

desire
Multipurpose mixed and augmented reality system demonstrator. Application to RPAS Simulator
File number: IDI-20210498

ESPADIN
Data space in Industry
File Number: MIG-2022 1071

5.2. International R+D+i projects

Internationally, FCC Construcción is coordinating the DigiChecks Project, part of the new Horizon Europe programme (2021-2027):

DigiChecks

Digital Environment for management of permits and compliance in building and construction

Grant agreement Nº **101058541**

European Commission

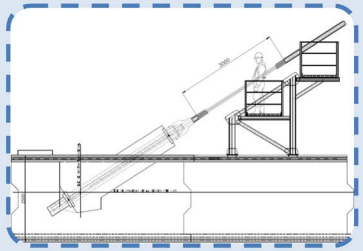
Funded by the European Union

FCC Construcción, 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 2023, the protection was performed in the following processes:

Owner: FCC Construcción

System and Method for destressing stay cables by incorporation of, or substitution by, improved filling material.



National Patent

European Patent: Belgium, Norway, Spain Sweden, Romania, United Kingdom, Portugal and, The Netherlands.

IP AUSTRALIA National pase entry for patent.

The invention relates to a system and a method for detensioning wherein, in a certain area, the filling material of the stay cable is replaced by another one with improved features or said filling material is incorporated into the stay cable if it initially lacked it.

Proprietor: FCC Construcción

Owners: CONVENSA (50%) and FCC Construcción (50%)

Method for unloading, transporting and installing a Railway track

National PATENT

The invention is related to the technical sector for the maintenance and construction of railway infrastructure. More precisely, it is related to a method for unloading, transporting and installing the rails from a rail carrying train and it positioning at the place of installation.

EUROPEAN Patent in Spain, PT, RO, GB, SE, NO, DE, AT, HR, SK, SL, GR, IT, IR, LT, DK, FR, CH, CZ, FI, EE, LV

USA Patent

CANADA Patent

Proprietors: FCC Construcción y CONVENSA

Cement

1. Products _ 240
2. Industry analysis _ 241
3. Group activities by country and business line _ 242
4. Highlights Cement 2023 _ 244
5. Relevant events in 2023 _ 245
6. Environment. Energy transition and climate change _ 245
7. Research and development _ 246
8. Service excellence _ 246
9. Performance _ 247
10. Equality _ 247
11. Health and safety _ 248
12. Training _ 248

The Cementos Portland Valderrivas Group is a multinational company **with a presence on three continents and is the national cement leader in Spain**. Its production capacity exceeds **10 million tons of cement per year**

Cement

The Cementos Portland Valderrivas Group (GCPV) is a Spanish multinational company specialising in the production of cement, concrete, aggregates and mortar. Throughout the 121 years since its establishment in 1903, the Group has always evolved to adapt to the changing needs of society and of the markets, using advanced technology in all its processes to optimise manufacturing while at the same time complying with environmental regulations. In all its actions, the Group demonstrates its commitment to sustainability.

In Spain, GCPV has seven strategically located factories covering most of the peninsular including the North, East, Centre and South, and three of the country's major cities (Madrid, Barcelona and Seville).

Outside Spain, the Group is a leader in the cement industry of Tunisia, where it has a factory with an annual production capacity of 2 million metric tons, making it one of the main producers of cement not just in the country but in the whole of the Maghreb. In the United Kingdom, GCPV operates through two import terminals, Dragon Portland and Dragon Alfa. The Group also carries out its cement and clinker trading activity from the Netherlands.

Mataporquera Factory, Cantabria (Spain).

1. Products

1.1. 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.

Sleepers made from CEM I 42,5 R-SR 0 cement.

The different qualities of cement are obtained by adding materials such as limestone, fly ash, pozzolans, etc. to obtain specific characteristics for their use.

1.2. 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.

1.3. 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.

1.4. Aggregates

Aggregates are defined as mineral materials, inert granular solids that, with the appropriate particle size and characteristics, and in accordance with regulatory specifications, are used to manufacture resistant artificial products by adding hydraulic conglomerates or bituminous binders.

They have multiple uses, including applications for concrete, roads, ripraps or breakwaters and as raw materials for industry such as cements, filters and micronised materials. They are also used as asphaltic agglomerate or cold-applied asphalt, among other things. Aggregates are obtained by means of mechanical extraction of loose sand and gravel, or by blasting and crushing where consolidated rocks are concerned.

These materials are transported to plants to be classified, washed and selected.

2. Industry analysis

2.1. Spain

In recent months, the Spanish cement industry has seen a slowdown in consumption, with negative growth rates since September 2023. In parallel with this, exports have declined slightly so far this year, while imports have fallen by more than 40%.

In December 2023, the Bank of Spain, the central bank, revised GDP growth for 2023 upwards slightly to 2.4%. For 2024 it is forecasting growth of 1.6% and an unemployment rate of 11.7% with inflation at 3.3%, the latter affected by movements in energy prices. Energy prices are expected to pick up at the beginning of 2024 and subsequently to moderate, although remaining above pre-pandemic levels. The most likely scenario for commodity prices is that they will behave like the futures markets, which, for gas and oil, are on a downward trajectory. With these data we can conclude that the pace of growth of the Spanish economy is slowing.

The Association of Construction Companies and Infrastructure Concessionaires (SEOPAN) estimated that public sector works put out to tender YTD November 2023 increased by 1.9% compared to the same period in 2022. For civil engineering they were up by 3.5% but for construction they were down by 1%. Building permits issued were up by 2% on 2022, totalling 111,000 homes and for 2024 growth is expected to continue, to reach 116,000 units. Non-residential construction was down by 20% in 2023. It is expected to stabilise in 2024. As for investment in infrastructure in 2024, it could be affected by budgetary restrictions resulting from the reactivation of European Union (EU) deficit rules.

According to data of Oficemen, the industry employers' association, consumption of cement in 2023 fell by 3% to 14.5 million metric tons, and according to its estimates, made in October, this volume will be maintained in 2024.

In 2023, sales of GCPV's Spanish Business Unit reached 4.3 million metric tons of cement and clinker, domestic and export sales together, the same volume as in 2022.

2.2. Tunisia

In Tunisia in 2023, the domestic market reached 5 million metric tons, 9% less than in 2022. According to the Group's estimates, for 2024 domestic consumption is expected to fall by around 4% relative to 2023.

Tunisia has been going through an economic, social and political crisis in the past few years. Inflation and the devaluation of the Tunisian dinar have seriously affected the country's economy, which now faces shortages of basic products and high rates of unemployment, especially youth unemployment. Every year the country has to request more loans to balance its budget and pay its prior debts, but in the end this funding will be made conditional upon the implementation of structural reforms.

In 2023, sales of GCPV's Tunisian Business Unit reached 1.2 million metric tons of cement and clinker, domestic and export sales together, representing a decline of 12% relative to 2022. The main countries to which it exports are Mexico, Libya, Italy and the USA.

In this context, the Cementos Portland Valderrivas Group will continue to pursue its policies of optimisation of expenditure and investments and adaptation of all its organisational structures to the reality of the various markets in which it operates in order to improve cash flow generation and support sustainable development.

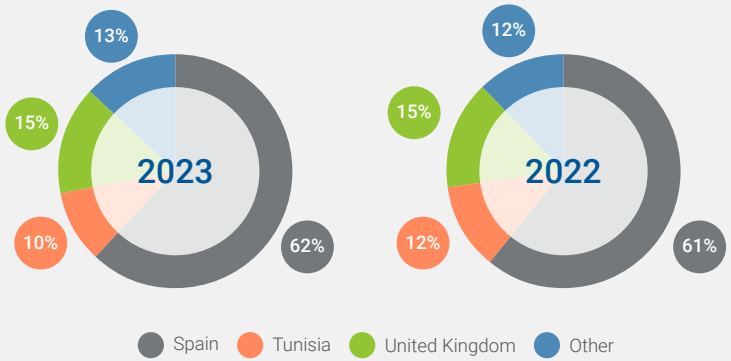
3. Group activities by country and business line

3.1. Group sales

The volume of cement and clinker sold in 2023 reached 5.7 million metric tons, 2% down on 2022.

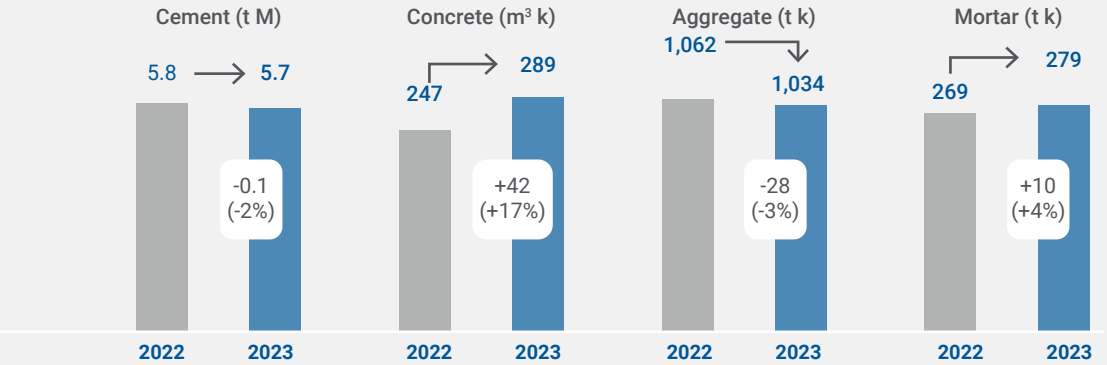
5.7
million tons
Volume of sales

Distribution of activity by country

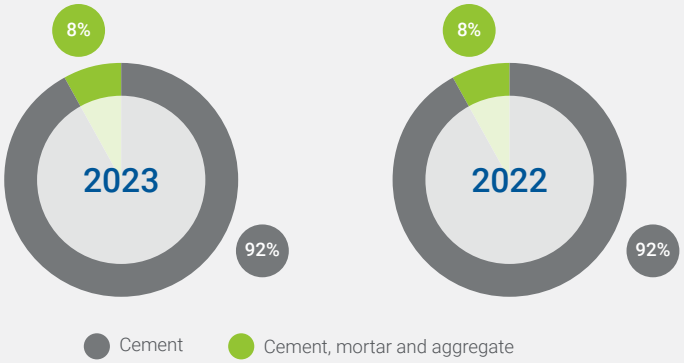


In 2023, international sales accounted for **38% of billing**, similar to 2022

Group sales



Distribution of activity by businesses



The product mix has remained very stable compared to the previous year. The cement business accounts for **92% of revenue**

3.2. Turnover

Turnover in 2023 increased by 19% relative to 2022, to €614.3 million.

In Spain, total invoicing increased by 18% to €486 million, mainly due to positive price movements and the satisfactory level of exports.

Turnover in Tunisia reached €83.8 million, holding steady relative to 2022. In this case, slack demand in the domestic and export markets was offset by favourable price movements.

In the UK too, invoicing was up by 20%, at €58.9 million thanks to the increase in prices which offset the fall in demand.

3.3. Gross operating profit/(loss)

Gross operating profit (Ebitda) amounted to €139.5 million, a noteworthy increase on the €30.3 million of the previous financial year. This increase is explained by the combined effect of the substantial increase in income, underpinned by higher selling prices, and the reduction in the cost of electrical energy and fuels, especially in Spain. Consequently the margin for the year stood at 22.7% as against 5.9% for the previous year.

3.4. Cash flow

In 2023, net cash flow generated from operations amounted to 140.8 million euros, while the cash flow from investments stood at -104 million euros. This breaks down as:

- Investments of -23.5 million euros made by the Group for production and environmental improvements in Tunisia and Spain and for the construction of a new silo in the United Kingdom.
- €105.8 million contribution during 2023 by the Group to the US$250 million capital increase of Giant Cement Holding Inc., in which the Group has a minority holding of 45%, with a view to strengthening the financial structure of this US subsidiary.

Less a €24.7 million settlement received during the year in respect of the favourable resolution of a dispute relating to land expropriation.

At 31 December 2023, net debt to third parties stood at €136.2 million.

The average payment term for Spanish companies is 51 days.

Ebitda
139.5
million euros

4. Highlights Cement 2023

January

_ The Cementos Portland Valderrivas Group launches its campaign under the name "Safety is not negotiable" aimed at raising the awareness of all personnel of all kinds of work involving high risk and the attitude to adopt towards them.

February

_ The Cementos Portland Valderrivas Group presents to the Municipality of Santa Margarida i els Monjos, Barcelona, Spain,the historic documentary archive of the old Freixa Cement and Lime factory, consisting of 62 documents of great heritage value,which were incorporated into the Municipal Archive.

March

_ The CPV Group celebrates International Women's Day in all its centres under the motto "Todos Sumamos" (All Together).

_ The Group collaborates to reverse the critical situation of the marbled duck in Europe, with the release of 20 specimens in the lakes of its property at El Porcal, Madrid Province, Spain.

_ Public authorities of Cantabria visit the Cementos Portland Valderrivas Group's facilities at the Port of Santander, Spain.

April

_ Cementos Portland Valderrivas' Alcalá de Guadaíra factory, near Seville, Spain, obtains ISO 50001 Energy Management System certification from AENOR, the Spanish standards authority.

June

_ The Cementos Portland Valderrivas Group launches the first edition of its corporate magazine "Portland Contigo" (Portland Next to You) in which the company's main milestones and news items are shared.

July

_ The company's CEO presents the Principle of Conduct and Action forming the Business Culture of the Cementos Portland Valderrivas Group and the main thrust of which is "Driving Sustainable Progress".

September

_ Dragon Products Company, a subsidiary of Giant Cement Holding Inc., in which the Cementos Portland Valderrivas Group holds a 45% stake, announces the wind-down of operations of the furnace and the quarry at the Thomaston, Maine plant in the USA.

October

_ The management team of Dragon Portland Ltd and Dragon Alfa Ltd, accompanied by their six best customers, visit the Mataporquera factory in Cantabria, Spain.

December

_ The Cementos Portland Valderrivas Group presents the Culture Awards to members of its personnel judged outstanding in terms of +Solidarity, +Greenness and +Communication.

5. Relevant events in 2023

During financial year 2023, Group company Giant Cement Holding Inc. carried out a capital increase in an amount of US$250 million in order to strengthen its financial structure.

Cementos Portland Valderrivas subscribed fully to the capital increase, contributing €105.8 million and maintaining its holding at 45%.

6. Environment. Energy transition and climate change

The Cementos Portland Valderrivas Group is determined to continue being a significant player in the sector in which it operates, and is continuously preparing itself to face the main challenges confronting it in the medium and long term and to identify new opportunities.

Reducing the use of materials with a high impact on natural resources, replacing them with alternative materials and fuels, allows us to minimise the exhaustion of scarce resources, which is a major objective of the circular economy.

Reducing CO_2 emissions in the Group's operations is the main challenge to achieving alignment with the objectives of adaptation to and mitigation of climate change.

As regards operational investments, efforts are focused mainly on optimising facilities, improving the energy recovery capabilities of the furnaces, with the aim of reducing the carbon footprint of clinker.

Apart from this we are making intense efforts to produce and sell cements with greater percentages of supplementary materials that reduce the clinker content without affecting performance. This will allow us to reduce the carbon footprint of our main product, cement.

During 2023, material recovery increased by more than 3.1%, with greater use of secondary raw materials as a proportion of the total of over 7.5 million metric tons of raw materials used. The energy substitution percentage in the clinker furnaces was 31%.

Water consumption was 512,068 m^3, of which 32,932 m^3 was recycled or re-used.

A notable milestone on the energy transition path embarked upon by the Group was the certification in 2023 of six cement factories under ISO 50001 Energy Management Systems. The establishment of this standard motivates and orders efforts on the path to improving energy performance, both thermal and electric.

Lorry displaying the GCPV slogan "Pushing Sustainable Progress", at the El Alto factory in Madrid (Spain).

7. Research & development

The year 2023 saw the completion of the "Evaluation of the geological storage potential for CO_2" project, in collaboration with the Geological and Mining Institute of Spain and the Oficemen group.

The main conclusions of the study were that scenarios should be developed for the possible deployment of CO_2 capture, use and storage (CCUS) technologies in the sector and their potential and associated costs evaluated.

8. Service excellence

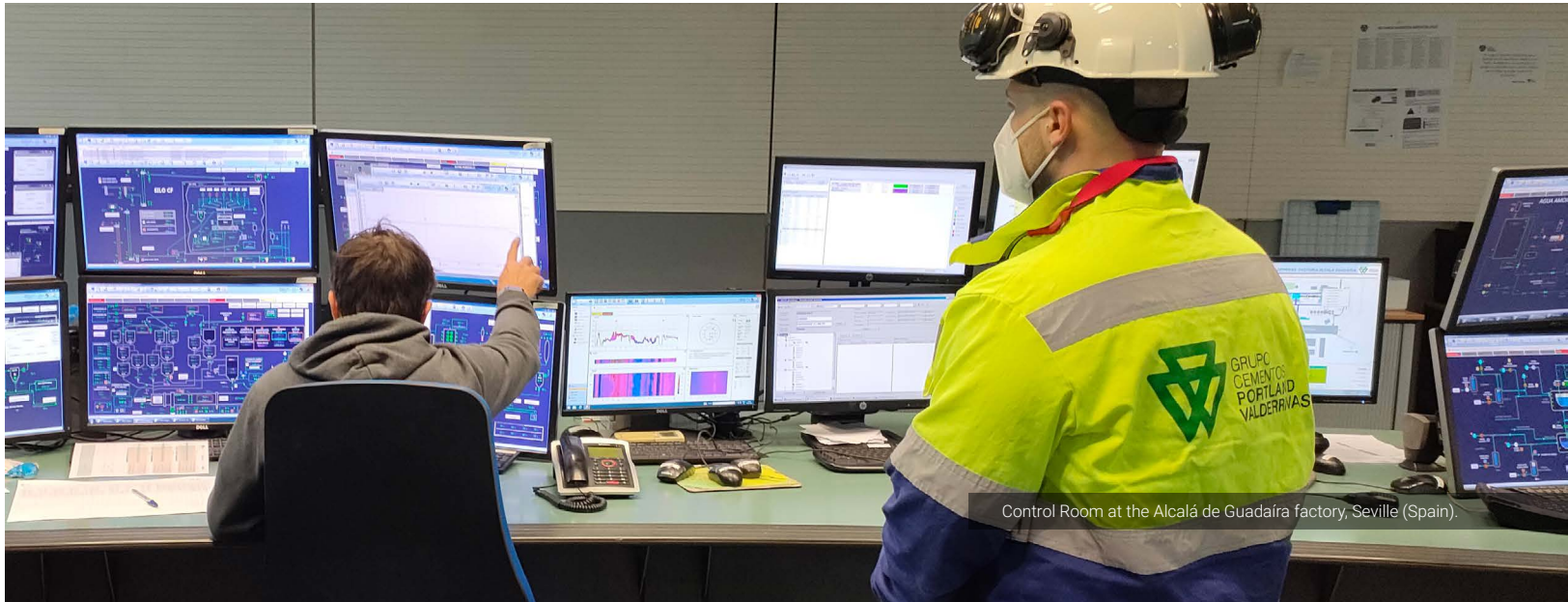
The Cementos Portland Valderrivas Group focuses on providing its customers with satisfactory service. Our business principles include individualised attention, continuous improvement, high standards of quality and environmental responsibility. These efforts have allowed us to maintain a lead position in the markets in which we operate and to be a trusted collaborator for the main construction groups.

Our products are available throughout the territory thanks to our distribution network. We offer a broad range of services, including sales consultancy, technical-commercial advice, after-sales services, product delivery, automatic loading, 24-hour loading service, urgent resolution of incidents, digital account management and advice on safety.

Some of our services are:

- Commercial consulting service to focus on each project with the best products.
- Technical-commercial advice and technical support.
- After-sales services.
- Delivery of product at destination.
- Automatic loading in production centres.
- 24 hour loading service.
- Urgent incident resolution.
- Digital Account Management, through the Digital Management Channel at www.valderrivas.es.
- Advice on safety.
- International sales with customer support and advice.

At Cementos Portland Valderrivas Group we believe that service is fundamental to our business. Accordingly, we have established many different ways of communicating with our stakeholders, providing easy access to relevant information and documentation with a view to building lasting and satisfying relationships. Our customers are an integral part of the history of the Cementos Portland Valderrivas Group. Together with them, we have faced the biggest architectural challenges, developing ever more sustainable and sophisticated products that drive the growth and development of advanced societies.



Control Room at the Alcalá de Guadaíra factory, Seville (Spain).

9. Performance

During 2023, GCPV's workforce increased by 1.3% on average, to 1,074 persons.

The Cementos Portland Valderrivas Group continues to work on diversity in the workforce, applying both the equality policies in force and the Equality Plan approved in 2022. Thanks to this commitment, at the end of 2023 the number of women with employment contracts in the company was 6.36% higher than at year-end 2022.

As part of its commitment to safety in the workplace, in 2023 the Group delivered 8,763 hours of training on this subject.

10. Equality

True to its commitment to equality, in 2023 the Cementos Portland Valderrivas Group appointed women to positions that have traditionally been entirely male, such as Shift Managers, Production Control Room Operators, Forklift Operators, Production Operatives and Dispatchers, all these positions being directly related to factory operations and hitherto basically done by men.

The workforce received training on this matter, with both technical-normative and more social content: Application of Laws on Equality, non-Discrimination and the Safeguarding of Sexual Freedoms; Gender-based Violence and Support Networks; Unconscious Bias; Practical Equality Workshop for teams; "knowledge pills" on Inclusive Language; and training in the avoidance of Bullying at Work and Sexual Harassment.

Campaigns were carried out to increase the visibility of women with a STEM (Science, Technology, Engineering and Mathematics) profile who work in the company, and who also took part in round tables, sharing their vision of the organisation, with the objective of showcasing women's work and encouraging the inclusion of more women in technical roles and functions in the Group.

Head of Occupational Risk Prevention at the El Alto factory, Morata de Tajuña, Madrid (Spain).

11. Health & Safety

The Portland Valderrivas Cement Group's Occupational Health and Safety Policy establishes the commitment of ensuring its employees enjoy healthy and safe working conditions. To develop 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.

An outstanding feature of 2023 was the awareness-raising and preventive culture campaign carried out in all the Group's facilities, with more than 3,000 hours of training delivered.

As far as accident rates are concerned, there were no fatalities or serious accidents in 2023 and the lost-time accident frequency rate was 2.35 per million hours worked, a 48% improvement on the previous year and below the average for the past five years.

12. Training

In 2023 the Group delivered 12,867 hours of training, 8,763 of which (68.1%) concerned Health, Safety and Well-Being, demonstrating the company's commitment to prevention and safety as priorities for personnel training.

Furthermore, the company invested more than 1,000 hours of in-house training on digitisation and modernisation. As part of FCC's transversal training strategy, GCPV carried out several training programmes on Equality and Diversity for the whole workforce with campaigns focusing on the prevention and elimination of bullying at work and the use of inclusive language reflecting the diversity of our workforce.

GCPV's "Walk or run?" poster to encourage physical activity.

Training on Safety in the Mataporquera factory, Cantabria (Spain).

Real Estate

Development of spaces with an integral vision _ 250
1. Industry analysis _ 251
2. Activity in the Real Estate Area _ 255
3. Highlights Real Estate 2023 _ 263
4. Service excellence _ 264
5. Sustainability, innovation and technology _ 266

The Real Estate Area of the FCC Group comprises **FCC Inmobiliaria** - which heads up and acts as holding company for the area - and by the Realia Group, whose parent company is a listed company, with **more than 30 years' experience**, its corporate object being the development, management and operation of all types of real estate - and Jezzine Uno S.L.U.

Development of spaces with an integral vision

The Real Estate Area of the FCC Group comprises FCC Inmobiliaria - which heads up and acts as holding company for the area - and by the Realia Group, whose parent company is a listed company, with more than 30 years' experience, its corporate object being the development, management and operation of all types of real estate - and Jezzine Uno S.L.U.

The philosophy that guides 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.

The commitment to innovation, sustainability and social responsibility guides the design of the spaces planned, built and managed, in seeking to build a world that is increasingly respectful of society and the environment.

Investment Property

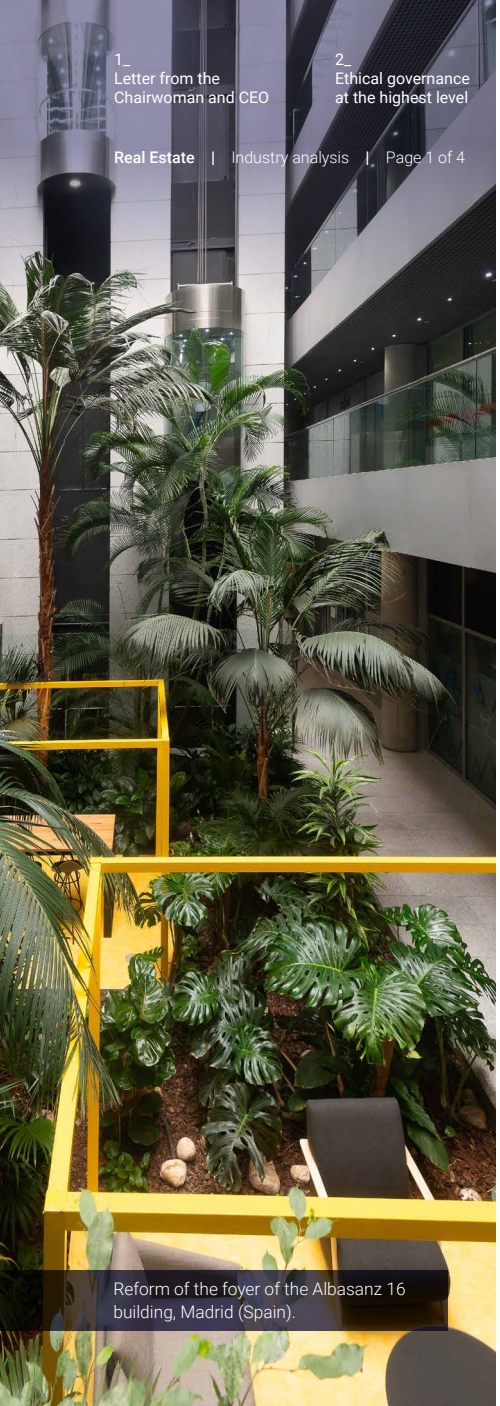
- Leasing and management of office buildings, commercial premises and shopping centres.
- Development and operation of projects aimed at housing rental.

Development Business

- Development and sale of real estate products, mainly housing.

Land Management

- Urban land management at different stages of urban development.



Reform of the foyer of the Albasanz 16 building, Madrid (Spain).

1. Industry analysis

(Sources consulted for the preparation of this section: Sector analysis, CaixaBank Research 2023; Colegio de Registradores (College of Registrars; CBRE "Living" Report; Savills, "Office Pulse"; Colliers Spain Office Report Madrid & Barcelona, 2023; Asociación Española de Centros y Parques Comerciales (Spanish Association of Shopping Centres and Retail Parks, (AECC)).

The Spanish real estate market slowed over the course of 2023, but evolution for the full year was better than expected in an environment of high interest rates. This positive evolution is explained firstly by the 2.5% growth in GDP over the full year, amply exceeding the growth predicted at the end of 2022 (1%) due mainly to the quicker than expected fading of the energy crisis and the positive figures from Spain's export sector, heavily dependent on invisible exports, both tourism and others.

The positive tone of the Spanish economy was reflected in some excellent labour market figures in 2023: the number of people in employment grew by 783,000 and the unemployment rate fell by more than 1 pp to 11.8% in the fourth quarter of 2023 (as against 12.9% at year-end 2022).

The proportion of workers on temporary contracts has fallen in the past few years (16.5% in Q4 2023 as against 26.3% in 2019) and pay per employee has increased by around 4%, which is more than the inflation rate over this same period (3.6%).

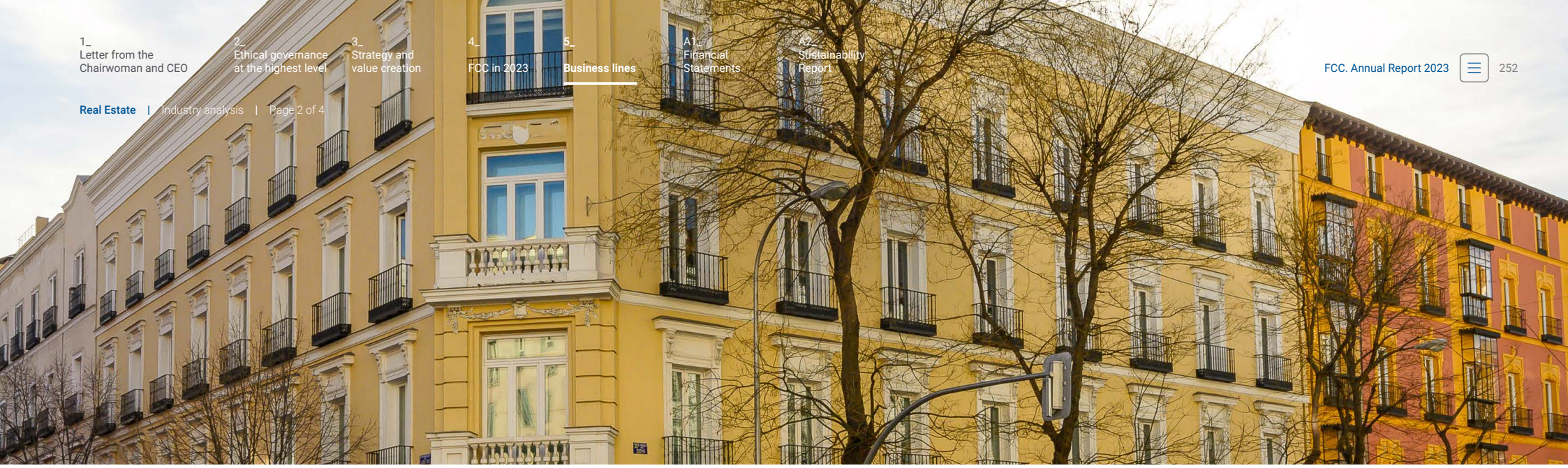
The strength of the labour market has attracted significant migratory inflows. In 2023, the foreign population resident in Spain grew by 544,000 persons (709,000 if we include people with dual nationality), very significant figures not seen since the property boom which ended in 2008. This population tends to live in areas of greater economic activity such as the major cities and tourist zones, affecting demand for housing in these areas.

Another factor supporting the real estate market is households' financial situation, which has been less stressed than expected. In particular, household indebtedness as a percentage of gross disposable household income (GDHI) fell to 76.5% in Q3 2023, the lowest level since 2002 and 12 pp below the EU average (89%).

These factors supported demand for housing and mitigate the negative impact of the increase in interest rates. Consequently, although housing conveyances fell by 9.7% in 2023, to 587,000 units, they were well up on pre-pandemic levels (by 16.1% relative to 2019) and on the historical average (470,000 units). By segment, the greatest adjustment was concentrated in conveyancing of second-hand housing (down by 10.8% in 2023 compared with the 4.8% fall in conveyances of new-build housing). In 2023, sales of new housing accounted for 17.9% of total sales (20.1% in 2022).

Conveyances by foreigners, which peaked strongly in 2022 (94,500 homes according to the College of Registrars), are falling at a slower pace than those of Spaniards' first and second homes. According to conveyancing data of the Ministry of Housing and Urban Agenda (MIVAU for its acronym in spanish), the number of conveyances by foreigners fell by 8.7% YoY in the first three quarters of 2023, compared with an 11.8% fall in those of second homes and a 15.0% fall in those of first homes on the part of Spaniards. This relatively better performance in terms of conveyancing by foreigners led to their weight in the total increasing significantly (20.2% according to the Ministry and 15.4% according to the College of Registrars in Q3 2023).

In the market for mortgage loans, interest rates on new mortgage loans remained fairly tight despite the increase in official interest rates and market reference rates, such as the 12-month euribor. For example fixed rate mortgage loans were granted at average rates of 3.5% in the second half of 2023, whereas euribor was over 4% in that period.



The price of housing showed notable downside resistance. In mid-2022, when the European Central Bank (ECB) started the new cycle of interest rate hikes, the price of housing started to slow, and it continued to slow until the first half of 2023. However, in the second half it picked up the pace again. Specifically, the appraisal value of free housing (MIVAU) rose by 1.6% QoQ in Q4 (as against 0.3% in Q2 and 1.1% in Q3) and the YoY change went from 4,2% in Q3 to 5.3% in Q4. The housing price index published by the National Statistics Institute (INE for its acronym in spanish), based on transaction prices, showed similar behaviour: a significant advance in Q3 (2.5% QoQ as against 2.1% in Q2) and increase in the YoY change (from 3.6% in Q2 to 4.5% in Q3). The resilience of demand for housing, (which, despite falling, remains at high levels), and a limited supply of new housing are the main factors explaining the price resistance in nominal terms. In real terms, the adjustment in the price of housing was considerable (-2.8% in 2022-2023).

By segments, the price of new housing grew much more significantly (by 11% YoY in Q3), compared with second-hand housing (3.2%), due to the relatively short supply of new housing, greater preference for this kind of home and residential construction costs that have consolidated at a high level (increasing by 3.7% in 2023 after increasing by 20% in 2021-2022).

The supply of housing is increasing slowly. The number of new-build permits has practically stagnated (down by 0.2% YTD from January to November 2023, amounting to 109,000 homes in the past 12 months). It is worth positively highlighting this figure, since the context has not been very favourable for the production of new housing: construction costs have remained high, financing costs have increased and there was some uncertainty as to the resilience of demand in a context of sharply rising interest rates.

The stabilisation of construction costs made it possible to end 2023 with a similar number of new-build permits to that of previous years, despite the increased costs of financing.

One of the most critical points for the residential market is land, the raw material of any real estate development. In this regard, the market is confident that there will be downward corrections to the price of land, as well as stabilisation of construction costs and adjustments to interest rates from the second quarter. All this will allow us once against to access transactions with more attractive margins.

According to data presented by the CBRE consultancy, Spanish real estate investment fell by 36% in 2023, to €11.2 billion, after pealing at over €17.6 billion in 2022.

Although the hotel sector led the field as far as investment is concerned, the residential sector came in second with 27% of the total, over €3 billion, 32% less than in 2022. Transactions aimed at the rental of homes accounted for 61% of total investment in this segment.

The Spanish rental market is going through one of its most difficult patches. There is a considerable imbalance between supply and demand, with very limited availability of property to rent. The available rental stock is almost zero, which represents a great obstacle for nearly 40% of tenants. The result of this situation is a very compact market in which there is very little turnover of tenants, ever longer search processes and which is increasingly difficult to access.

The main consequence of the lack of available supply is the high price of rental homes. This instability leads to high price tensions, which in the first half of 2023 was reflected in intense escalation, with the national all-time record high rental of €11.69 €/m² per month surpassing the previous record set during the property bubble of 2007.

Law 12/2023 on the right to housing has not improved access. Six months after it came into force, the balance sheet is unfavourable: it has brought only uncertainty and discontent. Almost half of Spain's autonomous regions have lodged appeals against the law with the Constitutional Court, thus generating a climate of legal insecurity and instability.

In fact, measures such as the limitation on annual price reviews for rental contracts are leading a large number of landlords to seek new rental formulas not governed by housing laws, such as tourist rentals, rental of rooms or seasonal renting. By acting as a disincentive to investment in annual rentals, this situation is leading to significant contraction in the stock of long-term rental housing.

In 2023, 9,361 build-to-rent (BtR) apartments came onto the Spanish real estate market, 139% more than in 2022 (3,917 units). Barely 2,750 of them were at affordable prices. In the past five years, investment funds, property developers and public administrations have delivered 15,710 new rental apartments. The bulk of these properties are in the city of Madrid (10,448) followed at a considerable distance by Barcelona (2,248) and Valencia (1,136).

Despite Spain's obvious need for homes to rent, and despite the fact that the pace of deliveries of such projects has increased every year since 2019 (except for 2021 due to the impact of the pandemic), the business refuses to settle and is still far removed from revolutionising the rental market as it promised. The economic situation has not been favourable to it either, particularly in 2023. The price of land, construction costs, increasing operational expenses and the cost of financing mean that for many investors the final returns are not generally attractive.

The ECB's interest rate hikes to contain inflation were a decisive factor in some developments of rental apartments being halted. It has to be borne in mind that the profitability of these projects is closely linked to interest rates, which reached their highest levels for twenty years in 2023, reaching the current 4.5%.

However, the moderation of interest rates in the coming year, with a potential reduction to 3.2% in February 2025, compared with the current 4.5%, will make this asset attractive to investors once again.

A regards the lack of land available for build-to-rent developments, various studies have shown the potential of reconverting offices in the main metropolitan areas. It is estimated that such actions would allow 11.4 million square metres of office space to be converted into 92,786 new homes in the metropolitan areas of Madrid, Barcelona, Málaga and Valencia. But this would increase the available stock by just 1.54%, so the reconversion of offices would have to be a complement to investment in new-build in order to have any real effect on the available housing stock.

As regards the market for offices, investment in the sector contracted by 50% in 2023 relative to the previous year. With some €1.25 billion invested, offices captured 11% of the total invested in the real estate sector. This places offices above other sectors such as retail, manufacturing or logistics, but far below the investment figures of earlier years. Indeed, we have to go back to 2013 in order to find a year with such a low investment figure. The lack of balance between the prices that buyers are willing to pay and those that sellers aim to obtain is one of the main causes of this situation.

Madrid and Barcelona were once again the leaders in investment in the office sector in 2023. Of the total invested, 67% was concentrated in Madrid, while 27% corresponded to Barcelona, leaving 6% spread among the other major cities. In Madrid, the heaviest investment was in the CBD (Central Business District) and the centre, while in Barcelona it was mainly divided between the 22@ district and the city centre.

At the end of the third quarter of 2023, Madrid and Barcelona between them had absorbed 540,000 m², representing a 16% contraction relative to the same period of the previous year. The shrinkage in Madrid was less marked: it ended Q3 with a cumulative 380,000 m² contracted, down by 5%. In Barcelona, for its part, 35% less surface area was contracted in the first thee quarters of 2023, 160,000 m².

As regards the evolution of prime rentals, we see differential behaviour in the two major cities. In Madrid, we see prices for offices in the best locations slowing, rising by 3% to reach €38/m²/month. However, in Barcelona prime rentals fell to €26/m²/month, 7% less than at year-end 2022; which may become an advantage for the city, since it has workspaces at competitive prices with which to attract large companies seeking to locate their HQ in one of Europe's major cities.

Prime yields in Madrid are in excess of 4,5%, 0.7 pp above year-end 2022. In Barcelona, prime yields stand at 4.75%, 0.5 pp more than a year ago. Slight increases are expected in the prime yields of both cities in 2024.

The generalisation of remote working is one of the causes of the current situation in the office sector. Even so, we see office-based work regaining ground in Spain. In Spain, the average office attendance is three days a week, compared with the European average of 1.8 days a week. This circumstance will continue to influence the arrangement of workspaces, with less area devoted to offices and more flexible and collaborative spaces.

In the shopping centre sector, 2023 ended with record revenues of €52.05 billion, up by 9.6% on the previous year, according to data from the AECC (Spanish Association of Shopping Centres and Retail Parks).

As regards the footfall, the sector reached 1.84 billion visits in 2023, 6.3% more than in 2022, but still below the figure for 2019 (-8.3%), although the sector is optimistic that it will continue growing and maintain this positive trend so as to surpass pre-pandemic figures in the next few years.

This past year 2023 was a very positive and dynamic year in which there were new openings and in which the investment market started to recognise the value of shopping centres. All economic activities increased. For example food and beverage posted an increase of 2.6% relative to 2022, while fashion and accessories grew by 5.2% and home appliances by 5.9%.

In this way the sector remains an economic driver, since the number of jobs in shopping centres and retail parks grew by 1.16% relative to 2022, to 870,000, 54% of them direct. Furthermore, it brings together 33,500 merchants, 85% of whom have premises of fewer than 300 square metres.

Madrid and Andalusia are the autonomous regions with most shopping centres and retail parks. In Spain there are currently 580 shopping centres with a gross leasable area (GLA) of 16.7 million square metres.

In 2023, there were not many transactions, in line with the general trend in the real estate sector, but the market is forecast to re-activate as interest rates are gradually relaxed.

In the course of the year, five new projects were opened: A Revolta (La Coruña), Jaén Plaza (Jaén), La Finca Grand Café (Madrid), Nasas Torrejón (Torrejón de Ardoz) and Nexum Retail Park (Fuenlabrada), representing 101,682 m² of GLA, ad two were closed (Moda Shopping, Madrid and Llobregat Centre, Cornellá).

Activity in terms of shop openings in shopping centres was also intense, with 2.6% more transactions concluded than in the previous year. By sectors, restaurants, fashion and sports were stood out particularly.

According to data from CBRE (CB Richard Ellis) Real Estate Market Outlook for Spain, prime rentals for shopping centres at the end of the year were €50/m²/month, 9% down on those recorded at the beginning of the year. They are forecast to hold steady in the first half of 2023.

2. Activity in the Real Estate Area

The activity of the Real Estate Area is carried out in three main business lines:

INVESTMENT PROPERTY

DEVELOPMENT BUSINESS

LAND MANAGEMENT

Torre Realia \ The Icon, Madrid (Spain).

2.1. Investment Property

- **Leasing and management of office buildings, commercial premises and shopping centres**
- **Operation of projects aimed at housing rentals**

The portfolio of leased offices is concentrated in 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).

Jezzine Uno contributed a significant volume of rental assets consisting in the operation of 405 premises throughout Spain, although with a greater concentration in Catalonia. This concerns a long-term lease, until December 2037, to a single lessee (CaixaBank).

Taking into account the unstoppable trend of residential rental, given the active demand in this segment and the persistent scarcity of supply from major property owners in Spain, a few years ago the subsidiary Valaise was strengthened in order to invest in this business segment. At present, the BtR activity is concentrated on three assets, already in operation, located in the municipality of Tres Cantos, in Madrid (Residencial Nao, Jardín de Tres Cantos II and Residencial Provenza). The three of them together total 280 social housing units.

Albasanz 14 and Albasanz 16 buildings, Madrid (Spain).

Feria Plaza Shopping Centre, Guadalajara (Spain).

Residencial Provenza - 152 homes -, Madrid (Spain).

2.2. Development Business

In 2023, the marketing of the following developments began:

- **Development and sale of real estate products (mainly housing)**

HATO VERDE SOUL

Realia is developing 64 detached homes in Guillena, Seville , with 3 and 4 bedrooms, terrace and private garden. The development also has communal areas with a swimming pool and a common room. It features magnificent view of the Hato Verde golf course.

RESIDENCIAL BENEVÍVERE

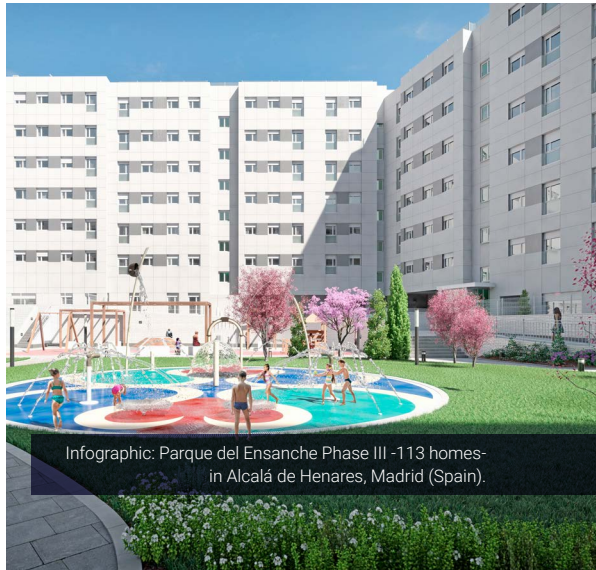
FCC Inmobiliaria is developing 98 new-build homes with 2, 3 and 4 bedrooms, ground floor with garden and penthouse, in the municipality of Valdemoro, Madrid . They each have two parking places and a store room included. The properties all have spacious terraces from which to enjoy spectacular views in the open air. The communal zones have a swimming pool with salt chlorination system and a children's play area. This development is notable for its Passivhaus certification, with almost zero energy consumption.

PARQUE DEL ENSANCHE III

Realia is developing 113 new homes in the municipality of Alcalá de Henares, Madrid . The new homes have 2, 3 or 4 bedrooms, ground floor with lofts, all with spectacular terraces. A unique, modern project with large communal areas. In Phases I and II: swimming pool, landscaped zones and two padel courts. Phase III of this magnificent residential project will also feature a children's play area, Pet Spa and a novel water park (SplashPark).

Infographic: Hato Verde Soul -64 detached homes-, in Guillena, Seville (Spain).

Infographic: Residencial Benevívere -98 homes-, in Valdemoro, Madrid (Spain).



Infographic: Parque del Ensanche Phase III -113 homes- in Alcalá de Henares, Madrid (Spain).

RESIDENCIAL PIREO

FCC Inmobiliaria is developing 108 apartments with 2, 3 and 4 bedrooms and terrace, each with two parking spaces and a store room. Pireo is a residential project with spacious, well-kept communal areas including a swimming pool with salt chlorination, a children's playground and a padel court, located in the municipality of Tres Cantos, Madrid .

SOMNIA MARE BY PORTUM

FCC Inmobiliaria is developing 141 apartments with 1, 2, 3 and 4 bedrooms and shopping areas. The residential project is located next to the Port of Badalona, Barcelona , so it has unparalleled views. It has excellent communal areas: a communal swimming pool, co-working, gym, solarium and children's play area.

RESIDENCIAL HUBARA

REALIA is developing 44 apartments of 2, 3 and 4 bedrooms with large terrace, in the Doctor Negrín quarter, one of the most modern of Palmas de Gran Canaria. Hubara is a residential project with well cared-for common areas including a communal swimming pool with salt chlorination.

Infographic Pireo -108 homes in Tres Cantos, Madrid (Spain).

Infographic: Somnia Mare by Portum - 141 homes -, in Badalona, Barcelona (Spain).

Infographic: Residencial Hubara - 44 homes -, in Las Palmas de Gran Canaria, Canary Islands (Spain).

Marina Badalona: 3,800 m² of gross floor area for 212 homes, in Badalona, Barcelona (Spain).

2.3. Land Management

Characteristics of land under management

FCC's Real Estate Area manages more than 2.38 million square metres of buildable land with the following characteristics:

- 58% is in the provinces of Madrid, Barcelona and Málaga.
- 76% is residential.
- and 39% of which is serviced development land.

The number of homes that could be built on the land owned by FCC Inmobiliaria or its subsidiaries exceeds 17,700 units.

The real estate activity requires a land portfolio that is balanced geographically and in terms of town planning. By means of town planning management, with our own or external resources, we manage to obtain serviced development and at a competitive cost as a first step towards its development.

Sales and purchases of land in 2023

During 2023 we sold 5,817 m² of buildable land for residential use and 16.335 m² for commercial and tertiary use, in four sale transactions. Not all the plots sold were suitable for development, due to their location, type of product or size.

These sales were accompanied by ten purchase transactions for 44.086 m² of buildable land for residential use in Madrid .

Town planning milestones in 2023

The main planning milestones attained in 2023, by zones, were as follows:

Central Zone

Retamar de la Huerta, Alcorcón (Madrid) - Realia: Re-division of land definitively approved. Waiting to obtain the last reports necessary for the definitive approval of the urbanisation project and the Special Infrastructure Plan. The viability of the provisional connection to the sanitation network, which would cover the delivery of the first homes, has bee approved.

SG-1 San Gregorio (Zaragoza) - Realia:the first phase of the feasibility study for the installation of sustainable drainage systems (SUDS) has been prepared. Soil permeability trials have been carried out. Waiting for the second phase of the SUDS installation feasibility study to be carried out.

Catalonia

Polygon A of the Port of Badalona, Barcelona – FCyC: imminent start of works on the ADIF (railway infrastructure administrator) bridge over the canal.

Vallcarca Cement Works (Sitges, Barcelona) – FCyC: submitted a proposal for the transformation of the Vallcarca cement works to the Sitges Municipality with a view to regenerating the zone and turning it into a new technological district with productive, residential, hotel, shopping and equipment aspects.

Andalusia

SUNC-01 Los Pacos de Fuengirola (Málaga) - FCyC: commissioning of the Detailed Study and Plan for Provision of Infrastructure necessary for its development. Drawing up pre-draft on the free plot of FCyC.

UE2 SUP-LO El Pato (Málaga) - FCyC: urbanisation works completed and accepted by the Málaga Municipality. Constitution of a town planning conservation entity. Imminent start of first residential developments.

SUP-T8 Teatinos University (Málaga) - Realia: works 37% completed.

Real de Valdomina, San Juan de Aznalfarache (Seville) - Realia: definitive approval of the amendment to the Partial Plan and the Compensation Project.

Hato Verde, Guillena (Seville) - Realia: definitive approval of the document Adapting the Guillena Urban Land Delimitation Plan to the Andalusian Law on Urban Planning. However the Andalusian Supreme Court has handed down a ruling blocking the development. We have appealed this ruling.

Levante

Nueva Condomina (Murcia) - Realia: definitive approval of Modification No. 3 to the Partial Plan for sector ZB-SD-CH7, Nueva Condomina.

Ronda Norte de Dénia (Alicante) - Realia: approval of the Denia General Structural Plan.

Fuente de San Luis (Valencia) - Realia: consolidation of the sector with the first developments delivered.

International

Vela Borovica, (Split, Croatia) – FCyC: studying the possibility, with the Marina Municipality, of changing aspects of the urban planning to facilitate the development of the sector.

United Kingdom – FCyC: internal transfer of 15 sites with a total area of 257 hectares. Waiting for permission from the UK government environmental agency for the transfer of another 32 sites with a total area of 1,108 hectares.

Key figures 2023

- **Turnover** €254 million
- **Ebitda** (adjusted for provisions) €105 million
- **Value of investment property** €2,139 million
- **Value of assets land and development** €767 million
- **Occupancy rate of assets** 93% Tertiary 69% Residential
- **Human team** 74 people (December 2023)*

(*) Excluding staff assigned to the concierge's office in rented buildings.

Experience

More thane 30 years of experience in the real estate sector

Implantation

Present in 15 autonomous regions of Spain

International presence
Romania and Croatia

Scale

More than 550,000 m^2 of surface area rented out for use in the service sector

280 BtR homes let

More than 17,000 homes delivered

More than 2.38 million m^2 of gross floor area (more than 17,700 homes), land at various stages of development

Significant events in 2023

During 2023, the consolidation of the FCC Group's Real Estate Area continued, with the FCC Inmobiliaria Group (FCyC, S.A.) increasing its stakes in listed companies Realia Business, S.A. and Metrovacesa S.A. by 80.03%, summarised as follows:

- 13.56% increase in the interest in Realia Business, S.A., reaching 67.05% at year-end 2023 (53.49% in 2022).
- 7.38% increase in the interest in Metrovacesa, S.A., reaching 21.19% at year-end 2023 (13.81% in 2022).

In December 2023, a director appointed by FCC Inmobiliaria joined the Board of Directors of Metrovacesa, which started to be accounted for using the equity method in the Company's consolidated financial statements, reflecting the fair value of the Company's interest in Metrovacesa and allocating 21.19% of its results to the Company from 2024 on.
In 2023, the change in accounting treatment of this associate, from financial investment to the equity method, entailed an increase in the equity of the FCC Inmobiliaria Group of €59.3 million and a positive effect on its profit of €142.4 million.

3. Highlights Real Estate 2023

January

_ Construction begins at Residencial Arabona. 64 detached 4-bedroom homes of FCC Inmobiliaria in the municipality of Tres Cantos (Madrid, Spain).

February

_ Application for Building Permit for the "Natura" residential building, 64 apartments in Massarrojos (Valencia, Spain) and the "Sedalis" residential building, 39 apartments in Finca El Pato (Málaga, Spain).

March

_ Handover of keys for 71 apartments of FCC Inmobiliaria's "Bôrea Portablanca Phase II" development: 1, 2, 3 and 4-bedroom homes in Arroyo del Fresno (Madrid, Spain).

April

_ The Torre Realia\The Icon is rated "Outstanding" in the management category, the highest rating granted by BREEAM , thus joining a select group of 13 office buildings in the Autonomous Region of Madrid (Spain).

_ Start of marketing of "Residencial Provenza Phase II", a development of Valaise, 43 protected rental homes. 1, 2, and 3-bedroom homes in the municipality of Tres Cantos (Madrid, Spain).

May

_ Construction begins at Realia's "Hato Verde Soul" development. 64 chalets with 3 and 4 bedrooms in Guillena (Seville, Spain).

June

_ Handover of keys to Realia's "Glories Bcn" 47 homes with 2, 3 and 4 bedrooms and a shopping area (Barcelona, Spain).

_ Construction begins on Realia's "Hato Verde Soul" development. 63 single homes with 3 and 4 bedrooms in Guillena (Seville, Spain).

_ Start of refurbishment works on the foyer of the Castellana 41 office building (Madrid, Spain).

July

_ Start of marketing of "Residencial Provenza Phase I": 50 protected rental apartments developed by Valaise. 1, 2 and 3-bedroom homes in Tres Cantos (Madrid, Spain).

_ Launch of the marketing strategy for "Residencial Benevivere": 98 apartments with 2, 3 and 4 bedrooms with excellent communal zones including a swimming pool and children's play area in the municipality of Valdemoro (Madrid, Spain).

August

_ Launch of the marketing strategy for "Parque del Ensanche Phase III": 113 homes with 2, 3 and 4 bedrooms and a shopping area. Common zones with SplashPark and Pet Spa which are joined to Phases I and II with swimming pool, landscaped zones and two padel courts.

_ Start of refurbishment works on the Albasanz 14, Albasanz 16 and Avenida de Bruselas 36 office buildings (Madrid, Spain).

September

_ Initiation of sales of FCC Inmobiliaria's "Residencial Pireo", 108 multi-family homes, 2, 3 and 4 bedrooms, with ground floor and penthouses in the municipality of Tres Cantos (Madrid, Spain).

October

_ Handover of the keys to Realia's "Parque del Ensanche Phase II", development of 80 apartments with 2, 3 and 4 bedrooms in Alcalá de Henares (Madrid, Spain).

_ Launch of the marketing strategy for "Residencial Provenza Phase II", a development of Valaise, 102 protected rental homes. 1, 2, and 3-bedroom apartments in the municipality of Tres Cantos (Madrid, Spain).

_ Launch of the Realia app in office buildings for requesting services, reporting incidents, posting the cultural agenda, exclusive discounts for tenants, etc.

November

_ Construction begins at "Residencial Pireo", 108 multi-family homes, 2, 3 and 4 bedrooms, with ground floor and penthouses in the municipality of Tres Cantos (Madrid, Spain).

December

_ Initiation of sales of Realia's "Hubara" development. 44 apartments with 2, 3 and 4 bedrooms, in Las Palmas de Gran Canaria (Canary Islands, Spain).

_ Launch of Realia's new website.

_ Completion of the refurbishment works on the foyers of the Albasanz 14 and Albasanz 16 office buildings (Madrid, Spain).

4. 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.

Home buyers

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 professional personnel 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 find out about all the real estate on the website where, through their technical data sheets, they can view images and large-scale plans of the products, 360° virtual tours, videos, 3D real-world mock-ups and request virtual appointments with sales personnel. By means of a very simple form, customers can also make an appointment directly to visit each point of sale or obtain information on any specific matter they may wish to raise.

Valaise, the Group company dedicated to BtR, has developed an *ad hoc* app that allows tenants to access their personal information and manage any kind of incident, request or procedure with the company. Its use is giving very good results and highlighting the value of the efforts being made on digitisation in all areas of the business.

In terms of data, in 2023 we received 959 direct telephone calls, 13,657 contacts via email and 389 direct visits to points of sale. We posted 2,215 first visits, with a ratio of 16.2% first visit/candidates, finally closing 320 down payments, giving a ratio of down payments per visit of 14.5%.

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 2023, the company's presence on social networks attracted a noteworthy number of followers.

In December 2023, we launched Realia's new website, with optimised visualisation, improved navigation with 100% responsive adaptation and with use mainly by mobile devices in mind. The multimedia content has been developed with a customised gallery both for both sales and rental promotions and investment property (offices and shopping centres).

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.

In 2023, our capital expenditure was geared to improving occupant's and users' experience, modernising services (energy efficiency, hospitality zones, communal services, facilities, etc.), and bringing rentable spaces into line with new demands, promoting environmentally sustainable buildings and optimising operational costs.

Prominent among these efforts to modernise were the foyers of the buildings at Castellana, 41; Avenida de Bruselas, 36; Albasanz, 14 and Albasanz, 16, which were given a much more modern look with lighter coloured materials, relaxation spaces, digital screens, etc.

The new Realia app was launched in September 2023 with exclusive discounts on entertainment, travel, purchases, etc., an agenda of cultural events, information on mobility and offering the possibility of managing services such as reserving parking spaces, reporting incidents, etc.

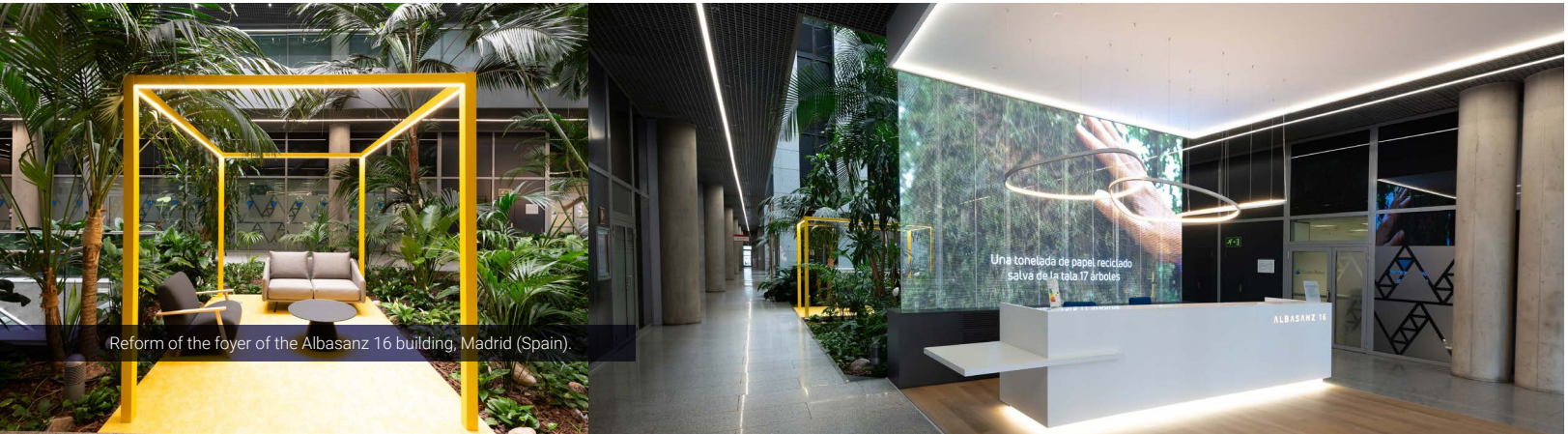
Apart from this, a policy of rigorous control of operating costs of buildings is applied, taking advantage of the data analytics of its BMS (Building Management System) and the economy of scale generated by having a significant-sized portfolio. This cost control also benefits the tenants by containing the costs passed on to them. 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.

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.

During 2023, our capital expenditure was geared to improving occupant's and users' experience, modernising services (energy efficiency, hospitality zones, communal services, facilities, etc.) These actions included the refurbishment of the toilets at the Ferial Plaza Shopping Centre in Guadalajara, and the improvement of the roof cladding of both the Plaza shopping centre and the Plaza Nueva Leganés shopping centre, in Madrid.

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.



Reform of the foyer of the Albasanz 16 building, Madrid (Spain).

5. Sustainability, innovation and technology

In 2023, the Real Estate Area formalised and extended its commitment to the environment and the stakeholders it affects, implementing the **company's ESG Strategy 2024-2027**. There are three lines of work (**Environmental, Social and Corporate Governance**) which are broken down into 40 specific targets, with various objectives established for each of them, aligned with the Sustainable Development Goals (SDGs)of the Agenda 2030 approved by the United Nations.

Complementarily and transversally to the main lines of work, we have established a fourth line which encompasses **Digitisation, Training and Communication,** contributing to the development of a sustainable framework that kelps with its implementation.

This **Strategy** accentuates and reinforces the bases for the development and continuous improvement of the business, in both its development and its investment property branches, within the principles of sustainable architecture and respect for the environment.

One of the main objectives within the Real Estate Area, in its investment property branch, is to achieve the best standards of sustainability in the whole portfolio of properties that it holds through renovation and by obtaining certificates of sustainability, complemented with investments geared to energy efficiency.

We have committed to having the entire portfolio certified by BREEAM in the next three years.

This holistic approach will allow us to develop each of the lines of work independently and complementarily, establishing specific objectives for each of them. We detail hereunder those corresponding to the environmental line of work.

DIGITISATION

+

COMMUNICATION

+

TRAINING

5.1. An environmental strategy

Having analysed the impact of our business on the environment, we established four categories of action, which address the development of the Environmental Strategy, setting the corresponding objectives to allow us to monitor progress in the time frames established by the Strategy.

Category 1: Energy and Emissions

In line with SDG 7 "Affordable and Clean Energy" and SDG 11 "Sustainable Cities and Communities", in 2023 we carried out an analysis of the decarbonisation of our investment property, with a view to identifying the opportunities for improvement in each of the assets. In this regard we started the process of renewing the Energy Efficiency Certificates of the various properties, especially in rented offices and shopping centres.

Within this category the following are the specific corrective objectives that will support the actions and measures of the various business lines:

- Increase the energy efficiency of the portfolio of properties, both in development and held as investments, reduce the associated economic and environmental impacts.
- Measure and monitor the emissions generate by the assets in the portfolio, both in development and held as investments.
- Bring about an optimal positioning of the assets as regards ESG by implementing measures to save energy and reduce emissions.
- Establish control KPIs (Key Performance Indicators) to monitor emissions generate at corporate level.
- Adjust the emissions of the portfolio within the objectives and the rules at European and global level.

Category 2: Materials and Waste

In line with SDG 11 'Sustainable Cities and Communities' and SDG 12 'Responsible Production and Consumption' and within our contribution to the creation of households and workspaces, we made a change to the management of construction materials and waste generated in the various construction processes.

In the framework of Law 7/2022 on Waste and Contaminated Soil for a Circular Economy, we established this category as a key line within the company's ESG policy, in which we develop objectives and measures to establish the management and control systems that will allow us to improve the routing of the materials used and of the various waste streams generated by creating or operating our real estate assets.

In this category we define the following specific objectives:

- Provide efficient management of waste (including recycling and circular economy alternatives) in both the management and the development of new assets.
- Manage the selection of materials in the various projects with environmental and social criteria.
- Monitor all waste generated both by new developments and by operational assets with the sue of digital tools.

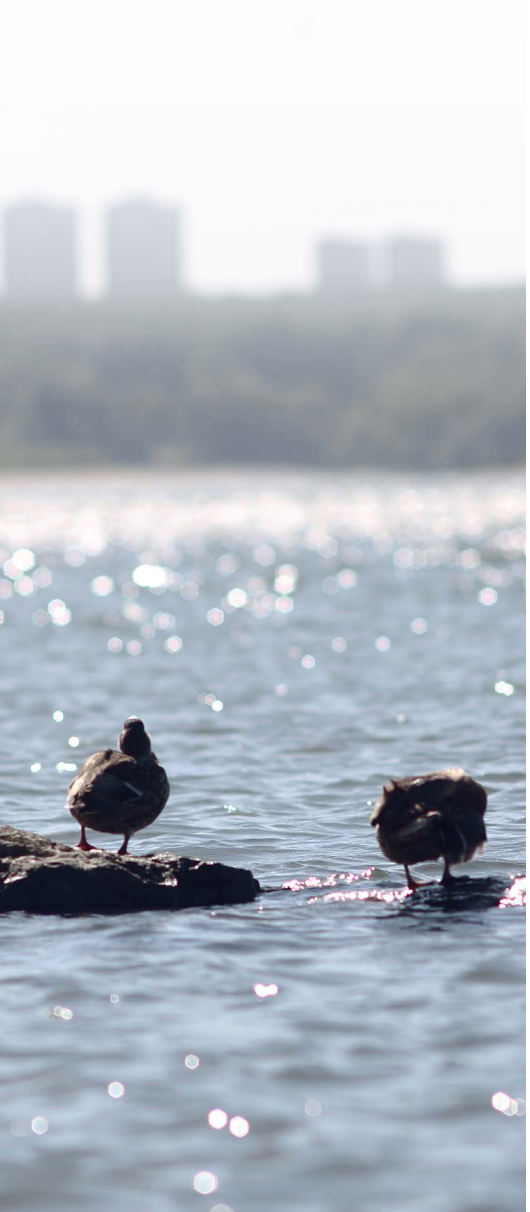
Within the investment properties of the Real Estate Area, we favour the selective collection of waste from offices and shopping centres, making a clean point available to users in each building, informing them about recycling principles and working with specialised waste managers in order to ensure the traceability of waste treatment and its correct recycling.

Category 3: Water Management

In line with SDG 6 'Clean Water and Sanitation' and SDG 11 'Sustainable Cities and Communities', and in response to the restrictions on water consumption that affect much of the territory where the company operates to a greater or lesser extent, we have developed water management objectives aimed at reducing our impact as a business on both consumption and the re-use of water.

The main specific objectives established for managing water resources in al the assets in the portfolio, whether operational or investment, are:

- Reduce the non-essential use of water in the company's assets and developments.
- Monitor water consumption both by new developments and by operational assets with the use of digital tools.
- Implement measures to re-use water (irrigation, sanitary use, cleaning, etc.).
- Implement requirements for the conservation of water, both in looking at new projects and in the design phase of new developments.
- Include efficiency measures for the use of water, such as damp sensors and leak detectors.



Category 4: Biodiversity and Pollution

In line with SDG 11 'Sustainable Cities and Communities' and SDG 15 'Life on Land', we have investable some specific objectives relating to respect for the environment and support for ecosystems and biodiversity. As a complement to this, in the investment property business line, we have addressed objectives relating to biodiversity and pollution in consonance with the guidelines established in the BREEAM certificate.

To reduce the impact that our business could have on the biodiversity of the spaces in which it operates, we have set the following specific objectives or all assets in the portfolio, whether for development or investment:

- Promote and encourage construction on land with limited value for flora and protect the ecologically valuable elements that exist against substantial damage during the preparation and execution of the works.
- Recognise and encourage the actions carried out to maintain and improve the ecological value of the site as a result of the construction and/or urbanisation.
- Recover green zones that have been abandoned or that have no ecological value.

5.2. A transversal strategy

Digitisation, Training and Communication

As a framework for the three lines of work (Environmental, Social and Corporate Governance) we have established a complementary line encompassing **Digitisation, Training and Communication.** Within it we have implemented digital tools that allow us continuously to evaluate the various control KPIs established. These parameters become a tool that contributes to the monitoring, detecting possible improvements in the business and speeding up working processes to give customers better service.

Apart from this, this process of digitisation favours dissemination, training of the various people involved and transmission of information on the corporate **ESG Strategy** activating various channels of communication that allow us to reach all stakeholders related to our business (employees, collaborators, suppliers, customers, users, etc.).

The main specific objectives established for this fourth line of work, which complement the three main lines and apply to all lines of business, are the following:

- Digitise the monitoring of consumption and waste management.
- Automate work processes in the business.
- Increase interactions and effective communication with all stakeholders.
- Use digitisation to increase transparency in communication of financial and non-financial information.
- Encourage the training of the various stakeholder groups on rules and regulations, innovation and strategic ESG objectives.
- Promote transparency with all stakeholder groups; employees, customers and suppliers.
- Position the various brads of the Real Estate Area by means of ESG-related actions.
- Disseminate the company's strategic ESG objectives to our employees, customers and suppliers.

A1

Financial Statements

Consolidated Group _ 270
Fomento de Construcciones y Contratas, S.A. _ 463

Consolidated Group

Consolidated balance sheet _ 271
Consolidated income statement _ 273
Consolidated statements of recognised income and expense _ 274
Total statement of changes in the consolidated equity _ 275
Statement of consolidated cash flows (indirect method) _ 276
Notes to the consolidated financial statements _ 278
Management Report _ 417

Consolidated balance sheet

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

ASSETS	Notes	31/12/2023		31/12/2022	
NON-CURRENT ASSETS			**10,655,661**		**9,874,542**
Intangible assets	*6*		**2,483,475**		**2,342,148**
Concessions	*6 and 10*	1,543,161		1,512,644	
Goodwill		851,110		761,683	
Other intangible fixed and non-current assets		89,204		67,821	
Property, plant and equipment	*7*		**3,829,799**		**3,496,804**
Land and buildings		1,049,190		1,027,556	
Plant and other items of property, plant and equipment		2,780,609		2,469,248	
Investment property	*8*		**2,091,328**		**2,122,854**
Investments accounted for using the equity method	*11*		**1,034,288**		**502,629**
Non-current financial assets	*13*		**748,425**		**910,567**
Deferred tax assets	*23*		**468,346**		**499,540**
CURRENT ASSETS			**6,062,014**		**5,407,999**
Inventory	*14*		**1,234,338**		**1,143,202**
Trade and other receivables	*15*		**2,886,531**		**2,409,262**
Trade receivables for sales and services		2,478,757		2,020,809	
Other loans		323,325		301,935	
Current tax assets	*23*	84,449		86,518	
Other current financial assets	*13*		**260,545**		**221,252**
Other current assets	*15*		**70,897**		**58,745**
Cash and cash equivalents	*16*		**1,609,703**		**1,575,538**
TOTAL ASSETS			**16,717,675**		**15,282,541**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

Consolidated balance sheet

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

LIABILITIES AND EQUITY	Notes	31/12/2023		31/12/2022	
EQUITY	*17*		**6,145,927**		**4,938,993**
Equity attributable to the Parent Company			**4,450,067**		**3,387,882**
Shareholders' equity		4,489,566		3,415,724	
Capital		*436,107*		*438,345*	
Accumulated earnings and other reserves		*3,462,881*		*2,689,461*	
Shares and equity interests		*(410)*		*(27,264)*	
Profit for the year attributable to the Parent company		*590,988*		*315,182*	
Valuation adjustments		(39,499)		(27,842)	
Non-controlling interests			**1,695,860**		**1,551,111**
NON-CURRENT LIABILITIES			**6,708,319**		**6,046,615**
Grants			**226,624**		**202,864**
Non-current provisions	*18*		**1,230,595**		**1,141,750**
Non-current financial liabilities	*19*		**4,817,034**		**4,271,282**
Debt instruments and other marketable securities		1,860,879		1,267,584	
Bank borrowings		2,383,723		2,471,818	
Other financial liabilities		572,432		531,880	
Deferred tax liabilities	*23*		**284,179**		**281,977**
Other non-current liabilities	*20*		**149,887**		**148,742**
CURRENT LIABILITIES			**3,863,429**		**4,296,933**
Current provisions	*18*		**159,610**		**148,074**
Current financial liabilities	*19*		**926,771**		**1,333,125**
Debt instruments and other marketable securities		246,221		773,163	
Bank borrowings		326,206		306,531	
Other financial liabilities		354,344		253,431	
Trade and other payables	*21*		**2,777,048**		**2,815,734**
Suppliers		1,252,628		1,232,393	
Other payables		1,485,166		1,559,731	
Current tax liabilities	*23*	39,254		23,610	
TOTAL EQUITY AND LIABILITIES			**16,717,675**		**15,282,541**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

Consolidated income statement

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023	31/12/2022
Revenue	*26 and 27*	**9,026,016**	**7,705,687**
Self-constructed assets		87,669	74,137
Other operating income	*26*	257,555	288,480
Changes in finished goods and work in progress inventories		10,751	26,656
Procurements	*26*	(3,700,000)	(3,004,337)
Staff costs	*26*	(2,474,449)	(2,238,733)
Other operating expenses		(1,677,916)	(1,540,539)
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	*6, 7 and 8*	(587,377)	(511,989)
Impairment and gains/(losses) on disposal of fixed assets	*26*	(46,984)	(174,895)
Other gains/(losses)	*26*	14,986	(13,941)
OPERATING PROFIT/(LOSS)		**910,251**	**610,526**
Financial income	*26*	75,852	45,148
Financial expenses	*26*	(225,824)	(164,240)
Other financial profit/(loss)	*26*	(18,377)	29,605
FINANCIAL GAINS/(LOSSES)		**(168,349)**	**(89,487)**
Profit/(loss) of entities valued using the equity method	*26*	174,028	29,614
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**915,930**	**550,653**
Corporate income tax	*23*	(171,120)	(72,723)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**744,810**	**477,930**
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**744,810**	**477,930**
Profit/(loss) attributable to the Parent		590,988	315,182
Profit attributable to non-controlling interests	*17*	153,822	162,748
EARNINGS PER SHARE (euros)	*17*		
Basic		1.32	0.73
Diluted		1.32	0.73

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

Consolidated statements of recognised income and expense

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

	31/12/2023		31/12/2022	
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**744,810**		**477,930**
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period		**(5,352)**		**2,839**
Actuarial profits and losses (*)		**(6,117)**		**3,803**
Tax effect		**765**		**(964)**
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period		**12,934**		**144,801**
Financial assets at fair value with changes in other comprehensive		**55,565**		**6,147**
Valuation gains/(losses)	55,604		6,133	
Amounts transferred to the income statement	(39)		14	
Cash flow hedges		**(17,760)**		**64,330**
Valuation gains/(losses)	(4,544)		60,182	
Amounts transferred to the income statement	(13,216)		4,148	
Translation differences		**(20,774)**		**55,424**
Valuation gains/(losses)	(20,866)		55,424	
Amounts transferred to the income statement	92		–	
Participation in other comprehensive profit recognised by investments in joint ventures and associates		**(9,218)**		**34,040**
Valuation gains/(losses)	(2,351)		33,629	
Amounts transferred to the income statement	(6,867)		411	
Tax effect		**5,121**		**(15,140)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**752,392**		**625,570**
Attributable to the Parent		606,195		409,501
Attributable to non-controlling interests		146,197		216,069

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.
(*) 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 2023 (in thousands of euros)

	Share capital	Accumulated earnings and other reserves	Shares and equity interests	Profit/(loss) for the year attributed to the Parent Company	Valuation adjustments	Equity attributable to shareholders of the Parent	Non-controlling interests	Total Equity
Notes	17.a	17.b	17.c		17.d	17	17.II	
Equity as at 31 December 2021	**425,174**	**2,142,592**	**(26,674)**	**580,135**	**(114,133)**	**3,007,094**	**1,433,571**	**4,440,665**
Total income and expenses for the year	**–**	**7,496**	**–**	**315,182**	**86,823**	**409,501**	**216,069**	**625,570**
Transactions with shareholders or owners	**13,171**	**(41,864)**	**(590)**	**–**	**–**	**(29,283)**	**(59,646)**	**(88,929)**
Capital increases/(reductions)	14,871	(14,871)	–	–	–	–	70	70
Distribution of dividends	–	(10,783)	–	–	–	(10,783)	(59,716)	(70,499)
Transactions with treasury shares or equity instruments (net)	(1,700)	(16,210)	(590)	–	–	(18,500)	–	(18,500)
Other changes in equity	**–**	**581,237**	**–**	**(580,135)**	**(532)**	**570**	**(38,883)**	**(38,313)**
Equity as at 31 December 2022	**438,345**	**2,689,461**	**(27,264)**	**315,182**	**(27,842)**	**3,387,882**	**1,551,111**	**4,938,993**
Total income and expenses for the year	**–**	**(2,773)**	**–**	**590,988**	**17,980**	**606,195**	**146,197**	**752,392**
Transactions with shareholders or owners	**(2,238)**	**(316,742)**	**26,854**	**–**	**–**	**(292,126)**	**(81,695)**	**(373,821)**
Capital increases/(reductions)	(2,238)	(297,290)	298,588	–	–	(940)	1,874	934
Distribution of dividends	–	(19,452)	–	–	–	(19,452)	(83,569)	(103,021)
Transactions with treasury shares or equity instruments (net)	–		(271,734)	–	–	(271,734)	–	(271,734)
Other changes in equity	**–**	**1,092,935**	**–**	**(315,182)**	**(29,637)**	**748,116**	**80,247**	**828,363**
Equity as of 31 December 2023	**436,107**	**3,462,881**	**(410)**	**590,988**	**(39,499)**	**4,450,067**	**1,695,860**	**6,145,927**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

Statement of consolidated cash flows (indirect method)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023	31/12/2022
Profit/(loss) before tax from continuing operations Adjustments to profit or loss		**915,930**	**550,653**
Ajustes del resultado		**614,816**	**668,929**
Amortisation and depreciation	*6, 7 and 8*	596,877	522,201
Impairment and gains/(losses) on disposal of fixed assets	*6, 7 and 26*	46,984	174,895
Other adjustments to profit/(loss) (net)	*26*	(29,045)	(28,167)
Changes in working capital	*15*	**(691,404)**	**285,270**
Other cash flows from operating activities		**(53,956)**	**40,987**
Dividend collections		70,243	40,248
Collections/(Payment) for income tax		(124,199)	739
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**785,386**	**1,545,839**
Payments due to investments		**(1,104,585)**	**(1,062,055)**
Group companies, associates and business units		(152,231)	(286,413)
Property, plant and equipment, intangible assets and real estate investments	*6, 7 and 8*	(851,436)	(622,914)
Other financial assets		(100,918)	(152,728)
Proceeds from disposals		**36,211**	**51,512**
Group companies, associates and business units		16,681	19,086
Property, plant and equipment, intangible assets and real estate investments	*6, 7 and 8*	14,191	20,619
Other financial assets		5,339	11,807
Other cash flows from investing activities		**105,938**	**72,498**
Interest received		46,641	29,292
Other collections/(payments) from investing activities		59,297	43,206
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES		**(962,436)**	**(938,045)**

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2023 consolidated income statements.

Statement of consolidated cash flows (indirect method)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023	31/12/2022
Proceeds from and payments for equity instruments	*17*	**575,242**	**(39,429)**
Issue/(redemption)		(419)	(331)
(Acquisition)/disposal of own shares		575,661	(39,098)
Proceeds from (payments on) financial liabilities	*19*	**(113,844)**	**(333,882)**
Issuance		2,112,503	2,341,595
Repayment and amortisation		(2,226,347)	(2,675,477)
Dividends paid and payments on equity instruments	*5*	**(80,785)**	**(73,177)**
Other flows from financing activities		**(170,355)**	**(120,708)**
Interest paid		(172,456)	(123,682)
Other collections/(payments) from financing activities		2,101	2,974
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		**210,258**	**(567,196)**
EFFECT OF VARIATIONS IN EXCHANGE RATES		**957**	**(585)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**34,165**	**40,013**
Cash and cash equivalents at the start of the period	*16*	**1,575,538**	**1,535,525**
Cash and cash equivalents at the end of the period	*16*	**1,609,703**	**1,575,538**

Notes to the consolidated financial statements

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2023

1. Group activity 279

2. Basis of presentation and basis of consolidation of the consolidated income statement 279

3. Accounting policies 281

4. Changes in the scope of consolidation 289

5. Distribution of profit/loss 293

6. Intangible assets 294

7. Property, plant and equipment 299

8. Investment property 302

9. Leases 304

10. Service concession arrangements 306

11. INvestments accounted for using the equity method 311

12. Joint agreements. Joint operations 318

13. Non-current financial assets and other current financial assets 318

14. Inventories 320

15. Commercial debtors, other accounts receivable and other current assets 323

16. Cash and cash equivalents 325

17. Equity 325

18. Non-current and current provisions 331

19. Non-current and current financial liabilities 334

20. Other non-current liabilities 343

21. Trade and other accounts payable 343

22. Derivative financial instruments 344

23. Tax matters 347

24. Pension plans and similar obligations 352

25. Guarantee commitments to third parties and other contingent liabilities 354

26. Income and expenditure 356

27. Information by activity segments 360

28. Environmental information 370

29. Financial and non-financial risk management policies 372

30. Information on transactions with related parties 378

31. Fees paid to auditors 383

32. Events after the closing date 383

Annex I Fully consolidated subsidiaries 384

Annex II Companies jointly controlled with third parties outside the Group (consolidated using the equity method) 397

Annex III Associates consolidated using the equity method 400

Annex IV Changes in the scope of consolidation 405

Annex V Temporary Joint Ventures and other contracts jointly managed with third parties outside the Group 406

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.
Changes to the name of the reporting entity	No changes have occurred this year

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; sewage collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services etc. Concession agreements related to the integral water cycle are also included.
- **Construction.** Specialised in the construction of infrastructure, buildings and similar facilities: motorways, highways, 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, commercial premises and residential properties.
- **Cement. D**edicated 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 motorways, tunnels and other similar infrastructures and urban tramways.

International activities account for approximately 48% (45% in 2022) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States (note 27).

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 2023 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 2022 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 14 June 2023.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as at 31 December 2023 and 2022, 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 2023 and 2022, 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 2023 and 2022.

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 2023

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 2022, as none of the standards, interpretations or amendments that are applicable for the first time in this financial year have had a significant impact on the Group's accounting policies.

Worth mention is the amendment to IAS 1 “Presentation of financial statements”, establishing that only material accounting policies must be disclosed, a criteria that the Group has applied in these consolidated financial statements.

IAS 12 “Income tax” has also been amended in relation to the new tax regulations of the Second Pillar of the OECD Inclusive Framework. These amendments provisionally introduce a mandatory temporary exemption for the accounting and breakdown of deferred taxes arising from said legislation. This amendment also requires additional disclosures to facilitate an understanding of the exposure to these tax regulations. Note 23 provides a qualitative description of the expected impact of these regulations.

b) Basis of consolidation

Subsidiaries

Consolidation performed applying the global integration method for the subsidiaries indicated in Annex I, over which Fomento de Construcciones y Contratas, S.A. exercises control

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 11), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 12).

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.

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 for the 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

Annex IV shows the changes made in 2023 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 4 of this Report "Changes in the scope of consolidation", shows the most significant inputs and outputs of said scope.

3. Accounting policies

The most relevant 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 Group recognises its concessions pursuant to the provisions of IFRIC 12 "Service Concession Arrangement".

Intangible assets from concession arrangements classified as intangible assets amortise the resulting asset 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. In turn, Concession arrangements recognised as financial assets are measured applying the amortised cost method.

b) Business combinations and goodwill

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.

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 initially recognised at their acquisition cost. These intangible assets include investments related to operating contracts and licences, 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.

The Group records CO_2 emission rights as a non-amortisable intangible asset. Rights received free of charge under the corresponding national allocation plans are measured at the market price in force at the time they are received, recognising a subsidy for the same amount. Pursuant to the option provided by the regulations, the intangible asset is reduced by the subsidy received.

d) Property, Plant and Equipment

Property, plant and equipment are recorded at their cost price, 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 by business combinations, they are initially recognised at their fair value on the acquisition date.

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.

e) Investment property

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.

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

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.

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, except in exceptional cases when the expected future growth of the activities performed by the CGU justify the inclusion of a growth rate. 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) Leases

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.

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

Investments 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

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets to obtain its contractual cash flows, which is why it measures them applying the amortised cost method. 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.

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 agreement are measured at their amortised cost.

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 the aforementioned credit assignments is reported in note 15.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 14). To determine the book value, the Group uses the assessments made by independent experts. This 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 companies have generally been converted applying the daily exchange rates, or average exchange rates when the daily exchange rate cannot be used.

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

Subsidies are accounted for based on their nature as capital subsidies when they involve the acquisition or construction of assets or as operating subsidies when they cover operating deficits.

n) Provisions

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 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 2023 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

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 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

The Group undertakes reverse factoring operations with suppliers (note 21); in general, as these operations do not entail a release of the payment obligation, the value of the liability is not derecognised.

p) Financial derivatives and hedge accounting

The Group applies the treatment established in the regulations to derivatives that meet the requirements to be considered as hedges, classifying the hedges as cash flow, fair value or net investment hedges of foreign businesses.

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.

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 22):

- 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.

- Cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS are treated in a similar way as described for IRS transactions.

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 29).

Note 22 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 24 of this Report.

s) Operating income and expenses

After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, 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, expenses arising from engineering and studies are not capitalised and recognised as they are accrued as the services are provided, unless the agreement includes a clause stipulating that these costs will be reimbursed regardless of whether they the contract is closed or not. 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 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.

Regarding the delivery of goods activities that the Group mainly carries out in the Cement segment and in the Real Estate activity, revenues are only recognised when the goods have been delivered and their property has been transferred to the customer, as they are performance obligations that are satisfied at a specific moment of time.

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 9.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 Revenue, 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.

The Group has entered into "Power Purchase Agreements" and supply contracts, mainly in the Cement and End-to-End Water Management Areas, which ensure the supply of certain amounts of renewable energy for a determined period of time at the fixed price in the contract. These contracts are considered to be for own use as they are entered into with the intention of covering the activity's future electricity consumption needs. There is a high correlation between the expected future consumption and the volume of energy arranged. An operating expense is taken to the income statement when the energy in question is effectively consumed.

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 30 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 "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 statement of cash flows 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 Group.

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 2023 and 2022 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 6, 7, 8, 11 and 13)
- Goodwill measurement (Note 6)
- The recoverability of the work executed pending certification (notes 3.s and 15)
- The recoverability of deferred tax assets (Note 23)
- The amount of certain provisions and, in particular, those related to claims and litigation and the losses budgeted in construction contracts (note 18)
- The useful life of PP&E and intangible assets (see Notes 6 and 7)
- The determination of the fair value of investment property (note 8)
- The determination of the recoverable amount of inventory (note 14)
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 18 and 24)
- The market value of derivatives (note 22)
- Cost of business combinations (note 4)

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.

4. Changes in the scope of consolidation

The main changes experienced in the scope of consolidation in 2023 are the following:

a) Business combinations

On 31 December 2023, FCC Aqualia USA Corp. acquired 97% of the shares in Municipal District Services, Llc. in the United States for the sum of 81,433 thousand euros. This investment was paid out in January 2024, meaning it does not appear as an investment in the accompanying Statement of Cash Flows. Furthermore, there is a put option in favour of the non-controlling interests and a call option in favour of FCC Aqualia USA Corp. for the 3% stake held by the non-controlling interest, the fair value of which has been recorded as a financial liability (note 19).

The composition of the balance sheet resulting from the aforementioned business combination is as follows:

2023	Municipal District Services, Llc.
Non-current assets	**87,085**
Intangible assets	85,118
Property, plant and equipment	1,967
Current assets	**9,310**
Inventory	913
Trade and other receivables	7,040
Cash and cash equivalents	1,357
Total assets	**96,395**
Equity	**81,508**
Non-current liabilities	**2,443**
Non-current financial liabilities	2,443
Current liabilities	**12,444**
Trade and other payables	12,444
Total equity and liabilities	**96,395**

The reconciliation between the consideration transferred for the above business combination, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2023 Financial Year	Municipal District Services, Llc.
Acquisition value	81,433
Fair value Minority interests acquired	
Fair value previous interest	
- Fair value of net assets	3,610
Valuation put non-controlling interests	75
Goodwill/Negative consolidation difference	**85,118**

As Municipal District Services, Llc. was acquired at the end of 2023, it has contributed no ordinary income or profit to the accompanying statement of profit and loss. Had the company been consolidated since 1 January 2023, the revenue and profit/(loss) it would have contributed would have been as follows:

2023	Municipal District Services, Llc.
Importe neto de la cifra de negocios	**66.882**
Otros ingresos	**863**
Resultado de Explotación	**2.900**
Resultado antes de impuestos de operaciones continuadas	**2.953**
Resultado atribuido a la sociedad dominante	**1.461**
Intereses minoritarios	**1.492**

The posting of the aforementioned business combination has been estimated provisionally, meaning that the Group has a period of one year from the control date to adjust them in line with subsequent more relevant and complete information. There been no significant adjustments to business combinations carried the previous year in either 2023 or 2022.

The following business combinations were carried out in 2022:

- On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in Georgia Global Utilities (hereinafter, GGU), a water and renewable energy utility in Georgia, for 158,968 thousand euros. This acquisition took place in two phases. During the first phase, FCC Aqualia, S.A. (hereinafter, Aqualia) acquired a 65% stake in GGU. The second phase was initially subject to compliance with conditions precedent.

The agreement between the partners established that during the period between control being assumed and the completion of the second phase of the agreement, Aqualia held control over the public water services business with an 80% interest but had no rights over the assets, nor obligations in relation to the liabilities, nor any right to the profits generated by the energy business controlled by the minority shareholder. With this in mind, from the date on which control was assumed, FCC Aqualia, S.A. started to globally consolidate assets and liabilities and allocate 80% of the profit generated corresponding to the water activity but did not consolidate the energy business. It has reclassified its assets and liabilities designated as non-current assets and liabilities held for sale, with non-controlling interests as a balancing entry (note 19). No profit has been recognised on the company's income statement from this energy business.

Subsequently, the second phase was completed during the second half of 2022 following the spin-off of the energy business, having satisfied the conditions precedent stated above, including the repayment of the bonds that the GGU Group issued at the time of the purchase (note 19), in such a way that Aqualia exclusively holds a 80% interest in the public water services business, having exchanged the 65% interest in the energy business for the 15% interest in the water business. As a result, the assets held for sale and the non-controlling interests indicated above were removed from the balance sheet.

Furthermore, there is a put option in favour of the non-controlling interests and a call option in favour of FCC Aqualia for the 20% stake held by the non-controlling interest in the public water services business, the fair value of which has been recorded as a financial liability (note 19).

- In November 2022, FCC Construcción, S.A., acquired a stake in Sociedad Concesionaria Tranvía de Murcia, S.A., which manages the only tram line in the city of Murcia for a period of 40 years, representing 50% of the company's capital stock in addition to the 50% previously held. This interest was acquired for an amount of 46,662 thousand euros (23,699 thousand euros corresponding to the shares acquired and 22,963 thousand euros corresponding to the loan acquired), which were recognised under "Payments for investments" on the accompanying Statement of Cash Flows. As a result of the aforementioned transaction, the FCC Group gained control of the aforementioned company, recording a positive operating profit of €5,544 thousand in the business combination (note 26), as the consideration paid was less than the fair value of the assets acquired. In addition, a negative result of €2,772 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 26).
- In December 2022, FCC Environmental Services, Llc. acquired a 100% stake in Houston Waste Solutions, Llc. in the USA, one of the largest commercial municipal solid waste collection companies in the Houston metropolitan area, for the sum of 27,658 thousand euros. The amount paid was recorded in the accompanying cash flow statement under "Payments for investments".
- In October 2022, the Water area acquired a 79.8% stake in Aguas de la Sabana, S.A. E.S.P., in Colombia, which provides aqueduct, sewerage and cleaning services in the municipalities of Cota, Funza and Tenjo, for the sum of 14,421 thousand euros. The amount paid was recorded in the accompanying cash flow statement under "Payments for investments".

The composition of the balance sheets drawn up by the business combinations in 2022 is detailed below:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Non-current assets	**341,521**	**210,222**	**27,634**	**26,232**
Intangible assets	1,180	72,804	23,671	27
Property, plant and equipment	338,231	–	3,963	26,200
Investment property	2,110		–	–
Investments accounted for using the equity method	–	–	–	–
Non-current financial assets	–	135,330	–	3
Deferred tax assets	–	2,088	–	2
Current assets	**156,208**	**14,034**	**1,701**	**1,577**
Non-current assets held for sale	133,352	–		
Inventory	1,654	–	–	88
Trade and other receivables	6,625	1,340	1,594	453
Other current financial assets	–	6,014	–	1
Other current assets	–	–	60	24
Cash and cash equivalents	14,577	6,680	47	1,011
Total assets	**497,729**	**224,256**	**29,335**	**27,809**

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Equity	**210,271**	**98,868**	**27,658**	**14,421**
Non-current liabilities	**186,683**	**117,533**	**–**	**5,410**
Grants	–	–	–	–
Non-current provisions	–	11,770	–	–
Non-current financial liabilities	177,374	105,763	–	–
Deferred tax liabilities		–	–	5,410
Other non-current liabilities	9,309	–	–	–
Current liabilities	**100,775**	**7,855**	**1,677**	**7,978**
Liabilities linked to non-current assets held for sale	87,496	–		
Current provisions	–	–	–	–
Current financial liabilities	19	1,962	–	2,900
Trade and other payables	13,260	5,893	1,677	5,078
Total equity and liabilities	**497,729**	**224,256**	**29,335**	**27,809**

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:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Intangible assets	–	–	–	13,526
Property, plant and equipment	165,312	–	–	–
Non-current financial assets	–	–	–	–
Total assignments to assets	**165,312**	**–**	**–**	**13,526**
Non-current liabilities (deferred tax liabilities)	–	–	–	4,734
Total assignments to liabilities	**–**	**–**	**–**	**4,734**
Total net assignments	**165,312**	**–**	**–**	**8,792**

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:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Acquisition value	158,968	46,662	27,658	14,421
Fair value Minority interests acquired	45,603	–	–	–
Fair value previous interest		46,662	–	–
- Fair value of net assets	(210,271)	(98,868)	(3,987)	(14,421)
Valuation put non-controlling interests	5,700			
Goodwill/Negative consolidation difference	**–**	**(5,544)**	**23,671**	**–**

The above business combinations contributed the following revenues and results to the accompanying consolidated income statement:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Revenue	**65,292**	**2,065**	**2,444**	**941**
Other income	182	–	–	–
Operating profit/(loss)	**23,620**	**1,394**	**426**	**625**
Profit/(loss) before tax from continuing operations	**31,569**	**600**	**426**	**573**
Profit attributable to the parent company	**12,880**	**450**	**426**	**120**
Non-controlling interests	**18,689**	**–**	**–**	**176**

If the above companies had been consolidated since 1 January 2022, the ordinary income and profit/(loss) they would have contributed would be as follows:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Revenue	**70,472**	**21,570**	**14,845**	**6,014**
Other income	203	–	–	–
Operating profit/(loss)	**25,264**	**11,965**	**2,635**	**3,373**
Profit/(loss) before tax from continuing operations	**34,182**	**6,051**	**2,582**	**2,980**
Profit attributable to the parent company	**13,946**	**4,538**	**2,582**	**820**
Non-controlling interests	**19,713**	**–**	**–**	**1,194**

In 2022, in addition to the companies indicated above, the following companies were acquired:

Name	Acquisition date	Acquisition price	Percentage participation	Fair value net assets	Goodwill
Intermonte Investments, S.A.	December	8,920	99,5%	8,920	–
Aqualia Colombia, S.A.S.	October	8,098	51%	8,098	–
Houston Waste Services, LLC	December	3,750	100%	(328)	4,078
Industria de Reciclaje de RAEES, S.L.	December	3,695	98,5%	3,695	–

b) Other changes in scope

In October 2023, the sale of a 24.99% holding in the Environmental Services subsidiary, FCC Servicios Medio Ambiente Holding, S.A., the parent company of the Environmental Services activity, was completed to the Canadian pension fund, CPP Investments, for the sum of 965,000 thousand euros. This transaction was recorded under "(Acquisition)/disposal of own shares" in the accompanying Statement of Cash Flows. As control has not been lost, the operation has been recorded as an equity operation and has led to the increase of 241,310 thousand euros in non-controlling interests and 693,864 thousand euros in consolidation reserves, as a result of the difference between the price of sale and the value of the non-controlling interests registered. Additionally, the valuation adjustments have increased by 18.723 thousand euros, as the proportional part has been attributed to non-controlling interests of the aforementioned adjustments prior to the sale (Note 17).

This agreement includes a contingent price clause in relation to the cash flows generated by specific assets included within the scope of the sale. Given that the value of collections or payments cannot be determined with sufficient reliability and given the uncertainty of the time at which they may occur, the Group has not recognised any assets or liabilities. In addition, it is estimated that the net value of these collections or payments will not be relevant (note 25).

In December 2023, FCyC, S.A., acquired an additional 12.19% holding in Realia Business, S.A. from Soinmob Inmobiliaria Española, S.A.U., for the sum of 105,000 thousand euros, recognised in the accompanying Statement of Cash Flows under "(Acquisition)/disposal of own shares". With this acquisition, the FCyC, S.A.'s direct and indirect shareholding in the aforementioned company amounts to 67.05%. Given that, before the purchase, the Group already held control over the company, the difference between the purchase price and the book value of the acquired non-controlling interests generated an increase in the consolidation reserves of 33,412 thousand euros, a decrease of in non-controlling interests of 139,047 thousand euros and an increase in valuation adjustments of 635 thousand euros (note 17).

In December 2023, following the acquisition of an additional 3.99% stake for the sum of 49,571 thousand euros from Control Empresarial de Capitales, S.A. de C.V., and 1.95% for the sum of 24,233 thousand euros from Soinmob Inmobiliaria Española, S.A.U., registered in the accompanying Statement of Cash Flows under "Investment payments", bringing the total shareholding to 21.21%, Metrovacesa, S.A., which to date was accounted for at fair value charged to reserves, is now consolidated under the equity method having achieved significant influence, as at year-end, the Group is now represented on the company's governing bodies. This transaction resulted in the recognition of profit of 142,413 thousand euros under "Profit/(loss) of entities valued using the equity method" given the difference between the fair value of their net assets and the quoted price of the investment before its inclusion in the scope of consolidation (notes 11, 13, 17 and 30).

In December 2023, FCC Medio Ambiente agreed to buy out the Urbaser Group's subsidiary in the United Kingdom. The estimated enterprise value of the transaction (including debt and equity) amounts to £398 million (approximately 458 million euros). The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions, customary in this type of transaction.

5. Distribution of profit/loss

Fomento de Construcciones y Contratas, S.A. distributed a scrip dividend in 2023 and 2022, resulting in a cash outflow of €19,452 thousand (€10,783 thousand in 2022) and the delivery of 22,697,739 shares (14,871,347 shares in 2022) (note 17). 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 2023 and 2022:

	2023	2022
Shareholders of Fomento de Construcciones y Contratas, S.A.	19,452	10,783
Other non-controlling shareholders of other companies	61,333	62,394
	80,785	**73,177**

"Other non-controlling shareholders of other companies" mainly includes the payment of dividends to the non-controlling shareholder of FCC Aqualia, S.A. for the sum of 14,921 thousand euros at 31 December 2023 (14,944 thousand euros at 31 December 2022).

6. Intangible assets

The breakdown of net intangible assets at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net Value
2023				
Concessions (Note 10)	3,068,721	(1,478,640)	(46,920)	1,543,161
Goodwill	2,009,959	–	(1,158,849)	851,110
Other intangible assets	297,914	(196,193)	(12,517)	89,204
	5,376,594	**(1,674,833)**	**(1,218,286)**	**2,483,475**
2022				
Concessions (Note 10)	2,908,310	(1,343,901)	(51,765)	1,512,644
Goodwill	1,912,627	–	(1,150,944)	761,683
Other intangible assets	261,399	(181,184)	(12,394)	67,821
	5,082,336	**(1,525,085)**	**(1,215,103)**	**2,342,148**

a) Concessions

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

	Concessions	Accumulated Amortisation	Impairment	Net Value
Balance at 31.12.21	**2,718,925**	**(1,224,776)**	**(54,444)**	**1,439,705**
Additions or allocations	41,781	(120,022)	(524)	(78,765)
Derecognitions, disposals or reductions	(1,785)	1,113	3,148	2,476
Translation differences	14,967	(2,692)	(1)	12,274
Change in scope, transfers and other changes	134,422	2,476	56	136,954
Balance at 31.12.22	**2,908,310**	**(1,343,901)**	**(51,765)**	**1,512,644**
Additions or allocations	34,558	(130,550)	(1,839)	(97,831)
Derecognitions, disposals or reductions	(1,908)	1,628	6,684	6,404
Translation differences	45,205	(5,917)	(1)	39,287
Change in scope, transfers and other changes	82,556	100	1	82,657
Balance at 31.12.23	**3,068,721**	**(1,478,640)**	**(46,920)**	**1,543,161**

This heading includes the intangible assets corresponding to the service concession arrangements (Note 10).

The most significant additions in 2023 correspond, in the Environmental Services segment, to the ongoing projects undertaken by FCC Medio Ambiente, S.A. for the sum of 7,075 thousand euros (6,445 thousand euros in 2022), Ecoparque Mancomunidad del Este, S.A. for the sum of 1,818 thousand euros (2,858 thousand euros in 2022) and by FCC CEE Group companies for the sum of 2,155 thousand euros (753 thousand euros in 2022) and, in the Integrated Water Management segment, Acque di Caltanisseta, S.P.A for the sum of 14,436 thousand euros (10,112 thousand euros in 2022) and FCC Aqualia, S.A. for the sum of 4,340 thousand euros (10,139 thousand euros in 2022).

"Changes in scope, transfers and other movements" in the service concession agreements 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 10) mainly at companies in the Integrated Water Management segment, with the most noteworthy in 2023 as follows: FCC Aqualia, S.A. for the sum of 25,276 thousand euros (36,125 thousand euros in 2022), Aqualia Riohacha S.A.S. E.S.P. for the sum of 26,661 thousand euros, Aqualia Gestión Los Cabos SACV for the sum of 16,319 thousand euros.

In addition, in 2022, this heading included the incorporation of intangible assets corresponding to Concesionaria Tranvía de Murcia, S.A., following its takeover, for the sum of 72,804 thousand euros (note 4).

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 was capitalised in 2023 and 2022 and the total interest capitalised at source amounted to 43,915 thousand euros (42,501 thousand euros in 2022).

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2023 and 2022 was as follows:

	2023	2022
FCC Environment Group (UK)	301,064	294,994
Cementos Portland Valderrivas, S.A.	143,098	143,098
FCC Environment Group (CEE)	136,793	136,793
Municipal District Services, Llc.	85,118	–
FCC Aqualia, S.A.	82,764	82,764
FCC Ámbito, S.A.	23,311	23,311
Houston Waste Solutions, Llc.	22,848	23,671
Premier Waste Services, Llc.	22,154	22,951
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Other	8,129	8,270
	851,110	**761,683**

The movements of goodwill in the attached consolidated balance sheet in 2023 and 2022 were as follows:

Balance at 31.12.21		**948,976**
Exchange differences, change in consolidation scope and others:		
Houston Waste Solutions, Llc.	23,670	
Other	(10,963)	12,707
Impairment losses:		
Cementos Portland Valderrivas Group (note 26)	(200,000)	(200,000)
Balance at 31.12.22		**761,683**
Exchange differences, change in consolidation scope and others:		
Municipal District Services, Llc.	85,118	
Other	4,309	89,427
Balance at 31.12.23		**851,110**

"Changes in the scope of consolidation, translation differences and other movements" in 2023 mainly includes the acquisition of 97% of Municipal District Services, Llc., in the Integrated Water Management segment, for the sum of 85,118 thousand euros (note 4) and the impact of the appreciation of the pound sterling against the euro.

In 2022, the change in this heading related mainly to the acquisition of US company Houston Waste Services, Llc., within the Environmental Services segment, for the sum of 23,670 thousand euros (note 4) and the effect of the depreciation of the pound sterling against the euro

In 2022, an impairment to the goodwill of the Cementos Portland Valderrivas Group was recognised for the sum of 200,000 thousand euros under "Impairment losses" corresponding to Cementos Portland Valderrivas, S.A. for the sum of 196,288 thousand euros and Cementos Alfa, S.A. for the sum of 3,712 thousand euros, mainly due to the increase in energy prices and the increase in the discount rate.

The impairment analysis policies applied by the Group to its goodwill are described in Note 3.f). In accordance with the methods used and in accordance with the estimates, projections and valuations available to the Group's Management, the existence of losses in value is not apparent in 2023.

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 €29,593 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 euros.

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 2021, the Group reassessed the impairment test, in response to the economic situation and market circumstances, recognising an impairment of 100,000 thousand euros.

During 2022, the Group reassessed the impairment test one again, taking into account the current economic situation and market circumstances, which inevitably impacted the projected cash flows. As a result of the assessment, an impairment loss of €196,288 thousand was recognised under "Impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated statement of profit and loss.

During 2023, the Group updated the flows of its “Business Plan” for the 2024-2033 period, which serves as the basis for calculating impairment tests.

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 11.61% has been used to evaluate goodwill from flows in Spain, and 28.80% for flows from Tunisia. The discount rates used in 2022 were 10.55% and 28.60% respectively. In any case, it should be noted that the flows for Spain represent a substantial part of the total contemplated in the impairment 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 forecasts are made according to estimates of cement consumption of Oficemen, 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 employers' association for the cement sector in Spain, in its advanced statistical data for 2023, 14.5 million tons of cement was consumed in 2023, down by 3% compared to the final figures for 2022; this volume is expected to be maintained in 2024.

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 2022, the internal market in 2023 stood at 5 million tons, 9% down on 2022. Inflation and political instability have curtailed consumption in the country to minimum levels.

The costs are estimated based on the expected inflation, the performance expectations of the price of fuels and the electricity market, and the strategy of increasing the valuation 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 main variables used in the test are listed below:

- Discounted flow period for Uniland Spain and Tunisia: 2024 to 2033
- Discount rate before taxes: 11.61% (Spain) and 28.80% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 29.9%
- Compound annual growth rate Cement Market Spain (without CO_2), terminal value for business year 2024:
  - Turnover domestic market: 5.6%
  - Export market turnover: -9.8%
  - Gross Operating Profit: 2.6%
- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over business year 2023:
  - Turnover domestic market: 6.0%
  - Export market turnover: 2.5%
  - Gross Operating Profit: 4.0%

The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 15,270 thousand euros.

The Uniland goodwill test supports an increase in the pre-discount rate of up to approximately 12.1%. Meanwhile, it would support an annual drop in cash flows of approximately 3,64% compared to projected flows.

Based on the foregoing, Management considers that the sensitivity of the impairment test allows deviations significant enough to not identify the impairment of the value of the assets affected by the CGU.

2) Alcalá de Guadaíra

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: 2024 to 2033
- Discount rate before taxes: 12.1%
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 31.4%
- Compound annual growth rate (without CO_2), terminal value over business year 2024:
  - Total turnover: 5.6%
  - Gross Operating Profit: 0.4%

The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 82,744 thousand euros.

The Cementos Atlántico goodwill test can take a pre-tax discount rate of up to approximately 19%. Meanwhile, it would support an annual drop in cash flows of approximately 36% compared to projected flows.

Based on the foregoing, the Group 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)

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.

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. In 2020, a corporate reorganisation took place in relation to Environment activity in the United Kingdom, with certain assets transferred to Green Recovery Projects Limited.

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 impairment test has been carried out using conservative and continuous projections based on historical performance in recent years and based on the foreseeable performance of the businesses. The main hypotheses used contemplate the historical trend of strengthening waste treatment/recovery and incineration activities in the face of a gradual decrease in landfill management activity. The income considered during the period reflects decreasing volumes in landfill activity, partially offset by the increase in other related activities, while treatment activity shows stable tonnages, the performance of which depends on inflation, except in 2025 when the Lostock complex is due to come online. The pre-tax discount rate used was 11.75% with a 10-year time line used from estimates given the structural characteristics of the business and the long useful life of the assets. A growth rate of 1% has been considered in the calculation of perpetual income, which represents 29,0% of the total recoverable value. The result of the test renders an excess of the recoverable value over the book value of the cash generating unit of 128,397 thousand euros, supporting an increase of more than 1,100 basis points in the discount rate without incurring impairment. A 10% decrease in the current value of cash flows would reduce the excess to 103,333 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 122,214 thousand euros.

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.

FCC Environment Group (CEE)

The FCC Group acquired 100% of the stake in the FCC Environment CEE Group in 2006 for an investment cost of 226,829 thousand. From the moment of its acquisition, the Group considers the FCC Environment CEE subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

The Group operates in Central and Eastern Europe, with its headquarters located in Himberg (Austria). The countries in which it operates are: Austria, the Czech Republic, Slovakia, Poland, Romania, Serbia and Hungary. Its activity consists of the collection, transport and elimination of all types of waste, as well as auxiliary environmental services.

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 activities in the future.

The forecasts used suggest higher growth in the first years on account of the expectation of new business opportunities, before stabilising as these markets are mostly mature with limited growth expectations. The main hypotheses used suggest higher growth in revenue, of approximately 5.8% to 9.2% in the first three years on account of the new business opportunities indicated above, before stabilising at around 3% in the years following the test. In turn, the gross operating margin stands at around 17% for the entire period under consideration, somewhat beneath this year's margin.

The pre-tax discount rate used was 12.22% and a growth rate of 0% was employed as part of the calculation of perpetual income, which accounts for 75.8% of the total recoverable value. The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 101,875 thousand euros. The test supports an increase in the discount rate of more than 250 basis points. A 10% decrease in the present value of cash flows would bring this excess down to 56,667 thousand euros.

Given the flexibility shown in the impairment test, the Group does not believe that there will be any impairment.

c) Other intangible fixed and non-current assets

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

	Other intangible assets	Accumulated Amortisation	Impairment	Net value
Balance at 31.12.21	**378,188**	**(305,143)**	**(16,494)**	**56,551**
Additions or allocations	22,566	(13,569)	(1)	8,996
Derecognitions, disposals or reductions	(151,399)	148,436	563	(2,400)
Translation differences	939	(460)	(25)	454
Change in scope, transfers and other changes	11,105	(10,448)	3,563	4,220
Balance at 31.12.22	**261,399**	**(181,184)**	**(12,394)**	**67,821**
Additions or allocations	40,671	(16,956)	(83)	23,632
Derecognitions, disposals or reductions	(3,031)	1,972	–	(1,059)
Translation differences	452	35	(40)	447
Change in scope, transfers and other changes	(1,577)	(60)	–	(1,637)
Balance at 31.12.23	**297,914**	**(196,193)**	**(12,517)**	**89,204**

In 2023, "Additions or allocations" includes the contract for the installation and operation of advertising on street furniture in the city of Sintra (Portugal) entered into by Cemark - Mobiliario Urbano e Publicidade, S.A., in the Concessions segment, leading to an increase in this heading of 18,650 thousand euros.

In 2022, "Disposals, derecognitions or reductions" included the derecognition of certain intangible assets that were recognised as part of business combinations in previous years that have already exhausted their useful life for the sum of 136,303 thousands of euros.

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.

7. Property, plant and equipment

The net detail of property, plant and equipment at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
2023				
Land and buildings	**1,805,048**	**(658,697)**	**(97,161)**	**1,049,190**
Land and natural resources	704,980	(182,877)	(82,760)	439,343
Buildings for own use	1,100,068	(475,820)	(14,401)	609,847
Plant and other items of property, plant and equipment	**9,463,229**	**(6,038,934)**	**(643,686)**	**2,780,609**
Plant	5,487,940	(3,623,297)	(605,966)	1,258,677
Machinery and vehicles	2,824,099	(1,795,070)	(34,555)	994,474
Advances and PP&E under construction	211,003	–	–	211,003
Other PP&E	940,187	(620,567)	(3,165)	316,455
	11,268,277	**(6,697,631)**	**(740,847)**	**3,829,799**
2022				
Land and buildings	**1,730,948**	**(609,299)**	**(94,093)**	**1,027,556**
Land and natural resources	691,847	(175,830)	(81,064)	434,953
Buildings for own use	1,039,101	(433,469)	(13,029)	592,603
Plant and other items of property, plant and equipment	**8,910,125**	**(5,810,603)**	**(630,274)**	**2,469,248**
Plant	5,340,053	(3,491,070)	(592,689)	1,256,294
Machinery and vehicles	2,559,704	(1,738,073)	(33,720)	787,911
Advances and PP&E under construction	148,228	–	–	148,228
Other PP&E	862,140	(581,460)	(3,865)	276,815
	10,641,073	**(6,419,902)**	**(724,367)**	**3,496,804**

The movements in the various fixed and non-current assets headings in 2023 and 2022 were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated amortisation	Impairment
Balance at 31.12.21	**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)**
Additions or allocations	10,386	45,928	**56,314**	51,492	303,287	105,922	81,816	**542,517**	(385,653)	(14,734)
Derecognitions, disposals or reductions	(1,654)	(26,926)	**(28,580)**	(11,996)	(104,925)	(731)	(18,902)	**(136,554)**	131,974	4,448
Translation differences	(781)	12,078	**11,297**	(34,076)	1,732	1,195	2,570	**(28,579)**	46,532	32,801
Change in scope, transfers and other changes	(10,620)	41,364	**30,744**	336,855	39,608	(50,719)	21,908	**347,652**	12,533	11,536
Balance at 31.12.22	**691,847**	**1,039,101**	**1,730,948**	**5,340,053**	**2,559,704**	**148,228**	**862,140**	**8,910,125**	**(6,419,902)**	**(724,367)**
Additions or allocations	19,203	81,983	**101,186**	85,786	397,729	151,668	98,898	**734,081**	(448,409)	(9,006)
Derecognitions, disposals or reductions	(13,726)	(22,239)	**(35,965)**	(8,478)	(154,808)	(2,177)	(17,181)	**(182,644)**	176,269	9,045
Translation differences	815	(2,662)	**(1,847)**	18,001	(3,727)	(2,001)	2,418	**14,691**	(18,001)	(12,547)
Change in scope, transfers and other changes	6,841	3,885	**10,726**	52,578	25,201	(84,715)	(6,088)	**(13,024)**	12,412	(3,972)
Balance at 31.12.23	**704,980**	**1,100,068**	**1,805,048**	**5,487,940**	**2,824,099**	**211,003**	**940,187**	**9,463,229**	**(6,697,631)**	**(740,847)**

Significant "Additions" in 2023 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 €59,771 thousand (€96,827 thousand in 2022), in FCC Medioambiente, S.A. (Spain) for a total of 288,013 thousand euros (160,731 thousand euros in 2022), at companies operating in the UK for a total of 49,825 thousand euros (39,702 thousand euros in 2022), and at FCC Environment CEE (Central Europe) for a total of 80,078 thousand euros (64,681 thousand euros in 2022). When it comes to End-to-End Water Management activity, worth particular mention are the investments made mainly in FCC Aqualia, S.A. (Spain) for the sum of 44,538 thousand euros (26,272 thousand euros in 2022), in SmVak (Czech Republic) for the sum of 29,682 thousand euros (30,440 thousand euros in 2022) and in the Georgia Global Utilities Group (Georgia), for the sum of 72,399 thousand euros (36,837 thousand euros in 2022), for as well as in construction activity, mainly in FCC Construcción, S.A. for the sum of 61,353 thousand euros (39,972 thousand euros in 2022).

"Changes in the scope of consolidation, transfers and other movements" for 2022 included the incorporation of the tangible assets corresponding to the Georgia Global Utilities Group, following its takeover, for the sum of 338,231 thousand euros (note 4).

"Derecognitions, disposals or reductions" include disposals and derecognition of inventories 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 divestments" of "Property, plant and equipment, intangible assets and investment property", respectively.

No interest was capitalised in 2023 and 2022 and the total interest capitalised at source as at 31 December 2023 amounts to 2,932 thousand euros (6,383 thousand euros in 2022).

As at 31 December 2023, in property, plant and equipment, €9,500 thousand (€7,719 thousand as at 31 December 2022) 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 used in production due to being in a good state of use totals 3,202,634 thousand euros at 31 December 2023 (2,933,702 thousand euros at 31 December 2022).

The property, plant and equipment net of depreciation on the attached consolidated balance sheet located outside the Spanish territory amount to 2,068,360 thousand euros at 31 December 2023 (1,984,050 thousand euros at 31 December 2022).

Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2023, 775,301 thousand euros (734,000 thousand euros at 31 December 2022) are subject to ownership restrictions according to the following detail:

	Cost	Accumulated amortisation	Impairment	Net value
2023				
Buildings, plants and equipment	1,503,241	(785,880)	(4,274)	713,087
Other property, plant and equipment	172,468	(110,254)	–	62,214
	1,675,709	(896,134)	(4,274)	775,301
2022				
Buildings, plants and equipment	1,396,897	(717,304)	(4,533)	675,060
Other property, plant and equipment	162,538	(103,598)	–	58,940
	1,559,435	**(820,902)**	**(4,533)**	**734,000**

The restrictions on ownership of these assets arise from the lease agreements explained in note 9 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

As part of the performance of their activities, Group companies have formalised commitments to acquire property, plant and equipment, mainly machinery and vehicles following the renewal Environmental Services activity contracts, which as at 31 December 2023 amounted to 90,400 thousand euros (173,305 thousand euros at 31 December 2022).

	2023	2022
Land and natural resources	–	–
Buildings for own use	–	–
Plant	2,897	–
Machinery and vehicles	70,706	138,338
In-progress property, plant and equipment and advances	–	610
Other PP&E	16,797	34,357
	90,400	**173,305**

8. Investment property

As stated in note 3.e), investment property is measured at fair value based on the assessments made by independent experts, calculated on the reporting date of these consolidated financial statements.

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: A discount rate determined on the valuation date has been used based on the interest rate of long-term bonds plus a risk premium that reflects the additional increase in profitability required based on the risk inherent to its real estate portfolio, taking into account elements such as the type of business, liquidity, characteristics of the assets, investment volume, etc.
- 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 amounted to 2,091,328 thousand euros at 31 December 2023 (2,122,854 thousand euros at 31 December 2022).

The following is a sensitivity analysis of the main variables affecting the assessment at fair value of the Realia Business Group's investment property.

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:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(44,794)	(33,596)	(46,385)	(34,789)
Decrease of 25 basis points	50,574	37,931	51,095	38,321

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:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
10% increase	115,433	86,575	110,725	83,044
10% decrease	(115,554)	(86,666)	(112,175)	(84,131)

Finally, the sensitivity analysis of a quarter point change in the IRR would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(26,690)	(20,018)	(28,970)	(21,728)
Decrease of 25 basis points	27,710	20,783	26,730	20,048

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 quarter of a percent change in the discount rate used to determine the present value of both the contract rents and their divestment value would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(11,298)	(8,474)	(12,490)	(9,368)
Decrease of 25 basis points	11,619	8,714	12,866	9,650

The impact of a change in the exit yield would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(4,667)	(3,501)	(4,525)	(3,394)
Decrease of 25 basis points	4,969	3,726	4,817	3,613

Finally, the sensitivity analysis of a 10% change in the ERV (market rent of the asset at the assessment date) would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
10% increase	(16,520)	(12,390)	16,107	12,080
10% decrease	16,520	12,390	(16,107)	(12,080)

The movements in the various investment property items in 2023 and 2022 were as follows:

Balance 31.12.21	**2,069,187**
Additions	21,599
Derecognitions, disposals or reductions	(88)
Change in fair value	22,179
Translation differences	481
Change in scope, transfers and other changes	9,496
Balance 31.12.22	**2,122,854**
Additions	17,778
Derecognitions, disposals or reductions	(24)
Change in fair value	(49,037)
Translation differences	(120)
Change in scope, transfers and other changes	(123)
Balance 31.12.23	**2,091,328**

The 49,037-thousand euro decrease in the fair value in 2023 can mainly be attributed in the increase in the "exit yield" and, in some cases, due to changes in the market situation in specific geographical areas in which there has been increase in availability rates and decrease in rents, as well as other factors.

Significant "Additions" in 2023 included the capitalisation of constructions in progress for rental housing by the Realia Business, S.A. Group for the sum of 9.383 thousand euros (18,570 thousand euros in 2022).

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.

Both in 2023 and 2022, there were commitments to acquire investment property.

9. 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 €417,081 thousand at 31 December 2023 (€401,459 thousand at 31 December 2022). The carrying amount, additions and write-downs during the business years 2023 and 2022 are detailed below by underlying asset class:

	Cost	Accumulated amortisation	Impairment	Net value	Additions	Amortisation charge
2023						
Land and buildings	**470,840**	**(143,724)**	**(3,925)**	**323,192**	**63,027**	**(41,541)**
Land and natural resources	42,089	(10,620)	(3,925)	27,545	3,639	(4,088)
Buildings for own use	428,751	(133,104)	–	295,647	59,388	(37,453)
Plant and other items of property, plant and equipment	**178,374**	**(84,135)**	**(350)**	**93,889**	**42,563**	**(34,811)**
Plant	18,759	(3,905)	–	14,854	15,496	(2,508)
Machinery and vehicles	132,528	(65,258)	(350)	66,920	25,529	(28,415)
	27,087	(14,972)	–	12,115	1,538	(3,888)
Other PP&E	**649,214**	**(227,859)**	**(4,275)**	**417,081**	**105,590**	**(76,352)**
2022						
Land and buildings	**430,800**	**(116,645)**	**(4,533)**	**309,621**	**36,387**	**(38,377)**
Land and natural resources	43,658	(11,501)	(4,533)	27,623	4,142	(3,683)
Buildings for own use	387,142	(105,144)	–	281,998	32,245	(34,694)
Plant and other items of property, plant and equipment	**168,370**	**(76,532)**	**–**	**91,838**	**36,656**	**(28,529)**
Plant	3,340	(1,386)	–	1,954	15	(979)
Machinery and vehicles	135,888	(62,396)	–	73,492	28,081	(22,477)
Other PP&E	29,142	(12,750)	–	16,392	8,560	(5,073)
	599,170	**(193,177)**	**(4,533)**	**401,459**	**73,043**	**(66,906)**

Lease liabilities recognised amount to €434,850 thousand at 31 December 2023 (€425,395 thousand at 31 December 2022), of which €76,478 thousand (€78,970 thousand at 31 December 2022) are classified as current in the accompanying consolidated balance sheet, as they mature within the next twelve months (note 19). Lease liabilities have generated an interest charge of €13,303 thousand at 31 December 2023 (€12,315 thousand at 31 December 2022). Lease payments made during the year amount to €93,799 thousand at 31 December 2023 (31 December 2022: €80,525 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 at 31 December 2023 are shown below:

	2025	2026	2027	2028	2029 and beyond	Total
Liabilities for non-current leases	44,753	29,410	31,785	31,692	220,733	358,373

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 2023 and 2022:

	2023	2022
Low value assets	10,100	3,571
Leases with term less than 12 months	46,797	42,308
	56,897	**45,879**

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 €142,328 thousand (€133,713 thousand at 31 December 2022), as follows:

	2023	2022
Revenue from leases	120,803	111,461
Revenue from common pass-through expenses	21,525	22,252
	142,328	**133,713**

Leased assets are mainly recorded under investment property in the accompanying consolidated balance sheet. The typology of investment property is as follows:

	2023	2022
Offices and commercial premises	1,501,937	1,509,154
Banking entities	586,241	611,140
Plots and other investment property	3,150	2,560
	2,091,328	**2,122,854**

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 2023, the Group has contracted minimum lease payments of 924,750 thousand euros (875,278 thousand euros at 31 December 2022) 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:

	2023	2022
Less than a year	111,665	109,289
Between two and five years	323,028	289,737
After five years	490,057	476,252
	924,750	**875,278**

10. Service concession arrangements

This Note presents an overview of all the Group's investments in concession businesses, which are recognised in various headings under "Assets" in the accompanying consolidated balance sheet.

The following table presents the total amount of the assets held under service concession arrangements by the Group companies, which are recognised under "Intangible assets", "Non-current financial assets", "Other current financial assets" and "Investments accounted for using the equity method" (for both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2023 and 2022.

	Intangible assets (Note 6)	Financial assets (Note 13)	Joint concessionary businesses	Associated concessionary companies	Total investment
2023					
Water services	1,997,281	247,303	17,343	38,026	2,299,953
Environment	558,823	211,652	6,833	10,457	787,765
Transport infrastructure and other	512,617	149,610	10,434	38,840	711,501
TOTAL	**3,068,721**	**608,565**	**34,610**	**87,323**	**3,799,219**
Depreciation	(1,478,640)	–	–	–	(1,478,640)
Impairment	(46,920)	–	–	–	(46,920)
	1,543,161	**608,565**	**34,610**	**87,323**	**2,273,659**
2022					
Water services	1,877,496	245,074	19,927	41,375	2,183,872
Environment	545,060	218,117	10,150	11,507	784,834
Transport infrastructure and other	485,754	142,145	10,925	37,311	676,135
TOTAL	**2,908,310**	**605,336**	**41,002**	**90,193**	**3,644,841**
Accumulated	(1,343,901)	–	–	–	(1,343,901)
Impairment	(51,765)	–	–	–	(51,765)
	1,512,644	**605,336**	**41,002**	**90,193**	**2,249,175**

The main variation between both years under "Water Services" can mainly be attributed to the new company Aqualia Riohacha, S.A.S. E.S.P. and Aqualia France, which contribute the sums of 26,280 and 20,055 thousand euros, respectively, to intangible fixed and non-current assets.

Below is a breakdown of the main concessions included in the above categories, detailing their main characteristics:

	Net book value as at 31 December 2023			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Water services	**827,682**	**247,303**		
Contracts in Colombia	103,013	–	Miscellaneous municipalities	User based on consumption
Caltanissetta (Italy)	64,453	–	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jerez de la Frontera (Cádiz - Spain)	60,623	–	City Council of Jerez de la Frontera.	User based on consumption
Jeddah desalination plant (Saudi Arabia)	33,937	–	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Acueducto Realito (Mexico)	29,647	65,766	State Water Commission	Mixed model
Lleida (Lleida, Spain)	28,681	–	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	25,120	–	Santander City Council	User based on consumption
Llucmajor (Balearic Islands, Spain)	23,105	–	Llucmajor town council	User based on consumption
Badajoz (Badajoz, Spain)	22,052	–	Badajoz City Council	User based on consumption
Contracts in Île de France (France)	20,055	–	Miscellaneous municipalities in the Île de France region	User based on consumption
Oviedo (Asturias, Spain)	18,539	–	Oviedo City Council	User based on consumption
Adeje (Tenerife, Spain)	14,626	–	Adeje City Council	User based on consumption
Vigo (Pontevedra, Spain)	14,251	–	Vigo City Council	User based on consumption
Desaladora de Mostaganem (Argelia)	–	142,575	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	–	31,762	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	369,579	7,200		
Transport infrastructure and other	**339,543**	**149,609**		
Coatzacoalcos submerged tunnel (Mexico)	236,485	–	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	33,240	–	Ministry for Economic Development	Shadow toll
Sociedad Concesionaria Tranvia de Murcia (Spain)	69,818	149,609	Murcia city council	Fixed amount plus the amount paid by the user

	Net book value as at 31 December 2023			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Environment	**375,937**	**211,652**		
Buckinghamshire plant (United Kingdom)	126,764	8,960	Buckinghamshire County Council	Variable per ton with guaranteed minimum
Loeches Plant (Alcalá de Henares, Spain)	105,662	–	Commonwealth of the East	According to tons treated
Campello plant (Alicante, Spain)	45,072	–	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Granada plant (Granada, Spain)	28,047	–	Provincial Council of Granada	According to tons treated
Edinburgh plant (United Kingdom)	20,118	86,838	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	17,165	–	City of Houston	According to tons treated
Gipuzkoa II plant	–	27,506	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	–	26,403	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises plant (Valencia, Spain)	–	17,262	Metropolitan entity for waste treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	–	16,388	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	–	14,692	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	33,109	13,604		
FCC Group Total	**1,543,161**	**608,565**		

	Net book value as at 31 December 2022			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Water services	**795,423**	**245,074**		
Jerez de la Frontera (Cádiz, Spain)	64,317	–	City Council of Jerez de la Frontera.	User based on consumption
Caltanissetta (Italy)	53,932	–	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jeddah desalination plant (Saudi Arabia)	40,422	–	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Lleida (Spain)	30,730	–	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	28,585	–	Santander City Council	User based on consumption
Acueducto Realito (Mexico)	26,677	61,466	State Water Commission	Mixed model
Llucmajor (Balearic Islands, Spain)	24,348	–	Llucmajor town council	User based on consumption
Badajoz (Badajoz, Spain)	23,115	–	Badajoz City Council	User based on consumption
Vigo (Pontevedra, Spain)	21,377	–	Vigo City Council	User based on consumption
Adeje (Tenerife, Spain)	21,099	–	Adeje City Council	User based on consumption
Oviedo (Asturias, Spain)	19,389	–	Oviedo City Council	
Mostaganem Desalination Plant (Algeria)	–	147,755	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant, Mexico	–	28,827	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	441,432	7,026		
Transport infrastructure and other	**329,905**	**142,144**		
Coatzacoalcos submerged tunnel (Mexico)	218,842	–	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	38,489	–	Ministry for Economic Development	Shadow toll
Sociedad Concesionaria Tranvia de Murcia (Spain)	72,574	142,144	Murcia city council	Fixed amount plus the amount paid by the user

	Net book value as at 31 December 2022			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Environment	**387,316**	**218,118**		
Buckinghamshire plant (United Kingdom)	126,763	8,851	Buckinghamshire County Council	Variable per ton with guaranteed minimum
Loeches Plant (Alcalá de Henares, Spain)	109,651	–	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	49,280	–	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Granada plant (Granada, Spain)	29,174	–	Provincial council of Granada	According to tons treated
Edinburgh Plant (United Kingdom)	20,681	87,567	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	19,592	–	City of Houston	According to tons treated
Gipuzkoa II plant	–	28,631	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	–	27,620	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	–	18,717	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	–	17,457	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	–	15,267	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32,175	14,008		
FCC Group Total	**1,512,644**	**605,336**		

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 "Environment and 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.

"Transport infrastructure and Other" activity includes, on the one hand, 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. On the other, it also includes the operation of urban trams and other urban transport systems in which revenue is generated through the collection of fixed or determinable amounts that may be in the form of a subsidy or fee and that usually include financial balance clauses to ensure the recovery of the investment by the concession holder. Alternatively, in some contracts, amounts are received directly from passengers through ticket collecting or using advertising media.

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 336,510 thousand euros at 31 December 2023 (221,785 thousand euros at 31 December 2022).

Finally, it is worth mentioning that the recoverable value of the main concession assets has been re-estimated in 2023. As a result of the analysis performed, it has been concluded that no impairment should be recorded. 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.

11. 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:

	2023	2022
Joint ventures	**145,819**	**158,648**
Investment value	48,724	55,487
Loans	97,095	103,161
Associates	**888,469**	**343,981**
Investment value	670,460	165,768
Loans	218,009	178,213
	1,034,288	**502,629**

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 transactions for 2023 and 2022 by items are as follows:

	Balance at 31.12.2022	Profit for the year (Note 26.h)	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 31.12.2023
As Cancelas Siglo XXI, S.L.	38,622	1,755	(1,562)	–	–	–	–	38,815
FCC Environment Group (UK)	19,131	8,518	(10,644)	–	–	1,052	–	18,057
Zabalgarbi, S.A.	15,988	711	(3,600)	–	–	–	–	13,099
Ibisan Sociedad Concesionaria, S.A.	10,925	1,228	(1,688)	(31)	–	–	–	10,434
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	10,880	1,023	–	–	–	(2,432)	–	9,471
Atlas Gestión Medioambiental, S.A.	7,547	1,719	(2,708)	–	–	–	–	6,558
Construcciones Olabarri, S.L.	5,969	158	–	–	–	–	–	6,127
Ecoparc del Besós, S.A.	8,398	3,242	(6,106)	–	–	–	–	5,534
Aguas de Langreo, S.L.	3,451	94	–	–	–	53	(366)	3,232
Empresa Municipal de Aguas de Benalmádena, S.A.	2,994	138	(19)	–	–	(272)	(782)	2,059
Other	34,743	1,679	(3,700)	–	–	4,628	(4,918)	32,433
Total joint ventures	**158,648**	**20,266**	**(30,027)**	**(31)**	**–**	**3,029**	**(6,066)**	**145,819**

	Balance at 31.12.2021	Profit for the year (Note 26.h)	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 31.12.2022
As Cancelas Siglo XXI, S.L.	46,954	2,585	(1,217)	–	–	–	(9,700)	**38,622**
FCC Environment Group (UK)	10,261	11,700	(2,288)	–	–	(542)	–	**19,131**
Zabalgarbi, S.A.	13,834	3,593	(4,500)	3,061	–	–	–	**15,988**
Ibisan Sociedad Concesionaria, S.A.	8,401	1,090	–	1,434	–	–	–	**10,925**
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	14,587	1,786	(378)	-	–	(5,104)	(11)	**10,880**
Ecoparc del Besós, S.A.	7,389	3,164	(2,216)	61	–	–	–	**8,398**
Atlas Gestión Medioambiental, S.A.	8,627	1,591	(2,671)	–	–	–	–	**7,547**
Construcciones Olabarri, S.L.	5,820	149	–	–	–	–	–	**5,969**
Aguas de Langreo, S.L.	3,841	(53)	–	–	–	29	(366)	**3,451**
Empresa Municipal de Aguas de Benalmádena, S.A.	3,984	123	(188)	–	–	(138)	(787)	**2,994**
Sociedad Concesionaria Tranvía de Murcia, S.A.	46,273	2,044	–	–	–	(26,471)	(21,846)	**–**
Other	40,020	3,360	(1,493)	47	–	(5,354)	(1,837)	**34,743**
Total joint ventures	**209,991**	**31,132**	**(14,951)**	**4,603**	**–**	**(37,580)**	**(34,547)**	**158,648**

In 2022, the "Conversion differences and other movements" and "Variation in loans granted" columns include the derecognition of Sociedad Concesionaria Tranvía de Murcia, S.A. following the completion of the takeover (note 4).

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 2023 and 2022.

	2023	2022
Non-current assets	221,954	355,530
Current assets	169,451	180,421
Non-current liabilities	211,300	316,645
Current liabilities	141,503	158,715
Results		
Revenue	278,110	207,861
Operating profit/(loss)	36,818	51,391
Profit before tax	28,479	41,841
Profit attributable to the Parent Company	20,266	31,132

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.

In relation to joint ventures with third parties outside the FCC Group, guarantees amounting to €7,032 thousand (€7,564 thousand in 2022) have been provided, mostly to public bodies and private customers to guarantee the successful completion of the agreements for the Group's various activities. 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.

b) Associates

The breakdown of this caption by company is shown in Annexe III to these annual accounts, which lists the associated companies.

The transactions for 2023 and 2022 by items are as follows:

	Balance at 1.12.2022	Profit for the year (Note 26.h)	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 31.12.2023
Metrovacesa, S.A.	–	–	–		–	402,120	–	402,120
FCC Environment Group (UK)	–	(1,635)	–		–	45,416	118,261	162,042
Giant Cement Holding	18,202	(13,782)	–	1,418	101,810	(152)	(595)	106,901
Future Valleys Project Co. Limited	59,723	1,742	–	(439)	–	(1,982)	3,203	62,248
Metro de Lima Línea 2, S.A.	37,310	2,888	–	–	–	(1,358)	–	38,840
Suministro de Agua de Querétaro, S.A. de C.V.	11,728	2,214	(1,889)	–	–	1,269	–	13,322
World Trade Center Barcelona, S.A. de S.M.E.	10,399	1,122	–	–	–	–	–	11,521
Aguas del Puerto Empresa Municipal, S.A.	11,469	(442)	–	–	–	395	(1,504)	9,918
Tirme Group	9,714	4,812	(4,709)	–	–	–	–	9,818
Lázaro Echevarría, S.A.	8,011	(54)	–	–	–	(129)	–	7,828
FCC Environment Group (CEE)	7,004	2,266	(1,745)	10	–	224	–	7,759
Aigües del Segarra Garrigues, S.A.	7,036	1,572	(864)	–	–	(182)	–	7,562
Hormigones y Áridos del Pirineo Aragonés, S.A.	6,112	281	(75)	–	–	(0)	–	6,317
Gestión Integral de Residuos Sólidos, S.A.	5,342	184	–	–	–	(0)	–	5,526
Aigües del Vendrell	4,862	(257)	–	–	–	186	(121)	4,670
Codeur, S.A.	6,024	(139)	(93)	–	–	(1,827)	–	3,965
Cafig Constructores, S.A. de C.V.	3,560	(584)	(2,365)	–	–	308	–	919
FCC Group PFI Holdings	109,872	(346)	–	–	–	(32,341)	(77,185)	–
Other	27,611	(5,690)	(1,266)	–	–	8,798	(2,263)	27,191
Total associates	**343,981**	**(5,847)**	**(13,005)**	**989**	**101,810**	**420,745**	**39,796**	**888,469**

	Balance at 31.12.2021	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Saldo a 31.12.2022
FCC Group PFI Holdings	121,495	(797)	–	–	–	1,151	(11,977)	109,872
Future Valleys Project Co. Limited	30,973	491	–	27,138	–	115	1,006	59,723
Metro de Lima Línea 2, S.A.	31,684	3,714	–	–	–	1,912	–	37,310
Giant Cement Holding	18,327	(10,698)	–	4,500	–	1,322	4,751	18,202
Suministro de Agua de Querétaro, S.A. de C.V.	9,325	1,410	(5)	–	–	998	–	11,728
Aguas del Puerto Empresa Municipal, S.A.	11,948	(330)	–	–	–	371	(520)	11,469
World Trade Center Barcelona, S.A. de S.M.E.	9,904	496	–	–	–	(1)	–	10,399
Tirme Group	8,156	5,138	(3,573)	–	–	(7)	–	9,714
Lázaro Echevarría, S.A.	7,959	7	–	–	–	45	–	8,011
Aigües del Segarra Garrigues, S.A.	7,473	559	(864)	–	–	(132)	–	7,036
FCC Environment Group (CEE)	7,148	1,675	(1,488)	23	–	(354)	–	7,004
Hormigones y Áridos del Pirineo Aragonés, S.A.	6,090	137	(114)	–	–	(1)	–	6,112
Codeur, S.A.	6,503	(194)	–	–	–	(285)	–	6,024
Gestión Integral de Residuos Sólidos, S.A.	5,331	11	–	–	–	–	–	5,342
Aigües del Vendrell	5,268	(203)	–	–	–	19	(222)	4,862
Cafig Constructores, S.A. de C.V.	4,497	298	(1,715)	–	–	480	–	3,560
Other	31,770	(723)	(1,252)	1	–	3,463	(5,646)	27,611
Total associates	**323,851**	**991**	**(9,011)**	**31,662**	**–**	**9,096**	**(12,608)**	**343,981**

In 2023, the column "Conversion differences and other movements" included increases relating to a significant influence being obtained over the company Metrovacesa, S.A. (notes 4, 13, 17 and 30) and the capital increase in Giant Cement Holding Inc. for the sum of 101,810 thousand. It also includes the impact of the transfer of CI III Lostock EFW Limited, Lostock Sustainable Energy and Lostock Power Limited from the FCC PFI Holding Group to the FCC Environment (UK) Group for the sum of 33,035 thousand euros.

This transfer is the main effect that included in the "Variation in loans" column for the FCC PFI Holding Group for the sum of 78,773 thousand euros.

The assets, liabilities, turnover and profit/(loss) for 2023 and 2022 are presented below, in proportion to the shareholding in the capital of each associate.

	2023	2022
Non-current assets	890,757	660,762
Current assets	778,091	265,136
Non-current liabilities	679,754	556,167
Current liabilities	307,254	189,345
Revenue	479,187	401,879
Operating profit/(loss)	13,461	13,104
Profit before tax	(3,241)	2,426
Profit attributable to the Parent Company	(5,847)	991

Variations compared to the previous year can mainly be attributed to having obtained a significant influence over Metrovacesa, S.A. which is now consolidated under the equity method, as the Group has been represented on its governing bodies since December. This company contributed an investment value of 402,120 thousand euros at year-end (notes 4, 13, 17 and 30).

Below, due to its relevance, the summarised financial information of company Metrovacesa, S.A. can be consulted at 31 December 2023, having recognised its net assets at their fair value to which the equity method was applied:

	Balance Sheet 2023
Non-current assets	**395,567**
Current assets	**2,417,297**
Inventory	2,106,161
Cash and equivalents	196,298
Other current assets	114,838
TOTAL ASSETS	**2,812,864**
Equity	**1,895,455**
Equity Parent Company	**1,895,455**
Capital	1,092,070
Reserves	803,842
Own shares	(1,668)
Other equity instruments	1,211
Profit/(Loss) Parent Company	–
Valuation adjustments	–
Non-controlling interests	**–**
Non-current liabilities	**362,006**
Non-current financial liabilities	269,168
Other non-current liabilities	92,838
Current liabilities	**555,403**
Current financial liabilities	204,758
Other current liabilities	350,645
TOTAL LIABILITIES	**2,812,864**

12. 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.

Below are the key figures of the jointly operated contracts that are included in the different headings of the accompanying balance sheet and consolidated income statement, in proportion to their participation, as at 31 December 2023 and 2022.

	2023	2022
Non-current assets	210,215	203,796
Current assets	1,646,408	1,459,053
Non-current liabilities	51,413	46,847
Current liabilities	1,724,716	1,572,217
Results		
Revenue	1,508,275	1,013,815
Gross operating profit/(loss)	146,585	143,772
Net operating profit/(loss)	110,130	111,086

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 €2,024,073 thousand (€1,914,575 thousand in 2022) 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.

13. 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 2023 and 2022 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Hedging derivatives	Total
2023				
Equity instruments	–	30,244	–	30,244
Derivatives	–	–	25,193	25,193
Collection rights concession arrangements	547,318	–	–	547,318
Deposits and guarantees	76,420	–	–	76,420
Other financial assets	65,461	3,789	–	69,250
	689,199	**34,033**	**25,193**	**748,425**
2022				
Equity instruments	–	162,959	–	162,959
Derivatives	–	–	39,345	39,345
Collection rights concession arrangements	551,455	–	–	551,455
Deposits and guarantees	75,269	–	–	75,269
Other financial assets	75,183	6,356	–	81,539
	701,907	**169,315**	**39,345**	**910,567**

The decrease under "Financial assets at fair value charged to reserves" can be attributed to the fact that in December 2023, Metrovacesa, S.A. was consolidated under the equity method having achieved significant influence over the company (notes 4, 11, 17, 26 and 30). At 31 December 2022, the fair value of the investment in this company amounted to 133,471 thousand euros. In turn, the decrease in hedging derivatives mainly reflects the decrease in the fair value of variable interest rate to fixed rate swaps given the expectation of interest rate cuts in the coming years (note 17).

The breakdown of the "Equity instruments" heading at 31 December 2023 and 2022 is detailed below:

	% Effective ownership	Fair value
2023		
Participations equal to or greater than 5%:		
Vertederos de Residuos, S.A.	16.03%	9,187
Shariket Miyeh Djinet, S.p.a	13.01%	8,996
Consorcio Traza, S.A.	16.60%	3,919
Cafasso N.V.	15.00%	2,744
Other		4,112
Participations below 5%:		
Other		1,286
		30,244
2022		
Participations equal to or greater than 5%:		
Metrovacesa, S.A.	13.81%	133,471
Vertederos de Residuos, S.A.	16.03%	10,639
Shariket Miyeh Djinet, S.p.a	13.01%	10,167
Consorcio Traza, S.A.	16.60%	3,628
Cafasso N.V.	15.00%	2,744
Other		1,792
Participations below 5%:		
Other		518
		162,959

The expected maturities of "Deposits and guarantees", "Receivables under concession agreements" and "Other financial assets" are as follows:

	2025	2026	2027	2028	2029 and beyond	Total
Deposits and guarantees	3,906	3,516	961	1,686	66,351	76,420
Collection rights concession agreement (notes 3.a) and 10)	51,951	45,523	50,047	54,372	345,425	547,318
Non-commercial loans and other financial assets	9,590	9,217	18,645	20,975	7,034	65,461
	65,447	**58,256**	**69,653**	**77,033**	**418,810**	**689,199**

Non-commercial loans mainly include the amounts granted to public entities for debt refinancing 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 10) 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 2023 and 2022 is as follows:

	Financial assets at amortised cost	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
2023				
Derivatives	–	–	5,252	5,252
Collection rights concession arrangements	61,247	–	–	61,247
Deposits and guarantees	90,754	–	–	90,754
Other financial assets	103,292	–	–	103,292
	255,293	**–**	**5,252**	**260,545**
2022				
Derivatives	–	–	6,984	6,984
Collection rights concession arrangements	53,881	–	–	53,881
Deposits and guarantees	61,377	–	–	61,377
Other financial assets	96,569	2,441	–	99,010
	211,827	**2,441**	**6,984**	**221,252**

Other financial assets mainly include current loans granted and other accounts receivable from joint ventures and associates for the sum of 34,993 thousand euros (49,037 thousand euros in 2022), current loans to third parties for the sum of 38,504 thousand euros (33,525 thousand euros in 2022) and deposits in credit institutions for the sum of 20,507 thousand euros (8,838 thousand euros in 2022).

The average rate of return obtained by these items is in market returns according to the term of each investment.

14. Inventories

The breakdown of "Inventory net of impairment" at 31 December 2023 and 2022 was as follows:

	2023		2022	
Real estate		719,718		763,867
Raw materials and other supplies		354,799		275,387
Construction	156,312		102,435	
Cement	88,526		90,961	
Integrated Water Management	30,007		28,104	
Environmental Services	78,764		52,618	
Real Estate	12		8	
Concessions	1,178		191	
Corporation	–		1,070	
Finished goods		23,267		20,917
Advances		136,554		83,031
		1,234,338		**1,143,202**

"Real estate" includes plots for property development, mostly for residential use and property developments in the course of production or completed, for which there are sales commitments for a final delivery value to customers of 135,750 thousand euros (119,610 thousand euros in 2022). 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 2023 and 2022 is as follows:

	Cost	Impairment	Net value
2023			
Land and plots	651,917	(138,376)	513,541
Short-cycle property developments in progress	67,683	(528)	67,155
Long-cycle property developments in progress	155,385	(59,011)	96,374
Finished property developments	49,192	(6,544)	42,648
Total	**924,177**	**(204,459)**	**719,718**
2022			
Land and plots	675,770	(107,526)	568,244
Short-cycle property developments in progress	58,086	(768)	57,318
Long-cycle property developments in progress	142,027	(63,496)	78,531
Finished property developments	67,435	(7,661)	59,774
Total	**943,318**	**(179,451)**	**763,867**

Los movimientos de los diversos elementos de la partida "Bienes inmobiliarios" habidos en los ejercicios 2023 y 2022 han sido los siguientes:

	Land and plots	Short-cycle property developments in progress	Long-cycle property developments in progress	Finished property developments	Impairment
Balance at 31.12.21	**730.234**	**44.181**	**143.819**	**61.694**	**(175.505)**
Additions or allocations	39.230	141.112	108.915	20.254	(15.736)
Derecognitions, disposals or reductions	(79.747)	(152.653)	(76.926)	(33.527)	22.441
Translation differences	2	–	–	–	(2)
Change in scope, transfers and other changes	(13.949)	25.446	(33.781)	19.014	(10.649)
Balance at 31.12.22	**675.770**	**58.086**	**142.027**	**67.435**	**(179.451)**
Additions or allocations	12.736	60.532	12.611	1.859	(38.345)
Derecognitions, disposals or reductions	(5.884)	–	–	(101.220)	13.284
Translation differences	(38)	–	(4)	–	45
Change in scope, transfers and other changes	(30.667)	(50.935)	751	81.118	8
Balance at 31.12.23	**651.917**	**67.683**	**155.385**	**49.192**	**(204.459)**

A breakdown of the main real estate products is shown below:

	2023	2022
Estates and promotions Tres Cantos (Madrid)	201,550	179,472
Estates and Promotions El Molar (Madrid)	58,060	53,064
Estates and promotions Badalona (Barcelona)	54,357	44,739
Estates and promotions Sant Joan Despí (Barcelona)	43,622	35,356
Estates and promotions Arroyo Fresno (Madrid)	38,449	73,231
Estates and Promotions Valdebebas (Madrid)	14,130	10,110
Estates and Developments Alcorcón	13,860	9,354
Estates and Promotions San Gregorio (Zaragoza)	12,750	13,800
Estates and Promotions Esencia Sabadell (Barcelona)	12,460	20,400
Estates and Promotions Marítimo (Valencia)	11,100	10,847
Estates and Promotions Ensanche Vallecas (Madrid)	10,610	11,997
Estates and Promotions Nueva Condomina Golf (Murcia)	10,430	11,642
Estates and Developments Torres del Mar (Las Palmas)	9,380	10,080
Estates and Promotions Las Glorias (Barcelona)	4,370	17,668
Estates and Promotions Arroyo Encomienda (Valladolid)	–	12,823
Other properties and developments	224,590	249,284
	719,718	**763,867**

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, SAVILLS and GESVALT). The appraisals have been performed following the criteria of RICS (Royal Institution of Chartered Surveyors) measured at the closing date of these consolidated financial statements. 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.

The total value of real estate inventories determined by independent experts amounted to 750,584 thousand euros at 31 December 2023 (813,950 thousand euros as at 31 December 2022).

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 2023, the total accumulated balance of impairment of property inventories amounts to 204,459 thousand euros (179,451 thousand euros in 2022).

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.

15. Commercial debtors, other accounts receivable and other current assets

a) Trade receivables for sales and services

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 2023 and 2022:

	2023	2022
Progress billings receivable and trade receivables for sales	1,292,894	1,160,660
Completed output pending certification	1,036,769	747,603
Warranty retainers	58,254	53,342
Production billed to associated and jointly controlled companies	90,840	59,204
Trade receivables for sales and services	2,478,757	2,020,809
Advances received for orders (Note 21)	(646,686)	(647,029)
Total trade receivables for sales and services	**1,832,071**	**1,373,780**

The total amount corresponds to the net balance of receivables having considered the corrections for insolvency risk amounting to 260,364 thousand euros (248,794 thousand euros as of 31 December 2022) and deducting the item of advances received for orders listed under the heading "Trade payables and other accounts payable" of the liability 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.

Below is the breakdown by age of the balance of "Trade receivables for sales and services" at 31 December 2023:

	less than 1 year	between 1 and 2 years	more than 3 years	Total
Trade receivables for sales and services	2,339,214	84,671	54,872	2,478,757

The loans for commercial operations in default are as follows:

	2023	2022
Construction	33,430	41,179
Environmental Services	247,268	238,529
Water	165,342	135,486
Concessions	45	–
Corporation	–	45
TOTAL	**446,085**	**415,239**

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.

"Certified production pending collection and trade receivables" mainly includes the amount of the certifications issued to customers for works executed in the Construction segment in the amount of 295,593 thousand euros (242,859 thousand euros at 31 December 2022) and services provided by other segments in the amount of 997,300 thousand euros (917,801 thousand euros as of 31 December 2022), pending collection at the date of the consolidated balance sheet. 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". This heading is broken down by activity segments as follows:

	2023	2022
Construction	536,464	318,246
Environmental Services	342,076	284,998
Water	151,514	135,862
Real Estate	6,212	8,111
Other	503	386
TOTAL	**1,036,769**	**747,603**

The previous table mainly includes two concepts: On the one hand, completed work pending certification corresponding to the construction agreements carried out by the Group, mainly in the Construction segment, amounting to 554,475 thousand euros (333,215 thousand euros at 31 December 2022). 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 527,440 thousand euros (286,954 thousand at 31 December 2022), 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.

It also 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 377,866 thousand euros (325,510 thousand euros at 31 December 2022).

The amount of the transfer of customer loans to financial institutions without the possibility of recourse against the Group companies in the event of default amounts to 6,793 thousand euros at year-end (2,094 thousand euros at 31 December 2022). 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".

b) Other receivables

The breakdown of the "Other receivables" at 31 December 2023 and 2022 was as follows:

	2023	2022
Public Administrations - VAT receivable (Note 23)	143,260	103,972
Public Administrations - Other taxes payable (Note 23)	79,683	63,762
Other loans	97,176	131,930
Advances and credits to staff	3,206	2,271
Total other receivables	**323,325**	**301,935**

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.

16. 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 2023 and 2022.

The breakdown by currency of the cash and cash equivalents position for 2023 and 2012 is as follows:

	2023	2022
Euro	732,399	590,950
United States dollar	290,251	276,303
Pound sterling	216,975	245,211
Saudi riyal	111,465	199,037
Romanian leu	61,559	21,734
Canadian dollar	45,395	8,089
Algerian dinar	24,915	14,845
Czech koruna	14,582	20,797
Georgian lari	659	12,635
Other European currencies	39,241	29,722
Latin America (various currencies)	52,298	132,109
Other	19,964	24,106
Total	**1,609,703**	**1,575,538**

Under certain financing agreements, especially project finance, there is an obligation to hold minimum amounts as security for obligations under such agreements amounting to 231,1 million euros (242 million euros in 2022).

17. Equity

The accompanying Statement of Changes in Total Equity at 31 December 2023 and 2022 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 14 June 2023, approved the reduction of the share capital of Fomento de Construcciones y Contratas, S.A. by a maximum nominal amount of 3.725.383 euros, through the redemption of up to 3,725,383 treasury shares with a nominal value of one euro.

The Board of Directors, at its meeting on 14 June 2023 after the General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the definitive amount established of 3,521,417 shares, bringing the share capital to 434,823,566 shares with a nominal value of one euro. On June 27, 2023, the public deed of the aforementioned capital reduction was registered in the Barcelona Mercantile Registry.

The capital reduction for the sum of 3,521 thousand euros meant a decrease in the balance of treasury stock in the amount of 34,304 thousand euros, taking the difference for the sum of 30,783 thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 3,521 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

Furthermore, the aforementioned Ordinary General Shareholders Meeting held on 14 June 2023, agreed to the distribution of a flexible dividend (scrip dividend), and the Board of Directors, at its meeting on 28 June 2023, agreed to execute the agreement, for the maximum value of 219,172,491.50 euros. Shareholders received the corresponding allocation rights and were able to choose between three options: the sale of rights to FCC for EUR 0.50, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 19 old shares, with a remuneration mechanism set up for shareholders who chose to receive new shares with a compensatory dividend in cash.

On 17 July 2023, the negotiation period for the allocation rights ended, with the holders of 99.18% of rights opting to receive new shares. Thus, 22,697,739 new shares were issued, corresponding to 5.22% of the share capital prior to the increase. In turn, the compensation mechanism set out above entailed the disbursement of 17,669 thousand euros by the Group. The remaining 0.82% chose to receive the sum in cash, resulting in an additional cash outflow for the Group of EUR 1,783 thousand.

Furthermore, the Extraordinary General Shareholders Meeting held on 19 July 2023 adopted resolutions including but not limited to the following:

- Reduction of the share capital by a nominal amount of 854,234.00 euros through the redemption of a maximum of 854,234 treasury shares with a nominal value of one euro.

  The Board of Directors, at its meeting on 19 July 2023 after the Extraordinary General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the nominal amount established of 854,234 shares, bringing the share capital to 456,667,071 shares with a nominal value of one euro. On 25 July 2023, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

  The capital reduction for the sum of 854 thousand euros meant a decrease in the balance of treasury stock in the amount of 7,282 thousand euros, taking the difference for the sum of 6,428 thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 854 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

- The reduction in share capital through the acquisition of treasury stock for subsequent amortisation through a takeover bid formulated by the Company and addressed to its shareholders for a maximum of 32,067,600 treasury shares, with a nominal value of one euro each, representing 7.01% of the company's share capital, at a price of 12.50 euros per share.

  The Board of Directors, at its meeting on 19 July 2023 after the Extraordinary General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the nominal maximum amount of 30,027,600.00 euros, under the terms agreed thereby. Specifically, the Board of Directors determined that the formulation of the takeover bid would be made after the end of the opposition period of the creditors of the capital reduction, which ended on 21 August 2023, without any of the Company's creditors having opposed this reduction.

  On 25 October 2023, the National Securities Market Commission (CNMV) authorised the takeover bid. The acceptance period was extended from 30 October 2023 to 30 November 2023, both inclusive.

  On 6 December 2023, the result of the takeover bid was announced, accepted by 20,560,154 shares, accounting for 64.20% of the shares to which the bid was aimed and 4.50% of the share capital in the Company. The disbursement made amounted to 257,002 thousand euros. On 19 December 2023, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

  The capital reduction of 20,560 thousand euros led to a decrease in the balance of treasury stock for the sum of 257,002 thousand euros, taking the difference of 237,271 thousand euros to voluntary reserves, net of costs inherent to the operation.

In relation to 2022, the Ordinary General Shareholders' Meeting held on 14 June 2022, agreed to the distribution of a scrip dividend for the maximum value of 170,069,454.40 euros. Shareholders received the corresponding allocation rights and were able to choose between three options: sale of rights to FCC for 0.40 euros, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 28 old shares. Shareholders who chose this option also received a compensatory cash dividend of 0.493 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.

On 4 July 2022, the negotiation period for the allocation rights ended, with the holders of 97.94% of rights opting to receive new shares. As such, 14,871,347 new shares corresponding to 3.50% of the capital stock prior to the increase were issued, resulting in the disbursement of a compensatory dividend, as well as the rights acquired by the Company for the sum of 10,783 thousand euros.

The Ordinary General Shareholders' Meeting held on 14 June 2022, approved the reduction of the share capital of Fomento de Construcciones y Contratas, S.A. by a maximum nominal amount of 1.700.000 euros, through the redemption of up to 1,700,000 treasury shares with a nominal value of one euro.

The Board of Directors, at its meeting on 14 June 2022 after the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., decided to proceed with the agreement for the reduction of share capital through the redemption of treasury stock for the maximum amount established by the General Shareholders' Meeting, i.e. 1,700,000 shares, bringing the share capital to 438,344,983 shares with a nominal value of one euro. On 18 July 2022, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

The capital reduction of 1,700 thousand euros led to a decrease in the balance of treasury stock for the sum of 17,910 thousand euros, taking the difference of 16,210 thousand euros to voluntary reserves. Having also constituted the restricted reserve for redeemed capital as required for an amount of 1,700 thousand euros, equal to the nominal value of the redeemed shares, charged to voluntary reserves.

In October, the sale of 24.99% of the capital in FCC Servicios Medio Ambiente Holding, S.A. to Canadian pension fund, CPP Investments was completed for the sum of 965,000 thousand euros (note 4). This sale was considered an equity transaction and as a result, had no impact on the accompanying consolidated statement of profit and loss. This transaction resulted in an increase in consolidation reserves of 693,864 thousand euros, an increase in valuation adjustments of EUR 18,723 thousand and an increase in non-controlling interests of EUR 241,310 thousand.

In December 2023, FCyC, S.A. acquired an additional stake in Realia Business, S.A., for the sum of 105,000 thousand euros (note 4). Given that, before the purchase, the Group already held control over the company, the difference between the purchase price and the book value of the acquired non-controlling interests generated an increase in the consolidation reserves of 33,412 thousand euros, a decrease of in non-controlling interests of 139,047 thousand euros and an increase in valuation adjustments of 635 thousand euros.

Since December 2023, Metrovacesa, S.A., which has previously been considered a financial asset at fair value charged to reserves, is now consolidated under the equity method having achieved significant influence over the company (notes 4, 11, 26, 13 and 30). During 2023, given the change in the fair value of the financial asset, there was an increase in revaluation reserves, which, when consolidated under the equity method, have been transferred to consolidation reserves along with the amount accumulated from 2022, resulting in an increase in consolidation reserves in the FCC Group for the sum of 46,663 thousand euros.

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in the Georgia Global Utilities Group, which, following the spin-off of the energy activity, represented 80% of the public water services business (note 4). FCC Aqualia, S.A. holds a put option and a call option for the 20% stake held by the non-controlling interest in the public water services business. This put option was recognised as a financial liability at fair value (note 19) rather than as an equity instrument, meaning that the non-controlling interests are not recognised for the interest affected by the put option. The difference between the fair value of the put option and the value that the non-controlling interests would hold on the closing date in the absence of the put option, is booked as an equity transaction and is charged to reserves, as at 31 December 2022; this difference came to 1,961 thousand euros. At 31 December 2023, the allocation to reserves in relation to the inclusion in accounts of the put option was worth 913 thousand euros.

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

a) Capital

The capital of Fomento de Construcciones y Contratas, S,A. comprises 436,106,917 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.

In relation to the part of the capital held by other companies, directly or through their subsidiaries, when it exceeds 10%, on the reporting date, 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, 69.58%. Furthermore, 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 11.91% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 3.18% of the capital. Esther Koplowitz Romero de Juseu also holds 151,102 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 2023 and 2022 is as follows:

	2023	2022
Reserves of the Parent	1,628,926	1,899,802
Consolidation reserves	1,833,955	789,659
	3,462,881	**2,689,461**

b.1) Reserves of the Parent Company

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 2023 and 2022 is as follows:

	2023	2022
Share premium	1,673,477	1,673,477
Legal reserve	87,669	85,035
Reserve for redeemed capital	12,110	7,734
Voluntary reserves and losses from previous years	(144,330)	133,556
	1,628,926	**1,899,802**

The decrease in voluntary reserves and prior years' losses in 2023 can mainly be attributed to the impact of the reduction in share capital following the acquisition of capital stock as part of a takeover bid discussed above for the sum of 237,271 thousand euros.

Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the issue 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.

At 31 December 2023, the legal reserve was fully constituted.

Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002, 2008, 2022 and 2023 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 2023 and 2022 is as follows:

	2023	2022
Environment	421,481	438,822
Water	270,729	218,512
Construction	49,765	60,696
Cement	37,591	38,456
Real Estate	363,236	197,546
Concessions	269	(15,891)
Corporation	690,884	(148,482)
	1,833,955	**789,659**

The increase in reserves in the Real Estate activity can mainly be attributed to the distribution of the profit in 2022 (note 27), in addition to the impact of the additional purchase of Realia Business, S.A. for the sum of 33,412 thousand euros and the consolidation of Metrovacesa, S.A. under the equity method for the sum of 46,663 thousand euros, as discussed previously in this note. This is in addition to the increase in Corporation as a result of the sale of 24.99% in FCC Servicios Medio Ambiente Holding, S.A. for the sum of 877,176 thousand euros, as this represents an equity transaction.

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 2021	**(26,674)**
Acquisitions	(18,500)
Accumulated	17,910
Balance at 31 December 2022	**(27,264)**
Acquisitions	(271,734)
Accumulated	298,588
Balance at 31 December 2023	**(410)**

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	44,957	(410)	2,741,524	(27,264)
TOTAL	**44,957**	**(410)**	**2,741,524**	**(27,264)**

As at 31 December 2023, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.01% of the capital stock (0.63% as at 31 December 2022).

d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2023 and 2022 was as follows:

	2023	2022
Changes in the fair value of financial instruments	44,630	63,271
Translation differences	(84,129)	(91,113)
	(39,499)	**(27,842)**

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 13) and of cash flow hedging derivatives (Note 22) 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 2023 and 2022 is as follows:

	2023		2022	
Financial assets at fair value with changes in other comprehensive income		6,060		13,049
Vertederos de Residuos, S.A.	6,060		9,532	
Metrovacesa, S.A.	–		3,408	
Rest	–		109	
Financial derivatives		38,570		50,222
Future Valleys Project Co. Limited	29,744		32,776	
Green Recovery Group	5,777		10,756	
Grupo Realia Business	2,457		4,590	
Rest	592		2,100	
		44,630		**63,271**

The decrease in Financial derivatives mainly reflects the decrease in the fair value of variable interest rate to fixed rate swaps given the expectation of interest rate cuts in the coming years (note 13).

d.2) Translation differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2023 and 2022 is as follows:

	2023		2022	
Pound sterling				
FCC Environment Group (UK)	(32,183)		(44,520)	
Green Recovery Group	(44,415)		(53,934)	
Dragon Alfa Cement Limited	(3,482)		(3,084)	
Rest	(1,724)	(81,804)	(18,935)	(120,473)
US dollar				
FCC Environmental Services (USA) Llc.	4,549		9,269	
FCC Group Construcción de América	5,522		5,756	
Giant Cement Holding, Inc.	(5,492)		(303)	
Rest	5,160	9,739	11,639	26,361
Georgian lari				
Georgia Global Utilities Group	14,282	14,282	39,536	39,536
Egyptian pound				
Orasqualia Devel. Waste T.P. S.A.E.	(9,717)		(8,477)	
Egypt Environmental Services, S.A.E.	(4,069)		(7,105)	
Rest	(1,149)	(14,935)	(851)	(16,433)
Tunisian dinar				
Societé des Ciments d'Enfidha	(27,625)		(26,842)	
Rest	(44)	(27,669)	(45)	(26,887)
Other Currencies				
Rest	16,258	16,258	6,783	6,783
		(84,129)		**(91,113)**

The variation during the year can mainly be attributed to the impact of the sale of 24.99% of Environment activity, with the corresponding 24.99% of the amount at the date of sale having been attributed to non-controlling interests (note 4).

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:

	2023	2022
United Kingdom	459,027	470,424
United States of America	364,872	268,675
Georgia	245,333	225,189
Algeria	165,769	175,107
Mexico	162,554	145,712
Czech Republic	107,286	95,585
Rest	367,723	301,439
	1,872,564	**1,682,131**

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 €1.32 in 2023 (€0.73 in 2022).

	2023	2022
Profit/(loss)		
Profit/(loss) attributed to the Parent	590,988	315,182
Outstanding shares		
Weighted average shares	447,956,883	429,496,657
Earnings per share (in euros)	**1.32**	**0.73**

As at 31 December 2023 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 2023 and 2022 is as follows:

	Equity			
	Capital	Reserves	Results	Total
2023				
FCyC Group (note 4)	11,132	699,005	40,192	750,329
FCC Aqualia Group	71,050	438,212	72,811	582,073
FCC Servicios MA Holding Group (note 4)	2,499	317,954	37,163	357,616
Cementos Portland Valderrivas Group	1,139	11,266	2,748	15,153
Other	6,870	(17,089)	908	(9,311)
	92,690	**1,449,348**	**153,822**	**1,695,860**

	Equity			
	Capital	Reserves	Results	Total
2022				
FCyC Group	11,132	821,788	48,457	881,377
FCC Aqualia Group	71,050	400,939	87,348	559,337
Green Recovery Group	5	58,927	18,129	77,061
Cementos Portland Valderrivas Group	1,162	14,972	(1,009)	15,125
Other	11,898	(3,510)	9,823	18,211
	95,247	**1,293,116**	**162,748**	**1,551,111**

The main variation in this heading is due to the addition of non-controlling interests generated by the sale of 24.99% of Environment activity for the sum of 241,310 thousand euros, partially offset by the decrease in non-controlling interests in Real Estate activity having acquired an additional holding in the Realia Business group, for the sum of 139,047 thousand euros (note 4).

18. Non-current and current provisions

The detail of the provisions at 31 December 2023 and 2022 is as follows:

	2023	2022
Non-current	**1.230.595**	**1.141.750**
Liabilities for long-term employee benefits	15,559	15,588
Dismantling, removal and restoration of fixed assets	111,330	108,804
Environmental actions	316,677	312,794
Litigation	40,203	53,906
Contractual and legal guarantees and obligations	91,874	77,191
Actions to improve or expand the capacity of concessions	318,436	268,179
Other provisions for risks and expenses	336,516	305,288
Current	**159,610**	**148,074**
Close-outs and losses on construction contracts	135,402	125,075
Other provisions	24,208	22,999

The changes in the provisions heading in 2023 and 2022 were as follows:

	Non-current provision	Current provisions
Balance at 31/12/2021	**1,167,340**	**147,874**
Asset withdrawal or dismantling expenses	14,213	–
Change of obligations for employee benefits for actuarial profits and losses	(3,854)	–
Actions to improve or expand the capacity of concessions	45,387	–
Endowments/(Reversals)	34,366	3,575
Applications (payments)	(127,505)	(7,012)
Change of scope, conversion differences and other movements	11,803	3,637
Balance at 31/12/2022	**1,141,750**	**148,074**
Asset withdrawal or dismantling expenses	11,259	–
Change of obligations for employee benefits for actuarial profits and losses	5,423	–
Actions to improve or expand the capacity of concessions	84,127	–
Endowments/(Reversals)	107,263	19,438
Applications (payments)	(138,617)	(9,822)
Change of scope, conversion differences and other movements	19,390	1,920
Balance at 31/12/2023	**1,230,595**	**159,610**

Within the "allocations (reversals)" item, the allocations for environmental actions for 29,101 thousand euros (52,392 thousand euros as at 31 December 2022) are noteworthy, as well as provisions for contractual or legal guarantees or bonds for 16,541 thousand euros (3,771 thousand euros as at December 2022). This also includes provisions for improvements, replacements, capacity expansions or major repairs at concessions for the sum of 18,891 thousand euros (16,671 thousand euros as at December 2022), as well as provisions of 20,231 thousand euros (reversal of 8,511 thousand euros at December 2022) for risks in works related to Construction activity, mainly internationally. In 2022, there was also a reversal of 17,889 thousand euros for the 2015-2017 tax inspection report (note 23), as well as 16,492 thousand euros for the reversal of provisions for liabilities in the Water activity.

The item "Applications (payments)" includes €3,413 thousand (€13,098 thousand at 31 December 2022) for the application of provisions for risks and expenses related to construction work in the Construction business. Also included are payments of 29,049 thousand euros (22,018 thousand euros at 31 December 2022), and 10,190 thousand euros (16,576 thousand euros at 31 December 2022) 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, €58,114 thousand (€35,697 thousand at 31 December 2022) and €12,220 thousand (€11,201 thousand at 31 December 2022) 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 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 2023, as a result of the obligations covered by non-current provisions, is as follows:

	Up to 5 years	Beyond 5 years	Total
Liabilities for long-term employee benefits	6,299	9,260	15,559
Dismantling, removal and restoration of fixed assets	62,990	48,340	111,330
Environmental actions	61,185	255,492	316,677
Litigation	31,886	8,317	40,203
Contractual and legal guarantees and obligations	66,575	25,299	91,874
Actions to improve or expand the capacity of concessions	174,635	143,801	318,436
Other provisions for risks and expenses	201,588	134,928	336,516
	605,158	**625,437**	**1,230,595**

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 24.

Dismantling, removal and restoration of fixed and non-current 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 2023, 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 28 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 lawsuits

Provisions for litigation cover the contingencies of the FCC 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.

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 the concepts not included in the previous accounts.

The value of Other provisions for risks and expenses include various risks associated with the Group's activity, which, in the normal course of its business, is exposed to claims that mainly entail construction defects or disputes in relation to the services provided for the sum of 158,328 thousand euros (132,145 thousand euros at December 2022). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

This item also includes provisions related to Alpine for the sum of €11,010 thousand.

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 €49,215 thousand (December 2022: €45,591 thousand), the remaining provisions being of lesser significance and related to the normal operation of the Group.

In relation to the winding up of the Alpine Group, 2023 saw no significant changes in terms of the amount reported in the Group's 2022 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.

Ten 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 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. As at 31 December 2023, the provision for this item amounted to 11,010 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 2023, 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 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 presumably 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 practised 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. On 7 June 2023, the judge ruled that he was ready to pass sentence.
- 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. On 16 November 2023, a hearing was held at which the legal expert was questioned about various matters in relation to his report through different instruments submitted by the parties. The same day, the judge declared that no further instruments or proposed evidence would be admitted and that he would adopt a decision to be communicated in writing.

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 25 on contingent liabilities.

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 additional provisions have been set aside, as the Group believes that they represent contingent liabilities (note 25).

19. 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 22).

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

The breakdown of the issues of current obligations and loans is as follows:

	Non-current	Current	Total
2023			
FCC Aqualia, S.A.	650,009	9,691	659,700
FCC Servicios Medio Ambiente Holding, S.A.	1,096,115	229,044	1,325,159
Green Recovery Group	114,755	7,486	122,241
	1,860,879	**246,221**	**2,107,100**
2022			
FCC Aqualia, S.A.	650,009	9,691	659,700
FCC Servicios Medio Ambiente Holding, S.A.	498,361	733,795	1,232,156
Fomento de Construcciones y Contratas, S.A.	–	23,200	23,200
Green Recovery Group	119,214	6,477	125,691
	1,267,584	**773,163**	**2,040,747**

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 euros, annual remuneration of 1.413% and maturing in 2022, repaid in advance on 19 April 2022. The second in the amount of 650 million euros with an annual remuneration of 2.629% and maturing in 2027.

  The outstanding issue is subject to 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, S.A.

  – 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 99.56% of the shares of Acque di Caltanisseta S.p.A. and on 100% of the shares of Aqualia Mexico, S.A. de C.V.

  – 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 and S&P rating agencies. The rating of the outstanding bond was ratified by Fitch on 8 February 2023 as BBB and by S&P on 21 April 2023 as BBB.

  The balance at 31 December 2023 shown for this item amounts to €659,700 thousand (€659,700 thousand in 2022), including €9,691 thousand for accrued and unpaid interest (€9,691 thousand in 2022).

  At 31 December 2022, the 650 million euro bond was listed at 97.97%.

- On 4 December 2019, FCC Servicios Medioambiente Holding S.A., successfully completed two simple bond issues. One amounting to 600 million euros paying annual interest of 0.815% and maturing in 2023; and the second for the amount of 500 million euros, paying annual interest of 1.661% and maturing in 2026. The latter has the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

  The bond amounting to 600 million euros maturing on 4 December 2023 was repaid on that date using the funds generated from the issuance of a new bond, also for the amount of 600 million euros, paying annual interest of 5.25% and maturing in October 2029.

  Since their issuance, these bonds have been 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 20 September 2023, with a stable outlook (BBB), together with that of the bond's issuer, the parent company, FCC Servicios Medio Ambiente Holding.

  Both bonds were issued under the classification of Green Bonds in line with the GBP principles, which are reviewed and certified annually by independent organisations (SPOs).

  The balance at 31 December 2023 shown for this item amounts to €1,102,309 thousand (€1,098,656 thousand in 2022), including €6,194 thousand for accrued and unpaid interest (€1,210 thousand in 2022).

  At 31 December 2023, the new 600 million euro bond was listed at 107.49% and the 500 million euros bond was listed at 95.44%.

Likewise, in July 2020 and renewed annually, FCC Servicios Medioambiente Holding SAU registered a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market (Euronext Dublin) in the amount of 400 million euros, which allows issuance 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 2023 the outstanding amount was €222,850 thousand distributed with an average maturity of 3.6 months (€133,500 thousand at 31 December 2022).

- 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 euros, 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 company.

  At 31 December 2023, there was no outstanding balance for this concept (23,200 thousand euros at 31 December 2022).

- 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. 5,425 thousand pounds were repaid in 2023.

  The guarantees of this issue are detailed in section b).2. of this note.

  The balance at 31 December 2023 shown for this item amounts to 122,241 thousand euros (125,691 thousand euros in 2022).

b) Non-current and current bank borrowings

The breakdown at 31 December 2023 and 2022 is as follows:

	Non-current		Current		Total	
2023						
Credits and loans		–		73		73
Debts without recourse to the parent		2,023,732		292,999		2,316,731
Debts with limited recourse for project financing:		359,991		33,134		393,125
FCC Medio Ambiente Reino Unido, S.A.U.	154,822		12,267		167,089	
Sociedad Concesionaria Tranvía de Murcia, S.A.	97,604		4,073		101,677	
Aquajerez, S.L.	39,401		5,341		44,742	
Other	68,164		11,453		79,617	
		2,383,723		**326,206**		**2,709,929**
2022						
Credits and loans		–		155,837		155,837
Debts without recourse to the parent		2,086,488		122,714		2,209,202
Debts with limited recourse for project financing:		385,330		27,980		413,310
FCC Medio Ambiente Reino Unido, S.A.U.	162,817		10,253		173,070	
Sociedad Concesionaria Tranvía de Murcia, S.A.	101,661		3,237		104,898	
Aquajerez, S.L.	44,065		5,006		49,071	
Other	76,787		9,484		86,271	
		2,471,818		**306,531**		**2,778,349**

The previous table shows three different Debt groups:

1. Credits and loans

At 31 December 2023, 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 215,000 thousand euros (425,000 thousand euros at 31 December 2022) with various financial institutions. At 31 December 2023, no balance was drawn down on these loans (154,564 thousand euros at 31 December 2022).

2. Debts without recourse to the parent

This item mainly includes financing corresponding to the Real Estate, Water, Cement and Services areas.

- The Real Estate area includes the debt of the Realia Group and Jezzine Uno S.L.U. for the sums of 475,082 and 297,759 thousand euros respectively.

  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 582,000 thousand euros, 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 22).

  This financing requires compliance with a series of financial ratios until maturity. At 31 December 2023, the Company is in compliance with the covenants.

  At 31 December 2023, the outstanding balance of this loan stood at 440,494 thousand euros (453,026 thousand at 31 December 2022), with accrued interest amounting to 4,156 thousand euros (2,313 thousand euros at 31 December 2022).

  In turn, Planigesa, S.A. is consolidated within the Realia Group (following the absorption of Hermanos Revilla, S.A. in 2023), which at 31 December 2023 had granted credit facilities and loans with a limit of 60,000 thousand euros (61,000 thousand euros in 2022), of which the loans were fully drawn down for the sum of 36,000 thousand euros (46,000 thousand euros in 2022). The maturity of the bilateral loans will occur during 2024.

  Jezzine Uno S.L.U. has a loan agreement, entered into on 19 October 2021, amounting to 335,000 thousand euros, 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 2023, the outstanding balance of this loan stood at 298,000 thousand euros (316,500 thousand at 31 December 2022), with accrued interest amounting to 722 thousand euros (767 thousand euros at 31 December 2022).

- In the Water Area, the total value of debt in this section came to 1,187,819 thousand euros. Worth particular note is the syndicated loan taken out on 22 June 2022 by FCC Aqualia S.A. as part of the refinancing process undertaken.

  The value of the syndicated loan comes to 1.1 billion euros, originally maturing in three and having been extended for one further year in 2023, as permitted in the loan agreement.

  At 31 December 2023, the loan was fully drawn down and the balance shown for this item amounts to 1,097,458 thousand euros (1,096,839 euros thousand in 2022), including 1,346 thousand euros for accrued and unpaid interest (1,010 thousand euros in 2022).

  Also worth note is the bilateral financing taken out on 28 December 2023 by FCC Aqualia USA Corp. for the sum of 95,000 thousand US dollars, maturing in one year. The funds have been allocated to acquiring control over Municipal District Services, Llc. (note 4).

  This financing has been fully drawn down and its balance at 31 December 2023 amounts to 86,034 thousand euros, of which 61 thousand euros for accrued and unpaid interest.

- In the Cement area, the total value of debts with credit institutions came to 139,263 thousand euros at 31 December 2023 (163,586 thousand at 31 December 2022).

  This balance mainly corresponds to a subordinated financing agreement involving Cementos Portland Valderrivas, S.A. for the original amount of 80,000 thousand euros. This loan was partially repaid, renewed and amended in July 2020, July 2021, as well as in October 2022 and September 2023.

On 20 October 2022, a new agreement was entered into extending the maturity of the loan to 20 October 2025 and changing the interest rate from a fixed rate to a variable Euribor 6M rate plus a market spread.

Between January and September 2023, repayments were made for the sum of 35,000 thousand euros.

On 21 September 2023, a new agreement was entered into increasing the principal by 35,000 thousand euros.

In the final quarter of 2023, 30,000 thousand euros were repaid. At 31 December 2023, the outstanding balance of this loan amounts to 50,405 thousand euros (70,405 thousand euros at 31 December 2022).

Cementos Portland Valderrivas, S.A. has also arranged two bilateral financing transactions for the sum of €25,000 thousand and €50,000 thousand, maturing in June 2026 and July 2024 respectively, bear interest at the Euribor rate plus a market spread.

In 2023, a partial voluntary repayment of 5,000 thousand euros was made in relation to the 50,000-thousand euro financing, and on 3 October 2023, the extension of its maturity to July 2025 was formally arranged.

At 31 December 2023, the outstanding balance of these loans amounted to 25,000 and 45,000 thousand euros (25,000 and 50,000 thousand euros at 31 December 2022).

In addition, in 2022 two credit facilities were arranged for a total amount of 25,000 thousand euros, the term of which has been extended by one year during 2023. At 31 December 2023, 11,031 thousand euros had been drawn down (11,277 thousand euros at 31 December 2022).

- The remainder of the debt in this section corresponds to debt from the Services area, mainly pertaining to the US subsidiary FCC Environmental Services LLC, from FCC Medio Ambiente S.A.U., from the FCC Environment CEE subgroup and from other investee companies in Spain.

  FCC Medio Ambiente S.A.U. had arranged credit facilities at 31 December 2023 for an amount of 270,000 thousand euros, of which 132,363 thousand euros had been drawn down at 31 December 2023 (from a total of 130,000 thousand euros, 48,645 thousand euros drawn down at 31 December 2022).

  In 2023, two long-term bilateral loans were taken out for a total amount of 150,000 thousand euros, which had not been drawn down as at 31 December 2023.

  The FCC Environment CEE Group has arranged 18,399 thousand euros in credit facilities, of which 1,840 thousand euros had been drawn as at 31 December 2023 (620 thousand euros drawn from the 19,711 thousand euros arranged at 31 December 2022).

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 30,000 thousand pounds sterling undrawn at 31 December 2023 and maturing in October 2025.

  In 2018, FCC Energy Ltd, whose assets are the Eastcroft and Allington incinerators, issued 207,361 thousand pounds sterling 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 145,000 thousand pounds sterling described in section a) of this note, and a commercial tranche of 62,361 thousand 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.

  In total, 2,327 thousand pounds were repaid from commercial tranche in 2023.

  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.

  In October 2016, FCC (E&M) Ltd signed a 142 million pound contract to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC) in Midlothian, located on the outskirts of Edinburgh. The plant initially had two syndicated loans, a 75,713 thousand pounds sterling loan maturing in August 2042 and a 36,900 thousand pound loan maturing in May 2020. The margins on the loan maturing in 2042 range from 3% to 3.5%. Write-downs during 2023 amounting to 2,638 thousand pounds have been made. At the end of 2023 the outstanding debt to be repaid is 65,755 thousand pounds sterling.

  As a result of the foregoing, at 31 December 2023, of the total bank borrowings of FCC Medio Ambiente Reino Unido, S.L.U., relate to FCC Energy Ltd. and 52,679 thousand euros (54,148 thousand euros at 31 December 2022) relate to FCC E&M&M (Edinburgh), affiliate of FCC Environment Developments Ltd., 73.944 thousand euros (75.360 thousand as at 31 december 2022); (Edinburgh), an investee of FCC Environment Developments Ltd,; the remaining debt with limited recourse for project financing, up to a total amount of 167,089 thousand euros, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

- Sociedad Concesionaria Tranvía de Murcia, S.A. As explained in note 4, during 2022, the FCC Group assumed control of this company, incorporating 104,898 thousand euros of debt with credit institutions as at 31 December 2022.

  This financing corresponds to a syndicated loan arranged in February 2018, with six-monthly repayments maturing on 30 June 2037. At 31 December 2023, the sum of this debt came to 101,677 thousand euros.

- The financing of Aquajerez, S.L. was signed in 2016 and amounted to 40,000 thousand, 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 65,000 thousand euros. At 31 December 2023 the amount of this debt is 44,742 thousand euros (49,071 thousand euros in 2022).

- "Rest of Debts with limited recourse for project financing" includes companies with project financing from the Water areas: Aquos El Realito, S.A. de C.V. with 41,162 thousand and Servicios Medioambientales, Gipuzkoa Ingurumena Bi, S.A. with 21,108 thousand euros.

As at 31 December 2023 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2024.

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 2023 and 2022 is as follows:

	Euros	US dollars	Pounds Sterling	Other	Total
2023					
Credits and loans	73	–	–	–	73
Debt without recourse to the parent	2,150,117	154,629	–	11,985	2,316,731
Debts with limited recourse for project financing	177,388	–	167,089	48,648	393,125
	2,327,578	**154,629**	**167,089**	**60,633**	**2,709,929**
2022					
Credits and loans	155,837	–	–	–	155,837
Debt without recourse to the parent	2,125,463	70,317	–	13,422	2,209,202
Debts with limited recourse for project financing	187,721	–	173,070	52,519	413,310
	2,469,021	**70,317**	**173,070**	**65,941**	**2,778,349**

The credits and loans in US dollars finance assets in the Environmental Services and Water segments; those contracted in pounds sterling correspond to the financing of assets of FCC Environment UK; and those in Other currencies, in 2023, correspond to the financing of Aquos El Realito, S.A. de C.V. in Mexican pesos amounting to 41,162 thousand euros and Qatarat Saquia Desalination in Saudi riyals for the sum of 7,487 thousand euros.

c) Other non-current financial liabilities

	2023	2022
Non-current		
Lease debt (Note 9)	358,372	346,425
Third party financial debts outside the group	100,328	96,418
Derivative financial liabilities (Note 22)	1,700	1,446
Deposits and guarantees received	71,918	68,788
Other concepts	40,114	18,803
	572,432	**531,880**

"Third party financial debts outside the Group" includes the put option on the non-controlling interest in the GGU Group for the amount of 54,333 thousand euros at 31 December 2023 (54,269 thousand euros at 31 December 2022) and the put option on the non-controlling interest in Municipal District Services, Llc., acquired in December 2023, for the sum of 2,443 thousand euros at 31 December 2023 (notes 4 and 17.)

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps (note 22).

d) Other current financial liabilities

	2023	2022
Corrientes		
Lease debt (Note 9)	76,478	78,970
Interim dividend payable	29,758	7,496
Third party financial debts outside the group	15,030	25,660
Suppliers of fixed assets and bills payable	168,968	79,697
Debts with associated companies and joint ventures	6,052	6,049
Derivative financial liabilities (Note 22)	19	15
Deposits and guarantees received	57,540	55,004
Other concepts	499	540
	354,344	**253,431**

"Suppliers of fixed and non-current assets and bills payable" includes the amount pending payment for the acquisition from the previous owners of Municipal District Services, Llc. for the sum of 81,433 thousand euros, which was paid out on 2 January 2024 (notes 4 and 17).

"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

El calendario previsto de vencimientos de las deudas con entidades de crédito, obligaciones y empréstitos y otros pasivos financieros no corrientes, es el siguiente:

	2025	2026	2027	2028	2029 y siguientes	Total
2023						
Debt instruments and other marketable liabilities	7,658	507,384	658,230	7,257	680,350	1,860,879
Non-current bank borrowings	578,772	1,428,068	62,757	38,300	275,826	2,383,723
Other financial liabilities	130,612	36,939	34,442	40,325	330,114	572,432
	717,042	**1,972,391**	**755,429**	**85,882**	**1,286,290**	**4,817,034**

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:

		Without an impact on cash flows					
	Balance at 1 January 2023	Cash flows from financing activities	Exchange differences	Change in fair value	Change in the perimeter and changes in consolidation method	Other changes	Balance at 31 December 2023
Non-current	**4,271,282**	**607,448**	**2,905**	**310**	**(2,560)**	**(62,351)**	**4,817,034**
Debt instruments and other marketable securities	1,267,584	597,709	2,453	–	–	(6,867)	1,860,879
Bank borrowings	2,471,818	8,373	4,939	–	–	(101,407)	2,383,723
Other financial liabilities	531,880	1,366	(4,487)	310	(2,560)	45,923	572,432
Current	**1,333,125**	**(891,644)**	**7,638**	**4**	**(380)**	**478,028**	**926,771**
Debt instruments and other marketable securities	773,163	(584,513)	133	–	–	57,438	246,221
Bank borrowings	306,531	(216,689)	792	–	–	235,572	326,206
Other financial liabilities	253,431	(90,442)	6,713	4	(380)	185,018	354,344

		Without an impact on cash flows					
	Balance at 1 January 2022	Cash flows from financing activities	Exchange differences	Change in fair value	Change in the perimeter and changes in consolidation method	Other changes	Balance at 31 December 2022
Non-current	**3,732,997**	**847,926**	**(13,554)**	**(21,333)**	**253,977**	**(528,731)**	**4,271,282**
Debt instruments and other marketable securities	1,878,804	(159,951)	10,537	–	142,829	(604,635)	1,267,584
Bank borrowings	1,284,368	1,050,791	(6,080)	–	109,690	33,049	2,471,818
Other financial liabilities	569,825	(42,914)	(18,011)	(21,333)	1,458	42,855	531,880
Current	**1,820,176**	**(1,302,515)**	**3,569**	**(536)**	**11,819**	**800,612**	**1,333,125**
Debt instruments and other marketable securities	1,152,739	(1,038,597)	2,040	–	–	656,981	773,163
Bank borrowings	458,189	(181,290)	(556)	–	8,183	22,005	306,531
Other financial liabilities	209,248	(82,628)	2,085	(536)	3,636	121,626	253,431

In 2022, "Changes in the scope of consolidation and changes in the consolidation method" included the amounts contributed by the GGU Group for 145,318 thousand euros following its entry into the scope of consolidation in February 2022, although part of the contributed debt has subsequently been repaid (notes 4 and 19), and 107,725 thousand euros contributed by Sociedad Concesionaria del Tranvía de Murcia, S.A. following its integration under the total consolidation method after the company's takeover in November 2022 (note 4).

20. Other non-current liabilities

This heading mainly includes performance obligations under the Buckinghamshire plant concession (note 10) arising from the collection of the intangible component in accordance with the conditions set out in the agreement amounting to 111,022 thousand euros at 31 December 2023 (112,588 thousand euros at 31 December 2022).

21. Trade and other accounts payable

The breakdown of the "Trade and other accounts payable" heading in the liability side of the balance sheet as at 31 December 2023 and 2022 is as follows:

	2023	2022
Suppliers	1,252,628	1,232,393
Current tax liabilities (Note 23)	39,254	23,610
Other payables to Public Administrations (Note 23)	314,808	353,372
Customer advances (Note 15)	646,686	647,029
Remuneration payable	96,521	84,485
Other payables	427,151	474,845
	2,777,048	**2,815,734**

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 2023 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 Group has been working throughout 2023 to reduce the usual payment periods insofar as possible to suppliers 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 56,423 thousand euros at 31 December 2023 (40,026 thousand euros at 31 December 2022), with a drawn down balance of 10,626 thousand euros at 31 December 2023 (17,909 thousand euros at 31 December 2022). 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.

Additionally, Article 9, Chapter IV of Law 18/2022 of 28 September, on the creation and growth of companies, introduces the obligation to report the following indicators: monetary volume and number of invoices paid in a period less than the maximum established in the late-payment regulations and the percentage that these represent from the total number of invoices and the total monetary value of payments to suppliers.

	2023	2022
	Days	**Days**
Average payment period to suppliers	76	84
Ratio of paid operations/transactions	77	84
Ratio of operations/transactions pending payment	71	86
	Amount	**Amount**
Total payments pending	358,684	448,829
	Amount	**Amount**
Total payments made	2,589,106	2,176,218
Total payments made in a period less than the maximum established in the late-payment regulations	1,053,926	815,302
Ratio (%)	**41**	**37**
	Number	**Number**
Total number of invoices paid during the period	711,135	618,224
Number of invoices paid in a period less than the maximum established in the late-payment regulations	338,161	212,744
Ratio (%)	**48**	**34**

The Group continues taking the appropriate measures to reduce the average payment period, improving the payment conditions offered to its suppliers and taking action in relation to internal approval processes that may delay the payment of amounts due.

22. 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.

At both 31 December 2023 and 31 December 2022, all derivatives arranged by subsidiaries of the Group meet the criteria to be considered hedges.

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.

At 31 December 2023, the FCC Group has contracted hedging transactions with derivative instruments in its fully consolidated companies for an aggregate notional amount of 624,395 thousand euros (645,059 thousand euros at 31 December 2022), mainly in the form of interest rate swaps (IRS), where Group companies buy fixed rates and sell floating rates.

Details of the hedges and their fair value for fully consolidated companies are shown below:

	Derived type	Hedging type	% hedge	Notional 31.12.23	Notional 31.12.22	Appreciation at 31.12.23	Appreciation at 31.12.22	Due date
Empresas consolidadas por integración global								
FCC Medio Ambiente S.A.U.	IRS	FE	57%	4,965	6,083	12	(11)	02/04/2024
	IRS	FE	22%	3,032	3,205	27	91	02/04/2024
	Option	FE	57%	4,965	6,083	–	–	02/04/2024
RE3 Ltd.	IRS	FE	100%	13,808	15,687	(199)	(204)	30/09/2029
FCC Energy Ltd.	IRS	FE	100%	8,668	8,914	979	1,450	17/06/2038
	IRS	FE	100%	54,156	55,680	6,104	9,046	17/06/2038
FCC Wrexham PFI Ltd.	IRS	FE	95%	14,978	15,429	(643)	(658)	30/09/2032
FCC Wrexham PFI (Phase II) Ltd.	IRS	FE	50%	5,855	6,263	238	473	30/09/2032
	IRS	FE	50%	5,855	6,263	238	469	30/09/2032
FCC (E&M) Ltd.	IRS	FE	50%	37,722	38,449	6,139	8,356	06/05/2042
	IRS	FE	50%	37,722	38,449	6,007	8,282	06/05/2042
Aquajerez	IRS	FE	70%	17,535	19,340	1,259	1,905	15/07/2031
	IRS	FE	30%	13,778	15,243	1,213	1,771	15/07/2031
Gipuzkoa Ingurumena	IRS	FE	38%	8,031	8,493	645	974	30/06/2034
	IRS	FE	38%	8,031	8,493	673	1,012	30/06/2034
Qatarat	IRS	FE	100%	5,873	8,448	90	(419)	07/06/2026
	IRS	FE	100%	1,340	2,753	18	(165)	28/11/2024
Aquos El Realito S.A. de C.V	IRS	FE	100%	33,953	33,576	1,036	988	22/01/2025
Realia	IRS	FE	21%	97,216	102,234	1,575	3,423	27/04/2024
	IRS	FE	21%	97,216	102,234	1,575	3,423	27/04/2024
	IRS	FE	13%	58,361	61,374	946	2,057	27/04/2024
	IRS	FE	9%	42,836	45,047	693	1,499	27/04/2024
	IRS	FE	6%	28,584	30,059	463	1,008	27/04/2024
Total FCC Environment CEE								
GMBH	FX	FE	100%	19,916	7,260	(361)	99	29/06/2026
Total full consolidation				**624,395**	**645,059**	**28,725**	**44,869**	

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2023 and broken down in the previous table:

	2024	2025	2026	2027	2028 and beyond
Companies fully consolidated	366.864	50.427	27.366	16.971	162.767

At 31 December 2023, the total notional amount of hedges of companies consolidated using the equity method came to 91,425 thousand euros (61,862 thousand euros at 31 December 2022) and their fair value is 29,408 thousand euros (32,542 thousand euros at 31 December 2022). The impact of speculative derivatives arranged at companies consolidated under the equity method was not significant either in the accompanying consolidated income statement or balance sheet in 2023 and 2022.

The following table provides a reconciliation of the change in the valuation of the derivatives, identifying those amounts that have been recorded in the accompanying consolidated income statement and those that have been recorded in "Other comprehensive income" of the consolidated statement of recognised income and expense:

	Balance at 1 January 2023	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 2023
2023							
Hedging	44,869	(4,544)	–	(13,216)	–	1,616	28,725

	Balance at 1 January 2022	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 2022
2022							
Hedging	(21,846)	60,182	–	4,148	–	2,385	44.869

23. 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 corporation tax expense.

In accordance with file 18/89, the Parent Company of the 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 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 generated in previous years in favour of the Group that has generated an activated tax credit for the amount of 63.2 million euros.

In May 2023, the Tax Administration announced the start of corporate tax inspection activities involving the tax group headed by Fomento de Construcciones y Contratas, S.A., for 2018 to 2020, as well as VAT and withholdings/payments on account for employment income and income from professional services corresponding to the period between April 2019 and December 2020 for Fomento de Construcciones y Contratas S.A., FCC Construcción, S.A., FCC Medio Ambiente, S.A., FCC Industrial e Infraestructuras Energéticas, S.A. and Cementos Portland Valderrivas, S.A.

a) Deferred tax assets and liabilities

Deferred tax assets mainly relate to provisions recognised, 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 €395,371 thousand (€449,009 thousand at 31 December 2022).

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. During the period in which these financial statements were prepared, specifically on 20 February 2024, the ruling the Constitutional Court declaring Royal Decree-Law 3/2016 as partially unconstitutional was published in the Official State Gazette. In particular, the provisions introduced by these to limit the compensation of tax loss carryforwards and to limit the application of deductions for double taxation, as well as the reversal of portfolio tax impairments that took place between 2016 and 2020 were considered unconstitutional. As a result, and to the extent that, at the time of preparing these financial statements, there was no evidence of any law in the pipeline that would reintroduce these limits, with the Group management considering that, in the coming years, only the limits to the compensation of tax loss carryforwards indicated in the current regulations will be applicable, and equivalent to 70% of the tax base prior to compensation. Taking regulatory change into consideration and based on the profit projections made, it is estimated that the tax group headed by Fomento de Construcciones y Contratas, S.A. will be able to substantially absorb the negative taxable amounts and deductions recognised on the balance sheet within an estimated period of 6 years. In relation to the other assets, it is estimated that they may be recovered substantially over a period of 11 years. In the hypothetical case that the limits on the compensation of negative tax bases annulled by our constitutional court were reintroduced, the recoverability period for these tax credits would be extended to 11 years. In addition, as a result of the foregoing, it has activated an additional tax credit resulting from the negative taxable amounts of 6.4 million euros.

As a result of the aforementioned ruling of the Constitutional Court, the Realia subgroup has capitalised a tax credit generated on the tax loss carryforwards for the amount of 15 million euros. Based on the analysis of the impact on the FCC Aqualia tax group, there have been no changes in the value of the negative taxable amounts captalised.

The estimated accounting profit for the year for the tax group headed by Fomento de Construcciones y Contratas, S.A. is based on the planning prepared by the Group for the 2024-2026 period. Turnover growth of 10.4% in 2024, 1.5% in 2025 and 2.9% in 2026 is assumed. In turn, the projected Ebitda margin is 11% for 2024 and 12% for 2025 and 2026. During subsequent periods, vegetative growth is projected at the level of pre-tax profit equal to 2%. For the tax group headed by FCC Aqualia, S.A., a vegetative growth of 2% has been applied to the profit before tax for 2023. 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 2038 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 and investment property, as indicated in notes 3.b) and 3.e). 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 2023, deferred tax assets and liabilities were offset in the amount of 299,198 thousand euros (297,428 thousand euros at 31 December 2022).

The following table shows the breakdown of the main deferred tax assets and liabilities prior to offset:

	2023				2022			
ASSETS	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Provisions and impairments	93,900	11,046	47,741	152,687	102,049	5,859	44,997	152,905
Tax loss carryforwards and deductions	307,392	71,857	15,923	395,172	360,343	65,682	22,984	449,009
Non-deductible financial expense	6,422	25,731	8,325	40,478	6,844	26,746	–	33,590
Pension plans	677	–	1,496	2,173	746	–	1,025	1,771
Amortisation/depreciation differences	10,551	237	15,326	26,114	10,164	474	12,263	22,901
Other	121,077	648	28,996	150,721	104,194	564	32,034	136,792
Total	**540,019**	**109,519**	**117,807**	**767,345**	**584,340**	**99,325**	**113,303**	**796,968**

	2023				2022			
LIABILITIES	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Fair value assets from allocation of acquisition differences (IFRS 3)	51,820	7,362	73,893	133,075	52,263	8,017	84,217	144,497
Investment property at fair value (IAS 40)	61,366	170,820	78	232,264	63,339	172,210	–	235,549
Accelerated amortisation/depreciation	7,293	4,419	128,559	140,271	1,636	4,408	115,678	121,722
Profit/(loss) of Joint Ventures	13,835	–	5,293	19,128	15,004	–	2,251	17,255
Finance leases	3,013	–	2,436	5,449	4,288	–	2,371	6,659
Other	27,148	2,684	23,358	53,190	30,293	5,066	18,364	53,723
Total	**164,475**	**185,285**	**233,617**	**583,377**	**166,823**	**189,701**	**222,881**	**579,405**

Below is the expected enforcement schedule for deferred taxes:

	2024	2025	2026	2027	2028 and beyond	Total
Assets	115,731	90,052	93,751	172,737	295,074	767,345
Liabilities	68,516	36,986	36,986	36,986	403,903	583,377

The Group has tax credits corresponding to negative tax bases (NTBs), mainly abroad, which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 191,2 million euros. The estimated maturity of non-activated NTBs is shown below:

Maturity time frame	Tax credits (millions of euros)
From 2024 to 2028	38.3
From 2029 to 2033	6.9
From 2034 onwards	16.5
No maturity	129.5
	191.2

Meanwhile, the Group has non-activated tax credits corresponding to tax deductions that have been accredited and are pending application for a total amount of 8.9 million euros.

b) Public administrations

The breakdown at 31 December 2023 and 2022 of the current assets and liabilities included under the "Public administrations" heading is as follows:

Current assets

	2023	2022
Value Added Tax receivable (Note 15)	143,260	103,972
Current tax	84,449	86,518
Other tax items (Note 15)	79,683	63,762
	307,392	**254,252**

Current liabilities

	2023	2022
Value Added Tax payable (Note 21)	92,088	118,431
Current tax (note 21)	39,254	23,610
Social Security payable and other tax items (note 21)	222,720	234,941
Deferrals	39	84
	354,101	**377,066**

c) Corporate income tax expense

The corporation tax expense incurred in the year amounted to 171,120 thousand euros (72.723 thousand euros in 2022), as detailed in the accompanying consolidated income statement. Below is the reconciliation between accounting profit and accrued tax payment:

	2023			2022		
Consolidated accounting profit for the year before taxes from continuing activities			**915.930**			**550.653**
	Additions	**Reductions**		**Additions**	**Reductions**	
Permanent differences	49,367	(220,048)	(170,681)	255,457	(151,663)	103,794
Adjusted consolidated accounting profit on continuing activities			**745,249**			**654,447**
Temporary differences						
- Arising in the year	255,326	(145,598)	109,728	106,830	(135,235)	(28,405)
- Arising in prior years	198,123	(394,422)	(196,299)	120,882	(306,627)	(185,745)
Consolidated tax base of continuing activities (taxable profit)			**658,678**			**440,297**

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 2024, so the final settlement may vary as explained in note 3.q) of these notes to the consolidated financial statements.

In 2023, permanent differences include, in relation to decreases, the sum of 142,413 thousand euros for the profit resulting from consolidating Metrovacesa using the equity method having achieved significant influence over the company (notes 4, 11, 13, 17 and 26), as well as the profit turned by companies consolidated under the equity method for the sum of 31,616 thousand euros. In addition, worth particular mention in terms of the reductions in temporary differences is the compensation of negative taxable amounts capitalised in previous years for the sum of 284,356 thousand euros.

In 2022, permanent differences, as increases, included the amount of the impairment recorded in Corporación Uniland goodwill (note 6) amounting to 196,288 thousand euros. Decreases include the profit of companies consolidated using the equity method for the sum of €29,614 thousand, the compensation of tax loss carry forwards and non-deductible financial expenses from previous years not recognised on the balance sheet for the sum of €72,579 thousand. Also worth noting in relation to the decreases of temporary differences is the compensation of non-deductible non-financial expenses capitalised in previous years for the amount of €129,840 thousands and the change in fair value of investment property and their tax amortisation for a total sum of €44,970 thousand (notes 8 and 26).

Below is the reconciliation of the expense for corporation tax:

	2023	2022
Adjusted consolidated accounting profit on continuing activities	745,249	654,447
Corporate income tax	(168,731)	(145,967)
Tax credits and tax relief	5,431	4,683
Adjustments for tax rate change	(3,173)	53
Other adjustments	(4,647)	68,508
Corporate income tax	**(171,120)**	**(72,723)**

Other adjustments in 2023 include income of 21,427 thousand euros generated on the capitalisation of additional negative taxable amounts in the Group as a result of the Constitutional Court ruling cited in section a) of this note.

The value of Other adjustments in 2022 mainly included the capitalisation of deferred tax assets for the large part in relation to uncapitalised tax credits for tax bases pending compensation and for deductions pending application for the value of 89,609 thousand euros, which had not previously been recognised and which, this year, were recognised on the balance sheet after determining, as discussed in previous sections, that there are no doubts as to their recovery.

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:

	2023	2022
Current tax	(172,399)	(65,756)
Deferred taxes	1,279	(6,967)
Corporate income tax	**(171,120)**	**(72,723)**

In turn, the OECD has pursued a project to establish a complementary tax to guarantee a global minimum level of taxation for multinational groups (the so-called "Pillar II" project). Pillar 2 regulations have been enacted, or substantially enacted, in specific jurisdictions in which the Group operates. The legislation will apply to the Group starting on 1 January 2024. The Group is in the process of assessing the potential exposure arising from the Pillar 2 legislation.

The assessment of potential exposure to Pillar 2 taxes is based on the most recent tax returns, country-by-country reports and the financial statements of Group companies.

Based on the assessments performed to date, the Group has identified potential exposure to Pillar 2 taxes on profits in the United Arab Emirates, Ireland, Georgia and Serbia, where the expected effective Pillar 2 tax rate is likely to be lower than 15%. The potential exposure would correspond to companies, mainly operating subsidiaries, in these jurisdictions where the Pillar 2 effective tax rate is less than 15%. However, there may also be an exposure in other jurisdictions where assessments are ongoing.

At present, there is no known quantitative information indicating potential exposure to Pillar 2 taxes. However, the total profit attributable to jurisdictions in which a supplementary tax liability may exist does not currently represent more than 2% of the Group's total profit. As a result, we believe that the implementation of the regulations resulting from the Pillar II project would not have a material effect on the Group's future taxation.

24. 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.

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 2023 a premium of €1,284 thousand was paid over (€1,483 thousand in 2022).

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 euros (5 thousand euros in 2022).

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 18).

The main benefits referred to in the preceding paragraph are the following:

- The companies that form part of the FCC Environment (UK) Group, residing in the United Kingdom, contribute to the accompanying consolidated balance sheet at 31 December 2023 the benefits undertaken with their employees, after deducting the assets used to meet these benefits. The actuarial value of the accrued obligations comes to €42,373 thousand (€40,876 thousand at 31 December 2022), while the fair value of the affected assets stands at 44,261 thousand euros (45,678 thousand euros at 31 December 2022). The net difference represents an asset balance of €1,888 thousand euros (€4,802 thousand euros at 31 December 2022), which is not recognised in the accompanying consolidated balance sheet as the company is not entitled to repayments or reductions in future contributions. "Personnel expenses" in the accompanying consolidated income statement includes a cost of 83 thousand euros (336 thousand euros at 31 December 2022) for the net difference between the cost of services and the return on plan assets. The average actuarial rate used was 4.75% (4.95% in 2022).

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

2023:

Actual performance of the current value of the obligation

	FCC Environment Group (UK)
Balances of obligations at the beginning of the year	**40,876**
Cost of services for the current year	112
Interest costs	2,019
Contributions of the participants	20
Actuarial profits/losses	350
Exchange differences	841
Benefits paid during the year	(1,845)
Cost of past services	–
Settlements	–
Balance obligations at end of year	**42,373**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)
Affected active balances at the beginning of the year	**45,678**
Expected return on assets	2,323
Actuarial profits/losses	(5,314)
Exchange differences	940
Contributions made by the employer	2,568
Contributions made by the participant	20
Benefits paid	(1,954)
Settlements	–
Balance of affected assets at the end of the year	**44,261**

Reconciliation of the actual performance of the obligation less the affected assets

	FCC Environment Group (UK)
Net balance obligations less affected assets at the end of the year	(1,888)

2022:

Actual performance of the current value of the obligation

	FCC Environment Group (UK)
Balances of obligations at the beginning of the year	**70,353**
Cost of services for the current year	221
Interest costs	1,183
Contributions of the participants	18
Actuarial profits/losses	(25,343)
Exchange differences	(3,701)
Benefits paid during the year	(1,855)
Cost of past services	–
Settlements	–
Balance obligations at end of year	**40,876**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)
Affected active balances at the beginning of the year	**73,815**
Expected return on assets	1,221
Actuarial profits/losses	(25,976)
Exchange differences	(3,883)
Contributions made by the employer	2,491
Contributions made by the participant	18
Benefits paid	(2,008)
Settlements	–
Balance of affected assets at the end of the year	**45,678**

Reconciliation of the actual performance of the obligation less the affected assets

	FCC Environment Group (UK)
Net balance obligations less affected assets at the end of the year	(4,802)

25. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2023, 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 5,041,504 thousand euros (4,697,135 thousand euros at 31 December 2022).

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 18). 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 18 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. The aforementioned resolution affects several companies and associations in the waste sector, including companies belonging to the 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. Unipersonal, both companies owned by FCC Servicios Medioambiente Holding, S.A. Unipersonal, against the CNMC's ruling 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 the processing of the sanctioning file until the National Court ruled on the appeals presented by other sanctioned companies. On 22 March 2023, a ruling was handed down by the CNMC's Competition Chamber agreeing to archive the disciplinary case. The Chamber ruled that it was no longer appropriate to continue with the proceedings and that the case should be archived, for the purposes of all parties.

In 2019, as a result of an internal investigation in May in application of its compliance policy and regulations, the Group became 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 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" principle for corruption that permeates the entire FCC Compliance System.

In the context of this collaboration and following the voluntary declaration made by the Group, on 29 October 2019, the Central Court of Instruction No. 2 of the National Court issued an Order in which it is stated that "based on the documentation corresponding to the proceedings, as stated by the Public Prosecutor's Office, and as reported in the second plea of fact of this resolution, there appear to be rational indications of the participation of FCC Construcción, S.A., FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the alleged facts that, notwithstanding their classification at the corresponding time, could constitute offences of corruption in international transactions, provided for and punished under Art. 286 ter of the Criminal Code and money laundering, provided for and punished under Art. 301 and 302.2 of the Criminal Code" agreeing for FCC Construcción, S.A. to be investigated as part of Preliminary Proceedings 34/2017 as well as two of its subsidiaries, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A.

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. It should be noted that during 2023, the UCO (Central Operational Unit of the Civil Guard) issued a report, referred to in various press articles, in which other amounts differing from than those reported by Fomento de Construcciones y Contratas, S.A. are mentioned, although it must be noted that these reports refer to behaviours conduct and sums of money that cannot all be attributed to the Group. These actions may therefore have a financial impact on these companies, although we do not have the information needed to qualify this impact.

On 6 July 2022, the National Markets and Competition Commission issued a resolution imposing a sanction on several construction companies, including FCC Construcción, S.A. for sharing the costs of technical work to verify objective data in relation to public works tenders. The Group considers that the sanctioned conduct not only fails to infringe any precept (including those contained in the competition law) but that this conduct has also contributed to greater efficiency and cost savings in tenders. For these and other reasons, it filed the corresponding contentious-administrative appeal before the National Court, which is still being heard. Furthermore, it asked said court to grant a precautionary measure for the suspension of the payment of the fine imposed by the CNMC until a final court ruling is handed down on this matter. This request was upheld. Therefore, it has been considered that, although this sanction may result in cash outflows, at present and given the situation we cannot estimate the corresponding amount and payment schedule.

The sale of the 24.99% holding in FCC Servicios Medio Ambiente Holding, S.A. to the Canadian pension fund, CPP Investments (note 4), includes a contingent price clause in relation to the cash flows generated by certain assets included in the scope of the sale. Given that the value of collections or payments cannot be determined with sufficient reliability, the limited value of the estimated possible collections or payments and given the uncertainty of the time at which they may occur, the Group has not recognised any assets or liabilities. In addition, it is estimated that the net value of these collections or payments will not be relevant as its amount could not be determined reliably (note 4).

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 31 December 2023. 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 12).

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.

26. Income and expenditure

a) Operating income

The Group records operating income under "Revenue", including interest income from the concession financial model collection rights under IFRIC 12 amounting to €58,006 thousand at 31 December 2023 (31 December 2022: €37,754 thousand), except for work on own property, plant and equipment and other operating income.

Note 27 "Information by activity segments" shows the contribution of the business segments to consolidated Revenue.

Operating income of €20,948 thousand (at 31 December 2022: €29,130 thousand), mainly in the Construction and Environmental Services segments, has been recognised in 2023 from performance obligations satisfied or partially satisfied in prior years.

During 2023, 324,598 thousand euros (297,202 thousand euros at 31 December 2022) previously recognised as customer advances and pre-certified work (notes 15 and 21), 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 2023 and 2022 is as follows:

	2023	2022
Income from sundry services	113,944	107,554
CO_2 emission rights (Note 26)	–	–
Reimbursement from insurance compensation	4,441	2,796
Grants related to income	43,590	38,449
Other income	95,580	139,681
	257,555	**288,480**

"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 2023, based on outstanding contracts, the Group estimated that it had outstanding performance obligations primarily for services rendered in the Environmental and Water Services segment and arising from construction agreements mainly in the Construction and Water segments amounting to 41,484,908 thousand euros (40,154,255 thousand euros at year-end 2022) which it expects to recognise as revenue in accordance with the following schedule:

	up to 1 year	2 to 5 years	beyond 5 years	Total
Environmental Services	1,957,078	4,868,745	6,502,534	13,328,357
Construction	2,549,586	3,876,291	–	6,425,877
Integrated Water Management	1,682,438	7,640,454	12,407,782	21,730,674
	6,189,102	**16,385,490**	**18,910,316**	**41,484,908**

b) Supplies

The breakdown of the balance of supplies and other external expenses as at 31 December 2023 and 2022 is as follows:

	2023	2022
Subcontracting and work performed by other companies	2,105,999	1,541,727
Purchases and procurements	1,594,001	1,462,610
	3,700,000	**3,004,337**

c) Staff costs

Below is a breakdown of staff expenses for 2023 and 2022:

	2023	2022
Wages and salaries	1,875,219	1,687,937
Social security contributions	535,479	491,304
Other staff costs	63,751	59,492
	2,474,449	**2,238,733**

Below, the average number of employees and their distribution by functional level and gender in 2023 and 2022 was as follows:

	2023	2022
Governance and Management	509	510
Supervisors	4,674	4,299
Technical staff	6,722	6,640
Administrative staff	2,946	3,051
Sundry trades	51,541	48,730
	66,392	**63,230**

	2023	2022
Men	51,491	48,978
Women	14,901	14,252
	66,392	**63,230**

The number of employees and their distribution by functional level and gender at 31 December 2023 and 2022 was as follows:

	2023	2022
Governance and Management	507	526
Supervisors	4,812	4,432
Technical staff	7,055	6,813
Administrative staff	2,981	2,959
Sundry trades	51,735	50,069
	67,090	**64,799**

	2023	2022
Men	52,016	50,087
Women	15,074	14,712
	67,090	**64,799**

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 2023 and 2022 is as follows:

	2023	2022
Impairment of the commercial fund (note 6)	–	(200,000)
Changes in fair value of investment property (note 8)	(49,037)	22,294
Result of takeover of Sociedad Concesionaria Tranvía de Murcia, S.A. (Note 4)	–	5,544
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 6 and 7)	2,906	(8,515)
Profit/(loss) from disposals of other tangible and intangible assets	(982)	4,527
Other concepts	129	1,255
	(46,984)	**(174,895)**

Worth particular note in 2023 were the losses recorded due to the change in the fair value of investment property amounting to minus 49,037 thousand euros as a result of the assessment carried out by independent experts of the investment property (note 8) pertaining to the Realia Group (24,139 thousand euros) and Jezzine Uno, S.L.U. (24,898 thousand euros).

The following results are to be highlighted for 2022:

- as a result of the takeover of Sociedad Concesionaria Tranvía de Murcia, S.A. following the acquisition in November 2022 of an additional 50% stake by FCC Construcción S.A., operating profit of €5,544 thousand was recognised as the consideration paid was lower than the fair value of the assets acquired (note 4).
- the impairment of goodwill in the Cement activity for the sum of €200.000 thousand (note 6).
- gains due to the change in the fair value of investment property amounting to 22,294 thousand euros as a result of the assessment carried out by independent experts of the investment property (note 8) pertaining to the Realia Group for the sum of 11,559 thousand euros and Jezzine Uno, S.L.U. for the sum of 10,735 thousand euros.

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) Other gains/(losses)

In 2023, worth particular mention were the gains of 24,824 thousand euros as a result of a final ruling in relation to the expropriation of land previously owned by Cementos Portland Valderrivas, S.A. in the province of Madrid.

f) Financial income and financial expenses

The breakdown of the financial income, according to the assets that generate said income, in 2023 and 2022 is as follows:

	2023	2022
Financial assets at fair value with changes in other comprehensive income	7,565	3,422
Financial assets at amortised cost	58,185	24,923
Other financial income	10,102	16,803
	75,852	**45,148**

In 2023, the increase in the amount recorded under "Financial assets at amortised cost" was mainly due to financial income from treasury surpluses placed in deposits or current accounts remunerated at rates higher than those in the previous year, mainly in the international activity of the Construction and Environmental Services segments.

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

	2023	2022
Debt instruments and other marketable securities	50,571	52,345
Credits and loans	104,611	44,557
Debts with limited recourse for project financing	16,131	11,030
Creditors from leases	13,303	12,315
Financial update of provisions and other liabilities	27,944	32,174
Other financial expenses	13,264	11,818
	225,824	**164,240**

The increase in financial expenses in 2023 can mainly be traced to the general increase in the interest rates applied to the Group's financial debt, with the amount contributed by the Integrated Water Management activity segment worth particular mention (note 19).

g) Other financial profit/(loss)

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

	2023	2022
Change in fair value of current financial instruments	(119)	4,946
Exchange differences	(20,898)	26,060
Impairment and profits/losses on disposal of financial Instruments	2,640	(1,401)
	(18,377)	**29,605**

In 2022, "Change in fair value of current financial instruments" included a gain of 2,441 thousand euros from the contingent collection arising from the sale of 49% of FCC Aqualia, S.A. in 2022 without loss of control (note 25).

In 2023, negative exchange differences amounting to 20,898 thousand euros were recorded (26,060 thousand euros of positive exchange differences in 2022), which mainly correspond in 2023 to the appreciation of the Mexican peso and the depreciation of the US dollar (appreciation in 2022).

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

h) Profit/(loss) of entities valued using the equity method

The breakdown for this heading is as follows:

	2023		2022	
Profits/(losses) for the year (Note 11)		14,419		32,123
Joint ventures	20,266		31,132	
Associates	(5,847)		991	
Profit/(loss) on disposals and other		159,609		(2,509)
		174,028		**29,614**

During 2023, "Gains/losses on disposals and other" included those from the following transactions:

- since December 2023, following the acquisition of an additional 3.99% holding from Control Empresarial de Capitales, S.A. de C.V., and 1.95% from Soinmob Inmobiliaria Española, S.A.U. taking its total holding to 21.21%, Metrovacesa, S.A., which had previously been accounted for at fair value charged to reserves, is now consolidated using the equity method having achieved significant influence. This transaction resulted in the recognition of profit of 142,413 thousand euros given the difference between the fair value of their net assets and the quoted price of the investment before its inclusion in the scope of consolidation (notes 4, 11, 13, 17 and 30).
- divestment of holding in Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V. generating a pre-tax profit of 17,197 thousand euros, including 4,952 thousand euros recognised in profit or loss of the valuation adjustments contributed by said company.

In 2022, "Gains/losses on disposals and other" included the losses from the recognition at fair value of the Group's holding before its takeover of Sociedad Concesionaria Tranvía de Murcia, S.A., for the sum of 2,772 thousand euros (note 4).

i) Profit attributable to non-controlling interests

The breakdown of this heading by activity segments was as follows (note 27):

	2023	2022
Environmental Services	37,163	26,177
Integrated Water Management	72,811	87,349
Construction	329	1,252
Cement	2,748	(1,002)
Real Estate	40,192	48,450
Concessions	579	522
Total Group	**153,822**	**162,748**

The increase in the value of the Environmental Services segment is mainly due to the fact that in October 2023, the sale of 24.99% of the Environmental Services subsidiary, FCC Servicios Medio Ambiente Holding, S.A., to Canadian pension fund CPP Investments was completed (notes 4 and 17).

27. 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 2023 and 2022:

- 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/(loss) of companies accounted for using the equity method.
- Corporate income tax payable corresponding to the transactions carried out by each segment.

2023	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	9,026,016	3,853,241	1,487,402	2,823,090	614,313	253,780	61,592	68,711	(136,113)
External customers	*9,026,016*	*3,847,766*	*1,485,619*	*2,766,413*	*603,928*	*252,902*	*61,592*	*7,796*	*–*
From transactions with other segments	*–*	*5,475*	*1,783*	*56,677*	*10,385*	*878*	*–*	*60,915*	*(136,113)*
Other income	345,224	131,441	84,745	88,500	10,052	22,389	8,609	47,149	(47,661)
External customers	*345,224*	*130,370*	*83,057*	*89,016*	*10,034*	*22,049*	*8,608*	*2,090*	*–*
From transactions with other segments	*–*	*1,071*	*1,688*	*(516)*	*18*	*340*	*1*	*45,059*	*(47,661)*
Operating expenses	(7,841,614)	(3,338,000)	(1,187,872)	(2,742,167)	(484,854)	(171,240)	(24,546)	(78,296)	185,361
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(587,377)	(302,321)	(165,439)	(51,272)	(34,602)	(194)	(15,161)	(18,960)	572
Other operating income/(losses)	(31,998)	(6,752)	(2,510)	266	24,156	(48,929)	64,544	32	(62,805)
Operating profit/(loss)	**910,251**	**337,609**	**216,326**	**118,417**	**129,065**	**55,806**	**95,038**	**18,636**	**(60,646)**
Percentage of revenue	*10.08%*	*8.76%*	*14.54%*	*4.19%*	*21.01%*	*21.99%*	*154.30%*	*27.12%*	*44.56%*
Financial income	75,852	28,458	39,517	25,001	3,655	2,052	3,968	39,798	(66,597)
Financial expenses	(225,824)	(90,981)	(91,394)	(2,737)	(8,446)	(28,541)	(9,839)	(43,851)	49,965
Other financial profit/(loss)	(18,377)	(441)	6,206	(22,746)	(929)	–	171	1,150,787	(1,151,425)
Profit/(loss) of companies accounted for using the equity method	174,028	22,289	1,584	9,274	(12,536)	144,160	6,980	2,125	152
Profit/(loss) before tax from continuing operations	**915,930**	**296,934**	**172,239**	**127,209**	**110,809**	**173,477**	**96,318**	**1,167,495**	**(1,228,551)**
Corporate income tax	(171,120)	(73,133)	(45,261)	(19,465)	(20,413)	4,303	(12,281)	(15,951)	11,081
Profit/(loss) for the year from continuing operations	**744,810**	**223,801**	**126,978**	**107,744**	**90,396**	**177,780**	**84,037**	**1,151,544**	**(1,217,470)**
Consolidated profit/(loss) for the year	**744,810**	**223,801**	**126,978**	**107,744**	**90,396**	**177,780**	**84,037**	**1,151,544**	**(1,217,470)**
Non-controlling interests	153,822	37,163	72,811	329	2,748	40,192	579	–	–
Profit attributable to the Parent Company	**590,988**	**186,638**	**54,167**	**107,415**	**87,648**	**137,588**	**83,458**	**1,151,544**	**(1,217,470)**

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	7,705,687	3,641,113	1,323,155	1,966,913	516,522	270,752	41,021	67,937	(121,726)
External customers	*7,705,687*	*3,634,489*	*1,322,456*	*1,916,351*	*512,138*	*270,199*	*41,021*	*9,033*	*–*
From transactions with other segments	*–*	*6,624*	*699*	*50,562*	*4,384*	*553*	*–*	*58,904*	*(121,726)*
Other income	362,617	98,790	101,377	114,347	7,206	24,466	12,959	49,300	(45,828)
External customers	*362,617*	*97,243*	*100,128*	*112,115*	*7,155*	*24,314*	*12,959*	*8,703*	*–*
From transactions with other segments	*–*	*1,547*	*1,249*	*2,232*	*51*	*152*	*–*	*40,597*	*(45,828)*
Operating expenses	(6,756,953)	(3,146,835)	(1,074,312)	(1,958,480)	(493,424)	(152,599)	(22,914)	(77,139)	168,750
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(511,989)	(267,370)	(145,970)	(36,068)	(33,551)	(328)	(10,098)	(18,789)	185
Other operating income/(losses)	(188,836)	(20,969)	(442)	2,641	(200,026)	23,391	6,574	(2)	(3)
Operating profit/(loss)	**610,526**	**304,729**	**203,808**	**89,353**	**(203,273)**	**165,682**	**27,542**	**21,307**	**1,378**
Percentage of revenue	*7.92%*	*8.37%*	*15.40%*	*4.54%*	*(39.35%)*	*61.19%*	*67.14%*	*31.36%*	*(1.13%)*
Financial income	45,148	15,739	39,447	9,542	584	2,734	5,698	29,635	(58,231)
Financial expenses	(164,240)	(81,259)	(59,223)	(2,799)	(3,941)	(20,378)	(4,208)	(37,116)	44,684
Other financial profit/(loss)	29,605	(1,664)	5,206	20,586	(233)	3,943	(490)	(75,694)	77,951
Profit/(loss) of companies accounted for using the equity method	29,614	27,986	2,575	(158)	(9,787)	2,570	5,063	1,286	79
Profit/(loss) before tax from continuing operations	**550,653**	**265,531**	**191,813**	**116,524**	**(216,650)**	**154,551**	**33,605**	**(60,582)**	**65,861**
Corporate income tax	(72,723)	(56,102)	(35,525)	(25,029)	20,911	(27,473)	(3,732)	54,311	(84)
Profit/(loss) for the year from continuing operations	**477,930**	**209,429**	**156,288**	**91,495**	**(195,739)**	**127,078**	**29,873**	**(6,271)**	**65,777**
Consolidated profit/(loss) for the year	**477,930**	**209,429**	**156,288**	**91,495**	**(195,739)**	**127,078**	**29,873**	**(6,271)**	**65,777**
Non-controlling interests	162,748	26,177	87,349	1,252	(1,002)	48,450	522	–	–
Profit attributable to the Parent Company	**315,182**	**183,252**	**68,939**	**90,243**	**(194,737)**	**78,628**	**29,351**	**(6,271)**	**65,777**

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 "Revenue", 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 19.

In 2023, "Other financial profit/(loss)" in Corporation included the profit generated on the sale of the 24.99% holding in FCC Servicios Medio Ambiente Holding, S.A. (note 4) for the amount of 888,779 thousand euros for the difference between the cost of this holding and its sale price net of the expenses inherent to the operation. This profit was removed from the eliminations column as for the Group as a whole, this was booked as an equity transaction taken to reserves (notes 4 and 17).

Balance sheet by segments

2023	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	**10,655,661**	**3,408,786**	**3,316,253**	**719,482**	**816,330**	**2,566,979**	**654,698**	**4,089,667**	**(4,916,534)**
Intangible assets	2,483,475	926,629	1,022,159	78,683	148,924	74	358,979	4,366	(56,339)
Additions	*75,228*	*19,489*	*34,759*	*709*	*428*	*54*	*18,650*	*1,139*	–
Property, plant and equipment	3,829,799	1,944,256	1,072,682	183,525	477,413	631	3,585	168,768	(21,061)
Additions	*835,265*	*521,964*	*184,426*	*85,355*	*41,691*	*155*	*297*	*3,308*	*(1,931)*
Investment property	2,091,328	–	3,150	–	–	2,088,178	–	–	–
Additions	*17,778*	–	*832*	–	–	*16,946*	–	–	–
Investments accounted for using the equity method	1,034,288	233,202	47,006	43,328	132,376	441,970	123,044	12,996	366
Non-current financial assets	748,425	245,660	1,127,778	104,736	4,148	14,951	144,669	3,781,563	(4,675,080)
Deferred tax assets	468,346	59,039	43,478	309,210	53,469	21,175	24,421	121,974	(164,420)
Current assets	6,062,014	1,696,939	961,866	2,395,120	231,513	822,261	65,129	627,017	(737,831)
Inventories	1,234,338	87,211	51,838	276,578	103,281	718,209	1,228	275	(4,282)
Trade and other receivables	2,886,531	1,095,822	530,853	1,099,145	110,704	21,394	9,601	60,087	(41,075)
Other current financial assets	260,545	87,489	68,025	340,166	11,270	17,029	28,834	400,206	(692,474)
Other current assets	70,897	29,824	7,636	27,338	1,493	4,174	431	1	–
Cash and cash equivalents	1,609,703	396,593	303,514	651,893	4,765	61,455	25,035	166,448	–
Total assets	**16,717,675**	**5,105,725**	**4,278,119**	**3,114,602**	**1,047,843**	**3,389,240**	**719,827**	**4,716,684**	**(5,654,365)**

2023	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
LIABILITIES									
Equity	**6,145,927**	**1,102,480**	**1,025,904**	**1,288,677**	**679,274**	**1,981,723**	**267,697**	**3,214,236**	**(3,414,064)**
Non-current liabilities	**6,708,319**	**2,879,179**	**2,395,315**	**243,008**	**244,000**	**894,525**	**381,913**	**1,175,175**	**(1,504,796)**
Grants	226,624	4,285	47,282	–	610	–	174,447	–	–
Non-current provisions	1,230,595	561,787	236,724	193,518	36,817	26,399	54,870	120,480	–
Non-current financial liabilities	4,817,034	2,052,887	2,020,383	23,354	142,214	713,866	146,796	1,053,774	(1,336,240)
Deferred tax liabilities	284,179	128,817	72,442	26,136	64,359	154,260	5,800	921	(168,556)
Other non-current liabilities	149,887	131,403	18,484	–	–	–	–	–	–
Current liabilities	3,863,429	1,124,066	856,900	1,582,917	124,569	512,992	70,217	327,273	(735,505)
Current provisions	159,610	4,992	17,659	127,695	3,357	2,903	1,065	1,939	–
Current financial liabilities	926,771	477,854	279,759	23,898	47,345	419,635	55,498	298,983	(676,201)
Trade and other payables	2,777,048	646,279	559,482	1,431,324	73,867	90,454	13,654	21,066	(59,078)
Internal relations	–	(5,059)	–	–	–	–	–	5,285	(226)
Total liabilities	**16,717,675**	**5,105,725**	**4,278,119**	**3,114,602**	**1,047,843**	**3,389,240**	**719,827**	**4,716,684**	**(5,654,365)**

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	**9,874,542**	**3,164,348**	**3,125,791**	**803,020**	**728,894**	**2,325,704**	**601,856**	**3,904,676**	**(4,779,747)**
Intangible assets	2,342,148	932,535	902,913	78,209	148,608	44	330,686	5,494	(56,341)
Additions	*64,347*	*21,003*	*40,798*	*337*	*854*	*3*	–	*1,352*	–
Property, plant and equipment	3,496,804	1,713,092	993,061	154,497	470,038	924	37	185,430	(20,275)
Additions	*598,412*	*401,831*	*119,901*	*58,784*	*13,978*	*74*	*1*	*3,843*	–
Investment property	2,122,854	–	2,560	–	–	2,120,294	–	–	–
Additions	*21,599*	–	–	–	–	*21,599*	–	–	–
Investments accounted for using the equity method	502,629	194,887	54,353	40,712	42,690	40,006	118,358	11,381	242
Non-current financial assets	910,567	258,395	1,135,874	197,041	3,990	152,699	143,219	3,555,899	(4,536,550)
Deferred tax assets	499,540	65,439	37,030	332,561	63,568	11,737	9,556	146,472	(166,823)
Current assets	5,407,999	1,594,944	829,780	2,158,697	236,746	874,862	40,446	310,239	(637,715)
Inventories	1,143,202	57,346	41,528	179,954	105,207	758,219	198	1,098	(348)
Trade and other receivables	2,409,262	971,826	471,722	796,817	110,741	21,243	9,556	74,411	(47,054)
Other current financial assets	221,252	70,593	64,492	387,888	12,271	41,639	12,450	222,232	(590,313)
Other current assets	58,745	31,641	5,632	15,454	1,215	4,363	180	260	–
Cash and cash equivalents	1,575,538	463,538	246,406	778,584	7,312	49,398	18,062	12,238	–
Total assets	**15,282,541**	**4,759,292**	**3,955,571**	**2,961,717**	**965,640**	**3,200,566**	**642,302**	**4,214,915**	**(5,417,462)**

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
LIABILITIES									
Equity	**4,938,993**	**909,450**	**977,656**	**1,178,455**	**595,120**	**1,893,734**	**238,034**	**2,354,572**	**(3,208,028)**
Non-current liabilities	**6,046,615**	**2,231,734**	**2,319,042**	**236,140**	**246,352**	**971,668**	**338,826**	**1,273,388**	**(1,570,535)**
Grants	202,864	4,265	37,291	–	610	–	160,700	–	(2)
Non-current provisions	1,141,750	544,299	184,556	194,913	23,371	27,784	47,874	118,953	–
Non-current financial liabilities	4,271,282	1,418,164	2,017,592	10,289	156,788	783,845	130,252	1,153,968	(1,399,616)
Deferred tax liabilities	281,977	130,032	65,835	30,938	65,583	160,039	–	467	(170,917)
Other non-current liabilities	148,742	134,974	13,768	–	–	–	–	–	–
Current liabilities	4,296,933	1,618,108	658,873	1,547,122	124,168	335,164	65,442	586,955	(638,899)
Current provisions	148,074	5,115	14,377	118,276	4,661	2,443	1,133	2,069	–
Current financial liabilities	1,333,125	911,693	68,376	29,827	28,866	249,265	52,820	557,798	(565,520)
Trade and other payables	2,815,734	699,890	576,120	1,399,019	90,641	83,456	11,489	28,264	(73,145)
Internal relations	–	1,410	–	–	–	–	–	(1,176)	(234)
Total liabilities	**15,282,541**	**4,759,292**	**3,955,571**	**2,961,717**	**965,640**	**3,200,566**	**642,302**	**4,214,915**	**(5,417,462)**

Cash flows by segment

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2023									
Operating activities	785,386	400,444	257,296	(262,273)	124,451	155,670	33,916	63,668	12,214
From investing activities	(962,436)	(527,502)	(174,151)	56,068	(100,235)	(81,749)	87,095	(243,123)	21,161
Financing activities	210,258	57,992	(30,285)	83,767	(25,969)	(61,862)	(114,344)	334,334	(33,375)
Other cash flows	957	2,122	4,247	(4,253)	(793)	(2)	305	(669)	–
Cash flows for the year	**34,165**	**(66,944)**	**57,107**	**(126,691)**	**(2,546)**	**12,057**	**6,972**	**154,210**	**–**
2022									
Operating activities	1,545,839	531,644	235,496	506,839	(13,539)	166,584	31,131	105,386	(17,702)
From investing activities	(938,045)	(385,164)	(273,097)	(12,104)	(13,422)	(154,654)	(43,959)	(17,965)	(37,680)
Financing activities	(567,196)	(55,143)	(316,370)	(60,990)	12,824	(29,973)	(18,970)	(153,956)	55,382
Other cash flows	(585)	(8,230)	(1,546)	8,817	(126)	–	501	(1)	–
Cash flows for the year	**40,013**	**83,107**	**(355,517)**	**442,562**	**(14,263)**	**(18,043)**	**(31,297)**	**(66,536)**	**–**

b) Activities and investments by geographic markets

The Group performs approximately 48% of its activity abroad (45% in 2022).

The Revenue realised abroad by the Group companies for the business years 2023 and 2022 is distributed among the following markets:

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2023									
United Kingdom	1,113,996	778,736	–	249,949	89,598	7	–	–	(4,294)
Czech Republic	413,737	265,689	148,048	–	–	–	–	–	–
Georgia	79,240	–	79,240	–	–	–	–	–	–
Rest of Europe and Others	980,987	370,977	115,000	452,661	35,078	–	–	7,271	–
USA and Canada	608,156	351,562	–	237,303	19,291	–	–	–	–
Latin America	697,201	–	91,276	581,846	20,212	–	3,867	–	–
Middle East, Africa and Australia	395,448	–	134,667	193,277	69,189	–	–	–	(1,685)
	4,288,765	**1,766,964**	**568,231**	**1,715,036**	**233,368**	**7**	**3,867**	**7,271**	**(5,979)**
2022									
United Kingdom	1,048,589	794,945	–	178,292	78,158	–	–	–	(2,806)
Czech Republic	385,321	264,954	120,364	3	–	–	–	–	–
Georgia	65,292	–	65,292	–	–	–	–	–	–
Rest of Europe and Others	878,266	358,813	161,974	322,210	26,904	–	–	8,535	(170)
USA and Canada	285,565	247,240	–	23,400	14,925	–	–	–	–
Latin America	474,679	–	48,319	410,845	12,560	–	2,955	–	–
Middle East, Africa and Australia	296,798	–	65,806	162,048	69,382	–	–	–	(438)
	3,434,510	**1,665,952**	**461,755**	**1,096,798**	**201,929**	**–**	**2,955**	**8,535**	**(3,414)**

The following items included in the accompanying financial statements are shown below by geographical areas:

	Total Group	Spain	United Kingdom	Georgia	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
2023									
ASSETS									
Intangible assets	**2,483,475**	1,172,955	455,196	664	2,133	280,323	160,142	378,125	33,937
Property, plant and equipment	**3,829,800**	1,761,439	532,068	463,786	339,984	410,626	260,958	38,484	22,455
Investment property	**2,091,328**	2,088,178	–	3,150		–	–	–	–
Deferred tax assets	**468,346**	409,898	7,919	–	5,551	17,799	–	25,145	2,034
2022									
ASSETS									
Intangible assets	**2,342,148**	1,214,779	453,521	1,770	2,236	254,017	80,321	295,082	40,422
Property, plant and equipment	**3,496,804**	1,512,754	556,861	434,978	342,537	354,623	241,111	34,249	19,691
Investment property	**2,122,854**	2,120,294	–	2,560	–	–	–	–	–
Deferred tax assets	**499,540**	444,666	16,040	–	5,434	17,166	–	13,332	2,902

c) Personnel

The average number of people employed in 2023 and 2022 by business Areas is as follows:

	2023	2022
Environmental Services	44,565	42,996
Integrated Water Management	13,186	12,168
Construction	7,014	6,480
Cement	1,073	1,060
Real Estate	101	103
Concessions	157	58
Corporation	296	365
	66,392	**63,230**

28. Environmental information

The Corporate Responsibility Master Plan contains the environmental policy, enhancing the socially responsible commitment as part of the strategy of the FCC Group, which is highly 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 2023, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,870,885 thousand euros (2,645,627 thousand euros at 31 December 2022). Environmental provisions, mainly for landfill sealing and closing costs, amount to 482,546 thousand euros (476,679 thousand euros as at 31 December 2022).

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. Additionally, major efforts are being made in terms of production and marketing of cements with a higher percentage of additions that reduce the clinker content while maintaining their performance on site, making it possible to reduce the carbon footprint in its main product, cement. Also worth note is the increase in material recovery with greater use of secondary raw materials, increasing the percentage of energy substitution in clinker kilns.

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 139,300 thousand euros (137,960 thousand euros in 2022), with accumulated amortisation of 113,693 thousand euros (108,756 thousand euros in 2022). In 2023, it also incurred expenses of 3,508 thousand euros (2,562 thousand euros in 2022) 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. During 2023 and 2022, no greenhouse gas rights were sold.

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 2023 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.

29. Financial and non-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 and non-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 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 mainly 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.

The above is reflected in the results of ratios, debt levels and the high percentage classed as Investment grade, mainly in the parent's subsidiaries that account for a large part of the Group's financial debt, such as FCC Aqualia and FCC Servicios Medio Ambiente Holding.

In addition, as more extensively explained in note 19 on Non-current and current financial liabilities, in June 2022 the refinancing in the Water area was completed for the sum of €1,100 million. Moreover, in July 2020, FCC Servicios Medioambiente Holding, S.A. registered, and since then has renewed once a year, a promissory note programme, Euro Commercial Paper Programme (ECP), on the Irish stock exchange, for a maximum amount of 400 million euros and in October 2023 refinanced 600 million euros through a new bond issue. Fomento de Construcciones y Contratas, S.A. has had a promissory note programme - Euro Commercial Paper Program (ECP) - registered in that same market since November 2018, for an amount of 600 million euros. In 2023, new financing facilities were also renewed and taken out in the form of lines of credit and bilateral loans.

These operations have helped to continue to shore up the financial solvency 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 different business Areas.

The Economic-Finance Division, as responsible for financial risk management, regularly reviews the debt-equity ratios 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 2023:

	CONSOLIDATED (thousands of euros)							
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe non-euro	Latin America	Other	TOTAL
Gross debt	4,407,122	168,001	303,179	170	1,954	58,296	26,368	4,965,090
Financial assets	(834,286)	(293,363)	(244,251)	(45,872)	(108,488)	(98,859)	(239,865)	(1,864,984)
Total consolidated Net indebtedness	**3,572,836**	**(125,362)**	**58,928**	**(45,702)**	**(106,534)**	**(40,563)**	**(213,497)**	**3,100,106**
% Endeudamiento Neto sobre el total	115.2%	(4.0%)	1.9%	(1.5%)	(3.4%)	(1.3%)	(6.9%)	100.0%

Note 16 of these Financial Statements provides a break down of Cash and Equivalents by currency; in this breakdown, we can see how 45.5% is denominated in euros, 18.0% is denominated in US dollars, 13.5% in sterling and 6.9% in Saudi riyals.

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 17):

	10%	
	Profit and Loss	Equity
Pound sterling		45,903
US dollar	504	36,487
Georgian lari	1,159	16,577
Algerian dinar	2,401	16,255
Czech koruna	3,813	10,729
Total	**14,350**	**125,951**

	-10%	
	Profit and Loss	Equity
Pound sterling		(45,903)
US dollar	(504)	(36,487)
Georgian lari	(1,159)	(16,577)
Algerian dinar	(2,401)	(16,255)
Czech koruna	(3,813)	(10,729)
Total	**(14,350)**	**(125,951)**

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 61.3% 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 FCC Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Total Group	Construction	Environmental Services	Cement	Integrated Water Management	Concessions	Real Estate	Corporation
Total Gross								
External Debt	4,965,090	8,150	1,908,765	140,932	2,029,496	101,959	774,296	1,492
Fixed-rate headings and financing at 31.12.23	(3,042,444)	(1,653)	(1,665,034)	(1,196)	(733,313)	–	(641,248)	–
Total variable rate debt	**1,922,646**	**6,497**	**243,731**	**139,736**	**1,296,183**	**101,959**	**133,048**	**1,492**
Ratio: Variable rate debt /Gross External Debt at 31.12.23	**38.7%**	**79.7%**	**12.8%**	**99.2%**	**63.9%**	**100.0%**	**17.2%**	**100.0%**

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	+75 pb
Impact on profit or loss	**4,807**	**9,613**	**14,420**

d) Solvency risk

At 31 December 2023, the net financial indebtedness of the Environmental Services Group contained in the accompanying consolidated balance sheet amounted to 3,100,106 thousand euros as shown in the following table (3,192,719 thousand euros at 31 December 2022):

	2023	2022
Bank borrowings	2,709,929	2,778,349
Debt instruments and other loans	2,107,100	2,040,747
Other interest-bearing financial debt	148,061	163,364
Current financial assets	(255,281)	(214,203)
Treasury and cash equivalents	(1,609,703)	(1,575,538)
Net interest-bearing debt	**3,100,106**	**3,192,719**
Net debts with limited recourse	**4,001,840**	**3,869,904**
Net indebtedness with recourse	**(901,734)**	**(677,185)**

In turn, Net Debt with limited recourse increased year on year mainly due to the higher indebtedness of the Environmental Services area (note 19).

e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in 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 ability to obtain financing depends on many factors, many of which are outside its control.

Historically, the 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 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 2023, the Group's schedule of maturities of external gross debt was as follows:

2024	2025	2026	2027 and beyond	TOTAL
605,434	687,989	1,957,205	1,714,462	4,965,090

Almost the entire amount of the gross financial debt, amounting to €4,955,167 thousand, has no recourse to the parent company, of note being the debt of the End-to-end Water Management segment amounting to 2,029,496 thousand euros, and of the Environmental Services segment amounting to 1,908,765 thousand euros at 31 December 2023.

At 31 December 2023, the Group had working capital of 2,198,585 thousand euros (1,111,066 thousand euros at 31 December 2022).

In order to manage liquidity risk, at 31 December 2023, the Group had 591.7 million euros in undrawn bilateral financing lines, and 1,219,996 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	255,281	23,711	18,760	17,029	195,781

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	389,707	189,624	–	200,083

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, promissory notes and 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 2023 the weight of the external activity has been 48% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

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 customers, the Group does not accept commitments that do not have an assigned budget and financial approval. Offers that exceed a specific 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 at 31 December 2023 and 2022 as shown in the following table:

	2023	2022
Financial credits granted (note 13)	1,092,422	1,060,903
Trade and other receivables (note 15)	2,886,530	2,409,262
Derivative financial assets (note 22)	30,445	46,330
Cash and cash equivalents (Note 16)	1,609,703	1,575,538
Guarantees granted (Note 25)	5,041,504	4,697,135
TOTAL	**10,660,604**	**9,789,168**

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial assets 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 Concession 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.

Risk hedging financial derivatives

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 variable 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 four bullish scenarios of the basic interest rate curve of the Euro, coming in at around 2.43% in the medium/long term as at 31 December 2023, assuming an increase and reduction of 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 22), after applying, where applicable, the percentage of ownership interest, are shown below.

	Hedging derivatives			
	-100 pb	-50 pb	+50 pb	+100pb
Impact on Equity:				
Full consolidation	(11,532)	(5,626)	5,364	10,482
Equity method	(8,512)	(4,072)	3,739	7,176

h) Risks generated by the Russian invasion of Ukraine

The Group does not undertake activities in Russia, Ukraine or Belarus, meaning that the Russian invasion of Ukraine and the subsequent sanctions have not had a direct effect on its activities. However, it has been exposed to indirect effects such as the increase in the cost of raw materials, in particular the cost of energy, disruption to supply chains and, to a certain extent, the increase in reference interest rates.

In view of the above, the Group has reviewed the assumptions used to assess the signs of impairment of its main non-financial assets, considering, among other factors, the increase in reference interest rates, paying special attention to goodwill, and has determined that there is no impairment associated with it (note 6).

Given that the Group does not operate in the aforementioned geographic markets, no significant increase in the credit risk of its financial assets has been seen; therefore, no additional impairments have been recognised beyond those considered inherent to the different activities it performs. Furthermore, no difficulties have been detected in the Group's ability to obtain financing, as reflected by the transactions undertaken over the course of the year (note 19).

The aforementioned invasion has had a limited impact on the Group, meaning that the consolidated financial statements have been prepared applying the going concern principle, considering that the effects described do not jeopardise the continuity of their activities.

i) 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 18).

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. Furthermore, the Area has implemented energy management policies with a view to optimising energy consumption at its facilities; this policy is reflected in the calculation of the company's Carbon Footprint at its plants in Spain. 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.

Pursuant to the reporting requirements set out in the Taxonomy Regulation (EU) 2020/852, the Group has analysed the proportion of its economic activities that are eligible, and where appropriate, aligned and non-aligned, and ineligible under the Environmental Taxonomy, in terms of business volume, CapEx and OpEx relative to 2023. The Statement of Non-Financial Information that forms part of the Management Report provides greater details about the results and methodology followed in the application of the aforementioned Regulation, in particular specifying how the Group has analysed the climate risks affecting all its activities.

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.

30. 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 2023 and 2022, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2023	2022
Fixed remuneration	966	893
Other payments	1,879	1,671
	2,845	**2,564**

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 2,180 thousand euros (5,793 thousand euros in the 2022 business years).

2023	
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
Jaime Rocha Font	CEO of Cementos Portland Valderrivas

2022	
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 24 "Pension plans and similar obligations" describes the insurance taken out in favour of certain executive directors and 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:

Name or corporate name of the director	Company name of the Group entity	Position
ALICIA ALCOCER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHAIRWOMAN (ACTING ON BEHALF OF EAC INVERSIONES CORPORATIVAS, S.L.)
	REALIA BUSINESS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	REALIA BUSINESS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	FCyC, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DIRECTOR
JUAN RODRÍGUEZ TORRES	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
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 C.V.
	FCC AQUALIA, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	CHAIRMAN

Name or corporate name of the director	Company name of the Group entity	Position
PABLO COLIO ABRIL	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.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DEPUTY CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AUSTRIA ABFALL SERVICE AG	CHAIRMAN
ESTHER ALCOCER KOPLOWITZ	REALIA BUSINESS, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
CARMEN ALCOCER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR

In 2023, 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 289,504 thousand euros (133,495 thousand euros in 2022) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 19,431 thousand euros (18,501 thousand euros in 2022) 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:

- Execution of construction and service provision contracts between Group companies, eliminated in the process of consolidation, and investees by other parties related to the controlling shareholder, as follows:

Buyer	Seller	2023	2022
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	1,047	926
	FCC Medio Ambiente,S.A.	180	174
	Servicios Especiales de Limpieza,S.A.	494	508
	Fedemes,S.L.	28	24
	Fomento de Construcciones y Contratas,S.A.	1	2
Realia Business, S.A.	FCC Construcción, S.A.	6,772	6,326
	Fomento de Construcciones y Contratas,S.A.	172	163
	Fedemes,S.L.	142	130
	FCyC, S.A.	348	175
	Residencial Turo del Mar,C.B.	6	9
	Jezzine Uno,S.L.U.	15	1
FCyC, S.A.	FCC Construcción, S.A.	41,050	30,170
	FCC Ambito,S.A.	–	4
	Fomento de Construcciones y Contratas,S.A.	56	50
	Fedemes,S.L.	140	130
	Realia Business, S.A.	3,780	3,560
Hermanos Revilla,S.A.	Servicios Especiales de Limpieza,S.A.	127	134
	Fedemes,S.L.	26	25
Jezzine Uno, S.L.U.	Realia Business, S.A.	104	95
	Fedemes,S.L.	8	6
AS Cancelas Siglo XXI, S.L	Realia Business, S.A.	2,094	1,990
FCC Real Estate UK	FCC Environment Group (UK)	7	–
Cementos Portland Valderrivas, S.A.	Realia Patrimonio, S.L.U.	568	429
Fomento de Construcciones y Contratas,S.A.	Realia Patrimonio, S.L.U.	15	10
Fedemes, S.L.	Realia Patrimonio, S.L.U.	3	5
Giant Cement Holding Inc.	Cementos Portland Valderrivas, S.A.	272	87
Giant Cement Company	Uniland Trading B.V.	5,771	–
Coastal Cement Corporation	Uniland Trading B.V.	13,550	9,907
		76,776	**55,040**

In addition, the following balance sheet balances are maintained:

Receivable	Payable	2023	2022
Realia Patrimonio, S.L.U.	Cementos Portland Valderrivas,S.A.	132	132
	Fomento de Construcciones y Contratas,S.A.	27	27
	FCC Industrial e Infraestructuras Energéticas S.A.U.	412	377
	FCC Medio Ambiente,S.A.	82	75
	Servicios Especiales de Limpieza,S.A.	231	273
	Fedemes,S.L.	51	48
Realia Business, S.A.	Fedemes,S.L.	14	13
	Fomento de Construcciones y Contratas,S.A.	99,936	70,122
	FCC Construcción, S.A.	1,891	4,629
	FCC Industrial e Infraestructuras Energéticas S.A.U.	2	52
	FCyC, S.A.	87	211
FCyC, S.A.	Asesoria financiera y de gestión,S.A.	170	257
	Fomento de Construcciones y Contratas,S.A.	227,485	118,474
	FCC Construcción, S.A.	10,109	3,316
	FCC Industrial e Infraestructuras Energéticas S.A.U.	–	7
	Costa Verde Habitat,S.L.	1,993	2,340
	Jezzine Uno,S.L.U.	37,043	17,618
	Realia Business, S.A.	1,440	1,437
	Fedemes,S.L.	14	13
FCC Real Estate (UK) Limited	FCC Environment (UK) Limited	4,005	–
	FCyC, S.A.	207	97
Vela Borovica Koncern d.o.o.	FCyC, S.A.	189	126
Costa Verde Habitat, S.L.	FCyC, S.A.	5	–
Planigesa, S.A.	Servicios Especiales de Limpieza,S.A.	15	–
	Fomento de Construcciones y Contratas,S.A.	1	–
	Fedemes,S.L.	3	–

Receivable	Payable	2023	2022
Valaise, S.L. Unipersonal	FCC Industrial e Infraestructuras Energéticas S.A.U.	4	–
Fomento de Construcciones y Contratas,S.A.	Realia Patrimonio, S.L.U.	2,290	2,409
	Realia Business, S.A.	67	49
	FCyC, S.A.	4,549	32,649
Residencial Turo del Mar,C.B.	Realia Business, S.A.	2	2
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza,S.A.	30	38
	Fedemes,S.L.	–	3
Jezzine Uno,S.L.U.	FCyC, S.A.	3,805	3,044
	Realia Business, S.A.	32	28
	Fedemes,S.L.	1	–
AS Cancelas Siglo XXI,S.L.	Realia Business, S.A.	8,370	10,012
FCC Industrial e Infraestructuras Energéticas S.A.U.	Realia Patrimonio, S.L.U.	25	47
	Realia Business, S.A.	12	13
FCC Construcción, S.A.	FCyC, S.A.	–	105
	Realia Business, S.A.	330	459
FCC Environment (UK) Limited	FCC Real Estate (UK) Limited	98	–
Fedemes,S.L.	Realia Patrimonio, S.L.U.	1,362	186
Realia Business, S.A.	Residencial Turo del Mar,C.B.	–	291
Giant Cement Holding Inc.	Cementos Portland Valderrivas, S.A.	4,692	5,307
Uniland Acquisition Corporation	Uniland International B.V.	10	10
Giant Cement Company	Uniland Trading B.V.	1,628	–
Coastal Cement Corporation	Uniland Trading B.V.	3,341	1,729
		416,192	**276,025**

Additionally, during 2023, the following operations were carried out with related parties:

- Service provision agreement between Fomento de Construcciones y Contratas, S.A. with Vilafulder Corporate Group, S.L.U. for a total annual amount of 355 thousand euros.
- Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 184 thousand euros.
- Contract for the provision of services between Cementos Portland Valderrivas, S.A. and Mr. Jaime Rocha Font, for the amount of 150 thousand euros.
- Agreement for the provision of services between Realia Business, S.A. and Gerardo Kuri Kaufmann for €184 thousand.
- 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 2023 of 50,405 thousand euros (70,405 thousand euros in 2022). On 20 October 2022, the extension of its maturity until 20 October 2025 was signed off. The financial expenses accrued during the year amounted to 2,703 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 15,146 thousand euros (15,662 thousand euros in 2022).
- Commercial operations within the Cement segment with the company Trituradora y procesadora de materiales Santa Anita S.A. de C.V. of the Elementia Group for an amount of 22,606 thousand euros (9,390 thousand euros in 2022), with the debt pending collection as of 31 December 2023 being 713 thousand euros (2,011 thousand euros as of 31 December 2022).
- Acquisition by FCyC, S.A. of a 12.19% stake in Realia Business, S.A. from Soinmob Inmobiliaria Española, S.A.U. for the amount of 105,000 thousand euros (Note 4).
- Acquisition by FCyC, S.A. of 3.99% of Metrovacesa, S.A. from Control Empresarial de Capitales, S.A. de C.V. for an amount of 49,571 thousand euros (notes 4, 11, 13, 17 and 26).
- Acquisition by FCyC, S.A. of 1.95% of Metrovacesa, S.A. from Soinmob Inmobiliaria Española, S.A.U. for an amount of 24,233 thousand euros (note 4, 11, 13, 17 and 26).
- Granting of a loan by FCC, S.A. to Realia Business, S.A. for an amount of 40,000 thousand euros.
- Granting of a loan by FCC, S.A. to FCyC, S.A. for an amount of 178,804 thousand euros.
- Novation of the intragroup loan between FCC, S.A. and Realia Business, S.A. to extend its maturity, the amount of the loan being 65,000 thousand euros.
- Contracts for the provision of cleaning services by Servicios Especiales de Limpieza, S.A. to Realia Patrimony, S.L.U. and Hermanos Revilla, S.A. (now Planigesa, S.A.) for an amount of 511 thousands of euros and a one-year duration.
- Contracts for the provision of cleaning services by FCC Medio Ambiente, S.A. to Realia Patrimony, S.L.U. for an amount of 177 thousands of euros and a one-year duration.
- Contracts for the provision of maintenance services by FCC Industrial e Infraestructuras Energéticas S.A.U. to Realia Estate, S.L.U. for an amount of 755 thousands of euros and a one-year duration.
- Contracts for real-estate development management and marketing services provided by Realia Business, S.A. to FC y C, S.A. for an amount of 12,538 thousands of euros.
- Work execution contract by FCC Construcción, S.A. to Realia Business, S.A. for an amount of 19,851 thousand euros.
- Authorisation for the sale of dump sites in the United Kingdom to FCC Real State (UK) Ltd., both those closed and those currently in operation once they are closed. Additionally, a contract has been signed for the operation and maintenance by FCC Recycling (UK) of the landfills once they have been transferred to the aforementioned company.
- Granting of a guarantee by FCC, S.A. for an amount of 30,000 thousands of euros to FCC Real Estate (UK) Ltd. in relation to the risks of the transferred landfills.

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) Mechanisms 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.

31. Fees paid to auditors

The fees for audit services accrued in 2023 and 2022 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:

	2023			2022		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	4,529	754	5,283	3,880	705	4,585
Other assurance services	526	248	774	333	241	574
Total audit and related services	**5,055**	**1,002**	**6,057**	**4,213**	**946**	**5,159**
Tax advisory services	–	1,141	1,141	–	1,354	1,354
Other services	–	1,917	1,917	–	1,894	1,894
Total professional services	–	3,058	3,058	–	3,248	3,248
TOTAL	**5,055**	**4,060**	**9,115**	**4,213**	**4,194**	**8,407**

32. Events after the closing date

After the closing date of these consolidated financial statements, on 20 February 2024, the Official State Gazette published the ruling of the Spanish Constitutional Court, which considers Royal Decree-Law 3/2016 to be partially unconstitutional. The Group considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the consolidated balance sheet closing date. Therefore, as at 31 December 2023, the Group has registered the accounting impacts of this ruling, which has increased the offsetting of negative taxable amounts and the capitalisation of specific deferred tax assets (note 23).

Annex I Subsidiaries

Company	Address/Registered office	% Effective ownership	Auditor
Environmental services			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	38.26	Moore
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	75.01	
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago, 40 – Madrid	75.01	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza	45.01	Vaciero Auditores
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	40.22	Ernst & Young
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	38.26	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Egypt Environmental Services, S.A.E.	Egypt	99.25	Nearshore Middle East
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	49.96	Capital Auditors
Energyloop, S.A.	Av. Camino de Santiago, 40 - Madrid	41.26	Ernst & Young
Enviropower Investments Limited	United Kingdom	75.01	
FCC Ámbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
FCC Environment Portugal, S.A.	Portugal	75.01	Ernst & Young
FCC Environment Services (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Environmental Services CA	USA	75.01	
FCC Environmental Services Florida Llc.	USA	75.01	
FCC Environmental Services Nebraska Llc.	USA	75.01	
FCC Environmental Services Texas Llc.	USA	75.01	
FCC Environmental Services (USA) Llc.	USA	75.01	
FCC Environnement France	France	75.01	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	75.01	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	75.01	Aranda & Hinojosa
FCC Equal CEE Baleares, S.L.U.	Camino Fondo, 27 - Palma (Balearic Islands)	75.01	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Equal CEE Canarias, S.L.U.	Carretera de Guanarteme a Tamaraceite S/n KM5.1 - Las Maja, 35010, (Las Palmas)	75.01	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	75.01	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	75.01	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	75.01	Ernst & Young
FCC Medioambiente Internacional, S.L.U.	Av. Camino de Santiago, 40 – Madrid	75.01	
FCC Servicios Medio Ambiente Holding, S.A. Unipersonal	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	75.01	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	71.26	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	75.01	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	60.01	Vaciero Auditores
Gipuzkoa Ingurumena Bi, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	69.01	Ernst & Young
Golrib, Soluções de Valorização de Residuos Lda.	Portugal	41.26	Ernst & Young
Houston Waste Services, LLC	USA	75.01	
Houston Waste Solutions, LLC	USA	75.01	
Industria Reciclaje de RAEES, S.L.	Crta. Santander, KM 61,50 - Osorno la Mayor (Palencia)	75.01	
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	67.51	Ernst & Young
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	75.01	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	75.01	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	75.01	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	67.51	Ernst & Young
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Baleares)	75.01	Ernst & Young
Premier Waste Services, LLC.	USA	75.01	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	37.51	Ernst & Young
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	60.01	

Company	Address/Registered office	% Effective ownership	Auditor
Resicorreia Gestao Ser Amb Lda	Portugal	41.26	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	56.26	
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	45.01	Capital Auditors
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	49.44	Vaciero Auditores
Telford & Wrekin Services Limited	United Kingdom	75.01	
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	56.26	Capital Auditors
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	60.01	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Vizcaya)	75.01	Vaciero Auditores
FCC Group - CEE			
FCC Hódmezövásárhely Köztisztasági Kft	Hungary	46.38	Ernst & Young
Agadax s.r.o.	Czech Republic	75.01	
ASMJ s.r.o.	Czech Republic	38.26	
FCC Abfall Service Betriebs GmbH	Austria	75.01	
FCC Austria Abfall Service AG	Austria	75.01	Ernst & Young
FCC BEC s.r.o.	Czech Republic	75.01	Ernst & Young
FCC Bratislava s.r.o.	Slovakia	75.01	
FCC Centrum Nonprofit Kft.	ungary	75.01	Ernst & Young
FCC Česká Republika s.r.o.	Czech Republic	75.01	Ernst & Young
FCC České Budějovice s.r.o.	Czech Republic	56.26	Ernst & Young
FCC Dačice s.r.o.	Czech Republic	45.01	Ernst & Young
FCC Eko d.o.o.	Serbia	75.01	Ernst & Young
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	75.01	
FCC Environment CEE GmbH	Austria	75.01	Ernst & Young
FCC Environment Romania S.R.L.	Romania	75.01	Ernst & Young
FCC Freistadt Abfall Service GmbH	Austria	75.01	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	75.01	
FCC HP s.r.o.	Czech Republic	75.01	Ernst & Young
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	75.01	
FCC Inerta Engineering & Consulting GmbH	Austria	75.01	
FCC Kikinda d.o.o.	Serbia	60.01	Ernst & Young
FCC Liberec s.r.o.	República Checa	41.26	Ernst & Young
FCC Litovel s.r.o.	República Checa	36.75	
FCC Lubliniec sp. z.o.o.	Poland	46.48	
FCC Magyarország Kft	Hungary	75.01	Ernst & Young
FCC Mostviertel Abfall Service GmbH	Austria	75.01	
FCC Neratovice s.r.o.	Czech Republic	75.01	
FCC Neunkirchen Abfall Service GmbH	Austria	75.01	
FCC Podhale sp. z.o.o.	Poland	75.01	Ernst & Young
FCC Polska sp. z.o.o.	Poland	75.01	Ernst & Young
FCC Pro Eko sp. z.o.o.	Poland	75.01	
FCC Prostějov s.r.o.	Czech Republic	56.26	Ernst & Young
FCC Regios a.s.	Czech Republic	75.00	Ernst & Young
FCC Slovensko s.r.o.	Slovakia	75.01	Ernst & Young
FCC Tarnobrzeg.sp. z.o.o.	Poland	44.80	Ernst & Young
FCC Textil2Use GmbH	Austria	75.01	
FCC Trnava s.r.o.	Eslovaquia	37.51	Ernst & Young
FCC Únanov s.r.o.	Czech Republic	49.51	
FCC Vrbak d.o.o.	Serbia	38.26	
FCC Wiener Neustadt Abfall Service GmbH	Austria	75.01	
FCC Žabčice s.r.o.	Czech Republic	60.01	Ernst & Young
FCC Zabovresky s.r.o.	Czech Republic	66.76	
FCC Zisterdorf Abfall Service GmbH	Austria	75.01	Ernst & Young
FCC Znojmo s.r.o.	Czech Republic	37.25	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Zohor.s.r.o.	Slovakia	63.76	Ernst & Young
FCC Śląsk Sp. z o.o.	Poland	60.01	Ernst & Young
Obsed a.s.	Czech Republic	75.01	
Quail spol. s.r.o.	Czech Republic	75.01	Ernst & Young
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	45.01	
FCC Environment Group (UK)			
3C Holding Limited	United Kingdom	75.01	Ernst & Young
3C Waste Limited	United Kingdom	75.01	Ernst & Young
Allington O & M Services Limited	United Kingdom	75.01	Ernst & Young
Allington Waste Company Limited	United Kingdom	75.01	Ernst & Young
Anti-Waste (Restoration) Limited	United Kingdom	75.01	Ernst & Young
Anti-Waste Limited	United Kingdom	75.01	Ernst & Young
Arnold Waste Disposal Limited	United Kingdom	75.01	Ernst & Young
BDR Property Limited	United Kingdom	60.01	Ernst & Young
BDR Waste Disposal Limited	United Kingdom	75.01	Ernst & Young
Darrington Quarries Limited	United Kingdom	75.01	Ernst & Young
Derbyshire Waste Limited	United Kingdom	75.01	Ernst & Young
East Waste Limited	United Kingdom	75.01	Ernst & Young
FCC Environment (Berkshire) Ltd.	United Kingdom	75.01	Ernst & Young
FCC Environment (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Environment Limited	United Kingdom	75.01	Ernst & Young
FCC Environment Lostock Limited	United Kingdom	75.01	
FCC Lostock Holdings Limited	United Kingdom	75.01	Ernst & Young
FCC Recycling (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Waste Services (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI Holdings Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	75.01	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	75.01	Ernst & Young
Finstop Limited	United Kingdom	75.01	
Focsa Services (UK) Limited	United Kingdom	75.01	
Hykeham O&M Services Limited	United Kingdom	75.01	Ernst & Young
Integrated Waste Management Limited	United Kingdom	75.01	Ernst & Young
Landfill Management Limited	United Kingdom	75.01	Ernst & Young
Lincwaste Limited	United Kingdom	75.01	Ernst & Young
Norfolk Waste Limited	United Kingdom	75.01	Ernst & Young
Pennine Waste Management Limited	United Kingdom	75.01	Ernst & Young
RE3 Holding Limited	United Kingdom	75.01	Ernst & Young
RE3 Limited	United Kingdom	75.01	Ernst & Young
T Shooter Limited	United Kingdom	75.01	
Waste Recovery Limited	United Kingdom	75.01	
Waste Recycling Group (Central) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (Scotland) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (UK) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (Yorkshire) Limited	United Kingdom	75.01	Ernst & Young
Wastenotts O & M Services Limited	United Kingdom	75.01	Ernst & Young
Welbeck Waste Management Limited	United Kingdom	75.01	Ernst & Young
WRG (Midlands) Limited	United Kingdom	75.01	Ernst & Young
WRG (Northern) Limited	United Kingdom	75.01	Ernst & Young
WRG Acquisitions 2 Limited	United Kingdom	75.01	Ernst & Young
WRG Environmental Limited	United Kingdom	75.01	Ernst & Young
WRG Waste Services Limited	United Kingdom	75.01	
FCC Group - PFI Holdings			
FCC PFI Holdings Limited	United Kingdom	75.01	Ernst & Young
Green Recovery Group			
Allington Energy Networks Ltd.	United Kingdom	38.26	
FCC (E&M) Holdings Ltd.	United Kingdom	38.26	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC (E&M) Ltd.	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire Holdings Limited	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire Limited	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire (Support Services) Limited	United Kingdom	38.26	
FCC Energy Holdings Ltd	United Kingdom	38.26	Ernst & Young
FCC Energy Limited	United Kingdom	38.26	Ernst & Young
FCC Environment (Lincolnshire) Ltd.	United Kingdom	38.26	Ernst & Young
FCC Environment Developments Ltd.	United Kingdom	38.26	Ernst & Young
Green Energy Finance Solutions Ltd	United Kingdom	38.26	Ernst & Young
Green Recovery Projects Ltd	United Kingdom	38.26	Ernst & Young
Kent Energy Limited	United Kingdom	38.26	Ernst & Young
Kent Enviropower Limited	United Kingdom	38.26	Ernst & Young
Wastenotts (Reclamation) Limited	United Kingdom	38.26	Ernst & Young
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	50.78	Ernst & Young
Aguas de Albania, S.A. E.S.P.	Colombia	45.90	BDO Auditores
Aguas de Aracataca, S.A.S.	Colombia	48.45	BDO Auditores
Aguas del Sur del Atlántico, S.A. E.S.P.	Colombia	51.00	BDO Auditores
Aguas de la Península, S.A. E.S.P.	Colombia	51.00	BDO Auditores
Aguas de la Sabana de Bogotá, S.A. E.S.P.	Colombia	40.70	BDO Auditores
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	Capital Auditors
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
Aquamag, S.A.S. E.S.P.	Colombia	51.00	BDO Auditores

Company	Address/Registered office	% Effective ownership	Auditor
Aqualia Colombia, S.A.S.	Colombia	51.00	BDO Auditores
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 Flandes S.A.S. E.S.P.	Colombia	51.00	Baker & Tilly
Aqualia France	France	51.00	SNR Audit
Aqualia Gestión Los Cabos SACV	Mexico	51.00	Ernst & Young
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	BDO Auditores
Aqualia Mace Contracting, Operation & General Maintenance Llc.	United Arab Emirates	26.01	Baker & Tilly
Aqualia Mace Qatar	Qatar	26.01	Mazars
Aqualia México, S.A. de C.V.	Mexico	51.00	Ernst & Young
Aqualia Portugal, S.A.	Portugal	51.00	Ernst & Young
Aqualia Riohacha S.A.S. E.S.P.	Colombia	26.01	BDO Auditores
Aqualia Villa del Rosario, S.A.	Colombia	51.00	BDO Auditores
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	51.00	Ernst & Young
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
Compagnie Armoricaine Des Eaux	France	51.00	SNR Audit
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

Company	Address/Registered office	% Effective ownership	Auditor
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	H&CO
Flores Rebollo y Morales, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30.60	
Genesis Lodos, S.L.	Avda. Kansas City, 9 - Seville	40.80	
Haji Abdullah Ali Reza Integrated Services Ltd (H.A.A. & CO.)	Saudi Arabia	26.01	Ernst & Young
Hidrotec Tecnología del Agua, S.L. Unipersonal	Pincel, 25 – Seville	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
Municipal District Services, Llc.	USA	49.47	
Naunet, S.A.S.	Colombia	51.00	BDO Auditores
North Cluster S.P.V. Llc.	Saudi Arabia	26.01	Ernst & Young
Qatarat Saquia Desalination	Saudi Arabia	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.	Algeria	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	
Société des Eaux de Fin d'Oise, S.A.S.	France	51.00	SNR Audit
Société Pays de Dreux	France	51.00	
South Cluster SPV Llc	Saudi Arabia	22.95	Ernst & Young
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	Address/Registered office	% Effective ownership	Auditor
GGU Group			
Aqualia Georgia Llc.	Georgia	51.00	Ernst & Young
Gardabani Sewage Treatment Plant Llc.	Georgia	40.80	Ernst & Young
Georgia Global Utilities JSC	Georgia	40.80	Ernst & Young
Georgian Energy Trading Company Llc.	Georgia	40.80	Ernst & Young
Georgian Engineering and Management	Georgia	40.80	Ernst & Young
Georgian Water and Power Llc.	Georgia	40.80	Ernst & Young
Rustavi Water Llc.	Georgia	40.80	
Saguramo Energy Llc.	Georgia	40.80	Ernst & Young
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego	Portugal	100.00	
Agregados y Materiales de Panamá, S.A.	Panama	100.00	Mohsin Hafeji Hajari (CPA)
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	
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	Mohsin Hafeji Hajari (CPA)
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.60	
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100.00	Ernst & Young
Corporación M&S de 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	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Américas, S.A. de C.V.	Mexico	50.00	
FCC Américas Panamá, S.A.	Panama	50.00	PH Proaudit Solutions
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	
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	
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	Ernst & Young
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 Construction Regional Headquarter Llc	Saudi Arabia	100.00	Ernst & Young
FCC Construçoes do Brasil Ltda.	Brazil	100.00	
FCC Electromechanical Llc.	Saudi Arabia	100.00	Ernst & Young
FCC Elliott Construction Limited	Ireland	100.00	Mazars
FCC Industrial de Panamá, S.A.	Panama	100.00	
FCC Industrial Deutschland GmbH	Germany	50.00	
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 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 y Contratas Canadá Ltd.	Canada	100.00	Ernst & Young
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	

Company	Address/Registered office	% Effective ownership	Auditor
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
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	
CEMENT			
Áridos de Navarra, S.A.	Estella, 6. Pamplona (Navarra)	65.68	
Canteras de Alaiz, S.A.	Dormilatería, 72 – Pamplona (Navarra)	69.68	Ernst & Young
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87.63	Ernst & Young
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 – Pamplona (Navarra)	99.51	Ernst & Young
Dragon Alfa Cement Limited	United Kingdom	87.63	Ernst & Young
Dragon Portland Limited	United Kingdom	99.51	Ernst & Young
Intermonte Investments, S.A.	Paseo de la Castellana, 216 – Madrid	99.51	Ernst & Young
Prebesec Mallorca, S.A.	Conradors (P.I. Marratxi) – Marratxi (Baleares)	67.99	
Société des Ciments d'Enfidha	Tunisia	87.43	Ernst & Young
Surgyps, S.A.	Paseo de la Castellana, 216 – Madrid	99.51	Ernst & Young
Tratamiento Escombros Almoguera S.L.	Paseo de la Castellana, 216 – Madrid	50.78	
Uniland Acquisition Corporation	USA	99.51	
Uniland International B.V.	Netherlands	99.51	
Uniland Trading B.V.	Netherlands	99.51	
CONCESSIONS			
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 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	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Baker & Tilly
PPP Infraestructure Investments B.V.	Netherlands	100.00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	100.00	Ernst & Young
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
REAL ESTATE			
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	80.03	
FCyC, S.A.	Federico Salmón, 13 – Madrid	80.03	Ernst & Young
FCC Real Estate (UK) Limited	United Kingdom	80.03	Ernst & Young
Jezzine Uno, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	80.03	SW Auditores España
Realia Group			
Boane 2003, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	15.80	
Guillena Golf, S.L. Unipersonal	Paseo de la Castellana, 216 – Madrid	53.66	
Hermanos Revilla, S.A.	Av. Camino de Santiago, 40 – Madrid	14.03	
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Av. Camino de Santiago, 40 – Madrid	35.79	
Planigesa, S.A.	Av. Camino de Santiago,40– Madrid	40.78	Ernst & Young
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	53.66	Ernst & Young
Realia Contesti, S.R.L.	Romania	53.66	
Realia Patrimonio, S.L.U.	Av. Camino de Santiago, 40 – Madrid	53.66	Ernst & Young
Servicios Índice, S.A.	Av. Camino de Santiago, 40 – Madrid	48.52	
Valaise, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	53.66	
Vela Borovica Koncern d.o.o.	Croatia	80.03	
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100.00	
FCC Midco, S.A.	Luxembourg	100.00	
FCC Topco, S.A.R.L.	Luxembourg	100.00	

Annex II Companies jointly controlled with third parties outside the Group (consolidated using the equity method)

Company	Address/Registered office	Net book value of the portfolio 2023	Net book value of the portfolio 2022	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	6,559	7,547	37.51	Ernst & Young
Ecoparc del Besós, S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	5,534	8,398	36.75	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	167	113	37.51	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	2,048	1,742	25.00	Audinfor
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	342	308	37.51	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga)	246	299	37.51	Audinfor
Fisersa Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	205	217	27.27	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)	576	430	37.51	Capital Auditors
Ingeniería Urbana, S.A.	Calle I esquina calle 3, P.I. Pla de la Vallonga – Alicante	3,684	4,251	26.25	Baker & Tilly
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	943	916	37.51	Ernst & Young
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(3,197)	(3,312)	37.51	Hispanobelga Econo-mistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	209	209	37.51	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	–	–	50.00	Ernst & Young
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	–	1,915	51.00	
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	483	982	25.00	Castellà Auditors Consultors, S.L.P.
Zabalgarbi, S.A.	Camino Artigabidea, 10 – Bilbao (Vizcaya)	13,100	15,988	22.50	KPMG
FCC Environment Group (UK)	**United Kingdom**	**13,988**	**19,131**		
Beacon Waste Limited	United Kingdom	–	–	37.51	Ernst & Young
Mercia Waste Management Ltd.	United Kingdom	–	–	37.51	Ernst & Young
Severn Waste Services Limited	United Kingdom	–	–	37.51	Ernst & Young

Company	Address/Registered office	Net book value of the portfolio 2023	Net book value of the portfolio 2022	% Effective ownership	Auditor
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3–Langreo (Asturias)	976	829	24.99	Capital Auditors
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	564	531	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)	240	296	24.99	Kreston Iberaudit
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	México	(2,996)	(2,996)	12.50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1,239	1,393	25.50	Audinfor
Girona, S.A.	Travesia del carril, 2 – Girona	1,622	1,614	17.14	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	1,292	1,160	25.25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(52)	(67)	25.50	
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	9,447	10,856	25.50	Gran Thorton
Orasqualia for Operation and Maintenance S.A.E.	Egypt	1,229	1,306	25.50	Gran Thorton
CONSTRUCTION					
ACS FCC Canada Inc.	Canada	–	(393)	50.00	
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	139	126	50.00	
Altos del Javier, S.A.	Panama	(3,852)	–	50.00	
Consorcio Tramo Dos S.A. DE C.V.	Mexico	1,057	–	50.00	Deloitte
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	6,127	5,969	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	1,828	1,641	51.00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.		–	(9,474)		
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,918	1,722	50.00	Grant Thornton SC
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	–	–	50.00	
OHL Co Canada & FCC Canada Ltd. Partnership	Canada	(69,950)	(70,929)	50.00	
Onexpress Transportation Partners INC.	Canada	405	220	25.00	

Company	Address/Registered office	Net book value of the portfolio 2023	Net book value of the portfolio 2022	% Effective ownership	Auditor
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	132	119	51.00	
CEMENT					
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229,5 – Subirats (Barcelona)	2,855	2,292	49.65	Ernst & Young
CONCESSIONS					
Ibisan Sociedad Concesionaria, S.A.	Av. Isidor Macabich, s/n. Sant Rafel de Sa Creu (Baleares)	10,434	10,925	50.00	Deloitte
REAL ESTATE					
Realia Group					
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	38,815	38,622	26.83	Ernst & Young
MDM-Teide, S.A.	Panama	176	365	40.02	
Teide-MDM Quadrat, S.A.	Panama	31	64	40.02	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)		**48,724**	**55,487**		

Annex III Associates (consolidated using the equity method)

Company	Address/Registered office	Net book value of the portfolio 2023	Net book value of the portfolio 2022	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1,439	1,347	24.13	Menéndez Auditores
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	39	22	9.00	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	549	606	24.75	
Betearte, S.A.Unipersonal	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Vizcaya)	671	413	25.00	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5,526	5,342	36.75	Grupo de Auditores Públicos
Giref Generación Renovable	Pedro Lafayo, 6 - Ibiza	–	1	15.00	
FCC Group - CEE		**7,759**	**7,004**		
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	–	–	19.13	CMT Audit Kft
ASTV s.r.o.	Czech Republic	–	–	36.75	
FCC + NHSZ Környezetvédelmi HKft	Hungary	–	–	37.51	CMT Audit Kft
FCC Hlohovec s.r.o.	Slovakia	–	–	37.51	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	36.75	
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	36.75	
Killer GmbH	Austria	–	–	37.51	
Killer GmbH & Co KG	Austria	–	–	37.51	Rittmann
Recopap s.r.o.	Slovakia	–	–	37.51	
Tev-Akva Kft.	Hungary	–	–	6.50	Lázár Enikő
FCC Environment Group (UK) (*)		**44,253**	**–**		
CI III Lostock Efw Limited	United Kingdom	–	–	30.00	Deloitte
Lostock Power Limited	United Kingdom	–	–	30.00	Deloitte
Lostock Sustainable Energy Plant Limited	United Kingdom	–	–	30.00	Deloitte

Company	Address/Registered office	Net book value of the portfolio 2023	Net book value of the portfolio 2022	% Effective ownership	Auditor
FCC Group – PFI Holdings		**–**	**32,687**		
CI III Lostock Efw Limited	United Kingdom	–	–	30.00	Deloitte
Lostock Power Limited	United Kingdom	–	–	30.00	Deloitte
Lostock Sustainable Energy Plant Limited	United Kingdom	–	–	30.00	Deloitte
Tirme Group		**9,818**	**9,714**	**15.00**	
Circulare, S.L.U.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic Islands)	–	–	15.00	
Mac Insular, S.L.	P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Balearic islands)	–	–	10.50	Deloitte
Mac Insular Segunda, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic Islands)	–	–	11.25	
Tirme, S.A.	Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Balearic Islands)	–	–	15.00	Deloitte
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	38	65	24.48	Vaciero Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17– Denia (Alicante)	387	341	16.83	Blazquez Asociados Auditores
Aguas de Guadix, S.A.	Plaza Constitución, 1– Guadix (Granada)	289	245	20.40	Capital Auditors
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3,918	3,965	24.98	Capital Auditors
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Girona)	57	24	8.40	Faura-Casas
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	–	–	0.52	
Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	234	287	24.99	GM Auditors
Codeur, S.A.	Mayor, 22 – Vera (Almería)	3,965	6,024	14.32	Ernst & Young
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	876	832	25.50	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,395)	(5,396)	12.50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	224	322	24.99	Capital Auditors
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	32	83	24.99	Vaciero Auditores
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	(21)	18	24.99	Vaciero Auditores
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	(165)	165	24.99	Kreston Iberaudit

Company	Address/Registered office	Net book value of the portfolio 2023	Net book value of the portfolio 2022	% Effective ownership	Auditor
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	158	136	24.99	Vaciero Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaén)	71	94	24.99	Vaciero Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 – Ibiza (Balearic Islands)	105	95	20.40	
Omán Sustainable Water Services SAOC	Oman	1,666	1,588	24.99	Deloitte
Operadora El Realito, S.A. de C.V.	Mexico	383	343	7.65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A.de C.V.	Mexico	2	1	12.50	
Proveïments d'Aigua, S.A.	Astúries, 13 – Girona	671	644	7.71	GPM Auditors Associats
Sera Q A Duitama E.S.P., S.A.	Colombia	7	4	15.61	
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	13,404	11,728	25.51	Deloitte
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2,757	2,302	50.00	BDO Auditores
Agriwater, S.L.U.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	343	136	25.20	Deloitte
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	7,562	7,036	24.68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	919	3,560	45.00	Deloitte
Construcciones y Pavimentos, S.A.	Panama	5	5	50.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	–	–	24.50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	–	–	50.00	Ernst & Young
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	–	–	50.00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	1,805	1,379	14.28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	8	7	25.00	
Efi Túneles Necaxa, S.A. de C.V.	Mexico	69	255	45.00	
Euroconcretos de Nicaragua, S.A.	Nicaragua	–	–	40.00	
FCC Tarrio TX-1 Construçao Ltda	Brazil	–	–	70.00	
M50 (D&C) Limited	Ireand	(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	

Company	Address/Registered office	Net book value of the portfolio 2023	Net book value of the portfolio 2022	% Effective ownership	Auditor
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25.00	
Roadbridge FCC JV Limited	Ireland	–	–	50.00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	2	2	14.28	
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	28	26	14.28	
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	596	540	34.40	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella)- Tanojar (Navarra)	(297)	(281)	49.76	
Giant Group		**102,744**	**13,451**		
Coastal Cement Corporation	USA	–	–	44.78	
Dragon Energy Llc.	USA	–	–	44.78	
Dragon Products Company Inc.	USA	–	–	44.78	
Giant Cement Company	USA	–	–	44.78	
Giant Cement Holding Inc.	USA	–	–	44.78	
Giant Cement NC Inc.	USA	–	–	44.78	
Giant Cement Virginia Inc.	USA	–	–	44.78	
Giant Resource Recovery Inc.	USA	–	–	44.78	
Giant Resource Recovery - Arvonia Inc.	USA	–	–	44.78	
Giant Resource Recovery - Attalla Inc.	USA	–	–	44.78	
Giant Resource Recovery - Harleyville, Inc.	USA	–	–	44.78	
Giant Resource Recovery - Sumter Inc.	USA	–	–	44.78	
Keystone Cement Company	USA	–	–	44.78	
Sechem Inc.	USA	–	–	44.78	
Hormigones Castro, S.A.	Ctra. Nacional 634 - Ambrosero - Barcena de Cicero (Cantabria)	407	446	49.76	
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	813	782	62.20	KPMG
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	377	396	49.76	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	1,057	911	49.76	

Company	Address/Registered office	Net book value of the portfolio 2023	Net book value of the portfolio 2022	% Effective ownership	Auditor
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 1 - Valtierra (Navarra)	2,514	2,419	39.81	
Hormigones Reinares, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	1,050	985	49.76	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 Km. 516,5- Sabiñánigo (Huesca)	6,317	6,112	49.76	KPMG
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarra)	7,828	8,011	27.87	KPMG
Navarra de Transportes, S.A.	C/Circunvalación Inguraketa s/n - Olazagutia (Navarra)	825	679	33.17	KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	86	94	33.17	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	979	1,040	33.10	
Terminal Cimentier de Gabes-Gie	Tunisia	32	34	29.14	
Vescem-LID, S.L.	Valencia, 245 - Barcelona	35	29	24.83	
CONCESSIONS					
Future Valleys Project Co Limited	United Kingdom	29,010	29,688	42.50	Goodman Jones
Future Valley Hold Co Limited	United Kingdom	–	–	42.50	Goodman Jones
Metro de Lima Línea 2, S.A.	Peru	38,840	37,310	18.25	Ernst & Young
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	11,521	10,399	24.01	Ernst & Young
REAL ESTATE					
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)	828	955	16.01	
Metrovacesa, S.A.	Calle Quintanavides (PQ. Via Norte), 13 28050 Madrid	402,120	–	16.98	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)		**670,460**	**165,768**		

(*) In 2023, CI III Lostock Efw Limited, Lostock Power Limited and Lostock Sustainable Energy Plant Limited were transferred from the FCC Group - PFI Holdings to FCC Environment (UK).

Annex IV Changes in the scope of consolidation

ADDITIONS	
Company	**Address/Registered office**
GLOBAL CONSOLIDATION	
Allington Energy Networks Ltd.	United Kingdom
Aqualia Riohacha S.A.S. E.S.P.	Colombia
FCC Construction Regional Headquarter Llc	Saudi Arabia
FCC Environnement France	France
FCC Industrial Deutschland GmbH	Germany
Municipal District Services, Llc.	USA
North Cluster S.P.V. Llc.	Saudi Arabia
Resicorreia Gestao Ser Amb Lda	Portugal
Société Pays de Dreux	France
ASSOCIATES	
Metrovacesa, S.A.	Calle Quintanavides (PQ. Via Norte), 13 28050 Madrid

DERECOGNITIONS	
Company	**Address/Registered office**
GLOBAL CONSOLIDATION	
FCC Edificadora CR, S.A. (3)	Costa Rica
FCC Environmental Services Limited (1)	United Kingdom
FCC Inmobilien Holding GmbH (4)	Germany
PROPORTIONA	
Abastament en Alta Costa Brava Empresa Mixta, S.A. (1)	Pz. Josep Pla Casadevall, 4 3º 1ª. Girona
JOINT VENTURES	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V. (2)	Mexico
Elaboración de Cajones Pretensados, S.L. (3)	Av. Camino de Santiago, 40 – Madrid
Servicios Urbanos de Málaga, S.A. (1)	Av. Camino de Santiago, 40 – Madrid

(1) Derecognition by liquidation
(2) Derecognition following disposal of the holding
(3) Derecognition by dissolution
(4) Derecognition due to absorption

Annex V Temporary joint ventures, economic interest groups and other enterprises managed jointly with non-Group third parties

	Integration percentage at 31 December 2023
ENVIRONMENTAL SERVICES	
A Coruña Limpieza JV	70.00
Agarbi JV	60.00
Agarbi Bi JV	60.00
Agarbi Interiores JV	60.00
Aizmendi JV	60.00
Alcantarillado Melilla JV	50.00
Arazuri 2020 JV	50.00
Arcos JV	51.00
Arcos Limpieza Viaria JV	51.00
Artigas JV	60.00
ARUCAS II JV	70.00
Baix Ebre-Montsià JV	60.00
Berango JV	60.00
Bilketa 2017 JV	60.00
Bio Eraikigarbi JV	60.00
Biocompost de Álava JV	50.00
Bizkaiko Hondartzak JV	50.00
Bizkaiko Hondartzak 2021 JV	50.00
Boadilla JV	50.00
Cabrera de Mar JV	50.00
Cana Putxa JV	20.00
Carma JV	50.00

	Integration percentage at 31 December 2023
Castellana – Po JV	50.00
Chipiona JV	50.00
CMG2 Lanak JV	92.00
CMG2 Kudeaketa JV	92.00
Complejo Ambiental Copero JV	67.00
Compostaje MCP JV	50.00
Contenedores las Palmas JV	30.00
Contenedores Madrid JV	38.25
Contenedores Madrid 2 JV	36.50
CTR – Vallès JV	20.00
Ctr. de l'alt Empordà JV	45.00
CTR Valladolid JV	80.00
Cua JV	50.00
Dependencias Elche JV	80.00
Donostiako Garbiketa JV	70.00
Dos Aguas JV	35.00
Ecogondomar JV	70.00
Ecomilla Bicipark JV	60.00
Ecoparc 3 BCN JV	50.00
Ecoparque Cáceres JV	50.00
Ecourense JV	50.00
Eco-Tri JV	50.00
Efic. Energ. JV Puerto del Rosario JV	60.00

	Integration percentage at 31 December 2023
Elche JV	50.00
Electrificación SAC JV	50.00
Energía Solar Onda JV	25.00
Enllumenat Sabadell JV	50.00
Envases Ligeros Málaga JV	50.00
Epeleko Konposta JV	60.00
Epremasa Provincial JV	55.00
Eretza JV	70.00
Es Vedra JV	25.00
Etxebarri JV	60.00
FCC - Ers Los Palacios JV	50.00
FCC Perica I JV	60.00
FCC - SuFI Majadahonda JV	50.00
FCC-Mcc Santiago del Teide JV	80.00
F.S.S. JV	99.00
Fuentes las Palmas JV	25.00
Fuerteventura Lote 2 JV	50.00
Gestió Integral de Runes del Papiol JV	40.00
Gestión Instalación III JV	34.99
Giref JV	20.00
Goierri Bilketa JV	60.00
Goierri Garbia JV	60.00
Guipuzkoako Hondartzak 2020 JV	60.00
Guipuzkoako Hondartzak 2022 JV	60.00
Guipuzkoako Portuak 2019 JV	40.00
Industriales Lea Artibai JV	60.00
Bilbao Interiors JV	80.00

	Integration percentage at 31 December 2023
Bilbao Interiors II JV	70.00
Jardineras 2019 JV	60.00
Jardines Boadilla JV	70.00
Jardines Pto del Rosario JV	78.00
Jardines UJI JV	50.00
Jard. Universitat Jaume I JV	50.00
Jerez JV	80.00
JJ Gaiketa Sanmarko JV	63.00
Jundiz II JV	51.00
Kimeketak Bi JV	50.00
la Lloma del Birlet JV	80.00
Lagunas II JV	33.34
Las Caldas Golf JV	50.00
Legio VII JV	50.00
Lekeitioko Mantenimendua JV	60.00
Lezo Garbiketa 2018 JV	55.00
Limpieza Santa Coloma JV	50.00
Limpieza y RSU Lezo JV	55.00
Logroño Limpio JV	50.00
Los Rosales - Zafra JV	45.00
Luze Vigo JV	40.00
LV Coslada JV	50.00
LV Lote IV JV	65.00
LV Ribera JV	90.00
LV RSU Muszik JV	60.00
LV RSU Vitoria-Gasteiz JV	60.00
LV Zumaia JV	60.00

	Integration percentage at 31 December 2023
LV Zumarraga JV	60.00
Mant. Build. Diputación Vcia	55.00
Mant. Edificios Valencia JV	55.00
Manteniment Lot 12 JV	75.00
Mantenimiento Reg Cornellà JV	60.00
Melilla JV	50.00
Muskiz JV	60.00
Neteja Illes Balears JV	50.00
Neteja i Recollida Anglès JV	50.00
Neteja Pintades Barcelona JV	84.20
Netial JV	66.66
Neumática Casco Antiguo JV	65.00
Nivaria JV	29.00
Onda Exploitation JV	33.33
Pájara JV	70.00
Pamplona JV	80.00
PaP La Cellera JV	50.00
Parla JV	50.00
Parques Infantiles LP JV	50.00
Plan Residuos JV	47.50
Planta Materia Orgánica JV	40.00
Planta Rsi Tudela JV	60.00
Planta Transferencia FTV 2 JV	70.00
Planta Tratamiento Valladolid JV	90.00
Playas Gipuzkoa III JV	55.00
Poniente Almeriense JV	50.00
Portmany JV	50.00

	Integration percentage at 31 December 2023
JV PTMR	50.00
Puerto de Pto del Rosario JV	70.00
RBU Els Ports JV	50.00
RBU Villa-Real JV	47.00
Rec. Neum. Valdespartera JV	49.00
Recollida Segrià JV	60.00
Reg Cornellà JV	60.00
Reutiliza JV	70.00
RSU Bilbao II JV	60.00
RSU Chipiona JV	50.00
RSU Donosti JV	70.00
RSU Inca JV	80.00
RSU LV Muskiz JV	60.00
RSU LV S. Bme. Tirajana JV	50.00
RSU y LV Colmenar Viejo JV	50.00
RSU y LV Torrejón de Ardoz JV	60.00
RSU Málaga JV	50.00
RSU Sestao JV	60.00
RSU Tolosaldea JV	60.00
S.U. Alicante.	33.33
S.U. Benicassim	35.00
S.U. Bilbao	60.00
S.U. Oropesa del Mar	35.00
Saneamiento Urbano Castellón JV	65.00
Saneamiento Vitoria-Gasteiz JV	60.00
Sanejament Cellera de Ter JV	50.00
Sanejament Girona JV	70.00

	Integration percentage at 31 December 2023
Sanejament Granollers JV	80.00
San Miguel-Anaka JV	50.00
SAV – FCC Tratamientos JV	35.00
Selectiva Urola Kosta II 2017 JV	60.00
Selectiva las Palmas JV	55.00
Selectiva Sanlucar JV	50.00
Selectiva San Marcos II JV	63.00
Selectiva Urola Kosta JV	60.00
Sellado Vertedero Gardelegui JV	50.00
Son Espases JV	50.00
Tolosako Garbiketa JV	40.00
Tolosako Garbiketa 2020 JV	40.00
Tolosaldea RSU 2018 JV	60.00
Tolosaldea RSU 2023 JV	60.00
Transp. y Elim. RSU	33.33
Transporte RSU JV	33.33
Txorierri RSU 2023 JV	60.00
Uribe Kosta JV	60.00
Urola Erdia JV	60.00
Urola Kosta 2023 JV	60.00
Urretxu Garbi 2023 JV	60.00
Urretxu Garbiketa JV	60.00
Vertedero Gardelegui III JV	70.00
Vertresa JV	10.00
Vidrio Melilla JV	50.00
Vilomara II JV	33.33
Zamora Limpia JV	30.00

	Integration percentage at 31 December 2023
Zaragoza Delicias JV	51.00
Zarautz Garbia JV	60.00
Zarauzko Garbiketa JV	60.00
Zumaia JV	60.00
Zumarraga Garbia JV	60.00
ZZVV Santa Cruz Tenerife JV	50.00
AQUALIA	
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	51.00
Empresa Mixta de Aguas y Servicios, S.A.	75.00
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	75.00
Consortium O&M Alamein	65.00
Abastecimiento Picadas Almoguera JV	95.00
Abu Rawash Construccion JV	50.00
Aguas Alcalá JV	50.00
UTE Aguas del Doramás	50.00
JV Alkhorayef-FCC Aqualia	51.00
Ampliación Edam Granadilla JV	60.00
Expansion SWDP Melilla JV	50.00
UTE Badajoz Zona Este	50.00
UTE Badajoz Zona Oeste	50.00
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
Depuración Poniente Almeriense JV	75.00
Depuradoras Lote 1 JV	95.00

	Integration percentage at 31 December 2023
Edar A Guarda 2013 JV	50.00
Edar A Guarda 2022 JV	50.00
Edar Baeza JV	50.00
Edar Galindo JV	50.00
Edar Gijón JV	60.00
Garrucha JV	85.00
JV Gestión Cangas	70.00
UTE Groupement Solidaire Jerba	50.00
Guadiana Pueblonuevo JV	51.00
Hidc - Hidr. – Inv Do Centr. Ace JV	50.00
UTE Ibiza	50.00
SWDP Santa Eulalia JV	50.00
Idam Santa Eulalia II JV	50.00
Idam Santa Eulalia III JV	50.00
Idam Santa Eulalia IV JV	50.00
UTE Idga Saneca	70.00
UTE Louro	65.00
Mantenimiento Red Alc.6 JV	99.01
UTE Mostaganem	50.00
Obra Edar Argamasilla de Calatrava JV	70.00
OYM CAP Djinet JV	50.00
JV OYM Mostaganem	50.00
Ptar Ambato JV	60.00
Qatar JV	51.00
SEAFSA Lanzarote JV	60.00
Sollano-Zalla JV	50.00

	Integration percentage at 31 December 2023
JV TSE Riad	51.00
UTE Zafra	65.00
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	43.78
Lúcios & FCC Construcción, A.C.E	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
Associate FCC Azvi S. Sighisoara - Atel	55.00
Bridging Pennsylvania Constructors JV	50.00
CJV-UJV	43.78
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-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

	Integration percentage at 31 December 2023
Consorcio Línea 2	40.00
Consorcio Línea 2 Ramal	40.00
Consorcio Línea Uno	45.00
Consorcio M&S Santa Fe Mca	50.00
Consorcio Nueva Esperanza	63.00
Fast 5 – U.J.V.	34.65
FCC - GMK - CCN CLUJ NAPOCA J.V.	50.00
FCC - Yuksel – Archidoron – Petroserv J.V.	50.00
FCS Tunnels JV	40.00
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. SFI Leasing Company	30.00
Merseylink Civil Contractors J.V.	33.33
Metro Bucarest J.V.	47.50
Onexpress Civils Contractors GP	50.00
Scarborough Transit Connect GP	50.00
Shimmick Co. Inc. FCC Co. Impregilo Spa JV	30.00
Sisk FCC Gg Ppp	50.00
Sotra Link Construction JV ANS	35.00
Thv Cafasso Construction	50.00
TJV-UJV	19.70
Webuild – FCC JV (Basarab)	50.00

	Integration percentage at 31 December 2023
2nd Phase Sphinx Dam JV	35.00
Accesos a La Estación de La Sagrera JV	37.50
Acceso Norte A Vigo Nueva Estación JV	50.00
Acceso Puerto Seco Monforte JV	50.00
Adecuación Palacio Justicia TSJCV JV	63.00
Adif Bancada 2018 JV	50.00
Adolfo Suárez Airport JV	50.00
Aguas Madrid 2021 JV	70.00
Alameda de Cervantes en Lorca JV	60.00
Alta Capacidad 2020 JV	50.00
Alumbrado Lugo JV	50.00
Alumbrado Madrid Lote-1 JV	50.00
Am Boadilla JV	25.00
Ampliación Hospital Marina Baixa JV	60.00
Ampliación Materno Infantil JV	80.00
Ampliación Muelle de Naos JV	95.00
Andenes L1-L9 Tram Benidorm JV	65.00
Arquitectura Sagrera JV	37.50
Arroyo del Fresno JV	50.00
Aucosta Conservación JV	50.00
Auditorio de Lugo JV	50.00
Autovía el Batán – Coria JV	50.00
Ave Alcántara-Garrovillas JV	85.00
Ave Eje Sur JV	25.00
Ave Girona JV	40.00
Ave Madrid Noreste Lote 2 JV	25.00

	Integration percentage at 31 December 2023
Ave Maside JV	67.00
Ave Plasencia - Badajoz JV	25.00
Avenoreste1 JV	25.00
Avenoreste2 JV	25.00
Badajoz Sur JV	50.00
Balastro R-3 JV	50.00
Barbados JV	50.00
Barcience JV	50.00
Belltall JV	40.00
Bergara Antzuola JV	71.50
Bobadilla - Ronda JV	45.00
Boetticher Clima JV	50.00
Boetticher Electricidad JV	50.00
Bombeo Fuente Alamo JV	60.00
Bosque de la Herrería JV	40.00
Brazatortas JV	33.34
By Pass Mérida Lote 1 JV	50.00
By Pass Mérida Lote 2 JV	50.00
C&F Jamaica JV	50.00
Cáceres Norte JV	50.00
Calders-Vilaseca JV	20.00
Campo Gibraltar JV	80.00
Canal de Castilla 2022 JV	70.00
Cárcel Marcos Paz JV	35.00
Carretera Ibiza - San Antonio JV	50.00
Castellón - Vinaroz JV	50.00

	Integration percentage at 31 December 2023
Castuera JV	33.34
Catlántico JV	25.00
Cecoex JV	20.00
Cedillo I and II JV	99.00
Chuac JV	50.00
Cierre Anillo Insular Tfe JV	85.00
Circuito JV	70.00
Circunvalación Lucentum JV	50.00
Ciudad Rodrigo JV	99.00
Ciutat de la Justícia JV	30.00
CMS La Llagosta JV	20.00
CMS Ramal Aeropuerto BCN JV	25.00
Coberta Tallers ZF JV	50.00
Conexión Corredor Mediterráneo JV	40.00
Conexión Molinar JV	70.00
Conservacion Ex-A1 JV	50.00
Conservacion Plasencia JV	50.00
Conservación Telde JV	50.00
Construcción Tranvía Zaragoza JV	50.00
Control JV	80.00
Control Mogán JV	33.33
Club de Mar Mallorca JV	70.00
Creaa JV	50.00
Deancentro JV	60.00
Deansur JV	60.00
Depuración San Roque JV	60.00

	Integration percentage at 31 December 2023
Desarrollo Puerto de Avilés Fase I JV	80.00
Dique Este JV	35.00
Dique Torres JV	27.00
Donostialdea 2018 JV	60.00
Donostialdea 2023 JV	60.00
Duplicación R-3 JV	50.00
Elec Lin Castellón Vinaroz JV	50.00
Electrification La Sagrera JV	50.00
ErtMS Rodalíes Bcn JV	22.00
Estación Girona JV	40.00
Estacions Line 9 JV	33.00
Ezkio Itsaso JV	40.00
Facultad de Filosofía JV	60.00
Fase II Pabellón Reyno de Navarra JV	50.00
FCC Industrial - Aton JV	90.00
FCCi-Orbe JV	70.00
F.I.F. GNL FB 301/2 JV	35.96
Fira P.Zero JV	60.00
Fuente de Cantos JV	50.00
FV Tallers Zona Franca JV	50.00
Galibos Monforte JV	50.00
UTE Galindo-Beurko	60.00
Girona Norte 2014 JV	70.00
Guadalmez - Córdoba JV	25.00
Guadarrama 3 JV	33.33
Guadarrama 4 JV	33.33

	Integration percentage at 31 December 2023
Hornachuelos y Antequera Lote 2 JV	25.00
Hospital Alcázar JV	60.00
Hospital Cabueñes Fase I JV	70.00
Hospital Campus de la Salud JV	80.00
Hospital del Sur, Segunda Fase JV	40.00
Hospital FCC - Vvo JV	80.00
Hospital Son Dureta JV	33.00
Hospital Universitario de Murcia JV	50.00
Lecisa-FCC/Interfonia En Estaciones JV	50.00
Impermeabilización Túnel Pajares Norte JV	50.00
Instalación FV Balsa Alfés JV	50.00
Instalaciones Madrid Este JV	46.25
Instalaciones Urbanas Este JV	50.00
Jabugo JV	50.00
Juan Grande JV	50.00
L1 Sur Lote 1 JV	50.00
Lac la Sagrera JV	50.00
Línea 9 JV	33.00
Lote 1 Centro JV	50.00
Lote 1 Edif. B Son Dureta JV	70.00
Lot 5 Glories JV	37.50
Lote 4 Hospital de Alcañiz JV	55.00
Lote 6 Sur JV	50.00
M-407 JV	50.00
Madrid Sevilla Ave JV	60.00
Mantenimiento Presas de Castellón JV	50.00

	Integration percentage at 31 December 2023
Manteniment Rondes 2022 JV	50.00
Mantenimiento Júcar JV	50.00
Mantenimiento SAIIH Jucar 2023 JV	50.00
Mantenimiento Tdm 2018 JV	50.00
Mantenimiento Tranvía Zaragoza JV	50.00
Mantenimiento Vía Aranjuez JV	50.00
Maquinaria Pesada 2015 JV	50.00
Medina 2023 JV	50.00
Medinaceli JV	22.40
Mej. Viarios Leganés 2022 JV	50.00
Metro Línea 12 JV	95.00
Miv Centro JV	19.00
Miv Centro 2021-2022 JV	25.00
Miv Sur JV	29.50
Miv Sur Lot 6 JV	25.00
Mntto. Antequera Granada JV	20.00
Montcada JV	33.33
Monforte JV	24.00
Montaje Vía Mollet – Girona JV	50.00
Monaje Via Sagrera JV	37.50
Mora - Calatrava JV	39.97
Mto Postr Tajo-Segura JV	60.00
Muelle de la Química JV	70.00
Murcia JV	40.00
Navalmoral JV	55.00
Nuevo Estadio Vcf JV	49.00

	Integration percentage at 31 December 2023
Nuevo Hospital de Cáceres JV	50.00
Nuevo Puerto de Igoumenitza JV	50.00
Obra Cub.Capat.Catarroja JV	55.00
Obras Alumbrado Madrid JV	50.00
Operadora Termosolar Guzmán JV	67.50
Osorno 2019 JV	60.00
Pago de Enmedio JV	75.00
Palacio de Congresos de León JV	50.00
Parque Tecnológico JV	60.00
Pasaia Berri JV	50.00
Pasaia Berri Instalaciones JV	80.00
Pizarro JV	99.00
Pla de Na Tesa JV	70.00
Pont de Candi JV	75.00
Ponts Ronda Litoral JV	50.00
Presa Enciso JV	50.00
Prim Barrio San Anton – Elche JV	80.00
Psir Castro Urdiales JV	50.00
Puente del Rey JV	33.33
Puente Ribadesella JV	70.00
Puente Río Ozama (Dfc-Cocimar) JV	35.00
Puerto de Granadilla JV	50.00
Puertollano JV	50.00
Quintanaortuño - Montorio JV	75.00
Radiales JV	35.00
Red Arterial Palencia Fase I JV	80.00

	Integration percentage at 31 December 2023
Reforma Chuac Fase Cero JV	50.00
Reforma Plaza España JV	80.00
Regadíos Río Flumen JV	60.00
Rehabilitación Dique Botafoc JV	55.00
Rehabilitación Parque la Gavia JV	75.00
Renovación Desvíos Fase 1 JV	25.00
Renovación Linea Girona-Figueres JV	50.00
Rep Pant Brazatortas JV	25.00
RIV GIJÓN-LAVIANA JV	40.00
RIV Orense - Monforte JV	33.33
Ruta Nacional Haití JV	55.00
Sagunto JV	60.00
Saneamiento Arco Sur JV	56.50
Saneamiento de Villaviciosa JV	80.00
Santa Maria D'oló-Gurb JV	60.00
Serv. Energ. Piscina Cub. S. Caballo JV	50.00
Sevilla Huelva Lote 1 JV	50.00
Sevilla Huelva Lote 2 JV	50.00
Sevilla Huelva Lote 3 JV	50.00
Sica JV	60.00
Sistemas Tunel Plaza de España JV	50.00
Sotiello JV	50.00
Ssaa Ap - 7 JV	50.00
Tagus II IIII y IV JV	99.00
Tanque de Tormentas JV	70.00
TF-5 2ª FASE JV	70.00

	Integration percentage at 31 December 2023
Torre Don Jimeno JV	50.00
Toses JV	50.00
Totana - Totana JV	70.00
Tramvia Lot 4 JV	50.00
Tratamientos Selvícolas 2020 JV	60.00
Traviesas Madrid Sevilla JV	25.00
TS Villena JV	88.00
Túnel Aeroport JV	49.00
Túnel de Folgoso JV	60.00
Túnel de Pajares 1 JV	50.00
Túnel Fira JV	49.00
Túneles Bolaños JV	47.50
Túneles de Guadarrama JV	33.33
Túneles de Sorbes JV	67.00
UBA CYL 2023 JV	25.00
Urb. Fase 3 Mahou-Calderón JV	80.00
Urbanización Parc Sagunt JV	50.00
Urbanizacion Vara del Rey JV	57.50
Urbanización Via Parque Tramo Av. Carb.-P JV	60.00
Vandellós JV	24.00
Velilla Sur JV	99.00
Vertedero Castañeda JV	62.50
Vía Pajares JV	50.00
Viaducto Quisi JV	65.00
Vigo-Das Maceiras JV	50.00
Vilariño (Via izquierda) JV	90.00

	Integration percentage at 31 December 2023
Villanueva - Brazatortas JV	45.00
Xarxa Control JV	50.00
Yeltes JV	75.00
Yesa JV	33.33
Zafra Huelva JV	50.00
Zaramillo - Bilbao JV	35.00
CEMENT	
G.R.C.S.A. - AUSA- OLERDOLA JV	60.00
CONCESSIONS	
Mel 9 JV	49.00
B-25 JV	50.00
REAL ESTATE	
F C y C Harri Iparra JV	50.00
Sagunto Parcela M17-3 JV	50.00

Management Report

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2023

1.	Status of the entity	418
2.	Business performance and results	422
3.	Liquidity and capital resources	440
4.	Major risks and uncertainties	442
5.	Acquisition and disposal of own shares	443
6.	Significant events occurring after the end of the year	443
7.	Outlook	443
8.	R&D+I Activities	447
9.	Other relevant information. share performance and other information	452
10.	Definition of alternative performance measures according to ESMA Regulations (2015/1415en)	452
11.	Annual Corporate Governance Report	457
12.	Annual Directors' remuneration Report	457

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 1.3 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, Taxation, 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 1.4 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 the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 47,5% of its turnover generated in international markets, mainly Europe (28,6%), Latin America (7.7%), the United States (4.6%), the Middle East (3%) and North Africa (1.4%).

Environmental Services

FCC Medio Ambiente has a strong presence in Spain, and has maintained a leading position in the provision of urban environmental services for over 120 years.

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, representing 63% of revenue. They are followed, in order of importance, by disposal of wastes with 12%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. More than 85% of the activity is carried out with public clients

In turn, the international business is mainly undertaken in the UK, 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 weight and gradual reduction of disposal in controlled landfills.

In the United Kingdom, the entire municipal waste management chain is operated, with a particular emphasis on the recycling and recovery process, including thermal recovery, of products and by-products, subject to maximum environmental sustainability criteria. It boasts more than 200 recycling facilities throughout the country and more than 100 MW of installed renewable capacity.

In Central Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.4 million inhabitants, 1,415 municipalities and more than 51,400 industrial customers. FCC is one of the main four private operators in Austria, the Czech Republic and Slovakia. In Poland, the rapid growth in the last few years is particularly noteworthy, although there is still some way to go. In Hungary, Romania and Serbia, the Company's presence is more discreet while waiting for legislative and regulatory changes to be introduced that guarantee greater security and stability in operations in these countries.

The range of services provided and the geographic dispersion is very diverse and balanced, including municipal and industrial collection, incineration, mechanical and biological treatment, decontamination of soils, spills, snow collection, street cleaning, classification and management of recycled materials, outsourcing , cleaning of buildings, etc. This broad diversification ensures great business stability in a market with major barriers to entry and the possibility of providing a complex, integrated service to all customers who want it.

The mid-term strategy is inexorably undergoing a change in the business model in the Czech Republic, Poland and Slovakia (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the European Union's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities.

At an international level, the strong growth in the USA is worth particular mention, with the Group now in the Top 15 companies in the sector in the USA, with expectations of moving into the Top 10 in the next 2 years. FCC Environmental Services already serves more than 10 million Americans, it is the largest recycler in Texas, boasts a very important presence in the main cities and counties of Florida as well as significant operations in both the Mid-West and the West coast of the country. Its growth continues to be exponential.

In 2023, several contracts launched in 2022 were consolidated, including some of the largest contracts obtained (one in California and another in Florida), and an additional contract was launched in Palm Coast County, Florida. In total, sales in the USA grew by 46% in 2023, consistent with the average annual growth of 52% during the last 5 years. Additionally, the renewal of the contract in Polk County, FL and the award of the collection service in St. Johns county, FL, are worth special mention, both due in the second half of 2024.

Highlight the consolidation of commercial business in the states of Texas and Florida, which accounts for 20% of the business figure, and whose 40% growth has been organic, which over the past year has grown by 70% in sales y around 350% in gross result.

Finally, 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. In 2023, this activity represented almost 7% of the area's income (Environment, Spain and Portugal).

Strategically, in Spain, as has been the case for years, actions 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). Efforts shall also be made to harness potential opportunities offered by stricter regulations and new services (smart cities), the ultimate objective of which is to replace the straight-line production model with a circular model that reincludes residual materials into the production process, given the high level of technical knowledge that the company has and the development of new machinery and innovative processes, with a presence, either as leaders or collaborators, in a large number of R&D&i projects.

The inclusion of new technologies will make it possible for the company to consolidate itself in the recycling and waste recovery markets in Europe and position itself as a key player in the circular economy, with a change in the business model in the Czech Republic, Slovakia and Poland (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the EU's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities. 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.

End-to-end Water Management

FCC Aqualia serves nearly 43,5 million users and provides services in 17 countries, offering the market all the solutions to the needs of public and private entities 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 proprietary integrated cycle infrastructures and 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 2023, the market in Spain represents 61.8% of revenue. On a like-for-like basis, water consumption has grown in Spain as a whole in 2023 by 1.8%, which reflects the lifting of COVID-19 restrictions, with the amount invoiced increasing by 2,57% compared to 2022. Furthermore, there has been an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a higher volume of works undertaken in relation to concession agreements. The recovery of economic activity, especially in the services and tourism sector, has been affected by high inflation, which has slowed down over the course of the year and the crisis in the availability of water resources due to the prolonged drought suffered across large areas of Spain.

The central government and some regional governments have approved emergency plans, in particular for the construction of new infrastructures, emergency works involving the construction of new deep catchments, expansion of desalination plants and the improvement of surface water utilisation. Worth particular mention are the new actions in Barcelona, Almería and Málaga in relation to desalination, and reuse in Andalusia and Alicante, valued as a whole at 1,400 million euros, which will be implemented in 2024 and subsequent years. The Spanish government has approved the third cycle of hydrological planning for all national basins, for the period ending in 2027, with a particular focus placed on the maintenance of ecological flows and the maintenance of quality standards set by the European Directives, with a joint budget for the necessary actions of 22.8 billion euros.

The international market reached a turnover of 38,2%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

At the end of 2023, a 97% holding was acquired in Municipal District Services, Llc. (MDS), a company that manages the integrated water cycle on the outskirts of Houston (Texas). In total, it serves a population of 364,000 inhabitants.

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 opportunities in others (such as the USA).

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. It has a selective presence in more than 16 countries across Europe, MENA and America.

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 2023, 60.8% of total income came from abroad, with a special emphasis on the performance of large infrastructure works such as lines 4, 5 and 6 of the Riyadh Metro and the Neom tunnels (Saudi Arabia), Mayan Train (Mexico), the A-465 highway (Wales), Lima Metro (Peru), Industrial Bridge (Chile), Toyo Tunnel (Colombia), Sotra Link (Norway), A-9 Badhoevedorp-Holendrecht Highway (Netherlands), the Gurasada-Simeria railway line (Romania) – Sectors 2a, 2b and 3, Regional Express Rail On-Corridor in Ontario (Canada), Scarborough Subway Extension (Canada) and the construction and rehabilitation project of 9 bridges in Pennsylvania (USA).

Although there were no relevant awards abroad in 2023, it is worth noting that for the first quarter of 2024, new projects are expected to be secured, such as the EPC project for the natural liquefied gas (LNG) storage and regasification terminal in Stade (Hamburg), the construction of the Rubí line of the Porto Metro (Portugal), "Pape Tunnel and the Underground Station" for the Toronto Metro (Canada) and the construction of a nuclear reactor in Petten (Netherlands), to name just a few.

At a national level, worth mention are the awards for the R-2 Underground Construction project as it passes through Montcada i Reixac (Barcelona), the demolition of buildings, renovation of the Auditorium and execution of the New ONCE Headquarters at Paseo de la Habana 208 (Madrid), the new Aranda de Duero Hospital (Burgos), the A-73 Highway Construction project, Aguilar de Campo-Burgos Quintanaortuño-Montorio Section (Burgos), the urban development of phase 3 in Los Berrocales (Madrid) or the EPC projects for the Guillena Reunión photovoltaic plants of 268MWp (Seville) and TAGUS of 380MWp (Cáceres).

Cement

The Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its core business is cement manufacturing, which accounted for 92% of its turnover in 2023. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2023, 38% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Netherlands, Tunisia and via export in the United Kingdom. Exports from these three countries also go to Africa, Europe and America.

It boasts 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 a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

Real Estate

The Area is mainly active in property development and office rental. In 2023, the consolidation of the real estate area of the FCC Group continued with the increase in the holding by FCC Inmobiliaria (FCyC S.A.), a company 80.03% owned by FCCSA, in the listed companies Realia Business S.A. and Metrovacesa S.A., summarised as follows:

- Increase in the holding in Realia Business S.A. by 13.56% to 67.05% at the end of 2023 (53.49% in 2022).
- Increase in the holding in Metrovacesa S.A. by 7.38% to 21.21% at the end of 2023 (13.81% in 2022).

These operations are in addition to those performed over the past two years:

- Contribution to FCC Inmobiliaria of 100% of the shares in Jezzine Uno S.L.U, a property company that operates 405 premises intended for bank offices whose only tenant is Caixabank.
- Increase of 37.11% in the holding in Hermanos Revilla S.A. (now Planigesa, S.A., following the merger) taking the holding to 87.76%, this property company operates assets in prime areas of Madrid.
- Increase in its holding in Realia Business S.A and voluntary tender offer for 24% of the shares in Metrovacesa S.A, obtaining 11.47% of its share capital.

All of this has allowed us to consolidate a solid and large real-estate group, with greater management efficiency resulting from operational and financial synergies that allow us to harness sector growth opportunities, diversify risk and the presence of FCC Inmobiliaria in Spain by expanding its activity to new areas of operation in which it was not present; and finally, significantly increasing the recurring activity of rental assets as a whole. The valuation of equity assets, in December 2023, accounted for more than 60% of the group's total assets.

In December 2023, FCC Inmobiliaria achieved representation on the governing bodies of Metrovacesa, S.A., which entails the consolidation of the company's financial statements applying the equity method, reflecting the holding in the company at fair value and allocating, starting in 2024, 21.21% of future results (notes 4,11, 13, 17 and 30 to the financial statements).

FCC Inmobiliaria considers that the acquisition of this significant interest, although a non-controlling interest, in Metrovacesa, enhances the solidity of the real-estate group, thus benefitting from its cash-flow generation capacity.

2. Business performance and results

2.1. Operating performance

2.1.1. Significant Events

FCC completes sale of 24.99% of the Environment parent company for €965 million

On 31 October, Canadian pension fund CPP Investment completed its acquisition of capital in the Environment parent company, following the agreement reached on 1 June for it to acquire a minority stake of 24.99% for an amount of €965 million. The entry of the new shareholder will enhance the position and strategic development of the subsidiary, its areas and geographical footprint.

The Real Estate area reinforces its competitive position with new acquisitions

Last December, the real estate area, through its parent company FCyC, consolidated its competitive position by investing €178.8 million in the purchase of shares in Metrovacesa and Realia, maximising the value of all its assets and real-estate opportunities. After these acquisitions, reported to the stock market regulator, its participation amounted to 21.19% in Metrovacesa and 66.29% in Realia.

FCC Medio Ambiente consolidates its presence in the waste treatment sector in the United Kingdom, Spain and the USA

Last December, FCC Medio Ambiente agreed to buy out the Urbaser Group's business in the United Kingdom. The enterprise value (including debt and equity) amounts to £398 million. The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions, customary in this type of transaction. The acquired business in the United Kingdom consists mainly of recycling and waste treatment activities.

In Spain, relevant events included the award to modernise and operate the end-to-end waste management facility in Jerez, serving a population of almost half a million people. The new facilities will increase their recovery capacity and reduce shipment to landfill and are expected to come online in 18 months, with the associated operation contract for a 20-year period and expected revenues of €317 million. Also worth particular mention is street cleaning and municipal solid waste contract for the northern area of the city of Valencia, which was renewed in September for a period of fifteen years, providing a revenue backlog of €486.5 million.

In the United States the strengthening continues, with the award in the county of St. Johns (Florida) of the municipal solid waste collection service for $575 million; with a duration of seven years and two possible five-year extensions, covering a population of 300,000 residents. The planned investments include the acquisition of a fleet of 62 compressed natural gas collection trucks and 13 auxiliary vehicles. Likewise, work continues to expand and modernize the first recycling center in California (Placer County), with an investment of more than 120 million dollars and an operating period of 20 years. The complex will be one of the biggest of its kind, with a treatment capacity of 650,000 tonnes per year. Finally, the renewal of the municipal solid waste collection contract in the western part of Polk County (Florida) is also worth particular mention, with a turnover coming in at almost €140 million over a period of five years and three possible one-year extensions.

FCC Aqualia expands its international activity and seals its entry into the US market

Last December FCC Aqualia entered the US market with the purchase of MDS (Municipal District Services), a company based in Texas, for 81.4 million euros. MDS manages the comprehensive water cycle of more than 360,000 local residents, mostly in the outskirts of Houston, with nearly 140 service contracts in place with different district clients.

In relation to new end-to-end management contracts, worth particular mention is one for the design, construction, rehabilitation and operation of hydraulic infrastructure in Riohacha-La Guajira in Colombia, with a backlog worth €292.7 million for a duration of 30 years, in addition to the other relevant contracts secured in France and Saudi Arabia.

As a result of the increase in water cycle management activity, the backlog at the end of the year grew by 7% and international contracts now account for 68.4% of the total in the water management area.

FCC Construcción secures an important industrial contract in Germany

FCC Industrial, a specialist subsidiary of the Group's construction division, has been awarded, in consortium with other companies, the provisional contract for the construction of a regasification terminal in Germany, the second of its kind in the country, for Hanseatic Energy Hub, with a revenue backlog of €270 million. Likewise, FCC Industrial has also been awarded a contract to build solar facilities in Guillena (Spain), with a total capacity of 263 MW and an investment of 140 million euros.

During the final quarter of the year, worth particular mention is the selection of the consortium led by FCC Construcción to perform works on the new Porto metro line, dubbed Rubi (H), worth more than €379 million. The new line will add 6.3 kilometers to the city's metro network. Furthermore, the joint venture in Spain in which FCC Construcción has a holding has been awarded the works for the underground construction of line R2 in Montcada i Reixac (Barcelona) as well as the construction of the new station in this town, for an amount attributable to FCC Construcción of €148.9 million.

In December, FCC completed the voluntary takeover bid for the amortization of its own shares

The Board of Directors meeting held on June 28 announced that an Extraordinary General Shareholders' Meeting would be scheduled for the acquisition of own shares for subsequent redemption, as part of a takeover bid to be formulated by the Company and addressed to FCC shareholders for a maximum of 32,027,600 treasury shares, representing approximately 7% of the company's share capital, at a share price of €12.50. The Extraordinary Shareholder's Meeting, held on 19 July, approved its submission. The CNMV authorized the operation on October 25 and the acceptance period ended on November 30. This saw 4.502% of company's share capital, or 20,560,154 shares, being redeemed. As a result of this operation, the company's share capital at the end of December 2023 stood at 436,106,917 shares.

2.1.2. Executive Summary

KEY FIGURES *(Millions of euros)*

	Dec. 23	Dec. 22	Chg. (%)
Revenue	9,026.0	7,705.7	17.1%
Gross operating profit (EBITDA)	1,529.6	1,311.4	16.6%
EBITDA margin	*16.9%*	*17.0%*	*-0.1 p.p*
Net operating profit (EBIT)	910.3	610.5	49.1%
EBIT Margin	10.1%	7.9%	2.2 p.p
Income attributable to the parent company	591.0	315.2	87.5%
Equity	6,146.0	4,939.0	24.4%
Net financial debt	3,100.1	3,192.7	-2.9%
Backlog	41,620.8	40,273.8	3.3%

The FCC Group saw an increase in its income to €9,026 million, 17.1% up on 2022. The increase in activities in the construction sector (Cement and Construction) had a significant contribution to make to this, followed by the major increase recorded in the Water area. Overall, this evolution does not include any appreciable impact of acquisitions or divestitures carried out in the entire consolidated perimeter of the Group.

Gross operating earnings (Ebitda) were up 16.6% to 1,529.6 million euros. This trend mirrors the increase seen in income, with stability in operating profit, with a margin of 16.9%, similar to the margin seen the previous year. This evolution is explained by a general maintenance of margins in a large part of the areas of activity, together with notable progress in Cement, where there has been a more favourable sales price environment together with lower energy costs. In turn, EBIT increased by 49.1% to €910.3 million, largely thanks to the increase in EBITDA explained above and the favourable performance compared to the previous year, which saw an adjustment of €200 million to the goodwill of the Cement area.

The attributable net result reached 591 million euros, 87.5% higher than the previous year. In addition to the performance seen in relation to EBIT, this increase notably reflects the effect of the consolidation under the equity method of Metrovacesa's holding in the Real Estate area, for an approximate sum of €142.4 million. This change occurs after access to the entity's board and the acquisition of influence in the management of the investee entity.

In turn, net financial debt ended the year at €3,100.1 million, 2.9% down on 2022. This slight reduction reflects many different factors, but worth particular mention on account of their uniqueness, on the one hand, are the large investments made in assets and stakes in companies, for the combined sum of €1,493 million, the collection of €965 million from a minority holding in the environmental division and the €691.4-million increase in working capital, attributable both to cyclical factors and the increase in operating activity seen by the Group.

There was a considerable increase in equity at the end of the year, up by 24.4% year on year, to €6,145.9 million; this can be attributed to the increase in consolidated profit and the positive impact of the sale of a 24.99% stake in FCC Medio Ambiente's parent company on reserves and non-controlling interests.

The FCC Group's revenue backlog stood at €41,620.8 million at 31 December, up by 3.3% compared to the final balance for the previous year, with a notable increase in the Water area and similar volumes in other areas that operate under contract revenues.

2.1.3. Summary by Business area

(Millions of Euros)

Area	Dec. 23	De22	Chg. (%)	% s/ 23	% s/ 22
REVENUE BY BUSINESS AREA					
Environment	3.853,2	3.641,1	5,8%	42,7%	47,3%
Water	1.487,4	1.323,2	12,4%	16,5%	17,2%
Construction	2.823,1	1.966,9	43,5%	31,3%	25,5%
Cement	614,3	516,5	18,9%	6,8%	6,7%
Real Estate	253,8	270,8	-6,3%	2,8%	3,5%
Corporate serv. and others	(5,8)	(12,8)	-54,7%	-0,1%	-0,2%
Total	**9.026,0**	**7.705,7**	**17,1%**	**100,0%**	**100,0%**

(Millions of Euros)

Area	Dec. 23	De22	Chg. (%)	% s/ 23	% s/ 22
REVENUE BY GEOGRAPHICAL AREA					
Spain	4,737.3	4,271.2	10.9%	52.5%	55.4%
America	1,305.7	760.3	71.7%	14.5%	9.9%
United Kingdom	1,113.8	1,048.4	6.2%	12.3%	13.6%
Rest of Europe and Others	1,052.8	878.2	19.9%	11.7%	11.4%
Czech Republic	413.7	385.4	7.3%	4.6%	5.0%
Middle East, Africa and Australia	402.7	362.2	11.2%	4.5%	4.7%
Total	**9,026.0**	**7,705.7**	**17.1%**	**100.0%**	**100.0%**
EBITDA*					
Environment	646.7	593.1	9.0%	42.3%	45.2%
Water	384.3	350.2	9.7%	25.1%	26.7%
Construction	169.4	122.8	37.9%	11.1%	9.4%
Cement	139.5	30.3	n/a	9.1%	2.3%
Real Estate	104.9	143.8	-27.1%	6.9%	11.0%
Corporate serv. and others	84.8	71.2	19.1%	5.5%	5.4%
Total	**1,529.6**	**1,311.4**	**16.6%**	**100.0%**	**100.0%**
OPERATING PROFIT/(LOSS)					
Environment	337.6	304.7	10.8%	37.1%	49.9%
Water	216.3	203.8	6.1%	23.8%	33.4%
Construction	118.4	89.4	32.4%	13.0%	14.6%
Cement	129.1	(203.3)	n/a	14.2%	-33.3%
Real Estate	55.8	165.7	-66.3%	6.1%	27.1%
Corporate serv. and others	53.1	50.2	5.8%	5.8%	8.2%
Total	**910.3**	**610.5**	**49.1%**	**100.0%**	**100.0%**

(Millions of Euros)

Area	Dec. 23	De22	Chg. (%)	% s/ 23	% s/ 22
DEUDA FINANCIERA NETA*					
Corporate					
With recourse	(1,233.1)	(840.1)	46.8%	-39.8%	-26.3%
Without recourse	74.3	87.1	-14.7%	2.4%	2.7%
Areas					
Environment	1,424.7	1,227.6	16.1%	46.0%	38.5%
Water	1,665.8	1,642.8	1.4%	53.7%	51.5%
Cement	131.4	157.6	-16.6%	4.2%	4.9%
Real Estate	1,037.0	917.7	13.0%	33.5%	28.7%
Total	**3,100.1**	**3,192.7**	**-2.9%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	13,328.4	13,255.5	0.5%	32.0%	32.9%
Water	21,730.7	20,312.7	7.0%	52.2%	50.4%
Construction	6,425.9	6,586.0	-2.4%	15.4%	16.4%
Real Estate	135.8	119.6	13.5%	0.3%	0.3%
Total	**41,620.8**	**40,273.8**	**3.3%**	**100.0%**	**100.0%**

2.1.4. Income Statement

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Revenue	**9,026.0**	**7,705.7**	**17.1%**
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
EBITDA Margin	***16.9%***	***17.0%***	***-0.1 p.p***
Provision for amortisation of fixed and non-current assets	(596.9)	(519.7)	14.9%
Other operating income	(22.5)	(181.1)	-87.6%
Net Operating Profit (EBIT)	**910.3**	**610.5**	**49.1%**
EBIT margin	***10.1%***	***7.9%***	***2.2 p.p***
Financial income	(150.0)	(119.1)	25.9%
Other financial profit/(loss)	(18.4)	29.6	-162.2%
P/L of companies accounted for by the equity method	174.0	29.6	n/a
Profit/(loss) before tax from continuing activities	**915.9**	**550.7**	**66.3%**
Company tax on profits	(171.1)	(72.7)	135.4%
Income from continuing operations	**744.8**	**477.9**	**55.8%**
Net Income	**744.8**	**477.9**	**55.8%**
Non-controlling interests	(153.8)	(162.7)	-5.5%
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

2.1.4.1. Net Revenue

Consolidated revenues grew by 17.1% compared to the previous year, reaching 9,026 million euros. This shift reflects sustained growth during the year, with the increase in the contribution of the Construction and Cement areas worth particular mention, seeing double-digit growth, on account of the expansion of activity in practically all its areas of operation as well as the increase in contracting volumes and sale prices, respectively. The Water area also registered significant growth in all its activities.

* See note 10 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).
Note: Corporate Services and others includes the Concessions activity.

For each of the business Areas the evolution was as follows:

The Environment Area saw an increase of 5.8%, following the entry into force of new contracts in Spain and the USA, both for waste collection and street cleaning activities as well as in treatment, with Central Europe also making a positive contribution, thus compensating for the decrease in activity in the United Kingdom, which can be entirely attributed to a drop in revenue on account of the landfill tax, resulting from the change in the type of waste being managed.

Revenues in the Water area grew by 12.4%, on account of the strong performance, mainly in end-to-end activity, supported by the inclusion of new contracts in Colombia and France, as well as in Technology and Network activity thanks to work associated, to a large extent, with the operating concessions in Spain, Italy, Colombia, and Mexico.

In Construction, revenues increased by a notable 43.5% due to the sustained good pace of execution in ongoing projects along with new contracts obtained mainly in America and various European countries.

In the Cement area, revenues saw growth of 18.9%, on account of the increase in prices registered in all markets, together with an increase in exports from Spain, which offset the decrease in activity in the Tunisian market.

Finally, in the Real Estate area, revenues dropped by 6.3%, entirely attributable to the fact that no land was sold during the year compared to the sales seen during the previous year, which came to €35 million. This is despite the positive impact of price reviews on rental property activity and the increase in sales of housing development.

Revenue breakdown by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	4,737.3	4,271.2	10.9%
America	1,305.7	760.3	71.7%
United Kingdom	1,113.8	1,048.4	6.2%
Rest of Europe and Others	1,052.8	878.2	19.9%
Czech Republic	413.7	385.4	7.3%
Middle East, Africa and Australia	402.7	362.2	11.2%
Total	**9,026.0**	**7,705.7**	**17.1%**

By geographic area and contribution, Spain saw an increase in its revenues of 10.9%, to €4,737.3 million. The double-digit increase in both the Construction and Cement areas stands out, 27.4% and 21.1% respectively. The increase in the Construction area can be attributed to the strong performance of ongoing projects and the start of new projects, while the increase in Cement can be traced to the sustained rise in sale prices. In the Water and Environment areas there was also an increase in revenues, although more moderately, by 6.7% and 5.6% respectively. The Environmental Area recorded an increase in waste treatment and collection activity as well as street cleaning, while the Water Area saw an increase in rates along with a moderate increase in consumption, although more pronounced in the non-residential sector, in addition to the favourable performance of Technology and Networks operations. Real-Estate activity, performed in its entirety in Spain, saw a drop in its income of 6.3% on account of the lack of land sales explained above, despite the increase in its two main activities: rental property and housing development.

Revenues in America increased significantly, by 71.7%, to €1,305.7 million, thanks to the stronger pace of the implementation of civil engineering projects in the Construction area, particularly in Mexico, combined with the impact of new contracts launched in the US and Canada. In the Environment Area, there was an increase in the contracting and entry into operation of new contracts for the collection and treatment of municipal waste in the USA, and in the Water Area there was greater activity in Colombia in end-to-end water cycle management.

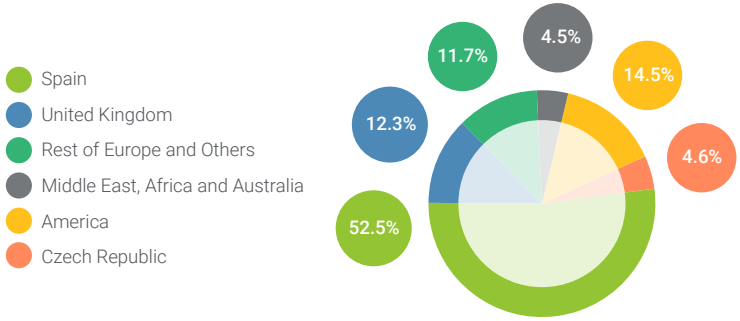
The United Kingdom saw revenue growth of 6.2% to €1,113.8 million, attributable to the increase in activities under transport infrastructure concession contracts, which compensated for the drop Environmental services activity, exclusively on account of the drop in revenue caused by landfill tax, as there has been an increase in recycling and recovery activities at the revaluation plants.

Rest of Europe and Others, on 1,052.8 million euros, saw growth of 19.9%, largely due to higher revenues from Construction contracts in the Netherlands and the United Kingdom, combined with an increase in activity in the end-to-end water cycle in Georgia and France.

The Czech Republic saw 7.3% growth to €413.7 million, with a greater contribution from the Water Area, on account of the rate review performed, reinforced by the positive impact of the exchange rate for the Czech koruna (+2.3% in the period). The Environment area maintained similar activity to the previous year, tempered by lower sales prices for recycled materials (SRM).

Finally, in the Middle East, Africa and Australia (thanks to the contribution made by a new Construction contract), activity increased by 11.2% to €402.7 million, mainly on account of the increase in the contribution in Saudi Arabia, both attributable to the work performed as part of the Neom project, as well as the increase in concession activity in the Water area.

% revenue by geographical area



2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Result amounted to 1,529.6 million euros, which represents an increase of 16.6% compared to the previous year. This amount represents a margin of 16.9%, practically the same as in 2022. This growth is very similar to the growth seen in revenue, where the increase registered in the Cement area is worth particular mention on account of the differential effect and relief brought about by a drop in energy costs, especially in electricity prices as well as the decrease in the Real Estate area attributable to the adjustment made for a drop in the value recorded for homes unsold.

By business area, the most noteworthy developments have been:

An increase of 9% in the Environmental Area to €646.7 million, higher than the increase seen in revenue, to such an extent that the operating margin increased to 16.8%, up from 16.3% the previous year. This can be traced to the increase in the contribution of activities in the USA, the contribution of treatment and recovery plants in the United Kingdom and the positive impact of the lower collection of the landfill tax, which made no contribution to the Area's operating result.

The Water area recognised €384.3 million, up by 9.7% year-on-year, attributable to the changes in revenue mentioned previously and the impact of last year's reversal of a provision recognised in accounts for the sum of €11.2 million, associated with a final decision in relation to a dispute in Spain.

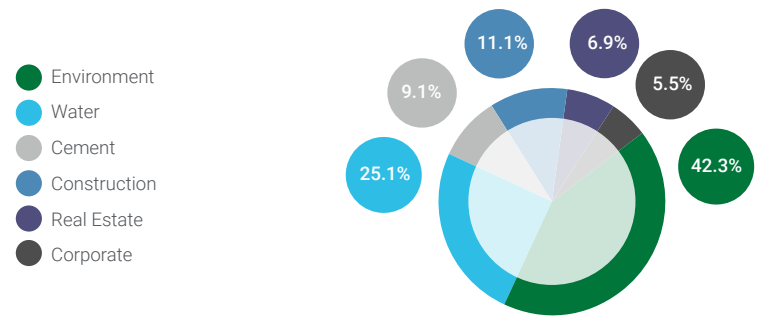
In the Construction area, the gross operating result increased by 37.9% to 169.4 million euros. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period reached 6%, a level very similar to that achieved in the previous year.

In Cement, gross operating profit stood at 139.5 million euros, notably up compared to the 30.3 million euros seen the previous year. This increase can be explained by the combination of the substantial increase in revenues, supported by higher sales prices, together with a reduction in energy costs, with a notable impact in Spain. In this way, the margin rose to 22.7% compared to 5.9% the previous year.

The Real-Estate area saw a 27.1% decrease to €104.9 million, with a margin of 41.3%, on account of the lack of any contribution from land sales this year and the provision set aside for the impairment of housing assets unsold worth €25 million, which was mitigated by the increase in the contribution made by the rental property backlog and the delivery of housing developments.

Finally, it is worth noting that Corporate Services and Others includes the Infrastructure Concessions, which reflects the entry into operation of line 1 of the Murcia Tramway; as a whole, this activity contributed €45.7 million euros during the year, compared to €31.1 million in the previous year.

% EBITDA by business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 67.4% during the year. If the recurring activity of Real Estate rental assets and transportation concessions is added, this contribution percentage rises to 77.1% of the total.

2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to 910.3 million euros, 49.1% more than in the previous year. This increase, combined with the performance of gross operating profit indicated above, includes the base effect of the adjustment made the previous year for the sum of €200 million to the value of different fixed assets and goodwill in the Cement area. This aim of this was to reflect their estimated future capacity to generate cash. This year, however, the review of the market value of the rental property assets in the Real Estate area has had an impact of -€49 million, compared to the positive impact of €22.3 million in 2022.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Earnings before taxes from continuing operations stood at €915.9 million euros, up 66.3% year on year from €550.7 million. This increase is attributable, as well as to the positive performance of business operations, to the significant increase in the profit of companies consolidated using the equity method, which has offset the increase in financial expenses.

Thus, the performance was as follows for the various components:

2.1.4.4.1. Financial income

The net financial result reached -150 million euros, compared to -119.1 million euros in the previous year, 25.9% more due to the effect of a higher average financing cost together with a certain increase in the average volume of financial debt recorded during the year compared to the previous one.

2.1.4.4.2. Other financial profit/(loss)

This heading includes the amount of -€18.4 million compared to €29.6 million in 2022. The difference can mainly be attributed to the change in the exchange rate of certain currencies against the euro, which had an impact of -€20.9 million euros during the period, compared to the positive contribution of €26.1 million the previous year.

2.1.4.4.3. Profits/(losses) of companies accounted for by the equity method

The contribution of investee companies reached 174 million euros, compared to 29.6 million in the previous year. This increase can mainly be attributed to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, having acquired significant influence in the company by joining its Board of Directors at the end of the year. The impact of the adjustment of the 21.19% stake in the entity has been 142.4 million euros. The remaining areas of activity did not experience any noteworthy changes in contribution during this period.

2.1.4.5. Income attributable to the parent company

The attributable net result achieved at the end of the year amounts to 591 million euros, which is 87.5% higher than the previous year. This performance can mainly be attributed to the explanation given under EBT, as well as the regularisation of corporate tax accrued compared to the previous year, which included the registration of nearly €90 million of outstanding deductions and tax losses. Added to this is a reduction in the result attributable to minority shareholders in the Real Estate area, which recorded 5.9 million euros compared to 28.8 million euros the previous year.

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. 23	Dec. 22	Chg. (%)
Revenue	**8,522.7**	**7,306.0**	**16.7%**
Gross Operating Profit (EBITDA)	**1,280.8**	**1,098.6**	**16.6%**
EBITDA Margin	*15.0%*	*15.0%*	*0.0 p.p*
Net Operating Profit (EBIT)	**762.6**	**449.1**	**69.8%**
EBIT margin	*8.9%*	*6.1%*	*2.8 p.p*
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

2.1.5. Balance sheet

(Millions of Euros)

	Dec. 23	Dec. 22	Chg (Mn€)
Intangible fixed and non-current assets	2,483.5	2,342.1	141.4
Property, plant and equipment	3,829.8	3,496.8	333.0
Real Estate investments	2,091.3	2,122.9	(31.6)
Investments accounted for using the equity method	1,034.3	502.6	531.7
Non-current financial assets	748.4	910.6	(162.2)
Deferred tax assets and other non-current assets	468.3	499.5	(31.2)
Non-current assets	**10,655.7**	**9,874.5**	**781.2**
Inventory	1,234.3	1,143.2	91.1
Trade and other receivables	2,957.4	2,468.0	489.4
Other current financial assets	260.5	221.3	39.2
Cash and cash equivalents	1,609.7	1,575.5	34.2
Current assets	**6,062.0**	**5,408.0**	**654.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**	**1,435.2**

(Millions of Euros)

	Dec. 23	Dec. 22	Chg (Mn€)
Equity attributable to shareholders of the parent company	4,450.1	3,387.9	1,062.2
Non-controlling interests	1,695.9	1,551.1	144.8
Equity	**6,146.0**	**4,939.0**	**1,207**
Subsidies	226.6	202.9	23.7
Non-current provisions	1,230.6	1,141.7	88.9
Long-term financial debt	4,361.0	3,860.7	500.3
Other non-current financial liabilities	456.0	410.6	45.4
Deferred tax liabilities and other non-current liabilities	434.1	430.7	3.4
Non-current liabilities	**6,708.3**	**6,046.6**	**661.7**
Current provisions	159.6	148.1	11.5
Short-term financial debt	604.1	1,121.8	(517.7)
Other current financial liabilities	322.7	211.3	111.4
Trade and other payables	2,777.0	2,815.7	(38.7)
Current liabilities	**3,863.4**	**4,296.9**	**(433.5)**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**	**1,435.2**

2.1.5.1. Property, plant and equipment, intangible assets and real estate investments

Operating fixed assets increased by 5.6% to €8,404.6 million year on year, on account of the new assets incorporated following investments made, mainly by the Environment and Water areas in intangible and tangible fixed assets. Real estate investments, adjusted for variations in their estimated market value at the end of the year, remain without appreciable variations compared to last year.

2.1.5.2. Investments accounted for using the equity method

The heading of investments accounted for by the equity method amounts to 1,034.3 million euros at the end of the year, 531.7 million more than at the end of the previous year. This increase can be attributed, firstly, to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, given its significant influence, and secondly, to the increase in capital of an associate in the Cement area, which operates in the USA. The breakdown of the most relevant investments at year-end is as follows:

1) 233.2 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) 123.0 million euros for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
3) 67.6 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) 132.4 million euros from the subsidiaries of the parent company in the Cement area.
5) 442.0 million euros from investee companies in the Real Estate area.
6) 36.1 million euros in investees in the Construction area located abroad.

2.1.5.3. Non-current financial assets

The balance of non-current financial assets dropped by €162.2 million compared to year-end of the previous year, coming to €748.4 million, on account of the aforementioned reclassification of Metrovacesa from financial investment to investment accounted for using the equity method.

This heading also includes the collection rights from concession agreements, for the combined sum of 547.3 million euros, mainly from the Environment, Water and Transport Concessions areas, as well as financial credits granted to third parties, and long-term deposits.

2.1.5.4. Cash and cash equivalents

The balance of the heading Cash and other equivalent liquid assets amounts to 1,609.7 million euros as of December 31, with no appreciable variations from the previous year. This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled 818.3 million euros.
2) In the perimeter without recourse, cash and equivalents amounted to 791.4 million euros.

2.1.5.5. Equity

Equity at the end of the period came to €6,145.9 million, compared to €4,939 million the previous year. This increase can largely be attributed to the contribution of net income achieved in the period and in particular the increase in reserves and non-controlling interests due to the sale of a non-controlling interest in the Environmental Area for the combined amount of €953.8 million. In the opposite direction, the impact of the reduction in capital following the buyback of own shares for their subsequent redemption for the sum of €257 million is also worth particular mention.

2.1.5.6. Endeudamiento financiero

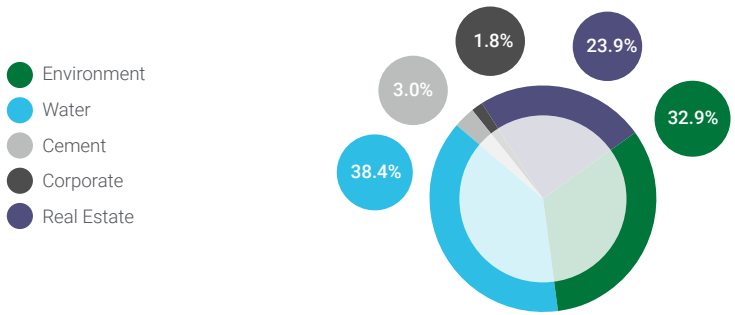
(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (M€)
Bank borrowings	2,710.0	2,778.4	(68.4)
Debt instruments and other loans	2,107.0	2,040.8	66.2
Finance lease payables	14.0	24.9	(10.9)
Other financial liabilities	134.1	138.4	(4.3)
Gross Financial Debt	**4,965.1**	**4,982.5**	**(17.4)**
Treasury and other current financial assets	(1,865.0)	(1,789.8)	(75.2)
Net Financial Debt	**3,100.1**	**3,192.7**	**(92.6)**
Net financial debt with recourse	(901.7)	(677.2)	(224.5)
Net financial debt without recourse	4,001.8	3,869.9	131.9

At year-end, the Group's gross financial debt remained practically the same as the previous year, down by €17.4 million to €4,965.1 million. 87.8% has long-term maturity, for an amount of 4,361.0 million euros and a balanced distribution between bank debt and capital markets. The remaining 12.2% matures in the short term, equally distributed between bank borrowings and commercial paper in the Environment Area.

The balance of net financial debt was down compared to the previous December by €92.6 million to €3,100.1 million. Worth particular note was the collection of €965 million from the sale of a non-controlling interest in the parent company of the Environment Area and the investments made both in assets and company shares, as well as the expansion of working capital linked to the increase in the Group's activity.

Breakdown of Net Financial Debt without recourse by Business Area



The entire net financial debt is non-recourse and the vast majority is located in the Water and Environment Utilities areas along with the recurring activity of rental assets in the Real Estate area. As a result, the Group's parent company had a net cash position with recourse of €1,233.1 million at the end of December.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water Area accounts for €1,665.8 million, mainly including a long-term syndicated loan for €1,100 million and a corporate bond in its parent company with a balance of €658.3 million, maturing in June 2027;(ii) the Environment Area accounts for €1,424.7 million, of which the majority corresponds to two bonds issued by the parent company of the area, one for the nominal amount of €500 million maturing in 2026 and another for €600 million maturing in 2029. A further €95 million correspond to activity in the United Kingdom and €73.7 million to activity in the USA (iii) the Real Estate Area accounts for €1,037 million, mostly from the rental property business and (iv) the Cement Area accounts for €131.4 million.

2.1.5.7. Other current and non-current financial liabilities

Other current and non-current financial liabilities comes to €778.7 million at the end of the year. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 420.9 million euros. It also includes other liabilities that are not financial debt, 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. 23	Dec. 22	Chg. (%)
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
(Increase)/decrease in working capital	(691.4)	285.3	n/a
Corporation tax (paid)/received	(124.2)	0.7	n/a
Other operating cash flow	71.4	(51.6)	n/a
Operating cash flow	**785.4**	**1,545.8**	**-49.2%**
Investment payments	(1,104.6)	(1,062.1)	4.0%
Divestment receipts	36.2	51.5	-29.7%
Other investment cash flows	106.0	72.6	46.0%
Investment cash flow	**(962.4)**	**(938.0)**	**2.6%**
Interest paid	(172.5)	(123.7)	39.5%
(Payment)/receipt of financial liabilities	(113.8)	(333.9)	-65.9%
Other financing cash flow	496.6	(109.6)	n/a
Financing cash flow	**210.3**	**(567.2)**	**-137.1%**
Exchange differences, change in consolidation scope, etc.	**1.0**	**(0.6)**	**n/a**
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**	**-14.5%**

2.1.6.1. Operating cash flow

The operating cash flow generated in 2023 amounted to €785.4 million euros, 49.2% down on the previous year. This performance was largely attributable to the investment in operating working capital, which entailed the allocation of funds for the sum of €691.4 million, compared to an inflow of €285.3 million the previous year. This investment was concentrated in the Construction Area in projects at different degrees of completion and to a lesser extent, in the Environment Area, which will tend to reverse this trend in the first quarter of 2024. Income tax payments/collections includes an outflow of €124.2 million compared to an almost non-existent amount in the previous year; this shift can be attributed to the receipt during the previous year of €153.7 million in tax refunds owned from 2020 and 2021, well above the receipts seen this year for advance payments made in 2022.

Other operating cash flow includes an inflow of €71.4 million compared to an outflow of €51.6 million the previous year, due to the reduced application of provisions mainly in the Construction area.

2.1.6.2. Investment cash flow

The investment cash flow represents an application of 962.4 million euros compared to 938 million euros in the previous year. The investment payments heading includes 1,104.6 million euros, compared to 1,062.1 million euros the previous year. Investments by the Environment and Water Areas for the sum of €545 million and €247.8 million respectively, are worth particular mention, as is the capital increase performed in a Cement investee for the sum of €105.8 million. Finally, it is worth highlighting the increase in Metrovacesa's participation in the Real Estate area costing €89.4 million. In this fiscal year 2023, no relevant divestments have been recorded.

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. 23	Dec. 22	Chg. (Mn€)
Environment	(531.8)	(407.5)	(124.3)
Water	(241.6)	(362.9)	121.3
Construction	(47.1)	(21.4)	(25.7)
Cement	(129.7)	(22.2)	(107.5)
Real Estate	(109.7)	(154.4)	44.7
Corporate serv., other & adjustments	(8.5)	(42.2)	33.7
Net investments (Payments - Collections)	**(1,068.4)**	**(1,010.6)**	**(57.8)**

In turn, Other investment flows increased to 106 million euros in the period compared to 72.6 million euros the previous year, attributable to an increase in the collection of interest up to 46.6 million euros.

2.1.6.3. Financing cash flow

The financing cash flow represents an inflow of 210.3 million euros compared to the outflow of 567.2 million euros in the previous year. The interest payment heading includes an outflow of €172.5 million, mainly in relation to the Water and Environment Areas.

The Proceeds from/(payments on) financial liabilities heading includes an outflow of €113.8 million compared to an outflow of €333.9 million the previous year. The reduction is concentrated at the Group's parent company due to the aforementioned sale of a minority stake in the Environmental area.

The Other financing cash flows heading includes an inflow worth €496.6 million compared to an outflow of €109.6 million the previous year. This increase can be attributed to several factors, including the aforementioned sale of a non-controlling interest in the parent company of the Environment area for the sum of €965 million and the takeover performed by the parent company of the Group for 4.502% of its share capital, resulting in an outflow of €257 million, the purchase of an additional holding in Realia, in the Real Estate area, for €117.3 million and the payment of dividends to shareholders and non-controlling interests for the joint amount of €80.8 million.

2.1.6.4 Change in cash and cash equivalents

As a result of the evolution of the different cash flow components, the FCC Group's treasury position closed the 2023 financial year with an increase of 34.2 million euros, to a balance of 1,609.7 million euros.

2.1.7. Analysis by business Area

2.1.7.1. Environment

The Environment area contributed 42.3% of the Group's EBITDA in the 2023 business year. Around 80% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20% corresponded 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 3,700 municipalities and serves a population of more than 32 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 16 million people. In central Europe, mainly Austria and the Czech Republic, it is present throughout the entire waste management chain (collection, treatment and disposal). The activity in the US is carried out both in the collection and in the comprehensive recovery of urban waste and serves more than 11 million inhabitants. The Environment activities within the FCC Group have over 120 years of experience and service over 66 million inhabitants over 5,200 municipalities in the world.

2.1.7.1.1. Earnings

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Turnover	3,853.2	3,641.1	5.8%
Waste collection and street cleaning	*1,938.6*	*1,765.0*	*9.8%*
Waste processing	*1,142.6*	*1,130.1*	*1.1%*
Other services	*772.0*	*746.0*	*3.5%*
EBITDA	646.7	593.1	9.0%
EBITDA Margin	*16.8%*	*16.3%*	*0.5 p.p*
EBIT	337.6	304.7	10.8%
EBIT margin	*8.8%*	*8.4%*	*0.4 p.p*

The revenue figure for the Environment area increased by 5.8% and reached 3,853.2 million euros at the end of the year. Waste collection and street cleaning activity billed €1,938.6 million, recording growth of 9.8% on account of the entry into operation of new contracts, especially in Spain and the USA. The Waste Treatment activity reached 1,142.6 million euros, with a 1.1% increase, due to the good performance in Spain and the US, which compensated for the lower contribution from the United Kingdom. Other services grew by 3.5% to 772 million euros.

Breakdown of revenue by geographical area

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Spain	2.086,3	1.975,2	5,6%
United Kingdom	778,7	794,9	-2,0%
Central Europe	607,0	592,2	2,5%
United States and other	381,2	278,8	36,7%
Total	**3.853,2**	**3.641,1**	**5,8%**

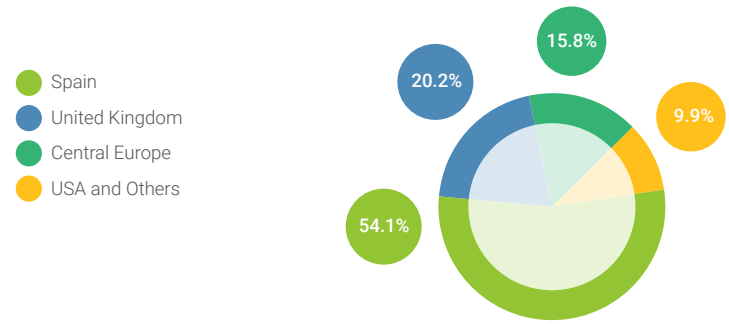
By geographical area, in Spain, revenue increased by 5.6% year on year to €2,086.3 million, on account of the expansion seen in waste collection and street cleaning activity as well as waste management. Other services, such as maintenance of green areas, remained at similar figures to those of the previous year.

In the United Kingdom, revenues fell by 2% to €778.7 million on account of the reduction in the collection of the landfill tax, which could not be offset by the increase in the contribution made by recycling and recovery plants. Adjusted for this component, without impact on the operating result, revenues grew by 9.3% in the year.

In Central Europe, revenues increased by 2.5% to €607 million, on account of the favourable performance especially in Austria and Poland, mainly in collection and street cleaning, compensating for the slight decrease in waste treatment, on account of lower international sales prices recorded in relation to secondary raw materials (SRM).

Last but not least, revenue in the United States and other markets was up by an impressive 36.7% to €381.2 million, supported by the contribution of the new contracts secured in collection and treatment activity, mainly in Florida, Texas and California, respectively.

Breakdown of revenue by geographical area



The gross operating result (EBITDA) increased by 9%, with 646.7 million euros, motivated by the evolution described in the income figure. The increased contribution of the treatment and recovery plants in the United Kingdom comfortably offset the drop in SRM sales prices combined with the impact of the planned shutdown of a plant in Austria during the first quarter of the year. The operating margin increased to 16.8% compared to 16.3% the previous year, on account of the aforementioned impact of the drop in income collected on account of the landfill tax paid to the public authorities in the United Kingdom, which made no contribution to operating income.

The net operating result (EBIT) grew by 10.8% compared to the previous year, up to 337.6 million euros, due to the evolution of the different components mentioned in the Ebitda with a lower impact of other non-recurring operating expenses.

Breakdown of backlog by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	8,390.6	8,224.1	2.0%
International	4,937.8	5,031.4	-1.9%
Total	**13,328.4**	**13,255.5**	**0.5%**

At year-end 2023, the revenue backlog had not suffered significant changes compared to last December, standing at €13,328.4 million. In Spain, it increased by 2% to €8,390.6 million on account of new contracts, including the urban sanitation contract in northern Valencia or the management of the Las Calandrias Environmental Complex, in Jerez de La Frontera, which compensated for the slight decrease seen in the international area.

2.1.7.1.2. Financial Debt

(Millions of Euros)

	Dec. 23	Dec. 22	Var. (Mn€)
Net Financial Debt	1,424.7	1,227.6	197.1

Net financial debt increased by 197.1 million euros compared to December 2022, up to 1,424.7 million euros, due to greater investment activity in new contracts and to a lesser extent due to the absorption of current operating capital, which will reverse in the first quarter of 2024.

2.1.7.2. Water

The Water area contributed 25.1% of FCC Group EBITDA in the period. 90% of its activity is focused on public service concession and asset 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 10% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related in the large part to the development of new concessions and maintenance and improvement works for operations.

In Spain, the area serves more than 13 million inhabitants. In Central and Eastern Europe, it is mainly present in the Czech Republic and Georgia, serving close to 3 million users across the two countries; in other EU countries, its presence in Italy, France and Portugal is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of hydraulic infrastructures and processing plants. Overall, the Water area provides supply and/or sanitation services to more than 45 million inhabitants.

2.1.7.2.1. Earnings

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Turnover	1,487.4	1,323.2	12.4%
Cycle Management and Services	*1,343.7*	*1,212.2*	*10.8%*
Technology and Networks	*143.7*	*111.0*	*29.5%*
EBITDA	384.3	350.2	9.7%
EBITDA Margin	*25.8%*	*26.5%*	*-0.7 p.p*
EBIT	216.3	203.8	6.1%
EBIT margin	*14.5%*	*15.4%*	*-0.9 p.p*

Revenue at the end of the year increased by 12.4% year on year, coming in at €1,487.4 million. This increase was seen in all activities and geographies, supported both by the increase in rates, the increase in new contracts, in the case of Colombia and France, and by the increase in activity in Technology and Networks, for the large part linked to concessions in Spain, Italy, Colombia and Mexico.

Breakdown of revenue by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	919.2	861.4	6.7%
Central and Eastern Europe	232.7	190.0	22.5%
Middle East, Africa and Other	134.6	131.1	2.7%
Rest of Europe (France, Portugal and Italy)	109.5	92.3	18.6%
Latin America	91.4	48.4	88.8%
Total	**1,487.4**	**1,323.2**	**12.4%**

By geographical area, revenues in Spain increased by 6.7%, reaching 919.2 million euros, due to the combined increase in consumption and the increase in rates. Technology and Networks also saw favourable performance following the implementation of work under investment plans associated with concession agreements and the execution of water infrastructure.

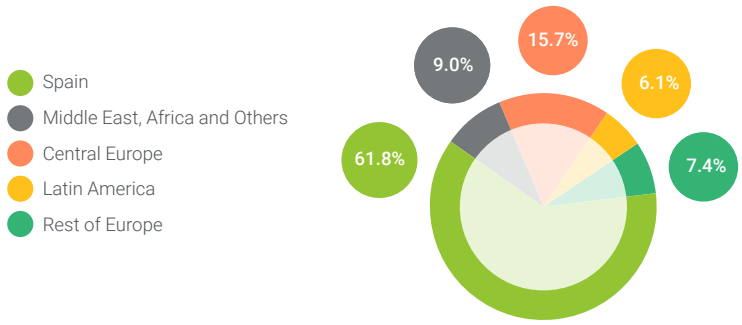
In Central and Eastern Europe it grew by 22.5%, with revenues of 232.7 million euros, due to greater activity in the Czech Republic and Georgia thanks to the favourable behaviour of rates and consumption in the latter. Worth particular mention was the revaluation of the Czech koruna (+2.3%) and the Georgian lari (7.9%).

In the rest of Europe, revenues also increased significantly, by 18.6%, to €109.5 million on account of the increase in concession activity from new contracts in France and infrastructure activity in the end-to-end cycle management in Italy.

In the Middle East, Africa and Others, turnover increased by 2.7%, to €134.6 million, with an increase in concession activity, with the two regional contracts ("Cluster") in Saudi Arabia worth particular mention, in addition to the increased contribution from Algeria. On the contrary, the Technology and Networks activity saw the completion of the construction of projects in Qatar and Egypt, with their entry into the operation phase.

In Latin America, turnover experienced notable growth of 88.8% to €91.4 million, with new concessions of the end-to-end water cycle in Colombia and works associated with its investment plans, as well as the implementation of hydraulic infrastructure in Mexico.

Breakdown of revenue by geographical area



Gross operating earnings (EBITDA) increased by 9.,7% to €384.3 million. Its progress reflects the increase described above in all geographical areas, together with the base effect of the accounting in the previous year of a reversal of 11.2 million euros corresponding to a provision linked to the resolution of a dispute in Spain. As a result, the operating margin stood at 25.8%.

Net operating profit (EBIT) increased by 6.1% to €216.3 million, on account of the improvement in gross operating profit combined with the increase in provisions made for amortisation, associated with the increase in the volume of assets owned and operated during the period.

Breakdown of backlog by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	6,860.6	7,049.2	-2.7%
International	14,870.1	13,263.5	12.1%
Total	**21,730.7**	**20,312.7**	**7.0%**

The portfolio at the end of December 2023 reached 21,730.7 million euros, 7% more than the previous year. At an international level, there was an increase of 12.1% on account of the addition of new contracts in Saudi Arabia, Colombia and the United States, in addition to the consolidated tariff updates during the year.

2.1.7.2.2. Financial Debt

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Net Financial Debt	1,665.8	1,642.8	23.0

Net financial debt remained at very similar levels compared to December last year, coming in at €1,665.8 million. This evolution is a combination of greater containment of investments after the acquisition of GGU in Georgia in 2022, which has compensated for the greater absorption of current capital and financial expenses due to the rise in interest rates.

2.1.7.3. Construction

The Construction Area contributed 11.1% of the FCC Group's EBITDA in 2023. Its activity is structured around the design and construction of large civil, industrial and building works, with a selective presence in specific regions across more than 15 countries. Special mention should go to participation in major works like tunnels, bridges and motorways that constituted a major part of the project backlog.

(Millions of Euros)

	Dec. 23	Dec. 22	Chg (%)
Turnover	2,823.1	1,966.9	43.5%
EBITDA	169.4	122.8	37.9%
EBITDA Margin	*6.0%*	*6.2%*	*-0.2 p.p*
EBIT	118.4	89.4	32.4%
EBIT margin	*4.2%*	*4.5%*	*-0.3 p.p*

Revenues from the area increased by an impressive 43.5% to 2,823.1 million euros attributable the continued good pace of ongoing projects combined with new contracts secured mainly in America and several European countries.

Breakdown of revenue by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	1,108.1	870.1	27.4%
America	819.3	434.3	88.6%
Rest of Europe	695.1	500.5	38.9%
Middle East, Africa, Australia and Others	200.6	162.0	23.8%
Total	**2,823.1**	**1,966.9**	**43.5%**

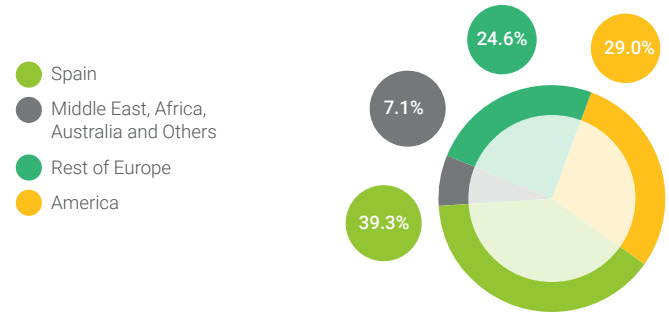
By geographical area, turnover in Spain increased by 27.4% to €1,108.1 million, on account of the faster than expected progress on ongoing projects, mainly in the public sphere.

In America, turnover grew significantly by 88.6% to €819.3 million, on account of the increase in the contribution of the Mayan Train project in Mexico, which is now close to completion, and the start of railway works in Toronto (Canada) and the USA.

Likewise, in the Rest of Europe and other markets, revenue grew by 38.9% year-on-year, coming to 695.1 million euros, mainly on account of the strong progress made with the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which comfortably offset the end of other works.

The Middle East, Africa, Australia and Others increased their contribution to revenue to €200.6 million, 23.8% up year-on-year, mainly due to the increase in the contribution of works as part of the Neom project and Riyadh Metro in Saudi Arabia, which is now close to completion.

Breakdown of revenue by geographical area



Gross operating profit increased by 37.9% to 169.4 million euros compared to 122.8 million euros the previous year. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period has reached 6%, a level similar to that achieved in the previous year.

In turn, net operating profit stood at 118.4 million euros, 32.4% up on the previous year, reflecting the performance of gross operating profit explained earlier and including the higher depreciation of machinery compared to the increase in activity.

Breakdown of backlog by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	2,386.1	1,817.3	31.3%
International	4,039.8	4,768.7	-15.3%
Total	**6,425.9**	**6,586.0**	**-2.4%**

The revenue backlog at year-end fell by 2.4%, to €6,425.9 million. Spain saw notable growth of 31.3% to €2,386.1 million on account of the award of new works, including the construction of the new ONCE headquarters in Madrid or the undergrounding section of the R-2 line as it passes through Montcada i Reixac (Barcelona). The International Area saw a 15.3% reduction following the impressive accumulated increase in contract awards the previous year, with the contract for the modernisation of a series of bridges in Pennsylvania (USA) worth particular mention.

Breakdown of the Backlog by Activity Segment *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Civil engineering works	5,112.4	5,569.7	-8.2%
Building	656.9	503.9	30.4%
Industrial Projects	656.6	512.4	28.1%
Total	**6,425.9**	**6,586.0**	**-2.4%**

By activity type, civil engineering continues to dominate, accounting for 79.6% of the total, concentrated in large public contracts in certain selective markets in Europe, America and the Middle East.

2.1.7.4. Cement

The Cement area accounted for 9.1% of the FCC Group's EBITDA during the period. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which owns a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Turnover	614.3	516.5	18.9%
Cement	*563.6*	*474.1*	*18.9%*
Other	*50.7*	*42.4*	*19.6%*
EBITDA	139.5	30.3	n/a
EBITDA Margin	*22.7%*	*5.9%*	*16.8 p.p*
EBIT	129.1	(203.3)	n/a
EBIT margin	*21.0%*	*-39.4%*	*60.4 p.p*

The area's revenue grew by 18.9% year-on-year to €614.3 million, following an increase in prices, mainly in Spain, in addition to an increase in exports from the same region.

Breakdown of revenue by geographical area *(Millions of Euros)*

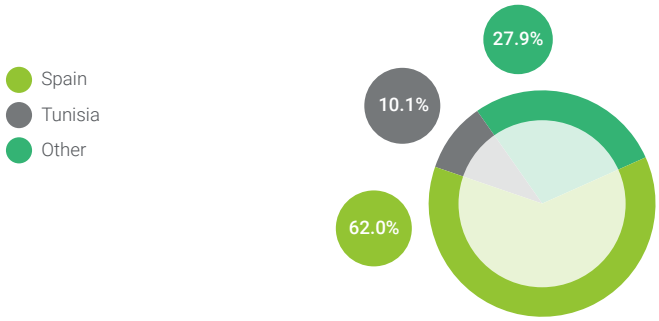
	Dec. 23	Dec. 22	Chg. (%)
Spain	380.9	314.6	21.1%
Tunisia	62.2	62.6	-0.6%
Miscellaneous (exports)	171.2	139.3	22.9%
Total	**614.3**	**516.5**	**18.9%**

By geographical area, in Spain, turnover increased by 21.1% to €380.9 million on account of the significant sustained increase in prices combined with unchanged volumes.

In the local market of Tunisia, the turnover remained at similar levels to the previous year, with 62.2 million euros, since the increase in prices has almost entirely compensated for the drop in demand.

In turn, revenue from exports grew by 22.9%, coming to €171.2 million, on account of the increase in shipments from Spain to certain countries in Europe and America, combined with price increases, offsetting the decreased in shipments from Tunisia.

Breakdown of revenue by geographical area



There was a significant increase in gross operating profit, coming to €139.5 million compared to €30.3 million during the previous year. This increase can be attributed both the increase in sales figures and the significant drop in electricity prices in Spain, which saw the operating margin recover to 22.7% compared to 5.9% the previous year.

Net operating profit stood at €129.1 million compared to losses of €203.3 million in 2022, due to the aforementioned change in gross operating income and the €200 million adjustment in the previous year, corresponding to the lower value of different tangible fixed assets and goodwill, reflecting its estimated future cash generation capacity. Likewise, this year the favourable resolution of a dispute in Spain has also contributed positively, with a recorded amount of 24.5 million euros.

2.1.7.4.2. Financial Debt

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Net financial debt	131.4	157.6	(26.2)

The financial debt, in its entirety, without any recourse to the Group's parent company, decreased by €26.2 million compared to last December, down to €131.4 million as a consequence of the operating performance explained above and the impact of the investment in the capital increase performed by the subsidiary, Giant Cement (USA), for an attributable amount of €105.8 million.

2.1.7.5. Real Estate

The Real Estate area contributed 6.9% of the FCC Group's EBITDA during the year. 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 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. 23	Dec. 22	Chg%)
Turnover	253.8	270.8	-6.3%
Development and land	*138.0*	*165.0*	*-16.4%*
Rental Property	*115.8*	*105.8*	*9.5%*
EBITDA	104.9	143.8	-27.1%
EBITDA Margin	*41.3%*	*53.1%*	*-11.8 p.p*
EBIT	55.8	165.7	-66.3%
EBIT margin	*22.0%*	*61.2%*	*-39.2 p.p*

The Area's income dropped by 6.3% year on year, to €253.8 million, with price reviews in relation to Rental activity and the increase in sales of housing developments failing to offset the impact of the absence of land sales during the year.

Development and Land recognised €138 million of income, down by 16.4%, on account of the fact that the increase in housing development sales, despite being higher than expected, failing to compensate for the absence of land sales, compared to the €35.93 million recognised the previous year.

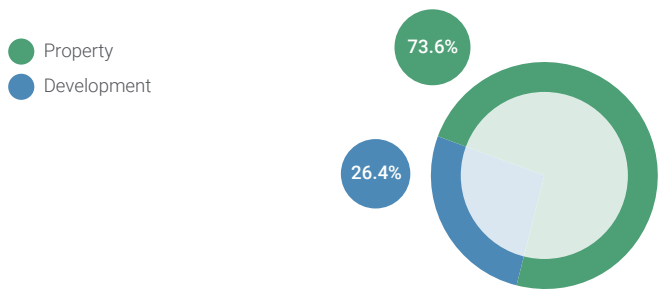
In Rental Property, income reached 115.8 million euros, with an increase of 9.5% compared to the previous year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 85% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy levels exceeded 93% high in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to bank offices.

EBITDA dropped by 27.1% to €104.9 million, with a contribution margin of 41.3%, on account of the impact of the provision for the impairment in housing development for the sum of €25 million and the aforementioned absence of land sales during the year. These two impacts mean that almost all of the EBITDA for the year was generated by Rental activity.

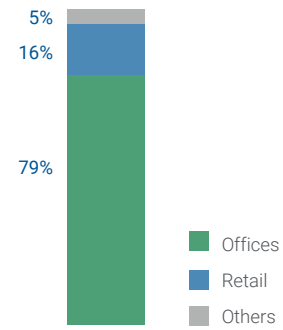
In addition to the explanations provided under EBITDA, EBIT includes the impact of the shift in interest rates on the fair market value of the rental assets, amounting to losses of €49 million, compared to the gains of €22.3 million the previous year.

The market valuation (G.A.V.) of the real estate assets in the area as of December 31, 2023 reaches 2,902.1 million euros, 2.6% lower than the previous year. The majority of the estimated value of assets corresponds to Property, which account for 73.6% of the total, on €2,134.8 million, while Residential Development assets, which include land in the different stages of development as well as housing developments for sale, both in progress and finished, account for 26.4% of the total, on €767.3 million.

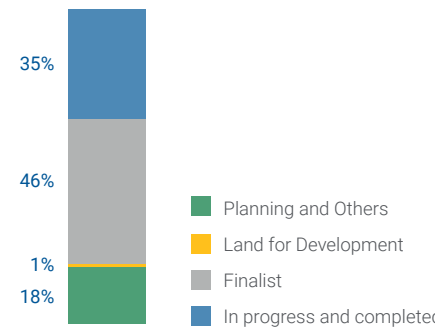
GAV by Activity (not including Metrovacesa)



Property



Residential Development



2.1.7.5.2.Financial Debt

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Net financial debt	1,037.0	917,.7	119.3

The balance of net financial debt increased by €119.3 million compared to December of the previous year, coming to €1,037 million, mainly on account of the acquisition in December 2023 of two significant packages of holdings in Metrovacesa and Realia for the combined sum of €178.8 million.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 28 and 29 to the consolidated financial statements and in 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 on its areas of activity.
- 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	%s/Total
2023				
Environment	36,152	8,279	44,431	66%
Water Management	6,971	6,793	13,764	21%
Construction	4,115	3,150	7,265	11%
Cement	865	212	1,077	2%
Real Estate	96	0	96	0%
Central Services and Others	388	69	457	1%
TOTAL	**48,587**	**18,503**	**67,090**	**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 16 to the consolidated financial statements) and detailed financing (see note 19 to the consolidated financial statements).

Note 29 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 2019, FCC Servicios Medioambiente Holding, S.A.U. completed the issuance of two single bonds in the amount of 1,100 million euros, just as FCC Aqualia, S.A. did in 2017. In December 2023, the bond amounting to 600 million euros from FCC Servicios Medioambiente Holding, S.A. was repaid with funds from the issuance of a new bond for the same amount.

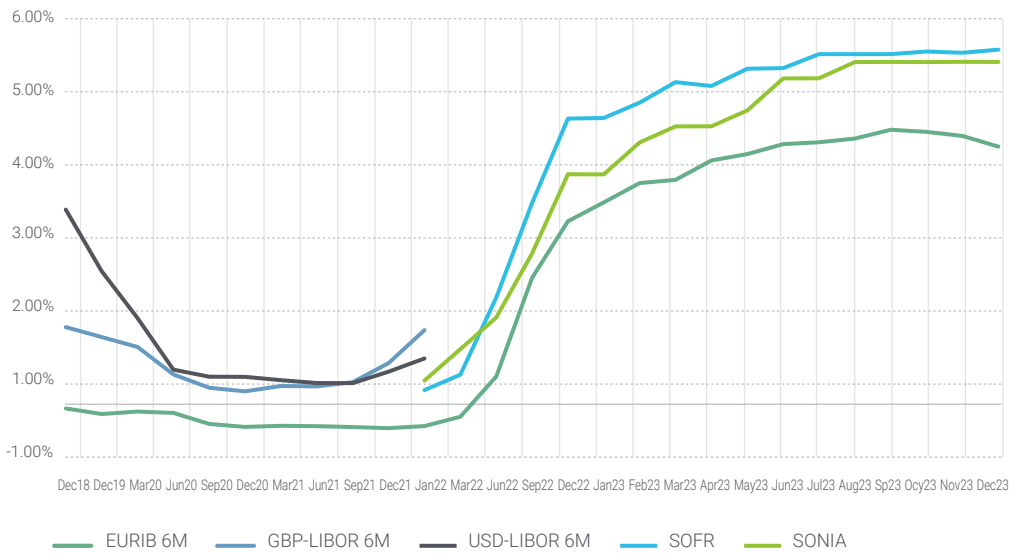
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities. In 2020, FCC Servicios Medioambiente Holding, S.A. registered a promissory note programme which it renewed annually for an amount of up to €400 million; it also has financing facilities in the form of credit facilities and bilateral loans.

Furthermore, in June 2022 FCC Aqualia, S.A. took out a syndicated loan for the amount of €1.1 billion, the main purpose of which was to refinance part of the bonds issued in 2017 maturing in 2022 and the early repayment of the bond that the Georgia Global Utilities Group had on the takeover date (Note 4 to the consolidated financial statements).

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.



As can be seen from the graph above, in 2022, the Secured Overnight Financing Rate (SOFR) and the Sterling Overnight Index Average (SONIA) replaced the LIBOR in dollars and LIBOR in pounds sterling, respectively.

This section is discussed in greater detail in note 29 to the consolidated financial statements.

4. Major risks and uncertainties

4.1. Risk Management Policy and System

The FCC Group's Risk Management Model is designed with the aim of identifying, analysing and assessing the potential risks that could affect the different areas of the Group, as well as establishing mechanisms integrated into the organisation's processes that allow risks to be managed within accepted levels, providing the Board of Directors and senior management with reasonable security in relation to 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 mainly based on the integration of the risk-opportunity vision and the assignment of responsibilities, which, together with the segregation of functions, favour the monitoring and control of risks, consolidating an adequate control environment.

The activities included in the FCC Group's Risk Management Model include the identification and classification of risks depending on their type, their assessment, in terms of impact and probability of occurrence, the application of prevention and control activities to mitigate the effect of these risks and the establishment of reporting flows and communication mechanisms at different levels, which enable decision-making as well as their review and continuous improvement.

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 FCC Group is exposed to various risk factors inherent to both the nature of its activities and the risks related to environmental, economic, social and geopolitical upgrades in the different countries in which it carries out these activities and to the risks arising from its relations with third parties, including the risks arising from the non-exhaustive application of the principles of ethics and compliance set out in its regulations. Many of these risk factors are strongly interconnected and could potentially affect both the achievement of business objectives and the image and reputation of the FCC Group.

Details of the main strategic, environmental, 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 6.1 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 FCC 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 29 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 6.1 of the Non-Financial Information Statement.

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 5.3 and 6 of the Non-Financial Information Statement.

5. Acquisition and disposal of own shares

On 14 June 2023, the redemption of a maximum of 0.85% of the share capital was approved at the General Shareholders' Meeting, ratified by the Board of Directors on 15 June and registered in the Mercantile Registry of Barcelona on 27 June 2023, with a total of 3,521,417 shares redeemed, taking the company's capital stock to 434,823,566 shares. As a result, the treasury stock position at 30 June 2023 amounted to 854,234 shares, equivalent to 0.19% of the capital stock.

At the Board of Directors meeting held on 28 June 2023, the resolution was approved to additionally redeem the 854,234 treasury shares circulating on that date; this operation was registered in the Mercantile Registry on 25 July.

Then, in the month of August, FCC, S.A. requested authorisation from the CNMV for a takeover bid by means of a capital reduction through the acquisition of a maximum of 32,027,600 own shares, representing 7.01% of its capital stock. On 19 July, the Extraordinary General Meeting agreed, with a vote in favour of 93.58% of the capital in attendance, on the reduction of capital, as well as the determination of the main terms and conditions of the Bid. On 25 October, authorisation was received from the CNMV and on 6 December, it published the results, accounting for 4.502% of share capital. On 19 December, the resulting capital reduction was registered in the Mercantile Registry. The company's share capital at the end of December 2023 was set at 436,106,917 euros, represented by 436,106,917 shares with a nominal value of 1 euro each.

The treasury stock position at 31 December was 44,957 shares.

The acquisition and disposal of treasury shares carried out during the year are disclosed in Note 17 of the Notes to the consolidated financial statements.

6. Significant events occurring after the end of the year

After the closing date of these consolidated financial statements, on 20 February 2024, the Official State Gazette published the ruling of the Spanish Constitutional Court, which considers Royal Decree-Law 3/2016 to be partially unconstitutional. The Group considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the consolidated balance sheet closing date. Therefore, as at 31 December 2023, the Group has registered the accounting impacts of this ruling, which has increased the offsetting of negative taxable amounts and the capitalisation of specific deferred tax assets (note 23).

7. Outlook

The outlook for the performance of the Group's main business Areas in 2023 is given below.

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.

In Spain, moderate growth is expected based on the implementation of new contracts, competing in all tenders that may be of interest due to their strategy and/or attractiveness.

As regards waste collection and street cleaning activity, the current rate of contract renewal is expected to be maintained, at above 90%, and the rate of new contracts at around 20%, with growth in activity based on obligation to apply the current legislation on waste in towns with smaller populations.

In relation to waste treatment, the opportunities that may be generated by the new Waste Master Plans of the different regional governments will be harnessed.

In relation to industrial waste activity, the aim is to diversify into other types of processing in addition to those currently being developed and expand the portfolio of services to large customers.

2.2.1. Europe

In Portugal, business opportunities related to processing industrial waste and the disposal of municipal waste is worth particular mention.

Consideration shall be given to any growth opportunities (including inorganic growth), especially if they can add value to the Group.

In the United Kingdom, at a macroeconomic level, as in other Western economies, a moderate slowdown in growth is expected in 2024. In relation to the environment, the government's objectives are, in general, consistent with those of the EU circular economy, with expectations of 65% recycling and a maximum of 10% of waste to landfills in 2025. The recent (2021) Environmental Law, which covers key aspects of environmental policy such as Extended Producer Responsibility ("EPR"), the "Deposit Return Scheme" ("DRS") or recoverable packaging payments (single-use beverage containers), and there will be some delay in the implementation of the principle of consistency across collection systems, as a result of both political and economic factors. In terms of fiscal measures, the "Plastic Tax" was established in 2022 for packaging with less than 30% recycled content and an emissions tax has been announced for 2028, which would affect the sector. Within this scenario of uncertainty caused by this delay, FCC continues to pursue its policy of offering a wide range of waste treatment and recycling services, both at municipal and commercial and industrial levels.

In Central Europe, inflation will remain a critical issue in 2024 as it will mean lower consumption and less waste on the market. For this reason, greater emphasis will be placed on increasing energy efficiency in treatment processes, cost reduction and rapid tariff adjustment with customers. On the other hand, electricity and gas prices are expected to remain at lower levels than those seen towards the end of 2022 and throughout much of 2023.

It is expected that the prices of recycled goods will remain stable or very slightly higher than those seen in 2023, the backlog of soil decontamination projects (solidification and biodegradation) in the Czech Republic and Slovakia will be very similar to the backlog seen the previous year, with greater importance placed on treatment due to legislative changes in several countries where FCC has already made (or has begun to make) the necessary investments to be able to face them and an increase in rates across practically all commercial activities thanks to contractual flexibility or price clauses included in municipal contracts.

2.2.2. USA

FCC has begun to promote mechanical biological treatment plants in the United States, in line with new regulations that are beginning to make it mandatory in some statuses to minimise waste sent for landfill disposal. The group's significant experience at an 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. During mid-2022, the first contract of this type was launched in Placer County (California), renovating and operating facilities where 650,000 tonnes will be treated per year, pursuant to the new and more restrictive environmental regulations in force in California. Throughout 2023, these operations have been consolidated, while the final handover of the facilities is scheduled for December 2024 and we believe that this will shake-up the market once they are fully operational.

Water

The outlook for 2024 is for the definitive consolidation of the recovery of pre-pandemic activity in relation to non-residential consumption. This situation will be reinforced by the new contracts incorporated into the perimeter during 2023 in Colombia, France and the USA, as well as the improvement in results, reinforced by the continuation of cost optimisation actions.

The high rates of contract renewal that Aqualia has historically recorded on maturity (over 90%) are expected to be maintained.

Electricity rates are expected to standardise and policies maintained to increase the number of contracts that mitigate the potential volatility in prices with a higher volume of consumption closed at a fixed price.

It is also considered that many towns managed by Aqualia will adapt their tariffs or the company's remuneration, to reflect the effect of the CPI increase during 2022-2023.

During 2024, the process for awarding projects eligible for the PERTE programme subsidy mechanism is expected to be streamlined with a view to promoting the digitalisation of the management of the integrated water cycle. We hope that as part of this process, Aqualia will be successful with a number of the bids submitted.

In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management). In terms of new procurement, several contracts, currently operated by competitors, are expected to be tendered out.

Looking to Europe, in **Portugal**, the problems caused by the prolonged droughts have sparked an interest amongst the public powers to consider the feasibility of building desalination plants for the first time in mainland Portugal. Aqualia is striving to maintain active communication so that part of these investments can be channelled as part of the robust Portuguese concession framework. Furthermore, a consortium led by Aqualia and FCC Construcción was proposed as the successful candidate for the installation of a green hydrogen production plant, including water supply and treatment facilities, in Setúbal, the first project of its kind in the country.

In **Italy**, work on the Caltanisseta concession (Sicily) is expected to continue, with the improvement and modernisation of the remote control and reading services of the facilities that serve more than 90,000 customers, from which 14 million euros have been obtained as part of the REACT-EU programme, as well as continuing with the work to condition the general supply network.

In **France**, efforts will continue to increase activity by looking for and selecting new business opportunities in towns and cities within the current perimeter of concession activity (Île-de-France, Bretagne) and further afield (Normandie, Alsace, Lorainne, Val de la Loire). The population served in France comes to 920,000 inhabitants, with the Pays de Dreux contracts and the renewal of Andresy being the most relevant milestones in 2023.

In the **Czech Republic**, |Czech subsidiary SmVak has designed an ambitious Sustainability Plan, aligned with Aqualia's Sustainability Plan, establishing new investments aimed at improving the energy efficiency of existing infrastructure and reducing the system's carbon footprint. Commercial activity in the country has been intense, with tenders submitted for water contracts in important Bohemian cities where existing private operators are already in place such as Prîbram and Pîsek, despite the trend of changing the management model towards direct management. In the geographical area of coverage, Silesia and Moravia, Aqualia, through its Czech subsidiary, has managed to win the tenders in Opava, Třinec, Žabeň, Doubrava, Háj ve Slezsku and Těrlicko.

In **Georgia**, the trend in terms of results for the current year is expected to continue and the new 2024-2026 regulatory period will begin once the foundations that will regulate the three-year Infrastructure Master Plan and the new tariff framework have been laid.

In **Saudi Arabia**, development work has continued on the management projects for the two clusters awarded to Aqualia from the six tendered by the National Water Company during 2022. An ambitious programme is also under way to modernise and optimise the integrated water cycle services, with a view to preparing them for the future phase of privatisation. The operation of the Jizan desalination plant will also be consolidated with an operating contract starting for three mobile desalination plants on the Saudi coast.

In **Egypt**, following completion of the start-up stage, Aqualia continued operating the Abu Rawash wastewater treatment plant to full satisfaction, with a treatment capacity of 1,600,000 m^3/d that serves the western area of the city of Cairo., over a duration of 3 years. During the year, the ambitious Desalination Plan will begin in Egypt associated with photovoltaic energy generation, where Aqualia leads a multidisciplinary and multinational consortium.

In **Algeria** the two desalination plants, Mostaganem and Cap Djinet, continued to operate at full capacity and without significant incidents, providing a critically important service to the population of the country's most important metropolitan areas, Oran and Algiers.

In **Latin America**, the 20-year operating period of the Guaymas SWDP began in mid-2022 (Sonora, Mexico). In June 2023, the contract for the Comprehensive Improvement of Management Procedures (MIG) in Los Cabos (Baja California Sur) formally began and the operation of the El Realito aqueduct continued. Furthermore, work will be completed on PTAR Salitre (Colombia) during the first half of 2024. In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora in Mexico and for purification.

In **Peru**, the State is in the process of evaluating the efficiency of its public supply services in order to give way to private initiatives in those areas with the worst management indicators. Aqualia is developing seven co-financed private initiatives corresponding to wastewater treatment plants and desalination plants. Four of these projects are in the advanced structuring phase and are part of the important short term ProInversión app project backlog.

Finally, in the **USA**, as a result of the efforts to acquire a platform for business development in the US market, on 31 December 2023, FCC Aqualia USA Corp acquired 97% of Municipal District Services, Llc. (MDS), whose main objective of which is the integrated management of water and sanitation infrastructure in the Municipal Utility District (MUD).

Water scarcity, the obsolescence of the hydraulic infrastructures and the low penetration of private operators in the sector are the source of the main growth opportunities for the company in certain states. The increasingly more demanding legislation on the control and elimination of processing contaminants for the protection of aquifers and surface water is a business opportunity to be explored in the coming years.

Construction

In the international market, FCC focuses on countries and markets with a stable presence and on the execution of projects with guaranteed 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 2024, the turnover obtained in Spain will remain similar to that obtained in 2023.

In the foreign market, it is estimated that turnover in 2024 will be similar to that obtained in 2023, with the development of large infrastructure works obtained between 2021 and 2023 and the contribution of markets in America (USA, Canada,, Mexico, Chile, Peru), the Middle East (Saudi Arabia) and Europe (Norway, the Netherlands, the United Kingdom, Portugal and Romania).

Cement

The cement sector in Spain has experienced a slowdown in consumption in recent months and since September every month has seen negative growth rates.At the same time, exports continued to decline slightly this year and imports collapsed by more than 40%.

According to estimates from the Association of National Construction Companies (SEOPAN), official tenders up until November 2023 increased by 1.9% compared to the same period in 2022. Civil engineering tenders saw 3.5% growth, while tenders for buildings fell by 1%. Building permits compared to 2022 grew by 2% to 111 thousand homes and by 2024, growth is expected to continue to 116 thousand units. Non-residential building dropped by 20% in 2023 and is expected to stabilise in 2024. In terms of investment in infrastructure in 2024, this could be affected by budgetary restrictions as a result of the reactivation of EU deficit rules.

According to data from the sector's employers' association, OFICEMEN, cement consumption in 2023 decreased by 3% to 14.5 Mt and according to estimates for the month of October, this volume will remain in 2024.

In 2023, sales by the Spanish Business Unit of the Cementos Portland Valderrivas Group totalled 4.3 million tonnes of cement and clinker in the aggregate of domestic sales and exports, the same volume seen in 2022.

In Tunisia in 2023, the domestic market came to 5 million tonnes, 9% down on 2022. According to the Group's estimates for 2024, domestic cement consumption is expected to fall by around 4% compared to 2023. Tunisia has been immersed in an economic, social and political crisis in recent years.

In 2023, sales by the Tunisian Business Unit of the Cementos Portland Valderrivas Group came to 1.2 million tonnes of cement and clinker in the aggregate of domestic sales and exports, down by 12% compared to 2022. The main destinations for exports were Mexico, Libya, Italy and the USA.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost 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 and support sustainable development.

Real Estate

FCC Inmobiliaria's actions for 2024 will focus on the development of its three business lines exclusively in Spain:

Office, premises and shopping centre rentals

In the real-estate area and in relation to service-sector assets (offices and shopping centres), where the Company's exceptional real estate portfolio gives it a prominent position, the optimisation of services and their management will continue to meet the new demands of tenants and environmental requirements, with the FCC Group assuming the cost of achieving these objectives.

In 2024, the company will focus on supporting its subsidiary companies, to adapt its buildings and business to the new trends in efficiency and sustainability of the office and shopping centre market, adapting the commercial relationship with tenants by adapting contracts to the demands of the market, such as the flexibility of spaces, duration, etc., increase the backlog of buildings under management certified with the BREEAM sustainability seal and improve the performance of offices, premises and shopping centres in terms of energy consumption, water and waste management through continuous, automated and digital monitoring.

The main notes in this line of business include:

- 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 shopping areas of the cities.
- Recurrence of revenues from Jezzine, the lessor of Caixabank's offices, whose lease expires in 2037.

Real-estate development and land management

During the course of 2024, the Real Estate Area will keep 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.

The land portfolio will continue to be actively managed, allowing it to be consolidated as urban land, with the resulting increase in value and contribution to the maintenance of development activity. It will also be possible to acquire new assets and/or land with a value path, either for their management and/or by the market.

Rental housing

During 2023, the Group completed two Build to Rent (BTR) projects with 195 publicly protected homes (VPPL-VPPB) intended for rent in the town of Tres Cantos (Madrid). The first of these, "Residencial Nao" with 43 homes went on the market and operations started in April, with 100% now rented; the second, "Residencial Provenza", was completed in two phases, the first 50 homes went on the market and operations started in July, with 88% rented, and the second 102 homes went on the market in September, with 27% rented.

In addition, operations have continued at the "Jardín de Tres Cantos" residential building with 85 homes, 100% of which are rented.

The total investment made in the three Build to Rent projects, with a total of 280 homes, amounted to €59.5 M.

In 2024, the Group will continue with the operation of Build to Rent and will analyse opportunities for the acquisition or development of new land with the same aim of residential rental housing, provided that the return on investment is maintained.

8. R&D+I Activities

The FCC Group's R&D&I activities in 2023 have resulted in more than 35 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business Areas of the FCC Group.

The activities of the different Business Areas and the main projects developed throughout 2023 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	SCALIBUR
PLASMIX	LIFE 4 FILM
H2TRUCK	ECO2D4.0
LANDFILL BIOFUEL	SEALING OF MINING DEPOSITS
MINETHIC	ECLOSION
IRRIGATION AND WASHING TANK	PV4INK

In addition, new ones have been launched during 2023, which are summarised below:

In the field of waste management we have 5 new projects:

- **ABATE:** consists of the use of compact, high-performance marketable technologies for the reduction of VOCs in EU waste treatment plants, reducing CO_2 emissions and energy consumption.
- **BIOPROLOGNO:** this project pursues several objectives, (i) optimising and developing the pyrolysis process of lignocellulosic waste using microwave technology to obtain Wood Vinegar and biochar, (ii) obtaining and characterising the bio-products by measuring their structural characteristics, (iii) demonstrating the agronomic characteristics of biochar as a biofertiliser and soil improver, and finally (iv) assessing the feasibility and effectiveness of using Wood Vinegar as a substitute for synthetic herbicides in infrastructure, roads and gardening.
- **LUCRA:** this project aims to demonstrate biotechnical and green processes for the production of: biologically based succinic acid using organic waste, PU polyester polyol dispersions based on the succinic acid of biological origin and polyester polyol resins based on the succinic acid obtained. In short, it aims to demonstrate the sustainable production outside a laboratory of succinic acid of biological origin and its use in the production of innovative products also of biological origin.
- **MPB DEHESAS:** project aimed at investigating the digestion of leachate treatment plants, specifically leachate (i) post bio-methanization, (ii) FORS and (iii) compost.
- **LIFE ZEROLANDFILLING:** the aim of the project is to deploy and demonstrate, in a pioneering way and at a semi-industrial scale, the profitability and sustainability of an innovative advanced and integrated pilot plant to allow the treatment and chemical recycling of non-recyclable MSW that normally reaches the landfill, revaluing it as: (i) a liquid mixture of high quality hydrocarbons known as green naphtha for the chemical and petrochemical industries; (ii) solid charcoal for the construction industry; and (iii) synthesis gas for self-consumption during the pyrolysis process.

In the field of specialised machinery for waste collection activities there is a new project:

- **CNG SIDE LOADING BODY FOR WASHING CONTAINERS:** consists of developing a new side loading body for washing containers with a capacity of between 1,100 and 3,200 litres, with a washing chamber made from aluminium, maximum clean water capacity up to 9,750 litres, with special interior and exterior washing pumps to allow the containers to be washed during an entire day's work.

There is another new project in Industrial Waste activity:

- **COMPLAST project:** the general aim of the project is to obtain new thermoplastic composites for high added value applications in the aeronautical, railway and automotive sectors. These composites will boast improved properties, be recyclable and/or incorporate recycled materials.

End-to-end Water Management

Innovation activity at Aqualia is aligned with the European Green Deal policies, which promotes the transition to a circular economy with a zero carbon footprint. The Department of Innovation and Technology (DIT) develops new services and sustainable processes using smart and eco-efficient management tools. Thus, the DIT projects help the company to achieve the UN's Sustainable Development Goals (SDGs), focussing on an affordable and high-quality water and sanitation service (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) as well as responsible production and consumption (SDG 12).

The projects highlighted in 2023 are listed below:

- **UE MSCA – REWATERGY:** focussed on scientific education, within the H2020 Marie Sklodowska Curie programme of European academic networks. It pursues technological development at its purification plants through methods of adsorption of ammonium from wastewater and its conversion into hydrogen; as part of the project, photo and electro-disinfection processes were assessed to eliminate micro-pollutants in drinking water or wastewater.
- **LIFE ULISES:** it aims to transform conventional WWTPs into "energy and biofertiliser production factories", achieve energy self-sufficiency and eliminate its carbon footprint, with anaerobic pretreatment implemented with the PUSH reactor. To improve the energy balance, bio-methane is used for the purposes of vehicle fuel supplied at a gas service station equipped with a refining system.
- **RIS3 EFLUENT-EX:** its aim is to promote clean energy and the use of organic and agro-industrial waste, with Aqualia working to convert WWTPs into bio-factories and renewable energy sources, promoting sustainable mobility based on green biofuels.
- **LIFE INTEXT:** the project optimises low-cost purification technologies in small towns with a view to minimising the energy cost, carbon footprint and waste from the treatment process. It assess sustainable solutions from an ecological and economic perspective for settlements with less than 5,000 residents, supported by specialist SMEs from Germany, Greece and France.

- **LIFE PHOENIX:** the project optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse, assessing effluents at several mobile plants. These devices combine physicochemical treatments with advanced filtration and various ultra- and nanofiltration membrane refining skids.
- **LIFE ZERO WASTE WATER:** the project seeks to achieve a purification process with a zero carbon footprint. To this end an anaerobic reactor with AnMBR membranes has been set up, which produces biogas, followed by the ELAN® process in the water line to eliminate nitrogen with low energy consumption. The management of FORSU is assessed with the transport the mixture of organic matter in a single stream in the sewerage system.
- **LIFE INFUSION:** as part of the project, new resource recovery plants have been designed using municipal solid waste and the leachate digestion system has been optimised.
- **LIFE RESEAU:** the RESEAU project aims to increase the capacity and resilience of the existing sanitation water infrastructures to the impact of climate change. The aim is to develop a flexible flow management model.
- **H2020 BBI B-FERST:** project to develop new biofertilisers using urban wastewater and by-products of 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.
- **H2020 BBI DEEP PURPLE:** the project implements on a demonstration scale a new biorefinery model that integrates purple and phototrophic bacteria (PPB) in anaerobic carousels. 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.
- **H2020 SEA4VALUE:** project focussed on recovering resources from concentrated brines in seawater desalination stations (SWDPs). At least eight innovative technological solutions are 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.
- **H2020 ULTIMATE:** the project consisted of the installation in the WWTP with a fluidised anaerobic reactor (FBBR/Elsar) on an industrial scale, to recover biomethane and supply a fuel cell. The co-digestion of residual yeast is also being studied.
- **H2020 REWAISE:** the project 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. To improve the operation and control of the processes, work is under way on the simulation of networks and plants, optimising the efficiency of the service as well as water quality.
- **H2020 NICE:** the generates scientific knowledge using nature based solutions (NBS), such as wetlands or green walls. These elements are involved in the purification and recovery of resources from urban wastewater.
- **ECLOSION MISSIONS:** project co-financed by the CDTI (Centre for Technological Development and Innovation), its main objective is to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous gases, such as hydrogen and biomethane. These energy vectors will be made using urban waste, agri-food, wastewater and sewage sludge and will be monitored using eco-efficient, flexible and smart optimisation tools.
- **ZEPPELIN MISSIONS:** project co-financed by the CDTI that researches a flexible series of green hydrogen production and storage technologies based on the use of waste and by-products (agri-food, textiles, treatment plants and refineries). The aim is to make this energy vector more efficient, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and hydrogen storage.
- **HE D4RUNOFF:** develops tools to quantify, avoid and manage diffuse pollution created by urban runoff water.
- **HE CHEERS:** the project aims to revalue by-products that are underused or wasted by the brewing industry, such as bagasse, wastewater, CO_2 and methane. Through a biorefinery approach, inspired by the biodiversity of nature (insect and microbe platforms), five innovative bio-products are generated that are competitive at a market level: insect protein, disinfectant, microbial protein, ectoin and caproic acid.
- **HE NINFA:** the project develops groundwater monitoring and protection systems, starting with the measurement, modelling and treatment of different pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, micro plastics and salinity). The groundwater management and pollution prevention strategy is structured around early detection systems, a better understanding of the effects to achieve synergies and to control the risks of multiple disturbance factors. These elements are combined with predictive methodologies to increase resilience and implement treatment and mitigation solutions.

- **UMI AQUATIM:** its aim is to respond to current challenges, by studying and implementing new technologies throughout the entire water cycle. Innovation, the development of new circular economy models and digitalisation are key factors in obtaining new sources of green energy (H2 and biogas), new natural resources and their efficient use (nutrients, metals and water). It also includes the protection of ecosystems and biodiversity through nature-based solutions (NBS), the development of new digital technologies (sensors, traceability, models and predictive systems) and the introduction of improvement actions to ensure the quality of water masses.
- **RESURGENCE:** the project pursues a model of circularity in industrial water consumption from a broad perspective: efficient technologies for the circularity of water, the recovery of energy and raw materials, with a view to contributing to climate neutrality, circularity and the competitiveness of the European Union.

In addition, during 2023, ten families of patents and brands that have continued to grow since 2014 were maintained, with two Aqualia Industrial patents still in force.

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 FCC 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 FCC 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.

A number of the projects are being undertaken in coordination with the public administrations, as is the case of CIEN "**Bicisendas**", as part of which several municipalities across Catalonia have been contacted for the creation of a pilot bicycle lane.

At an **international** level, in 2023 work was undertaken as part of (i) the European R&D&i project "**DigiChecks**", funded by the EU Research and Innovation Framework Programme, Horizon Europe, as part of which a Digital Environment is being developed to facilitate interoperability and communication between different construction industry platforms, the management of permits and controls accordingly. The project is structured around new technologies (including BIM, GIS, Artificial Intelligence, Blockchain, Digital Twin), using previous international initiatives as a reference, and (ii) the "EC2" project financed by EDF-DA (European Defence Fund). The **EC2** project consists of the development of software that provides the functional capacity of strategic command and control for a future General Headquarters of the European Union, which will help to achieve the capabilities for planning and conducting military operations, both executive and non-executive. The system will make it possible to centralise all operating capacities in a single point of access.

In relation to the National Projects undertaken during 2023, the development of the following projects is worth particular note:

- **BICISENDAS:** part of the CDTI's CIEN 2018 programme, the objective of which is the development of a new generation of bicycle lanes, which will be modular, produced with sustainable materials and can be custom designed for the integration of various technologies and depending on arising to be covered sycg as helping to increase comfort, safety, environment and communications in the bike lane environment, thus contributing to promoting sustainable transportation.
- **PRACAN:** included in the call for CDTI Cooperation projects, the aim of which is to develop a robotic platform for the identification, control and monitoring of carcinogenic agents in construction environments. This platform will be structured around a series of mobile nodes, one land-based and one airborne, with the ability to detect/estimate carcinogens, in particular asbestos and respirable crystalline silica (RCS) as well as a decision-making and alarm configuration system for occupational risk prevention (ORP) technicians, which will activate action protocols and recommendations
- **ROBUST:** submitted to CDTI Cooperation projects, the aim of which is to develop a georeferenced mapping and automated monitoring system for confined environments, mainly tunnels and ditches. To this end, it is due to use new monitoring technology that will require the development and deployment of autonomous aerial robots (drones), as well as the design and development of control systems and algorithms to communicate with the robots.
- **SAIM:** project developed by Mantenimiento de Infraestructuras, S.A., which consists of developing 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.

- **DESIRE:** project developed by FCC Industrial and Infraestructuras Energéticas. S.A. and financed by the 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 Infraestructuras Energéticas, S.A. and financed by the CDTI as part 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.
- **EDIFICTEH:** collaborative project submitted to CDTI that aims to develop a new 4.0 technological solution for the construction sector employing connected and centralised management for the installation of facades.
- **SMART CONSTRUCTION MANAGER:** project presented as part of the CDTI national CIEN programme, the objective of which is the development of a new smart and autonomous system for the control and management of works; research into a variety of technologies that allow the main management processes of a project to be digitised and automated, integrating them into a collaborative tool in which the entities involved can share reliable and secure information about the progress made and the materials used, thus promoting transparency.
- **0ACCIDNTES:** project submitted as part of the CDTI's CIEN programme, the objective of which is research into new safety and health in construction technologies with 0 accidents: development of a comprehensive cognitive ecosystem for real-time monitoring and prediction of dangerous situations for the safety and health of construction workers, carrying out research that facilitates the collection, interpretation, digitization and smart and automatic management of information generated in different construction environments, based on state-of-the-art sensors, autonomous robotic systems, cyber-secure connectivity ecosystems and various elements of artificial intelligence.
- **ESPADIN:** project developed by FCC Industrial e Infraestructuras Energéticas, S.A., included in the CDTI MISSIONS programme, the objective of which is to make collaborative technological developments dedicated to take the sharing and use of the value of data to industrial practice under the paradigm of the so-called shared data spaces.
- **ECOLOGÍA COTORRAS:** project developed by Mantenimiento de Infraestructuras, S.A., within the framework of the industrial doctoral candidates programme organised by the Community of Madrid; its aim is to delve into the ecology of the Argentine parrot and Kramer's parrot (and its ecological and health impacts) to better understand how biological invasion processes work and integrate the scientific knowledge generated into the management plans in place for these species.
- **CLIMPORT:** project submitted to the Public-Private Collaboration programme, as part of the 2021-2023 State Plan for Scientific, Technical and Innovation Research, within the framework of the Recovery, Transformation and Resilience Plan, the main objective of which is to develop an innovative modular system with new professional methodologies for the design and construction of port infrastructure adapted to climate change.
- **BIOPROLIGNO:** project developed by Mantenimiento de Infraestructuras, S.A., submitted to the Public-Private Collaboration programme as part of the 2021-2023 State Plan for Scientific, Technical and Innovation Research, within the framework of the Recovery, Transformation and Resilience Plan, which will investigate the transformation of lignocellulosic waste into bio-products for use in the maintenance of infrastructure and green areas.
- **FOTOVOLPLAS:** project developed by Megaplas, S.A., submitted for one of the electrical self-consumption grants offered by IDEA, the objective of which is the installation of photovoltaic panels on the MEGAPLAS factory roof. The proposed installation consists of 463 LONGI SOLAR bifacial and monocrystalline cell technology modules, specifically, the LR5-72 540 Wp HBD model and 2 HUAWEI Smart PV String-type photovoltaic inverters, model SUN2000-100KTL-M1.

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 166002:2021, certified by AENOR, the Spanish Standardisation and Certification Association. MATINSA and FCC Industrial and Infraestructuras Energéticas are also R&D&i Management System certified pursuant to UNE 166002:2021.

Cement

In 2023, the project involving the **ASSESSMENT OF THE POTENTIAL FOR GEOLOGICAL CO_2 STORAGE**, in collaboration with the Geological and Mining Institute of Spain and the Oficemen Group, was completed.

Las conclusiones principales del estudio han sido el desarrollo de escenarios para el eventual despliegue de las tecnologías de captura, uso y almacenamiento de CO_2 en el sector evaluando sus posibilidades y costes asociados.

9. Other relevant information. Share performance and other information

9.1. Share performance

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan. – Dec. 2023	Jan. – Dec. 2022
Closing price (€)*	14.56	8.32
Change in the period	69.1%	-20.4%
Maximum (€)*	15.40	10.50
Minimum (€)*	8.16	7.08
Average daily trading (no. of shares)	55,044	51,109
Average daily trading (million euros)	0.6	0.5
Capitalisation at end of period (million euros)	6,350	3,866
No. outstanding shares	436,106,917	438,344,983

* Adjusted by scrip dividend for 2022 and 2023.

9.2. Dividends

The Company's Board of Directors, at its meeting held on 28 June 2023, agreed to implement the agreement on the distribution of the scrip dividend adopted for the sum of €0.50/share, at FCC's General Shareholders' Meeting on 14 June 2023, in item 7 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. Subsequently, at the end of the first six months of the year, in July, the holders of 99.18% of the free allocation rights chose to receive new shares, up on previous years. Therefore, the increase in paid-up capital stood at 22,697,739 shares.

10. Definition of alternative performance measures according to ESMA regulations (2015/1415en)

EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses.

	Dec. 2023	Dec. 2022
Operating profit/(loss)	**910.3**	**610.5**
Amortisation of fixed assets and allocation of grants for non-financial and other assets	587.4	512.1
Impairment and gains/(losses) on disposal of fixed and non-current assets	47.0	174.9
Other gains/(losses)	-15.1	13.9
EBITDA	**1,529.6**	**1,311.4**

Its calculation is justified by the wide use of this indicator by the different agents of the financial markets, as it is a measure of the operating profit generated before depreciation and amortisation, which does not imply a cash flow for the company and does not depend on its capital structure.

EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

Its calculation is justified by the wide use of this indicator in the economic and financial field, as it is a measure of the operating profit obtained after the amortisation and depreciation of assets that allows the comparison of the company's results without taking into account its capital structure.

Backlog

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 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.

At the Environment division, 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 any price or schedule changes that may be agreed with the client. 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.

We do not calculate the Cement area's backlog due to the typically short-term nature of the order cycle.

In the Real Estate area, the real estate portfolio corresponds to the amount of the collection corresponding to the sales of properties pending formalisation at the end of the period in the Development activity. The GAV at the market value of the real estate assets as determined by independent experts and the occupancy rate at the occupied surface area of the portfolio of rental property assets divided by the portfolio's operating surface area.

We calculate the backlog for our Environment, Water and Construction areas because these businesses are characterised by medium and long-term contracts. This indicator is a measure of the expected future income of certain areas of the company.

Net financial debt

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other cash equivalents. The numerical breakdown is provided in note 29 to these consolidated financial statements.

Helps to determine the situation of a company in terms of its financial debt obligations before third parties from outside the Group, less its cash and equivalents. It is often used to assess the solvency of a company and calculate financial indicators.

EBITDA Margin

Considered as EBITDA (or gross operating profit) divided by Net Turnover in each case.

A measure of a company's operating profit compared to its income. Used to determine the efficiency of the operating activities it performs.

EBIT margin

Considered as EBIT (or operating profit) divided by Net Turnover in each case.

A measure of a company's net operating profit compared to its income, before paying taxes and interests.

Working capital

The part of Current Assets financed using long-term funds (Non-Current Liabilities and Net Equity). It is calculated as the sum of Current Assets minus the sum of Current Liabilities.

This is an important when it comes to obtaining an insight into the company's capacity to continue performing its activities and assessing its liquidity to meet short-term obligations.

Net cash with recourse

It is defined as Cash and other equivalent liquid assets, plus short-term Financial Assets, minus the Gross Financial Debt, of the parent company and that of those subsidiary companies that are financially guaranteed with the equity of the forementioned parent company.

Helps to determine the situation of a company in terms of cash and equivalents less its financial debt obligations before third parties from outside the Group. It is often used to assess the solvency of a company and calculate financial indicators.

Gross financial debt

Debts with credit institutions, debt instruments and loans, financial lease payables and other financial borrowings from third parties, joint ventures and associates on the Liabilities side of the consolidated balance sheet.

Its calculation provides an overview of a company's financial debt obligations, determining future maturities and its financial situation.

Economic value generated and distributed

Both indicators are calculated pursuant to GRI 201 (2016). Below is the formula for calculating both indicators, facilitating, as applicable, the reconciliation of the corresponding items of the financial statements (in thousands of euros):

	2023		2022	
Economic value generated		**9,359,423**		**8,039,315**
Turnover		9,026,016		7,705,687
From renewable sources		333,407		333,628
Other operating income	257,555		288,480	
Financial income	75,852		45,148	
Economic value distributed		**8,273,550**		**6,965,466**
Operating costs		5,367,165		4,518,220
Supplies	3,700,000		3,004,337	
Other operating expenses	1,677,916		1,540,539	
Changes in inventory of finished products and products in progress	-10,751		-26,656	
Employees		2,474,449		2,238,733
Staff costs	2,474,449		2,238,733	
Capital suppliers		244,201		134,635
Financial expenses	225,824		164,240	
(-) Other financial profit/(loss)	18,377		-29,605	
Taxes		186,635		72,723
Corporate income tax	186,635		72,723	
Community		1,100		1,155
Economic value retained		**1,085,873**		**1,073,849**

"Community" includes donations to non-profit organisations.

Information on the creation and distribution of economic value reflects the economic profile of an organisation and is useful when it comes to looking at how a company generates wealth, through the direct monetary value added to the economies in which it operates. In relation to the headings on the income statement, balance sheet and statements of cash flows provided in note 2.1 of the management report, the following reflects their reconciliation with the corresponding headings on the financial statements of the FCC Group shown in italics:

Income statement *(Millions of Euros)*

	Dec. 23	Dec. 22
Revenue	**9,026.0**	**7,705.7**
Self-constructed assets	*87.7*	*74.1*
Other operating income	*257.5*	*288.5*
Changes in finished goods and work in progress inventories	*10.8*	*26.6*
Procurements	*-3,700.0*	*-3,004.3*
Staff costs	*-2,474.5*	*-2,238.7*
Other operating expenses	*-1,677.9*	*-1,540.5*
Gross operating profit (EBITDA)	**1,529.6**	**1,311.4**
EBITDA Margin	16.9%	17.0%
Provision for amortisation of fixed and non-current assets	-596.9	-519.7
Amortisation of fixed assets and allocation of grants for non-financial and other assets	*-587.4*	*-512.0*
Non-financial and other capital grants taken to income (*)	*-9.5*	*-7.7*
Other operating income/(losses)	-22.4	-181.1
Impairment and gains/(losses) on disposal of fixed assets	*-47.0*	*-174.9*
Other gains/(losses)	*15.0*	*-13.9*
Non-financial and other capital grants taken to income (*)	*9.5*	*7.7*

Income statement *(Millions of Euros)*

	Dec. 23	Dec. 22
Net operating profit (EBIT)	**910.3**	**610.5**
EBIT margin	10.1%	7.9%
Financial income	-150.0	-119.1
Financial income	*75.8*	*45.1*
Finance expenses	*-225.8*	*-164.2*
Other financial profit/(loss)	-18.4	29.6
P/L of companies accounted for by the equity method	174.0	29.6
Profit/(loss) before tax from continuing activities	**915.9**	**550.7**
Company tax on profits	-171.1	-72.7
Income tax	*-171.1*	*-72.7*
Income from continuing operations	**744.8**	**477.9**
Net Income	**744.8**	**477.9**
Consolidated profit/(loss) for the year	*744.8*	*477.9*
Non-controlling interests	-153.8	-162.7
Profit/(loss) attributable to non-controlling interests	*-153.8*	*-162.7*
Profit attributable to the Parent	**591.0**	**315.2**

(*) In the financial statements, the heading "Amortisation of fixed assets and allocation of grants for non-financial and other assets" includes Apportionment of grants for fixed and non-current assets and others", which in the management report is included under "Other operating profit/(loss)".

Balance Sheet *(Millions of Euros)*

	Dec. 23	Dec. 22
Intangible assets	2,483.5	2,342.1
Property, plant and equipment	3,829.8	3,496.8
Investment property	2,091.3	2,122.9
Investments accounted for using the equity method	1,034.3	502.6
Non-current financial assets	748.4	910.6
Deferred tax assets and other non-current assets	468.3	499.5
Non-current assets	**10,655.7**	**9,874.5**
Inventory	1,234.3	1,143.2
Trade and other receivables	*2,957.4*	*2,468.0*
Trade and other receivables	*2,886.5*	*2,409.3*
Other current assets	70.9	58.7
Other current financial assets	260.5	221.3
Cash and cash equivalents	1,609.7	1,575.5
Current assets	**6,062.0**	**5,408.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**

Balance Sheet *(Millions of Euros)*

	Dec. 23	Dec. 22
Equity attributable to shareholders of the parent company	4,450.1	3,387.9
Non-controlling interests	1,695.9	1,551.1
Equity	**6,146.0**	**4,939.0**
Grants	226.6	202.9
Non-current provisions	1,230.6	1,141.7
Long-term financial debt	4,361.0	3,860.7
Non-current financial liabilities	*4,817.0*	*4,271.3*
Other non-current financial assets not included in financial debt (*)	*-456.0*	*-410.6*
Other non-current financial liabilities	456.0	410.6
Other non-current financial assets not included in financial debt (*)	*456.0*	*410.6*
Deferred tax liabilities and other non-current liabilities	434.1	430.7
Deferred tax liabilities	*284.2*	*282.0*
Other non-current liabilities	*149.9*	*148.7*
Non-current liabilities	**6,708.3**	**6,046.6**
Current provisions	159.6	148.1
Short-term financial debt	604.1	1,121.8
Current financial liabilities	*926.8*	*1,333.1*
Other current financial assets not included in financial debt (*)	*-322.7*	*-211.3*
Other current financial liabilities	322.7	211.3
Other current financial assets not included in financial debt (*)	*322.7*	*211.3*
Trade and other payables	2,777.0	2,815.7
Current liabilities	**3,863.4**	**4,296.9**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**

(*) Non-current and current "Other financial liabilities" include amounts that form part of the financial debt and others that do not. Financial debt is included under "Long/short-term financial debt" and non-financial debt are reported under "Other non-current/current financial liabilities" in the management report.

Cash flow *(Millions of Euros)*

	Dec. 23	Dec. 22
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**
Profit/(loss) before tax from continuing operations	*915.9*	*550.7*
Amortisation and depreciation	*596.9*	*522.2*
Impairment and gains/(losses) on disposal of fixed assets	*47.0*	*174.9*
Other adjustments to profit/(loss) (net) (*)	*-30.2*	*63.6*
(Increase)/decrease in working capital	-691.4	285.3
Changes in working capital	-691.4	285.3
Corporation tax (paid)/received	-124.2	0.7
Other operating cash flow	71.4	-51.6
Dividend collections	*70.2*	*40.2*
Other adjustments to profit/(loss) (net) (*)	*1.2*	*-91.8*
Operating cash flow	**785.4**	**1,545.8**
Investment payments	-1,104.6	-1,062.1
Proceeds from divestments	36.2	51.5
Other investment cash flows	106.0	72.6
Investment cash flow	**-962.4**	**-938.0**
Interest paid	-172.5	-123.7
(Payment)/receipt of financial liabilities	-113.8	-333.9
Other financing cash flow	496.6	-109.6
Issuance/(amortisation) of equity instruments	*-0.4*	*-0.3*
(Acquisition)/disposal of own shares	*575.7*	*-39.1*
Dividends paid and payments on equity instruments	*-80.8*	*-73.2*
Other collections/(payments) from financing activities	*2.1*	*3.0*
Financing cash flow	**210.3**	**-567.2**
Exchange differences, change in consolidation scope, etc.	**1.0**	**-0.6**
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**

(*) "Other adjustments to net income" on the financial statements is divided into two subheadings on the statement of cash flows in the management report, taking EBITDA as a starting point and not the "Profit/(loss) before tax from continuing operations".

11. Annual Corporate Governance Report

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission and on the issuer's website.

https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=1&nif=A-28037224&lang=en

12. Annual Directors' Remuneration Report

The Annual Directors' Remuneration Report is available on the website of the National Securities Market Commission and on the issuer's website.

https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=6&nif=A-28037224&lang=en

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, 2023

Building a better working world

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

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, 2023, 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, 2023 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: Calle de 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. C.I.F. B-78970506.

A member firm of Ernst & Young Global Limited.

EY
Building a better working world

2

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.

Recoverability of the deferred tax assets of the Spain Tax group

Description

As explained in note 23 to the accompanying consolidated financial statements, at 31 December 2023 the Group recognised deferred tax assets on the consolidated balance sheet for the Spain Tax Group amounting to 540.019 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

Our audit procedures related to this matter 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.
- Testing how sensitive the results are to reasonably possible changes in the key assumptions made.
- Reviewing the disclosures made in the notes to the consolidated financial statements and assessing whether they are in conformity with the applicable financial reporting framework.

A member firm of Ernst & Young Global Limited.

EY
Building a better working world

3

Recognition of revenue from long-term contracts in the Construction segment

Description

As explained in note 3.s 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.

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 554,475 thousand euros at 31 December 2023, 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 and the aforementioned accounts receivable are provided in notes 3.s, 15.a and 26.a to the accompanying consolidated financial statements.

Our response

Our audit procedures related to this matter 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 and assessing whether they are in conformity with the applicable financial reporting framework.

A member firm of Ernst & Young Global Limited.

EY
Building a better working world

4

Measurement of investment properties and inventories

Description

At 31 December 2031, the Group recognised an amount of 2,091,328 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 719,718 thousand euros under "Inventories" 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.e and 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 8 and 14 to the consolidated financial statements.

Our response

Our audit procedures in relation to this matter 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 and assessing whether they are in conformity with the applicable financial reporting framework.

A member firm of Ernst & Young Global Limited.

EY
Building a better working world

5

Measurement of the investment in Metrovacesa, S.A.

Description

As explained in note 13.a to the accompanying consolidated financial statements, the Group recorded equity instruments related to Metrovacesa shares representing 13.81% of share capital at a carrying amount of 133,471 thousand euros in "Current financial assets" on the balance sheet as at 31 December 2022. These equity instruments were classified as financial assets at fair value through equity.

In addition, as explained in note 4.b to the accompanying consolidated financial statements, during the year ended 31 December 2023, the Group acquired an additional share of Metrovacesa, S.A., increasing its net share in the company to 21.21%, and obtained representation on the company's governing bodies. As a result, Group management considers that it currently has significant influence over the Company.

According to the accounting policy described in note 2.b of the accompanying consolidated financial statements, the investments over which the Group does not exercise control but does have significant influence are included in "Investments accounted for using the equity method" on the consolidated balance sheet and are shown net of the Group's share in the after tax profit or loss of these companies in "Share of profit(loss) of companies accounted for using the equity method" in the consolidated income statement.

The change in the classification of this investment required recognition of profit amounting to 142,413 thousand euros in "Profit/(loss) of entities valued using the equity method" in the consolidated income statement, due to the difference between the fair value its net assets and their listed value at the date they were included in the consolidation scope.

Consequently, at 31 December 2023, the investment in Metrovacesa, S.A. amounts to 402,120 thousand euros and is recorded in "Investments accounted for using the equity method".

Due to the complexity of the judgments made by Group management that are inherent in measuring this investment, and given the significant impact that the changes in the assumptions made could have on the accompanying consolidated financial statements and the relevance of the amounts involved, we have determined this to be a key audit matter.

Information on the measurement standards used and the related disclosures are provided in notes 4.b, 11.b, 17, 26.h and 30.d to the accompanying consolidated financial statements.

Our response

Our audit procedures related to this matter included:

- Understanding Group management's process for determining and accounting for the fair value of the investment.
- Reviewing the documentation supporting the increase in the Group's share of the investment and the amount paid.
- Reviewing the accounting impact of the change in the classification of the investment, verifying that it was correctly recorded in the consolidated financial statements.
- Assessing Group management's conclusion that the increase in the share of this investment constitutes having significant influence over the company.

A member firm of Ernst & Young Global Limited.

- Assessing, in collaboration with valuation specialists, the methodology used to determine the fair value of real estate assets classified as inventory in Metrovacesa, S.A., checking its consistency in accordance with the applicable financial reporting framework, focusing specifically on mathematical coherence and evaluating the reasonableness of the assumptions made in connection with the valuations carried out by independent experts on a sample of real estate assets.
- Reviewing the disclosures made in the notes to the consolidated financial statements and assessing whether they are in conformity with the applicable financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2023 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.

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 Annual Corporate Governance Report and in the Annual Directors' 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 2023 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.

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.

EY
Building a better working world

- 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.

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 2023 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 2023 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 Annual Corporate Governance Report and the Annual Directors' 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.

EY
Building a better working world

Additional report to the Audit and Control Committee of the parent company

The opinion expressed in this audit report is consistent with the additional report we issued to the Audit and Control Committee of the parent company on February 29, 2024.

Term of engagement

The ordinary general shareholders' meeting held on June 2, 2020 appointed us as auditors of the Group for 3 years, commencing on December 31, 2021.

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 29, 2024

Fomento de Construcciones y Contratas, S.A.

Balance sheet at year-end 2023 _ 464
Income statements corresponding to the business year _ 466
Statement of changes in net equity for the business year _ 467
Cash flow statement for the business _ 469
Notes to the financial statements _ 471
Management Report _ 515

Balance sheet at year-end 2023

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2023 (in thousands of euros)

ASSETS	31/12/2023		31/12/2022	
NON-CURRENT ASSETS		**3,883,749**		**3,606,009**
Intangible assets (Note 5)		**4,366**		**5,496**
Property, plant and equipment (Note 6)		**23,953**		**26,762**
Land and buildings	11,672		11,718	
Other intangible assets	12,281		15,044	
Long-term investments in Group and associates (Notes 9.a and 19.b)		**3,717,258**		**3,418,265**
Equity instruments	3,296,179		3,002,856	
Loans to companies	421,079		415,409	
Long-term financial investments (Note 8.a)		**20,360**		**20,414**
Deferred tax assets (Note 16)		**117,812**		**135,072**
CURRENT ASSETS		**640,279**		**302,527**
Trade receivables and other accounts receivable		**63,083**		**88,848**
Trade receivables for sales and services (Note 18)	2,615		8,042	
Clients, Group companies and associates (Note 19.b)	12,047		26,186	
Receivables from the public administrations (Note 16.a)	48,004		54,023	
Other receivables	417		597	
Short-term investments in Group and associates (Notes 9.b and 19.b)		**409,471**		**199,452**
Short-term financial investments (Note 8.b)		**1,198**		**3,644**
Cash and cash equivalents (Note 10)		**166,527**		**10,583**
TOTAL ASSETS		**4,524,028**		**3,908,536**

Notes 1 to 22 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 2023.

Balance sheet at year-end 2023

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2023 (in thousands of euros)

EQUITY AND LIABILITIES	31/12/2023		31/12/2022	
EQUITY (Note 11)		**3,207,375**		**2,356,749**
Shareholders' equity		**3,207,375**		**2,356,749**
Capital		**436,107**		**438,345**
Share premium		**1,673,477**		**1,673,477**
Reserves		**2,348,223**		**2,619,098**
Shares and equity interests		**(410)**		**(27,264)**
Prior years' losses		**(2,392,774)**		**(2,392,774)**
Profit for the year		**1,142,752**		**45,867**
NON-CURRENT LIABILITIES		**927,220**		**917,811**
Long-term provisions (Note 12)		**120,371**		**110,896**
Non-current payables (Note 13)		**1**		**29**
Long-term payables to Group companies and associates (Note 9.c)		**806,479**		**806,479**
Deferred tax liabilities (Note 16)		**369**		**407**
CURRENT LIABILITIES		**349,433**		**633,976**
Short-term provisions		**1,883**		**2,069**
Current payables (Note 13)		**73**		**180,117**
Debt instruments and other marketable securities	–		23,200	
Bank borrowings	73		155,837	
Other financial liabilities	–		1,080	
Short-term payables to Group companies and associates (Notes 9.d and 19.b)		**362,650**		**413,058**
Trade and other payables		**24,827**		**38,732**
Suppliers	977		2,861	
Suppliers, Group companies and associates (Note 19.b)	2,090		11,964	
Other payables to public administrations (Note 16.a)	1,022		2,924	
Other payables	20,738		20,983	
TOTAL EQUITY AND LIABILITIES		**4,524,028**		**3,908,536**

Notes 1 to 22 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 2023.

Income statements corresponding to the business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2023 (in thousands of euros)

	31/12/2023	31/12/2022
CONTINUING OPERATIONS		
Revenue (Note 18)	**95,270**	**115,020**
Trade receivables for sales and services	61,237	84,479
Income from interests in Group companies and associates (Note 19.a)	14,286	15,822
Financial income from marketable securities and other financial instruments in Group companies and associates (Notes 18 and 19.a)	19,747	14,719
Other operating income	**38,865**	**37,239**
Staff expenses (Note 18)	**(24,354)**	**(28,631)**
Other operating expenses (Note 18)	**(56,249)**	**(75,328)**
Depreciation and amortisation (Notes 5 and 6)	**(5,585)**	**(5,891)**
Provision surpluses (Note 12)	**639**	**5,920**
OPERATING PROFIT(LOSS)	**48,586**	**48,329**
Financial income (Note 18)	**3,457**	**168**
Interests in equity instruments in third parties	–	34
From marketable securities and other financial instruments of third parties	3,457	134
Financial expenses	**(47,485)**	**(38,218)**
Payables to Group companies and associates (Note 19.a)	(38,039)	(34,830)
On payables to third parties	(9,446)	(3,388)
Change in fair value of financial instruments (Note 8.a)	**436**	**2,441**
Exchange differences	**91**	**(3,571)**
Impairment losses and gains/(losses) on disposal of financial instruments (Note 9)	**1,151,511**	**(68,321)**
FINANCIAL PROFIT/(LOSS)	**1,108,010**	**(107,501)**
PROFIT BEFORE TAX	**1,156,596**	**(59,172)**
INCOME TAX (Note 16)	**(13,844)**	**105,039**
PROFIT FOR THE BUSINESS YEAR FROM CONTINUING OPERATIONS	**1,142,752**	**45,867**
PROFIT FOR THE YEAR	**1,142,752**	**45,867**

Notes 1 to 22 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 2023.

Statement of changes in net equity for the business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2023 (in thousands of euros)

A) Statement of recognised income and expense

	31/12/2023	31/12/2022
Profit per income statement	1,142,752	45,867
Income and expenses recognised directly in equity	436	–
Write-offs to income statement	(436)	–
TOTAL RECOGNISED INCOME AND EXPENSE	1,142,752	45,867

Notes 1 to 22 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 2023.

Statement of changes in net equity for the business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2023 (in thousands of euros)

B) Statement of changes in equity

	Share capital (Notes 3 and 11.a)	Share premium (Note 11.b)	Reserves (Notes 3 and 11.c)	Own shares (Note 11.d)	Prior years' losses	Profit/(loss) for the year (Note 3)	Equity
Equity at 31 December 2021	**425,174**	**1,673,477**	**2,386,556**	**(26,674)**	**(2,392,774)**	**274,497**	**2,340,256**
Total recognised income and expense						**45,867**	**45,867**
Transactions with partners or owners	**13,171**		**(41,955)**	**(590)**			**(29,374)**
Capital increases	14,871		(14,962)				(91)
Capital reductions	(1,700)		(16,210)	17,910			–
Distribution of dividends			(10,783)				(10,783)
Transactions with shares or equity interests (net)				(18,500)			(18,500)
Other changes in net equity			**274,497**			**(274,497)**	
Equity at 31 December 2022	**438,345**	**1,673,477**	**2,619,098**	**(27,264)**	**(2,392,774)**	**45,867**	**2,356,749**
Total recognised income and expense						**1,142,752**	**1,142,752**
Transactions with partners or owners	**(2,238)**		**(316,742)**	**26,854**			**(292,126)**
Capital increases	22,698		(22,810)				(112)
Capital reductions	(24,936)		(274,480)	298,588			(828)
Distribution of dividends			(19,452)				(19,452)
Transactions with shares or equity interests (net)				(271,734)			(271,734)
Other changes in net equity			**45,867**			**(45,867)**	
Equity at 31 December 2023	**436,107**	**1,673,477**	**2,348,223**	**(410)**	**(2,392,774)**	**1,142,752**	**3,207,375**

Notes 1 to 22 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 2023 business year. In particular, note 11 "Net equity" contains further details on this statement.

Cash flow statement for the business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2023 (in thousands of euros)

	31/12/2023		31/12/2022	
Profit for the year before tax		**1,156,596**		**(59,172)**
Adjustments to profit/(loss)		**(1,139,476)**		**76,921**
Depreciation and amortisation (Notes 5 and 6)	5,585		5,891	
Impairment loss allowances (Note 9)	(263,225)		67,954	
Changes in provisions (Note 12)	(3,026)		(5,508)	
Profit/(loss) from de-recognitions and non-current asset disposals	–		(123)	
Gains from cancellations and disposal of financial instruments (Note 9.a)	(888,279)		69	
Financial income (Note 18)	(37,489)		(30,709)	
Financial expenses	47,485		38,218	
Exchange differences	(91)		3,571	
Change in fair value of financial instruments	(436)		(2,442)	
Changes in working capital		**8,428**		**6,494**
Trade and other receivables	19,600		(9,075)	
Trade and other payables	(11,225)		15,542	
Miscellaneous current assets and liabilities	53		27	
Other cash flows from operating activities		**(7,444)**		**31,702**
Interest paid	(48,324)		(37,742)	
Interest and dividend collections	11,523		19,004	
Corporation tax refunded/(paid) (Note 16.h)	29,357		50,440	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**18,104**		**55,945**

Notes 1 to 22 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 2023.

Cash flow statement for the business

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2023 (in thousands of euros)

	31/12/2023		31/12/2022	
Payments on investments		**(377,672)**		**(138,324)**
Group companies and associates (Note 9)	(375,165)		(133,709)	
Intangible fixed and non-current asset, property, plant and equipment and other assets (Notes 5 and 6)	(2,507)		(4,615)	
Proceeds from divestments		**1,055,972**		**136,008**
Group companies and associates (Note 9)	1,053,522		134,054	
Intangible fixed and non-current asset, property, plant and equipment and other assets (Notes 5, 6 and 18)	2,450		1,954	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		**678,300**		**(2,316)**
Proceeds and (payments) from equity instruments (Note 11)		**(272,676)**		**(18,589)**
Proceeds from (payments on) financial liabilities (Note 13)		**(247,625)**		**(73,697)**
Issuance of:				
Debt instruments and other marketable securities	226,030		279,000	
Bank borrowings	–		154,564	
Payables to Group companies and associates	32,224		18,264	
Repayment and amortisation of:				
Debt instruments and other marketable securities	(249,230)		(285,800)	
Bank borrowings	(154,564)		(200,000)	
Payables to Group companies and associates	(102,056)		(39,725)	
Other payables	(29)		–	
Dividend payments (Note 11)		**(19,452)**		**(10,783)**
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		**(539,753)**		**(103,069)**
Effect of changes in exchange rates		**(707)**		**(1,737)**
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS		**155,944**		**(51,177)**
Cash and cash equivalents at the start of the period		**10,583**		**61,760**
Cash and cash equivalents at the end of the period		**166,527**		**10,583**

Notes 1 to 22 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 2023.

Notes to the financial statements

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 december 2023

1.	Company activity	472
2.	Basis of presentation of the financial statements	472
3.	Distribution of profit	473
4.	Recognition and measurement standards	474
5.	Intangible assets	479
6.	Property, plant and equipment	480
7.	Leases	481
8.	Current and non-current financial assets	482
9.	Investments and payables to Group companies and associates	483
10.	Cash and cash equivalents	487
11.	Equity	487
12.	Long-term provisions	490
13.	Non-current and current payables	492
14.	Trade payables	492
15.	Information on the nature and level of risk of financial instruments	493
16.	Deferred taxes and tax matters	497
17.	Third party guarantees and other contingent liabilities	501
18.	Revenue and expenses	502
19.	Transactions and balances with related parties	503
20.	Environmental information	509
21.	Other information	509
22.	Events after the reporting period	510
Annex I:	Group companies	511
Annex II:	Joint ventures	513
Annex III:	Associates and jointly controlled companies	514

1. Company activity

Fomento de Construcciones y Contratas, S.A. is the parent company of the FCC Group, which comprises a wide range of both Spanish and foreign subsidiaries and associates.

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.
Changes in the name of the reporting entity	No changes have occurred this year

FCC The Group operates in the following business 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, highways, 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, commercial premises and residential properties.
- **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 and urban tramways.

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.

These financial statements, which have been prepared by the Company's Board of Directors, will be submitted for approval at the Annual Shareholders' Meeting, and they are expected to be approved without any modification. For its part, the annual accounts for the 2022 financial year were approved by the General Shareholders' Meeting held on June 14, 2023.

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 large.

The balance sheet and income statement include the balance sheet aggregates at the shareholding in the joint ventures shown below:

	2023	2022
Revenue	75	138
Operating profit	15	73
Non-current assets	20	28
Current assets	502	417
Non-current liabilities	3	5
Current liabilities	499	423

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.

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. The 2023 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 the year 2022, prepared on 23 February 2023, were approved by the General Shareholders' Meeting held on 14 June 2023 and deposited in the Mercantile Registry of Barcelona.

The main figures of the consolidated annual accounts of Fomento de Construcciones y Contratas, S.A. prepared in accordance with International Financial Reporting Standards (EU-IFRS) are the following:

	2023	2022
Total assets	16,717,675	15,282,541
Equity attributable to the Parent	4,450,067	3,387,882
Revenue	9,026,016	7,705,687
Profit attributable to the Parent	590,988	315,182

Restatements

No restatements were made in the current financial statements.

3. Distribution of profit/loss

The Board of Directors of Fomento de Construcciones y Contratas, S.A. decided to allocate the remaining profit for 2023 of 1,142,752 thousand euros to retained earnings; accordingly, it was not proposed to distribute or apply this profit to any other account.

On the other hand, in fiscal year 2022 the Company had a profit of 45,867 thousand euros, distributed as follows: 2,634 thousand euros to Legal reserves and 43,233 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 42,262 thousand euros (note 11).

4. Recognition and measurement standards

The main recognition and measurement bases used by the company in the preparation of the 2023 financial statements, in accordance with the Spanish General Chart of Accounts, were as follows:

a) Intangible assets

a.1) Acuerdos de concesión

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 fixed and non-current assets relating to this heading.

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 statement of profit and loss in the business year in which they are incurred. However, improvement expenses leading to increased capacity or efficiency or to a lengthening of the useful life 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. In order to calculate the recoverable amount of assets subject to impairment tests, the current 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. All leases contracted by the Company are classified as 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 these 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:

1. Financial assets at amortised cost. In general, the following fall into this category:

- Credits for commercial operations: financial assets originating from the sale of goods and the provision of services from the company's ordinary business subject to deferred payment.
- Credits for non-commercial operations: financial assets which, not being equity instruments or derivatives, do not originate from trade operations and whose collections are of a determined or determinable amount, deriving 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 directly attributable transaction costs.

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 profit and loss statement (financial income), applying the effective interest rate method.

2. **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. Changes that occur in the fair value are recognised directly in equity, until the financial asset is removed from the balance sheet or is impaired, whereupon the amount thus recognised is allocated to the profit and loss statement.

3. **Financial assets at cost:** includes investments in Group, associated and jointly controlled companies. Group companies are considered to be those over which the company has control, while associated companies are companies over which the company exercises a significant influence. Jointly controlled companies 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 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 on 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 recognises deferred tax assets corresponding to temporary differences, negative tax bases pending compensation or deductions pending application for which it is likely that the Tax Group will have future taxable profits that make it possible to recover these assets. To calculate the value of deferred tax assets, the Directors estimate the amounts and dates on which future taxable profits will be obtained and the reversal period for temporary differences.

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.

The main income recognised by the Company corresponds to income from subsidiaries, both from the provision of services and dividends and financial income. 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.

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) Cash and cash equivalents

Cash and other liquid equivalent assets include cash on hand and demand deposits with credit institutions. Other highly liquid short-term investments are also included under this concept as long as they are easily convertible into cash and are subject to an insignificant risk of changes in value. For these purposes, investments with maturities of less than three months from the date of acquisition are included.

j) 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.

k) 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.

l) 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.

Contributions made by the company are recognised under "Staff expenses" in the income statement.

m) 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 16).
- 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.j and 12).

Although these estimates were drawn up on the basis of the best information available as at 31 December 2023, future events may require adjustments in coming years, where appropriate to be made in advance.

n) Related party transactions

The company carries out all transactions with related parties at arm's length.

Note 19 "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.

o) 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 fixed assets

Changes in this heading in the accompanying balance sheet in the 2023 and 2022 financial years were as follows:

	Concession agreements	Software	Other intangible assets	Accumulated amortisation	Impairment	Total
Balance at 31.12.21	**53**	**53,292**	**1,126**	**(46,766)**	**—**	**7,705**
Receipts or endowments	—	1,353	563	(2,449)	—	(533)
Release, removals and transfers	—	—	(1,676)	—	—	(1,676)
Balance at 31.12.22	**53**	**54,645**	**13**	**(49,215)**	**—**	**5,496**
Receipts or endowments	—	1,139	—	(2,254)	(7)	(1,122)
Release, removals and transfers	—	—	(10)	2	—	(8)
Balance at 31/12/23	**53**	**55,784**	**3**	**(51,467)**	**(7)**	**4,366**

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.

Details of the fixed and non-currents assets and of the related accumulated amortisation as of 31 December 2023 and 2022 are as follows:

	Cost	Accumulated amortisation	Impairment	Net
2023				
Concession agreements	53	(28)	(7)	18
Software	55,784	(51,436)	—	4,348
Other intangible fixed and non-current assets	3	(3)	—	—
	55,840	**(51,467)**	**(7)**	**4,366**
2022				
Concession agreements	53	(25)	—	27
Software	54,645	(49,184)	—	5,461
Other intangible fixed and non-current assets	13	(6)	—	7
	54,711	**(49,215)**	**—**	**5,496**

With regard to net intangible assets, only 19 thousand euros (28 thousand euros at 31 December 2022) 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 47,815 thousand euros (43,121 thousand euros at 31 December 2022). The amount corresponding to joint ventures was insignificant.

At 31 December 2023, 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 the 2023 and 2022 business years were as follows:

	Land and buildings	Other intangible assets: Plant and other items of property, plant and equipment	Other intangible assets: Advances and PP&E under construction	Accumulated amortisation	Impairment	Total
Balance at 31.12.21	**17,843**	**35,094**	**399**	**(20,286)**	**(5,088)**	**27,962**
Receipts or endowments	—	941	1,130	(3,269)	—	(1,198)
Release, removals and transfers	—	(6)	—	4	—	(2)
Transfers	—	1,529	(1,529)	—	—	—
Balance at 31.12.22	**17,843**	**37,558**	**—**	**(23,551)**	**(5,088)**	**26,762**
Receipts or endowments	—	437	84	(3,330)	—	(2,809)
Release, removals and transfers	—	—	—	—	—	—
Balance at 31.12.23	**17,843**	**37,995**	**84**	**(26,881)**	**(5,088)**	**23,953**

The detail of property, plant and equipment and of the related accumulated depreciation at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net
2023				
Land and buildings	17.843	(1.083)	(5.088)	11.672
Plant and other items of property, plant and equipment	37,995	(25,798)	—	12,197
Advances and PP&E under construction	84	—	—	84
	55,922	**(26,881)**	**(5,088)**	**23,953**
2022				
Land and buildings	17,843	(1,037)	(5,088)	11,718
Plant and other items of property, plant and equipment	37,558	(22,514)	—	15,044
	55,401	**(23,551)**	**(5,088)**	**26,762**

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:

	2023	2022
Land	10,500	10,500
Buildings	1,172	1,218
	11,672	**11,718**

At the end of the 2023 and 2022 financial years there are no significant assets from contracts operated jointly through joint ventures.

In the 2023 and 2022 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 6,229 thousand euros (3,942 thousand euros at 31 December 2022).

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

As explained in Note 4.d, all the leases contracted by the Company are classified as operating leases.

The amount recognised in the 2023 business year for operating lease expenses totalled 10,623 thousand euros (10,721 thousand euros at 31 December 2022).

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 106,297 thousand euros (110,552 thousand euros in 2022). Details, by maturity, of the non-cancellable future minimum payments at 31 December 2023 and 2022 were as follows:

	2023	2022
Up to one year	10,852	10,224
Between one and five years	42,449	39,921
After five years	52,996	60,407
	106,297	**110,552**

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. Long-term and short-term financial investments

a) Long-term financial investments

The balance for "Long-term financial investments" at 2023 and 2022 year-end is as follows:

	Equity instruments	Loans to third parties	Other financial assets	Total
2023				
Financial assets at amortised cost	—	1,488	18,871	20,359
Financial assets at fair value changes in net worth	1	—	—	1
	1	**1,488**	**18,871**	**20,360**
2022				
Financial assets at amortised cost	—	1,488	18,845	20,333
Financial assets at fair value changes in net worth	81	—	—	81
	81	**1,488**	**18,845**	**20,414**

Financial assets at amortised cost

The detail by maturity of this category of financial assets is as follows:

	2025	2026	2027	2028	2029 and beyond	Total
Financial assets at amortised cost	—	—	—	—	20,359	20,359

The most significant amount recognised was for the 15,088 thousand euros deposit (15,062 thousand euros at 31 December 2022), in relation to the sale of Global Vía Infraestructuras, S.A., formalised in the 2016 business year, the maturity of which was "2029 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

The entire amount corresponds to a residual interest in the company Aguas Industriales de Tarragona, S.A. In fiscal year 2022 it included a 17.80% stake in the company Port Torredembarra, S.A. for a value of 81 thousand euros. This stake was incorporated during financial year 2023 to the wholly-owned subsidiary FCC Concesiones e Infraestructuras, S.L.U, through a non-monetary contribution to a capital increase of this company (Note 9.a). The fair value of the business portfolio is worth 516 thousand euros, generating a profit of 436 thousand euros, as reflected in the heading "Change in fair value of financial instruments" of the attached profit and loss account, by allocating the adjustments for changes in value to the results corresponding to this stake.

b) Short-term financial investments

The balance of "Current financial assets" at 2023 and 2022 year-end is as follows:

	Other financial assets
2023	
Financial assets at amortised cost	1.198
Financial assets at fair value changes in the profit and loss account	—
	1.198
2022	
Financial assets at amortised cost	1.203
Financial assets at fair value changes in the profit and loss account	2.441
	3.644

The balance of this heading in fiscal year 2023 corresponds to guarantees and deposits for legal or contractual obligations. During the financial year 2022, it included the amount receivable for an adjustment in the sale price of FCC Aqualia, S.A. formally arranged in 2018, for 2,441 thousand euros (Note 18). And the rest corresponded to guarantees and deposits for legal or contractual obligations.

9. Investments and payables to Group and associated companies

a) Non-current investments in Group companies and associates

The detail of the non-current investments in Group companies and associates at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated impairment	Total
2023			
Equity instruments in Group companies	4,029,284	(737,472)	3,291,812
Equity instruments of associates	4,367	—	4,367
Loans to Group companies	421,079	—	421,079
	4,454,730	**(737,472)**	**3,717,258**
2022			
Equity instruments in Group companies	4,060,089	(1,061,600)	2,998,489
Equity instruments of associates	4,367	—	4,367
Loans to Group companies	444,049	(28,640)	415,409
	4,508,505	**(1,090,240)**	**3,418,265**

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 31.12.21	**4,059,952**	**4,744**	**432,203**	**24**	**(1,022,131)**	**3,474,792**
Receipts or endowments	137	—	11,617	1	(193,277)	(181,522)
Disposals and reversals	—	(377)	(1,542)	—	125,168	123,249
Transfers	—	—	1,771	(25)	—	1,746
Balance at 31.12.22	**4,060,089**	**4,367**	**444,049**	**—**	**(1,090,240)**	**3,418,265**
Receipts or endowments	107,030	—	22,030	—	(1,316)	127,745
Disposals and reversals	(182,835)	—	—	—	354,083	171,248
Transfers	45,000	—	(45,000)	—	—	—
Balance at 31/12/23	**4,029,284**	**4,367**	**421,079**	**—**	**(737,472)**	**3,717,258**

Equity instruments in Group companies

During 2023, the following changes should be noted:

- Sale of a 24.99% stake in FCC Servicios Medioambientales Holding, S.A., worth 75,211 thousands of euros, to the CPP Investments fund for 965,000 thousand euros, generating a profit, net of expenses inherent to the operation, of 888,279 thousands of euros (Notes 13 and 15.d)
- Operations related to FCC Concesiones e Infraestructuras, S.L.U. derived from the reorganization of concessional interests in the FCC Group.
  - Acquisition of the stake held by FCC Construcción, S.A. worth 89,789 thousands of euros and originating from the subsequent capital increases in 2023 by FCC Concesiones de Infraestructuras, S.L.U. in which FCC Construcción, S.A. has contributed its own concession assets.

- Contribution from the company FCC Versia, S.A.U. to the capital increase of FCC Concesiones e Infraestructuras, S.L.U. The value of the portfolio was 12,972 thousands of euros and has resulted in the divestment in FCC Versia, S.A.U. and in return, the acknowledgement of an investment in FCC Concesiones e Infraestructuras, S.L.U. for this amount. Additionally, and prior to the aforementioned contribution, several operations have taken place at FCC Versia, S.A.U.
  - Capitalisation of the equity loan granted to this Company for 45,000 thousands of euros, with a total impairment of 28,640 thousands of euros.
  - Distribution of a dividend of 5,116 thousand euros and considered as a return of contributions.
  - Write-off of the entire portfolio with a net worth of 12,972 thousands of euros (gross investment 102,508 thousands of euros and accumulated impairment of 89,536 thousands of euros).
- •Capital increase with monetary contribution of 3,672 thousand euros.
- Capital increase through non-monetary contribution of the 17.80% stake in the company Port Torredembarra, S.A. for 516 thousand euros (note 8.a).

- Acquisition of stakes in Cementos Portland Valderrivas, S.A. from third parties for an amount of 81 thousands of euros.
- Incorporation of the company FCC LDF Limited in the United Kingdom, with a capital stock of 50 thousand pounds sterling (58 thousand euros), fully subscribed by Fomento de Construcciones y Contratas, S.A. and pending to be paid in.

It is worth noting that in 2022, shares were acquired in Cementos Portland Valderrivas, S.A. from third parties for the value of 137 thousand euros.

The details, by company, of the "Investments in Group companies and associates" headings for 2023 and 2022 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, together with its carrying amount.

Furthermore, as at 31 December 2023 and 2022, none of the companies in which Fomento de Construcciones y Contratas, S.A. has a direct holding is listed on the stock market.

Equity instruments of associates

There have been no movements in this heading during the 2023 financial year.

In 2022, Sigenera, S.L. (50% holding) was removed after it was wound up with a net investment value of 259 thousand euros (gross value of 377 thousand euros with accumulated impairment of 118 thousand euros), generating losses of 69 thousand euros, reflected in "Impairment and gains on disposal of equity instruments".

Long-term loans to Group companies

The most significant balances were as follows:

	2023	2022
FCC Servicios Medio Ambiente Holding, S.A.	**379,731**	**370,515**
FCC Concessions and Infrastructure, S.LU.	31,548	28,473
FCC Construcción, S.A.	8,565	—
FCC Medio Ambiente, S.A.	1,173	—
FCC Versia, S.A.U.	—	45,000
Rest	62	61
GROSS TOTAL	**421,079**	**444,049**
Impairment:		
FCC Versia, S.A.U.	—	(28,640)
NET TOTAL	**421,079**	**415,409**

The following are noteworthy with regard to the balance at 31 December 2023:

- Subordinated loans granted to FCC Servicios Medio Ambiente Holding, S.A. for a total of 345,203 thousand euros, with a final maturity date on 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 379,731 thousand euros. The interest accrued in the current year amounts to 9,216 thousand euros (9,082 thousand euros at 31 December 2022).

- Loan granted to FCC Concesiones de Infraestructuras, S.L.U. for an amount of 20,568 thousand pounds sterling (23,667 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 31 October 2025 and (ii) Operation from 1 November 2025 to 30 September 2055. 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. As of December 31, 2023, the aforementioned interest amounts to 7,880 thousand euros, of which 2,489 thousand euros have been generated in the current year (2,534 thousand euros as of December 31, 2022).

The most significant movement in 2023 was the cancellation of the equity loan granted to FCC Versia, S.A.U. for 45,000 thousand euros, with an accumulated impairment of 28,640 thousand euros, which has been capitalised within the process of contribution of this company to FCC Concesiones e Infraestructuras, S.L., for which a note has been included in this Report, in the heading of "Equity instruments of Group companies".

Impairment

The following significant changes occurred in the 2023 financial year:

- Reversal of the impairment associated with the stake in Cementos Portland Valderrivas, S.A. worth 81,800 thousands of euros, mainly due to the improvement of the ordinary results of its activity. An impairment of 192,666 thousands of euros was recorded in 2022, mainly due to the drop in net worth caused by the impairment of Uniland's goodwill.
- Reversal of the impairment of the investment in FCC Construcción, S.A. for the sum of 181,019 thousand euros, mainly on account of the improvement in the ordinary results of its activity. In 2022, there was a reversal for a sum of 116,105 thousand euros for the same reason.
- Reversal of the impairment of the stake in FCC Versia, S.A.U. for the entirety (89,536 thousand euros) as a consequence of the process of contribution of this company to FCC Concesiones e Infraestructuras, S.L. and commented on in this same note of the Report within the heading of "Equity instruments of Group companies".

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:

	2023	2022
FCyC, S.A.	227,481	119,267
Realia Business, S.A.	99,894	70,080
FCC Servicios Medio Ambiente Holding, S.A.	25,237	2,921
FCC Environmental Services Florida, LLC	17,519	–
Cementos Portland Valderrivas, S.A.	12,558	–
FCC Aqualia, S.A.	12,485	–
Rest	14,297	7,184
	409,471	**199,452**

During 2023, it is worth highlighting the loan granted to FCyC, S.A. for an amount of 178,804 million, with annual maturity and interest rate referenced to Euribor plus a spread, with the possibility of partial repayment, mainly aimed at purchasing the 12.19% stake in Realia and 5.934% stake in Metrovacesa, which directly or indirectly control Control Empresarial de Capitales, S.A, de C.V. With regard to the loan granted to this company in 2022 for a total amount of 126,500 thousands of euros, it should be noted that, at the end of financial year 2023, the outstanding balance of this loan is 39,933 thousands of euros (118,208 thousands of euros as of 31 December 2022). This loan has an annual maturity and interest rate tied to Euribor plus a spread, with the possibility of partial repayments. The interest accrued for these loans during this year was 3,843 thousands of euros (1,530 thousands of euros as of 31 December 2022).

Also during 2023, an additional loan was granted to Realia Business, S.A. for an amount of 40,000 thousands of euros, of which 34,000 thousands of euros have been drawn at year end, with annual maturity and an interest rate referenced to Euribor plus a spread, with optional partial repayments. Regarding the loan granted to this company in 2021 for a total amount of 120,000 thousands of euros, it should be noted that, at the end of financial year 2023, the outstanding balance of this loan is 65,000 thousands of euros (70,000 thousands of euros as of 31 December 2022). On December 21, 2023, an addendum to the main contract has been signed, by which the original contract is extended for one year under the same conditions as the main contract. The interest accrued on the aforementioned loans in the current year amounts to 3,759 thousand euros (1,124 thousand euros as of December 31, 2022).

In addition, the increase in the balance with FCC Aqualia, S.A. is due to the distribution of the dividends, which were pending to be paid as of 31 December 2023.

c) Non-current payables to Group companies and associates

The balance at 31 December 2023 (same as at 31 December 2022) 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 29,028 thousand euros in the business year (same amount as at 31 December 2022).

d) Current payables to Group companies and associates

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:

	2023	2022
Asesoría Financiera y de Gestión, S.A.U.	235,781	300,570
FCC Construcción, S.A.	46,534	30,122
Fedemes, S.L.U.	22,605	22,108
FCC Environmental Services Florida, LLC	15,184	2,803
FCC Environmental Services Texas, LLC	11,783	5,708
Cementos Portland Valderrivas, S.A.	6,495	11,370
FCyC, S.A.	4,548	25,697
Rest	19,720	14,680
	362,650	**413,058**

The most significant amount in both years was the amount corresponding to Asesoría Financiera y de Gestión, S.A. for the sum of 235,781 thousand euros (300,570 thousand euros as at 31 December 2022). 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.

10. Cash and cash equivalents

The composition of this heading as of December 31 is as follows:

	2023	2022
Cash	34	54
Demand current accounts	166,493	10,529
NET TOTAL	**166,527**	**10,583**

Current accounts earn the usual market interest rate for this type of account.

Almost all of the amounts in this heading have no availability restrictions.

11. Net equity

The Ordinary General Shareholders' Meeting held on 14 June 2023 adopted resolutions including but not limited to the following:

1. Reduction of share capital through the redemption of treasury stock

Reduction of the share capital of Fomento de Construcciones y Contratas, S.A. for a maximum nominal amount of 3,725,383.00 euros, through the cancellation of up to 3,725,383 own shares with a nominal value of one euro each.

The Board of Directors, at its meeting on 14 June 2023 after the General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the definitive amount established of 3,521,417 shares, bringing the share capital to 434,823,566 shares with a nominal value of one euro. On June 27, 2023, the public deed of the aforementioned capital reduction was registered in the Barcelona Mercantile Registry.

The capital reduction for the sum of 3,521 thousand euros meant a decrease in the balance of treasury stock in the amount of 34,304 thousand euros, taking the difference for the sum of 30,783 thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 3,521 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

2. Distribution of a scrip dividend

Implemented through the issuance of new common shares with a nominal value of 1 euro each, with no issue premium, of the same class and series as those in circulation, charged 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 28 June 2023, following the General Shareholders' Meeting, the Board of Directors 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: 219,172,491.50 euros, equivalent to 0.50 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 0.50 euros per share.
- The number of free allotment rights required to receive a new share was set at 19. Shareholders who chose this option also received a compensatory cash dividend of 0.78 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 17 July 2023, holders of 431,257,401 (99.18%) rights opted to receive new shares, while shareholders holding 3,566,498 rights opted to accept the Company's offer to acquire their rights at a guaranteed price. Accordingly, the final number of 1 euro bonus shares issued was 22,697,739 shares, corresponding to 5.22% 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 19,452 thousand euros.
- On 25 July 2023, 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 14 June 2022, a decision was taken to distribute a scrip dividend, with the following characteristics:

- Maximum value of the scrip dividend: 170,069,454.40 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 28. Shareholders who chose this option also received a compensatory cash dividend of 0.493 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 4 July 2022, holders of 416,397,716 (97.94%) rights had chosen to receive new shares, while shareholders holding 8,775,898 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 14,871,347 shares, corresponding to 3.50% 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 10,783 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 financial years:

	2023	2022
Capital stock increase	22,698	14,871
Share capital	**22,698**	**14,871**
Capital stock increase	(22,698)	(14,871)
Costs, net of tax	(112)	(91)
Acquisition rights at guaranteed price	(1,783)	(3,510)
Compensatory dividend	(17,669)	(7,273)
Voluntary reserves	**(42,262)**	**(25,745)**
Change in equity	**(19,564)**	**(10,874)**

Furthermore, the Extraordinary General Shareholders' Meeting held on 19 July 2023 adopted resolutions including but not limited to the following:

1. Reduction of share capital through the redemption of treasury stock

Reduction of the share capital by a nominal amount of 854,234.00 euros through the redemption of a maximum of 854,234 treasury shares with a nominal value of one euro.

The Board of Directors, at its meeting on 19 July 2023 after the Extraordinary General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the nominal amount established of 854,234 shares, bringing the share capital to 456,667,071 shares with a nominal value of one euro. On 25 July 2023, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

The capital reduction for the sum of 854 thousand euros meant a decrease in the balance of treasury stock in the amount of 7,282 thousand euros, taking the difference for the sum of 6,428 thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 854 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

2. Reduction of share capital through the redemption of treasury stock acquired within the framework of a public takeover bid

Reduction in share capital through the acquisition of treasury stock for subsequent amortisation through a takeover bid formulated by the Company and addressed to its shareholders for a maximum of 32,067,600 treasury shares, with a nominal value of one euro each, representing 7.01% of the company's share capital, at a price of 12.50 euros per share.

The Board of Directors, at its meeting on 19 July 2023 after the Extraordinary General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the nominal maximum amount of 32,027,600.00 euros, under the terms agreed at the Extraordinary General Shareholders' Meeting. Specifically, the Board of Directors determined that the formulation of the takeover bid would be made after the end of the opposition period of the creditors of the capital reduction, which ended on 21 August 2023, without any of the Company's creditors having opposed this reduction.

On 25 October 2023, the National Securities Market Commission (CNMV) authorised the takeover bid. The acceptance period was extended from 30 October 2023 to 30 November 2023, both inclusive.

On 6 December 2023, the result of the takeover bid was announced, accepted by 20,560,154 shares, accounting for 64.20% of the shares to which the bid was aimed and 4.50% of the share capital in the Company. The disbursement made amounted to 257,002 thousand euros. On December 19, 2023, the public deed of the aforementioned capital reduction was registered in the Barcelona Mercantile Registry.

The capital reduction of 20,560 thousand euros led to a decrease in the balance of treasury stock for the sum of 257,002 thousand euros, taking the difference of 237,271 thousand euros to voluntary reserves, net of costs inherent to the operation.

With regard to the financial year 2022, it was agreed to reduce the share capital of Fomento de Construcciones y Contratas, S.A. for a maximum nominal amount of 1,700,000.00 euros at the Ordinary General Shareholders' Meeting held on 14 June 2022, through the repayment of up to 1,700,000 own shares with a nominal value of one euro each.

The Board of Directors, at its meeting on 14 June 2022 after the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., decided to proceed with the agreement for the reduction of share capital through the redemption of treasury stock for the maximum amount established by the General Shareholders' Meeting, i.e. 1,700,000 shares, bringing the share capital to 438,344,983 shares with a nominal value of one euro. On 18 July 2022, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

The capital reduction for the sum of 1,700 thousand euros meant a decrease in the balance of treasury stock in the amount of 17,910 thousand euros, taking the difference for the sum of 16,210 thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 1,700 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

a) Capital

The capital of Fomento de Construcciones y Contratas, S,A. at 31 December 2023 comprises 436,106,917 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.

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, 69.58%. Furthermore, 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 11.91% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 3.18% of the capital. Esther Koplowitz Romero de Juseu also holds 151,102 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 breakdown for this heading for the 2023 and 2022 financial years is as follows:

	2023	2022
Legal reserve	87,669	85,035
Other reserves	2,260,554	2,534,063
	2,348,223	**2,619,098**

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of the net profit for each financial 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 capital stock and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

As of December 31, 2023, the legal reserve is fully covered.

Noteworthy under "Other reserves" were restricted reserves amounting to 12,110 thousand euros, equivalent to the nominal value of the own shares redeemed 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 2023 and 2022 financial years were as follows:

Balance at 31 December 2021	**(26,674)**
Sales	—
Accumulated	17,910
Acquisitions	(18,500)
Balance at 31 December 2022	**(27,264)**
Sales	—
Accumulated	298,588
Acquisitions	(271,734)
Balance at 31 December 2023	**(410)**

Details of own shares at 31 December 2023 and 2022 were as follows:

2023		2022	
Number of shares	Amount	Number of shares	Amount
44,957	(410)	2,741,524	(27,264)

At 31 December 2023, the company's treasury shares represented 0.01% of the capital stock (0.63% at 31 December 2022).

12. Long-term provisions

The changes in the financial year were as follows:

	Liabilities and contingencies	Contractual and legal guarantees and obligations	Self-insurance reserve	Total
Balance at 31.12.21	**97,123**	**21,716**	**19,158**	**137,997**
Provisions	—	—	118	118
Applications/reversals	(19,789)	(2,493)	(4,937)	(27,219)
Balance at 31.12.22	**77,334**	**19,223**	**14,339**	**110,896**
Provisions	3,594	—	98	3,692
Applications/reversals	(3,868)	—	(87)	(3,955)
Transfers	—	—	9,738	9,738
Balance at 31/12/23	**77,060**	**19,223**	**24,088**	**120,371**

Provision for liabilities and contingencies

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. As regards the movements in 2022, the application of 18,726 thousand euros is worth particular mention, related to the completion of the Corporation Tax audit actions to which the Tax Group headed by Fomento de Construcciones y Contratas, S.A. had been subject, starting the previous years (Note 16.f).

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 the entire balance corresponds to the financial commitments granted to the buyers of the company Globalvia Infraestructuras, S.A., formalized in fiscal year 2016 (note 8.a).

Self-insurance reserves

This heading includes provisions to cover actions as the insurer itself. During the audit conducted in financial year 2023 by the General Audit Office of the Social Security regarding how self-insurance arrangements were being managed in previous years, it is suggested that the self-insurance reserve of all the companies of the FCC Group with this arrangement be registered in the parent company. Therefore, at the end of this financial year, the wholly-owned subsidiaries FCC Construcción, S.A. and FCC Medio Ambiente, S.A. have transferred the entire balance of the aforementioned reserve to Fomento de Construcciones y Contratas, S.A. for a total amount of 9,738 million euros, which appear in the "transfer" item of the table shown below.

Other information

In relation to the winding up of the Alpine Group, 2023 saw no significant changes in terms of the amount reported in the Group's 2022 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.

Ten 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. As at 31 December 2023, the provision for this item amounted to 11,010 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 2022, 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 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. On 7 June 2023, the judge ruled that he was ready to pass sentence.
- 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. On November 16, 2023, a hearing was held in which the judicial expert was questioned about various questions posed to his report through various writings presented by the parties. The same day, the judge declared that no further instruments or proposed evidence would be admitted and that he would adopt a decision to be communicated in writing.

- 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.

13. Long and short term debt

The balance of "Non-current payables" and "Current payables" was as follows:

	Long-term	Short-term
2023		
Debt instruments and other marketable securities	—	—
Bank borrowings	—	73
Other financial liabilities	1	—
	1	**73**
2022		
Debt instruments and other marketable securities	—	23,200
Bank borrowings	—	155,837
Other financial liabilities	29	1,080
	29	**180,117**

As a result of the sale of 24.99% of the subsidiary FCC Medio Ambiente Servicios Holding, S.A. and the corresponding cash inflows (965,000 thousands of euros), all short-term debt held by the Company was settled, so only the interests of the interim disbursements made in December and long-term bonds (note 9.a and 15.d) remain.

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 securities

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 2023, 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.

As of 31 December 2023, there were no promissory notes pending to be issued (23,200 thousands of euros as of 31 December 2022).

b) Current bank borrowings

On 21 November 2023, the loan worth 150,000 thousands of euros was settled, i.e., the company had no debt with credit institutions as of 31 December 2023.

However, neither did the company use the financing facilities in the form of credit facilities and bilateral loans with a maximum limit of 215,000 thousand euros with a number of financial institutions at 31 December 2023. They have annual maturity and interest rates referenced to Euribor plus a market differential.

14. Trade creditors

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.

Additionally, Article 9, Chapter IV of Law 18/2022 of 28 September, on the creation and growth of companies, introduces the obligation to report the following indicators: monetary volume and number of invoices paid in a period less than the maximum established in the late-payment regulations and the percentage that these represent from the total number of invoices and the total monetary value of payments to suppliers.

	2023	2022
	Days	Days
Average payment period to suppliers	58	59
Ratio of paid operations/transactions	58	58
Ratio of operations/transactions pending payment	56	64
	Amount	Amount
Total payments pending	**5.828**	**6.878**
Total payments made	66.559	61.623
Total payments made in a period less than the maximum established in the late-payment regulations	30.562	24.765
Ratio (%)	46%	40%
Total number of invoices paid during the period	6.334	5.668
Number of invoices paid in a period less than the maximum established in the late-payment regulations	3.115	2.450
Ratio (%)	49%	43%

15. Information on the nature and 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 FCC Group 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.

The above is reflected in the results of ratios, debt levels and the high percentage classed as Investment grade, mainly in the parent's subsidiaries that account for a large part of the Group's financial debt, such as FCC Aqualia and FCC Servicios Medio Ambiente Holding.

Furthermore, in June 2022, the refinancing in the Water area was completed for the sum of 1,100 million euros. Moreover, in July 2020, FCC Servicios Medioambiente Holding, S.A. registered, and since then has renewed once a year, a promissory note programme, Euro Commercial Paper Programme (ECP), on the Irish stock exchange, for a maximum amount of 400 million euros and in October 2023 refinanced 600 million euros through a new bond issue. Fomento de Construcciones y Contratas, S.A. has had a promissory note programme - Euro Commercial Paper Program (ECP) - registered in that same market since November 2018, for an amount of 600 million euros, with no active issuances as of 31 December 2023. In 2023 new financing facilities were also renewed and taken out in the form of lines of credit and bilateral loans.

These operations have helped to continue to shore up the financial solvency 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 Economic-Finance Division, as responsible for financial risk management, regularly reviews the debt-equity ratios and compliance with financing covenants, together with the capital structure of the subsidiaries.

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 the 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 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.

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 the FCC Group are exposed to the risk derived from variations in interest rates because their financial policy aims to guarantee that their current financial assets and debt are partially linked 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	+70 pb	+100 pb
Impact on profit or loss	766	1,531	2,297	3,062

d) Solvency risk

Below is a table in which you can see the evolution of the net financial debt that appears in the attached balance sheet.

	2023	2022
Bank borrowings (note 13)	73	155,837
Debt instruments and other marketable securities (Note 13)	—	23,200
Financial payables to Group and associated companies (notes 9.c and 9.d)	1,112,632	1,183,275
Financial loans with Group and associated companies (note 9.b)	(404,987)	(194,756)
Other current financial assets (note 8.b)	(1,198)	(3,644)
Cash and cash equivalents (Note 10)	(166,527)	(10,583)
	539,993	**1,153,329**

The decrease in net financial debt shown in the table above is basically due to the cash inflows from the sale of a 24.99% stake of FCC Environmental Services Holding, S.A. (notes 9.a and 13).

e) Liquidity risk

Fomento de Construcciones y Contratas, S.A. and its group of companies carry out their operations in sectors that require a high level of financing, having to date obtained adequate financing to carry out their 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 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 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 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 FCC 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 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 customers, the Group does not accept commitments that do not have an assigned budget and financial approval. Offers that exceed a specific 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) Risks generated by the Russian invasion of Ukraine

The Group does not undertake activities in Russia, Ukraine or Belarus, meaning that the Russian invasion of Ukraine and the subsequent sanctions have not had a direct effect on its activities. However, it has been exposed to indirect effects such as the increase in the cost of raw materials, in particular the cost of energy, disruption to supply chains and, to a certain extent, the increase in reference interest rates.

In view of the above, the Group has reviewed the assumptions used to assess the signs of impairment of its main non-financial assets, considering, among other factors, the increase in reference interest rates, paying special attention to goodwill, and has determined that there is no impairment associated with it.

Given that the Group does not operate in the aforementioned geographic markets, no significant increase in the credit risk of its financial assets has been seen; therefore, no additional impairments have been recognised beyond those considered inherent to the different activities it performs. Furthermore, no difficulties have been identified in the Group's ability to obtain financing.

The invasion has had a limited impact on the Company and its Group, meaning that the individual and consolidated financial statements have been prepared applying the going concern principle, considering that the effects described do not jeopardise the continuity of their activities.

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, as shown in the corresponding environmental provisions, 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. Furthermore, the Area has implemented energy management policies with a view to optimising energy consumption at its facilities; this policy is reflected in the calculation of the company's Carbon Footprint at its plants in Spain. 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.

Pursuant to the reporting requirements set out in the Taxonomy Regulation (EU) 2020/852, the FCC Group has analysed the proportion of its economic activities that are eligible, and where appropriate, aligned and non-aligned, and ineligible under the Environmental Taxonomy, in terms of business volume, CapEx and OpEx relative to 2023. The Statement of Non-Financial Information that forms part of the Management Report provides greater details about the results and methodology followed in the application of the aforementioned Regulation, in particular specifying how the Group has analysed the climate risks affecting all its activities.

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.

16. Deferred taxes and tax situation

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.

a) Balances with public administrations and deferred taxes

a.1) Tax receivables

	2023	2022
Non-current		
Deferred tax assets	117,812	135,072
	117,812	**135,072**
Current		
Current tax assets	47,738	53,743
Other receivables from the public administrations	266	280
	48,004	**54,023**

The breakdown of the "Deferred tax assets" heading is as follows:

	2023	2022
Tax loss carryforwards and activated deductions (Note 16.e)	95,674	96,221
Non-deductible provisions	14,770	26,178
Rest	7,368	12,673
	117,812	**135,072**

The management of Fomento de Construcciones y Contratas, S.A., the parent of the Tax Group 18/89, 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.

The estimates used to assess the recoverability of deferred tax assets are based on the estimated future tax bases, based on the pre-tax consolidated accounting result for the year from continuing activities, which has been estimated based on the Strategic Plan prepared by the Group for the 2024-2026 period. Turnover growth of 10.4% in 2024, 1.5% in 2025 and 2.9% in 2026 is assumed. In turn, the projected Ebitda margin is 11% for 2024 and 12% and 2025 for 2026. During subsequent periods, vegetative growth is projected at the level of pre-tax profit equal to 2%. Based on profit projections, it is estimated that there will be sufficient positive taxable income to totally absorb both the tax losses recognised in the balance sheet and the Tax Group's deferred tax assets.

During the period in which these financial statements were prepared, specifically on 20 February 2024, the ruling the Constitutional Court declaring Royal Decree-Law 3/2016 as partially unconstitutional was published in the Official State Gazette. In particular, the provisions introduced by these to limit the compensation of tax loss carryforwards and to limit the application of deductions for double taxation, as well as the reversal of portfolio tax impairments that took place between 2016 and 2020 were considered unconstitutional. As a result, and to the extent that, at the time of preparing these financial statements, there was no evidence of any law in the pipeline that would reintroduce these limits, with the Group management considering that, in the coming years, only the limits to the compensation of tax loss carryforwards indicated in the current regulations will be applicable, and equivalent to 70% of the tax base prior to compensation. Taking into account this regulatory change and the profit projections made, it is estimated that the tax group headed by Fomento de Construcciones y Contratas, S.A. will be able to substantially absorb both the negative tax bases and deductions recognized on the balance sheet over an estimated period of 6 years.

Already in 2022, and based on the positive growth expectations, the Company decided to recognise in its financial reports all tax credits not used in previous years, which included negative tax bases and deductions pending application, as well as temporary differences, largely due to the limitation of the deductibility of financial expenses from previous years and provisions with a level of deductibility specified in 2022 and, to a lesser extent, during this financial year. The breakdown of the aforementioned activation by concepts (in terms of share) is as follows:

Tax loss carryforwards and deductions	42,611
Non-deductible finance costs	27,831
Provisions	23,901
Rest	6,180
	100,523

a.2) Payable balances

	2023	2022
Non-current		
Deferred tax liabilities	369	407
	369	**407**
Current		
Other government/public administration credits/loans:		
Withholdings	402	2.119
VAT and other indirect taxes	182	472
Social Security bodies	438	333
	1,022	**2,924**

a.3) Changes in deferred tax assets and liabilities

Movements in deferred tax assets and liabilities in the 2023 and 2022 business years were as follows:

	Deferred tax assets	Deferred tax liabilities
Taxable temporary differences		
Balance at 31.12.21	**50,268**	**371**
Arising in the year (Note 16.b)	365	–
Arising in prior years (note 16.b)	(25,285)	36
Activation of tax credits (note 16.a)	100,523	–
Other adjustments	9,201	–
Balance at 31/12/22	**135,072**	**407**
Arising in prior years (note 16.b)	(1,885)	–
Other adjustments	(15,375)	(38)
Total balance at 31.12.23	**117,812**	**369**

The "Other adjustments" heading mainly includes the positive or negative differences between tax estimates made at the end of the year and the subsequent settlement of the tax at the time of payment, as well as, and specifically in 2023, the impact on the reassessment of future deductibility of certain provisions.

b) Reconciliation of accounting profit and taxable income

The reconciliation between accounting profit and taxable profit for corporation tax purposes is as follows:

	2023			2022		
Accounting profit/(loss) for the financial year before tax			**1,156,596**			**(59,172)**
	Additions	**Reductions**		**Additions**	**Reductions**	
Permanent differences	1,502	(1,122,420)	**(1,120,919)**	193,372	(142,433)	50,939
Adjusted accounting profit/(loss)			**35,677**			**(8,233)**
Temporary differences (Note 16.a)			(7,542)			(99,680)
- Arising in the year	–	–	–	1,459	–	1,459
- Originating from previous years	–	(7,542)	(7,542)	–	(101,139)	(101,139)
Income and expenses recognised directly in equity			(1,255)			(121)
Tax base (taxable profit/ (loss)			**26,880**			**(108,034)**

Looking at the above table, the following is worth note:

- The permanent differences corresponding to both years have their origin basically in:
  - It should be noted that the most significant value in 2023 is the 95% exemption from the sale of 24.99% of FCC Medio Ambiente Servicios Holding, S.A to CPP Investments (Note 9.a).

- 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.

- The temporary differences in both financial years in essence correspond to the deductibility of financial expenses during the year that were not deductible in previous years and that were activated during the year 2022 (Note 16.a).

c) Reconciliation of accounting profit to the corporation tax expense

The reconciliation of accounting profit to the corporation tax expense was as follows:

	2023	2022
Adjusted accounting profit/(loss)	35,677	(8,233)
Corporation tax charge	(8,919)	2,058
Activation of tax credits (note 16.a)	–	100,523
Other adjustments (Note 16.a)	(4,925)	2,458
Corporation tax expense/(income)	**(13,844)**	**105,039**

d) Breakdown of the corporation tax expense

The breakdown of Corporate Income Tax expense was as follows:

	2023	2022
Current tax	8,693	20,271
Deferred tax (note 16.a)	(22,537)	84,768
Total tax (expense)/income	**(13,844)**	**105,039**

e) Tax loss carryforwards and unused tax credits

At year-end, the company had tax loss carryforwards from prior years pending offset amounting to 336,674 thousand euros, as a member of Tax Group 18/89, detailed as follows, by year:

	Amount
2013	199,388
2014	44,908
2016	48,480
2019	16,855
2020	8,709
2022	18,334
Total	**336,674**

The company also has unused tax credits pending application from previous years amounting to 12,603 thousand euros. The breakdown is as follows:

Deducción	Amount	Application deadline
R+D+I Activities	6,781	18 years
Reinvestment	4,688	15 years
Creation of employment	749	15 years
Internal double taxation relief	312	Indefinite
Rest	73	—
	12.603	

The Company has capitalised all the tax bases pending compensation and deductions pending application (Note 16.a).

f) Financial years pending verification and inspection actions

Fomento de Construcciones y Contratas, S.A. has all the financial years not yet statute-barred open for review by the tax authorities for the taxes applicable to them.

In May 2023, the Tax Administration announced the start of corporate tax inspection activities involving the tax group headed by Fomento de Construcciones y Contratas, S.A., for 2018 to 2020, as well as VAT and withholdings/payments on account for employment income and income from professional services corresponding to the period between April 2019 and December 2020 for Fomento de Construcciones y Contratas S.A., FCC Construcción S.A., FCC Medio Ambiente S.A., FCC Industrial e Infraestructuras Energéticas S.A. and 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 generated in previous years 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) Other tax information

The following table includes the details of the "Corporation tax refunded/(paid)" heading in the statement of cash flows for the 2023 and 2022 financial years..

	2023	2022
Corporate tax (IS) from previous years	55,954	149,127
Prepayments	(71,607)	(52,811)
Collections from/payments to Group companies for prior years' corporation tax charge and corporation tax prepayments in the year	46,146	(45,224)
Withholdings and other	(1,136)	(652)
	29,357	**50,440**

h) Pillar II Project

The OECD has promoted a project to establish a complementary tax to guarantee a global minimum level of taxation for multinational groups (the so-called "Pillar II" project). Pillar II regulations have been enacted, or substantially enacted, in certain jurisdictions in which the FCC Group operates. The legislation will be effective for the Group's annual periods beginning on January 1, 2024. The Group is in the process of assessing the potential exposure arising from the Pillar II legislation.

The assessment of potential exposure to Pillar II taxes is based on the most recent tax returns, country-by-country reports and the financial statements of the entities that make up the Group.

Based on the assessments performed to date, the Group identified potential exposure to Pillar II taxes on profits in the United Arab Emirates, Ireland, Georgia and Serbia, where the expected effective Pillar II tax rate is likely to be lower than 15%. Potential exposure would come from entities, primarily operating subsidiaries, in these jurisdictions where the effective Pillar II tax rate is less than 15%. However, exposure may also exist in other jurisdictions where evaluation is ongoing.

Currently, there is no quantitative information available that indicates potential exposure to income taxes under Pillar II. However, the total profit attributable to the jurisdictions with regard to the ones in which there is an obligation to pay for complementary taxes currently represent no more than 2% of the Group's total profit. Consequently, we consider that the implementation of the regulations derived from the Pillar II project should not have a material effect on the future taxation of the FCC Group.

17. Guarantee commitments to third parties and other contingent liabilities

As of 31 December 2023, Fomento de Construcciones y Contratas, S.A. has issued guarantees with credit institutions for an amount of 20,135 thousands of euros (30,951 thousands of euros as of 31 December 2022), of which 12,788 thousands of euros (18,302 thousands of euros as of 31 December 2022) correspond to deposited guarantees to respond to obligations contracted with Group companies, primarily from companies operating in the Environmental sector. The rest correspond to guarantees in procedures with the Public Administrations in the countries in which the Company operates. In both cases, the decrease seen during the year can be attributed to the transfer of guarantees to companies for the aforementioned activity.

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 12 of this report, a risk not considered likely.

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. The aforementioned resolution affects several companies and associations in the waste sector, including companies belonging to the 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. Unipersonal, both companies owned by FCC Servicios Medioambiente Holding, S.A., against the CNMC's ruling 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 the processing of the sanctioning file until the National Court ruled on the appeals presented by other sanctioned companies. On 22 March 2023, a ruling was handed down by the CNMC's Competition Chamber agreeing to archive the disciplinary case. The Chamber ruled that it was no longer appropriate to continue with the proceedings and that the case should be archived, for the purposes of all parties.

In 2019, as a result of an internal investigation in May in application of its compliance policy and regulations, the FCC Group became 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 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" principle for corruption that permeates the entire FCC Compliance System.

In the context of this collaboration and following the voluntary declaration made by the Group, on 29 October 2019, the Central Court of Instruction No. 2 of the National Court issued an Order in which it is stated that "based on the documentation corresponding to the proceedings, as stated by the Public Prosecutor's Office, and as reported in the second plea of fact of this resolution, there appear to be rational indications of the participation of FCC Construcción, S.A., FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the alleged facts that, notwithstanding their classification at the corresponding time, could constitute offences of corruption in international transactions, provided for and punished under Art. 286 ter of the Criminal Code and money laundering, provided for and punished under Art. 301 and 302.2 of the Criminal Code" agreeing for FCC Construcción, S.A. to be investigated as part of Preliminary Proceedings 34/2017 as well as two of its subsidiaries, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A.

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. It should be noted that during 2023, the UCO (Central Operational Unit of the Civil Guard) issued a report, referred to in various press articles, in which other amounts differing from than those reported by Fomento de Construcciones y Contratas, S.A. are mentioned, although it must be noted that these reports refer to behaviours conduct and sums of money that cannot all be attributed to the Group. For all these reasons, we classify it as possible that economic impacts could arise for the aforementioned companies, as a result of the aforementioned procedure, although we do not have the necessary information that allows us to establish a quantification of them.

On 6 July 2022, the National Markets and Competition Commission issued a resolution imposing a sanction on several construction companies, including FCC Construcción, S.A. for sharing the costs of technical work to verify objective data in relation to public works tenders. The Group considers that the sanctioned conduct not only fails to infringe any precept (including those contained in the competition law) but that this conduct has also contributed to greater efficiency and cost savings in tenders. For these and other reasons, it filed the corresponding contentious-administrative appeal before the National Court, which is still being heard. Furthermore, it asked said court to grant a precautionary measure for the suspension of the payment of the fine imposed by the CNMC until a final court ruling is handed down on this matter. This request was upheld. Therefore, it has been considered that, although this sanction may result in cash outflows, at present and given the situation we cannot estimate the corresponding amount and payment schedule.

The sale of 24.99% of the stake in FCC Servicios Medio Ambiente Holding, S.A. to the Canadian pension fund, CPP Investments (note 9.a), incorporates a contingent price clause in relation to the cash flows produced by certain assets included in the scope of the sale. Given that the value of collections or payments cannot be determined with sufficient reliability and given the uncertainty of the time at which they may occur, no assets or liabilities have been recognised. In addition, it is estimated that the net value of these collections or payments will not be relevant.

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. Accordingly, the company did not recognise any assets due to their contingent nature, nor has it recognised liabilities for claims that may arise against their interests, since it was not considered probable that material losses would occur and given their insignificant amount with respect 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. The aforementioned shares are pledged as collateral for certain obligations of the Group towards FCC Aqualia, mainly for the repayment of the loan that the latter has granted to Fomento de Construcciones y Contratas, S.A. for the amount of 806.479 thousands of euros as of December 31. 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 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.

18. Income and expenses

In addition to sales and services, revenue includes dividends and accrued interest arising from finance extended to investees (Note 4.h).

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 2022, 25,437 thousands of euros were posted, corresponding to an environmental services contract in the US, awarded to Fomento de Construcciones y Contratas, S.A. at the end of the financial year 2021. Subsequently, an authorisation process began with the US local authorities for the transfer of this contract to the US subsidiary FCC Environmental Services Florida, Llc. which was completed successfully in November 2022, so in 2023 there is no significant revenue in Fomento de Construcciones y Contratas, S.A. from this contract. Additionally, in relation to this type of contract, in 2019 an agreement was formally entered into between the Company and the subsidiary, FCC Medio Ambiente, S.A., to assign economic rights and obligations to the latter, for contracts awarded directly to the Company until its transfer is possible.

Details of "Staff expenses" are shown below:

	2023	2022
Wages and salaries	19,656	22,331
Employee welfare costs	4,698	6,300
	24,354	**28,631**

In 2022, staff expenses corresponding to the aforementioned environmental service contracts were included for 4,518 thousand euros.

The detail of "Other operating expenses" is as follows:

	2023	2022
External services related to information technologies	20,063	18,903
Leases	10,623	10,721
Royalties	9,947	8,232
Independent professional services	3,431	3,968
Insurance premiums	544	1,377
Repairs and preservation	393	1,804
Supplies and procurements	268	10,292
Banking and similar services	110	160
Other services	10,870	19,869
	56,249	**75,328**

Also in this case, in 2022, 20,857 thousand euros were included corresponding to the environmental services contracts mentioned above.

"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:

	2023	2022
FCC Servicios Medio Ambiente Holding, S.A.	9,216	9,082
FCC Concesiones e Infraestructuras, S.L.U.	2,489	2,534
FCyC, S.A.	3,843	1,530
Realia Business, S.A.	3,759	1,124
Rest	440	449
	19,747	**14,719**

Lastly, in the financial year 2022, the "Changes in the fair value of financial instruments" heading included income of 2,441 thousand euros for an adjustment to the sale price of the company FCC Aqualia, S.A. The agreement to sell 49% of the aforementioned company, formalized in 2018, included a contingent price clause (note 17). It should be noted that the conditions established for its collection have been met.

19. Operations and balances with related parties

a) Transactions with related parties

Details of transactions with related parties in 2023 and 2022 are as follows:

	(wholly owned) Group Companies	Joint ventures	Associates	Total
2023				
Trade receivables for sales and services	60,915	—	—	60,915
Other operating income	38,347	181	—	38,528
Receipt of services	9,432	—	—	9,432
Dividends	12,485	—	1,801	14,286
Financial expenses	38,039	—	—	38,039
Financial income	19,746	—	1	19,747
2022				
Trade receivables for sales and services	58,904	—	—	58,904
Other operating income	35,050	147	—	35,197
Receipt of services	18,175	—	—	18,175
Dividends	15,435	—	387	15,822
Financial expenses	34,830	—	—	34,830
Financial income	14,719	—	—	14,719

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
2023				
Current financial assets (Note 9)	409,471	—	—	409,471
Non-current financial assets (Note 9)	3,712,891	—	4,367	3,717,258
Current payables (Note 9)	362,650	—	—	362,650
Non-current payables (Note 9)	806,479	—	—	806,479
Trade receivables	11,995	—	52	12,047
Trade payables	2,090	—	—	2,090
2022				
Current financial assets (Note 9)	199,452	—	—	199,452
Non-current financial assets (Note 9)	3,413,898	—	4,367	3,418,265
Current payables (Note 9)	413,058	—	—	413,058
Non-current payables (Note 9)	806,479	—	—	806,479
Trade receivables	26,182	4	—	26,186
Trade payables	11,964	—	—	11,964

The details of trade receivables from and trade payables to Group companies and associates are as follows:

	2023		2022	
Company	Receivables	Payable	Receivables	Payable
FCC Aqualia, S.A.	3,585	130	3,437	169
FCC Construcción, S.A.	3,054	–	1,703	–
FCC Medio Ambiente, S.A.	1,959	344	10,723	119
Hidrotec Tecnología del Agua, S.L.U.	1,429	3	1,340	–
FCC Environmental Services (USA) Llc.	456	–	–	1,750
FCC Environmental Services Florida Llc.	430	964	7,713	9,330
Rest	1,134	649	1,270	596
	12,047	**2,090**	**26,186**	**11,964**

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:

	2023	2022
Fixed remuneration	735	650
Other payments	1,245	1,090
	1,980	**1,740**

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 2,180 thousand euros (5,793 thousand euros in the 2022 financial years).

2023	
Marcos Bada Gutiérrez	General manager 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 FCC Aqualia
Jaime Rocha Font	CEO of Cementos Portland Valderrivas
2022	
Marcos Bada Gutiérrez	General manager 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 FCC Aqualia

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 1,284 thousand euros being paid in 2023.

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:

Name or corporate name of the director	Company name of the Group entity	Position
ALICIA ALCOCER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHAIRWOMAN (ACTING ON BEHALF OF EAC INVERSIONES CORPORATIVAS, S.L.)
	REALIA BUSINESS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	REALIA BUSINESS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	FCyC, S.A.	NON-EXECUTIVE VICE PRESIDENT
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	NON-EXECUTIVE VICE PRESIDENT
JUAN RODRÍGUEZ TORRES	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
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 C.V.
	FCC AQUALIA, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	CHAIRMAN

Name or corporate name of the director	Company name of the Group entity	Position
PABLO COLIO ABRIL	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.	DEPUTY CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AUSTRIA ABFALL SERVICE AG	CHAIRMAN
ESTHER ALCOCER KOPLOWITZ	REALIA BUSINESS, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
CARMEN ALCOCER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR

In 2023, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

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:

- Execution of construction and service provision contracts between Group companies and investees by other parties related to the controlling shareholder, as follows:

Buyer	Seller	2023	2022
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	1,047	926
	FCC Medio Ambiente,S.A.	180	174
	Servicios Especiales de Limpieza,S.A.	494	508
	Fedemes,S.L.	28	24
	Fomento de Construcciones y Contratas,S.A.	1	2
Realia Business, S.A.	FCC Construcción, S.A.	6,772	6,326
	Fomento de Construcciones y Contratas,S.A.	172	163
	Fedemes,S.L.	142	130
	FCyC, S.A.	348	175
	Residencial Turo del Mar,C.B.	6	9
	Jezzine Uno,S.L.U.	15	1
FCyC, S.A.	FCC Construcción, S.A.	41,050	30,170
	FCC Ambito,S.A.	–	4
	Fomento de Construcciones y Contratas,S.A.	56	50
	Fedemes,S.L.	140	130
	Realia Business, S.A.	3,780	3,560
Hermanos Revilla,S.A.	Servicios de Limpieza,S.A.	127	134
	Fedemes,S.L.	26	25
Jezzine Uno, S.L.U.	Realia Business, S.A.	104	95
	Fedemes,S.L.	8	6
AS Cancelas Siglo XXI, S.L.	Realia Business, S.A.	2,094	1,990

Buyer	Seller	2023	2022
FCC Real Estate UK	Grupo FCC Environment (UK)	7	–
Cementos Portland Valderrivas,S.A.	Realia Patrimonio, S.L.U.	568	429
Fomento de Construcciones y Contratas,S.A.	Realia Patrimonio, S.L.U.	15	10
Fedemes, S.L.	Realia Patrimonio, S.L.U.	3	5
Giant Cement Holding Inc.	Cementos Portland Valderrivas, S.A.	272	87
Giant Cement Company	Uniland Trading B.V.	5,771	–
Coastal Cement Corporation	Uniland Trading B.V.	13,550	9,907
		76,776	**55,040**

In addition, the following balance sheet balances are maintained:

Receivable	Payable	2023	2022
Realia Patrimonio, S.L.U.	Cementos Portland Valderrivas,S.A.	132	132
	Fomento de Construcciones y Contratas,S.A.	27	27
	FCC Industrial e Infraestructuras Energéticas S.A.U.	412	377
	FCC Medio Ambiente,S.A.	82	75
	Servicios Especiales de Limpieza,S.A.	231	273
	Fedemes,S.L.	51	48
Realia Business, S.A.	Fedemes,S.L.	14	13
	Fomento de Construcciones y Contratas,S.A.	99,936	70,122
	FCC Construcción, S.A.	1,891	4,629
	FCC Industrial e Infraestructuras Energéticas S.A.U.	2	52
	FCyC, S.A.	87	211

Receivable	Payable	2023	2022
FCyC, S.A.	Asesoria financiera y de gestión,S.A.	170	257
	Fomento de Construcciones y Contratas,S.A.	227,485	118,474
	FCC Construcción, S.A.	10,109	3,316
	FCC Industrial e Infraestructuras Energéticas S.A.U.	–	7
	Costa Verde Habitat,S.L.	1,993	2,340
	Jezzine Uno,S.L.U.	37,043	17,618
	Realia Business, S.A.	1,440	1,437
	Fedemes,S.L.	14	13
FCC Real Estate (UK) Limited	FCC Environment (UK) Limited	4,005	–
	FCyC, S.A.	207	97
Vela Borovica Koncern d.o.o.	FCyC, S.A.	189	126
Costa Verde Habitat, S.L.	FCyC, S.A.	5	–
Planigesa, S.A.	Servicios Especiales de Limpieza,S.A.	15	–
	Fomento de Construcciones y Contratas,S.A.	1	–
	Fedemes,S.L.	3	–
Valaise, S.L. Unipersonal	FCC Industrial e Infraestructuras Energéticas S.A.U.	4	–
Fomento de Construcciones y Contratas,S.A.	Realia Patrimonio, S.L.U.	2,290	2,409
	Realia Business, S.A.	67	49
	FCyC, S.A.	4,549	32,649
Residencial Turo del Mar,C.B.	Realia Business, S.A.	2	2
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza,S.A.	30	38
	Fedemes,S.L.	–	3
Jezzine Uno, S.L.U.	FCyC, S.A.	3,805	3,044
	Realia Business, S.A.	32	28
	Fedemes,S.L.	1	–
AS Cancelas Siglo XXI, S.L.	Realia Business, S.A.	8,370	10,012

Receivable	Payable	2023	2022
FCC Industrial e Infraestructuras Energéticas S.A.U.	Realia Patrimonio, S.L.U.	25	47
	Realia Business, S.A.	12	13
FCC Construcción, S.A.	FCyC, S.A.	–	105
	Realia Business, S.A.	330	459
FCC Environment (UK) Limited	FCC Real Estate (UK) Limited	98	–
Fedemes, S.L.	Realia Patrimonio, S.L.U.	1,36	186
Realia Business, S.A.	Residencial Turo del Mar,C.B.	–	291
Giant Cement Holding Inc.	Cementos Portland Valderrivas, S.A.	4,692	5,307
Uniland Acquisition Corporation	Uniland International B.V.	10	10
Giant Cement Company	Uniland Trading B.V.	1,628	–
Coastal Cement Corporation	Uniland Trading B.V.	3,341	1,729
		413,5834	**276,025**

- 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 €355 thousand.
- Agreement for the provision of services between Cementos Portland Valderrivas, S.A. and Gerardo Kuri Kaufmann for €184 thousand.
- Contract for the provision of services between Cementos Portland Valderrivas, S.A. and Mr. Jaime Rocha Font, for the amount of 150 thousand euros.
- Agreement for the provision of services between Realia Business, S.A. and Gerardo Kuri Kaufmann for €184 thousand.
- 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 2022 of 50,405 thousand euros (70,405 thousand euros in 2022). On 20 October 2022, the extension of its maturity until 20 October 2025 was signed off. The financial expenses accrued during the year amounted to 2,703 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 15,146 thousand euros (15,662 thousand euros in 2021).
- Commercial operations within the Cement segment with the company Trituradora y procesadora de materiales Santa Anita S.A. de C.V. of the Elementia Group for an amount of 22,606 thousand euros (9,390 thousand euros in 2022), with the debt pending collection as of 31 December 2023 being 713 thousand euros (2,011 thousand euros as of 31 December 2022).
- Acquisition by FCyC, S.A. of a 12.19% stake in Realia Business, S.A. from Soinmob Inmobiliaria Española, S.A.U. for the amount of 105,000 thousand euros (Note 4).
- Acquisition by FCyC, S.A. of 3.99% of Metrovacesa from Control Empresarial de Capitales, S.A. de C.V. for an amount of 49,571 thousand euros (Note 4).
- Acquisition by FCyC, S.A. of 1.95% of Metrovacesa from Soinmob Inmobiliaria Española, S.A.U. for an amount of 24,233 thousand euros (Note 4).
- Granting of a loan by Fomento de Construcciones y Contratas, S.A. to Realia Business, S.A. for an amount of 40,000 thousand euros.
- Granting of a loan by Fomento de Construcciones y Contratas, S.A. to FCyC, S.A. for an amount of 178,804 thousand euros.
- Novation of the intragroup loan between Fomento de Construcciones y Contratas, S.A. and Realia Business, S.A. to extend its maturity, the amount of the loan being 65,000 thousand euros.
- Contracts for the provision of cleaning services by Servicios Especiales de Limpieza, S.A. to Realia Patrimony, S.L.U. and Hermanos Revilla, S.A. for an amount of 511 thousands of euros and a one-year duration.
- Contracts for the provision of cleaning services by FCC Medio Ambiente, S.A. to Realia Patrimony, S.L.U. for an amount of 177 thousands of euros and a one-year duration.
- Contracts for the provision of maintenance services by FCC Industrial e Infraestructuras Energéticas S.A.U. to Realia Estate, S.L.U. for an amount of 755 thousands of euros and a one-year duration.
- Contracts for real-estate development management and marketing services provided by Realia Business, S.A. to FCC, S.A. for an amount of 12,538 thousands of euros.
- Work execution contract by FCC Construcción, S.A. to Realia Business, S.A. for an amount of 19,851 thousand euros.

- Authorisation for the sale of dump sites in the United Kingdom to FCC Real State (UK) Ltd., both those closed and those currently in operation once they are closed. Additionally, a contract has been signed for the operation and maintenance by FCC Recycling (UK) of the landfills once they have been transferred to the aforementioned company.
- Granting of a guarantee by Fomento de Construcciones y Contratas, S.A. for an amount of 30,000 thousands of euros to FCC Real Estate (UK) Ltd. in relation to the risks of the transferred landfills.

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.

20. Information on the environment

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.

21. Other information

a) Personnel

The average number of people employed by the company in the 2023 and 2022 financial years was as follows:

	2023	2022
Directors and managers	55	57
Supervisors	38	37
Technicians	142	139
Clerical Staff	45	46
Sundry trades	3	3
	283	**282**

The table below details the average number of people with a disability of 33% or more in 2023 and 2022, pursuant to Royal Decree 602/2016, of 2 December, which introduced new disclosure requirements for companies' financial statements:

	2023	2022
Technicians	2	2
Clerical Staff	3	3
Sundry trades	2	2
	7	**7**

The numbers of employees, directors and senior managers at the company as at 31 December 2023 and 2022, broken down by gender, were as follows:

2023	Men	Women	Total
Directors	7	4	11
Senior executives	5	—	5
Directors and managers	34	15	49
Supervisors	22	14	36
Technicians	72	74	146
Clerical Staff	16	31	47
Sundry trades	2	1	3
	158	**139**	**297**

2022	Men	Mujeres	Total
Directors	9	4	13
Senior executives	4	—	4
Directors and managers	35	15	50
Supervisors	23	15	38
Technicians	67	71	138
Clerical Staff	16	30	46
Sundry trades	2	1	3
	156	**136**	**292**

The average number of employees, directors and senior executives of the company, distributed by men and women, was as shown below in the 2023 and 2022 financial years:

	2023	2022
Men	156	158
Women	137	135
	293	**293**

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 2023 and 2022, are as follows:

	2023			2022		
	Principle auditor	Other auditors	Total	Principle auditor	Other auditors	Total
Audit services	385	–	385	306	–	306
Other assurance services	23	–	23	23	–	23
Total audit and related services	**408**	**0**	**408**	**329**	**0**	**329**
Tax advisory services	–	42	42	–	67	67
Other services	–	786	786	–	582	582
Total professional services	**–**	**828**	**828**	**–**	**649**	**649**
TOTAL	**408**	**828**	**1.236**	**329**	**649**	**978**

22. Subsequent events

After the closing date of these consolidated financial statements, on 20 February 2024, the Official State Gazette published the ruling of the Spanish Constitutional Court, which considers Royal Decree-Law 3/2016 to be partially unconstitutional. The Management of Fomento de Construcciones y Contratas, S.A., parent company of Tax Group 18/89, considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the balance sheet closing date. Therefore, as of 31 December 2023, the Company has registered the accounting impacts of this ruling, which has increased the reimbursement limit of payments on account made during the financial year 2023, without any impact on the Company's net equity or the profit/(loss) for the financial year (Note 16.a.1).

Annex I Group companies at 31 december 2023

	Book value							2023 profit/loss	
Company	Assets	Impairment	Holding %	Dividends received	Capital	Reserves	Other net equity line items	Operating profit or loss	Continuing operations
Asesoría Financiera y de Gestión, S.A.U. Federico Salmón, 13 - Madrid -Holding company-	14,010	—	100	—	6,842	18,240	—	344	7,114
Cementos Portland Valderrivas, S.A. Dormilatería, 72 – Pamplona -Cements-	1,019,754	361,017	99.51	—	233,955	206,376	692	89,284	56,919
Egypt Environment Services SAE El Cairo – Egipto -Urban sanitation-	7,760	7,734	dta. 97.00 indt. 3.00	—	8,000	(1,785)	(6,069)	(193)	(150)
FCC Aqualia, S.A. Federico Salmón, 13 – Madrid -Water management-	91,115	—	dta. 41.00 indt. 10.00	12.,485	145,000	508,930	8,330	137,218	49,472
FCC Concesiones de Infraestructuras, S.L.U. Avenida Camino de Santiago, 40 – Madrid -Concessions-	107,011	—	100	—	21,401	29,052	—	5,631	4,684
FCC Construcción, S.A. Balmes, 36 – Barcelona -Construction-	1,752,075	368,714	100	—	220,000	611,639	—	56,495	275,572
FCC Servicios Medioambiente Holding, S.A. Federico Salmón,13 - Madrid -Environmental Services-	225,753	—	75.01	—	10,000	240,926	—	44,031	10,344
FCC TopCo S.à.r.l 48, Boulevard Grande-Duchesse Charlotte Luxembourg -Holding company-	22,263	7	100	—	50	22,247	—	(36)	(41)
FCyC, S.A. Federico Salmón, 13 – Madrid -Real Estate-	777,761	—	80.03	—	55,745	920,434	—	14,792	88,053
Fedemes, S.L.U. Federico Salmón, 13 – Madrid -Real Estate-	11,782	—	100	—	10,301	15,549	—	715	666
TOTAL	**4,029,284**	**737,472**		**12,485**					

Annex I Group companies at 31 december 2022

	Book value							2022 profit/loss	
Company	Assets	Impairment	Holding %	Dividends received	Capital	Reserves	Other net equity line items	Operating profit or loss	Continuing operations
Asesoría Financiera y de Gestión, S.A.U. Federico Salmón, 13 - Madrid -Holding company-	14,010	—	100	—	6,842	12,785	—	266	5,455
Cementos Portland Valderrivas, S.A. Dormilatería, 72 – Pamplona -Cements-	1,019,673	442,817	99.50	—	233,955	335,796	6,978	(153,277)	(129,417)
Egypt Environment Services SAE El Cairo – Egipto -Urban sanitation-	7,760	6,425	dta. 97.00 indt. 3.00	—	8,000	(618)	(5,993)	(1,669)	(1,167)
FCC Aqualia, S.A. Federico Salmón, 13 – Madrid -Water management-	91,115	—	dta. 41.00 indt. 10.00	12,485	145,000	420,783	7,330	68,808	103,445
FCC Concesiones de Infraestructuras, S.L.U. Avenida Camino de Santiago, 40 – Madrid -Concessions-	62	—	100	—	3	2,109	—	677	451
FCC Construcción, S.A. Balmes, 36 – Barcelona -Construction-	1,752,075	549,734	100	—	220,000	566,276	—	97,514	45,363
FCC Servicios Medioambiente Holding, S.A.U. Federico Salmón,13 - Madrid -Environmental Services-	300,964	—	100	—	10,000	229,988	—	39,237	10,937
FCC TopCo S.à.r.l 48, Boulevard Grande-Duchesse Charlotte Luxembourg -Holding company-	22,263	—	100	2,950	50	19,335	—	(33)	2,962
FCC Versia, S.A.U. Avenida Camino de Santiago, 40 – Madrid -Management company-	62,624	62,624	100	—	120	(37,706)	—	(5)	8,946
FCyC, S.A. Federico Salmón, 13 – Madrid -Real Estate-	777,761	—	80.03	—	55,745	693,383	4,258	34,454	29,223
Fedemes, S.L.U. Federico Salmón, 13 – Madrid -Real Estate-	11,782	—	100	—	10,301	14,297	—	1,362	1,252
TOTAL	**4,060,089**	**1,061,600**		**15,435**					

Annex II Joint ventures

	% Participación
ALCANTARILLADO MADRID LOTE D	0.01
AQUALIA-FCC-VIGO	0.01
CENTRO DEPORTIVO GRANADILLA DE ABONA	1.00
FCC SANEAMIENTO LOTE D	100.00
LOTE 4 CULEBRO A	1.00
MANCOMUNIDAD DE ORBIGO	1.00
REDONDELA	0.01

Annex III Associates and jointly controlled entities

At 31 December 2023

Company	Book value		Holding %	Dividends received	Capital	Reserves	Other net equity line items	2023 profit/loss	
	Assets	Impairment						Operating profit or loss	Continuing operations
Suministros de Agua de Queretaro S.A. de C.V. Santiago de Queretaro (Méjico) -Water management-	4,367	–	dta. 24.00 indt. 2.00	1,801	18,196	29,527	(2,247)	12,623	8,854
TOTAL	**4,367**	**–**		**1,801**					

At 31 December 2022

Company	Book value		Holding %	Dividends received	Capital	Reserves	Other net equity line items	2022 profit/loss	
	Assets	Impairment						Operating profit or loss	Continuing operations
Suministros de Agua de Queretaro S.A. de C.V. Santiago de Queretaro (Méjico) -Water management-	4,367	–	dta. 24.00 indt. 2.00	387	18,196	23,584	(7,916)	10,741	5,639
TOTAL	**4,367**	**–**		**387**					

Management Report

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2023

1.	Status of the entity	516
2.	Business performance and results	520
3.	Liquidity and capital resources	538
4.	Major risks and uncertainties	540
5.	Acquisition and disposal of own shares	541
6.	Significant events occurring after the end of the year	541
7.	Outlook	541
8.	R&D+I Activities	545
9.	Other relevant information. share performance and other information	550
10.	Definition of alternative performance measures according to ESMA regulations (2015/1415en)	550
11.	Annual Corporate Governance Report	555
12.	Annual Directors' Remuneration Report	555

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 1.3 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, Taxation, 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 1.4 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 the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 47,5% of its turnover generated in international markets, mainly Europe (28,6%), Latin America (7.7%), the United States (4.6%), the Middle East (3%) and North Africa (1.4%).

Environmental Services

FCC Medio Ambiente has a strong presence in Spain, and has maintained a leading position in the provision of urban environmental services for over 120 years.

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, representing 63% of revenue. They are followed, in order of importance, by disposal of wastes with 12%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. More than 85% of the activity is carried out with public clients

In turn, the international business is mainly undertaken in the UK, 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 weight and gradual reduction of disposal in controlled landfills.

In the United Kingdom, the entire municipal waste management chain is operated, with a particular emphasis on the recycling and recovery process, including thermal recovery, of products and by-products, subject to maximum environmental sustainability criteria. It boasts more than 200 recycling facilities throughout the country and more than 100 MW of installed renewable capacity.

In Central Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.4 million inhabitants, 1,415 municipalities and more than 51,400 industrial customers. FCC is one of the main four private operators in Austria, the Czech Republic and Slovakia. In Poland, the rapid growth in the last few years is particularly noteworthy, although there is still some way to go. In Hungary, Romania and Serbia, the Company's presence is more discreet while waiting for legislative and regulatory changes to be introduced that guarantee greater security and stability in operations in these countries.

The range of services provided and the geographic dispersion is very diverse and balanced, including municipal and industrial collection, incineration, mechanical and biological treatment, decontamination of soils, spills, snow collection, street cleaning, classification and management of recycled materials, outsourcing , cleaning of buildings, etc. This broad diversification ensures great business stability in a market with major barriers to entry and the possibility of providing a complex, integrated service to all customers who want it.

The mid-term strategy is inexorably undergoing a change in the business model in the Czech Republic, Poland and Slovakia (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the European Union's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities.

At an international level, the strong growth in the USA is worth particular mention, with the Group now in the Top 15 companies in the sector in the USA, with expectations of moving into the Top 10 in the next 2 years. FCC Environmental Services already serves more than 10 million Americans, it is the largest recycler in Texas, boasts a very important presence in the main cities and counties of Florida as well as significant operations in both the Mid-West and the West coast of the country. Its growth continues to be exponential.

In 2023, several contracts launched in 2022 were consolidated, including some of the largest contracts obtained (one in California and another in Florida), and an additional contract was launched in Palm Coast County, Florida. In total, sales in the USA grew by 46% in 2023, consistent with the average annual growth of 52% during the last 5 years. Additionally, the renewal of the contract in Polk County, FL and the award of the collection service in St. Johns county, FL, are worth special mention, both due in the second half of 2024.

Highlight the consolidation of commercial business in the states of Texas and Florida, which accounts for 20% of the business figure, and whose 40% growth has been organic, which over the past year has grown by 70% in sales y around 350% in gross result.

Finally, 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. In 2023, this activity represented almost 7% of the area's income (Environment, Spain and Portugal).

Strategically, in Spain, as has been the case for years, actions 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). Efforts shall also be made to harness potential opportunities offered by stricter regulations and new services (smart cities), the ultimate objective of which is to replace the straight-line production model with a circular model that reincludes residual materials into the production process, given the high level of technical knowledge that the company has and the development of new machinery and innovative processes, with a presence, either as leaders or collaborators, in a large number of R&D&i projects.

The inclusion of new technologies will make it possible for the company to consolidate itself in the recycling and waste recovery markets in Europe and position itself as a key player in the circular economy, with a change in the business model in the Czech Republic, Slovakia and Poland (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the EU's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities. 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.

End-to-end Water Management

FCC Aqualia serves nearly 43,5 million users and provides services in 17 countries, offering the market all the solutions to the needs of public and private entities 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 proprietary integrated cycle infrastructures and 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 2023, the market in Spain represents 61.8% of revenue. On a like-for-like basis, water consumption has grown in Spain as a whole in 2023 by 1.8%, which reflects the lifting of COVID-19 restrictions, with the amount invoiced increasing by 2,57% compared to 2022. Furthermore, there has been an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a higher volume of works undertaken in relation to concession agreements. The recovery of economic activity, especially in the services and tourism sector, has been affected by high inflation, which has slowed down over the course of the year and the crisis in the availability of water resources due to the prolonged drought suffered across large areas of Spain.

The central government and some regional governments have approved emergency plans, in particular for the construction of new infrastructures, emergency works involving the construction of new deep catchments, expansion of desalination plants and the improvement of surface water utilisation. Worth particular mention are the new actions in Barcelona, Almería and Málaga in relation to desalination, and reuse in Andalusia and Alicante, valued as a whole at 1,400 million euros, which will be implemented in 2024 and subsequent years. The Spanish government has approved the third cycle of hydrological planning for all national basins, for the period ending in 2027, with a particular focus placed on the maintenance of ecological flows and the maintenance of quality standards set by the European Directives, with a joint budget for the necessary actions of 22.8 billion euros.

The international market reached a turnover of 38,2%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

At the end of 2023, a 97% holding was acquired in Municipal District Services, Llc. (MDS), a company that manages the integrated water cycle on the outskirts of Houston (Texas). In total, it serves a population of 364,000 inhabitants.

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 opportunities in others (such as the USA).

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. It has a selective presence in more than 16 countries across Europe, MENA and America.

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 2023, 60.8% of total income came from abroad, with a special emphasis on the performance of large infrastructure works such as lines 4, 5 and 6 of the Riyadh Metro and the Neom tunnels (Saudi Arabia), Mayan Train (Mexico), the A-465 highway (Wales), Lima Metro (Peru), Industrial Bridge (Chile), Toyo Tunnel (Colombia), Sotra Link (Norway), A-9 Badhoevedorp-Holendrecht Highway (Netherlands), the Gurasada-Simeria railway line (Romania) – Sectors 2a, 2b and 3, Regional Express Rail On-Corridor in Ontario (Canada), Scarborough Subway Extension (Canada) and the construction and rehabilitation project of 9 bridges in Pennsylvania (USA).

Although there were no relevant awards abroad in 2023, it is worth noting that for the first quarter of 2024, new projects are expected to be secured, such as the EPC project for the natural liquefied gas (LNG) storage and regasification terminal in Stade (Hamburg), the construction of the Rubí line of the Porto Metro (Portugal), "Pape Tunnel and the Underground Station" for the Toronto Metro (Canada) and the construction of a nuclear reactor in Petten (Netherlands), to name just a few.

At a national level, worth mention are the awards for the R-2 Underground Construction project as it passes through Montcada i Reixac (Barcelona), the demolition of buildings, renovation of the Auditorium and execution of the New ONCE Headquarters at Paseo de la Habana 208 (Madrid), the new Aranda de Duero Hospital (Burgos), the A-73 Highway Construction project, Aguilar de Campo-Burgos Quintanaortuño-Montorio Section (Burgos), the urban development of phase 3 in Los Berrocales (Madrid) or the EPC projects for the Guillena Reunión photovoltaic plants of 268MWp (Seville) and TAGUS of 380MWp (Cáceres).

Cement

The Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its core business is cement manufacturing, which accounted for 92% of its turnover in 2023. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2023, 38% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Netherlands, Tunisia and via export in the United Kingdom. Exports from these three countries also go to Africa, Europe and America.

It boasts 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 a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

Real Estate

The Area is mainly active in property development and office rental. In 2023, the consolidation of the real estate area of the FCC Group continued with the increase in the holding by FCC Inmobiliaria (FCyC S.A.), a company 80.03% owned by FCCSA, in the listed companies Realia Business S.A. and Metrovacesa S.A., summarised as follows:

1. Increase in the holding in Realia Business S.A. by 13.56% to 67.05% at the end of 2023 (53.49% in 2022).
2. Increase in the holding in Metrovacesa S.A. by 7.38% to 21.21% at the end of 2023 (13.81% in 2022).

These operations are in addition to those performed over the past two years:

3. Contribution to FCC Inmobiliaria of 100% of the shares in Jezzine Uno S.L.U, a property company that operates 405 premises intended for bank offices whose only tenant is Caixabank.
4. Increase of 37.11% in the holding in Hermanos Revilla S.A. (now Planigesa, S.A., following the merger) taking the holding to 87.76%, this property company operates assets in prime areas of Madrid.
5. Increase in its holding in Realia Business S.A and voluntary tender offer for 24% of the shares in Metrovacesa S.A, obtaining 11.47% of its share capital.

All of this has allowed us to consolidate a solid and large real-estate group, with greater management efficiency resulting from operational and financial synergies that allow us to harness sector growth opportunities, diversify risk and the presence of FCC Inmobiliaria in Spain by expanding its activity to new areas of operation in which it was not present; and finally, significantly increasing the recurring activity of rental assets as a whole. The valuation of equity assets, in December 2023, accounted for more than 60% of the group's total assets.

In December 2023, FCC Inmobiliaria achieved representation on the governing bodies of Metrovacesa, S.A., which entails the consolidation of the company's financial statements applying the equity method, reflecting the holding in the company at fair value and allocating, starting in 2024, 21.21% of future results (notes 4,11, 13, 17 and 30 to the financial statements).

FCC Inmobiliaria considers that the acquisition of this significant interest, although a non-controlling interest, in Metrovacesa, enhances the solidity of the real-estate group, thus benefitting from its cash-flow generation capacity.

2. Business performance and results

2.1. Operating performance

2.1.1. Significant Events

FCC completes sale of 24.99% of the Environment parent company for €965 million

On 31 October, Canadian pension fund CPP Investment completed its acquisition of capital in the Environment parent company, following the agreement reached on 1 June for it to acquire a minority stake of 24.99% for an amount of €965 million. The entry of the new shareholder will enhance the position and strategic development of the subsidiary, its areas and geographical footprint.

The Real Estate area reinforces its competitive position with new acquisitions

Last December, the real estate area, through its parent company FCyC, consolidated its competitive position by investing €178.8 million in the purchase of shares in Metrovacesa and Realia, maximising the value of all its assets and real-estate opportunities. After these acquisitions, reported to the stock market regulator, its participation amounted to 21.19% in Metrovacesa and 66.29% in Realia.

FCC Medio Ambiente consolidates its presence in the waste treatment sector in the United Kingdom, Spain and the USA

Last December, FCC Medio Ambiente agreed to buy out the Urbaser Group's business in the United Kingdom. The enterprise value (including debt and equity) amounts to £398 million. The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions, customary in this type of transaction. The acquired business in the United Kingdom consists mainly of recycling and waste treatment activities.

In Spain, relevant events included the award to modernise and operate the end-to-end waste management facility in Jerez, serving a population of almost half a million people. The new facilities will increase their recovery capacity and reduce shipment to landfill and are expected to come online in 18 months, with the associated operation contract for a 20-year period and expected revenues of €317 million. Also worth particular mention is street cleaning and municipal solid waste contract for the northern area of the city of Valencia, which was renewed in September for a period of fifteen years, providing a revenue backlog of €486.5 million.

In the United States the strengthening continues, with the award in the county of St. Johns (Florida) of the municipal solid waste collection service for $575 million; with a duration of seven years and two possible five-year extensions, covering a population of 300,000 residents. The planned investments include the acquisition of a fleet of 62 compressed natural gas collection trucks and 13 auxiliary vehicles. Likewise, work continues to expand and modernize the first recycling center in California (Placer County), with an investment of more than 120 million dollars and an operating period of 20 years. The complex will be one of the biggest of its kind, with a treatment capacity of 650,000 tonnes per year. Finally, the renewal of the municipal solid waste collection contract in the western part of Polk County (Florida) is also worth particular mention, with a turnover coming in at almost €140 million over a period of five years and three possible one-year extensions.

FCC Aqualia expands its international activity and seals its entry into the US market

Last December FCC Aqualia entered the US market with the purchase of MDS (Municipal District Services), a company based in Texas, for 81.4 million euros. MDS manages the comprehensive water cycle of more than 360,000 local residents, mostly in the outskirts of Houston, with nearly 140 service contracts in place with different district clients.

In relation to new end-to-end management contracts, worth particular mention is one for the design, construction, rehabilitation and operation of hydraulic infrastructure in Riohacha-La Guajira in Colombia, with a backlog worth €292.7 million for a duration of 30 years, in addition to the other relevant contracts secured in France and Saudi Arabia.

As a result of the increase in water cycle management activity, the backlog at the end of the year grew by 7% and international contracts now account for 68.4% of the total in the water management area.

FCC Construcción secures an important industrial contract in Germany

FCC Industrial, a specialist subsidiary of the Group's construction division, has been awarded, in consortium with other companies, the provisional contract for the construction of a regasification terminal in Germany, the second of its kind in the country, for Hanseatic Energy Hub, with a revenue backlog of €270 million. Likewise, FCC Industrial has also been awarded a contract to build solar facilities in Guillena (Spain), with a total capacity of 263 MW and an investment of 140 million euros.

During the final quarter of the year, worth particular mention is the selection of the consortium led by FCC Construcción to perform works on the new Porto metro line, dubbed Rubi (H), worth more than €379 million. The new line will add 6.3 kilometers to the city's metro network. Furthermore, the joint venture in Spain in which FCC Construcción has a holding has been awarded the works for the underground construction of line R2 in Montcada i Reixac (Barcelona) as well as the construction of the new station in this town, for an amount attributable to FCC Construcción of €148.9 million.

In December, FCC completed the voluntary takeover bid for the amortization of its own shares

The Board of Directors meeting held on June 28 announced that an Extraordinary General Shareholders' Meeting would be scheduled for the acquisition of own shares for subsequent redemption, as part of a takeover bid to be formulated by the Company and addressed to FCC shareholders for a maximum of 32,027,600 treasury shares, representing approximately 7% of the company's share capital, at a share price of €12.50. The Extraordinary Shareholder's Meeting, held on 19 July, approved its submission. The CNMV authorized the operation on October 25 and the acceptance period ended on November 30. This saw 4.502% of company's share capital, or 20,560,154 shares, being redeemed. As a result of this operation, the company's share capital at the end of December 2023 stood at 436,106,917 shares.

2.1.2. Executive Summary

KEY FIGURES *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Revenue	9,026.0	7,705.7	17.1%
Gross operating profit (EBITDA)	1,529.6	1,311.4	16.6%
EBITDA margin	*16.9%*	*17.0%*	*-0.1 p.p*
Net operating profit (EBIT)	910.3	610.5	49.1%
EBIT Margin	*10.1%*	*7.9%*	*2.2 p.p*
Income attributable to the parent company	591.0	315.2	87.5%
Equity	6,146.0	4,939.0	24.4%
Net financial debt	3,100.1	3,192.7	-2.9%
Backlog	41,620.8	40,273.8	3.3%

The FCC Group saw an increase in its income to €9,026 million, 17.1% up on 2022. The increase in activities in the construction sector (Cement and Construction) had a significant contribution to make to this, followed by the major increase recorded in the Water area. Overall, this evolution does not include any appreciable impact of acquisitions or divestitures carried out in the entire consolidated perimeter of the Group.

Gross operating earnings (Ebitda) were up 16.6% to 1,529.6 million euros. This trend mirrors the increase seen in income, with stability in operating profit, with a margin of 16.9%, similar to the margin seen the previous year. This evolution is explained by a general maintenance of margins in a large part of the areas of activity, together with notable progress in Cement, where there has been a more favourable sales price environment together with lower energy costs. In turn, EBIT increased by 49.1% to €910.3 million, largely thanks to the increase in EBITDA explained above and the favourable performance compared to the previous year, which saw an adjustment of €200 million to the goodwill of the Cement area.

The attributable net result reached 591 million euros, 87.5% higher than the previous year. In addition to the performance seen in relation to EBIT, this increase notably reflects the effect of the consolidation under the equity method of Metrovacesa's holding in the Real Estate area, for an approximate sum of €142.4 million. This change occurs after access to the entity's board and the acquisition of influence in the management of the investee entity.

In turn, net financial debt ended the year at €3,100.1 million, 2.9% down on 2022. This slight reduction reflects many different factors, but worth particular mention on account of their uniqueness, on the one hand, are the large investments made in assets and stakes in companies, for the combined sum of €1,493 million, the collection of €965 million from a minority holding in the environmental division and the €691.4-million increase in working capital, attributable both to cyclical factors and the increase in operating activity seen by the Group.

There was a considerable increase in equity at the end of the year, up by 24.4% year on year, to €6,145.9 million; this can be attributed to the increase in consolidated profit and the positive impact of the sale of a 24.99% stake in FCC Medio Ambiente's parent company on reserves and non-controlling interests.

The FCC Group's revenue backlog stood at €41,620.8 million at 31 December, up by 3.3% compared to the final balance for the previous year, with a notable increase in the Water area and similar volumes in other areas that operate under contract revenues.

2.1.3. Summary by Business Areas

(Millions of Euros)

Area	Dec. 23	Dec. 22	Chg. (%)	% s/ 23	% s/ 22
REVENUE BY BUSINESS AREA					
Environment	3.853,2	3.641,1	5,8%	42,7%	47,3%
Water	1.487,4	1.323,2	12,4%	16,5%	17,2%
Construction	2.823,1	1.966,9	43,5%	31,3%	25,5%
Cement	614,3	516,5	18,9%	6,8%	6,7%
Real Estate	253,8	270,8	-6,3%	2,8%	3,5%
Corporate serv. and others	(5,8)	(12,8)	-54,7%	-0,1%	-0,2%
Total	**9.026,0**	**7.705,7**	**17,1%**	**100,0%**	**100,0%**

(Millions of Euros)

Area	Dec. 23	Dec. 22	Chg. (%)	% s/ 23	% s/ 22
REVENUE BY GEOGRAPHICAL AREA					
Spain	4,737.3	4,271.2	10.9%	52.5%	55.4%
America	1,305.7	760.3	71.7%	14.5%	9.9%
United Kingdom	1,113.8	1,048.4	6.2%	12.3%	13.6%
Rest of Europe and Others	1,052.8	878.2	19.9%	11.7%	11.4%
Czech Republic	413.7	385.4	7.3%	4.6%	5.0%
Middle East, Africa and Australia	402.7	362.2	11.2%	4.5%	4.7%
Total	**9,026.0**	**7,705.7**	**17.1%**	**100.0%**	**100.0%**
EBITDA*					
Environment	646.7	593.1	9.0%	42.3%	45.2%
Water	384.3	350.2	9.7%	25.1%	26.7%
Construction	169.4	122.8	37.9%	11.1%	9.4%
Cement	139.5	30.3	n/a	9.1%	2.3%
Real Estate	104.9	143.8	-27.1%	6.9%	11.0%
Corporate serv. and others	84.8	71.2	19.1%	5.5%	5.4%
Total	**1,529.6**	**1,311.4**	**16.6%**	**100.0%**	**100.0%**
OPERATING PROFIT/(LOSS)					
Environment	337.6	304.7	10.8%	37.1%	49.9%
Water	216.3	203.8	6.1%	23.8%	33.4%
Construction	118.4	89.4	32.4%	13.0%	14.6%
Cement	129.1	(203.3)	n/a	14.2%	-33.3%
Real Estate	55.8	165.7	-66.3%	6.1%	27.1%
Corporate serv. and others	53.1	50.2	5.8%	5.8%	8.2%
Total	**910.3**	**610.5**	**49.1%**	**100.0%**	**100.0%**

(Millions of Euros)

Area	Dec. 23	Dec. 22	Chg. (%)	% s/ 23	% s/ 22
NET FINANCIAL DEBT*					
Corporate					
With recourse	(1,233.1)	(840.1)	46.8%	-39.8%	-26.3%
Without recourse	74.3	87.1	-14.7%	2.4%	2.7%
Areas					
Environment	1,424.7	1,227.6	16.1%	46.0%	38.5%
Water	1,665.8	1,642.8	1.4%	53.7%	51.5%
Cement	131.4	157.6	-16.6%	4.2%	4.9%
Real Estate	1,037.0	917.7	13.0%	33.5%	28.7%
Total	**3,100.1**	**3,192.7**	**-2.9%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	13,328.4	13,255.5	0.5%	32.0%	32.9%
Water	21,730.7	20,312.7	7.0%	52.2%	50.4%
Construction	6,425.9	6,586.0	-2.4%	15.4%	16.4%
Real Estate	135.8	119.6	13.5%	0.3%	0.3%
Total	**41,620.8**	**40,273.8**	**3.3%**	**100.0%**	**100.0%**

2.1.4. Income Statement

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Revenue	**9.026,0**	**7.705,7**	**17,1%**
Gross Operating Profit (EBITDA)	**1.529,6**	**1.311,4**	**16,6%**
EBITDA Margin	***16,9%***	***17,0%***	***-0,1 p.p***
Provision for amortisation of fixed and non-current assets	(596,9)	(519,7)	14,9%
Other operating income	(22,5)	(181,1)	-87,6%
Net Operating Profit (EBIT)	**910,3**	**610,5**	**49,1%**
EBIT margin	***10,1%***	***7,9%***	***2,2 p.p***
Financial income	(150,0)	(119,1)	25,9%
Other financial profit/(loss)	(18,4)	29,6	-162,2%
P/L of companies accounted for by the equity method	174,0	29,6	n/a
Profit/(loss) before tax from continuing activities	**915,9**	**550,7**	**66,3%**
Company tax on profits	(171,1)	(72,7)	135,4%
Income from continuing operations	**744,8**	**477,9**	**55,8%**
Net Income	**744,8**	**477,9**	**55,8%**
Non-controlling interests	(153,8)	(162,7)	-5,5%
Income attributable to the parent company	**591,0**	**315,2**	**87,5%**

2.1.4.1. Net Revenue

Consolidated revenues grew by 17.1% compared to the previous year, reaching 9,026 million euros. This shift reflects sustained growth during the year, with the increase in the contribution of the Construction and Cement areas worth particular mention, seeing double-digit growth, on account of the expansion of activity in practically all its areas of operation as well as the increase in contracting volumes and sale prices, respectively. The Water area also registered significant growth in all its activities.

* See note 10 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).
Note: Corporate Services and others includes the Concessions activity.

For each of the business Areas the evolution was as follows:

The Environment Area saw an increase of 5.8%, following the entry into force of new contracts in Spain and the USA, both for waste collection and street cleaning activities as well as in treatment, with Central Europe also making a positive contribution, thus compensating for the decrease in activity in the United Kingdom, which can be entirely attributed to a drop in revenue on account of the landfill tax, resulting from the change in the type of waste being managed.

Revenues in the Water area grew by 12.4%, on account of the strong performance, mainly in end-to-end activity, supported by the inclusion of new contracts in Colombia and France, as well as in Technology and Network activity thanks to work associated, to a large extent, with the operating concessions in Spain, Italy, Colombia, and Mexico.

In Construction, revenues increased by a notable 43.5% due to the sustained good pace of execution in ongoing projects along with new contracts obtained mainly in America and various European countries.

In the Cement area, revenues saw growth of 18.9%, on account of the increase in prices registered in all markets, together with an increase in exports from Spain, which offset the decrease in activity in the Tunisian market.

Finally, in the Real Estate area, revenues dropped by 6.3%, entirely attributable to the fact that no land was sold during the year compared to the sales seen during the previous year, which came to €35 million. This is despite the positive impact of price reviews on rental property activity and the increase in sales of housing development.

Revenue breakdown by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	4,737.3	4,271.2	10.9%
America	1,305.7	760.3	71.7%
United Kingdom	1,113.8	1,048.4	6.2%
Rest of Europe and Others	1,052.8	878.2	19.9%
Czech Republic	413.7	385.4	7.3%
Middle East, Africa and Australia	402.7	362.2	11.2%
Total	**9,026.0**	**7,705.7**	**17.1%**

By geographic area and contribution, Spain saw an increase in its revenues of 10.9%, to €4,737.3 million. The double-digit increase in both the Construction and Cement areas stands out, 27.4% and 21.1% respectively. The increase in the Construction area can be attributed to the strong performance of ongoing projects and the start of new projects, while the increase in Cement can be traced to the sustained rise in sale prices. In the Water and Environment areas there was also an increase in revenues, although more moderately, by 6.7% and 5.6% respectively. The Environmental Area recorded an increase in waste treatment and collection activity as well as street cleaning, while the Water Area saw an increase in rates along with a moderate increase in consumption, although more pronounced in the non-residential sector, in addition to the favourable performance of Technology and Networks operations. Real-Estate activity, performed in its entirety in Spain, saw a drop in its income of 6.3% on account of the lack of land sales explained above, despite the increase in its two main activities: rental property and housing development.

Revenues in America increased significantly, by 71.7%, to €1,305.7 million, thanks to the stronger pace of the implementation of civil engineering projects in the Construction area, particularly in Mexico, combined with the impact of new contracts launched in the US and Canada. In the Environment Area, there was an increase in the contracting and entry into operation of new contracts for the collection and treatment of municipal waste in the USA, and in the Water Area there was greater activity in Colombia in end-to-end water cycle management.

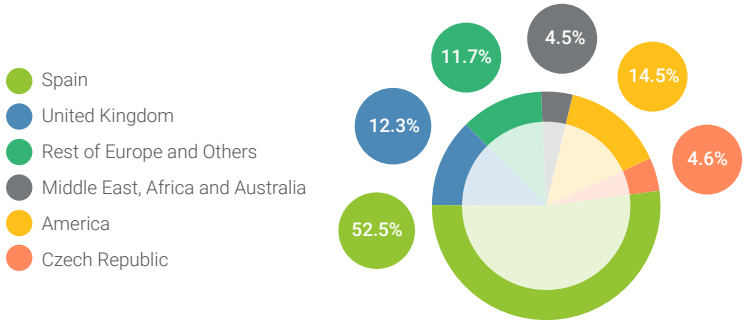
The United Kingdom saw revenue growth of 6.2% to €1,113.8 million, attributable to the increase in activities under transport infrastructure concession contracts, which compensated for the drop Environmental services activity, exclusively on account of the drop in revenue caused by landfill tax, as there has been an increase in recycling and recovery activities at the revaluation plants.

Rest of Europe and Others, on 1,052.8 million euros, saw growth of 19.9%, largely due to higher revenues from Construction contracts in the Netherlands and the United Kingdom, combined with an increase in activity in the end-to-end water cycle in Georgia and France.

The Czech Republic saw 7.3% growth to €413.7 million, with a greater contribution from the Water Area, on account of the rate review performed, reinforced by the positive impact of the exchange rate for the Czech koruna (+2.3% in the period). The Environment area maintained similar activity to the previous year, tempered by lower sales prices for recycled materials (SRM).

Finally, in the Middle East, Africa and Australia (thanks to the contribution made by a new Construction contract), activity increased by 11.2% to €402.7 million, mainly on account of the increase in the contribution in Saudi Arabia, both attributable to the work performed as part of the Neom project, as well as the increase in concession activity in the Water area.

% revenue by geographical area



2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Result amounted to 1,529.6 million euros, which represents an increase of 16.6% compared to the previous year. This amount represents a margin of 16.9%, practically the same as in 2022. This growth is very similar to the growth seen in revenue, where the increase registered in the Cement area is worth particular mention on account of the differential effect and relief brought about by a drop in energy costs, especially in electricity prices as well as the decrease in the Real Estate area attributable to the adjustment made for a drop in the value recorded for homes unsold.

By business area, the most noteworthy developments have been:

An increase of 9% in the Environmental Area to €646.7 million, higher than the increase seen in revenue, to such an extent that the operating margin increased to 16.8%, up from 16.3% the previous year. This can be traced to the increase in the contribution of activities in the USA, the contribution of treatment and recovery plants in the United Kingdom and the positive impact of the lower collection of the landfill tax, which made no contribution to the Area's operating result.

The Water area recognised €384.3 million, up by 9.7% year-on-year, attributable to the changes in revenue mentioned previously and the impact of last year's reversal of a provision recognised in accounts for the sum of €11.2 million, associated with a final decision in relation to a dispute in Spain.

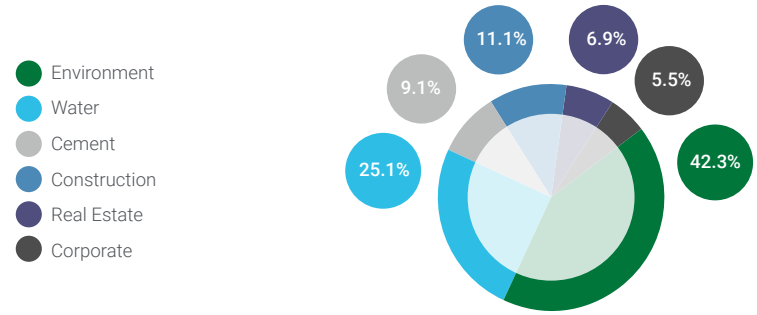
In the Construction area, the gross operating result increased by 37.9% to 169.4 million euros. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period reached 6%, a level very similar to that achieved in the previous year.

In Cement, gross operating profit stood at 139.5 million euros, notably up compared to the 30.3 million euros seen the previous year. This increase can be explained by the combination of the substantial increase in revenues, supported by higher sales prices, together with a reduction in energy costs, with a notable impact in Spain. In this way, the margin rose to 22.7% compared to 5.9% the previous year.

The Real-Estate area saw a 27.1% decrease to €104.9 million, with a margin of 41.3%, on account of the lack of any contribution from land sales this year and the provision set aside for the impairment of housing assets unsold worth €25 million, which was mitigated by the increase in the contribution made by the rental property backlog and the delivery of housing developments.

Finally, it is worth noting that Corporate Services and Others includes the Infrastructure Concessions, which reflects the entry into operation of line 1 of the Murcia Tramway; as a whole, this activity contributed €45.7 million euros during the year, compared to €31.1 million in the previous year.

% EBITDA by business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 67.4% during the year. If the recurring activity of Real Estate rental assets and transportation concessions is added, this contribution percentage rises to 77.1% of the total.

2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to 910.3 million euros, 49.1% more than in the previous year. This increase, combined with the performance of gross operating profit indicated above, includes the base effect of the adjustment made the previous year for the sum of €200 million to the value of different fixed assets and goodwill in the Cement area. This aim of this was to reflect their estimated future capacity to generate cash. This year, however, the review of the market value of the rental property assets in the Real Estate area has had an impact of -€49 million, compared to the positive impact of €22.3 million in 2022.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Earnings before taxes from continuing operations stood at €915.9 million euros, up 66.3% year on year from €550.7 million. This increase is attributable, as well as to the positive performance of business operations, to the significant increase in the profit of companies consolidated using the equity method, which has offset the increase in financial expenses.

Thus, the performance was as follows for the various components:

2.1.4.4.1. Financial income

The net financial result reached -150 million euros, compared to -119.1 million euros in the previous year, 25.9% more due to the effect of a higher average financing cost together with a certain increase in the average volume of financial debt recorded during the year compared to the previous one.

2.1.4.4.2. Other financial profit/(loss)

This heading includes the amount of -€18.4 million compared to €29.6 million in 2022. The difference can mainly be attributed to the change in the exchange rate of certain currencies against the euro, which had an impact of -€20.9 million euros during the period, compared to the positive contribution of €26.1 million the previous year.

2.1.4.4.3. Profits/(losses) of companies accounted for by the equity method

The contribution of investee companies reached 174 million euros, compared to 29.6 million in the previous year. This increase can mainly be attributed to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, having acquired significant influence in the company by joining its Board of Directors at the end of the year. The impact of the adjustment of the 21.19% stake in the entity has been 142.4 million euros. The remaining areas of activity did not experience any noteworthy changes in contribution during this period.

2.1.4.5. Income attributable to the parent company

The attributable net result achieved at the end of the year amounts to 591 million euros, which is 87.5% higher than the previous year. This performance can mainly be attributed to the explanation given under EBT, as well as the regularisation of corporate tax accrued compared to the previous year, which included the registration of nearly €90 million of outstanding deductions and tax losses. Added to this is a reduction in the result attributable to minority shareholders in the Real Estate area, which recorded 5.9 million euros compared to 28.8 million euros the previous year.

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. 23	Dec. 22	Chg. (%)
Revenue	**8,522.7**	**7,306.0**	**16.7%**
Gross Operating Profit (EBITDA)	**1,280.8**	**1,098.6**	**16.6%**
EBITDA Margin	*15.0%*	*15.0%*	*0.0 p.p*
Net Operating Profit (EBIT)	**762.6**	**449.1**	**69.8%**
EBIT margin	*8.9%*	*6.1%*	*2.8 p.p*
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

2.1.5. Balance sheet

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Intangible fixed and non-current assets	2,483.5	2,342.1	141.4
Property, plant and equipment	3,829.8	3,496.8	333.0
Real Estate investments	2,091.3	2,122.9	(31.6)
Investments accounted for using the equity method	1,034.3	502.6	531.7
Non-current financial assets	748.4	910.6	(162.2)
Deferred tax assets and other non-current assets	468.3	499.5	(31.2)
Non-current assets	**10,655.7**	**9,874.5**	**781.2**
Inventory	1,234.3	1,143.2	91.1
Trade and other receivables	2,957.4	2,468.0	489.4
Other current financial assets	260.5	221.3	39.2
Cash and cash equivalents	1,609.7	1,575.5	34.2
Current assets	**6,062.0**	**5,408.0**	**654.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**	**1,435.2**

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Equity attributable to shareholders of the parent company	4,450.1	3,387.9	1,062.2
Non-controlling interests	1,695.9	1,551.1	144.8
Equity	**6,146.0**	**4,939.0**	**1,207**
Subsidies	226.6	202.9	23.7
Non-current provisions	1,230.6	1,141.7	88.9
Long-term financial debt	4,361.0	3,860.7	500.3
Other non-current financial liabilities	456.0	410.6	45.4
Deferred tax liabilities and other non-current liabilities	434.1	430.7	3.4
Non-current liabilities	**6,708.3**	**6,046.6**	**661.7**
Current provisions	159.6	148.1	11.5
Short-term financial debt	604.1	1,121.8	(517.7)
Other current financial liabilities	322.7	211.3	111.4
Trade and other payables	2,777.0	2,815.7	(38.7)
Current liabilities	**3,863.4**	**4,296.9**	**(433.5)**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**	**1,435.2**

2.1.5.1. Property, plant and equipment, intangible assets and real estate investments

Operating fixed assets increased by 5.6% to €8,404.6 million year on year, on account of the new assets incorporated following investments made, mainly by the Environment and Water areas in intangible and tangible fixed assets. Real estate investments, adjusted for variations in their estimated market value at the end of the year, remain without appreciable variations compared to last year.

2.1.5.2. Investments accounted for using the equity method

The heading of investments accounted for by the equity method amounts to 1,034.3 million euros at the end of the year, 531.7 million more than at the end of the previous year. This increase can be attributed, firstly, to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, given its significant influence, and secondly, to the increase in capital of an associate in the Cement area, which operates in the USA. The breakdown of the most relevant investments at year-end is as follows:

1) 233.2 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) 123.0 million euros for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
3) 67.6 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) 132.4 million euros from the subsidiaries of the parent company in the Cement area.
5) 442.0 million euros from investee companies in the Real Estate area.
6) 36.1 million euros in investees in the Construction area located abroad.

2.1.5.3. Non-current financial assets

The balance of non-current financial assets dropped by €162.2 million compared to year-end of the previous year, coming to €748.4 million, on account of the aforementioned reclassification of Metrovacesa from financial investment to investment accounted for using the equity method.

This heading also includes the collection rights from concession agreements, for the combined sum of 547.3 million euros, mainly from the Environment, Water and Transport Concessions areas, as well as financial credits granted to third parties, and long-term deposits.

2.1.5.4. Cash and cash equivalents

The balance of the heading Cash and other equivalent liquid assets amounts to 1,609.7 million euros as of December 31, with no appreciable variations from the previous year. This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled 818.3 million euros.
2) In the perimeter without recourse, cash and equivalents amounted to 791.4 million euros.

2.1.5.5. Equity

Equity at the end of the period came to €6,145.9 million, compared to €4,939 million the previous year. This increase can largely be attributed to the contribution of net income achieved in the period and in particular the increase in reserves and non-controlling interests due to the sale of a non-controlling interest in the Environmental Area for the combined amount of €953.8 million. In the opposite direction, the impact of the reduction in capital following the buyback of own shares for their subsequent redemption for the sum of €257 million is also worth particular mention.

2.1.5.6. Financial debt

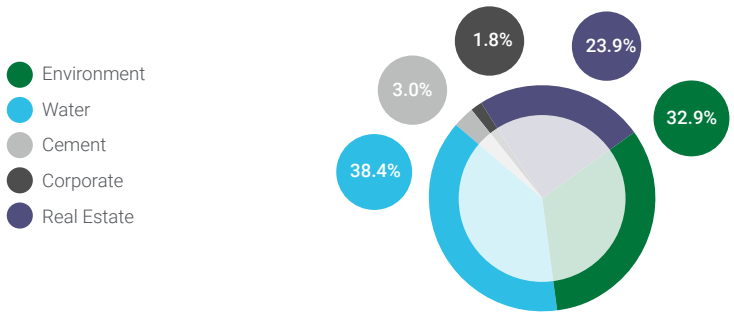
(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (M€)
Bank borrowings	2,710.0	2,778.4	(68.4)
Debt instruments and other loans	2,107.0	2,040.8	66.2
Finance lease payables	14.0	24.9	(10.9)
Other financial liabilities	134.1	138.4	(4.3)
Gross Financial Debt	**4,965.1**	**4,982.5**	**(17.4)**
Treasury and other current financial assets	(1,865.0)	(1,789.8)	(75.2)
Net Financial Debt	**3,100.1**	**3,192.7**	**(92.6)**
Net financial debt with recourse	*(901.7)*	*(677.2)*	*(224.5)*
Net financial debt without recourse	*4,001.8*	*3,869.9*	*131.9*

At year-end, the Group's gross financial debt remained practically the same as the previous year, down by €17.4 million to €4,965.1 million. 87.8% has long-term maturity, for an amount of 4,361.0 million euros and a balanced distribution between bank debt and capital markets. The remaining 12.2% matures in the short term, equally distributed between bank borrowings and commercial paper in the Environment Area.

The balance of net financial debt was down compared to the previous December by €92.6 million to €3,100.1 million. Worth particular note was the collection of €965 million from the sale of a non-controlling interest in the parent company of the Environment Area and the investments made both in assets and company shares, as well as the expansion of working capital linked to the increase in the Group's activity.

Breakdown of Net Financial Debt without recourse by Business Area



The entire net financial debt is non-recourse and the vast majority is located in the Water and Environment Utilities areas along with the recurring activity of rental assets in the Real Estate area. As a result, the Group's parent company had a net cash position with recourse of €1,233.1 million at the end of December.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water Area accounts for €1,665.8 million, mainly including a long-term syndicated loan for €1,100 million and a corporate bond in its parent company with a balance of €658.3 million, maturing in June 2027;(ii) the Environment Area accounts for €1,424.7 million, of which the majority corresponds to two bonds issued by the parent company of the area, one for the nominal amount of €500 million maturing in 2026 and another for €600 million maturing in 2029. A further €95 million correspond to activity in the United Kingdom and €73.7 million to activity in the USA (iii) the Real Estate Area accounts for €1,037 million, mostly from the rental property business and (iv) the Cement Area accounts for €131.4 million.

2.1.5.7. Other current and non-current financial liabilities

Other current and non-current financial liabilities comes to €778.7 million at the end of the year. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 420.9 million euros. It also includes other liabilities that are not financial debt, 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. 23	Dec. 22	Chg. (%)
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
(Increase)/decrease in working capital	(691.4)	285.3	n/a
Corporation tax (paid)/received	(124.2)	0.7	n/a
Other operating cash flow	71.4	(51.6)	n/a
Operating cash flow	**785.4**	**1,545.8**	**-49.2%**
Investment payments	(1,104.6)	(1,062.1)	4.0%
Divestment receipts	36.2	51.5	-29.7%
Other investment cash flows	106.0	72.6	46.0%
Investment cash flow	**(962.4)**	**(938.0)**	**2.6%**
Interest paid	(172.5)	(123.7)	39.5%
(Payment)/receipt of financial liabilities	(113.8)	(333.9)	-65.9%
Other financing cash flow	496.6	(109.6)	n/a
Financing cash flow	**210.3**	**(567.2)**	**-137.1%**
Exchange differences, change in consolidation scope, etc.	**1.0**	**(0.6)**	**n/a**
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**	**-14.5%**

2.1.6.1. Operating cash flow

The operating cash flow generated in 2023 amounted to €785.4 million euros, 49.2% down on the previous year. This performance was largely attributable to the investment in operating working capital, which entailed the allocation of funds for the sum of €691.4 million, compared to an inflow of €285.3 million the previous year. This investment was concentrated in the Construction Area in projects at different degrees of completion and to a lesser extent, in the Environment Area, which will tend to reverse this trend in the first quarter of 2024. Income tax payments/collections includes an outflow of €124.2 million compared to an almost non-existent amount in the previous year; this shift can be attributed to the receipt during the previous year of €153.7 million in tax refunds owned from 2020 and 2021, well above the receipts seen this year for advance payments made in 2022.

Other operating cash flow includes an inflow of €71.4 million compared to an outflow of €51.6 million the previous year, due to the reduced application of provisions mainly in the Construction area.

2.1.6.2. Investment cash flow

The investment cash flow represents an application of 962.4 million euros compared to 938 million euros in the previous year. The investment payments heading includes 1,104.6 million euros, compared to 1,062.1 million euros the previous year. Investments by the Environment and Water Areas for the sum of €545 million and €247.8 million respectively, are worth particular mention, as is the capital increase performed in a Cement investee for the sum of €105.8 million. Finally, it is worth highlighting the increase in Metrovacesa's participation in the Real Estate area costing €89.4 million. In this fiscal year 2023, no relevant divestments have been recorded.

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. 23	Dec. 22	Chg. (Mn€)
Environment	(531.8)	(407.5)	(124.3)
Water	(241.6)	(362.9)	121.3
Construction	(47.1)	(21.4)	(25.7)
Cement	(129.7)	(22.2)	(107.5)
Real Estate	(109.7)	(154.4)	44.7
Corporate serv., others & adjustments	(8.5)	(42.2)	33.7
Net investments (Payments - Collections)	**(1,068.4)**	**(1,010.6)**	**(57.8)**

In turn, Other investment flows increased to 106 million euros in the period compared to 72.6 million euros the previous year, attributable to an increase in the collection of interest up to 46.6 million euros.

2.1.6.3. Financing cash flow

The financing cash flow represents an inflow of 210.3 million euros compared to the outflow of 567.2 million euros in the previous year. The interest payment heading includes an outflow of €172.5 million, mainly in relation to the Water and Environment Areas.

The Proceeds from/(payments on) financial liabilities heading includes an outflow of €113.8 million compared to an outflow of €333.9 million the previous year. The reduction is concentrated at the Group's parent company due to the aforementioned sale of a minority stake in the Environmental area.

The Other financing cash flows heading includes an inflow worth €496.6 million compared to an outflow of €109.6 million the previous year. This increase can be attributed to several factors, including the aforementioned sale of a non-controlling interest in the parent company of the Environment area for the sum of €965 million and the takeover performed by the parent company of the Group for 4.502% of its share capital, resulting in an outflow of €257 million, the purchase of an additional holding in Realia, in the Real Estate area, for €117.3 million and the payment of dividends to shareholders and non-controlling interests for the joint amount of €80.8 million.

2.1.6.4 Change in cash and cash equivalents

As a result of the evolution of the different cash flow components, the FCC Group's treasury position closed the 2023 financial year with an increase of 34.2 million euros, to a balance of 1,609.7 million euros.

2.1.7. Analysis by business area

2.1.7.1. Environment

The Environment area contributed 42.3% of the Group's EBITDA in the 2023 business year. Around 80% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20% corresponded 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 3,700 municipalities and serves a population of more than 32 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 16 million people. In central Europe, mainly Austria and the Czech Republic, it is present throughout the entire waste management chain (collection, treatment and disposal). The activity in the US is carried out both in the collection and in the comprehensive recovery of urban waste and serves more than 11 million inhabitants. The Environment activities within the FCC Group have over 120 years of experience and service over 66 million inhabitants over 5,200 municipalities in the world.

2.1.7.1.1. Earnings

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Turnover	3,853.2	3,641.1	5.8%
Waste collection and street cleaning	*1,938.6*	*1,765.0*	*9.8%*
Waste processing	*1,142.6*	*1,130.1*	*1.1%*
Other services	*772.0*	*746.0*	*3.5%*
EBITDA	646.7	593.1	9.0%
EBITDA Margin	*16.8%*	*16.3%*	*0.5 p.p*
EBIT	337.6	304.7	10.8%
EBIT margin	*8.8%*	*8.4%*	*0.4 p.p*

The revenue figure for the Environment area increased by 5.8% and reached 3,853.2 million euros at the end of the year. Waste collection and street cleaning activity billed €1,938.6 million, recording growth of 9.8% on account of the entry into operation of new contracts, especially in Spain and the USA. The Waste Treatment activity reached 1,142.6 million euros, with a 1.1% increase, due to the good performance in Spain and the US, which compensated for the lower contribution from the United Kingdom. Other services grew by 3.5% to 772 million euros.

Breakdown of revenue by geographical area

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Spain	2,086.3	1,975.2	5.6%
United Kingdom	778.7	794.9	-2.0%
Central Europe	607.0	592.2	2.5%
United States and other	381.2	278.8	36.7%
Total	**3,853.2**	**3,641.1**	**5.8%**

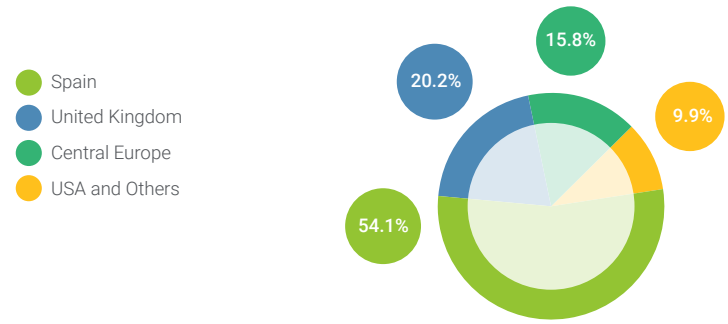
By geographical area, in Spain, revenue increased by 5.6% year on year to €2,086.3 million, on account of the expansion seen in waste collection and street cleaning activity as well as waste management. Other services, such as maintenance of green areas, remained at similar figures to those of the previous year.

In the United Kingdom, revenues fell by 2% to €778.7 million on account of the reduction in the collection of the landfill tax, which could not be offset by the increase in the contribution made by recycling and recovery plants. Adjusted for this component, without impact on the operating result, revenues grew by 9.3% in the year.

In Central Europe, revenues increased by 2.5% to €607 million, on account of the favourable performance especially in Austria and Poland, mainly in collection and street cleaning, compensating for the slight decrease in waste treatment, on account of lower international sales prices recorded in relation to secondary raw materials (SRM).

Last but not least, revenue in the United States and other markets was up by an impressive 36.7% to €381.2 million, supported by the contribution of the new contracts secured in collection and treatment activity, mainly in Florida, Texas and California, respectively.

Breakdown of revenue by geographical area



The gross operating result (EBITDA) increased by 9%, with 646.7 million euros, motivated by the evolution described in the income figure. The increased contribution of the treatment and recovery plants in the United Kingdom comfortably offset the drop in SRM sales prices combined with the impact of the planned shutdown of a plant in Austria during the first quarter of the year. The operating margin increased to 16.8% compared to 16.3% the previous year, on account of the aforementioned impact of the drop in income collected on account of the landfill tax paid to the public authorities in the United Kingdom, which made no contribution to operating income.

The net operating result (EBIT) grew by 10.8% compared to the previous year, up to 337.6 million euros, due to the evolution of the different components mentioned in the Ebitda with a lower impact of other non-recurring operating expenses.

Breakdown of backlog by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	8,390.6	8,224.1	2.0%
International	4,937.8	5,031.4	-1.9%
Total	**13,328.4**	**13,255.5**	**0.5%**

At year-end 2023, the revenue backlog had not suffered significant changes compared to last December, standing at €13,328.4 million. In Spain, it increased by 2% to €8,390.6 million on account of new contracts, including the urban sanitation contract in northern Valencia or the management of the Las Calandrias Environmental Complex, in Jerez de La Frontera, which compensated for the slight decrease seen in the international area.

2.1.7.1.2. Financial Debta

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Net Financial Debt	1,424.7	1,227.6	197.1

Net financial debt increased by 197.1 million euros compared to December 2022, up to 1,424.7 million euros, due to greater investment activity in new contracts and to a lesser extent due to the absorption of current operating capital, which will reverse in the first quarter of 2024.

2.1.7.2. Water

The Water area contributed 25.1% of FCC Group EBITDA in the period. 90% of its activity is focused on public service concession and asset 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 10% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related in the large part to the development of new concessions and maintenance and improvement works for operations.

In Spain, the area serves more than 13 million inhabitants. In Central and Eastern Europe, it is mainly present in the Czech Republic and Georgia, serving close to 3 million users across the two countries; in other EU countries, its presence in Italy, France and Portugal is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of hydraulic infrastructures and processing plants. Overall, the Water area provides supply and/or sanitation services to more than 45 million inhabitants.

2.1.7.2.1. Earnings

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Turnover	1,487.4	1,323.2	12.4%
Cycle Management and Services	*1,343.7*	*1,212.2*	*10.8%*
Technology and Networks	*143.7*	*111.0*	*29.5%*
EBITDA	384.3	350.2	9.7%
EBITDA Margin	*25.8%*	*26.5%*	*-0.7 p.p*
EBIT	216.3	203.8	6.1%
EBIT margin	*14.5%*	*15.4%*	*-0.9 p.p*

Revenue at the end of the year increased by 12.4% year on year, coming in at €1,487.4 million. This increase was seen in all activities and geographies, supported both by the increase in rates, the increase in new contracts, in the case of Colombia and France, and by the increase in activity in Technology and Networks, for the large part linked to concessions in Spain, Italy, Colombia and Mexico.

Breakdown of revenue by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	919.2	861.4	6.7%
Central and Eastern Europe	232.7	190.0	22.5%
Middle East, Africa and Other	134.6	131.1	2.7%
Rest of Europe (France, Portugal and Italy)	109.5	92.3	18.6%
Latin America	91.4	48.4	88.8%
Total	**1,487.4**	**1,323.2**	**12.4%**

By geographical area, revenues in Spain increased by 6.7%, reaching 919.2 million euros, due to the combined increase in consumption and the increase in rates. Technology and Networks also saw favourable performance following the implementation of work under investment plans associated with concession agreements and the execution of water infrastructure.

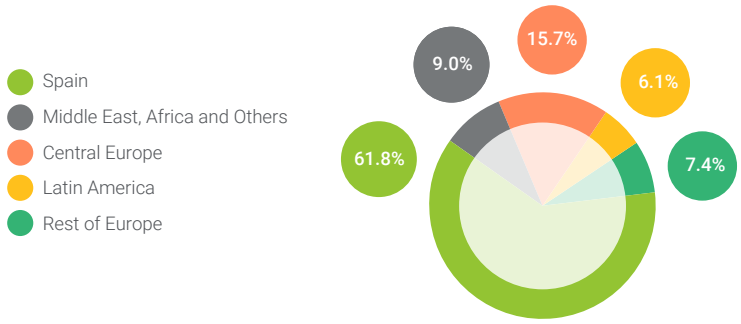
In Central and Eastern Europe it grew by 22.5%, with revenues of 232.7 million euros, due to greater activity in the Czech Republic and Georgia thanks to the favourable behaviour of rates and consumption in the latter. Worth particular mention was the revaluation of the Czech koruna (+2.3%) and the Georgian lari (7.9%).

In the rest of Europe, revenues also increased significantly, by 18.6%, to €109.5 million on account of the increase in concession activity from new contracts in France and infrastructure activity in the end-to-end cycle management in Italy.

In the Middle East, Africa and Others, turnover increased by 2.7%, to €134.6 million, with an increase in concession activity, with the two regional contracts ("Cluster") in Saudi Arabia worth particular mention, in addition to the increased contribution from Algeria. On the contrary, the Technology and Networks activity saw the completion of the construction of projects in Qatar and Egypt, with their entry into the operation phase.

In Latin America, turnover experienced notable growth of 88.8% to €91.4 million, with new concessions of the end-to-end water cycle in Colombia and works associated with its investment plans, as well as the implementation of hydraulic infrastructure in Mexico.

Breakdown of revenue by geographical area



Gross operating earnings (EBITDA) increased by 9.,7% to €384.3 million. Its progress reflects the increase described above in all geographical areas, together with the base effect of the accounting in the previous year of a reversal of 11.2 million euros corresponding to a provision linked to the resolution of a dispute in Spain. As a result, the operating margin stood at 25.8%.

Net operating profit (EBIT) increased by 6.1% to €216.3 million, on account of the improvement in gross operating profit combined with the increase in provisions made for amortisation, associated with the increase in the volume of assets owned and operated during the period.

Breakdown of backlog by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	6,860.6	7,049.2	-2.7%
International	14,870.1	13,263.5	12.1%
Total	**21,730.7**	**20,312.7**	**7.0%**

The portfolio at the end of December 2023 reached 21,730.7 million euros, 7% more than the previous year. At an international level, there was an increase of 12.1% on account of the addition of new contracts in Saudi Arabia, Colombia and the United States, in addition to the consolidated tariff updates during the year.

2.1.7.2.2. Financial Debt

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Net Financial Debt	1,665.8	1,642.8	23.0

Net financial debt remained at very similar levels compared to December last year, coming in at €1,665.8 million. This evolution is a combination of greater containment of investments after the acquisition of GGU in Georgia in 2022, which has compensated for the greater absorption of current capital and financial expenses due to the rise in interest rates.

2.1.7.3. Construction

The Construction Area contributed 11.1% of the FCC Group's EBITDA in 2023. Its activity is structured around the design and construction of large civil, industrial and building works, with a selective presence in specific regions across more than 15 countries. Special mention should go to participation in major works like tunnels, bridges and motorways that constituted a major part of the project backlog.

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Turnover	2,823.1	1,966.9	43.5%
EBITDA	169.4	122.8	37.9%
EBITDA Margin	6.0%	6.2%	-0.2 p.p
EBIT	118.4	89.4	32.4%
EBIT margin	*4.2%*	*4.5%*	*-0.3 p.p*

Revenues from the area increased by an impressive 43.5% to 2,823.1 million euros attributable the continued good pace of ongoing projects combined with new contracts secured mainly in America and several European countries.

Breakdown of revenue by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	1,108.1	870.1	27.4%
America	819.3	434.3	88.6%
Rest of Europe	695.1	500.5	38.9%
Middle East, Africa, Australia and Others	200.6	162.0	23.8%
Total	**2,823.1**	**1,966.9**	**43.5%**

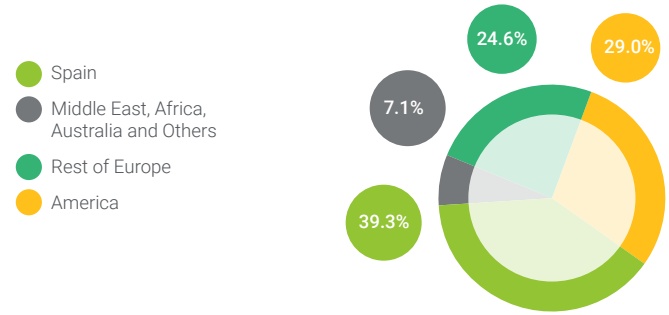
By geographical area, turnover in Spain increased by 27.4% to €1,108.1 million, on account of the faster than expected progress on ongoing projects, mainly in the public sphere.

In America, turnover grew significantly by 88.6% to €819.3 million, on account of the increase in the contribution of the Mayan Train project in Mexico, which is now close to completion, and the start of railway works in Toronto (Canada) and the USA.

Likewise, in the Rest of Europe and other markets, revenue grew by 38.9% year-on-year, coming to 695.1 million euros, mainly on account of the strong progress made with the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which comfortably offset the end of other works.

The Middle East, Africa, Australia and Others increased their contribution to revenue to €200.6 million, 23.8% up year-on-year, mainly due to the increase in the contribution of works as part of the Neom project and Riyadh Metro in Saudi Arabia, which is now close to completion.

Breakdown of revenue by geographical area



Gross operating profit increased by 37.9% to 169.4 million euros compared to 122.8 million euros the previous year. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period has reached 6%, a level similar to that achieved in the previous year.

In turn, net operating profit stood at 118.4 million euros, 32.4% up on the previous year, reflecting the performance of gross operating profit explained earlier and including the higher depreciation of machinery compared to the increase in activity.

Breakdown of backlog by geographical area *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Spain	2,386.1	1,817.3	31.3%
International	4,039.8	4,768.7	-15.3%
Total	**6,425.9**	**6,586.0**	**-2.4%**

The revenue backlog at year-end fell by 2.4%, to €6,425.9 million. Spain saw notable growth of 31.3% to €2,386.1 million on account of the award of new works, including the construction of the new ONCE headquarters in Madrid or the undergrounding section of the R-2 line as it passes through Montcada i Reixac (Barcelona). The International Area saw a 15.3% reduction following the impressive accumulated increase in contract awards the previous year, with the contract for the modernisation of a series of bridges in Pennsylvania (USA) worth particular mention.

Breakdown of the Backlog by Activity Segment *(Millions of Euros)*

	Dec. 23	Dec. 22	Chg. (%)
Civil engineering works	5,112.4	5,569.7	-8.2%
Building	656.9	503.9	30.4%
Industrial Projects	656.6	512.4	28.1%
Total	**6,425.9**	**6,586.0**	**-2.4%**

By activity type, civil engineering continues to dominate, accounting for 79.6% of the total, concentrated in large public contracts in certain selective markets in Europe, America and the Middle East.

2.1.7.4. Cement

The Cement area accounted for 9.1% of the FCC Group's EBITDA during the period. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which owns a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (%)
Turnover	614.3	516.5	18.9%
Cement	*563.6*	*474.1*	*18.9%*
Other	*50.7*	*42.4*	*19.6%*
EBITDA	139.5	30.3	n/a
EBITDA Margin	*22.7%*	*5.9%*	*16.8 p.p*
EBIT	129.1	(203.3)	n/a
EBIT margin	*21.0%*	*-39.4%*	*60.4 p,p*

The area's revenue grew by 18.9% year-on-year to €614.3 million, following an increase in prices, mainly in Spain, in addition to an increase in exports from the same region.

Breakdown of revenue by geographical area *(Millions of Euros)*

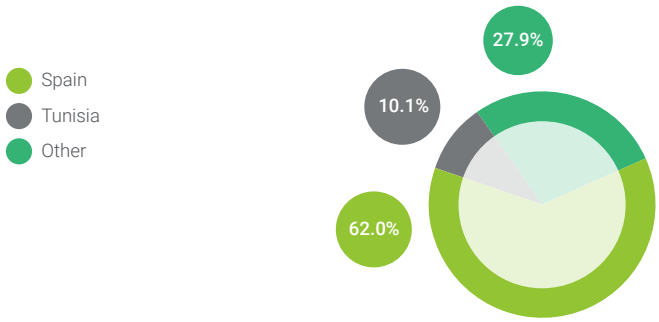
	Dec. 23	Dec. 22	Chg. (%)
Spain	380.9	314.6	21.1%
Tunisia	62.2	62.6	-0.6%
Miscellaneous (exports)	171.2	139.3	22.9%
Total	**614.3**	**516.5**	**18.9%**

By geographical area, in Spain, turnover increased by 21.1% to €380.9 million on account of the significant sustained increase in prices combined with unchanged volumes.

In the local market of Tunisia, the turnover remained at similar levels to the previous year, with 62.2 million euros, since the increase in prices has almost entirely compensated for the drop in demand.

In turn, revenue from exports grew by 22.9%, coming to €171.2 million, on account of the increase in shipments from Spain to certain countries in Europe and America, combined with price increases, offsetting the decreased in shipments from Tunisia.

Breakdown of revenue by geographical area



There was a significant increase in gross operating profit, coming to €139.5 million compared to €30.3 million during the previous year. This increase can be attributed both the increase in sales figures and the significant drop in electricity prices in Spain, which saw the operating margin recover to 22.7% compared to 5.9% the previous year.

Net operating profit stood at €129.1 million compared to losses of €203.3 million in 2022, due to the aforementioned change in gross operating income and the €200 million adjustment in the previous year, corresponding to the lower value of different tangible fixed assets and goodwill, reflecting its estimated future cash generation capacity. Likewise, this year the favourable resolution of a dispute in Spain has also contributed positively, with a recorded amount of 24.5 million euros.

2.1.7.4.2. Financial Debt

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Net financial debt	131.4	157.6	(26.2)

The financial debt, in its entirety, without any recourse to the Group's parent company, decreased by €26.2 million compared to last December, down to €131.4 million as a consequence of the operating performance explained above and the impact of the investment in the capital increase performed by the subsidiary, Giant Cement (USA), for an attributable amount of €105.8 million.

2.1.7.5. Real Estate

The Real Estate area contributed 6.9% of the FCC Group's EBITDA during the year. 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 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. 23	Dec. 22	Chg. (%)
Turnover	253.8	270.8	-6.3%
Development and land	*138.0*	*165.0*	*-16.4%*
Rental Property	*115.8*	*105.8*	*9.5%*
EBITDA	104.9	143.8	-27.1%
EBITDA Margin	*41.3%*	*53.1%*	*-11.8 p.p*
EBIT	55.8	165.7	-66.3%
EBIT margin	*22.0%*	*61.2%*	*-39.2 p.p*

The Area's income dropped by 6.3% year on year, to €253.8 million, with price reviews in relation to Rental activity and the increase in sales of housing developments failing to offset the impact of the absence of land sales during the year.

Development and Land recognised €138 million of income, down by 16.4%, on account of the fact that the increase in housing development sales, despite being higher than expected, failing to compensate for the absence of land sales, compared to the €35.93 million recognised the previous year.

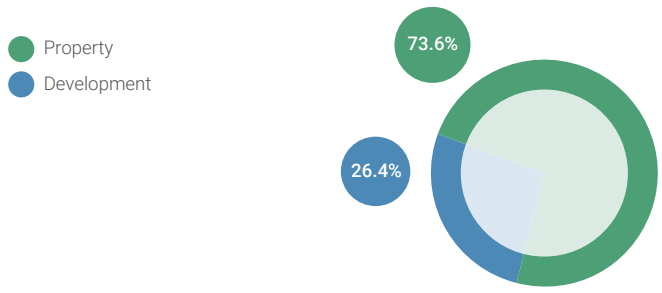
In Rental Property, income reached 115.8 million euros, with an increase of 9.5% compared to the previous year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 85% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy levels exceeded 93% high in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to bank offices.

EBITDA dropped by 27.1% to €104.9 million, with a contribution margin of 41.3%, on account of the impact of the provision for the impairment in housing development for the sum of €25 million and the aforementioned absence of land sales during the year. These two impacts mean that almost all of the EBITDA for the year was generated by Rental activity.

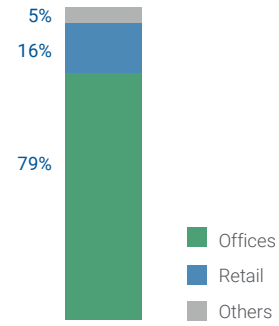
In addition to the explanations provided under EBITDA, EBIT includes the impact of the shift in interest rates on the fair market value of the rental assets, amounting to losses of €49 million, compared to the gains of €22.3 million the previous year.

The market valuation (G.A.V.) of the real estate assets in the area as of December 31, 2023 reaches 2,902.1 million euros, 2.6% lower than the previous year. The majority of the estimated value of assets corresponds to Property, which account for 73.6% of the total, on €2,134.8 million, while Residential Development assets, which include land in the different stages of development as well as housing developments for sale, both in progress and finished, account for 26.4% of the total, on €767.3 million.

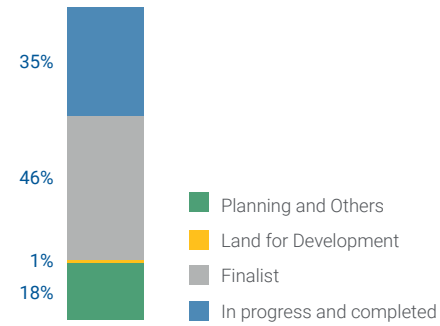
GAV by Activity (not including Metrovacesa)



Property



Residential Development



2.1.7.5.2. Financial Debt

(Millions of Euros)

	Dec. 23	Dec. 22	Chg. (Mn€)
Net financial debt	1,037.0	917.7	119.3

The balance of net financial debt increased by €119.3 million compared to December of the previous year, coming to €1,037 million, mainly on account of the acquisition in December 2023 of two significant packages of holdings in Metrovacesa and Realia for the combined sum of €178.8 million.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 28 and 29 to the consolidated financial statements and in 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 on its areas of activity.
- 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	%s/Total
2023				
Environment	36,152	8,279	44,431	66%
Water Management	6,971	6,793	13,764	21%
Construction	4,115	3,150	7,265	11%
Cement	865	212	1,077	2%
Real Estate	96	0	96	0%
Central Services and Others	388	69	457	1%
TOTAL	**48,587**	**18,503**	**67,090**	**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 16 to the consolidated financial statements) and detailed financing (see note 19 to the consolidated financial statements).

Note 29 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 2019, FCC Servicios Medioambiente Holding, S.A.U. completed the issuance of two single bonds in the amount of 1,100 million euros, just as FCC Aqualia, S.A. did in 2017. In December 2023, the bond amounting to 600 million euros from FCC Servicios Medioambiente Holding, S.A. was repaid with funds from the issuance of a new bond for the same amount.

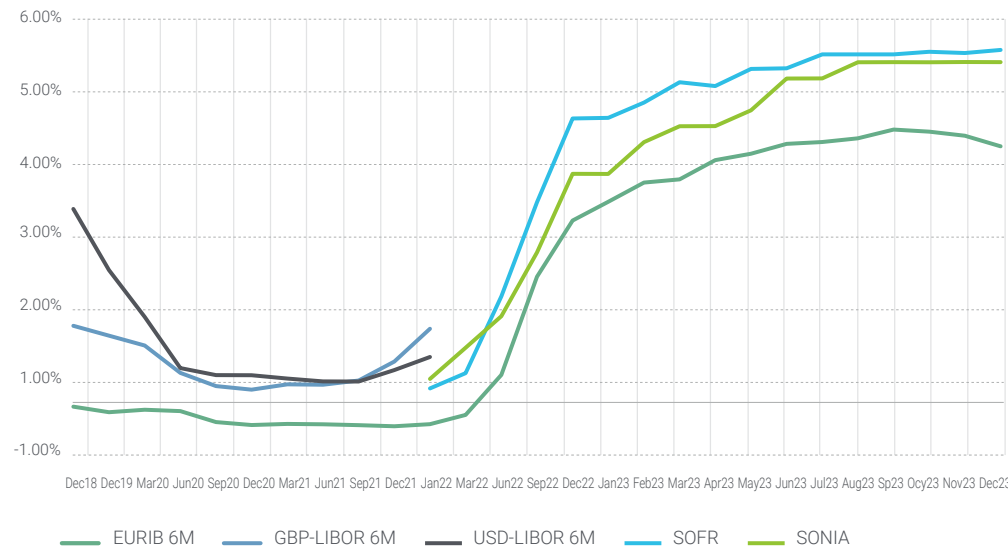
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities. In 2020, FCC Servicios Medioambiente Holding, S.A. registered a promissory note programme which it renewed annually for an amount of up to €400 million; it also has financing facilities in the form of credit facilities and bilateral loans.

Furthermore, in June 2022 FCC Aqualia, S.A. took out a syndicated loan for the amount of €1.1 billion, the main purpose of which was to refinance part of the bonds issued in 2017 maturing in 2022 and the early repayment of the bond that the Georgia Global Utilities Group had on the takeover date (Note 4 to the consolidated financial statements).

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.



As can be seen from the graph above, in 2022, the Secured Overnight Financing Rate (SOFR) and the Sterling Overnight Index Average (SONIA) replaced the LIBOR in dollars and LIBOR in pounds sterling, respectively.

This section is discussed in greater detail in note 29 to the consolidated financial statements.

4. Major risks and uncertainties

4.1. Risk Management Policy and System

The FCC Group's Risk Management Model is designed with the aim of identifying, analysing and assessing the potential risks that could affect the different areas of the Group, as well as establishing mechanisms integrated into the organisation's processes that allow risks to be managed within accepted levels, providing the Board of Directors and senior management with reasonable security in relation to 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 mainly based on the integration of the risk-opportunity vision and the assignment of responsibilities, which, together with the segregation of functions, favour the monitoring and control of risks, consolidating an adequate control environment.

The activities included in the FCC Group's Risk Management Model include the identification and classification of risks depending on their type, their assessment, in terms of impact and probability of occurrence, the application of prevention and control activities to mitigate the effect of these risks and the establishment of reporting flows and communication mechanisms at different levels, which enable decision-making as well as their review and continuous improvement.

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 FCC Group is exposed to various risk factors inherent to both the nature of its activities and the risks related to environmental, economic, social and geopolitical upgrades in the different countries in which it carries out these activities and to the risks arising from its relations with third parties, including the risks arising from the non-exhaustive application of the principles of ethics and compliance set out in its regulations. Many of these risk factors are strongly interconnected and could potentially affect both the achievement of business objectives and the image and reputation of the FCC Group.

Details of the main strategic, environmental, 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 6.1 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 FCC 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 29 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 6.1 of the Non-Financial Information Statement.

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 5.3 and 6 of the Non-Financial Information Statement.

5. Acquisition and disposal of own shares

On 14 June 2023, the redemption of a maximum of 0.85% of the share capital was approved at the General Shareholders' Meeting, ratified by the Board of Directors on 15 June and registered in the Mercantile Registry of Barcelona on 27 June 2023, with a total of 3,521,417 shares redeemed, taking the company's capital stock to 434,823,566 shares. As a result, the treasury stock position at 30 June 2023 amounted to 854,234 shares, equivalent to 0.19% of the capital stock.

At the Board of Directors meeting held on 28 June 2023, the resolution was approved to additionally redeem the 854,234 treasury shares circulating on that date; this operation was registered in the Mercantile Registry on 25 July.

Then, in the month of August, FCC, S.A. requested authorisation from the CNMV for a takeover bid by means of a capital reduction through the acquisition of a maximum of 32,027,600 own shares, representing 7.01% of its capital stock. On 19 July, the Extraordinary General Meeting agreed, with a vote in favour of 93.58% of the capital in attendance, on the reduction of capital, as well as the determination of the main terms and conditions of the Bid. On 25 October, authorisation was received from the CNMV and on 6 December, it published the results, accounting for 4.502% of share capital. On 19 December, the resulting capital reduction was registered in the Mercantile Registry. The company's share capital at the end of December 2023 was set at 436,106,917 euros, represented by 436,106,917 shares with a nominal value of 1 euro each.

The treasury stock position at 31 December was 44,957 shares.

The acquisition and disposal of treasury shares carried out during the year are disclosed in Note 17 of the Notes to the consolidated financial statements.

6. Significant events occurring after the end of the year

After the closing date of these consolidated financial statements, on 20 February 2024, the Official State Gazette published the ruling of the Spanish Constitutional Court, which considers Royal Decree-Law 3/2016 to be partially unconstitutional. The Group considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the consolidated balance sheet closing date. Therefore, as at 31 December 2023, the Group has registered the accounting impacts of this ruling, which has increased the offsetting of negative taxable amounts and the capitalisation of specific deferred tax assets (note 23).

7. Outlook

The outlook for the performance of the Group's main business Areas in 2023 is given below.

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.

In Spain, moderate growth is expected based on the implementation of new contracts, competing in all tenders that may be of interest due to their strategy and/or attractiveness.

As regards waste collection and street cleaning activity, the current rate of contract renewal is expected to be maintained, at above 90%, and the rate of new contracts at around 20%, with growth in activity based on obligation to apply the current legislation on waste in towns with smaller populations.

In relation to waste treatment, the opportunities that may be generated by the new Waste Master Plans of the different regional governments will be harnessed.

In relation to industrial waste activity, the aim is to diversify into other types of processing in addition to those currently being developed and expand the portfolio of services to large customers.

2.2.1. Europe

In Portugal, business opportunities related to processing industrial waste and the disposal of municipal waste is worth particular mention.

Consideration shall be given to any growth opportunities (including inorganic growth), especially if they can add value to the Group.

In the United Kingdom, at a macroeconomic level, as in other Western economies, a moderate slowdown in growth is expected in 2024. In relation to the environment, the government's objectives are, in general, consistent with those of the EU circular economy, with expectations of 65% recycling and a maximum of 10% of waste to landfills in 2025. The recent (2021) Environmental Law, which covers key aspects of environmental policy such as Extended Producer Responsibility ("EPR"), the "Deposit Return Scheme" ("DRS") or recoverable packaging payments (single-use beverage containers), and there will be some delay in the implementation of the principle of consistency across collection systems, as a result of both political and economic factors. In terms of fiscal measures, the "Plastic Tax" was established in 2022 for packaging with less than 30% recycled content and an emissions tax has been announced for 2028, which would affect the sector. Within this scenario of uncertainty caused by this delay, FCC continues to pursue its policy of offering a wide range of waste treatment and recycling services, both at municipal and commercial and industrial levels.

In Central Europe, inflation will remain a critical issue in 2024 as it will mean lower consumption and less waste on the market. For this reason, greater emphasis will be placed on increasing energy efficiency in treatment processes, cost reduction and rapid tariff adjustment with customers. On the other hand, electricity and gas prices are expected to remain at lower levels than those seen towards the end of 2022 and throughout much of 2023.

It is expected that the prices of recycled goods will remain stable or very slightly higher than those seen in 2023, the backlog of soil decontamination projects (solidification and biodegradation) in the Czech Republic and Slovakia will be very similar to the backlog seen the previous year, with greater importance placed on treatment due to legislative changes in several countries where FCC has already made (or has begun to make) the necessary investments to be able to face them and an increase in rates across practically all commercial activities thanks to contractual flexibility or price clauses included in municipal contracts.

2.2.2. USA

FCC has begun to promote mechanical biological treatment plants in the United States, in line with new regulations that are beginning to make it mandatory in some statuses to minimise waste sent for landfill disposal. The group's significant experience at an 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. During mid-2022, the first contract of this type was launched in Placer County (California), renovating and operating facilities where 650,000 tonnes will be treated per year, pursuant to the new and more restrictive environmental regulations in force in California. Throughout 2023, these operations have been consolidated, while the final handover of the facilities is scheduled for December 2024 and we believe that this will shake-up the market once they are fully operational.

Water

The outlook for 2024 is for the definitive consolidation of the recovery of pre-pandemic activity in relation to non-residential consumption. This situation will be reinforced by the new contracts incorporated into the perimeter during 2023 in Colombia, France and the USA, as well as the improvement in results, reinforced by the continuation of cost optimisation actions.

The high rates of contract renewal that Aqualia has historically recorded on maturity (over 90%) are expected to be maintained.

Electricity rates are expected to standardise and policies maintained to increase the number of contracts that mitigate the potential volatility in prices with a higher volume of consumption closed at a fixed price.

It is also considered that many towns managed by Aqualia will adapt their tariffs or the company's remuneration, to reflect the effect of the CPI increase during 2022-2023.

During 2024, the process for awarding projects eligible for the PERTE programme subsidy mechanism is expected to be streamlined with a view to promoting the digitalisation of the management of the integrated water cycle. We hope that as part of this process, Aqualia will be successful with a number of the bids submitted.

In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management). In terms of new procurement, several contracts, currently operated by competitors, are expected to be tendered out.

Looking to Europe, in **Portugal**, the problems caused by the prolonged droughts have sparked an interest amongst the public powers to consider the feasibility of building desalination plants for the first time in mainland Portugal. Aqualia is striving to maintain active communication so that part of these investments can be channelled as part of the robust Portuguese concession framework. Furthermore, a consortium led by Aqualia and FCC Construcción was proposed as the successful candidate for the installation of a green hydrogen production plant, including water supply and treatment facilities, in Setúbal, the first project of its kind in the country.

In **Italy**, work on the Caltanisseta concession (Sicily) is expected to continue, with the improvement and modernisation of the remote control and reading services of the facilities that serve more than 90,000 customers, from which 14 million euros have been obtained as part of the REACT-EU programme, as well as continuing with the work to condition the general supply network.

In **France**, efforts will continue to increase activity by looking for and selecting new business opportunities in towns and cities within the current perimeter of concession activity (Île-de-France, Bretagne) and further afield (Normandie, Alsace, Lorainne, Val de la Loire). The population served in France comes to 920,000 inhabitants, with the Pays de Dreux contracts and the renewal of Andresy being the most relevant milestones in 2023.

In the **Czech Republic**, |Czech subsidiary SmVak has designed an ambitious Sustainability Plan, aligned with Aqualia's Sustainability Plan, establishing new investments aimed at improving the energy efficiency of existing infrastructure and reducing the system's carbon footprint. Commercial activity in the country has been intense, with tenders submitted for water contracts in important Bohemian cities where existing private operators are already in place such as Prîbram and Pîsek, despite the trend of changing the management model towards direct management. In the geographical area of coverage, Silesia and Moravia, Aqualia, through its Czech subsidiary, has managed to win the tenders in Opava, Třinec, Žabeň, Doubrava, Háj ve Slezsku and Těrlicko.

In **Georgia**, the trend in terms of results for the current year is expected to continue and the new 2024-2026 regulatory period will begin once the foundations that will regulate the three-year Infrastructure Master Plan and the new tariff framework have been laid.

In **Saudi Arabia**, development work has continued on the management projects for the two clusters awarded to Aqualia from the six tendered by the National Water Company during 2022. An ambitious programme is also under way to modernise and optimise the integrated water cycle services, with a view to preparing them for the future phase of privatisation. The operation of the Jizan desalination plant will also be consolidated with an operating contract starting for three mobile desalination plants on the Saudi coast.

In **Egypt**, following completion of the start-up stage, Aqualia continued operating the Abu Rawash wastewater treatment plant to full satisfaction, with a treatment capacity of 1,600,000 m3/d that serves the western area of the city of Cairo., over a duration of 3 years. During the year, the ambitious Desalination Plan will begin in Egypt associated with photovoltaic energy generation, where Aqualia leads a multidisciplinary and multinational consortium.

In **Algeria** the two desalination plants, Mostaganem and Cap Djinet, continued to operate at full capacity and without significant incidents, providing a critically important service to the population of the country's most important metropolitan areas, Oran and Algiers.

In Latin America, the 20-year operating period of the Guaymas SWDP began in mid-2022 (**Sonora, Mexico**). In June 2023, the contract for the Comprehensive Improvement of Management Procedures (MIG) in Los Cabos (Baja California Sur) formally began and the operation of the El Realito aqueduct continued. Furthermore, work will be completed on PTAR Salitre (**Colombia**) during the first half of 2024. In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora in Mexico and for purification.

In **Peru**, the State is in the process of evaluating the efficiency of its public supply services in order to give way to private initiatives in those areas with the worst management indicators. Aqualia is developing seven co-financed private initiatives corresponding to wastewater treatment plants and desalination plants. Four of these projects are in the advanced structuring phase and are part of the important short term ProInversión app project backlog.

Finally, in the **USA**, as a result of the efforts to acquire a platform for business development in the US market, on 31 December 2023, FCC Aqualia USA Corp acquired 97% of Municipal District Services, Llc. (MDS), whose main objective of which is the integrated management of water and sanitation infrastructure in the Municipal Utility District (MUD).

Water scarcity, the obsolescence of the hydraulic infrastructures and the low penetration of private operators in the sector are the source of the main growth opportunities for the company in certain states. The increasingly more demanding legislation on the control and elimination of processing contaminants for the protection of aquifers and surface water is a business opportunity to be explored in the coming years.

Construction

In the international market, FCC focuses on countries and markets with a stable presence and on the execution of projects with guaranteed 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 2024, the turnover obtained in Spain will remain similar to that obtained in 2023.

In the foreign market, it is estimated that turnover in 2024 will be similar to that obtained in 2023, with the development of large infrastructure works obtained between 2021 and 2023 and the contribution of markets in America (USA, Canada,, Mexico, Chile, Peru), the Middle East (Saudi Arabia) and Europe (Norway, the Netherlands, the United Kingdom, Portugal and Romania).

Cement

The cement sector in Spain has experienced a slowdown in consumption in recent months and since September every month has seen negative growth rates.At the same time, exports continued to decline slightly this year and imports collapsed by more than 40%.

According to estimates from the Association of National Construction Companies (SEOPAN), official tenders up until November 2023 increased by 1.9% compared to the same period in 2022. Civil engineering tenders saw 3.5% growth, while tenders for buildings fell by 1%. Building permits compared to 2022 grew by 2% to 111 thousand homes and by 2024, growth is expected to continue to 116 thousand units. Non-residential building dropped by 20% in 2023 and is expected to stabilise in 2024. In terms of investment in infrastructure in 2024, this could be affected by budgetary restrictions as a result of the reactivation of EU deficit rules.

According to data from the sector's employers' association, OFICEMEN, cement consumption in 2023 decreased by 3% to 14.5 Mt and according to estimates for the month of October, this volume will remain in 2024.

In 2023, sales by the Spanish Business Unit of the Cementos Portland Valderrivas Group totalled 4.3 million tonnes of cement and clinker in the aggregate of domestic sales and exports, the same volume seen in 2022.

In Tunisia in 2023, the domestic market came to 5 million tonnes, 9% down on 2022. According to the Group's estimates for 2024, domestic cement consumption is expected to fall by around 4% compared to 2023. Tunisia has been immersed in an economic, social and political crisis in recent years.

In 2023, sales by the Tunisian Business Unit of the Cementos Portland Valderrivas Group came to 1.2 million tonnes of cement and clinker in the aggregate of domestic sales and exports, down by 12% compared to 2022. The main destinations for exports were Mexico, Libya, Italy and the USA.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost 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 and support sustainable development.

Real Estate

FCC Inmobiliaria's actions for 2024 will focus on the development of its three business lines exclusively in Spain:

Office, premises and shopping centre rentals

In the real-estate area and in relation to service-sector assets (offices and shopping centres), where the Company's exceptional real estate portfolio gives it a prominent position, the optimisation of services and their management will continue to meet the new demands of tenants and environmental requirements, with the FCC Group assuming the cost of achieving these objectives.

In 2024, the company will focus on supporting its subsidiary companies, to adapt its buildings and business to the new trends in efficiency and sustainability of the office and shopping centre market, adapting the commercial relationship with tenants by adapting contracts to the demands of the market, such as the flexibility of spaces, duration, etc., increase the backlog of buildings under management certified with the BREEAM sustainability seal and improve the performance of offices, premises and shopping centres in terms of energy consumption, water and waste management through continuous, automated and digital monitoring.

The main notes in this line of business include:

- 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 shopping areas of the cities.
- Recurrence of revenues from Jezzine, the lessor of Caixabank's offices, whose lease expires in 2037.

Real-estate development and land management

During the course of 2024, the real-estate area will keep 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.

The land portfolio will continue to be actively managed, allowing it to be consolidated as urban land, with the resulting increase in value and contribution to the maintenance of development activity. It will also be possible to acquire new assets and/or land with a value path, either for their management and/or by the market.

Rental housing

During 2023, the Group completed two Build to Rent (BTR) projects with 195 publicly protected homes (VPPL-VPPB) intended for rent in the town of Tres Cantos (Madrid). The first of these, "Residencial Nao" with 43 homes went on the market and operations started in April, with 100% now rented; the second, "Residencial Provenza", was completed in two phases, the first 50 homes went on the market and operations started in July, with 88% rented, and the second 102 homes went on the market in September, with 27% rented.

In addition, operations have continued at the "Jardín de Tres Cantos" residential building with 85 homes, 100% of which are rented.

The total investment made in the three Build to Rent projects, with a total of 280 homes, amounted to €59.5 M.

In 2024, the Group will continue with the operation of Build to Rent and will analyse opportunities for the acquisition or development of new land with the same aim of residential rental housing, provided that the return on investment is maintained.

8. R&D+I Activities

The FCC Group's R&D&I activities in 2023 have resulted in more than 35 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business Areas of the FCC Group.

The activities of the different Business Areas and the main projects developed throughout 2023 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	SCALIBUR
PLASMIX	LIFE 4 FILM
H2TRUCK	ECO2D4.0
LANDFILL BIOFUEL	SEALING OF MINING DEPOSITS
MINETHIC	ECLOSION
IRRIGATION AND WASHING TANK	PV4INK

In addition, new ones have been launched during 2023, which are summarised below:

In the field of waste management we have 5 new projects:

- **ABATE:** consists of the use of compact, high-performance marketable technologies for the reduction of VOCs in EU waste treatment plants, reducing CO_2 emissions and energy consumption.
- BIOPROLOGNO: **this project pursues several objectives, (i) optimising and developing the pyrolysis** process of lignocellulosic waste using microwave technology to obtain Wood Vinegar and biochar, (ii) obtaining and characterising the bio-products by measuring their structural characteristics, (iii) demonstrating the agronomic characteristics of biochar as a biofertiliser and soil improver, and finally (iv) assessing the feasibility and effectiveness of using Wood Vinegar as a substitute for synthetic herbicides in infrastructure, roads and gardening.
- **LUCRA:** this project aims to demonstrate biotechnical and green processes for the production of: biologically based succinic acid using organic waste, PU polyester polyol dispersions based on the succinic acid of biological origin and polyester polyol resins based on the succinic acid obtained. In short, it aims to demonstrate the sustainable production outside a laboratory of succinic acid of biological origin and its use in the production of innovative products also of biological origin.
- **MPB DEHESAS:** project aimed at investigating the digestion of leachate treatment plants, specifically leachate (i) post bio-methanization, (ii) FORS and (iii) compost.
- **LIFE ZEROLANDFILLING:** the aim of the project is to deploy and demonstrate, in a pioneering way and at a semi-industrial scale, the profitability and sustainability of an innovative advanced and integrated pilot plant to allow the treatment and chemical recycling of non-recyclable MSW that normally reaches the landfill, revaluing it as: (i) a liquid mixture of high quality hydrocarbons known as green naphtha for the chemical and petrochemical industries; (ii) solid charcoal for the construction industry; and (iii) synthesis gas for self-consumption during the pyrolysis process.

In the field of specialised machinery for waste collection activities there is a new project:

- **CNG SIDE LOADING BODY FOR WASHING CONTAINERS:** consists of developing a new side loading body for washing containers with a capacity of between 1,100 and 3,200 litres, with a washing chamber made from aluminium, maximum clean water capacity up to 9,750 litres, with special interior and exterior washing pumps to allow the containers to be washed during an entire day's work.

There is another new project in Industrial Waste activity:

- **COMPLAST project:** the general aim of the project is to obtain new thermoplastic composites for high added value applications in the aeronautical, railway and automotive sectors. These composites will boast improved properties, be recyclable and/or incorporate recycled materials.

End-to-end water management

Innovation activity at Aqualia is aligned with the European Green Deal policies, which promotes the transition to a circular economy with a zero carbon footprint. The Department of Innovation and Technology (DIT) develops new services and sustainable processes using smart and eco-efficient management tools. Thus, the DIT projects help the company to achieve the UN's Sustainable Development Goals (SDGs), focussing on an affordable and high-quality water and sanitation service (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) as well as responsible production and consumption (SDG 12).

The projects highlighted in 2023 are listed below:

- **UE MSCA – REWATERGY:** focussed on scientific education, within the H2020 Marie Sklodowska Curie programme of European academic networks. It pursues technological development at its purification plants through methods of adsorption of ammonium from wastewater and its conversion into hydrogen; as part of the project, photo and electro-disinfection processes were assessed to eliminate micro-pollutants in drinking water or wastewater.
- **LIFE ULISES:** it aims to transform conventional WWTPs into "energy and biofertiliser production factories", achieve energy self-sufficiency and eliminate its carbon footprint, with anaerobic pretreatment implemented with the PUSH reactor. To improve the energy balance, bio-methane is used for the purposes of vehicle fuel supplied at a gas service station equipped with a refining system.
- **RIS3 EFLUENT-EX:** its aim is to promote clean energy and the use of organic and agro-industrial waste, with Aqualia working to convert WWTPs into bio-factories and renewable energy sources, promoting sustainable mobility based on green biofuels.
- **LIFE INTEXT:** the project optimises low-cost purification technologies in small towns with a view to minimising the energy cost, carbon footprint and waste from the treatment process. It assess sustainable solutions from an ecological and economic perspective for settlements with less than 5,000 residents, supported by specialist SMEs from Germany, Greece and France.

- **LIFE PHOENIX:** the project optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse, assessing effluents at several mobile plants. These devices combine physicochemical treatments with advanced filtration and various ultra- and nanofiltration membrane refining skids.
- **LIFE ZERO WASTE WATER:** the project seeks to achieve a purification process with a zero carbon footprint. To this end an anaerobic reactor with AnMBR membranes has been set up, which produces biogas, followed by the ELAN® process in the water line to eliminate nitrogen with low energy consumption. The management of FORSU is assessed with the transport the mixture of organic matter in a single stream in the sewerage system.
- **LIFE INFUSION:** as part of the project, new resource recovery plants have been designed using municipal solid waste and the leachate digestion system has been optimised.
- **LIFE RESEAU:** the RESEAU project aims to increase the capacity and resilience of the existing sanitation water infrastructures to the impact of climate change. The aim is to develop a flexible flow management model.
- **H2020 BBI B-FERST:** project to develop new biofertilisers using urban wastewater and by-products of 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.
- **H2020 BBI DEEP PURPLE:** the project implements on a demonstration scale a new biorefinery model that integrates purple and phototrophic bacteria (PPB) in anaerobic carousels. 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.
- **H2020 SEA4VALUE:** project focussed on recovering resources from concentrated brines in seawater desalination stations (SWDPs). At least eight innovative technological solutions are 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.
- **H2020 ULTIMATE:** the project consisted of the installation in the WWTP with a fluidised anaerobic reactor (FBBR/Elsar) on an industrial scale, to recover biomethane and supply a fuel cell. The co-digestion of residual yeast is also being studied.
- **H2020 REWAISE:** the project 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. To improve the operation and control of the processes, work is under way on the simulation of networks and plants, optimising the efficiency of the service as well as water quality.
- **H2020 NICE**: the generates scientific knowledge using nature based solutions (NBS), such as wetlands or green walls. These elements are involved in the purification and recovery of resources from urban wastewater.
- **ECLOSION MISSIONS:** project co-financed by the CDTI (Centre for Technological Development and Innovation), its main objective is to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous gases, such as hydrogen and biomethane. These energy vectors will be made using urban waste, agri-food, wastewater and sewage sludge and will be monitored using eco-efficient, flexible and smart optimisation tools.
- **ZEPPELIN MISSIONS:** project co-financed by the CDTI that researches a flexible series of green hydrogen production and storage technologies based on the use of waste and by-products (agri-food, textiles, treatment plants and refineries). The aim is to make this energy vector more efficient, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and hydrogen storage.
- **HE D4RUNOFF:** develops tools to quantify, avoid and manage diffuse pollution created by urban runoff water.
- **HE CHEERS:** the project aims to revalue by-products that are underused or wasted by the brewing industry, such as bagasse, wastewater, CO_2 and methane. Through a biorefinery approach, inspired by the biodiversity of nature (insect and microbe platforms), five innovative bio-products are generated that are competitive at a market level: insect protein, disinfectant, microbial protein, ectoin and caproic acid.
- **HE NINFA:** the project develops groundwater monitoring and protection systems, starting with the measurement, modelling and treatment of different pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, micro plastics and salinity). The groundwater management and pollution prevention strategy is structured around early detection systems, a better understanding of the effects to achieve synergies and to control the risks of multiple disturbance factors. These elements are combined with predictive methodologies to increase resilience and implement treatment and mitigation solutions.

- **UMI AQUATIM:** its aim is to respond to current challenges, by studying and implementing new technologies throughout the entire water cycle. Innovation, the development of new circular economy models and digitalisation are key factors in obtaining new sources of green energy (H2 and biogas), new natural resources and their efficient use (nutrients, metals and water). It also includes the protection of ecosystems and biodiversity through nature-based solutions (NBS), the development of new digital technologies (sensors, traceability, models and predictive systems) and the introduction of improvement actions to ensure the quality of water masses.
- **RESURGENCE:** the project pursues a model of circularity in industrial water consumption from a broad perspective: efficient technologies for the circularity of water, the recovery of energy and raw materials, with a view to contributing to climate neutrality, circularity and the competitiveness of the European Union.

In addition, during 2023, ten families of patents and brands that have continued to grow since 2014 were maintained, with two Aqualia Industrial patents still in force.

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 FCC 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 FCC 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.

A number of the projects are being undertaken in coordination with the public administrations, as is the case of CIEN "**Bicisendas**", as part of which several municipalities across Catalonia have been contacted for the creation of a pilot bicycle lane.

At an **international** level, in 2023 work was undertaken as part of (i) the European R&D&i project "DigiChecks ", funded by the EU Research and Innovation Framework Programme, Horizon Europe, as part of which a Digital Environment is being developed to facilitate interoperability and communication between different construction industry platforms, the management of permits and controls accordingly. The project is structured around new technologies (including BIM, GIS, Artificial Intelligence, Blockchain, Digital Twin), using previous international initiatives as a reference, and (ii) the "**EC2**" project financed by EDF-DA (European Defence Fund). The EC2 project consists of the development of software that provides the functional capacity of strategic command and control for a future General Headquarters of the European Union, which will help to achieve the capabilities for planning and conducting military operations, both executive and non-executive. The system will make it possible to centralise all operating capacities in a single point of access.

In relation to the National Projects undertaken during 2023, the development of the following projects is worth particular note:

- **BICISENDAS:** part of the CDTI's CIEN 2018 programme, the objective of which is the development of a new generation of bicycle lanes, which will be modular, produced with sustainable materials and can be custom designed for the integration of various technologies and depending on arising to be covered sycg as helping to increase comfort, safety, environment and communications in the bike lane environment, thus contributing to promoting sustainable transportation.
- **PRACAN: i**ncluded in the call for CDTI Cooperation projects, the aim of which is to develop a robotic platform for the identification, control and monitoring of carcinogenic agents in construction environments. This platform will be structured around a series of mobile nodes, one land-based and one airborne, with the ability to detect/estimate carcinogens, in particular asbestos and respirable crystalline silica (RCS) as well as a decision-making and alarm configuration system for occupational risk prevention (ORP) technicians, which will activate action protocols and recommendations.
- **ROBUST:** submitted to CDTI Cooperation projects, the aim of which is to develop a georeferenced mapping and automated monitoring system for confined environments, mainly tunnels and ditches. To this end, it is due to use new monitoring technology that will require the development and deployment of autonomous aerial robots (drones), as well as the design and development of control systems and algorithms to communicate with the robots.
- **SAIM:** project developed by Mantenimiento de Infraestructuras, S.A., which consists of developing 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.

- **DESIRE:** project developed by FCC Industrial and Infraestructuras Energéticas. S.A. and financed by the 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 Infraestructuras Energéticas, S.A. and financed by the CDTI as part 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.
- **EDIFICTEH:** collaborative project submitted to CDTI that aims to develop a new 4.0 technological solution for the construction sector employing connected and centralised management for the installation of facades.
- **SMART CONSTRUCTION MANAGER:** project presented as part of the CDTI national CIEN programme, the objective of which is the development of a new smart and autonomous system for the control and management of works; research into a variety of technologies that allow the main management processes of a project to be digitised and automated, integrating them into a collaborative tool in which the entities involved can share reliable and secure information about the progress made and the materials used, thus promoting transparency.
- **0ACCIDNTES:** project submitted as part of the CDTI's CIEN programme, the objective of which is research into new safety and health in construction technologies with 0 accidents: development of a comprehensive cognitive ecosystem for real-time monitoring and prediction of dangerous situations for the safety and health of construction workers, carrying out research that facilitates the collection, interpretation, digitization and smart and automatic management of information generated in different construction environments, based on state-of-the-art sensors, autonomous robotic systems, cyber-secure connectivity ecosystems and various elements of artificial intelligence.
- **ESPADIN:** project developed by FCC Industrial e Infraestructuras Energéticas, S.A., included in the CDTI MISSIONS programme, the objective of which is to make collaborative technological developments dedicated to take the sharing and use of the value of data to industrial practice under the paradigm of the so-called shared data spaces.
- **ECOLOGÍA COTORRAS:** project developed by Mantenimiento de Infraestructuras, S.A., within the framework of the industrial doctoral candidates programme organised by the Community of Madrid; its aim is to delve into the ecology of the Argentine parrot and Kramer's parrot (and its ecological and health impacts) to better understand how biological invasion processes work and integrate the scientific knowledge generated into the management plans in place for these species.
- **CLIMPORT:** project submitted to the Public-Private Collaboration programme, as part of the 2021-2023 State Plan for Scientific, Technical and Innovation Research, within the framework of the Recovery, Transformation and Resilience Plan, the main objective of which is to develop an innovative modular system with new professional methodologies for the design and construction of port infrastructure adapted to climate change.
- **BIOPROLIGNO:** project developed by Mantenimiento de Infraestructuras, S.A., submitted to the Public-Private Collaboration programme as part of the 2021-2023 State Plan for Scientific, Technical and Innovation Research, within the framework of the Recovery, Transformation and Resilience Plan, which will investigate the transformation of lignocellulosic waste into bio-products for use in the maintenance of infrastructure and green areas.
- **FOTOVOLPLAS:** project developed by Megaplas, S.A., submitted for one of the electrical self-consumption grants offered by IDEA, the objective of which is the installation of photovoltaic panels on the MEGAPLAS factory roof. The proposed installation consists of 463 LONGI SOLAR bifacial and monocrystalline cell technology modules, specifically, the LR5-72 540 Wp HBD model and 2 HUAWEI Smart PV String-type photovoltaic inverters, model SUN2000-100KTL-M1.

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 166002:2021, certified by AENOR, the Spanish Standardisation and Certification Association. MATINSA and FCC Industrial and Infraestructuras Energéticas are also R&D&i Management System certified pursuant to UNE 166002:2021.

Cement

In 2023, the project involving the **ASSESSMENT OF THE POTENTIAL FOR GEOLOGICAL CO_2 STORAGE**, in collaboration with the Geological and Mining Institute of Spain and the Oficemen Group, was completed.

The main conclusions of the study were the development of scenarios for the potential deployment of CO_2 capture, use and storage technologies (CAUC) in the sector, evaluating their possibilities and associated costs.

9. Other relevant information. Share performance and other information

9.1. Share performance

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan. – Dec. 2023	Jan. – Dec. 2022
Closing price (€)*	14.56	8.32
Change in the period	69.1%	-20.4%
Maximum (€)*	15.40	10.50
Minimum (€)*	8.16	7.08
Average daily trading (no. of shares)	55,044	51,109
Average daily trading (million euros)	0.6	0.5
Capitalisation at end of period (million euros)	6,350	3,866
No. outstanding shares	436,106,917	438,344,983

* Adjusted by scrip dividend for 2022 and 2023.

9.2. Dividends

The Company's Board of Directors, at its meeting held on 28 June 2023, agreed to implement the agreement on the distribution of the scrip dividend adopted for the sum of €0.50/share, at FCC's General Shareholders' Meeting on 14 June 2023, in item 7 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. Subsequently, at the end of the first six months of the year, in July, the holders of 99.18% of the free allocation rights chose to receive new shares, up on previous years. Therefore, the increase in paid-up capital stood at 22,697,739 shares.

10. Definition of alternative performance measures according to ESMA regulations (2015/1415en)

EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses.

	Dec. 2023	Dec. 2022
Operating profit/(loss)	**910.3**	**610.5**
Amortisation of fixed assets and allocation of grants for non-financial and other assets	587.4	512.1
Impairment and gains/(losses) on disposal of fixed and non-current assets	47.0	174.9
Other gains/(losses)	-15.1	13.9
EBITDA	**1,529.6**	**1,311.4**

Its calculation is justified by the wide use of this indicator by the different agents of the financial markets, as it is a measure of the operating profit generated before depreciation and amortisation, which does not imply a cash flow for the company and does not depend on its capital structure.

EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

Its calculation is justified by the wide use of this indicator in the economic and financial field, as it is a measure of the operating profit obtained after the amortisation and depreciation of assets that allows the comparison of the company's results without taking into account its capital structure.

Backlog

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 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.

At the Environment division, 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 any price or schedule changes that may be agreed with the client. 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.

We do not calculate the Cement area's backlog due to the typically short-term nature of the order cycle.

In the Real Estate area, the real estate portfolio corresponds to the amount of the collection corresponding to the sales of properties pending formalisation at the end of the period in the Development activity. The GAV at the market value of the real estate assets as determined by independent experts and the occupancy rate at the occupied surface area of the portfolio of rental property assets divided by the portfolio's operating surface area.

We calculate the backlog for our Environment, Water and Construction areas because these businesses are characterised by medium and long-term contracts. This indicator is a measure of the expected future income of certain areas of the company.

Net financial debt

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other cash equivalents. The numerical breakdown is provided in note 29 to these consolidated financial statements.

Helps to determine the situation of a company in terms of its financial debt obligations before third parties from outside the Group, less its cash and equivalents. It is often used to assess the solvency of a company and calculate financial indicators.

EBITDA Margin

Considered as EBITDA (or gross operating profit) divided by Net Turnover in each case.

A measure of a company's operating profit compared to its income. Used to determine the efficiency of the operating activities it performs.

EBIT margin

Considered as EBIT (or operating profit) divided by Net Turnover in each case.

A measure of a company's net operating profit compared to its income, before paying taxes and interests.

Working capital

The part of Current Assets financed using long-term funds (Non-Current Liabilities and Net Equity). It is calculated as the sum of Current Assets minus the sum of Current Liabilities.

This is an important when it comes to obtaining an insight into the company's capacity to continue performing its activities and assessing its liquidity to meet short-term obligations.

Net cash with recourse

It is defined as Cash and other equivalent liquid assets, plus short-term Financial Assets, minus the Gross Financial Debt, of the parent company and that of those subsidiary companies that are financially guaranteed with the equity of the forementioned parent company.

Helps to determine the situation of a company in terms of cash and equivalents less its financial debt obligations before third parties from outside the Group. It is often used to assess the solvency of a company and calculate financial indicators.

Gross financial debt

Debts with credit institutions, debt instruments and loans, financial lease payables and other financial borrowings from third parties, joint ventures and associates on the Liabilities side of the consolidated balance sheet.

Its calculation provides an overview of a company's financial debt obligations, determining future maturities and its financial situation.

Economic value generated and distributed

Both indicators are calculated pursuant to GRI 201 (2016). Below is the formula for calculating both indicators, facilitating, as applicable, the reconciliation of the corresponding items of the financial statements (in thousands of euros):

	2023		2022	
Economic value generated		**9,359,423**		**8,039,315**
Turnover		9,026,016		7,705,687
From renewable sources		333,407		333,628
Other operating income	257,555		288,480	
Financial income	75,852		45,148	
Economic value distributed		**8,273,550**		**6,965,466**
Operating costs		5,367,165		4,518,220
Supplies	3,700,000		3,004,337	
Other operating expenses	1,677,916		1,540,539	
Changes in inventory of finished products and products in progress	-10,751		-26,656	
Employees		2,474,449		2,238,733
Staff costs	2,474,449		2,238,733	
Capital suppliers		244,201		134,635
Financial expenses	225,824		164,240	
(-) Other financial profit/(loss)	18,377		-29,605	
Taxes		186,635		72,723
Corporate income tax	186,635		72,723	
Community		1,100		1,155
Economic value retained		**1,085,873**		**1,073,849**

"Community" includes donations to non-profit organisations.

Information on the creation and distribution of economic value reflects the economic profile of an organisation and is useful when it comes to looking at how a company generates wealth, through the direct monetary value added to the economies in which it operates. In relation to the headings on the income statement, balance sheet and statements of cash flows provided in note 2.1 of the management report, the following reflects their reconciliation with the corresponding headings on the financial statements of the FCC Group shown in italics:

Income statement *(Millions of Euros)*

	Dec. 23	Dec. 22
Revenue	**9,026.0**	**7,705.7**
Self-constructed assets	*87.7*	*74.1*
Other operating income	*257.5*	*288.5*
Changes in finished goods and work in progress inventories	*10.8*	*26.6*
Procurements	*-3,700.0*	*-3,004.3*
Staff costs	*-2,474.5*	*-2,238.7*
Other operating expenses	*-1,677.9*	*-1,540.5*
Gross operating profit (EBITDA)	**1,529.6**	**1,311.4**
EBITDA Margin	16.9%	17.0%
Provision for amortisation of fixed and non-current assets	-596.9	-519.7
Amortisation of fixed assets and allocation of grants for non-financial and other assets	*-587.4*	*-512.0*
Non-financial and other capital grants taken to income (*)	*-9.5*	*-7.7*
Other operating income/(losses)	-22.4	-181.1
Impairment and gains/(losses) on disposal of fixed assets	*-47.0*	*-174.9*
Other gains/(losses)	*15.0*	*-13.9*
Non-financial and other capital grants taken to income (*)	*9.5*	*7.7*

Income statement *(Millions of Euros)*

	Dec. 23	Dec. 22
Net operating profit (EBIT)	**910.3**	**610.5**
EBIT margin	10.1%	7.9%
Financial income	-150.0	-119.1
Financial income	*75.8*	*45.1*
Finance expenses	*-225.8*	*-164.2*
Other financial profit/(loss)	-18.4	29.6
P/L of companies accounted for by the equity method	174.0	29.6
Profit/(loss) before tax from continuing activities	**915.9**	**550.7**
Company tax on profits	-171.1	-72.7
Income tax	*-171.1*	*-72.7*
Income from continuing operations	**744.8**	**477.9**
Net Income	**744.8**	**477.9**
Consolidated profit/(loss) for the year	*744.8*	*477.9*
Non-controlling interests	-153.8	-162.7
Profit/(loss) attributable to non-controlling interests	*-153.8*	*-162.7*
Profit attributable to the Parent	**591.0**	**315.2**

(*) In the financial statements, the heading "Amortisation of fixed assets and allocation of grants for non-financial and other assets" includes Apportionment of grants for fixed and non-current assets and others", which in the management report is included under "Other operating profit/(loss)".

BALANCE SHEET

(Millions of Euros)

	Dec. 23	Dec. 22
Intangible assets	2,483.5	2,342.1
Property, plant and equipment	3,829.8	3,496.8
Investment property	2,091.3	2,122.9
Investments accounted for using the equity method	1,034.3	502.6
Non-current financial assets	748.4	910.6
Deferred tax assets and other non-current assets	468.3	499.5
Non-current assets	**10,655.7**	**9,874.5**
Inventory	1,234.3	1,143.2
Trade and other receivables	*2,957.4*	*2,468.0*
Trade and other receivables	*2,886.5*	*2,409.3*
Other current assets	70.9	58.7
Other current financial assets	260.5	221.3
Cash and cash equivalents	1,609.7	1,575.5
Current assets	**6,062.0**	**5,408.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**

BALANCE SHEET

(Millions of Euros)

	Dec. 23	Dec. 22
Equity attributable to shareholders of the parent company	4,450.1	3,387.9
Non-controlling interests	1,695.9	1,551.1
Equity	**6,146.0**	**4,939.0**
Grants	226.6	202.9
Non-current provisions	1,230.6	1,141.7
Long-term financial debt	4,361.0	3,860.7
Non-current financial liabilities	*4,817.0*	*4,271.3*
Other non-current financial assets not included in financial debt (*)	*-456.0*	*-410.6*
Other non-current financial liabilities	456.0	410.6
Other non-current financial assets not included in financial debt (*)	*456.0*	*410.6*
Deferred tax liabilities and other non-current liabilities	434.1	430.7
Deferred tax liabilities	*284.2*	*282.0*
Other non-current liabilities	*149.9*	*148.7*
Non-current liabilities	**6,708.3**	**6,046.6**
Current provisions	159.6	148.1
Short-term financial debt	604.1	1,121.8
Current financial liabilities	*926.8*	*1,333.1*
Other current financial assets not included in financial debt (*)	*-322.7*	*-211.3*
Other current financial liabilities	322.7	211.3
Other current financial assets not included in financial debt (*)	*322.7*	*211.3*
Trade and other payables	2,777.0	2,815.7
Current liabilities	**3,863.4**	**4,296.9**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**

(*) Non-current and current "Other financial liabilities" include amounts that form part of the financial debt and others that do not. Financial debt is included under "Long/short-term financial debt" and non-financial debt are reported under "Other non-current/current financial liabilities" in the management report.

Cash flow *(Millions of Euros)*

	Dec. 23	Dec. 22
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**
Profit/(loss) before tax from continuing operations	*915.9*	*550.7*
Amortisation and depreciation	*596.9*	*522.2*
Impairment and gains/(losses) on disposal of fixed assets	*47.0*	*174.9*
Other adjustments to profit/(loss) (net) (*)	*-30.2*	*63.6*
(Increase)/decrease in working capital	-691.4	285.3
Changes in working capital	-691.4	285.3
Corporation tax (paid)/received	-124.2	0.7
Other operating cash flow	71.4	-51.6
Dividend collections	*70.2*	*40.2*
Other adjustments to profit/(loss) (net) (*)	*1.2*	*-91.8*
Operating cash flow	**785.4**	**1,545.8**
Investment payments	-1,104.6	-1,062.1
Proceeds from divestments	36.2	51.5
Other investment cash flows	106.0	72.6
Investment cash flow	**-962.4**	**-938.0**
Interest paid	-172.5	-123.7
(Payment)/receipt of financial liabilities	-113.8	-333.9
Other financing cash flow	496.6	-109.6
Issuance/(amortisation) of equity instruments	*-0.4*	*-0.3*
(Acquisition)/disposal of own shares	*575.7*	*-39.1*
Dividends paid and payments on equity instruments	*-80.8*	*-73.2*
Other collections/(payments) from financing activities	*2.1*	*3.0*
Financing cash flow	**210.3**	**-567.2**
Exchange differences, change in consolidation scope, etc.	**1.0**	**-0.6**
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**

(*) "Other adjustments to net income" on the financial statements is divided into two subheadings on the statement of cash flows in the management report, taking EBITDA as a starting point and not the "Profit/(loss) before tax from continuing operations".

11. Annual Corporate Governance Report

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission and on the issuer's website.

https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=1&nif=A-28037224&lang=en

12. Annual Directors' Remuneration Report

The Annual Directors' Remuneration Report is available on the website of the National Securities Market Commission and on the issuer's website.

https://www.cnmv.es/portal/consultas/ee/informaciongobcorp.aspx?TipoInforme=6&nif=A-28037224&lang=en

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, 2023

Building a better working world

Building a better working world

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

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, 2023, 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, 2023 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: Calle de 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. C.I.F. B-78970506.

A member firm of Ernst & Young Global Limited.

EY
Building a better working world

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 2023, 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 3,296,179 thousand euros and 421,079 thousand euros, respectively, and under "Short-term investments in group and associates", mainly loans with group companies and associates amounting to 409.471 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.m 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 and assessing whether they are in conformity with the applicable financial reporting framework.

Recoverability of deferred tax assets

Description

As explained in note 16 to the accompanying financial statements, the Company recognised deferred tax assets at 31 December 2023 amounting to 117,812 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 corresponding to temporary differences, negative tax bases pending compensation or deductions pending application for which it is likely that the Tax Group will have future taxable profits that make it possible to recover these assets.

EY
Building a better working world

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 and assessing whether they are in conformity with the applicable financial reporting framework.

Other information: management report

Other information refers exclusively to the 2023 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 Annual Corporate Governance Report and in the Annual Directors' 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.

EY
Building a better working world

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 2023 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.

EY
Building a better working world

- 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 2023 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 2023 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 Annual Corporate Governance Report and the Annual Directors' Remuneration Report have been incorporated by reference in the management report.

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.

Building a better working world

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 29, 2024.

Term of engagement

The ordinary general shareholders' meeting held on June 2, 2020 appointed us as auditors for 3 years, commencing on December 31, 2021.

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 29, 2024

A member firm of Ernst & Young Global Limited.

A2

Sustainability Report

It contains the consolidated Non-Financial Reporting Statement, in compliance with the Spanish Non-Financial Reporting and Diversity Act (Law 11/2018).

Index

Letter from the Chief Executive Officer _ 562

1. Driving progress _ 564
1.1. 2023 in context _ 565
1.2. Milestones, awards, and recognitions _ 566
1.3. Business model _ 567
1.4. Governance structure _ 578

2. Sustainability in action _ 583
2.1. Global challenges and trends _ 583
2.2. Corporate culture of commitment _ 592
2.3. ESG Framework _ 592
2.4. FCC's priorities _ 599
2.5. Dialogue with stakeholders _ 603
2.6. Innovation with a purpose _ 604

3. Environmental challenges and achievements _ 610
3.1. Environmental management _ 610
3.2. Resources dedicated to environmental risk prevention _ 614
3.3. Climate action _ 615
3.4. Pollution _ 624
3.5. Water _ 631
3.6. Biodiversity and ecosystems _ 636
3.7. Circular economy and use of resources _ 641

4. Human commitment _ 649
4.1. The best teams _ 649
4.2. Diversity and equal opportunities _ 656
4.3. Social relationships _ 660
4.4. Health, safety and wellbeing _ 663

5. Citizen services _ 668
5.1. Clients _ 668
5.2. Suppliers _ 673
5.3. Transformation of communities _ 677

6. Good governance _ 683
6.1. Risk management _ 683
6.2. Business conduct _ 688
6.3. Human Rights _ 694
6.4. Tax transparency _ 696
6.5. Cybersecurity and data protection _ 699

7. Annexes _ 701
7.1. About this Report and its scope _ 701
7.2. Additional tables _ 701
7.3. GRI Content Index _ 726
7.4. Indicator table Law 11/2018 _ 737
7.5. European Union Environmental Taxonomy _ 743
7.6. Verification Disclosures _ 761

Letter from the Chief Executive Officer

Dear Stakeholders of FCC,

It is an honour to address you all in our 2023 Sustainability Report. On behalf of the entire FCC Group, I give you a warm welcome to this document, which not only showcases our activity throughout the year, but also our progress and commitments on matters related to sustainability.

This document includes the company's consolidated Non-Financial Reporting Statement (NFS) and was prepared according to a comprehensive double materiality analysis, in compliance with the standards of the international reporting framework of the *Global Reporting Initiative* (GRI).

In 2023, a series of milestones had notable consequences on the global economy. The ongoing conflict in Ukraine and the increased tension levels in the Middle East have created a complex geopolitical environment. Climate change has become the central item of the global agenda, requiring greater international cooperation to address the environmental challenges and their economic and social impacts. This scenario is also characterised by inflationary pressure and regulatory changes, which are challenging organisations to adapt to the new situation quickly and effectively.

Despite the complexity of these global challenges, I am happy to inform you that the FCC Group has demonstrated a notable resilience and managed to tackle the hurdles of the current global environment. A year on, we have managed to meet our objectives, with the growth of our business and financial indicators, as in past years.

Beyond the positive results, FCC is proud to have rolled out its operations in more than 38 countries. The international expansion of a century-old Group such as FCC runs in parallel to our on-going commitment to the opportunities offered by the Spanish market.

With regard to sustainability, the FCC Group has achieved very important milestones during the year 2023. The Group has continued to work towards the achievement of the Sustainable Development Goals (SDGs), annually reflecting our actions and achievements through the campaign *#ODSporBandera* (#SDGFlag), endorsed by the UN's Global Compact in Spain. Likewise, in line with our commitment to transparency, the Group has participated in the Carbon Disclosure Project (CDP), reporting its annual greenhouse gas emissions (GHG) to assess and improve in this area.

In addition, the Group has consolidated its position as a driving agent behind the development of sustainable cities, helping transform urban spaces into greener and more habitable environments. The Group has optimised the integral water cycle applying the principles of the circular economy and developing infrastructures that connect people. We are committed to continue investing in R&D&I projects that drive efficiency and sustainability, particularly in technologies for obtaining green hydrogen.

As for environmental indicators, we have made a huge progress on the reduction of our greenhouse gas emissions (GHG), cutting them down by 8% when compared to the previous year.

In the social context, we have strengthened our corporate responsibility initiatives, helping improve the communities in which we operate. In addition, our workforce is constantly growing. Proof of this is that this year, over three thousand professionals have joined us in our operations across the world, for a total workforce of the FCC Group of approximately 67,000 people.

In terms of governance, we have implemented practices that boost transparency and ethics, strengthening the trust of our Stakeholders, with the commitment to guaranteeing due diligence across our operations and our value chain. Likewise, we have driven the implementation of the updates of Law 2/2023, which regulates the protection of whistleblowers and the fight against corruption.

To reaffirm our commitment to sustainability in the next few years, we will continue to work to fulfil our roadmap, in response to the global objectives, challenges and goals of the 2030 Agenda. This roadmap is based on our double materiality analysis and on the adaptation to the requirements of the new European directive on Corporate Sustainability Reports and the use of the ESRS standards (*European Sustainability Reporting Standards*).

We are aware of our responsibility and potential in protecting the environment and the communities in which we operate and, naturally, with our collaborators. With this perspective, proof of our commitment to the transition to a circular economy model can be seen in our participation in research projects, which are often part of the LIFE Programme, that funds environmental preservation projects across the European Union.

As a leading company, we are responsible of leading by example. For this reason, our governance focuses on transparency and responsibility, and it is tightly linked to the ethical values that guide our decisions and actions. We believe that the participation of all our Stakeholders is one of the essential pillars to guarantee fair and representative decision-making processes.

I would like to end these lines by expressing my most heartfelt gratitude to our investors, shareholders, strategic partners, as well as our esteemed clients. Your ongoing trust and support are the foundations of our growth and constant improvement as each year passes. In particular, I would also like to highlight the non-stop effort of the team of professionals that make up the FCC Group. You are the main driving agents behind our company's achievements. Your daily dedication, talent and professionalism are key to the sustained success of FCC. Together, we share a vision and a purpose that become even more meaningful as we make progress together. Your unconditional commitment and passion, which you show every day, do not go unnoticed and I would like to express my most sincere congratulations and heartfelt gratitude for your valuable contribution.

Yours sincerely,

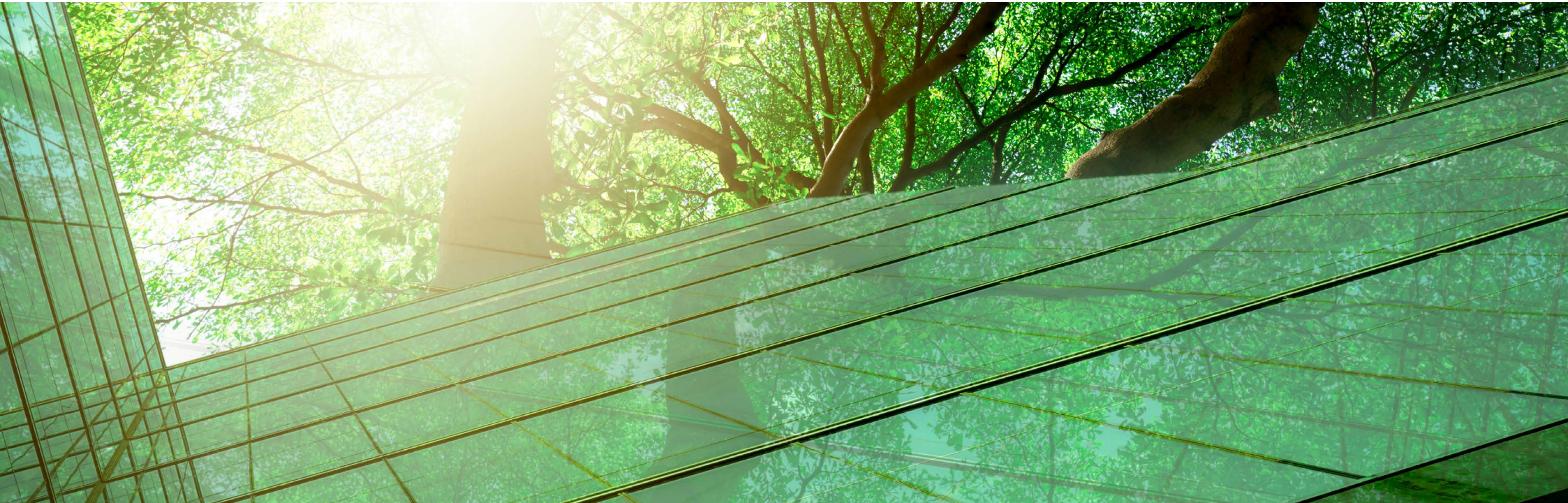
Pablo Colio Abril
CEO of the FCC Group

1. Driving progress

The **2023 Sustainability Report** portrays the FCC Group's commitment to corporate responsibility and sustainable development. Over the year, the Group has achieved notable milestones and received recognition for its practices, all of which are proof of FCC's focus on innovation and sustainability.

The results of the main magnitudes according to ESG criteria (*Environment, Social and Governance*) reaffirm that FCC is in line with the Sustainable Development Goals (SDGs) and other internationally renowned initiatives, as well as its commitment to continuous improvement.

Below is a detailed description of the business model on which the Group's operations are based, which is made up of the different activities carried out in different sectors, such as environmental services, water cycle management, infrastructures, cement, and real estate. These activities are developed under a governance structure that supports ethical and transparent decision-making processes, guided by the unwavering commitment to exemplary performance in environmental, social, and governance-related matters.



1.1. 2023 in context

General figures

38 countries where the FCC Group operates

17% turnover increase

67,090 people make up the FCC Group

€915,930 thousand profit before tax

€9,026,016 thousand turnover

Social figures

€1,100,341 contributions to non-profit organisations

83.68% open-ended contracts

€2,141,438 for associations

44,893 local suppliers

€2,269,229 for sponsorship

Environmental figures

82.7% of its activity certified according to environmental quality standards

2,865,154 GJ of electricity consumption from renewable sources

€100,565,944 dedicated to preventing environmental risks

17,423,439 t of treated waste

665,574 GJ of self-produced renewable energy

31% increase in the consumption of materials obtained from renewable sources

Governance figures

36% of women on the Board of Directors

16% of women in executive and management positions

85% of standards of the CNMV's Code of Good Governance implemented

2,002 suppliers assessed in the area of Compliance

Economic value generated and distributed (thousands of €)

Economic value generated	**9,359,423**
Turnover	9,026,016
Other income	333,407
Economic value distributed	**8,273,550**
Operating costs	5,367,165
Employees	2,474,449
Capital suppliers	244,201
Taxes	186,635
Community	1,100
Economic value retained	**1,085,873**

The table shows the magnitudes through which the Group generates revenues with its activities, as well as how it contributes to the communities in which it operates, by purchasing materials, creating jobs, paying taxes, or making contributions to charity.

1.2. Milestones, awards, and recognitions

FCC Construcción publishes the 2023-2026 Sustainability Strategy, approved by the Sustainability Committee, and the 2023-2026 Climate Change Strategy, as part of the Climate Action initiative.

The IFM Investors Community Scholarship Programme has given two grants to **Aqualia**, in collaboration with two NGOs, for projects to help workers with Asperger syndrome (Spain) and to improve water treatment processes (Colombia).

FCC Construcción, the only construction company that is part of the United Nations Sustainable Finance Platform, develops an innovative tool that allows linking the company's sustainable investment with the SDGs, in order to rigorously understand its economic impact on sustainable development.

The **CPV Group** redefines the values and behaviours of its business culture, aligning them with the new purpose of "Driving Sustainable Progress", to become stronger, more solid and sustainable across all operations and decision-making processes.

FCC Medio Ambiente Iberia publishes its ninth two-yearly sustainability report under the slogan "Leading the era of change", presenting its new 2023-2026 Action Plan, as part of the framework of its 2050 Sustainability Strategy

FCC certifies the management systems at its corporate headquarters in Las Tablas: Energy, Universal Accessibility and Zero Waste.

Realia Group consolidates its ESG committee and adopts the corporate ESG Strategy

FCC Environmental Services (USA) has been awarded with the waste collection contract in the county of St. Johns, Florida, and will have a fleet of eco-friendly vehicles powered by compressed natural gas, a sustainable and innovative system.

FCC Environment UK has received an award in the "Lets Recycle Awards for Excellence", in the categories "Contribution to achieving Zero Emissions" and "Civic Equipment of the Year"; and has also received the Sword of Honour from the British Safety Council (BSC) for its high standards in occupational risk prevention.

The **FCC Group** receives the award for the best internal communication practice in the field of sustainability, from the Observatory of Internal Communication and Corporate Identity - OCI, for its you_*diversity* project.

FCC Medio Ambiente publishes the second Green Financing Framework, in line with the Green Loan principles (GLP), the Green Bond Principles (GBP) and with the Regulation of the EU taxonomy for mitigating and adapting to climate change.

Torre **Realia** The Icon is recertified again with BREEAM on Use part 1 and part 2, meeting and exceeding the previous rating in the management section

FCC Environment CEE creates the PEGASUS project, for developing and establishing sustainability achievements, made up of several experts to ensure compliance and identify new opportunities in ESG.

FCC has been awarded the ONCE Community of Madrid Social Group Solidarity Award 2023 in the Company category, in recognition of its social projects that address inequality.

Aqualia receives the "Impact project/investment of the year 2023" award from the publication Environmental Finance, in recognition of "the diverse and large-scale geographic impact" of the green syndicated loan received.

The **CPV Group**, with the awareness-raising campaign "Safety is Not Negotiable" on the 8 safety rules and the most important aspects of the risk map, strengthens the preventive culture from the point of view of self-protection.

1.3. Business model

The FCC Group has been providing services to citizens for more than a century and has been characterised by its commitment to urban and social development since its establishment. The Group was created in 1992 following the merger of **Fomento de Obras y Construcciones, S.A.**, a construction company established in 1900, and **Construcciones y Contratas, S.A.**, established in 1944.

Currently, the FCC Group operates globally, offering its services in **more than 38 countries**, which reaffirms its global nature and commitment to international expansion, while increasing the loyalty of its stakeholders in its different activities. The Group's main aim is to **improve the quality of life of citizens** and contribute to the sustainable progress of society as a whole. To achieve this, it has developed a wide range of services, always committed to a diversified business model.

FCC is a pioneer in developing **profitable and sustainable business structures**, promoting local development, and making a huge contribution to the well-being and development of society. Thanks to this, it has managed to consolidate its position as one of the leading national and international citizen services groups, establishing itself as a benchmark in the environmental services, water, infrastructure, cement, and real estate management sectors. Its success is the result of a diversified and well-balanced business model:

Environmental Services

- Waste collection, treatment, and recovery
- Conservation of green areas
- Maintenance of sewage systems
- Recovery of contaminated soils
- Street cleaning

Infrastructures

- Civil Engineering
- Building
- Infrastructure maintenance
- Industrial
- Concessions
- Prefabricated

Water

- Municipal and infrastructure concessions (BOT contracts)
- Hydraulic infrastructure operation and maintenance services
- EPC projects (Engineering, Procurement and Construction)

Cement

- Cement
- Concrete
- Aggregates
- Mortar

Real Estate

- Building leasing and management
- Development and management of home rental projects
- Real estate product promotion and sales
- Urban land management

Environmental Services

FCC Servicios Medio Ambiente Holding, S.A.U, the entity that structures the activities of the **Environmental Services** area, is one of the seven most important companies in the sector, with a commitment to technological innovation, with the aim of improving the well-being of citizens and making cities and companies increasingly sustainable. In addition, its vehicle fleet is one of the most modern in the world, made up of 3,000 vehicles with sustainable propulsion systems.

In Spain, **FCC Medio Ambiente** has been operating since 1911 and, together with F**CC Environment Portugal** and **FCC Ámbito**, it offers a wide range of services, including collection, treatment and recovery of waste, cleaning of public roads, maintenance of sewage networks, conservation of green areas, cleaning and maintenance of buildings and facilities, treatment and disposal of industrial waste, and recovery of contaminated soils.

In the United Kingdom, **FCC Environment UK** aims to minimise the amount of waste deposited in landfills, with the conversion of waste into a valuable resource, whenever this is possible. Currently, FCC Environment UK is one of the leading companies in the British environmental services sector and its activities include municipal and industrial services, treatment and recycling of waste and turning waste into energy.

FCC Environment CEE operates in different European countries with the slogan "Operating for the Future". It is a leading company in the sustainable management of waste, and provides municipal services, solutions for industrial waste, domestic services, environmental services, facility management, cleaning and maintenance of sewage networks, and consulting and engineering services.

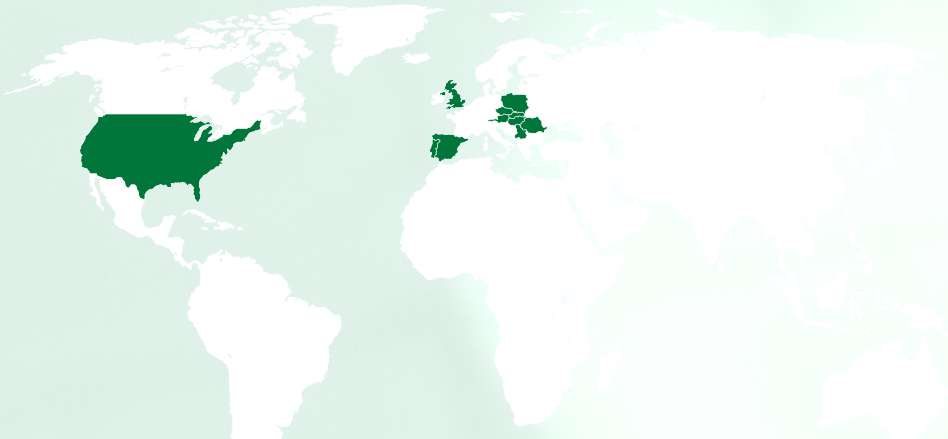
In the United States, F**CC Environmental Services** offers municipal and industrial waste collection and recycling services, using innovative technologies that maximise the efficiency and productivity of its processes. Currently, the company operates in the states of Florida, Texas, California, and Nebraska, and is positioned as one of the largest 15 waste collection and recycling companies in the United States.

Main activities

- **Provision of municipal services**
  Conservation of green areas, cleaning of beaches, coasts and coastlines, and maintenance of sewage networks.
- **Comprehensive waste management**
  Collection, transport, treatment, and recycling of urban and industrial waste, energy recovery of waste and contaminated soil remediation.
- **Management of buildings and services**
  Cleaning and maintenance of buildings and public fountains, end-to-end energy management, maintenance of street furniture and playground equipment, consulting and engineering services, and event management.

Geographic areas where it operates

- **Iberia:** FCC Medio Ambiente (Spain), FCC Environment Portugal, and FCC Ámbito (Industrial Waste).
- **United Kingdom:** FCC Environment UK.
- **Central and Eastern Europe:** FCC Environment CEE (Austria, Czech Republic, Hungary, Poland, Romania, Serbia, and Slovakia).
- **United States:** FCC Environmental Services.



Contribution to the achievement of the Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY

FCC Medio Ambiente received the *"Calculo, Reduzco y Compenso"* seal for the third year in a row, managing to reduce the intensity of the emissions by 0.67% and focusing on the generation of renewable energy, thus contributing to the achievement of SDG 7.

3 GOOD HEALTH AND WELL-BEING

FCC Medio Ambiente has obtained the seals *"Empresa Cardio-Protegida"* (Cardio-Protected Company) and *"Espacio Cerebroprotegido"* (Brain-Protected Space). These occupational health and safety initiatives are in line with SDG 3 "Good Health and Well-being", ensuring the company is prepared for cardiac and cerebrovascular emergencies and the well-being of its staff.

10 REDUCED INEQUALITIES

With its Special Employment Centre, FCC Equal, the company FCC Medio Ambiente reaffirms its commitment to employability and inclusion of people with disabilities, by means of different events, such as the Day of People with Disabilities or the FCC Equal Awards.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

FCC Medio Ambiente participates in 14 R&D&i projects associated with the circular economy to improve its waste management practices, reducing its emissions and recovering materials.

Water

Aqualia, the FCC Group's **integral water management area**, stands out as an international operator of **water services** that focuses on providing technical and efficient solutions, adapted to the supply, management, sanitation, and treatment needs of different communities, always with a vision on improving the lives of people and protecting the environment.

The company is Europe's fourth largest water management company and the world's ninth largest in terms of population served, according to the Global Water Intelligence ranking (December 2022) and has received the award for "**Best Water Company of the year 2023**". It currently provides services to 45.2 million users in 18 countries.

Aqualia has become a benchmark in the sector and stands out for its specialised, transparent, and innovative approach. The company has consolidated its reputation thanks to its commitment to sustainable development, which is inherently integrated with its business model, seeking to balance the generation of social benefits with sustainability.

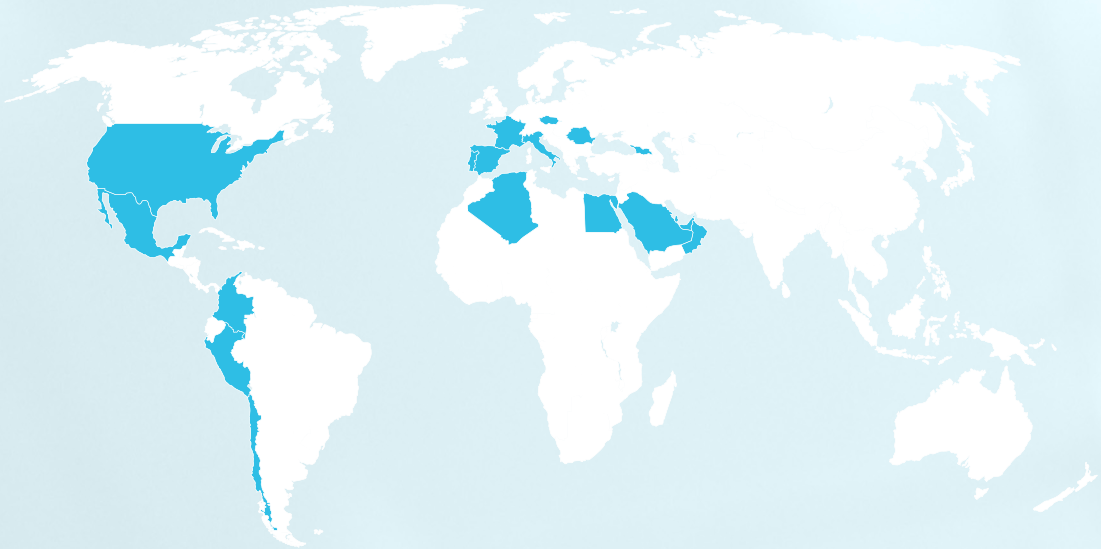
Aqualia's commitment to **efficiency in production processes and optimisation of resources**, backed by its highly experienced human team, has helped the company to become a leader in the national market and its growth abroad.

Main activities

- **Municipal concessions**
  Catchment, treatment, purification, distribution, and sanitation.
- **BOT concessions**
  Design, construction, funding, and long-term operation with BOT contracts.
- **Water infrastructures**
  Operation, maintenance, and exploitation of water infrastructures.
- **EPC contracts**
  Development of design and construction projects.

Geographic areas where it operates

- **Europe:** Spain, France, Italy, Portugal, Romania, Czech Republic, and Georgia.
- **Africa:** Algeria and Egypt.
- **America:** United States, Chile, Colombia, Mexico, and Peru.
- **Asia:** Saudi Arabia, United Arab Emirates, Oman, and Qatar.



Contribution to the achievement of the Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING

Aqualia's performance has helped improve the health and well-being of citizens, thanks to the specialised management of water as a resource. Aqualia ensures the safety, health, and well-being of its professionals through the "Be Aqualia" integrated programme.

6 CLEAN WATER AND SANITATION

SDG 6 is Aqualia's main objective, which is focused on the metrics for each of its six specific goals. The company develops projects to ensure access to water and sanitation, return water to the natural environment with full guarantees, reduce the consumption of water, or raise the awareness on the need to use water and sanitation with a responsible approach, among other initiatives.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Aqualia develops technological and innovative solutions within the framework of the Aqualia Live platform, in response to current challenges (such as climate, technological, digital, or social challenges, among others) and developing an efficient management approach in all processes.

11 SUSTAINABLE CITIES AND COMMUNITIES

Aqualia invests in the development of new technologies that allow sustainable and efficient management to provide a response to the specific needs and characteristics of each municipality, with projects such as the implementation of the water balance in real time.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Aqualia is committed to the responsible management of water and energy, aimed at efficient consumption. The company develops projects focused on reducing the consumption of water, optimising the use of energy, and reducing emissions.

17 PARTNERSHIPS FOR THE GOALS

Aqualia promotes active collaboration with its stakeholders through partnerships based on the same principles and with common goals, collaborating with over 40 national and international organisations.

Infrastructures

The **Infrastructures area** of the FCC Group is one of the leading companies in the international construction sector, backed by over 120 years of experience. It is known for the competence of its professionals and its diversification, using the resulting synergies to offer end-to-end services, execute works with real savings in its operations and investments, and provide innovative and effective solutions to clients.

It mainly operates through **FCC Construcción**, offering a wide range of services, which include all **areas of engineering and construction**, such as the design and execution of building and civil works projects.

It is also made up of a series of subsidiaries with experience in the construction sector, such as **FCC Industrial**, industrial and energy sectors; **Matinsa**, preservation of large infrastructures; **Prefabricados Delta**, prefabrication of products for the construction sector; **Megaplas**, integrated corporate image services; **Convensa,** specialised in railway works, and **Áridos de Melo**.

With a presence in over 25 countries, the FCC Group's Infrastructures area is a leader in the execution of transport infrastructures, civil works, and residential and non-residential building.

Main activities

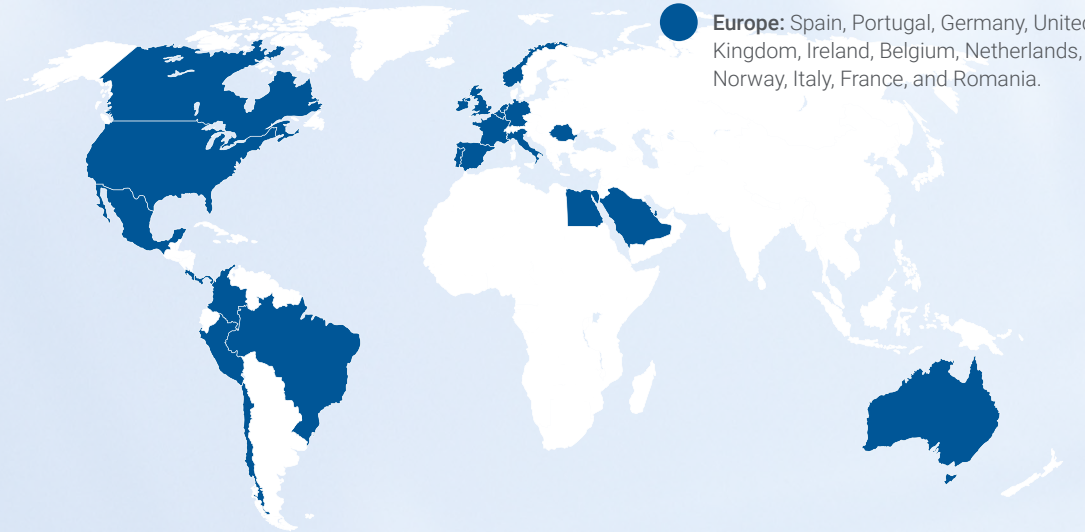
Civil Work
Development of bridges; roads; tunnels; undergrounds; railway, airport, maritime and hydraulic infrastructures, and sewage treatment plants.

Industrial construction
Construction and maintenance of infrastructures, electromechanical installations, and power distribution networks.

Building
Development of buildings for residential and non-residential use, including hospitals, football stadiums, museums, and offices, among others.

Concessions
Development, financing, administration, and operation of transport and infrastructure concessions.

Geographic areas where it operates



- **Europe:** Spain, Portugal, Germany, United Kingdom, Ireland, Belgium, Netherlands, Norway, Italy, France, and Romania.
- **Africa:** Egypt.
- **America:** United States, Canada, Mexico, Peru, Chile, Colombia, Panama, Brazil, and Costa Rica.
- **Asia:** Saudi Arabia and Qatar.
- **Oceania:** Australia.

Contribution to the achievement of the Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

FCC Construcción develops sustainable construction solutions in the field of R&D&I, in collaboration with other companies, universities, and organisations. Some of its projects are: BIOPROLIGNO, SAIM, Cotorras, PRACAN, ROBUST, BICISENDAS, and CLIMPORT.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

A basic pillar of FCC Construcción involves incorporating the concepts of circularity in all its construction processes. To this end, it was certified in 2021 as "Zero Waste" at one of its construction sites, to continue rolling out these practices in all its other construction sites and fixed locations.

13 CLIMATE ACTION

FCC Construcción published its Climate Change Strategy 2023-2026. This document incorporates three strategic lines covering mitigation, adaptation and climate change governance improvement goals.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

FCC Construcción joined the UN's Think Lab on Transformational Governance, which aims to encourage a responsible business conduct, foster ESG performance and strengthen institutions.

17 PARTNERSHIPS FOR THE GOALS

FCC Construcción participated in the Climate Summit and Leaders Summit 2023, organised by the UN Global Compact, which takes stock of the progress of enterprises in the achievement of the Sustainable Development Goals.

Cement

The **Cement area**, established by **Cementos Portland Valderrivas Group (GCPV)** and with a century-old history, is a leader in the **production of cement**, with activity in concrete, aggregates, and mortar businesses.

It uses cutting-edge technologies in its production processes to optimise its costs and comply with the environmental regulations, reaffirming its commitment to sustainability. All of this has allowed the company to evolve, catering to the changing needs of society and markets.

It is still a leader in the Spanish market and supplies its products from its six plants across Spain. In addition, it is present in international markets, specifically in Tunisia and the United Kingdom with its own factories and import terminals, consolidating the company as a sector benchmark. The Cement area seeks to develop responsible products that can build the cities of the future, with the aim of offering a response based on a sustainable and circular model.

Main activities

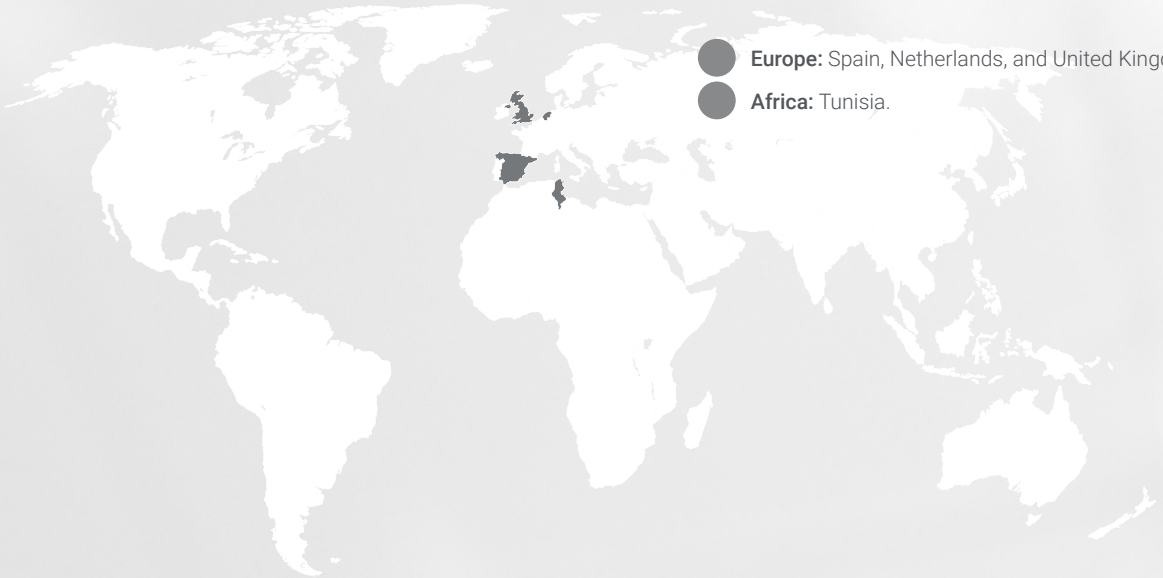
Cement
An essential material for construction, it is obtained by calcining a mixture of limestone, clay and, iron ore at 1,450°C.

Concrete
It is the strongest building material known and is unalterable under the most adverse conditions.

Aggregates
Raw material required for the manufacture of other derived products for construction.

Mortar
A mixture of cement and sand, used as a binder for bonding bricks or blocks.

Geographic areas where it operates



Europe: Spain, Netherlands, and United Kingdom.

Africa: Tunisia.

Contribution to the achievement of the Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY

In its search for the energy efficiency improvement of its cement production industrial processes, Cementos Portland Valderrivas has installed a system to manage the efficiency and energy savings in its operational cement factories in Spain.

8 DECENT WORK AND ECONOMIC GROWTH

The Management Systems certified according to the ISO 45001 standard integrate security in all operations and facilitate that all legal requirements associated with Occupational Risk Prevention are controlled and met.

10 REDUCED INEQUALITIES

Likewise, the company rolls out different programmes and actions aimed at creating a work environment that is free from discrimination of any kind. The Group implemented the Family Plan in 2009, in collaboration with Adecco Foundation, which aims to achieve the labour integration for people with disabilities.

13 CLIMATE ACTION

In addition, GCPV presents the EMAS standard voluntarily, a tool designed by the European Commission for the public recognition of those corporations that have implemented a consolidated environmental management system that can assess, manage, and improve the environmental impacts, contributing to SDG 13.

Real Estate

The **Real Estate** activity, made up of **FCC Real Estate** and the **REALIA Group**, is dedicated to promoting, managing, and operating different real estate assets.

The FCC Group's Real Estate area is responsible for three main activities: **property, promotion, and urban planning**. All focus on generating value for clients, by offering products and services adapted to new habits and trends, and for shareholders, by maximising profits.

The Real Estate's commitment to innovation, sustainability and social responsibility seeks to create world that is increasingly respectful of society and the environment, through solutions that provide a response to the current challenges of the real estate market.

Main activities

Property business
Development and management of home rental projects

Office, premise, and shopping centre building lease and management.

Land management
Urban land management at different stages of development.

Promotion business
Development and sale of real estate products (mainly housing).

Áreas geográficas donde opera

The Group mainly operates in **Spain** and develops punctual projects in the United Kingdom, Romania and Croatia.

Contribution to the achievement of the Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY

In property business, the area has managed to reduce its use of energy when compared to the previous period, as well as the use of water.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The Real Estate area is increasing its commitment to protect the environment, implementing sustainability strategies in its buildings, where the strategy is articulated according to three different lines of work: energy efficiency, proper waste management, and promotion of responsible conduct.

11 SUSTAINABLE CITIES AND COMMUNITIES

According to its sustainable approach, the area is working to become energy certified with the highest rating, both in relation to its promotion and property business, providing the suitable spaces for citizens and users in the environments and cities in which it operates.

13 CLIMATE ACTION

73,635 m² of office buildings are "BREEAM In-Use" certified, a sustainability assessment and certification method that seeks to reduce the environmental impact.

1.4. Governance structure

FCC's corporate governance structure is made up of a series of **decision-making bodies**, which are key when it comes to taking effective and strategic decisions, as well as to promote a common and responsible corporate culture: the General Shareholders' Meeting, the Board of Directors, the Executive Committee, the Audit and Control Committee and the Appointment and Remuneration Committee.

The General Shareholders' Meeting is the Company's highest decision-making body and, as such, determines the Group's strategy. Meanwhile, the Board of Directors is responsible for supervising the management, and has the highest powers and faculties to direct, administer, and represent the FCC Group. The Board receives the support of three specific committees: the Executive Committee, the Audit and Control Committee, and the Appointment and Remuneration Committee, all of which guarantee effective and transparent management and supervision.

The FCC Group has a firm commitment to the best good governance practices. Therefore, its conduct is aligned with the *Unified Code of Good Governance of listed companies* of the Spanish Securities and Exchange Commission (CNMV). Particularly, it focuses its efforts on those recommendations that include **sustainability among the duties of the Board of Directors**.

Since it came into force, the Group has incorporated 85% of the highest international standards of the code into its own corporate governance.

To this end, it publishes the *Corporate Governance Report* once a year, which contains detailed information on the Group's governance structure, best practices, and monitoring of the recommendations of the Code of Good Governance, as proof of the Group's commitment to ethical and transparent management.

The Code of Ethics and Conduct of the FCC Group and the Compliance Model are the base on which the company's governance is developed, following high standards of behaviour and integrity across the value chain, including FCC's teams and people, the community, and its stakeholders. In addition, it includes commitments to different environmental, social, labour, and good governance aspects.

The governance and self-regulation structure that characterises the FCC Group helps strengthen its efforts to face the joint challenge of achieving **transparency and good governance** in all of FCC's subsidiaries.

Governing bodies

General Shareholders' Meeting

FCC's shareholders determine the Group's strategy and direction through the **General Shareholders' Meeting**, which governs all actions according to **the Law, the Company's Articles of Association, and the Regulations of the General Shareholders' Meeting**. The shareholder structure is reflected in the Board of Directors.

Conforme a lo estipulado en el artículo 18 de los Estatutos Sociales, se reconoce el derecho de asistencia a la Junta General a los accionistas titulares de una o más acciones.

Shareholders with the right to attend the meeting may cast their vote as follows: (i) attending in person at the meeting venue, (ii) participating electronically, such as through video conferencing or webcasts, or (iii) casting a vote by remote means of communication prior to the Meeting. Shareholders participating electronically may cast their vote regarding the items on the Agenda through the online attendance platform on the corporate website, using the corresponding voting form and its instructions.

Board of Directors

FCC is **managed, represented**, and **controlled** by its Board of Directors, according to the competences established it the Articles of Association and Regulations of the Board.

Competence

This body has the competence to make decisions on all the matters not attributed to the General Shareholders' Meeting by Law or the Articles of Association. The Board has the highest powers and authority to **manage, direct, administrate, and represent the Company**. Its duties focus on supervising the ordinary management assigned to Executive Directors and Senior Management, and to address those matters of major importance to the Group. In addition, it is responsible for developing the necessary acts to accomplish the corporate purpose while observing and respecting the applicable laws.

In the accounting field, the Board of Directors **prepares the individual and consolidated Financial Statements and Management Report**, with the aim of providing a truthful representation of the FCC Group's financial situation, equity, and profits and losses, as established in the corresponding Law. The Financial Statements are certified by the General Director of Administration and Finance, with the approval of the Chief Executive Officer, and with the corresponding preliminary favourable report of the Audit and Control Committee.

Assessment and qualifications of the Board of Directors

The matters associated with good governance and sustainability have become more and more in the agenda of the Board of Directors over the years. The Compliance and Sustainability Department, as well as other departments of the Group, hold six-monthly meetings and make presentations to the Board on the supervision of environmental, social, and good governance policies and rules, as well as on the internal codes of conduct. During these meetings of the Board of Directors and the Audit and Control Committee, the supervisors of the different issues share with the Board members their knowledge about the latest trends, new regulatory developments, impacts, risks, and opportunities in relation to non-financial matters. In 2023, the Board approved the Group's consolidated Non-Financial Information Statement, the Annual Corporate Governance Report, changes of the regulatory block associated with Compliance, as well as the Tax Compliance policy, among others.

Moreover, the Executive Directors and the Group's Senior Management receive training on non-financial matters, such as the Code of Ethics and Conduct, conflicts of interest, or ESG criteria.

FCC's three-yearly training plan for 2024-2026, approved in 2023, includes specific training for Board members on matters related to anti-corruption, competition, and the Compliance Model.

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 improve the functions assigned to the Board.

Conflicts of interest

In line with Article 23 of its Regulations, the Board of Directors is responsible for adopting the measures required to steer clear of situations of conflict of interest.

Directors or persons linked to the Director must refrain from: engaging in business with the Group's companies, using their condition as a Director to unduly influence on private operations, use the company's assets for private purposes, benefit from the Company's business opportunities, obtain benefits or remuneration from third parties associated with their position, as well as carry out any activities on their own behalf or by others that involve effective competition with the Company or that, in any other way, place them in a permanent conflict with the interests of the Company.

Conflicts of interest are reported to the Board of Directors in advance, and, in any case, the conflicts of interest situations incurred by the Directors are included in the Group's Annual Report.

During the year 2023, there have been a total of eight situations in which a director had to abstain from voting out of the 69 agreements approved by the Board, given a conflict of interest situation identified.

Appointment and selection of Directors

The Board members are selected and appointed by the General Shareholders' Meeting, which can re-elect the Directors indefinitely for **periods of a maximum of four years**. The proposed candidates must be natural persons of recognised good repute, solvency, technical competence, and experience, as established in the Regulations of the Board of Directors. The Board ensures that all selection processes promote diversity on matters related to age, gender, disability, or professional training, trying to find a balanced representation of members of the Board of Directors.

Structure and members

In 2023, the Board of Directors was made up of 13 people, one of whom resigned in June and another was not re-elected at the end of the term as a member of the Board of Directors of the FCC Group. At the end of the year, the Board of Directors was made up of 36% of women. Its members are of various nationalities, including Mexican and Spanish, with an average age of 60 years. Of the 11 board members, three are aged 30 to 50 and the remaining eight are over 50 years old.

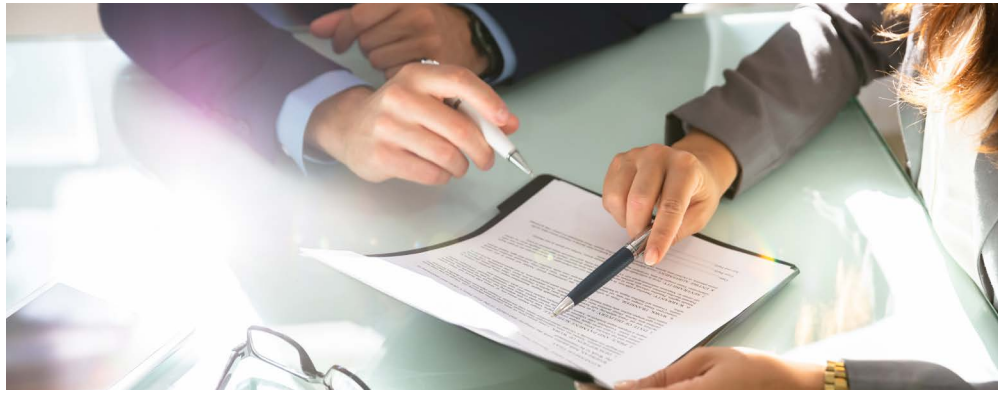
There are at least two Independent Directors, who were elected following criteria based on professionalism and independence. In any case, the candidates are proposed by the Appointment and Remuneration Committee with a justifying report from the Board witch value the competence, experience, and merits of the proposed candidate. The election must be approved by the General Shareholders' Meeting.

The next figure specifies the composition of the **highest governance body**, guided by the principles of r**epresentation in the corporate structure** and **well-balanced governance**:

The full information about the eleven members of the FCC Group's Board of Directors at the close of financial year 2023 is included in the Group's Annual Corporate Governance Report (ACGR), which includes information regarding seniority, date of first appointment, age, and full professional profile.

Members of the Board of Directors	Position on the Board	Nature	Executive Committee	Audit and Control Committee	Appointment and Remuneration Committee
Esther Alcocer Koplowitz	Chairwoman	Proprietary	○		○
Juan Rodríguez Torres	Director	Proprietary	○	○	○
Carlos Slim Helú	Director	Proprietary			
Álvaro Vázquez de Lapuerta	Director	Independent		●	○
Esther Koplowitz Romero de Juseu	First Vice Chairwoman	Proprietary			
Pablo Colio Abril	Chief Executive Officer	Executive	○		
Alejandro Aboumrad González	Vice Chairman	Proprietary	●		
Carmen Alcocer Koplowitz	Director	Proprietary			
Alicia Alcocer Koplowitz	Director	Proprietary	○		
Manuel Gil Madrigal	Director	Independent		○	●
Gerardo Kuri Kaufmann	Director	Proprietary	○		

● Chairman/Chairwoman
○ Member



Executive Committee

This is the permanent delegation body appointed by the Board of Directors that takes all decisions related to the FCC Group's investments, access to credits, loans, **or other financial instruments**. Particularly, this Committee decides on investments, disinvestments, loans, and other financial facilities, provided that the unit amount does not exceed the limits established in the Regulations.

The Board may permanently delegate its powers in the Executive Committee, except for those established in the corresponding Laws, Articles of Association or Regulations.

The Directors asked to participate in the Executive Committee are appointed by the Board of Directors, following a report from the Appointment and Remuneration Committee.

The Executive Committee is made up **of at least four members and no more than ten members**. It meets once a month and can extraordinarily meet in urgent situations. The Chairman of the Executive Committee is appointed by the Committee itself and, in his/her absence, his/her duties may be exercised by another member elected to this post by the majority. The meetings are called sufficiently in advance and the corresponding documents are provided. The Committee shall be validly constituted with the majority of its members, whether sitting or represented on the Committee, and all deliberations will be guided by the Chairman.

Its resolutions shall be adopted by an absolute majority, and, in the event of a tie, they are submitted to the Board of Directors for their approval. The Executive Committee reports all matters discussed to the Board of Directors and sends a copy of the minutes to all Directors.

Audit and Control Committee

The Audit and Control Committee is a body with **no executive duties and with the power of providing information, advice, and proposals**. It is made up of a **minimum of three and a maximum of six Directors** appointed by the Board of Directors. They will be appointed for the term established in their role as a Director and no longer than this term. The Committee appoints a Chairman, Vice Chairman and a Secretary.

This Committee is chaired by an Independent Director and its main purpose is to provide **support to the Board** on all matters related to supervision, reviewing the financial and non-financial information, exercising internal controls, and ensuring the independence of the external auditor. Their duties include issuing reports for the General Shareholders' Meeting, communicating with the external auditor, supervising the internal auditing tasks, and assessing the efficacy of the internal control and of the risk policy.

In addition, it is responsible for supervising and ensuring compliance with the environmental, social, and corporate governance policies, as well as for issuing reports and proposals upon the request of the Board. It has access to the necessary information and may receive external advice. Its deliberations are guided by the Chairman and the meetings may be called upon the request of the members of the Committee. Participants, including members of the Executive Team and Account Auditors, must cooperate and facilitate access to information.

Appointment and Remuneration Committee

This body is responsible for providing advice, information and **proposing the re-election, ratification, and dismissal of Directors**, as well as the remuneration of the Directors and Senior Management of the FCC Group. In addition, it is responsible for **detecting possible conflicts of interest** and related-party transactions, notwithstanding other duties, whatever they may be, attributed by Law, the Company's Articles of Association, or the Regulations of the Board of Directors of the FCC Group.

FCC's Board of Directors establishes a permanent Appointment and Remuneration Committee, made up of a **minimum of four and a maximum of six non-executive Directors**. At least two must be Independent Directors and another two Proprietary Directors. The Committee has powers to inform, advice and propose. Its duties include assessing the competence required in the Board, organising the process for replacing the Chairman and first Executive Director, proposing the appointment of Directors, providing remuneration information, and ensuring diversity when choosing Directors.

The Committee, chaired by an Independent Director, has an appointed Secretary, who does not need to be a Director. The Committee shall be validly constituted when a majority of its members are in attendance and its resolutions shall be adopted by an absolute majority. The Chairman calls the meetings at least once every three months and prepare an annual action plan and activity report.

Remuneration model

According to its principles and values, the FCC Group has established a **Remuneration Policy for the period 2022-2025**, with the purpose of driving a culture of ethics and commitment to sustainable development. This policy is a continuation of the previous one, and it maintains the same principles, structure, and content of the remuneration package for Directors.

The Remunerations Policy of the FCC Group has been prepared in accordance with the amendments of the Corporate Enterprises Act in 2021, specifically in relation to the long-term participation of shareholders in listed companies. The Company's Appointment and Remuneration Committee is responsible for reporting and proposing to the Board of Directors on the Directors Remuneration Policy and for ensuring compliance with it.

In general terms, the **remuneration of Directors must be fair and reasonable**, and according to that received by the Directors of companies with similar sizes and activities. Therefore, it is reviewed on a regular basis to check this. The remuneration of the Group's employees, in both managerial and non-managerial positions, is established according to the position, roles and skills, professional merit, and degree of responsibility, as well as on the circumstances of the Group, the country, and the market in which the company operates.

In any case, the remuneration policy must respect the criteria set forth in Article 28 of the Regulations of the Board of Directors:

- Remuneration required to attract and retain Directors with the suitable profile.
- Remuneration according to the interests of shareholders and the Group.
- Balanced remuneration, which should be sufficient to reward the dedication, qualification, and responsibility required for the position, and to preserve the independence of Directors judgement.
- Remuneration based on the professional performance of beneficiaries.

The Remuneration Policy establishes a **mixed system**, integrated by the remuneration based on the participation in the liquid profits, allowances for attending meetings of the Board of Directors and its Committees, and other remunerations, specifically a civil responsibility and accident insurance policy for Administrators. The Chief Executive Officer is the only executive director of the Company who receives variable remuneration, in case certain targets set forth are met, in particular, regarding the Company's long-term financial sustainability objectives.

Expanded information about the FCC Remuneration Policy for Directors, its application during the financial year 2023, details of individualised remuneration of each Director and other information of interest is published in the Annual Report on the Remuneration of Directors (ARR), available for consultation on the FCC Group's corporate website.

2. Sustainability in action

In a world filled with new challenges and global dynamics that characterise the scenarios in which the FCC Group operates, the company opts to play a proactive role when facing changes, aligning its business model with sustainable development.

To achieve this purpose, the Group has designed its own ESG approach, spearheaded by the Sustainability Policy and developed in its strategic lines and objectives. In addition, the FCC Group promotes sustainable innovation and constant dialogue with its stakeholders.

2.1. Global challenges and trends

Currently, we are facing a series of challenges and trends that go beyond geographical borders and which affect different sectors. These challenges include climate change, circular economy, scarcity and quality of water, biodiversity and ecosystems, urban development, and digital transformation and innovation, all of which require immediate and effective attention.

The connection of these aspects not only have an impact on environmental and social sustainability, but also on companies. The way in which companies address these challenges not only determines their capacity to operate in a constantly changing environment, but also its contribution to helping build a more resilient and sustainable future. In this context, FCC plays a proactive role, responding to the challenges with its commitment to global sustainability and to helping build a fairer and more sustainable world for the future.

Climate change

Climate change is one of the most pressing challenges of our times, and it requires global solutions that integrate political, economic, and social aspects. According to the United Nations, climate change is resulting in a series of long-term alterations in temperature and climate patterns on a global scale. Currently, it is materialising in the form of record temperatures of air and sea, as well as in an increase in the frequency of natural disasters.

This phenomenon is mainly caused by the emission of greenhouse gases derived from human activity, in particular, due to the combustion of hydrocarbons and the industrial processes. The consequences cannot be avoided and have a big impact on the protection of the natural environment, health, food safety, and the standard of living of people around the world.

Global efforts in the last few years aim to mitigate and reduce the effects of climate change, all of which are published in international agreements and treaties, such as the Paris Agreement (COP21) and the United Nations Climate Change Conference (COP26). In addition, specific initiatives have been rolled out to contribute to these agreements, such as the Sustainable Development Goals and the Science Based Targets (SBTi). These initiatives help combat climate change and build a more resilient and fairer world for future generations.

Key facts

- According to the EU's Copernicus Climate Change Service, the three-month period from **June to August 2023** was the **hottest summer in history in the northern hemisphere**. The temperature rose by 0.6ºC of the average between 1991-2020.[1]
- Between 2023 and 2027, the **global annual average temperature near the surface** is projected, with a **66% probability, to exceed pre-industrial levels by more than 1.5°C** for a period of at least one year.[2]
- According to the National Oceanic and Atmospheric Administration (NOAA), the **carbon oxide pollution levels**, which are worsening the climate crisis, are now 50% higher than before the start of the **Industrial Revolution**.

1. The summer of 2023 was Earth's hottest since global records began (Copernicus Climate Change Service).
2. Global temperatures will beat records in the next five years (World Meteorological Organisation).

Circular economy

The circular economy model puts resources and materials on a scale of a high value, in contrast to the conventional linear economy model that follows the pattern "take-manufacture-use-dispose of". In practice, the circular economy focuses on minimising waste through re-usage, repair, refurbishment and recycling of existing materials and products. The concepts of circularity and sustainability must be incorporated to all stages of the value chain to achieve a fully circular economy, from design to production, until a product reaches the end consumer.

The transition towards a more circular model is beneficial and required to reduce the pressure on the environment, improve the safety in the supply of raw materials and boost competitiveness, innovation, growth, and the creation of jobs. However, this transition is associated with a series of inherent challenges, such as consumers' behaviour or the need for multi-level governance.

To accelerate the transition towards a circular economy, the European Commission presented in March 2022 the first package of proposals as part of the Circular Economy Action Plan. These measures include, among others, boosting the use of sustainable products, raising the awareness of consumers about the importance of the eco-friendly transition, reviewing the regulations of construction products, and developing a strategy on sustainable textiles.

Key facts

- The **built environment** requires large amounts of resources and uses up approximately **50%** of all materials sourced.[3]
- According to the UN, since the mid twentieth century, approximately **7,000 million tons of plastic end up in the sea every year**.
- Currently, the **production of the materials** we use directly is responsible for **45%** of the total CO_2 emissions. It is for this reason that different measures, such as the reduction of volumes of waste generated, the eco-friendly design and the re-usage could result in savings for companies in the European Union, while reducing the total yearly emissions of greenhouse gases.[4]

3. Buildings and construction (European Commission).
4. Circular economy: definition, importance and benefits (European Parliament).

Water scarcity and quality

Water scarcity and quality are two relevant issues that affect communities across the world. The growing and constant demand for water, driven by the massive growth of the population, urban development and industrial expansion have led to water scarcity in many regions of the planet. The lack of water is aggravated by climate change since it can affect its availability due to longer and more intense periods of drought.

At the same time, the quality of water could be affected by different forms of pollution, from industrial and agricultural waste to the presence of toxic chemical products. Water pollution does not only affect the health of aquatic ecosystems, but also poses direct risks to land ecosystems and to human health, since contaminated water can cause illnesses and health problems.

In this context, sustainable water management is essential to face these challenges. An end-to-end approach is required, which must include the efficient preservation of water resources, the adoption of clean technologies and the implementation of more sustainable agricultural and industrial practices, while raising the awareness and educating people on the responsible use of water. The search for more effective solutions to combat water scarcity and improve water quality is crucial to protect our environment and ensure fair and safe access to this vital resource for both current and future generations.

Key facts

- **Marine ecosystems** play a crucial role, as they generate half of the oxygen we breathe and **represent 95% of the planet's biosphere**. In addition, marine ecosystems function as the main global carbon sink, since they absorb carbon dioxide.[5]
- 25 countries, which represent **a quarter of the world's population**, are currently facing **situations of extremely high water stress**, which means that they use up almost all of their available water regularly.[6]
- Close to **446,000 children under the age of 5 die due to digestive illnesses** linked to the lack of suitable water, sanitation, and hygiene services (WASH). This figure is equivalent to 9% of the total of 5.8 million deaths of children under the age of 5.[7]

5. The UN finally approves the Global Ocean Treaty (National Geographic).
6. World Resources Institute.
7. World Bank.

Biodiversity and ecosystems

Biodiversity is essential to the healthy functioning of our planet. Ecosystems rich in biodiversity offer a wide range of essential services to life, such as purification of water, pollination of crops, regulation of climate, and provision of food.

However, biodiversity is currently threatened by numerous human activities that cause habitats loss, pollution, and climate change. The protection of ecosystems has become vital to preserve biological diversity, ensure the sustainability of natural resources, and safeguard the balance of the natural environment, which contributes to long-term human well-being.

A historic agreement was reached at the United Nations Climate Change Conference (COP15) held at the end of 2022: the Kunming-Montreal Global Biodiversity Framework (GBF). This instrument backs the "30 by 30" initiative, which commits to preserve at least 30% of the land and sea by 2030, ensuring fair and equal management of all protected areas.

Key facts

- **Human activity**, mainly the use of land to produce food, **has altered more than 70% of the total surface with no ice**. This may force many animal and plant species out of their natural habitat and face the extinction.[8]
- According to the International Union for Conservation of Nature (IUCN), **around 42,100 species are at a risk of extinction**. Specifically, 13% of birds, 21% of reptiles, and 37% of fish, as well as 41% of amphibians and mammals are at a risk of extinction.[9]
- The new **Regulation 2023/1115 of 31 May 2023** came into force on 29 June 2023, which aims **to prevent the trade** in the European Union (EU) market and the export from the EU of some raw materials and products **associated with deforestation and forest degradation**.

8. Biodiversity - our strongest natural defense against climate change (UN, Climate Action).

9. IUCN Red list of Threatened Species.

Urban development

Currently, 4.4 billion people, approximately 56% of the world's population, live in cities. It is estimated that the world's population will increase by two billion people, from 7.7 billion right now to 9.7 billion by 2050. In particular, the urban population will increase two-fold by 2050, so almost 7 out of every 10 people will live in cities.

The increase in the number of people living in cities, added to the fact that 80% of the global gross domestic product (GDP) is generated in cities, means that properly managed urban development will be key to contribute to sustainable growth. Therefore, it is necessary to face a series of challenges, such as meeting the demand for affordable housing, feasible infrastructures (including transport systems), basic services, and employment.

Moreover, the rapid demographic growth is an obstacle to tackling crucial issues, such as the eradication of poverty, the fight against hunger, the need to increase the coverage of health and education systems, or the mitigation of climate change. Therefore, a slower and more sustainable demographic growth promotes better managed urban development and contributes to the sustainable development of our society.

Key facts

- The **expansion in the use of urban land is exceeding the growth of population by 50%**, so it is expected that 1.2 million km^2 of new urban areas will be built across the world by 2030.[10]
- **Cities** represent **two thirds** of the **use of global energy**, and they are responsible for over 70% of the greenhouse gas emissions.
- **Between 2020 and 2070, the number of cities** in **low-income** countries **will increase by 76%**, in average-income countries by approximately 20%, and in high income countries by 6%.[11]

10. Urban Development (World Bank).
11. World Cities Report 2022 (UNhabitat).

Innovation and digital transformation

Technological innovation and digital transformation are essential to promote changes that create more sustainable and connected methods. Technological innovation is the result of implementing technology tools that boost strategic growth, while digital transformation is the result of adapting to new technologies that streamline and bring upgrades to the fields in which they are implemented.

The lack of innovation and digital transformation can lead to stagnating production levels, reduced competitiveness and effective strategies, and the deterioration of sustainable methods. The improvements in operational and business processes that drive innovation and digital transformation improve the competitiveness of companies in their corresponding sectors. In addition, implementing innovation in products and services to make them more sustainable is essential to face the current social and environmental challenges.

According to the United Nations Conference on Trade and Development (UNCTAD), the wave of emerging green technologies creates opportunities for quick growth and stronger economies. Therefore, companies, governments, and civil society must work together to foster green innovation and facilitate its dissemination and adoption. This is the only way to achieve a fair and well-balanced transition that benefits society as a whole.

Datos clave

- The World Economic Forum published in 2023 the **10 new emerging technologies**, which range from artificial intelligence to more sustainable energy technologies.
- It is expected for digital technologies **to increase the European GDP by over 2,200 billion euros until 2030**.[12]
- The Spanish Government's Recovery, Transformation and Resilience Plan includes **public investments** worth **20 billion euros for the digital transformation of the industrial fabric**, with a time horizon set in 2023 and 2025.

12. Spanish Global Compact Network.

FCC Group faces the challenges of the future

The FCC Group assumes the responsibility of proposing innovative and sustainable solutions to provide a response to the challenges of dynamic environments. To achieve this, since the start of its operations, it focuses its efforts on creating a resilient business model that is ready to adapt its management procedures to the environmental, social, and governance circumstances in each sector and geography in which the Group operates.

Below is a list of the FCC Group's responses during the year 2023 to face the challenges mentioned above.

Climate change

Aware of the current climate crisis, the FCC Group makes an effort to contribute to a more sustainable transition every year. Therefore, through its Climate Change Strategy, the Group establishes the goal of guiding its business areas towards the reduction of their carbon footprint and the improvement of their energy efficiency, offering solutions to adapt to climate change. Likewise, each area establishes different actions, according to their activities and business model, which range from energy efficiency to the reduction in the use of fossil fuels.

In addition, the FCC Group has a model to analyse and manage climate risks and opportunities, which applies to all the areas and geographies in which it operates, through which it establishes a methodology that allows the identification and assessment of the risks and opportunities of its activities. This allows the Group to know the level of importance of each risk and opportunity identified to establish the necessary adaptation measures.

Circular economy

The FCC Group is firmly committed to efficient and responsible management of the resources required to carry out its activities. With this information, each business establishes the necessary actions and mechanisms to optimise each phase of the life cycle of each product and resource it uses. In addition, investing in innovation drives processes and allows the detection of more sustainable alternatives.

First, by reducing consumption through its processes and awareness-raising campaigns, it ensures that, once the resources are used, each area establishes the necessary mechanisms prioritise the use of recycled products and foster re-usage and recycling. Finally, once the resource has reached the end of its useful life, each business line defines a suitable way to manage waste, such as recovery, reintegration, or valorization.

Water scarcity and quality

The FCC Group's different business lines establish the measures and actions aimed at ensuring the long-term availability of water, reducing its use in activities that require large amounts of this resource. In addition, each area has established measurable objectives to guarantee an effective implementation of responsible measures regarding use of water, reducing the associated environmental impact and protecting water as a resource.

Likewise, it is worth highlighting Aqualia's performance within the Group, since it is fully committed to optimising the use of water across its phases, from abstraction to integral discharges management.

Biodiversity and ecosystems

The FCC Group recognises the importance of protecting biodiversity and preserving ecosystems. It faces this challenge by fostering its participation in the development of projects that guarantee the protection, improvement, and repair of natural spaces through reforestation or the rescue of wild fauna.

With regard to its own activities, FCC actively works to mitigate its impacts through strategies and objectives that are in line with Sustainable Development Goals 14 and 15, linked to the preservation of natural marine and land capital.

In addition, it aims to raise the awareness and increase the knowledge through training sessions, while signing agreements with different associations on matters related to biodiversity.

Urban development

Because of the activities it carries out, the FCC Group plays a vital role in the development of cities and society. Aware of this, it is committed to preserving the environment and to the development and well-being of the communities in which it operates, with a constant focus on transforming cities.

Proof of this is its Sustainability Policy, that has positive impact and social development as one of its main pillars, thus addressing the challenges it faces by establishing the key strategic lines to promote sustainable development. The FCC Group is a pioneer in developing sustainable business structures that can bring about and help in the development of society.

Innovation and digital transformation

With a view to becoming a leader in innovation, the FCC Group is continually and actively searching for innovative technologies that entail digital transformation, in order to develop more efficient management models that allow the company to adapt to the new realities.

According to this and with the firm objective of making a solid contribution to a culture that is more receptive to change and innovation, FCC focuses on incremental innovation, which will drive the most disruptive forms of innovation to make the most out of new opportunities, with a commitment to the promotion of an innovation ecosystem open to external collaborators and institutional actors.

2.2. Corporate culture of commitment

This Group fosters a corporate culture that drives conduct in line with the highest standards of excellence, ethics, and commitment across all levels of the organisation, in accordance with its principles of action. FCC's values are what characterise the company and what contribute to improve the quality of life of people, promoting sustainable environmental and social development, in line with the Group's mission and vision.

Values

- **Honesty and respect:** to be recognised for honest and honourable behaviour, worthy of the trust of collaborators, clients, and suppliers as long-term and leading partners.
- **Rigour and professionalism:** to work with an exemplary approach and a strong vocation to serve customers, developing the capabilities of the teams to search for efficient and innovative solutions.
- **Loyalty and commitment:** to encourage diversity, promoting professional development and acknowledging merits and creativity as drivers for productivity and progress.
- **Results-driven:** to act with the aim of improving and reaching goals, with a view to making the FCC Group a benchmark in profitability and competitiveness.
- **Well-being and community development:** to be aware of the value that its services bring to society and to be committed to the protection of the natural environment, development, and wellbeing of communities in which it operates.

2.3. ESG Framework

Currently, the different matters related to sustainability pose many and varied news that represent important challenges to the company. The integration of a vision that focus on sustainability in business management improves corporate reputation and guarantee business continuity in a constantly changing environment. To address the global challenges of sustainability, the FCC Group and its business areas strategically incorporate the ESG principles (environmental, social, and governance) in all their operations, creating a solid, ethical, and sustainable business approach.

Sustainability Policy

The corporate **Sustainability Policy**, approved on 26 April 2022 by the Board of Directors, is the base for the FCC Group's structural model of sustainability. It allows ESG principles to be integrated into FCC's activities, while also ensuring commitment and good performance of all the Group's professionals, and alignment with the demands of clients and society as a whole.

The Sustainability Policy establishes the key strategic lines to foster sustainable development, addressing environmental, social and governance challenges. The key points of the policy are based on **three strategic pillars**: preservation and protection of the environment, positive impact and social development, and good governance and exemplary performance. Therefore, it is the base for the specific sustainability policies of the Group's different business areas.

Strategic commitments of the FCC Group Sustainability Policy

Environment

All FCC Group's activities follow strategic lines that have been defined to protect the environment and which focus on driving leadership in the fight against climate change, applying the principles of the circular economy, promoting responsible use and management of water resources, and preserving biodiversity.

Social

FCC contributes to and fosters social development through strategic lines that focus on protecting Human Rights, contributing to the development of communities, driving people's talent, ensuring the safety, health, and well-being of employees, and promoting equal opportunities, diversity, and inclusion.

Therefore, the Group integrates social, cultural, economic, and labour development and well-being into its business strategy and plays a vital role in the transformation of cities, making them more inclusive and innovative, with a focus on people.

Governance

FCC is committed to contributing to sustainability from corporate governance. Therefore, sustainability is incorporated into the specific competencies of the Board of Directors. In addition, it defines strategic lines that aim to maintain a robust compliance, ethics, and integrity model, as well as to prevent and detect risks of non-compliance and to adapt to the best good governance practices and recommendations.

In addition, the Code of Ethics and Conduct ensures strict monitoring of the required standards.

Additionally, and in a transversal way, the Sustainability Policy includes the commitment to understand the needs of citizens better and to foster sustainable development. To achieve this, the FCC Group maintains a constant dialogue with its **stakeholders**, with a view to understanding their expectations through different communication channels, lines of dialogue, and means of participation, allowing them to interact in a transparent, honest, and consistent manner. Thanks to this, it builds relationships, partnerships and alliances based on trust, which allow all parties to exchange knowledge and resources and make possible to progress towards creating a more sustainable future. In addition, it guarantees that relevant information is available to all stakeholders, fostering their participation in the implementation and continuous improvement of policies.

All in all, the Sustainability Policy allows the FCC Group to focus on ESG to meet the growing demands of its stakeholders in the area of sustainability, help to achieve the **Sustainable Development Goals (SDGs)** of the **2030 Agenda**, and drive innovation. Furthermore, FCC is a signatory to the **UN's Global Compact** initiative and supports and promotes the ten universal principles based on Human Rights, work, environment, and the fight against corruption, acting in its own commitment to achieve the SDGs of the 2030 Agenda.

FCC Group's sustainability supervision structure

Sustainability is a priority for the FCC Group, proof of which is the commitments established by the corporate Policy, and it is **led by the company's highest governing bodies**. The Group's Sustainability Committee, supervised by the Board of Directors and the Audit and Control Committee and made up of the different business areas and the corporate Compliance and Sustainability Department, is responsible for implementing the Group's ESG issues.

To ensure that these competences are relevant and effective, the regular review and update of the Sustainability Policy is promoted. This initiative, proposed by the Audit and Control Committee, guarantees the constant adaptation to the growing global changes, fostering and ensuring permanent alignment between the corporate goals and the latest sustainable practices.

See Sustainability Policy

Board of Directors and Audit and Control Committee

- The Board of Directors supervises and ensures compliance with the policy through the Audit and Control Committee.
- The Audit and Control Committee approves, monitors, and assesses the FCC Group's sustainability strategy and practices on a regular basis.
- Progresses are reported once a year to the General Shareholders' Meeting through the Sustainability Report.

Group's Sustainability Committee

- It acts as a platform between the business areas and the corporation, proposing initiatives and reporting to the Board.
- It is made up of the different business areas and the corporate units associated with sustainability.
- It is responsible for implementing the Sustainability Policy approved by the Board.
- It is responsible for designing master plans to support the Company's strategic plans.
- It submits proposals to the Audit and Control Committee for their approval.
- Chaired by the General Secretary of FCC.

Sustainability Committees in the business areas

- They are responsible for developing, implementing, and ensuring the approved Sustainability Policy in each business area, as well as for deploying the corresponding master plans within these areas.

Compliance and Sustainability Department

- It is part of the General Secretary's Office, and it develops and implements the monitoring systems of the Group's Sustainability Policy.
- It is responsible for identifying the associated risks and managing them.
- It coordinates FCC's Sustainability Committee.
- It fulfils additional duties assigned in the internal regulations.
- It prepares the Group's Sustainability Report.

ESG Strategies

The company's sustainability objectives and strategies are key to mitigate the risks, create opportunities for innovation, grow, and attract and retain talent, as well as to improve the company's reputation and value, among others.

Integrating sustainability in the business model not only drives social responsibility but also strengthens the competitive position in the long term. This translates into a more resistant business model, one that is capable of catering to the changing market needs and the expectations of consumers, who are starting to become more and more aware of the environmental and social impact of companies.

ESG Framework

The FCC Group's **2025 ESG Framework** establishes a set of ambitious goals based on the demands of its stakeholders, the requests submitted by analysts and rating agencies, the references of opinion leaders, and the best industry practices. It also takes into account the conclusions of the Closing Report of the 2018-2020 CSR IV Master Plan, the national and European regulatory framework, and the current macro-trends, such as climate action, protection of biodiversity, or promotion of equal opportunities. In addition, it is in line with the contribution to achieving the UN's Sustainable Development Goals through specific initiatives.

All in all, it is a **reference framework that represents the strategic guide for the Group's ESG initiatives and projects** until 2025. Its implementation aims to help achieve the Sustainable Development Goals (SDGs) and to meet key international commitments, such as the European Green Deal, the Paris Agreement, the European Climate Act, the European Biodiversity Strategy for 2030, and the National Action Plan on Business and Human Rights, as well as the CNMV's Recommendations of the Code of Good Governance on matters related to Sustainability, among others.

A specific governance structure has been designed to drive, coordinate, executive, and monitor the ESG Framework, which is made up of the Board of Directors, the Audit and Control Committee, the Compliance and Sustainability Department, the Sustainability Committee, and the corresponding Sustainability Committees of the business areas.

Environment

The FCC Group has adopted a proactive approach to constantly improve its **environmental performance and promote a more respectful attitude towards the environment**. The organisation considers several lines of action to address the environmental aspects of its activities, such as climate action, application of circular economy principles, responsible management of water resources, and preservation of biodiversity. These bases structure the organisation's objectives and commitments, which are implemented through a series of action plans.

In addition, the Group's initiatives are in line with national and international standards, such as the Green Deal, the Law on Climate Change and Energy Transition, the Circular Economy Action Plan, or the European Biodiversity Strategy for 2030, among others.

Social

Companies are capable of generating a positive social and environmental impact on the local communities in which they operate, improving different aspects associated with quality of life and well-being of these communities. FCC is committed to **improving the quality of life of the people and communities in the geographies in which it operates**, incorporating practices into its activities that are ethical, sustainable, and respectful with society and with the environment.

The Group recognises the importance of fostering a society based on respect for Human Rights, social action, and solidarity as key elements to build prosperous communities. In addition, FCC sees **human capital as one of its main assets** to achieve business success and highlights the promotion of health and well-being among the essential aspects of labour conditions. Moreover, there is also a commitment to reduce inequalities and drive social progress.

FCC leans on international institutions and focuses on their recommendations and standards to guarantee proper social development. For example, it is based on the guidelines of the Organisation for Economic Co-operation and Development (OECD), the United Nations and its Agencies, the Global Compact, the International Labour Organisation (ILO) or the Universal Declaration of Human Rights Framework to perform its activities. In this regard, the Group has implemented the Human Rights Policy and the Safety, Health, and Well-being Policy, and is also certified in compliance with the ISO 45001 Occupational Health and Safety standard.

Governance

The company is responsible for guaranteeing an **ethical and responsible governance structure** based on regulatory compliance across all structural levels, as a vital requirement to guarantee the company's sustainability. In fact, the growing demand for implementing ESG criteria in business models and strategies requires a solid commitment to corporate sustainability with firm and dedicated governance structures.

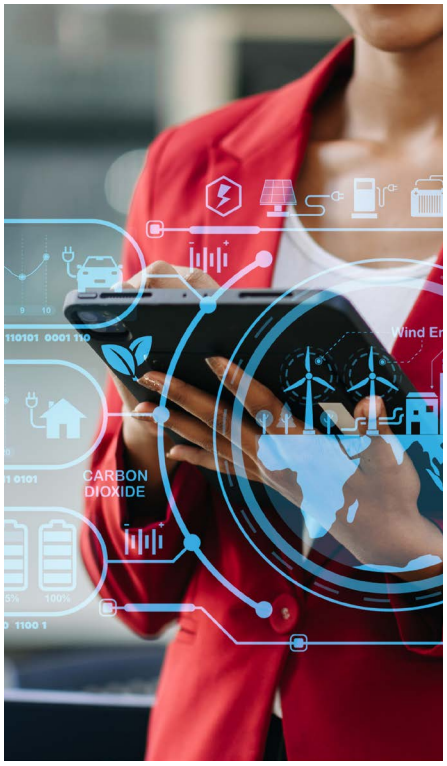
The FCC Group is efficiently organised, and it implements a series of good governance principles, basing its management on the Code of Ethics and Conduct, the Compliance Model, and the Crime Prevention Manual, which include the analysis of risks, and which consider the criteria established across the value chain.

Transversales

Sustainability is a strategic pillar that must be aligned with the business strategy. To this end, the FCC Group has established transversal programmes **to drive and integrate sustainability across all levels of the company**, through innovation, internal and external communication, and the creation of partnerships to achieve the most ambitious objectives.

Business areas strategies

The main business areas have defined their own specific sustainability strategies, with the aim of integrating responsible practices and adapting their own proactive approaches towards sustainability, as well as guaranteeing alignment with the Group's ESG Framework.



Environmental Services

FCC Servicios Medio Ambiente Holding, S.A.U. is making progress towards creating a more sustainable, efficient, productive, and low GHG emission business model, integrating this criterion across all platforms in which it operates and with the commitment to continuous improvement.

FCC Medio Ambiente Iberia assumes the commitment to be a sustainable business model at the service of citizens and to become a leader and benchmark in the provision of sustainable citizen services. To achieve this goal, it has established the **2050 Sustainability Strategy** as the roadmap to define the objectives and actions that materialise its vision, turning the Sustainable Development Goals and the Paris Agreement into references to prioritise its objectives.

The long-term Sustainability Strategy (2050) is also transversal. Its purpose is to connect the company's centenary activities with the present, integrating the knowledge acquired for over a century with the latest technological advances and innovations. Thanks to this, it offers to its clients more efficient services and becomes a more resource-efficient company.

The four pillars of action of sustainable management are:

- Environment
- Social
- Excellence
- Governance

Meanwhile, **FCC Environment UK** presented a **roadmap** in 2023 **to become neutral in terms of its greenhouse gas emissions**, in line with the UK's climate action goals. The public commitment signed by the company's CEO includes actions to make progress towards an operational model that progressively reduces its own GHG emissions and becomes carbon neutral by the year 2040. To achieve this, it is vital to collaborate with industry players, invest in new technologies, improve process efficiency, and increase the recycling percentages to reduce the volume of waste deposited in landfills.

Water

In 2021, **Aqualia** published its first **2021-2023 Strategic Sustainability Plan**, which allows the company to roll out projects that drive the sustainable management of water from the environmental, social and governance point of view. Aqualia's Sustainability Plan embodies the firm commitments that the company integrates in its day-to-day management, with a strong commitment to sustainability as the way to generate a model of prosperity and wellbeing that will help to build a fairer, more humane, and lasting planet.

The plan has seven strategic lines implemented that guide the approach of the projects and actions to achieve the goals, which are also in line with the ten principles of the UN Global Compact and the SDGs.

- Strategic communication.
- Climate emergency and environmental protection: climate change mitigation and adaptation.
- Technology for integrated management.
- People management.
- Ethics and Compliance.
- Social impact.
- Strategic partnerships.

Infrastructures

FCC Construcción has implemented the **2023-2026 Sustainability Strategy** with long (2050), medium (2030), and short-term (2026) objectives, with a view to aligning its activities with sustainable development in the environmental, social, and governance areas. This strategy establishes the company's ambitions in a future action plan with intermediate targets aimed at improving responsible performance, consolidating it as a benchmark of sustainability in the construction sector.

The structure of the Sustainability Strategy is based on the ESG dimensions (Environmental, Social and Governance), defining different strategic axes:

- **Environmental dimension**
  - Climate action
  - Circular economy
  - Environmental impact
- **Social dimension**
  - Human rights
  - Social action
  - Human capital
  - Health and safety
  - Diversity and equal opportunities
- **Governance Dimension**
  - Ethics and compliance
  - Value chain
  - Risk management
- **Transversal dimension**
  - Innovation and digitalisation
  - Communication
  - Partnerships

Real Estate

As a leading company of the Spanish real estate sector, **Realia Group** assumes the commitment of focusing its efforts towards a more sustainable and responsible future through the **2024-2027 ESG Strategy**.

This sustainability strategy includes a reflection on the work completed and on how to continue to making a positive difference in the environment in which it operates, and in the lives of the people affected by its activities. It is based on three core ESG pillars and three transversal ones, which include thirteen lines of work and forty specific goals associated with the following areas.

- Environmental
- Social
- Corporate governance
- Digitalisation
- Communication
- Training

This strategy strengthens the company's commitment to the environment, the communities, and the solid corporate practices, while establishing a roadmap to sustainable growth and to making a positive contribution to society.

2.4. FCC's priorities

Considering the new European sustainability requirements, the FCC Group has developed a **double materiality assessment** according to the new *European Sustainability Reporting Standards* (ESRS).

This study has allowed the Group to analyse, firstly, how each line of business affects its stakeholders and the environment, and, secondly, how these groups and the environment can affect each of the Group's businesses. The following two dimensions, described below, must be taken into account to understand what double materiality involves:

- **Impact materiality** aims to identify the company's material **impacts** (current or potential, positive or negative) on people or the environment in the short, medium, or long term.
- **Financial materiality** aims to determine the **risks and opportunities** that can have a big impact on the development of the company, including cash flows, finance, and financial performance in the short, medium, or long term.

The FCC Group has established the following phases to conduct its double materiality assessment according to the requirements of the ESRS:

1. **Review and identification of impacts, risks, and opportunities:** the real and potential, positive and negative, impacts identified in the 2022 materiality analysis were reviewed and aligned with the requirements of the ESRS. In addition, in the case of financial materiality, the risks and opportunities were defined and aligned according to the requirements of the ESRS. Key company staff participated during this phase to validate the impacts, risks and opportunities identified.

2. **Topic grouping:** after reviewing and identifying the impacts, risks, and opportunities, they were prioritised and grouped in topics, taking into account those defined last year, as well as the topics and sub-topics established by the ESRS.

3. **Impacts assessment update:** direct surveys were conducted with the management of the Group's different business areas this year, according to the variables included in the ESRS:

   - **Magnitude:** groups the scale (severity or benefit of the impact), scope (extend of the impact), and irremediable nature of the impact to assess the importance of the impacts.
   - **Likelihood** of occurrence of the ESG impacts identified.

   In addition, direct surveys were also conducted with the FCC Group's main stakeholders (workforce, clients, and suppliers). The survey assessed the level of impact of ESG-related matters on the selected stakeholders. Finally, all these variables were quantified to obtain measurable results and assess the dimension associated with the impact materiality.

4. **Assessment of risks and opportunities:** as in the case of impacts, a direct survey was conducted with the relevant identified staff to assess the risks and opportunities. The survey evaluated:

   - The expected **effect** on the company's performance in case of materialisation of the risk or opportunity, based on the following dimensions:
     - **Financial:** monetary consequences on the company.
     - **Reputational:** effects on the company's image.
     - **Operational:** impact on the company's operations, products, and services.
     - **Legal:** legal offences or consequences.
   - **Probability** of materialising the risk or opportunity over time.

   These variables have been quantified to obtain measurable results, establishing the importance of each risk and opportunity identified in the different business areas. As a result, the financial materiality dimension is obtained.

5. **Consolidation of results and materiality matrix:** after all material topics of the FCC Group have been identified in relation to impact and financial materiality, those that exceed the average score given to the group of topics assessed in any dimension are defined as material. Regarding ESRS, a topic is considered material if it meets the criteria in any of the two dimensions assessed (impact and financial materiality).

To define the ESG matters at the FCC Group level, it was necessary to prioritise those **impacts, risks, and opportunities that are common to all business lines**. Below are the main impacts, risks, and opportunities associated with the **topics considered as material**. In addition, the dimension according to which the topic has been assessed as material is included.

Material topics of the FCC Group

Environmental Dimension

Topic	Materiality	Key related impacts, risks, and opportunities
Climate change and energy	Impact and financial	**Impacts** related to mitigating and/or contributing to climate change as a result of the company's activities and the use of energy. **Risks and opportunities** related to adapting to and/or mitigating climate change, and to the supply or outage of energy use.
Pollution	Impact and financial	**Impacts** derived from the company's activities that pollute air, water, and soils. **Risks and opportunities** related to the most restrictive limits and parameters regarding emissions and contamination of soils and water bodies.
Water	Impact and financial	**Impacts** resulting in a possible increase in water stress as a consequence of water consumption and company activities. **Risks and opportunities** related to the most restrictive limits and parameters regarding discharges and water abstraction.
Biodiversity	Impact and financial	Positive **impacts** derived from measures for the preservation and conservation of ecosystems, and negative impacts derived from the deterioration and use of natural spaces by the company. **Risks and opportunities** related to regulatory changes on biodiversity, as well as the effects on flora and fauna.
Resources and materials	Impact and financial	Positive **impacts** derived from re-usage and recycling of resources, and negative impacts related to the depletion of natural resources due to the company's activities. **Risks and opportunities** related to the scarcity or outage of materials, as well as the recovery of secondary materials.
Waste	Financial	**Risks and opportunities** related to recycling, re-usage, and recovery of waste, as well as to the new waste management regulations.

Social Dimension

Topic	Materiality	Key related impacts, risks, and opportunities
Working conditions	Impact	Positive **impacts** derived from labour integration and contribution to socio-economic development, and negative impacts related to the issues in achieving a good work-life balance.
Health and safety	Financial	**Risks and opportunities** related to the workforce's exposure to occupational accidents or illnesses, as well as the promotion of health campaigns and programmes.
Equality and diversity	Impact	**Impacts** related to the promotion of gender equality and diversity, as well as the fostering of employment among people with disabilities and the contribution to the prevention of harassment at work.
Data protection	Financial	**Risks and opportunities** related to exposure of private data of stakeholders, as well as to the new regulations on privacy.
Subcontracting and suppliers	Impact	Positive **impacts** related to promoting sustainable practices, and negative aspects related to possible improper conduct of suppliers and contractors.
Safety and quality of products and services	Impact	Positive **impacts** associated with access to assets and resources needed by the population, because of the company's activities.

Governance Dimension

Topic	Materiality	Key related impacts, risks, and opportunities
Integrity of conduct	Impact and financial	**Impacts** related to the promotion of responsible conduct and integrity of behaviour within the company to avoid possible corruption and bribery cases, or loss of public funds. **Risks and opportunities** related to new regulations, relations with suppliers and contractors, or matters regarding the prevention of corruption and bribery.
Public administrations and industry associations	Financial	**Risks and opportunities** related to collaboration with industry associations and external initiatives.
R&D&I	Impact and financial	**Impacts** derived from the promotion of innovation, technological development, and new work techniques, through international and national collaborations, or direct investment in R&D&I projects. **Risks and opportunities** related to obsolescence of equipment and lack of automation, as well as to new ways of managing knowledge and digitalising the industry.

Below are the obtained results of all the topics included in the double materiality assessment, broken down by line of business:

There are some **topics that are material across all the Group's business lines**. Particularly noteworthy is the prominence of *"Climate change and energy"* in the environmental dimension, *"Working conditions"* and *"Subcontracting and suppliers"* in the social dimension, and *"Integrity of conduct"* as a corporate governance matter. Likewise, it is important to highlight that the topics *"Pollution"* and *"Biodiversity"* are especially relevant when compared with other years, as in the case of the *"Equality and diversity"*, *"Data protection"* and *"R&D&I"* topics.

Material topics, by line of business

Topic	Environmental Services	Water	Infrastructures	Cement	Real Estate
Climate change and energy	●	●	●	●	●
Pollution	●		●	●	●
Concerning substances					
Water	●	●			●
Marine resources					
Biodiversity	●	●	●	●	
Resources and materials	●		●	●	
Waste	●		●		●
Working conditions	●	●	●	●	●
Social dialogue					
Health and safety	●		●		●
Equality and diversity	●	●	●	●	
Training					
Human rights			●		

Topic	Environmental Services	Water	Infrastructures	Cement	Real Estate
Data protection		●	●	●	●
Subcontracting and suppliers	●	●	●	●	●
Affected communities		●			
Solidarity action					
Indigenous people					
Safety and quality of products and services		●	●		●
Access to products and services		●		●	
Integrity of conduct	●	●	●	●	●
Payments made to suppliers and subcontractors					
Public administrations and industry associations		●	●		●
R&D&I	●	●	●		●

● Topic considered as material

2.5. Dialogue with stakeholders

In the current business environment, the **dialogue with stakeholders** becomes a key pillar for organisations committed with transparency and sustainability. The effective interaction with different stakeholders, such as the workforce, clients, communities, and shareholders, not only reflects ethical business practices, but also **contributes to the company's long-term success**.

FCC recognises the importance of this two-directional dialogue to know and incorporate the perspectives, expectations, and needs of its stakeholders in its strategic decisions. In the global context, the social responsibility and sustainability initiatives of leading companies highlight the relevance of this approach, providing evidence of the fact that effective dialogue goes beyond meeting the standards and helps build a solid reputation and long-lasting relationships.

Stakeholders

FCC's stakeholders (SHs) represent those **internal and external parties** who are capable to influence or impact on the organisation's activities and vice versa. The company embraces the idea of cultivating relationships using **communication channels and dialogue and participation means** to facilitate a comprehensive, reliable, transparent, and long-lasting interaction.

Effective dialogue and communication

The FCC Group sees its stakeholders as essential to their progress and to the normal running of the company. Therefore, it builds r**elationships based on trust and transparency** through constant dialogue to understand their expectations and needs, responding to their concerns.

FCC has several communication channels, as well as dialogue and participation means, based on a transparent, honest, truthful, and consistent relationship, in compliance with its commitment to being a socially responsible company.

The FCC Group identifies and categorises stakeholders as follows, using the participation and communication mechanisms described below:

Digital communication channels

The FCC Group uses different digital channels to facilitate agile communications with its audience. It is present on the main **social media**, such as YouTube, Twitter, Instagram, and LinkedIn. In addition, the corporate website has a contact form and a detailed directory of headquarters and offices, with relevant information that includes addresses and telephone numbers of the main departments.

The commitment to sustainability is reflected in the ESG topics published and deployed on the **FCC website and on the corporate websites** of each business area, in which the Sustainability Reports and the information about the company's environmental, social, and governance performance are included and published on a regular basis. Likewise, there is a specific sustainability mailbox that allows stakeholders to address any concern related to this area directly.

Communication and participation channels by category

Shareholders and investors
- Economic and ESG performance available on the website
- Board of Directors and Committees
- General Shareholders' Meeting
- Shareholder Relations Office
- Investor roadshows

Clients and communities
- Satisfaction surveys
- Liaisons
- Dialogue channels with clients and local communities, depending on the line of business

Workforce
- One - FCC's corporate intranet
- Whistleblowing Channel
- FCC360 - FCC APP tool
- Dissemination and awareness-raising campaigns
- Campus FCC
- Employee portal
- We are FCC - Quarterly online magazine
- "We are FCC" poster
- Meetings with workers' representatives

Suppliers and contractors
- Information and awareness-raising sessions
- Supplier approval platform
- Respect for FCC's Code of Ethics and Conduct and Anti-corruption Policy
- Commitment to apply the UN Global Compact

Partners
- Agreements, sponsorships, and donations
- Partnerships
- Business forums
- Publications and presentations
- Due diligence procedures

Public administrations and regulators
- Participation in industry self-regulatory initiatives and legislative developments

2.6. Innovation with a purpose

Currently, innovation plays a crucial role in the growth and sustainability of companies. It is the catalyst to achieve a differentiated position in a growingly dynamic and competitive business environment, as it allows to find new ways of satisfying the current needs, while promoting operational efficiency to generate significant competitive advantages.

Innovation drives creativity, fosters continuous improvement, and allows companies to anticipate and provide a proactive response to the changing demands in markets, becoming a key pillar to achieve success in the long-term.

Innovation at the FCC Group

The FCC Group recognises innovation as a tool to provide a response to current needs through **digitalisation and transformation of the business**. Therefore, with the aim to become a benchmark in citizen services innovation, it focuses on the following lines of action:

- Urban development.
- Designing of new sustainable products.
- Process optimisation.
- Technological advances for data processing.

The FCC Group innovation management is implemented transversally, with the launch of projects that use the required tools for its execution and subsequent monitoring. This allows efficiency to be increased in each area and boosts an improvement in the quality of work.

The objectives of the collaborative involvement of the different business areas for the development of new ideas, solutions, and products are:

- Increase in process efficiency.
- Motivation of work teams.
- Improvement of corporate image.

In 2021, the FCC Group created the **Digital Innovation Lab (DI_Lab)** with the mission of driving a cultural change across the organisation, promoting a more collaborative environment that fosters creativity and innovation, and which facilitates the active participation and new ideas contribution from its workers. Therefore, the DI_Lab complements the activity of the R&D&I teams in the different business areas.

The Digital Innovation Lab has developed a specific **framework** to establish the methodology for executing the innovation initiatives and to ensure a consistent process. This framework is based on the Design Thinking methodology, in combination with the Lean Startup and Agile models, following the "fail fast" philosophy, and it requires the following:

- Understanding and empathising with the target audience.
- Defining users' needs and perceptions.
- Providing ideas to identify creative solutions.
- Creating a prototype for the different ideas to be shown.
- Obtaining direct feedback from test groups.
- Iterating to improve the prototype or pivoting (correcting the course).

The **Innovation Forum** was created in 2023, with the participation of the R&D&I teams of the different business areas and the DI_Lab, with a view to improving how innovation opportunities are coordinated, sharing knowledge, and driving new collaboration initiatives. The Forum aims to contribute to the innovation efforts across FCC Group, so these can be coordinated and shared efficiently, generating a greater impact at the business, social and environmental level.

Likewise, the DI_Lab organises an annual **Innovation Day**, which aims to promote and drive innovation as the essential engine and added value of its activities. This event focuses on optimising corporate efficiency through digitalisation, creating synergies between areas, addressing current and future digital challenges, and offering practical solutions to improve products and services.

During the event, the different business areas and the DI_Lab present innovative projects which cover construction, industrial technology, environment, and water management matters, in collaboration with key external partners.

In particular, the most important **initiatives** during 2023, completed and in progress, developed by the Digital Innovation Lab and the R&D&I teams of the different business areas were as follows:

Generative artificial intelligence

Rolling out of four pilot projects, using the OpenAI platform capacities to cover the following use cases:

- Q&A system for the bidding department of the International Infrastructures area, which covers this department's entire repository of information.
- Optimisation of the process for generating the document "Technical Action Planning Report", a key document to launch any project of the Infrastructures area, and which identifies the project's key information, so it is validated by the different managers/supervisors.
- System used to analyse the knowledge of Aqualia's technical department.
- Q&A system of the information repository of Aqualia's legal department.

Industry 4.0

Development and installation of a solution based on Industry 4.0 technology framework at Prefabricados Delta, of the Infrastructures area. The first action involved implementing this technology in the machinery installed at the Puente Genil factory in Cordoba (Spain). The solution was rolled out to all other elements of the two manufacturing plants after completing the pilot project.

Construction Digital Twin

Cupix is a mobile platform that can be used to capture the workplace in 3D, making it easier to see the life cycle of spaces, such as buildings, and allowing clients to collaborate to design, identify risks, reduce costs, unleash value, and save time. The solution was deployed in the Infrastructures area, at the corporate Building delegation, to optimise the way in which the works progress is monitored and to configure the project's digital twins.

H2020 Rewaise

The Rewaise project www.rewaise.eu is the second of the EU "Smart Water Economy" call of H2020 in which Aqualia participates. In this case, it acts as the entity that coordinates a consortium of 25 partners, which includes water utility companies from the United Kingdom (Severn Trent), Sweden (Vasyd) and Poland (AquaNet). Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden and the UK, new circular economy and digital management solutions are implemented in "Living Labs", including Aqualia's operations in Asturias, Badajoz, Canary Islands, Denia, Salamanca, or Vigo.

Rewaise reinforces Aqualia's strategic lines of technological development, such as sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater, and its transformation into energy and by-products. To improve the operation and control of the processes, work is under way on the simulation of networks and plants, optimising the efficiency of the service as well as water quality.

A reactor with anaerobic membrane bioreactor (AnMBR) technology has been installed at the Balaídos industrial estate, in Vigo, to recover resources from the urban effluent from the Citroën/Stellantis factory. The Integral Water Cycle Innovation Centre was opened in Salamanca. The desalination processes were improved in Denia and a new salt recovery platform from brine is under construction in Tenerife.

H2020 BBI Deep Purple

Bio based Industries Consortium

Horizon 2020 European Union Funding for Research & Innovation

Aqualia, with the support of thirteen partners from six countries, has implemented in Deep Purple project (www.deep-purple.eu) a new demo 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 waste into raw materials for biofuels, plastics, cellulose, and new base materials in the chemical and cosmetics industry.

After optimising an initial prototype of the Anphora® photobioreactor at the Toledo-Estiviel WWTP, the world's largest 100% solar powered anaerobic photobiorefinery (1,500 equivalent inhabitants) using this technology was built in 2022 at the Linares WWTP. The second plant will be opened in 2024 at the Badajoz WWTP. It is worth noting that SmVaK will authorise the installation of a biogas purification column at the Karvina WWTP (Czech Republic) for the recovery of energy and chemical substances. FCC Medio Ambiente has also designed innovative hydrolysis and ectoin (cosmetics) collection processes for the biomethanisation plant of Las Dehesas (Madrid).

CLIMPORT

CLIMPORT

FCC Construcción has developed an innovative modular system with new professional design and construction methodologies for port infrastructures, adapted to climate change and developed with the current scenario of uncertainty, combining both databases and mathematical, numeric, and statistical design tools, with the regulations, recommendations, methodologies, and reference manuals regarding the international state-of-the-art, as well as their interrelation with cutting-edge construction procedures, within the framework of process standardisation and traceability:

- Develop specific methodologies to analyse the risks associated with climate change in ports following the guidelines of the IPCC to assess risks in complex systems, which indicates that the risk assessment in ports is conducted by analysing the interaction between climate threats, exposed materials/equipment, and their degree of vulnerability.
- Develop methodologies to analyse the climate risks associated with the construction of ports, which greatly depend on the uncertainty associated with defining the dangers of the physical environment of such construction works projects.
- Prepare a catalogue of standard products or projects that can be resolved by the port engineer/technician, through the interrelation of advanced variables, models, and post-processing techniques. All of this will be designed by comparing and complying with the most relevant recommendations and regulations to perform the operational, functional, and final design of the port construction works (Maritime Works Recommendations or ROM Programme, recommendations published by the PIANC, British Standards, etc.).
- All developments will be compatible with the BIM methodology (Building Information Modelling), mainly regarding processing and standardisation of the spatial data generated.
- Consider the characterisation and use of renewable energies when designing ports, with a view to achieving energy neutrality in ports.

PRACAN

This project rolled out by FCC Construcción aims to improve the prevention of occupational hazards in construction environments with the development of an innovative robotic platform for the identification, control, and monitoring of risks from carcinogenic agents.

Specific goals:

- Design and development of a mobile land node that can be controlled remotely for the identification and location of risks (exposure to SCR).
- Design and development of a mobile aerial node for the early detection of asbestos during the risk identification phase.
- Study and definition of an SCR estimator and an asbestos detector.
- Study and definition of a punctual enclosure dust vacuuming system while operators are working, adapted to the characteristics of the SCR.
- Development of an application for the configuration of mobile nodes.
- Development of a decision-making software and definition of the action protocols and recommendations.

ZERO LANDFILLING

LIFE ZEROLANDFILLING (LIFE-2022-SAP-ENV 101114213): Recovering landfill waste through an innovative and integrated process committed to the circular economy.

Official project webpage: https://www.zerolandfilling.com/

FCC Medio Ambiente coordinates the LIFE ZEROLANDFILLING project, which aims to address the environmental and economic issue of the growing generation of urban waste by demonstrating for the first time the profitability and sustainability of an innovative, advanced, and integrated management system, through a pilot plant, as a solution to treat and recover non-recyclable urban solid waste (mainly composed of non-recyclable plastics and biowaste) that normally ends up in landfills. It is worth noting that the non-recyclable urban solid waste will be recovered into products (renewable naphtha and solid charcoal) of commercial interest.

2,112 t of non-recyclable USW will be treated within the framework of the project, preventing the emission of 2,069.76 tCO_2e associated with its disposal. Furthermore, this recovery will translate into the production of 458 t of green naphtha and 583 t of solid charcoal, which, compared to conventional competitors, will prevent the generation of 918.56 and 1,700.26 tCO_2e, respectively.

ABATE: Mitigation of the environmental impact

LIFE ABATE (LIFE-2022-SAP-ENV 101113838): Marketable high performance compact technologies for the abatement of VOCs in EU waste treatment plants, decreasing CO_2 emissions and energy consumption.

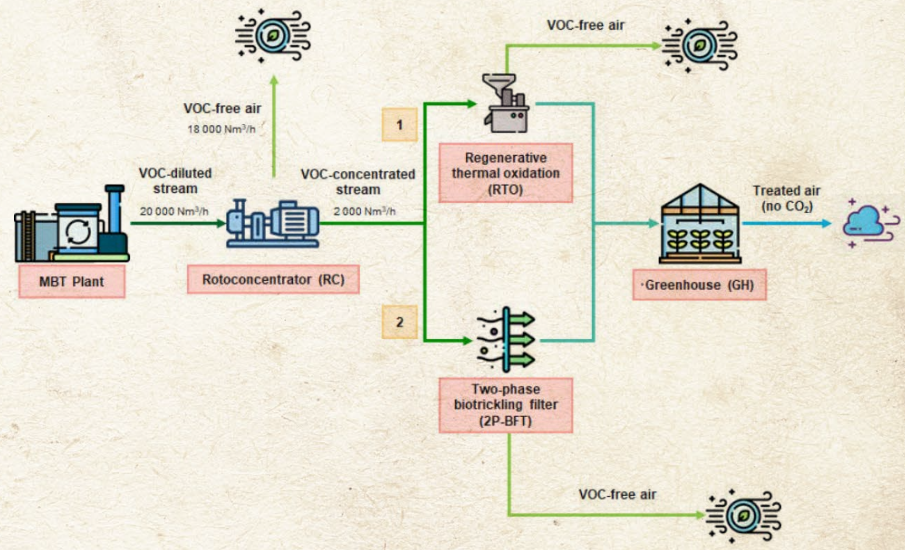
"Marketable high-performance compact technologies for the reduction of VOCs in EU waste treatment plants, reducing CO_2 emissions and energy consumption".

LIFE ABATE, a project that is partially funded by the LIFE programme, aims to increase the sustainability of mechanical biological waste treatment (MBT) plants, with the demonstration of technical, economic, environmental, and social benefits of an innovative technology for the integral reduction of non-methane volatile organic compounds (NMVOCs) and CO_2 of gas emissions. This end-to-end process, based on a VOC concentration stage with a roto-concentrator (RC) and a subsequent degradation stage (whether a biological or thermal process), reduces the NMVOCs emissions and minimises the release of smells at MBT plants, while reducing the global energy requirements and preventing the consumption of natural gas in thermal oxidisers.

In addition, the CO_2 emissions will be used in greenhouse agriculture to promote the growth of crops and improve production, reducing the global emissions of this greenhouse gas at MBT plants.

The end goal of LIFE ABATE is to drastically reduce NMVOCs, emissions, and CO_2 emissions as the main secondary goal, as well as their negative effects on health and well-being of people and ecosystems, at the expense of a lower energy consumption (reducing the use of natural gas, using biogas if needed, and saving energy) in comparison with the current treatment systems.

The solution will be validated on an industrial scale at the Ecoparc 3 plant (Barcelona) and will be replicated at the Las Dehesas Biomethanisation plant (Madrid).



Main milestones in Innovation

The key indicators used to measure the FCC Group's performance in innovation are monitored as part of its commitment to this matter.

Each business area develops its own lines of action in relation to innovation, following the Group's roadmap, in accordance with the specific needs and approaches in line with the characteristics of their sector.

68
projects under development

€13,598,75
R&D&I investment

94%
of sustainability projects

Over 100
professionals involved

In 2023, it is worth highlighting the following actions of each business area

Environmental Services

- Continuity of the R&D&I Management System, certified in accordance with UNE 166002 standard.
- Participation in the LUCRA project for the large-scale production of chemical products with a biological base using municipal waste and wood waste as raw material.
- Coordination of the LIFE ZEROLANDFILLING project for the recovery of non-recyclable municipal waste that would usually end up in a landfill.

Water

- Continuity of Aqualia's R&D&I strategy, which directly contributes to improving equality, eco-efficiency, sustainability, and smart management.
- Inauguration of the new Innovation Centre for the development of solutions aimed at creating a sustainable central water cycle.

Cement

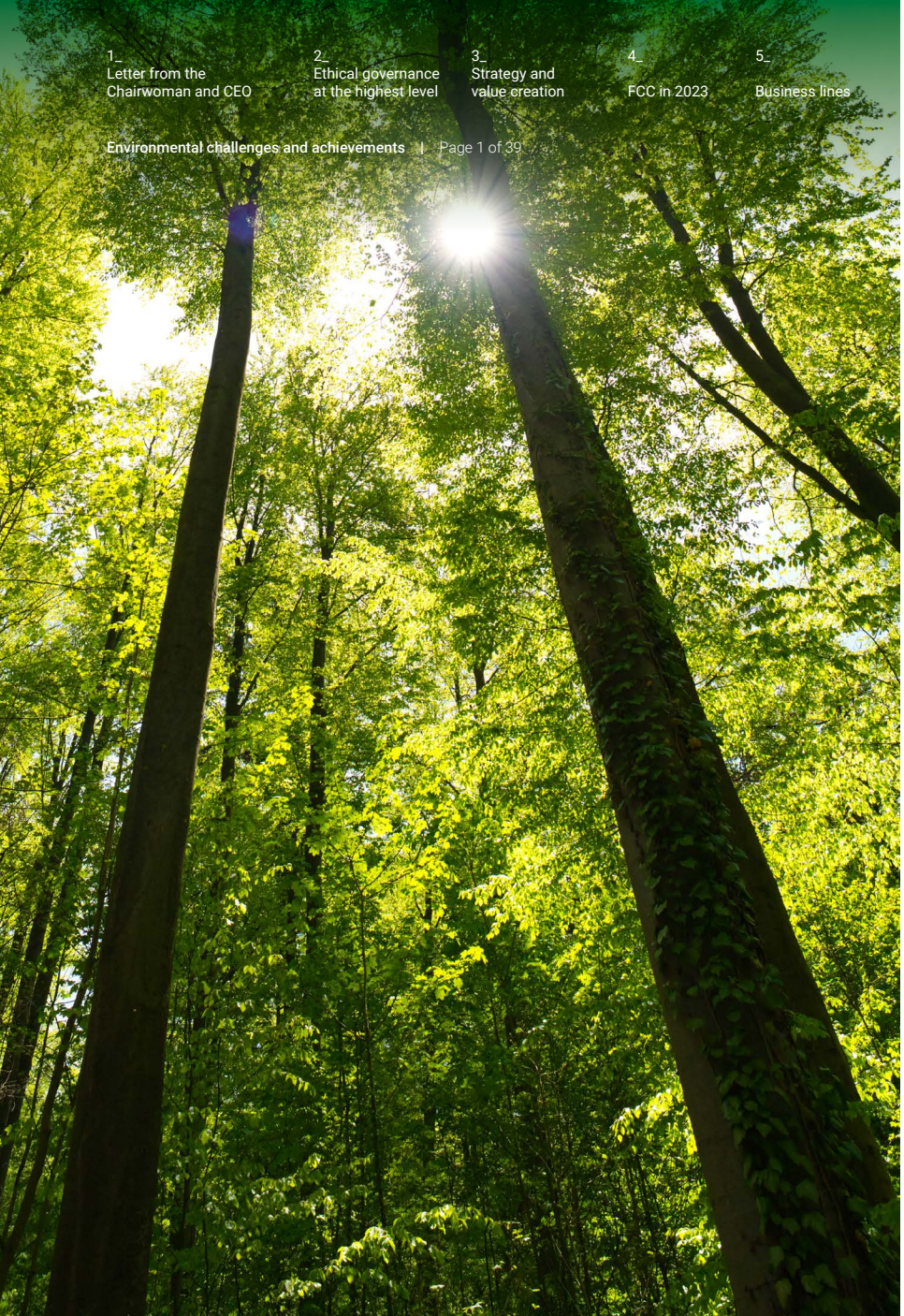
- Development and production of sustainable solutions.
- Efficiency and energy savings management system implemented at the "El Alto" plant in Morata de Tajuña (Madrid) for the industrial processes of crude and cement mills and "grill" type chillers (in progress).

Infrastructures

- 2022-2025 BIM implementation plan (Building Information Modelling), which promotes the development of BIM tools and Geographic Information Systems (GIS) to boost project efficiency.
- Alexandria project, a knowledge and document management tool.
- Follow-up and update of the R&D&I Policy.
- R&D&I Management System, certified in accordance with UNE 166002 standard.

Real Estate

- Collaborative support in R&D&I projects to improve the efficiency in the use of resources in buildings.



3. Environmental challenges and achievements

The preservation and protection of the natural environment are one of the priorities of the commitment to sustainability. It is for this reason that suitable environmental management is basic for companies. The FCC Group considers that environmental management must mainly address all matters related to **climate action, contamination, water, biodiversity and ecosystems, circular economy, and the use of resources**.

This chapter describes the FCC Group's main management approach for each of the environmental topics mentioned above, with the dissemination of the associated policies, the monitoring metrics, and the objectives and actions rolled out, ranging from the transition plan for the mitigation of climate change to the efficient management of resources, integrating the contributions towards the minimisation and preservation of the natural environment derived from the Group's activities.

By defining transparent practices and ambitious environmental goals, the FCC Group seeks not only complying with the requirements of the applicable regulations, but also leading the path towards a more environmentally sustainable future. This section presents FCC's on-going commitment to protecting the environment and highlights the most important initiatives rolled out during the year 2023 to achieve a balance between business growth and sustainable development.

3.1. Environmental management

In a company's end-to-end environmental management processes, **the identification and analysis of environmental aspects** plays a key role in assessing the impact of its operations in its environment. This analysis requires a detailed assessment of each activity, process, and operation to determine which elements have an impact, whether positive or negative, on the environment.

A comprehensive approach is required to identify the environmental aspects, which must include those factors that can contribute to the company's environmental performance, such as gas emissions and waste management, among others. This process is not only essential to meet the legal and regulatory requirements, but also provides the base to develop **effective strategies that promote sustainable practices**, and which foster the mitigation of adverse environmental impacts.

Identification of environmental aspects

The FCC Group has identified the **significant environmental aspects** of its corresponding areas, which are described in the table below. It is worth noting that no aspects other than the transversal ones are identified in the Real Estate area.

The identification of significant environmental aspects allows the detection of key points that must be addressed and managed by the businesses. Keeping their particu larities in mind, the areas are responsible for handling the actions and procedures they consider to anticipate and prevent risks, as well as to implement correction measures, basing their decisions on the **precautionary principle**.

Significant environmental aspects identified

Transversal aspects

- Use of resources (raw materials, fuel, electricity, water, etc.).
- Greenhouse gas (GHG) emissions.
- Generation of hazardous and non-hazardous waste.

Environmental Services

- Noise generated by vehicles and machinery or by the activities at facilities.
- Emission of atmospheric contaminating gases (NOx and SO_2), particulate matter, and odours derived from combustion and fermentation processes.
- Production of discharges from leachates, wash water, rainwater, sewage, etc.
- Consumption of resources, such as fuel, electricity, water, chemical products, and raw materials.
- Waste generation.

Water

- Consumption of reagents.
- Emission of particulate and gaseous pollutants (NOx and SO_2).
- Waste generation.
- Energy consumption.

Infrastructures

- Emission of noise, vibrations, and light.
- Emission of particulate and gaseous pollutants (NOx and SO_2).
- Generation of non-hazardous waste, in particular, construction and demolition waste (CDW).
- Generation of discharges.
- Territorial occupation.

Cement

- Extraction of natural resources in quarries to obtain raw materials.
- Greenhouse gas (GHG) emissions.
- Emission of particulate and gaseous pollutants (NOx and SO_2).
- Generation of noise.
- Generation of discharges.
- Water consumption.
- Overexploitation of natural environment.

Environmental commitments

The environmental actions are defined and established within the framework of the environmental management systems of each business. However, since the approval of the corporate **Environmental Policy** in 2009, the FCC Group has been observing a series of **key principles**, which establish the guidelines and references for its environmental management activities in all business areas:

- Driving the application of new technologies and synergies between the Group's areas.
- Establishing targets to spur continuous improvement.
- Considering the environmental aspects when planning the activities and in the procurement of materials and equipment.
- Establishing environmental indicators to monitor and control operations.
- Understanding and implementing the environmental principles through the involvement of stakeholders, particularly employees.
- Combating climate change, preventing pollution, and protecting the environment.

In addition, the **FCC Group's Sustainability Policy**, approved in April 2022, establishes the lines of action for the Group in relation to environmental management, strengthening FCC's commitment to protect the environment:

- Drive FCC's leadership in the response to **climate change**, moving towards a competitive low-carbon economy, and promoting **energy efficiency and the responsible use of energy**.
- Apply the principles of the **circular economy** to ensure resources are used more efficiently, improve the waste management processes, and increase the service life of materials.
- Promote the **responsible use, consumption, and management of water resources**, reducing water stress in the regions in which the Group operates.
- Help maintain the natural capital, by promoting the **preservation of biodiversity** and supporting the restoration and recovery of ecosystems.

Moreover, each business line has its own specific environmental policies, because of the differences between the respective activities carried out by the areas and the particularities of each sector, except for the Real Estate area, which is currently defining its ESG Committee. These policies are based on the general principles of the FCC Group's Environmental Policy and serve as the basis for the establishment of environmental management systems for each area, adapted to their context and operations.

Environmental policies, by business area

Environmental Services

The area has different environmental policies adapted to the specific needs of the activities carried out in each geographical area in which the business operates.

The environmental policies are often part of integrated management policies, which not only include environmental protection and energy efficiency commitments, but which may also include other commitments such as those related to quality, health and safety, protection of healthy workplaces, innovation, information security, or protection of personal data and digital rights. For example, this is the case of FCC Medio Ambiente Iberia, FCC Environment UK or the different countries of FCC Environment CEE.

Water

The commitments related to environment and energy, as well as to quality, are covered by the Integrated Policy of the Management System of the Water area. This policy encompasses the comprehensive management of water as a resource, the proper administration of quality control laboratories, the waterworks concessions, and the development of treatment plants, all with the cross-cutting objective of ensuring continuous improvement.

Infrastructures

Its Environmental Policy mainly aims to protect the environment and preserve ecosystems, apply continuous improvement processes that avoid environmental incidents both in works and fixed centres, and prevent pollution. In addition, its Sustainability Policy was approved in 2019 and it addresses matters related to the environment.

Cement

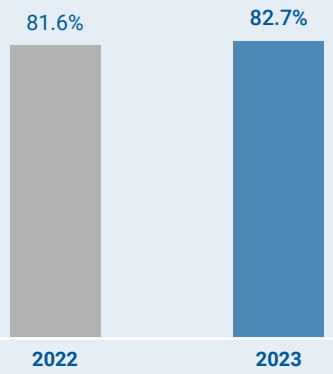
Following the implementation of the Energy Management System in accordance with UNE-EN-ISO 50001 in all cement factories operating in Spain, the corporate director of Operations approved in July 2022 a new Environmental and Energy Policy. It includes the area's commitments to reduce emissions and wastewater discharges, to reduce waste through recovery, and to restore any negative impact caused by the extractive activities.

Management systems and certifications

The environmental management systems include the **policies and commitments** described in the previous section, as well as the establishment, planification, and development of actions that are crucial to comply with these commitments. The search for continued improvement is reflected in how the Group prioritises the **implementation and certification of its environmental management systems** according to the leading international standards and regulations.

Certification according to recognised international standards ensures the implementation of suitable processes for the assessment of the environmental performance. In addition, these are essential tools to guarantee FCC can meet a relevant part of its commitments associated with sustainability. In line with previous years, 82.7% of the Group's activities in 2023 were ISO 14001 environmentally certified.

Percentage of activity covered by environmental certifications (ISO 14001)[13]



13. The information for 2022 reported in that year's Report was updated due to the detection of an error in the calculations.

The **main environmental certifications** held by the different business areas, as well as by the company's corporate offices, are specified below:

Certification	Corporate Office	Environmental Services	Water	Infrastructures	Cement	Real Estate
ISO 14001:2015		●	●	●	●	
ISO 50001:2018	●	●	●		●	
EMAS		●			●	
ISO 14064-1: 2019			●	●		
Zero Waste Certification	●					
A-LAB accreditation			●			
Certificate of company contribution to the SDGs			●			
BREEAM Certification				●		●

3.2. Resources dedicated to environmental risk prevention

The different business areas make huge investments every year to meet the Group's environmental commitments and improve the efficiency of its operations. Specifically, in 2023, the Group assigned over 260 employees and allocated **more than €100 million to address environmental issues**.

These investments covered different matters, as shown in the above table, including the increase in the annual investment to renew the vehicle fleet and purchase more efficient machinery in 2023 by the Infrastructures area. Likewise, the Cement and Infrastructures areas allocated over two million euros to energy efficiency measures. These measures included the installation of solar panels and the optimisation of machinery to improve their efficiency, as well as the renewal of buildings, making them more sustainable.

In addition, the Group also has **guarantees** in place to repair damage in the event of accidental contamination. FCC holds an **environmental civil liability policy**, with coverage of up to €60 million, in the event of a claim and accidental pollution, as well as a **general civil liability policy** that covers any accident, damage, or risk related to accidental pollution for a value of up to €10 million.

Although these policies offer global coverage for the whole Group, some businesses have additional coverage, as is the case of the Cement business, some divisions of FCC Environment CEE, and the Infrastructures area.

Monetary resources dedicated to environmental risk prevention (€)

	2021	2022	2023
Annual investment in renewal of the vehicle fleet and more energy-efficient machinery (hybrid or renewable)	48,109,001	62,664,921	75,538,636
Annual investment in energy efficiency measures	291,655	824,608	3,285,824
Investment in R&D projects related to environmental improvement/reduction of environmental impact	4,562,047	5,917,941	4,754,155
Annual environmental certification costs (ISO 14001, ISO 50001, EMAS, etc.)	282,943	388,953	473,663
Environmental consulting expenses	6,423,089	7,098,636	7,033,167
Other expenditure and investment for the protection and improvement of the environment	4,170,134	6,142,377	9,480,499
Total	**63,838,869**	**83,037,437**	**100,565,944**

3.3. Climate action

The international community has seen a huge change in the focus towards climate change, which has become one of the main challenges of our time. Aware of the magnitude and consequences of global warming, the international community signed the **Paris Agreement**, a joint commitment to effectively address the challenges of climate change at the global level. This agreement made it clear that climate change requires the implementation of measures and strategies to address and mitigate its impacts, with a view to reducing emissions and promoting more efficient and responsible consumption of energy.

In addition, the adoption of sustainable practices, in line with different initiatives, such as the **Task Force on Climate-related Financial Disclosures (TCFD)**, is key to address climate action from a business perspective.

In this context, the FCC Group joins the fight against climate change through the implementation of actions and measures that respect the environment to minimise its carbon footprint, mitigate the negative effects of its activities in relation to climate change, and lead the transition towards a low-carbon economy. As proof of this commitment, the FCC Group provides annual and voluntary reporting on the risks and opportunities derived from climate change to the **Carbon Disclosure Project (CDP)** initiative, as well as its strategic approach, action plans, and progress achieved.

Transition plan for the mitigation of climate change

The FCC Group assumes the responsibility and commitment to climate action in its **2050 Climate Change Strategy**, which addresses key matters, such as the identification of risks and opportunities, innovation, and proactive communication.

This commitment is essential to guarantee long-term sustainability of FCC's operations and society as a whole. To this end, the Group contributes to the fight against climate change with solutions to improve the adaptation to its impacts.

FCC's **2050 Climate Change Strategy** establishes the roadmap and long-term objectives of the Group to address the fight against climate change. It includes the approach of the different business lines in a single document, with the aim to set out the Group's path to reduce the carbon footprint and implement solutions for adaptation to climate change.

Particularly, it establishes the following objectives at the Group level:

- **Reduction of the contribution to climate change**, through tangible measures, such as the replacement of raw materials and fossil fuels, actions for the recovery of energy from waste, and participation in cutting-edge European projects.
- **Risk identification**, addressing the vulnerability of operations by calculating the carbon footprint of the businesses, establishing reduction goals, and building a map with the main risks faced.
- **Service approach**, with the commitment of not only searching for solutions internally, but also focusing services to help clients to provide an effective response to the impacts of climate change.

The Group's Strategy defines the five common pillars on which the specific strategic lines of action for each business area are developed:

Strategic lines

- **Monitoring:** the base of the strategy is the accurate identification and quantification of the GHG emissions, defining priority focus areas that allow the establishment of the reduction objectives.
- **Reduction:** establish reduction objectives based on the information obtained during monitoring, not just limiting process emissions, but also seeking to offer products and services with a lower environmental impact.
- **Adaptation:** recognise the expected impacts of climate change and prepare to address them, not only as a challenge, but also as opportunities to expand the service portfolio and penetrate new markets.
- **Innovation:** develop innovation and efficiency capacities to be more resilient and become the strategic partners of our clients. Likewise, search for national and international resources to facilitate the transformation towards low-carbon operations.
- **Communication:** value transparent communication as a strategic pillar, sharing the challenges, actions, and contributions to global objectives aimed at mitigating and adapting to climate change.

In parallel, each of the Group's business lines works to define its own actions, objectives, and metrics, in accordance with the specific characteristics and needs of their activities. The business areas establish their own **reduction goals**, which are in line with the Group's Strategy and the Paris Agreement, as described below.

Objectives of the business areas

FCC Medio Ambiente Iberia

Base year 2017

Goal for 2030

- Reduce greenhouse gas emissions by 35% by 2030.
- Increase the volume of GHG avoided (in tonnes) by 20%.

Goal for 2050

- Reduce biogas emissions from landfills by 80% by 2050.
- Achieve carbon neutrality by 2050.
- Increase the volume of GHG avoided (in tonnes) by 50%.
- Achieve 100% of the vehicle fleet labelled "ECO" or "Zero".

Water

Base year 2019

- Reduce the global scope 1+2 2020-2023 by 14.6%
- Reduce the global scope 1+2+3 2020-2023 by 12.6%

Cement

Base year 2020

Goal for 2030

- Reduce the GHG emissions from processes and combustion of grey cement (tCO_2/t cement) by 13.55%

Infrastructures

Base year 2021

Goal for 2026

- Reduce GHG emissions of Scopes 1 and 2 by 15%.
- Have 100% of the lighting elements using the most efficient lighting systems in Europe.
- Replace 10% of the vehicle fleet by more sustainable alternatives.
- Implement a vehicle rental and/ or acquisition policy that includes emission reduction criteria.
- Implement the use of electricity with Renewable Energy Guarantees of Origin in offices and fixed locations.

Goal for 2030

- Reduce GHG emissions of Scopes 1 and 2 by 35%.
- Have 100% of the lighting elements using the most efficient lighting systems in all countries.
- Replace 65% of the vehicle fleet in Europe and 45% in the rest of the world by more sustainable vehicles.
- Increase by 50% the use of electricity obtained from renewable sources in projects in which this is feasible.

Real Estate

Goal for 2030

- Reduce the use of energy for operational purposes in buildings by 40%.
- Reduce the GHG emissions in managed buildings and real estate developments by 25%.
- Ensure that 50% of the surface of buildings use green energy.
- Ensure that 10% of the energy demand in buildings is covered by energy generated on-site.
- Reduce the carbon footprint of administrative operations by 25%.

Governance of climate change

It is worth indicating that the FCC Group ensures that its Climate Change Strategy is observed and implemented across the different corporate levels. To do so, it has established an organisational structure that focuses on climate change to guarantee that its strategy is governed properly. This structure not only ensures that the strategy and values are incorporated into the company, but also responds to any eventual needs that might arise.

Risks and opportunities

The FCC Group's intrinsic nature, which covers a set of activities rolled out in different sectors and geographies, makes the Group exposed to multiple threats or factors derived from climate change. Therefore, the Group considers that it is a priority to incorporate into its strategy and business model the **management of impacts derived from climate risks and opportunities.**

To properly address the strategic approach based on the risks and opportunities related to climate change that can have a significant impact on the FCC Group, **the company has its own methodology for identifying, assessing, and prioritising such climate-related risks and opportunities**, integrated into its Risk Management Model.

Governance of climate change

Government and strategy

- Sustainability Committee
- Business lines

Risk management

- Identification of the risks and opportunities associated with climate change

Metrics and objectives

- Scopes 1, 2 and 3
- Reduction objectives in the climate change strategy
- Energy efficiency

Procedure for identifying, assessing, and prioritising climate-related risks and opportunities for FCC Group's activities

In line with the FCC Group's commitment to the fight against climate change, during 2023 it has worked to re-define its methodology for identifying and assessing the physical climate risks of its activities, incorporating those specifications for the analysis of climate transition risks and opportunities. Therefore, FCC has an end-to-end methodology to assess the degree of importance or materiality of all climate change risks and opportunities identified. This methodology is described in a specific procedure that applies to all FCC Group companies in all geographies.

To **analyse physical climate risks**, the methodology includes the selection of climate scenarios, the identification of physical climate risks of the activities carried out by the Group's companies and possible climate threads, the characterisation of these threads and their projection in the short and medium terms, the assessment of the probability of the risk and the degree of exposure and vulnerability of the activity to it and, finally, the prioritisation of the risks in order to define the best adaptation measures.

Regarding the **analysis of climate transition risks and opportunities**, the procedure includes an identification based on the classification criteria recommended by the TCFD, an assessment based on probability and severity of the impact or on capacity to seize an opportunity and potential (according to whether these are risks or opportunities, respectively), and a way of establishing the priority according to the results obtained.

In 2023, a full and in-depth analysis of R&O was conducted for all Group activities, complementing the study prepared in 2022 for those activities aligned with the EU Taxonomy that ensured compliance with the requirements set out in Commission Delegated Regulation (EU) 2021/2139.

As a result of the analysis of the risks and opportunities of each business area, the FCC Group has identified the priority risks and opportunities on which the organisation should focus its efforts.

Finally, t**he analysis of climate risks and opportunities is complemented with a study of the financial impact**, which allows FCC to know the consequences of climate change on the organisation in financial terms.

Transition risks

Risks associated with the transition towards an environmentally sustainable economy, which requires technological transformations, regulatory changes, market variations, and modifications of perception, which might affect the company's reputation.

- **Political and regulatory**

  The development of new policies and the increase in new environmental regulations may pose problems to adapt to a heterogeneous regulatory framework on climate change and reporting, due to higher and more complex dissemination obligations on aspects related to climate. In addition, regulatory changes may lead to operational restrictions and changes in the carbon pricing mechanisms and emission rights trading.

- **Market**

  The transition towards an economy with more sustainable supply and demand may involve a greater dependence on fossil fuels, an increase in the costs derived from the scarcity of raw materials, the lack of adaptation to the current environmental needs and challenges, an increase in prices, or a decrease in the insurance coverage.

- **Technology**

  The transition towards more sustainable technological improvements and innovations, characterised by the dynamism and the need to integrate new technologies, may result in a failed technological transition.

Physical risks

Physical risks derive from the occurrence of climatic threads of different nature, with the potential of having a negative impact on the environment, including damage to facilities, infrastructures, operations, water and raw material availability, and interruptions in the supply chain.

- **Water stress and drought**

  The changes in the availability of water due to changes in the rainfall frequency and the increase in temperature may pose certain limits to the processes.

- **Increase in temperatures and heat waves**

  The increase in temperatures and heat waves may cause an impact on staff and incidents in infrastructures and processes.

- **Forest fires**

  The increase in the frequency of forest fires may have an impact on staff, infrastructures, and processes.

- **Strong precipitation and floods**

  The increased frequency of strong precipitation and floods events have an impact on the increase in incidents in processes, damage to installations, and impacts on the health and safety of staff.

Opportunities

Opportunities that appear when organisations make efforts to mitigate and adapt to climate change.

- **Resource efficiency**

  Adaptations to climate change bring the opportunity of creating smart resource management, energy efficiency, and carbon neutral transport solutions. Likewise, they foster access to new technologies, such as Big Data, to improve the process efficiency.

- **Market**

  The market adaptations will mean an expansion of the activities classified as sustainable in the European Taxonomy. In addition, they represent an increase in the demand for products due to stricter energy efficiency standards. They also generate opportunities to access green financing and benefit from incentives, such as public sectoral aids. Finally, they promote R&D&I solutions to face climate change and competitive advantages of low-emission technologies.

- **Products and services**

  With regard to products and services, there will be an increase in the demand for projects that foster the mitigation and adaptation to climate change, as well as the possibility to participate in strategic R&D&I alliances in industry, integrating sustainable mobility solutions in the environment.

Actions

With the goals established and the risks and opportunities identified, the FCC Group implements a series of **actions to mitigate and adapt to climate change**, as well as to **promote energy efficiency** across all business areas. Below is a breakdown of the actions and measures implemented by the different business units.

Environmental Services

Climate action

- Commitment to a 100% electric vehicle fleet.
- Promotion of energy recovery from waste.
- Development of a Technical Instruction to protect workers from heat stroke accidents.
- Development of protocols for dealing with extreme weather events, such as droughts, snowfalls, or floods.

Energy efficiency

- Energy Management System, certified in accordance with ISO 50001.
- Increase in the consumption of renewable energy.
- Development of more energy-efficient machinery.
- Actions aimed at achieving the commitment of having 100% of the fleet of vehicles with "ECO" and "Zero" labels, as part of the 2050 sustainability strategy.
- Installation of software for more accurate monitoring of energy consumption from public lighting contracts.
- LED lighting installation.
- Industrial waste treatment process optimisation.
- Training workers in efficient driving techniques.
- Increase in the proportion of vehicles powered by alternative energies.

Water

Climate action

- Individual carbon footprint calculation per country.
- Use of renewable energy.
- Transformation of the vehicle fleet.

Energy efficiency

- Implementation of the energy optimisation System for offices and warehouses in six of the eight locations, with a view to rationalising energy use in lighting and air-conditioning in these administrative centres.
- Improvement of the energy monitoring, reducing human error during supervision and improving the features and scope of the electricity billing control platform, Synergica.
- Platform for centralised monitoring and control of proposals and improvement objectives of the different contracts, related to efficiency.
- Launch of new pilot projects and equipment to improve the power supply signal of installations and reduce consumption, through the Energy Efficiency Work Group.

Infrastructures

Climate action

- On-site awareness-raising actions.
- Use of more efficient lamps to reduce consumption and GHG emissions.
- Promotion of low-emission mobility.
- Reduction of combustion gas emissions from vehicles and machinery using electrical machinery or implementing efficient driving and reduction of on-site traffic measures.
- Identification of the best adaptation measures for infrastructure and facilities exposed to sea level rise.
- Adaptation of construction processes and materials used in response to rising temperatures.

Energy efficiency

- Installation of energy-saving LED lighting on site.
- Use of modern and efficient machinery.
- Development of machinery maintenance plans.
- Implementation of good environmental practices to reduce energy consumption in the construction and operation phases of infrastructures.

Cement

Climate action

- Modification of furnace burners to optimise fuel consumption.
- Use of fuels with higher biomass content.
- Introduction of renewable electricity generation projects (wind or photovoltaic).
- Development of strategic energy transition plans in cement plants.
- Reduction of the percentage of clinker in cement.
- Signature of renewable energy PPAs.

Energy efficiency

- Continuous process optimisation.
- Implementation and improvement of furnace and mill driving systems.
- Equipment renewal.
- Installation of presence sensors and LED lighting.
- Energy audits according to ISO 50001.

Real Estate

Climate action

- Replacing air-conditioning equipment with units that use refrigerant gases with lower global warming potential.
- Installation of efficient climate-control and low-energy consumption systems in property development projects.

Energy efficiency

- Installation of LED lighting in buildings.
- Installation of more efficient air-conditioning equipment.
- Adjustment of air-conditioning and heating temperatures.
- Design of buildings with A or B energy certification.

GHG Emissions

The urgent need to reduce greenhouse gas emissions is one of the FCC Group's and its business areas' commitments. Therefore, FCC has made significant progress in **measuring the impact of its activities** by calculating the **carbon footprint** of its businesses and other associated parameters every year. At the Group level, the businesses help assess and analyse the data gathered, seeking for improvement strategies. Moreover, according to the criteria of the **GHG Protocol**, each business line implements its own methodologies, which are endorsed by the **Spanish Climate Change Office** and consider the characteristics of their specific sectors. It is thanks to this that the areas can achieve a global industry view and assess the progress of the implemented measures.

GHG emissions (tCO_2e)

	2021	2022	2023
Direct GHG Emissions (Scope 1)	6,624,839	6,507,988[14]	6,045,270
Indirect GHG Emissions (Scope 2)	549,838	630,050	514,089
Total	**7,174,677**	**7,138,038**	**6,559,359**

GHG emission reductions as a result of abatement initiatives (tCO_2e)

	2022	2023
Direct GHG Emissions (Scope 1)	34,036	174,706
Indirect GHG Emissions (Scope 2)	7,794	4,210
Arising from emission offsets	–	200

The results respond to FCC's commitment to reduce the Group's carbon footprint. It is worth emphasising the results of FCC Construcción and FCC Medio Ambiente Iberia in the reduction of GHG emissions, thanks to the implementation of different initiatives, such as the replacement of the fleet with electric vehicles, the use of alternative energies and the reduction of fossil fuels used.

14. Updated Aqualia's information, due to an improvement in the indicator monitoring systems.

FCC Medio Ambiente Iberia offsets its CO_2e emissions

For the third year in a row, FCC Medio Ambiente Iberia received the "Compenso" seal, awarded by the Spanish Government and, for the first time, FCC Ámbito received the "Compenso" seal from the OECC.

Within the framework of the compensation of GHG emissions in 2023, FCC Medio Ambiente Iberia has collaborated and participated in the following forest management and restoration projects.

- FCC Medio Ambiente collaborates with the Galician Forestry Association in the project "Galicia Rexenera: Coto María (Ponteareas)", which aims to restore 380 hectares of Monte Vecinal de Ribadetea, in the municipality of Ponteareas. The restoration of this hill is being carried out after the forest fire that affected the area in 2015, applying natural regeneration techniques where possible, and strengthening it with planting where needed to ensure the recovery of the forest mass. It is worth mentioning that the forestry management activities carried out are PEFC and FSC certified as Sustainable Forestry Management practices.
- Regarding the collaboration of FCC Ámbito with the Galician Forestry Association in the project "Galicia Rexenera: Peimallo (Vigo)", the aim is to restore 221 hectares of Monte Vecinal de Valladares, in the municipality of Vigo, which was affected by a forest fire in 2017. The work focused on selecting bushes and shoots of the spots affected by the fire to achieve natural regeneration of the forest mass.
- Finally, FCC Medio Ambiente has collaborated with Hellín Town Council to restore the surface of a sealed landfill of inert construction and demolition waste in the municipality. The restoration technique involved consists of the re-forestation of the surface with native tree species of the area, and the creation of a miniature forest as part of the re-forestation, covering some 600 m^2, with important species with a high biodiversity value and quick growth, as an environmental learning space in nature.

FCC Construcción consolidates the improvement of its GHG reporting

The Infrastructures area has fulfilled its commitment to check its GHG emission inventory in accordance with the ISO 14064-1 standard, ensuring that 100% of its activities are verified.

In line with the target set for the 2017-2020 period, in which it undertook to extend the verification of its GHG emissions inventory to the international level under the ISO 14064-1 standard to guarantee that 100% of its activities are verified, the Infrastructure area published its greenhouse gas report for 2021, meeting its goal. Thanks to the strong commitment of its employees, the company has managed to meet the target again in the report for the year 2022, and it is expected to continue meeting it in the coming years.

Particularly, this report provides, for the first time in the sector, a quantification of all the emissions corresponding to all the countries in which this business area is present.

In addition, this commitment is consolidated by publishing its 2023-2026 Climate Change Strategy, approved by FCC Construcción Sustainability Committee, which establishes ambitious goals and objectives to achieve carbon neutrality by 2050.

Energy

Most of the FCC Group's carbon footprint is associated with the use of energy. The main GHG emissions come from the use of energy from **direct sources**, such as fuels or refrigerant gases, or **indirect sources**, mainly related to electricity. To limit its contribution to the carbon footprint, the FCC Group establishes a series of parameters that can be measured to monitor its consumption. Among other controls, it measures its energy intensity, that resulted in 725 GJ per employee in 2023.

A series of measures aimed at promoting energy efficiency have been established with the quantitative data obtained, which are mentioned in the previous paragraph.

In addition, in line with its environmental commitments, the FCC Group is also committed to increasing the **consumption of energy from renewable sources**. The table below shows the total energy consumption per source, highlighting FCC's commitment to green energy over the last few years.

Total energy consumption by type (GJ)

	2021	2022[15]	2023
Direct energy consumption	39,436,906	42,322,218	41,420,222
Indirect energy consumption	6,525,681	7,029,620	7,196,227
Total	**45,962,587**	**49,351,838**	**48,616,449**

Total energy consumption by origin (GJ)

	2021	2022[15]	2023
From non-renewable sources	32,933,408	34,585,831	32,832,774
From renewable sources	13,029,179	14,766,007	15,783,674[16]
Total	**45,962,587**	**49,351,838**	**48,616,449**

15. Refer to the explanation on the change of information in Annex 7.1.2.

16. The information regarding renewable energy provided by the Cement area corresponds to the PPAs signed for the 2023 period and to the part derived from the energy generation mix purchased from the market by Fortia for Cementos Portland Valderrivas Group's cement plants in Spain.

3.4. Pollution

The FCC Group addresses pollution prevention as a central issue of its environmental management. FCC's different business areas assume their own commitment to **reducing and preventing the pollution sources** that could be associated with its operations. To achieve this, they establish a series of specific actions aimed at reducing the possible adverse impacts of their activities and complying with the regulations associated with pollution and discharges that apply in each geography in which the Group operates.

Moreover, in the search for constant improvement, the FCC Group parameterises the results obtained, in accordance with the metrics set forth in the applicable laws, with the purpose of defining short, medium, and long-term objectives.

Actions

The FCC Group's different business areas identify the main sources of pollution of its corresponding operations. Based on this knowledge, a series of **actions and measures** are established **to prevent or mitigate the possible contribution to environmental impacts associated with pollution**, whether atmospheric pollution derived from the emission of contaminating gases, water and soil pollution due to spillages and discharges, light pollution due to artificial lighting, or acoustic pollution due to noises.

The main sources of contamination and most important measures implemented by each business area are described below:

Air pollution (NOx, SOx, particulates):

Environmental Services

Main sources

- Waste management activities.
- Use of the vehicle fleet.

Measures implemented

- Monitoring and traceability of biodegradable material sent to a landfill.
- Dynamic optimisation using the sensors of the routes, depending on the level of waste in the containers.
- Use of hydrogen and electric/hybrid vehicles.
- Reduction of distances travelled on routes through the use of spatial calculation software.
- Promotion of the use of renewable energies to generate electrical and thermal energy, either for self-consumption or for sale (including photovoltaic panels on the roofs of industrial units, mini wind power plants, etc.).
- Implementation of an Efficient Driving Management System.

Water

Main sources

- Wastewater treatment plants.
- Use of the vehicle fleet.

Measures implemented

- Compliance with legal requirements on atmospheric emissions.
- Design, in the different contracts, of environmental risk sheets, stipulating the preventive measures to be taken.
- Definition of the target for 2030 to renew the fleet of passenger cars and light-duty vehicles with low-emission vehicles.

Infrastructures

Main sources

- Earthworks or demolition activities.
- Movement of vehicles and machinery.

Measures implemented

- Spraying of water on roads to reduce particulate emissions.
- Use of additives in irrigation water to create a surface crust, pavement of paths, and other long-lasting dust control practices.
- Use of screens to prevent the dispersion of dust in specific activities.
- Speed monitoring of vehicles on site.
- Use of modern machinery.

Cement

Main sources

- Use of clinker kilns in cement production.
- Use of machinery and vehicles.

Measures implemented

- Implementation of selective non-catalytic reduction techniques to limit NOx emissions.
- Installation of burners with low NOx emissions associated.
- Fuel metering control.
- Installation of bag and electrostatic filters to reduce particle concentrations in channelled sources.
- Installation of covers and filters in conveying and transfer of powder materials.
- Watering of tracks and paths.
- Use of sweepers and vacuum trucks to prevent diffuse emissions.

Real Estate

Main sources

- Use of boilers and air conditioning equipment.

Measures implemented

- Regular controls using analytical tests, monitoring compliance with the pertinent legislation in force.
- Installation of sustainable and efficient climate-control systems in real estate developments.

Spills and discharges

Environmental Services

Main sources

- Leachate generation.
- Discharges of wastewater resulting from carrying out the activity.

Measures implemented

- Establishment of a procedure for wastewater discharge control.
- Control and analysis of discharges to ensure compliance with environmental legislation.
- Monitoring of BOD5 and nitrogen concentrations in leachates.
- Installation of rainwater collection and diversion systems to prevent its contact with waste.
- On-site treatment of leachate or, if unavoidable, transfer to authorised external waste collectors.
- Installation of water and/or oil interceptors for spill prevention.
- Treatment and recycling of water from toilets for reuse in car washing tasks.
- Recirculation of the car washing water, facilitating its reuse.

Water

Main sources

- Water discharges inherent to carrying out the activity.

Measures implemented

- Analytical control of discharges in in-house and external laboratories.
- Establishment of emergency plans to respond to accidental spills and/or discharges.
- Covered storage and proper identification of chemicals and hazardous waste, with containment systems such as bunds and absorbents to collect accidental spillages.

Infrastructures

Main sources

- Process wastewater generation.

Measures implemented

- Water quality monitoring.
- Installation of treatment plants.
- Implementation of a gutter washing area on site.
- Installation of decanting systems to remove suspended solids.
- Settling ponds for effluent discharges and process water, with or without the use of additives.
- Improvement of the levels required by legislation or by the discharge permit through control of parameters and water treatment techniques.

Cement

Main sources

- Discharge of rainwater and sanitary water.
- Spills of hazardous substances (liquid fuel, ammonia water, hazardous waste).

Measures implemented

- Installation of treatment systems in quarries and factories to guarantee the quality of the discharge.
- Implementation of closed circuits for the re-use of wastewater.
- Storage of waste under cover, on concreted surfaces, and with retention bins.
- Compliance with regulatory inspections of tanks for hazardous substances, such as fuels.

The standards and limit values that determine the quality of effluent discharges derived from the activities of all business areas are established by the corresponding laws in the geographies in which the Group operates. With regard to the Water area, beyond the standards established in the regulations, the facilities comply with the requirements set forth by the competent authority, which take into account the characteristics of the receiving body of water when determining the limit discharge values.

Substances with a priority risk present in discharges are treated in accordance with the methods established in the applicable regulations and within the limits set forth.

Light and noise pollution

With regard to light and noise pollution, the business areas establish specific actions adapted to the characteristics and specificities of their activities. Below are the measures implemented:

Environmental Services

Measures implemented

- Use of electric vehicles.
- Use of electric brush cutters, blowing machines, hedge trimmers, and chainsaws.
- Schedule adjustment (day or night) at which the activities are carried out, such as waste collection, to ensure the best periods of day are established.

Water

Measures implemented

- Acoustic insulation of machinery.
- Installation of noise dampening barriers or moving partitions.
- Training and awareness-raising actions for staff.

Infrastructures

Measures implemented

- Use of smart sensors to reduce noise emissions sources.
- Environmentally friendly night lighting.

Cement

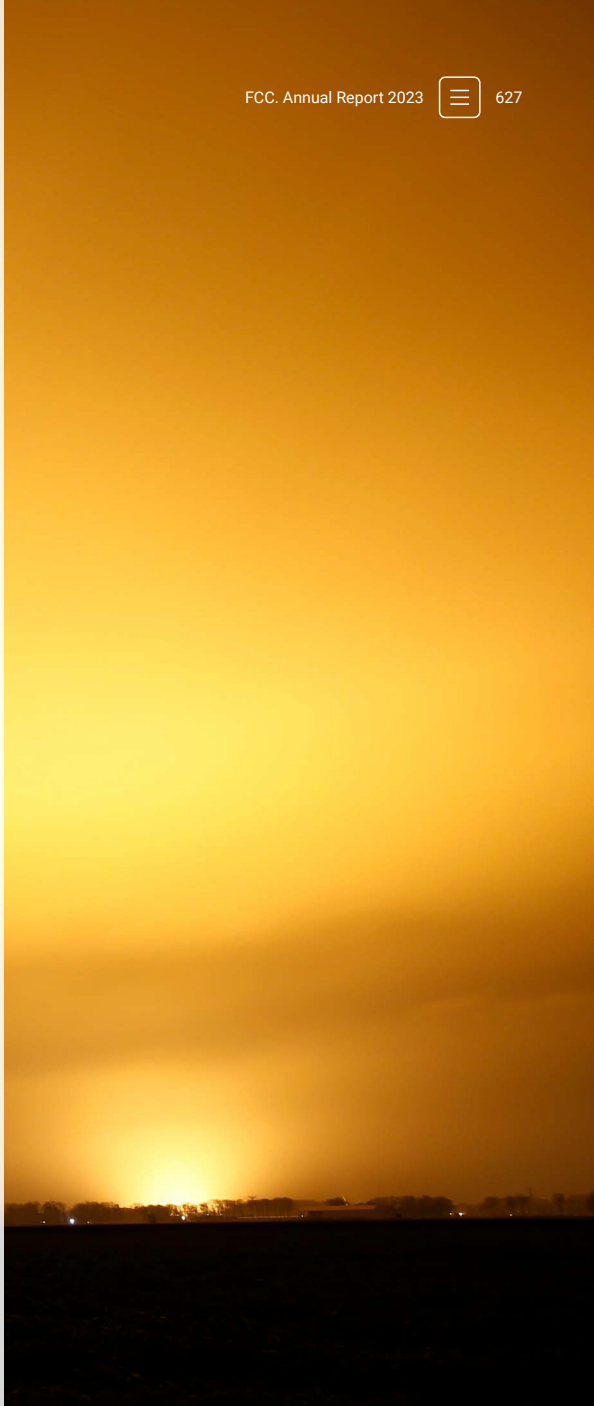
Measures implemented

- Use of blasting techniques at quarries with noise and vibration reduction.
- Installation of noise dampening barriers, mufflers, and enclosures.
- Equipment maintenance.

Real Estate

Measures implemented

- Installation of presence sensors in low-occupation or transit areas.



Metrics

After identifying the sources of contamination and implementing the subsequent actions and measures, it is necessary to assess its effectiveness. To do so, the FCC Group gathers quantitative information from the areas, using the metrics established in the corresponding regulations.

Atmospheric emissions (t)

	2021	2022	2023
NOx	10,395	10,316[17]	13,904
SOx	1,237	1,501	1,702
Persistent organic pollutants (POPs)	–	44	45
Volatile organic compounds (VOCs)	256	320	445
Particles (PM)	618	438	600
HCl	55	59	59
HF	3	2	2
Other emissions	–	265	282

Significant spills

	2021	2022	2023
Total number of significant spills (No.)	33	28	95
Total volume of significant spills (m^3)	54	21	33

The increased levels of NOx are mainly caused by an increase in the activities of the Infrastructures area, as well as due to fluctuations derived from downtime of the Cement area's furnaces.

Moreover, the increased generation of VOCs and PM is a result of the increased variability and typology of the construction projects performed by the Infrastructures area.

The increase in the total volume and number of significant spills was caused by the extreme weather phenomena in Spain during September. In general, these refer to punctual wastewater spillages at pumping facilities or wastewater treatment plants, some of which untreated and others sourced from rainwater. As a consequence of the spills identified during 2023, several measures have been developed, such as awareness-raising actions or the establishment of environmental emergency plans at construction sites.

17. Updated Aqualia's information, due to an improvement in the data gathering systems.

Water discharges by destination (m³)

	2021	2022	2023
Surface water	1,144,552	1,436,279	1,890,932
Groundwater	9,080	78,225	55,616
Sea water	45,865	76,518	74,654
Third-party water (total): municipal network and treatment plants	2,962,241	1,931,930[18]	2,066,206
Third-party water transferred to be used by other organisations	–	15,673	21,514
Total	**4,161,737**	**3,538,625**	**4,048,923**

The increase in the volume of discharges during 2023 is mainly due to the UK subsidiary of the Environmental Services area, since there was a greater volume of leachates treated and a higher volume of discharges to the sewer network this year.

Water discharges by concentration (m³)

	2021	2022	2023
Fresh water (total dissolved solids ≤ 1000 mg/l)	2,452,153	1,451,157[18]	1,278,470
Other waters (total dissolved solids > 1000 mg/l)	621,596	1,157,329	1,234,196
Not typified	1,087,988	930,139	1,536,257
Total	**4,161,737**	**3,538,625**	**4,048,923**

Water discharges by concentration in water-stressed areas (m³)

	2021	2022	2023
Fresh water (total dissolved solids ≤ 1000 mg/l)	541,175	729,741[19]	661,553
Other waters (total dissolved solids > 1000 mg/l)	10,081	23,650[19]	1,234,196
Total	**551,256**	**753,391[19]**	**678,511**

18. The 2022 data was modified as a consequence of improvements in the information reported by the Hungary subsidiary of the Environmental Services area.

19. The 2022 data was modified as a consequence of improvements in the reporting process of FCC Medio Ambiente Iberia.

Objectives

Based on the results, the FCC Group and its business areas have set a series of objectives in their commitment to continuous improvement.

Below are some of the most important objectives related to the **reduction of contamination**, as established by each business area:

Environmental Services

Atmospheric pollution

- Increase the proportion of vehicles using alternative energies, thus reducing atmospheric contamination derived from the use of fossil fuels.
- Reduce pollutant emissions of NOx, SOx, and particles.
- Increase the proportion of renewable energies in installations.
- Encourage employees to use public transport or sustainable mobility means to commute.
- Create a fleet made up of vehicles with "ECO" or "ZERO" label (50% by 2030 and 100% by 2050).

Spills and discharges

- Reduce the discharges generated.

Noise pollution

- Increase the proportion of electric vehicles in the fleet.
- Increase the number of electric brush cutters, blowing machines, hedge trimmers, and chainsaws used to perform maintenance tasks at parks and gardens, and for other services.

Light pollution

- Increase the use of the light pollution map management tool in the installations and facilities located in high-risk areas.
- Develop reduction plans.

Water

Spills and discharges

- Improve the discharge parameter results.

Infrastructures

Atmospheric pollution

- Minimise particulate emissions.
- Increase the use of smart sensors to measure atmospheric emissions in real time.

Noise pollution

- Minimise noise emissions.
- Increase the use of smart sensors to measure noise in real time.

Cement

Atmospheric pollution

- Reduce the diffuse particle emissions at the factories of Alcalá de Guadaira and Mataporquera (zero complaints or incidents).
- Reduce mercury emissions at Monjos factory (concentration levels below 0.025 mg/Nm^3).
- Improve the NOx abatement system at Olazagutía.

Spills and discharges

- Reach a level of zero spills of hazardous substances at any factory.

3.5. Water

The growing concern for water scarcity is intensified by the impacts derived from climate change. This phenomenon not only compromises the availability of this vital resource but also increases the risk of drought and prolongs situations of water stress, thereby directly affecting the quality of life in communities. Beyond its vital function for survival, water plays a central role in the correct balance of biodiversity, the production of food, and the economic development. In this critical scenario, responsible management of water becomes an essential pillar to mitigate the adverse effects of scarcity and promote its sustainable use.

Aqualia and end-to-end water resources management

Aqualia plays a key role in the end-to-end management of water in the FCC Group. Through its activities, the company seeks to maximise the efficiency in the use of water, of both public and private sources.

Actions

Aqualia's commitment focuses on the comprehensive management of all phases of the water cycle, which are described below:

- **Abstraction:** Aqualia collects water from different sources, that include seawater, saline wells, and springs.
- **Purification:** specific technologies are applied in drinking water treatment plants to guarantee the quality of drinking water, adapted to its source and characteristics.
- **Desalination:** a series of processes are implemented to maximise the use of water resources and address the problems associated with water scarcity, demonstrating a strategic focus on effective water management.
- **Distribution:** through a pipeline network, Aqualia distributes drinking water from header tanks to the different municipalities and buildings, ensuring efficient access for the population.
- **Collection:** the water discharges generated by buildings and runoff water resulting from rainfall reach the treatment facilities through the sewerage network, where they are managed by the Water area for reuse or controlled discharge.
- **Treatment:** wastewater treatment plants, which are designed to ensure efficient water management, help improve the physical and sanitary characteristics of wastewater.
- **Re-use:** treated water is re-used for irrigation of parks, cleaning tasks, or recovery of environmental flows.

In addition to its commitment to the integral water cycle, Aqualia makes a significant contribution to responsible management of this essential resource through other specific management areas:

- **Industrial water treatment:** installations are designed, built, and operated in compliance with industry's needs. Aqualia provides solutions adapted to the needs of its clients, supplying cutting-edge equipment, and offering technical assistance.
- **Irrigation infrastructure management:** Aqualia manages and maintains irrigation infrastructures, participating with Irrigation Communities and agricultural entities. This form of collaboration is essential to guarantee the optimum availability of water in the agricultural sector, contributing to sustainability during the production of food and to the efficient handling of water resources in these communities.

Metrics

The main figures related to Aqualia's water management for the year 2023 are shown below and compared with previous years:

Natural capital (m³)

	2021	2022	2023
Gross volume of raw water abstracted for management	995,313,590	1,590,377,560	1,583,722,122
Drinking water produced	769,080,428	1,287,185,226	1,283,313,324
Treated water	656,867,498	835,276,327	788,835,970
Raw water purchased	208,151,866	220,994,447	222,795,258
Total water consumed in the purification and desalination processes	178,795,022	223,408,922	216,991,324
Volume of water distributed	643,732,387	1,215,790,587	1,221,530,125

Re-use of WWTP water effluents (m³)

	2021	2022	2023
Total volume of water treated in WWTP	23,762,128	835,276,327	778,742,617
Volume of water re-used	45,937,030	80,862,569	8,923,855
% total re-used	6.3%	9.7%	1.15%

As shown, the volume of water re-used has decreased when compared to last year, since the water discharged by Aqualia's subsidiary in Egypt is not re-used any more, which represented 90% of the total water re-used during the year 2022.

Objectives

Aqualia establishes measurable objectives to improve its water management, as well as the corresponding control and monitoring measures. The table below shows the goals for the implementation of responsible water use and management practices:

Aqualia

Measurable objectives

- Limit to 27% the volume of unregistered water over the volume of water injected into the distribution network by 2023.
- Limit to 12 m³ the volume of unregistered water per network kilometre per day by 2023.

Follow-up and compliance measures

- Preparation of quarterly reports for Aqualia's Board of Directors, which include the corresponding water management efficiency indicators.
- Maintenance and renewal of the water distribution networks to improve their efficiency.

Water use in all other areas of the FCC Group

Controlling the use of water is crucial, given the essential nature of this resource and the challenges related to its scarcity. Aware of this, the different lines of business implement measures aimed at mitigating the adverse impacts of the activities that generate significant water consumption, thus helping preserve water resources.

Environmental Services

Main activities involving the use of water

- Cleaning and maintenance of gardens and green areas.
- Street sweeping service.
- Maintenance of ornamental fountains.
- Maintenance and use of installations by employees.
- Use of water in waste treatment plants.

Implemented measures

- Informing workers with awareness-raising campaigns to promote the rational and efficient use of water.
- Prioritisation of water-saving technologies and equipment both in installations and activities associated with the irrigation of parks and gardens and street sweeping and cleaning services.
- Encouraging the use of water-saving devices at facilities and efficient handling of irrigation water.
- Improve water use monitoring and control practices in different installations, paying special attention to areas with water stress, with the implementation of an Environmental Risk module.
- Selection of species with lower water requirements and better adapted to the climate.
- Adaptation of the management practices to the reduced water availability at Municipal Solid Waste (MSW) treatment plants.
- Incorporation of efficient technologies, such as pumping systems in street flushers tanks or the installation of a dual flushing-sweeper.
- Recirculation of water and leachates from dump sites in waste processing plants, preventing the use of additional water resources.
- Use of rainwater for the biological processing of domestic waste, road cleaning services (sweeping, flushing, and cleaning) and solidification plants, preventing the dependence on external services.

Actions

Below are the activities of the different business lines that use water, in addition to the measures adopted to attenuate the associated impacts.

Infrastructures

Main activities involving the use of water

- Watering of roads to prevent dust generation and emission.
- Maintenance and cleaning of machinery.
- Washing concrete tanks and chutes.
- Use in certain construction techniques, such as gunning.
- Concrete production and aggregate washing processes.

Implemented measures

- Re-use of effluents and wastewater.
- Consumption control.
- Use of recycled water for irrigation when it meets the necessary quality standards.
- Re-usage of water used to wash concrete buckets to irrigate paths or wash other buckets.
- Rolling out awareness-raising campaigns for construction staff on the importance of ensuring the sustainable use of water and the application of good practices.
- Installation of efficient taps.

Cement

Main activities involving the use of water

- Gas cooling at facilities.
- Use of drinking water in restoration areas.
- Garden irrigation.

Implemented measures

- Maintenance and improvement of facilities water networks to prevent losses.
- In-depth consumption control.
- Re-use of rainwater.

Real Estate

Main activities involving the use of water

- Human consumption.
- Garden irrigation.
- Air conditioning.

Implemented measures

- Daily recording of the consumption levels and on-going supervision to identify and control possible water leakages.
- Optimisation of climate control and cooling systems.
- Implementation of systems to re-use grey water for sanitary use in different residential building developments.

Metrics

The FCC Group is committed, through its different areas, to making a huge effort to adapt to the consequences of climate change and, as far as possible, mitigate the adverse effects on water resources. This requires fostering the **rational and efficient use** of this resource that is essential to life. The end-to-end management of water resources aims to **guarantee water safety** in the long-term, balancing human needs with the **preservation of aquatic and land ecosystems**, while promoting **efficient and fair practices** regarding the use of water. It is worth mentioning that these data do not provide information about self-consumption of the Water area, since it represents a residual consumption compared to the volumes managed by the business, which are described in the specific end-to-end water resource management section.

Water abstraction (m³)

	2021	2022	2023
Municipal water supply or by other water companies	9,927,550	9,298,690[20]	9,240,341
Surface waters (wetlands, rivers, lakes, and other water streams)	1,001,832	642,429	1,104,123
Sea waters	–	–	–
Brackish waters	–	–	–
Groundwater	1,139,239	1,350,880[20]	1,573,509
Rainwater captured and stored by the organisation	295,928	312,651[20]	287,659
Recycled or re-used water	2,042,356	2,629,037[20]	2,690,141
Other water resulting from abstraction, processing, or use of raw materials	–	–	–
Total	**14,406,904**	**14,233,686**	**14,895,772**

20. Updated data after using data measured directly by FCC Medio Ambiente Iberia.

The above table shows a significant increase in the abstraction of surface water by the subsidiary in the UK of the Environmental Services area. In this regard, abstraction from these sources depends on each year's weather conditions, as well as the type of agreements signed by the company. Moreover, and to a lesser extent, there is a contribution of the Cement area, as a consequence of the increase in the use of water due to the growth in production and to a greater use of water in quarries to irrigate roads and stockpiles.

Objectives

The FCC Group recognises the importance of water in its activities. In addition, it aims to position as an industry benchmark regarding the contribution to **reducing water stress**. In this line, it assesses the impact of its activities on water resources, seeks efficiency in the use and management of water resources, and investigates the alternatives that promote the preservation of water and its quality.

Below are the measurable objectives set forth with the corresponding monitoring and compliance measures for specific activities of the Group, which portray the commitment to ensure a **responsible use of water** in all operations, in line with the Group's environmental and social commitments.

Environmental Services (Iberia)

Measurable objectives

- Achieve a level of water consumption from alternative sources to mains water (50% by 2023 and 100% by 2050).

Follow-up and compliance measures

- Implementation of measures to monitor water consumption through the available service management software applications (VISION).
- Adoption of initiatives and best practices that drive the efficiency in the use of water, both in facilities and during the provision of street cleaning and parks and gardens irrigation services.

Infrastructures

Measurable objectives

- Calculate the water footprint in national projects by 2026 and in 100% of the company's activities by 2030.
- Apply measures to raise awareness and optimise the use of water in 100% of the projects rolled out in areas with water stress by 2026.
- Reduce water consumption by 20% by 2050.

Follow-up and compliance measures

- Establishment of a methodology to calculate the water footprint for the entire company.
- Rainwater abstraction and use of process water to irrigate paths, increasing the rate of water re-usage.
- Application of the mandatory best practices to optimise water in projects and facilities located in areas with water stress.

Real Estate

Measurable objectives

- Achieve a 30% reduction in the water used in buildings by 2030, both in construction sites of housing developments and in office buildings management, adapting the operations to the actual water availability in each geography.
- Achieve the use of 30% of water from alternative sources to mains water by 2030.

Follow-up and compliance measures

- Use of high-performance and low water consumption equipment.
- Use of rainwater to supply water demand for irrigation and cleaning purposes.
- Improvement of the water treatment systems.
- Monitoring consumption levels.
- Measures to achieve the efficient use of water, such as humidity sensors or leak detection systems, among others.

3.6. Biodiversity and ecosystems

Biodiversity, the balance and preservation of which is essential to guarantee the good health of our planet, is currently facing critical challenges. Factors such as deforestation, pollution, climate change and over-use of resources are speeding up the extinction of species at an unprecedented scale. This situation is compromising the stability of ecosystems, while also affecting the availability of food, the climate balance, and the quality of water, among other environmental aspects that are key to life.

In this context, the FCC Group recognises the urgent need to address the **protection of biodiversity and ecosystems**. Aware of the fact that the company's operations can have impacts on natural systems, FCC is making a firm commitment to the preservation of natural capital. Proof of this commitment can be seen in the different actions developed by each business area. For example, during 2023 FCC Medio Ambiente Iberia renewed its adhesion to the **Biodiversity Pact of the Spanish Business and Biodiversity Initiative (*Iniciativa Española Empresa y Biodiversidad*, IEEB).**

Actions

Below are some of the most significant impacts derived from the company's different lines of business, as well as the measures and actions implemented to reduce these impacts on biodiversity. These measures range from the implementation of sustainable practices in the production chain to rolling out initiatives aimed at restoring local systems.

Environmental Services

Impacts identified

- Deterioration of spaces and biodiversity.
- Destruction of vegetation and alteration of habitats in areas near the waste treatment facilities, aggravated by the use of phytosanitary products.
- Shifting of native species due to the presence of invasive species appearing as a consequence of the activity in landfills.
- Soil degradation, compaction, and desertification.
- Occupation of land for the establishment of facilities, treatment plants, and landfills.

Measures implemented

Parks and gardens

- Implementation of work methods and practices that are more respectful to biodiversity, which include the use of low toxicity products.
- Implementation of integrated plague management systems.
- Installation of elements to foster the presence of wildlife in urban and managed environments, such as nest boxes, insect hotels, and naturalised fountains.
- Protection of native species and active monitoring to prevent the propagation of invasive species.

Waste treatment plants

- Revegetation of sealed landfills.
- Implementation of deterrent techniques, such as falconry or the use of air cannons to prevent the proliferation of opportunistic species.

Water

Impacts identified

- Degradation of ecosystems due to wastewater discharges from flushes or bursts in sewerage network and wastewater treatment plants installations.
- Degradation of ecosystems due to sludge spills and biogas leaks caused by accidents/incidents at wastewater treatment plants.
- Fauna trapped in the facility fences.

Measures implemented

- Development of a project for the identification of impacts on biodiversity.
- Information about facilities with a potential impact on biodiversity, as part of the management system.
- Control and registration of accidents that can pose a risk to biodiversity.

Infrastructures

Impacts identified

- Degradation of habitats.
- Fragmentation and disconnection of habitats and migratory routes.
- Bypassing natural water flows.
- Alterations in the vital development of plant and animal species.
- Removal of vegetation cover.
- Erosion and desertification.

Measures implemented

- Physical establishment of sensitive areas.
- Preferred use of existing paths before opening or building new ones.
- Restoration of affected areas.
- Preparing specific biodiversity plans in most projects.
- Planning works according to the life cycles of species.
- Physical protection of flora and fauna.
- Transplantation of plant species.
- Transfer of nests or animal species.
- Creation of wildlife refuges.

Cement

Impacts identified

- Degradation of ecosystems due to the emission of channelled and diffuse particles.
- Transformation of habitats due to the extraction and use of raw materials.

Measures implemented

- Repair of the soil's morphological structures.
- Re-vegetation of exploited surfaces by applying suitable seeding and planning techniques and using native species.
- Establishment of agreements with nature protection associations.

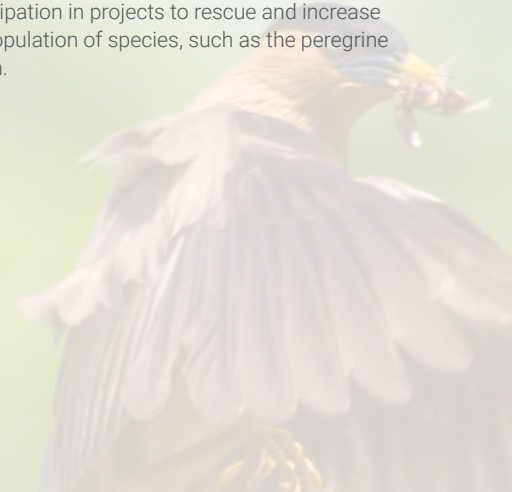
Real Estate

Impacts identified

- Deterioration of natural habitats and degradation of soils as a result of real estate management practices.
- Impact on flora and fauna as a result of using natural spaces for the company's buildings and facilities.
- Degradation, compaction, and desertification of soils due to the real estate developments.

Measures implemented

- Development of an Environmental and Biodiversity Management Plant for each building.
- Measures for the preservation and protection of native species.
- Participation in projects to rescue and increase the population of species, such as the peregrine falcon.



Metrics

This section includes the Group's key indicators in relation to the preservation and restoration of biodiversity, which allow FCC to parameterise its performance regarding the **preservation and protection of biodiversity and ecosystems**.

It is worth noting the progressive improvement of results throughout the years, demonstrating the company's on-going commitment in the constant search for actions and the implementation of measures to mitigate the impact of climate change and other current challenges regarding biodiversity. Proof of this is the increase in the number of **protected hectares and restored spaces** in 2023, highlighting the effort of FCC Construcción, on the basis of Hidroforest, a hydrological restoration and protection of reservoirs project that involves the handling of vegetation in the headwaters of Canal de Isabel II reservoirs.

In addition, the FCC Group is concerned about the **footprint of its activities in sensitive areas**, i.e., in those vulnerable regions that host ecosystems that require special attention to preserve biodiversity. The identification and preservation of these areas is key to ensuring sustainable management of biodiversity, minimising the negative impacts of the company's activities, and safeguarding the integrity of ecosystems.

Another of the key aspects for the preservation of biodiversity is the **monitoring and supervision of the species** included in the IUCN's Red List or the national preservation registers, which may inhabit the spaces in which FCC installations are found or near these areas. Below are the details of the species that may be affected by FCC's operations, according to their vulnerability, with the aim of better understanding the severity of the Group's impacts on species and working for their conservation.

Total number of endangered species

	2022	2023
Critical danger	0	0
In danger	2	4
Vulnerable	0	6
Almost threatened	1	6
Minor concern	3	17

Measures taken to preserve or restore biodiversity (ha)

	2021	2022	2023
Protection of vulnerable areas	1,237	1,854	5,536
Restoration of affected areas	940	1,364	3,156

Protected sensitive areas and affected sites

	2022		2023	
	Number of facilities	Surface area (ha)	Number of facilities	Surface area (ha)
Location in protected natural sites or highly valuable for biodiversity	243	503,474	275	497,816
Location where the landscape is catalogued as relevant	9	946	10	1,158
Impact on natural watercourses in protected sites	1	3	9	2,947
Impact on natural watercourses in areas of high biodiversity value	8	851	9	3,749
Impact on watercourses of very high or relevant value for local or indigenous communities	10	850	4	904
Impact on catalogued or protected flora	13	2,060	11	897
Impact on catalogued or protected fauna	14	1,970	23	3,004

El Porcal, a refuge of biodiversity

"The area of El Porcal, property of Cementos Portland Valderrivas, is known for its exemplary biodiversity management practices. Its designation as Protected Wetland in 2023 strengthens the commitment to implement preservation measures and consolidates this space as a benchmark in terms of environmental sustainability".

The area of El Porcal, property of Cementos Portland Valderrivas, is an example of good biodiversity management practices and it is worth noting that it was included in Red Natura 2000. This space, that has a lagoon complex, has undergone a series of renaturation actions to recover the largest water surface of the region. In addition, it has become one of the main areas of ornithological interest of the Autonomous Community of Madrid, as it is a perfect spot to disseminate and raise awareness on the need to protect the natural environment.

The LIFE Marbled Duck project *(Proyecto LIFE Cerceta Pardilla)* is a very important project rolled out in El Porcal, which aims to improve the state of preservation of wetlands to reduce the threat of extinction to marbled ducks, the most endangered duck species in Europe. Specific actions were planned to increase the presence of these animals in the lagoons, such as releasing ducks raised in captivity and performing tasks to optimise their habitat, such as placing nest boxes during the breeding season.

It is also worth noting that El Porcal was chosen as a space for the preservation of the European pond turtle, an endangered species threatened by competition with the American pond slider. A series of conservation measures have been implemented for the protection of the species, including the preservation of the appropriate habitats and the release of specimens, helping them breed, far from threats, to increase the population.

The diversity of fauna and the special characteristics of El Porcal have led to including this space in the Registry of Protected Wetlands of the Autonomous Community of Madrid in 2023. This recognition entails the implementation of specific conservation measures aimed at preserving biodiversity, safeguarding water quality, and maintaining the habitat, together with the application of restrictions and regulations that ensure the protection of the ecosystem.

Objectives

The FCC Group focuses on the implementation of strategies that help achieve the Sustainable Development Goals (SDGs) 14 and 15, which aim to preserve the marine and terrestrial natural capital.

Specifically, the company's strategic approach in sustainability focuses on the **active promotion of biodiversity by supporting the protection of species, their habitats, and the ecosystem services**. The FCC Group's roadmap includes the following lines of action to achieve these objectives, which are established in its ESG Framework.

In addition, some of the business areas develop specific objectives in their own ESG strategies. Below are some of the examples established by FCC Medio Ambiente Iberia, FCC Construcción and the Real Estate area in their corresponding strategies.

Lines of action

- **Mapping** the operational environments to identify areas of high biological richness, and assessment of potential threats from the company to the environment.
- Incorporation of **proactive criteria and measures** for the protection and preservation of biodiversity in all activities and when managing services.
- Driving the development of initiatives and projects aimed at protecting biological richness through the promotion of **partnerships and alliances** with other entities committed to conserving the natural environment.
- Creation of **training and awareness-raising plans** aimed at company staff to increase their knowledge and understanding of biodiversity.

Environmental Services (Iberia)

Measurable objectives

- Protecting natural capital in in the management of services.
- Raise awareness of 100% of the workforce on biodiversity protection issues by 2050.

Follow-up and compliance measures

- Develop a training and awareness-raising plan for staff.
- Incorporate criteria and measures in favour of biodiversity in urban green areas and coastal environment managed through tenders.
- Increase the participation in initiatives related to biodiversity.

Infraestructures

Measurable objectives

- Protect biodiversity.

Follow-up and compliance measures

- Implement a methodology to identify, measure, and assess the impact on biodiversity.
- Adopt Nature-Based Solutions (NBS).

Real Estate

Measurable objectives

- Increase the proportion of common green areas in plots by 5% before 2040.
- Encourage the creation of green native spaces in new developments and office buildings in 80% of free plot spaces.
- Provide eco-friendly elements in 100% of buildings by 2040.

Follow-up and compliance measures

- Protect existing elements of ecological value against damage occurring during site preparation and completion of construction works.
- Maintain and improve the ecological value at sites.
- Recover green areas that have been abandoned or have zero ecological value.

3.7. Circular economy and use of resources

We have lived with a linear economic model based on the "take, do, and dispose of" philosophy for a long period of time. This approach, which is characterised by the excessive extraction of resources, has become one of the main causes of climate change and of the accelerated depletion of natural resources. In this context, the transition towards a circular economy is a necessary commitment across all sectors and activities.

The circular economy proposes closing the product life cycles through different practices such as **re-usage, recycling, and renewal of materials**. This change of model not only seeks to **minimise environmental impacts**, but also to **maximise the efficiency in the use of resources**, counteracting all unsustainable trends of the traditional economic model.

To do so, the FCC Group recognises the importance of managing its resources efficiently to guarantee a sustainable future. In accordance with this commitment, it implements circular practices that highlight the dedication to build a solid base and thus achieve success in the long-term. All in a global context in which the awareness on the importance of the environmental impact of human activity is becoming more and more relevant.

Driving the circular economy

The FCC Group materialises its **commitment to the integration of a circular economy model** across all areas of activity by rolling out a series of actions that are adapted to the characteristics of each business area.

In addition, the Environmental Services, Water, and Infrastructures areas are adhered to the **Spanish Pact for a Circular Economy**, demonstrating their efforts to foster the transition to a circular economy.

Below are the **specific measures** rolled out by each line of business to promote re-usage and recovery of waste generated and to achieve the responsible consumption of materials, guaranteeing the FCC Group's transversal transition towards a circular model.

Environmental Services

- Minimisation of the volume of waste dumped in landfills by transforming it into resources.
- Waste recovery and optimisation of processes for obtaining new by-products that can be used in different sectors.
- Production of biofuels from landfill gas and selected waste.
- Development of infrastructures designed to obtain an optimal quality of waste and to transform it into new products.

Water

- Sludge recovery for agricultural use, composting, and biofertilisers.
- Recovery and re-use of elements used in the various treatments of the end-to-end water cycle.
- Energy generation in urban water cycle management.
- Obtaining value-added products in treatment processes.
- Civil outreach promoting responsible water consumption.
- Supply chain agreements for the re-use of resources.

Infrastructures

- Re-use of inert waste (soil and rubble), effluents and wastewater, thus avoiding their transfer to a landfill.
- Use of recoverable elements such as demountable walls, portable wastewater treatment plants, and recycled materials (aggregates or irrigation water).
- Use of elements recovered from other works, such as portable water treatment plants or trays, among others.
- Alternative use of quarried material that fails to meet specifications in restoration works.
- Development of innovation projects to promote new sustainable and reusable materials.
- Use of recycled aggregates instead of loaned material.

Cement

- Energy and material recovery from waste.
- Use of alternative fuel sources (for example, sludge or plant biomass).
- Use of secondary raw materials (for example, ash, construction waste, or sludge) to avoid the extraction of mineral resources.

Real Estate

- Assistance to tenants for the proper management of waste generated in the buildings.
- Re-use of furniture and other items in offices and leased premises.

The role of the Environmental Services area

The **Environmental Services** business of the FCC Group plays a vital role in the implementation of the circular economy. It makes a positive impact on this model through its services, by delivering essential services, such as collection, recycling, and recovery of waste. It is also responsible for **treating urban and industrial waste**, making a significant contribution to closing the life cycle of products and promoting business practices that are in line with environmental sustainability.

With a view to ensuring an on-going contribution to the circular economy, the Environmental Services area is **firmly committed to innovation** through initiatives that focus on optimising the processes and identifying more sustainable alternatives in its activities. In fact, it participates actively in different research projects:

Leader in biomethane

Through initiatives such as LIFE LANDFILL BIOFUEL, LIFE INFUSION and ECLOSION, the Environmental Services area seeks to transform its waste management centres into biomethane and green hydrogen production facilities with the aim of using these resources in vehicles.

Spearheading a circular economy for plastics

With the aim of achieving an effective recovery, segregation, recycling, and revalorisation of different types of plastic that are present in urban waste, an avoiding their disposal in landfills and their treatment through energy recovery methods, the area is working on the LIFEPLASMIX, LIFE4FILM and LIFE ZEROLANDFILLING projects.

Biorefineries

The INSECTIUM and DEEP PURPLE projects focus on using insects for the bioconversion of urban by-products and bio-waste, with the aim of creating products for strategic sectors and investigating the use of purple photosynthetic bacteria to recover resources from bio-waste.

Recovery of intermediate products and raw materials

The BIOPROLIGNO, RSU4HOM, ECO2D4 and B-FERST projects are designed to recover different types of waste, with the purpose of helping maintain infrastructures and green areas and develop new construction materials, as well as developing ecological roads and creating innovative fertilisers for agriculture. In parallel, the MINETHIC project explores new sources of raw materials across the value chain.

Mitigation of the environmental impact

The LIFE ABATE project aims to develop new technologies to reduce volatile organic compounds (VOCs) in waste treatment plants.

Innovation in industrial waste

The BICISENDAS project focuses on creating innovative and sustainable cycle lanes, while the TANK SEALING project addresses the effective containment of mining-metal waste using multi-layer physical barriers.

Regarding the results of the **Environmental Services** area in relation to their contribution to the circular economy, below are the **main waste management figures** of the year 2023, as well as the results of previous years to compare them.

According to the previous table, there has been an increase in the amount of urban waste managed derived from the improvement in data collection by the US subsidiary of the Environmental Services area, allowing information to be incorporated for the year 2023.

The decrease in the amount of hazardous waste treated in 2023 is due to the changes in the contracts signed by the subsidiary in the Czech Republic of the Environmental Services area, which has reduced the recovery of this type of waste, and the reduction in the output waste volume from the Ecodeal plant in Portugal, for which FCC Medio Ambiente Iberia is responsible, that has led to a decrease in the amount of stabilised hazardous waste.

Waste collected (t)

	2021	2022	2023
Municipal waste	6,300,021	6,188,310	8,314,010
Hazardous industrial waste	334,845	438,563	273,057
Non-hazardous industrial waste	2,418,049	2,583,763	2,682,213
Other waste (hazardous and non-hazardous)	7,218	18,654	452,976
Total	**9,060,133**	**9,229,289**	**11,722,256**

Hazardous waste treatment (t)

	2021	2022	2023
Recovery	247,265	346,299	268,982
Stabilisation/Landfill	300,469	304,008	211,788
Transferred to end manager	103,273	103,003	92,467
Other destinations	71,312	31,400	46,096
Total	**722,319**	**784,710**	**619,333**

Waste accepted at FCC centres (t)

	2021	2022	2023
Municipal waste	6,531,097	7,354,145	7,918,618
Hazardous industrial waste	935,499	1,104,128	874,036
Non-hazardous industrial waste	11,231,551	10,553,382	10,772,966
Total	**18,698,147**	**19,011,655**	**19,565,620**

Non-hazardous waste treatment (t)

	2021	2022	2023
Recovery	3,510,515	4,282,855	3,818,427
Controlled landfill disposal/stabilisation	9,732,697	9,387,478	9,809,285
Transferred to end manager	2,585,101	3,286,035	2,934,917
Other destinations	73,624	50,155	241,477
Total	**15,901,937**	**17,006,523**	**16,804,106**

Efficient resource consumption

The transition towards an efficient use of resources requires a more responsible and conscious use of the available resources, from raw materials to the final product and beyond. This is achieved by means of o**ptimising processes, minimising waste, and maximising the value of products** throughout their life cycle.

The FCC Group incorporates these principles into its activities, with a view to generating positive impacts through actions that focus on reducing the pressure on natural resources or diminishing the dependence on non-renewable raw materials, among others. In addition, it promotes reuse and recycling, closing the life cycle of products and transforming what was previously known as "waste" into a valuable resource.

Actions

The FCC Group's commitment includes all lines of business, although each of them implements **specific measures** to achieve an **efficient and sustainable use of resources**.

Environmental Services

- Reduction in the use of non-renewable natural resources, reusing the materials contained in waste as secondary raw materials throughout the production cycle.
- Use of recycled materials and recovered waste to replace raw materials.
- Use of recycled glass as covering material in specific landfill facilities.
- Use of ash to replace reagents in ECODEAL.

Water

- Establishment of protocols that guarantee the efficient use of reagents used in the integral water cycle management, in compliance with the current regulations.

Infrastructures

- Priority use of reusable or recycled materials.
- Priority use of materials with returnable containers.
- Re-use of waste generated as a result of the activities.
- Awareness-raising actions for staff.
- Constant monitoring to optimise the use of resources.

Cement

- Use of alternative resources derived from the recovery of materials, both from the company and from other entities, such as fly ash, blast furnace slag, and foundry sands.
- Use of waste with energy content as fuel for clinker furnaces.

Real Estate

- Incorporation of Ecolabel cleaning products in BREEAM-certified buildings.

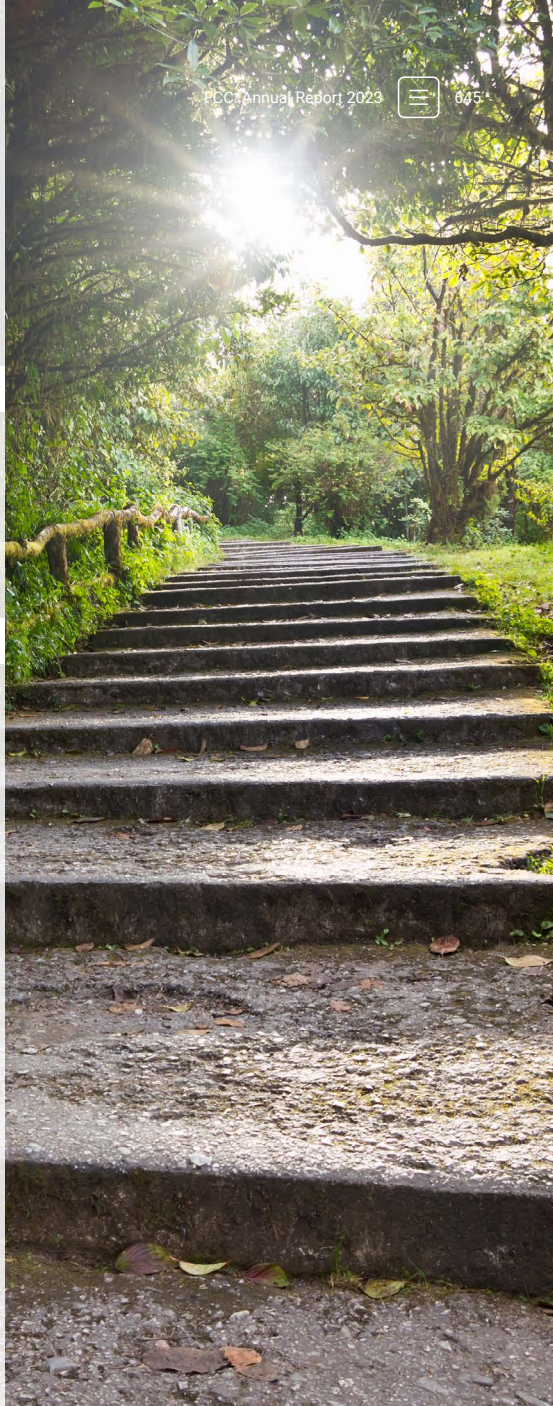
Metrics

In 2023, the increase in the consumption of semi-finished products was due to the activities developed by the Infrastructures area, which have led to a higher use of concrete. About the data for 2021, it is worth mentioning that these were produced as a consequence of the development of several large-scale projects, such as the Riyadh Metro, which involved very high volumes of raw materials during their execution.

Materials used (t)

	2021	2022	2023
Raw materials (metals, minerals, wood, etc.)	55,156,900	18,190,859	17,368,536
Auxiliary materials (lubricants and reagents)	132,395	95,128	101,266
Semi-finished products	4,026,757	1,860,823	3,683,256
Container and packaging material (paper, cardboard, plastics)	9,600	8,787[21]	9,201
Total	**59,326,193**	**20,155,598**	**21,162,259**

21. Updated data after using information measured directly by FCC Medio Ambiente Iberia.



Waste production and management

Responsible and effective waste management is crucial because of its capacity to **reduce pollution volumes, preserve natural resources and mitigate climate change**. This approach helps preserve ecosystems, protect biodiversity, and prevent possible risks to human health.

Actions

All FCC Group's business lines are committed to the development of **exemplary practices** to ensure a **proper waste management**, including actions for its reduction, use, and subsequent reincorporation into the production process. Given the wide diversity of volumes and types of waste generated, each line implements specific measures to achieve the continuous improvement of management processes.

Environmental Services

Main types of generated waste

- Resulting from processing and composting domestic waste, wood waste and leachate, among others.
- Generated during the maintenance of the vehicle fleet.

Actions implemented

- Implementation of waste minimisation plans.
- Use of compost for energy recovery processes or for agricultural purposes.
- Acquisition of vehicles made of easily recoverable elements.

Water

Main types of generated waste

- Sludge generated during wastewater treatment.

Actions implemented

- Control of the characteristics and flow rates of wastewater entering the treatment plant.
- Re-use of sludge and slurry to produce compost and organic amendments.

Cement

Main types of generated waste

- Derived from facility maintenance activities.
- Final product containers.

Actions implemented

- Rolling out awareness-raising campaigns for the staff.
- Classification and recovery of waste for its use as a raw material.
- Re-use of waste from the production process.

Infrastructures

Main types of generated waste

- Rubble, effluents, and waste generated during the area's activities.

Actions implemented

- Promotion of the Best Practices System to ensure a proper classification of waste.
- Recovery of inert materials, including soil, clean rubble, and topsoil, as well as management of excavation surpluses.
- Request for returnable packaging from suppliers.
- Reduction in the use of materials that generate hazardous waste, modifying and adapting designs and the construction system.

Real Estate

Main types of generated waste

- Produced by the activities of the tenants of the properties.

Actions implemented

- Signing agreements with authorised waste managers to ensure proper management according to waste nature.
- Availability of recycling facilities prepared for tenants to separate at least four types of non-hazardous waste.
- Facilitating punctual removals by authorised managers when hazardous waste is generated.

Metrics

During 2023, the volume of non-hazardous waste generated has experienced a significant increase, mainly as a consequence of the number of demolition projects and after the entry into force of Law 07/2022, of 8 April, on waste and contaminated soils for a circular economy. Likewise, the reduction in the volume of hazardous waste is mainly because a single removal procedure was carried out by the Infrastructures area during the year.

Generated waste (t)

	2021	2022	2023
Residuos peligrosos generados	276,094	211,330	122,914
Residuos no peligrosos generados	2,230,599	2,658,714[22]	18,133,016
Total	**2,506,693**	**2,870,044**	**18,255,930**

Waste intended and not intended for disposal (t)

	Destinados a eliminación	No destinados a eliminación	No caracterizado
Hazardous waste	102,717	20,196	0
Non-hazardous waste	2,770,856	15,362,065	95
Total	**2,873,573**	**15,382,261**	**95**

22. The data was modified as a consequence of corrections identified in the Real Estate area.

Objectives

The FCC Group is aware of the need to establish specific objectives to monitor the progress of all matters related to the circular economy and to continue making progress on the development of a more sustainable model.

Moreover, the FCC Group contributes to the achievement of the Sustainable Development Goal 12 (SDG 12): "Responsible consumption and production", which includes core aspects such as sustainable management of resources and reduction of the environmental impact derived from the use of chemical products.

FCC has a firm commitment to achieve these goals. Particularly, one of its strategic objectives is to **drive the transition towards a business model based on circular economy, ensuring resources and waste are managed efficiently, while increasing the service life of materials**. To this end, several of the FCC Group's business lines have established measurable goals and have designed an action plan. Below are a few of the objectives and measures implemented to achieve these purposes.

Environmental Services

Measurable objectives

- FCC Medio Ambiente Iberia aims to reduce the use of raw materials as well as waste production. It has established a minimum percentage of recovered waste of 65% and to have less than 10% of its waste deposited in landfills by 2035.
- FCC Environment CEE, at its Poland headquarters, aims to replace at least 30% of the raw materials with recycled materials or recovered waste in the medium term and 75% in the long term.

Follow-up and compliance measures

- FCC Medio Ambiente Iberia: establishment of a specific circular economy roadmap that addresses a change in the selective collection model and waste treatment.
- FCC Environment CEE: Assessment of the raw materials that can be replaced by recycled materials or recovered waste.

Infrastructures

Measurable objectives

- Implementation of the "Zero Waste" methodology at all the company's construction sites by 2026.
- Recovery of over 70% of all non-hazardous Construction and Demolition waste (CDW), as well as achieving a recovery rate of 90% of the volume of soil by 2026.
- Provide responsible materials alternatives at construction sites, prioritising those that are recycled and/or sustainable, so that represent more than 10% of total building materials used by 2026.
- Recovery of 100% of waste generated by 2050.
- Use of more than 90% of responsible, recycled, or recyclable materials by 2050.

Follow-up and compliance measures

- Establishment of a construction materials policy.
- Development of a mandatory waste management procedure.
- Incorporation of waste segregation requirements in supplier contracts.

Cement

Measurable objectives

- Achieve a raw material substitution variation in crude of between 0.3% and 6%, depending on the cement production plant.

Follow-up and compliance measures

- Promotion of the use of alternative raw materials and fuels, through the recovery of materials obtained from by-products and waste from other industries (fly ash, blast furnace slag, foundry sands, etc.).

Real Estate

Measurable objectives

- Ensure an efficient management of waste and achieve a 10% reduction in the global waste generated by 2030.
- Recover 70% of the waste generated at new construction and restoration work sites by 2030.
- Re-use of 60% of waste by 2030.

Follow-up and compliance measures

- Waste recovery and monitoring tool.

4. Human commitment

The FCC Group's success lies in its teams, in the people who work every day to make the societies in which we provide our services a better place to live. To achieve this, it is essential to have **teams with the best professionals**.

It is also essential to make an impact from our activities on the development and improvement of life quality in the environments in which we operate. For this reason, we promote the Group's values and drive our people-centric policies: the best talent management, the boost of diversity, equal opportunities and inclusion, and the promotion of people's health and wellbeing, which continue to be the main pillars of the people management line of work. All are included in our **Sustainability Policy**, which was approved in 2022.

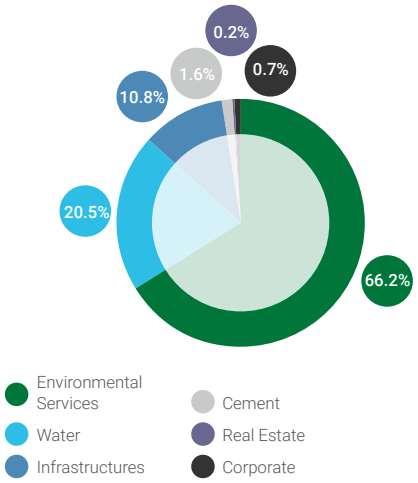
22.5% women

77.5% men

4.1. The best teams

Promoting initiatives that enable the **professional development** of staff, foster **continuous training**, create diverse teams, care for their wellbeing, and ensure an adequate **compensation** are key components of the FCC Group's quest to achieve the best teams and professionals.

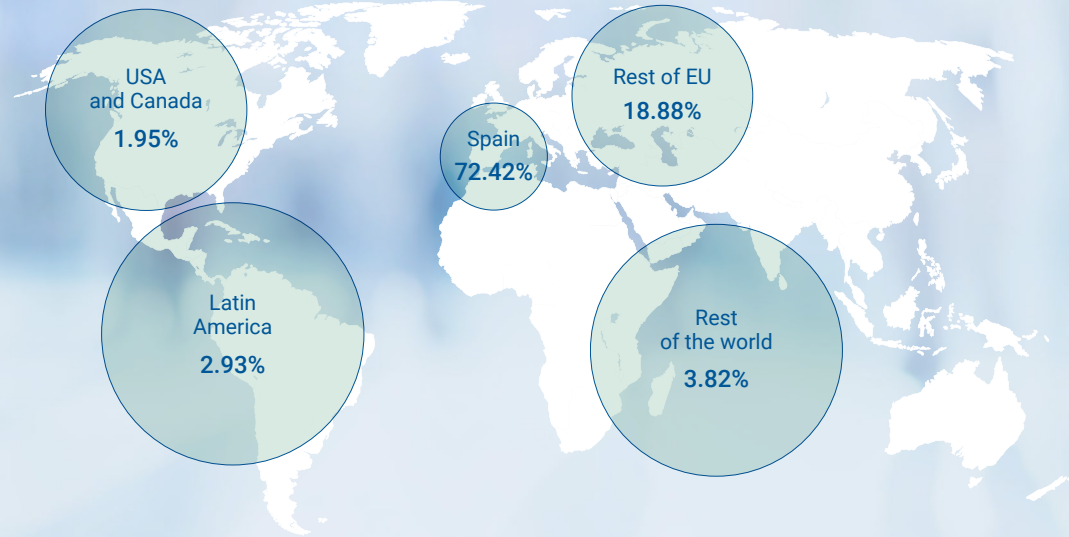
Workforce by business area



People at FCC

A total of **67,090 people** work for the FCC Group. In line with the previous year's growth trend, it is worth to highlight that in 2023 the **numbers grew by 3.54%** when compared to 2022, with the following distribution by gender and business area:

FCC also operates in **38 countries**. They are distributed by geographic area as follows:



Organisational structure

The **distribution by gender and functional level** at the close of 2023 is shown below, highlighting that, in general, the number of women has increased at practically all levels, following last year's trends. Likewise, it is worth mentioning that, at the functional Supervisor level, which stands below the pre-executive and executive levels, the number of women in 2023 grew by 10.55%.

Hiring

Employment contracts are formalised according to the specific needs of each of the business areas' activities and are based on the type of contract that best suits them.

Of the total workforce, **56,143** employees have an **open-ended contract** and 10,947 have a temporary contract. The number of open-ended **contracts** has increased by **2,316** when compared to the previous year, proof of the commitment to create a stable workforce with a significant predominance of open-ended contracts compared to temporary contracts. Likewise, most employees **(87.57%) have a full-time job (58,752** workers), with limited part-time staff (8,338 employees).

On average, 55,260 workers had open-ended contracts and 11,132 had temporary contracts in 2023.

Regarding the trends in the workforce in **terms of age**, it is worth noting that the number of workers aged 35 or below has increased for the second year in a row, which is proof of FCC's commitment to hire young talent.

Our teams are also diverse in terms of experience and concerns, as shown in the table below:

Distribution by gender and functional level

	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Governance and Management	444	84	441	85	428	79
Supervisors	3,205	634	3,607	825	3,900	912
Technicians	4,092	1,847	4,738	2,075	4,767	2,288
Administrative staff	1,142	2,039	875	2,084	897	2,084
Other trades	37,051	9,009	40,426	9,643	42,024	9,711
Subtotal	**45,934**	**13,613**	**50,087**	**14,712**	**52,016**	**15,074**
Total	**59,547**		**64,799**		**67,090**	

Distribution by gender and age

	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
<35 years	7,425	2,125	8,127	2,348	8,618	2,472
35-54 years	24,946	7,623	26,605	8,062	27,003	8,175
> 54 years	13,563	3,865	15,355	4,302	16,395	4,427
Subtotal	**45,934**	**13,613**	**50,087**	**14,712**	**52,016**	**15,074**
Total	**59,547**		**64,799**		**67,090**	

With regard to new hires, it is worth pointing that in 2023 the number of women has also increased at practically all functional levels compared to the previous year, as shown in the table below:

New hires by gender and functional level

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Governance and Management	22	9	31	14	3	17	15	5	20
Supervisors	246	44	290	282	68	350	583	165	748
Technicians	709	307	1,016	780	360	1,140	1,733	719	2,452
Administrative staff	104	362	466	123	309	432	178	317	495
Other trades	8,465	2,566	11,031	10,032	2,876	12,908	10,822	2,785	13,607
Total	**9,546**	**3,288**	**12,834**	**11,231**	**3,616**	**14,847**	**13,331**	**3,991**	**17,322**

In line with the above, it should also be noted that the increase in new hires was mainly in two clearly different age segments: senior and junior talent, proof of FCC's commitment to build an even more diverse workforce, regardless of gender, as shown in the table below:

New hires by gender and age

	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
< 35 years	3,956	1,325	5,281	4,675	1,316	5,991	5,224	1,472	6,696
35-54 years	4,197	1,562	5,759	5,152	1,827	6,979	5,777	1,981	7,758
> 54 years	1,393	401	1,794	1,404	473	1,877	2,330	538	2,868
Total	**9,546**	**3,288**	**12,834**	**11,231**	**3,616**	**14,847**	**13,331**	**3,991**	**17,322**

Training and professional development

Training and professional development for all our employees constitutes one of the essential pillars of talent management, and is key to addressing the needs and requirements that arise in the face of the challenges to be faced in our activities.

The FCC Group promotes different **training plans** adapted to the needs of the different business areas, and a **transversal plan** that includes the main and common axes thereof. This plan includes mandatory and voluntary training and is rolled out according to the nature and circumstances of each business area and country.

The following initiatives are particularly noteworthy within the framework of the above-mentioned plans:

Digitalisation is one of the key elements for the development of business processes and of the information systems that support them. A digital roadmap was assessed this year, to continue driving the digital transformation process, which included the following:

- Conferences with a strategic focus on management, in which many of the challenges that the Group is facing were addressed in relation to **"Smart cities"** and the latest trends in the urban environment that support emerging technologies.
- If we bear in mind the complexity, number of threats and dispersion of the new technology ecosystems, training on **cybersecurity** continues to be necessary to ensure risks are managed properly and also to guarantee the continuity of our businesses.
- A programme of on-going training on **Agile Methodologies** as new ways of approaching improvement and innovation projects.
- A series of single-subject leaflets that aim to drive new **Digital Habits** associated with "communicating, sharing and collaborating" through Office365 tools, which will also allow us to achieve continuous improvement in our work processes.
- We continue to make progress on the culture of data, thanks to a training plan on **Data&Analytics** and on the new technological tools, such as **Power BI**.

Moreover, our **mandatory training** continues to drive and ensure compliance with the FCC Group's policies. In 2023, according to the **Compliance Model**, a series of training actions have been rolled out, some of which are as relevant as those related to Conflicts of Interest, the workshop about the Tax Compliance Management System implemented by the Group or the international dissemination of training on the Code of Ethics and Conduct, known as "Ethmor".

This year, we continue to have a special commitment on matters linked to **Diversity and Equal Opportunities**, with a special focus on matters related to inclusion, harassment and non-discrimination, with relevant training on "Inclusive leadership", "Unconscious bias", "Integration of the gender perspective on OHP", "Inclusive language", "Raising awareness on non-discrimination", "Cyber harassment", "Gender-based violence", "Treatment and investigation of cases of harassment".

In terms of **Health and Safety**, we remain committed to all dimensions of health and well-being. This year, we must mention the programme rolled out with a focus on **Mental Well-being**, which includes a series of virtual classroom workshops with over 1,900 participants, and which achieved a high level of global satisfaction. The workshops have addressed different topics, such as **digital stress**, **physical and mental load** of women in our society and how to face adversity according to the most important factors that affect **emotional well-being**.

Closely linked to training, the FCC Group has specific longer and more in-depth programmes that allow people to be trained on new professional opportunities, whether of the same or a greater responsibility, through professional promotion or even in-job promotion.

These training programmes are designed to meet business-related training needs (Upskilling) and enable the development of the new skills that will be required in the jobs of the future (Reskilling), thereby increasing the versatility, satisfaction and employability of FCC Group employees, including the following programmes:

- **Young Talent Development programmes, such as the Youth Business programme** of the Environmental Services area and the **sixth Edition of the International Programme for Young Talent** of the Infrastructures area, with training to foster the development and skills of young talent, thus ensuring they remain within FCC.
- **Women's leadership development programmes** in the Water area to continue developing the skills of women talent.

- **Individual Coaching programmes**, for the development of executive skills, and **Team Coaching**, for the development of high-performance teams in the Central Services area.
- **People Leadership and Management Programmes** for middle managers in the Central Services and Water areas.
- Programme aimed at **identifying talent for professional development** in the Cement area.
- **BIM master's degree applied to building and civil engineering** in the area of Infrastructures, oriented towards learning the BIM methodology for the management of building and civil engineering projects, through a 3D digital model of the project with all its physical and functional characteristics.

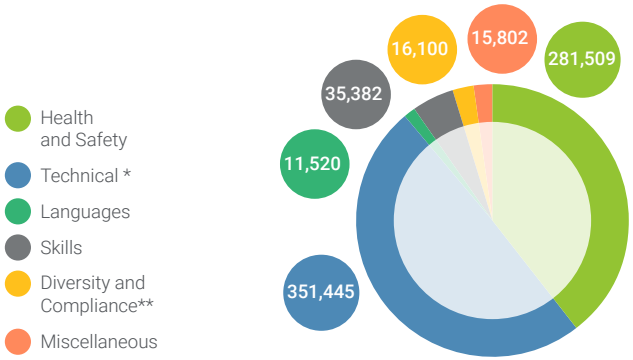
With regard to the data on **training hours** by functional level, business area and gender, the numbers have gone up when compared to last year, as shown in the following table in broken down form:

Training hours by functional level, business area and gender

	Governance and Management		Supervisors		Technicians		Administrative staff		Other trades		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Total 2023
Environmental Services	2,365	613	20,977	5,225	17,683	12,744	1,389	3,792	172,603	28,193	265,584
Water	519	169	19,458	7,939	10,706	10,084	1,990	7,541	43,670	1,618	103,694
Infrastructures	1,376	316	10,203	1,898	28,835	11,973	1,203	1,601	37,791	466	95,661
Cement	351	57	1,685	181	3,416	822	503	308	5,434	113	12,867
Real Estate	5	79	84	0	316	130	4	4	0	0	621
Central Services	656	573	796	531	866	1,862	157	388	38	25	5,890
Subtotal for Spain	**5,271**	**1,806**	**53,202**	**15,773**	**61,822**	**37,614**	**5,245**	**13,634**	**259,535**	**30,414**	**484,317**
Environmental Services	2,032	765	15,995	6,219	15,738	7,197	2,379	8,078	47,238	3,121	108,761
Water	182	0	5,357	1,670	15,540	7,301	7,680	4,301	48,842	1,979	92,852
Infrastructures	76	28	3,722	1,193	7,636	2,394	1,251	1,116	5,713	58	23,189
Cement	48	0	422	20	1,470	0	192	337	148	0	2,637
International Subtotal	**2,338**	**793**	**25,496**	**9,102**	**40,384**	**16,892**	**11,502**	**13,832**	**101,941**	**5,158**	**227,439**
Total	**10,209**		**103,573**		**156,712**		**44,213**		**397,049**		**711,756**

The following results should also be highlighted with regard to the training provided by knowledge areas in 2023:

No. of hours of training by area of knowledge



(*) Technical: oriented to developing the technical and digital knowledge and skills of professional profiles and encompassing, but not limited to, the following knowledge areas: administration and finance, marketing and communication, business development, procurement, HR and digital.
(**) Diversity and Compliance: actions aimed at strategic objectives of diversity and good corporate governance and which brings together the following knowledge areas: equality, diversity, legal, compliance and social responsibility.

Moreover, **the scope of training on compliance and diversity and equal opportunities is expanded** for **offline groups**, thanks to the adaptation of content and rolling out of awareness-raising campaigns on matters key to the Group, such as "Cyber-harassment" and the "Code of Ethics and Conduct".

Campus FCC

The Campus FCC e-learning platform continues to grow with the aim of catering to the training needs that are not only linked to compliance with our policies but also with other more strategic areas of interest to the FCC Group.

We have improve the platform's usability and that of some features for administrators and users, highlighting the following, among others: automation of the enrolment process, creation of training routes for the on-boarding process and with regard to other topics, preparing reports and disseminating the launch and weekly online training actions.

In 2023, we have launched **112 e-learning training actions** through Campus FCC, with **477 national and international calls**. Currently, the Campus has training contents in 14 languages.

With regard to the training content, this year we have launched our **"Inclusive Communication Guide"** and training on **"Inclusive language"**, which has been completed by 2,738 workers.

Given the importance of bias as a mindset, which represents an obstacle to fostering diversity and inclusion, FCC launched training actions on **"Unconscious Bias"**, which was completed by 4,863 employees.

These and other training actions, such as the one on **"Gender-based violence"** were completed by 5,191 employees, or the action on **"Cyber-harassment"** completed by 5,955 employees, determine our on-going commitment to matters related to Diversity and Equal Opportunities.

In addition, the Campus has continued to roll out training actions that are very relevant in the realm of **Cybersecurity**, since it continues to be key in the creation of a culture of security at FCC (confidential information of the FCC Group, its clients and suppliers). Training in this area is strengthened with new launches and the introduction of new training modules, as well as with the expansion of the scope at the international level. 6,054 people have completed all of the itinerary's training modules.

All in all, the Campus continues to grow as a benchmark in the area of continuous learning for the FCC Group and with the aim of being capable of providing a response to the challenges of the future.

Salary policy

FCC remunerates its employees in accordance with criteria of sector and geographical **competitiveness**, internal **equity** and level of **responsibility**.

FCC operates in a wide range of production sectors in 38 countries and, in general, the remuneration of its employees is subject to the applicable collective bargaining agreements (over 900 agreements of different scope in Spain in 2023).

The average remuneration[23] of the executive team is €116,081, broken down by gender as follows: the average remuneration of women is of €96,017 the average remuneration of men is of €119,724.

The executive team includes both senior management (reporting directly to the CEO) and people who hold positions of management and responsibility in the FCC Group.

The FCC Group continues to improve the tools required 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 **transparency in 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 remuneration is equitable according to the level of contribution to the business (functional level) and the level of responsibility and value in each job.

In the calculation of the pay gap of the FCC Group, two types are considered, gross and adjusted. The figure below shows the **results** in business year 2023:

Gross wage gap

19.15%

Calculated as the percentage difference between the average total salary for men and women.

Adjusted wage gap

2.79%

It is calculated by considering aspects that compare men and women in a similar situation, such as gender, functional level, seniority, applicable collective bargaining agreement, etc.

In any case, it should be noted that the percentage difference is **not indicative of gender pay discrimination**, as there are factors outside the Company's scope of action that contribute significantly to increasing the gender pay gap. These include the masculinisation of most of the sectors in which the Group operates, working conditions arising from subrogation, individual performance, economic crises, the political situation, socio-cultural reasons, academic training and experience in the position held.

With regard to the salary gap in all other countries in which FCC operates, in most of them there is no definition nor is there a specific concept of the gap. However, the UK does have consolidated legislation on the pay gap, with the two companies in the Environmental Services area having a 0% pay gap in both cases.

Variable remuneration

The FCC Group's variable remuneration system considers criteria related to **business objectives** and the fulfilment of **individual goals**, linking personal performance with the business project and the Group's culture of compliance.

In 2023, 76.73% of people at executive and middle-management levels have benefited from the FCC bonus.

Digitalisation and data management

In 2023, the **Data Boutique** platform has become a tool that the Group is using to improve the traceability of data and more agile access to information for its analysis. Likewise, we have continued to develop and adapt the reports to our needs over the year, which are currently also being used to make progress on the creation of other reports, such as those related to absenteeism, training, total remuneration, new cost forecasts for costs associated with social security contributions.

23. Including variable remuneration, allowances, indemnity and payments made to long-term savings pension systems.

4.2. Diversity and equal opportunities

FCC's firm commitment and conviction on matters related to diversity and equal opportunities has remained unchanged during 2023. However, the company has delved into its impact on management of the workforce and on society.

In this regard, we continue to make progress on matters related to diversity, equal opportunities, and inclusion, with the aim of fostering the creation of a plural work environment, in which the free exchange of knowledge and experiences lead to innovation and growth.

Within the framework of these developments, it is worth highlighting the new **Equal Opportunities - Opportunities and Safe Environments -, Diversity and Inclusion Policy**, approved by the board of Directors on 28 November 2023, in which the following objectives are included:

- To create a diverse and inclusive work environment that promotes equal opportunities, with a respect for individual differences, in which creativity and innovation are fostered, with a view to allowing FCC to acquire the knowledge, skills, expertise and learn about different points of view with regard to Diversity.
- To guarantee a work environment based on respect, free of discrimination, harassment or any form of intolerance or violence against any person based on their nationality, racial or ethnic origin, age, disability, religion, convictions or opinions, sexual orientation or identity, gender expression, sexual characteristics, marital status, or any other personal, physical or social condition.
- To make all of FCC's people participate in ensuring compliance with this Equal Opportunities - Opportunities and Safe Environments -, Diversity and Inclusion Policy, regardless of their position or role.
- To foster measures, processes and actions that focus on diversity, equal opportunities and inclusion, avoiding situations of direct or indirect discrimination.

With regard to the lines of action for the development of these objectives, our commitment is materialised with this Policy, which ranges from guaranteeing transparent, objective and bias-free selection processes, to equal opportunities in relation to the working conditions, to ensuring professional development in equal terms and the promotion of inclusive leadership, setting the example and driving equal opportunities, diversity and inclusion.

Therefore, this Policy will strengthen the integration of the values of diversity, equal opportunities and inclusion across the organisation and in all of our activities and business areas, acting as a lever in the effort to achieve effective equal opportunities and create safe environment, in which there is no place for any form of discrimination.

With this in mind, also in 2023, we have continued to work on the dissemination and consolidation of these values, publishing **FCC Group's Inclusive Language Guide**, a key tool to promote a culture of respect and inclusion, celebrating the **Inclusive Leadership** days, in which Spain's executives and managers participated. In addition, the **informative snippet on Inclusive Language *"Not mince words"*** was launched.

Our **you_*diversity*** tool is a global space in which talent, development, diversity-inclusion and equal opportunities are in the spotlight, which received in 2022 the Award for best practices in cultural transformation, diversity and inclusion from the Adecco Foundation and the Club for Excellence in Sustainability during the **fifth Diversity and Inclusion Awards**. The tool has continued to receive awards, such as the **Award for the best internal communication practices** from the Internal Communication and Corporate Identity Observatory.

FCC also maintains its adherence to the **Spanish Diversity Charter** for the period 2023-2025, renewed from previous occasions, in recognition of its equality policies and its commitment to social inclusion. As well as for being an increasingly diverse and socially responsible company, which adopts its ten basic principles as its own, and which promotes actions and projects to foster inclusion and equality through employment.

In terms of **gender equality**, FCC firmly believes that the principle of equal opportunities is an unwavering commitment to action, as set out in its Code of Ethics and Conduct and in each of its Equality Plans in Spain. Moreover, the UK's current Equal Opportunities Plan, which was renewed in 2023, is also noteworthy.

Currently, the FCC Group has **14 Equal Opportunities Plans**, five of which have emerged from constant social dialogue and a shared desire among all parties to achieve, strengthen and guarantee equal treatment and opportunities for men and women within FCC. All these plans encompass lines of actions, including the following common ones:

- Promote access to employment for women and men under equal conditions, and develop measures that foster a balanced composition of the workforce in the different professional groups.
- Train and raise awareness of all staff on matters relate to equal opportunities.
- Promote joint responsibility and the achievement of a proper work-life balance for the entire workforce.
- Raise awareness and provide support for the integration and protection of female workers who are victims of gender-based violence.
- Guarantee inclusion of gender perspective in the policies and occupational risk prevention actions.
- Adopt the focus on gender in all of the company's policies and communication channels.

Throughout 2023, and given that Equal Opportunities is a permanent item on the Group's agenda, the implementation of the negotiated Equal Opportunities Plans has continued and the negotiation and signing of another Plan is pending, which will complete the framework of Equal Opportunities Plans in FCC.

We also remember the commitment of all business areas to continue making progress on the creation of inclusive work environments, in compliance with SDG 5 (Gender Equality) and SDG 10 (Reduced Inequality) of the 2030 Agenda for Sustainable Development. To do so, in 2023, we joined the celebration of **European Diversity Month.**

Clearly, FCC sees diversity and equal opportunities as a paramount business, social and ethical objective, which appears in its **Code of Ethics and Conduct**, and which also promotes, as an essential principle, the creation of a fair and diverse working environment that favours the professional and personal development of its employees, also stating that selection and promotion decisions in the FCC Group are always based on merit and on objective and transparent assessments.

All business area heads have received the **Equal Opportunities at the Workplace Seal**, a seal of excellence awarded by the Ministry of Equal Opportunities, which is renewed every year. The Group has been awarded with 5 Seals in total.

Accordingly, the FCC Group develops and participates in training programmes aimed at creating an enriching working environment, free of discrimination of any kind and favouring diversity, including, most notably, the following two initiatives for the **training and development of women in management positions**.

Equality

FCC's commitment to talent

EOI Development Programme, designed for women with high potential. 8 women participated in the programme in 2023, bringing the total to 94 women from the different business areas since 2011.

Promociona Project, specialising in preparing women for senior management and board positions (CEOE ESADE). 1 woman participated in 2023 and a total of 19 women since 2014.

In addition to the transversal programmes, various initiatives have been developed with the aim of recruiting the best talent, irrespective of gender.

In terms of awareness-raising and sensitisation actions, FCC is once again joining in the celebration of **International Women's Day**, in a commitment to equality.

Reflecting the FCC Group's commitment to the promotion of women, at the close of 2022 the percentage of women in management positions increased with respect to 2021, which stands at 15.60% of the total positions with these characteristics.

The FCC Group is also particularly committed to the **fight against gender-based violence** in all its facets, and it does so through zero tolerance of this violence, and by disseminating and raising awareness of it, as well as promoting the social and professional integration of the victims.

To this end, the Group maintains close collaboration with the network of **"Companies for a Gender-Violence Free Society"** in its work to disseminate and raise awareness, as well as to support the employment of women who suffer from this scourge, having signed agreements in 2023 as in the case of 2022 to promote awareness and social awareness against gender violence within the framework of this initiative. It has currently signed 10 agreements on this initiative. FCC also actively collaborates with a number of foundations and entities to promote labour insertion and the integration of victims, such as the Incorpora Foundation (La Caixa), the Adecco Foundation, the Once Foundation and the Red Cross.

Along these lines, every 25 November, the FCC Group makes calls 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.

As part of this fight against gender violence, and on the occasion of this international day, for the sixth year in a row, the FCC Group wanted to award and **recognise the work carried out by the organisations and associations that fight against gender violence** and care for and concern themselves with the women who are victims of this social scourge. In 2023, FCC gave an award to different **Law enforcement agencies** that work to eliminate gender-based violence, in particular the National Police, Civil Guard and Local Police of Madrid, for the work of their specialised units in providing assistance to women victims of gender-based violence.

Likewise, it is worth mentioning the launch of the information snippet **"Talks on Gender-based violence and Support networks",** which aims to raise the awareness of FCC's workers on the possibility of preventing gender-based violence through communication actions and the mutual help provided by support networks.

FCC's commitment to diversity, equal opportunities, inclusion at the workplace and the promotion of a real culture of respect, tolerance and fairness governs the development of the activities of all businesses.

Thus, different areas of the Group are part of initiatives and organisations linked to promoting safe and respectful work environments in which talent is valued regardless of its **identity, gender expression and sexual orientation**, such as REDI, the Asociación Red Empresarial por la Diversidad e Inclusión LGTBI (Business Network Association for LGTBI Diversity and Inclusion).

FCC also undertakes various actions and strategies in the area of diversity and inclusion in the workplace for people with disabilities and anyone in vulnerable groups.

In 2023, the number of **employees with a recognised disability** in the FCC Group went up to 2,204. In Spain, this number grew for the third year in a row when compared to the previous year, reaching a figure of 2,019 workers. As shown below:

Development for workers with disabilities

The Group actively collaborates with specialist organisations that assess the **management of recruitment and labour support for people with disabilities**. The main organisations with which there is collaboration in Spain are the following:

Inserta Programme. ONCE Foundation

FCC supports a number of projects and promotes social and labour inclusion through workshops, training courses and other actions such as awareness-raising campaigns.

Incorpora Foundation. La Caixa

Environmental Services has a collaboration agreement with Incorpora for the integration of groups with greater difficulties in finding employment.

Plan Familia. Adecco

Action programme present in Infrastructures, Cement and Water, focused on increasing the autonomy, integration and subsequent access to the labour market of family members with disabilities.

Síndrome Down. Foundation

Aqualia has an agreement with the Foundation for the incorporation of workers with intellectual disabilities into its workforce.

Reciclar Vidas. Ecoembes

Environmental Services have been collaborating with the insertion programme for people disconnected from the world of work (social sustainability).

In this context, the FCC Group received the **ONCE Community of Madrid Social Group Charity Award 2023 in the "Companies" category** in recognition for its work in this area and for driving social projects that focus on reducing inequality, poverty and the number of people at a risk of social exclusion.

Likewise, in 2023 and with a view to 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), a total of 170 people belonging to this group were hired, increasing the number of people hired by 24 when compared to the previous year.

Specifically and also in 2023, the Group has continued to sign agreements with associations that help on the labour integration of refugees.

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 of Accessible Websites**.

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, guaranteeing the full participation and integration of all the Group's people, regardless of their abilities. Therefore, according to FCC's spirit to achieve continuous improvement on matters related to accessibility, the company became **UNE 170001-2:2007 certified on Universal Accessibility**, certifying that the company guarantees access and provides universally accessible services at its headquarters.

Also in 2023, we have worked to create a more inclusive and diverse environment, promoting training on **"Unconscious bias"** to help identify, detect and eliminate bias that has an impact on the personal and professional lives of our workers.

Finally, as a complement to the whistleblowing channel covered in the Code of Ethics and Conduct, the Group has a **Harassment Prevention and Eradication Protocol**, which was revised and approved in 2023, and which aims to prevent, resolve and punish cases of workplace, sexual or gender-based harassment, thus reflecting the commitment of the FCC Group, which does not tolerate the abuse of authority or any type of harassment, or any other conduct that may generate an intimidating, offensive or hostile working environment for employees.

This mandatory protocol includes a statement of principles, a definition of harassment, a procedure for dealing with harassment, a guarantee of confidentiality of the process, and a prohibition of retaliation.

As part of the Group's commitment to prevent harassment at work and promote respectful work environments that focus on transparent dialogue and organisational and professional development, in addition to the training programmes rolled out in the previous years, which focused on detecting and eradicating harassment or how interpersonal conflict is managed, the Group launched training on **Cyber-harassment** during the end of 2022, extending its commitments and adapting them to the current situations and use of technology, completing the training programmes in 2023. Likewise, in 2023, we have raised the awareness on people with no access to information systems through campaigns at different work centres.

La caza de sombras (Shadow hunting)

Find out what to do in case of cyberbullying

This training was designed to raise awareness of cyberbullying and to inform about the means by which it can occur and how to act in the event of cyberbullying.

4.3. Social relationships

Social Dialogue

FCC considers that social dialogue is essential to **identify the needs of its workers**. Fruit of this, the company has always been firmly committed to constant and fluid social dialogue with its workers, their legal representatives, trade unions and other social agents, with a view to promoting the establishment of a suitable **framework of labour relations**, as well as communication mechanisms that allow the company to adapt its actions to the different business and social requirements.

Social dialogue is thus an essential instrument that promotes consultation and collective bargaining among FCC Group employees. Accordingly, it not only enables the **achievement of collective bargaining agreements** of general interest embodied, among others, in the subscription of the different Equality Plans, agreements, and collective bargaining agreements of different scopes, etc., but also to **disseminate the objectives of decisions** with a direct impact on it.

The FCC Group also considers it essential to maintain an adequate network of communication and participation with the social partners in preventive matters, through the **Health and Safety Committee or equivalent bodies** established for this purpose, in aspects such as monitoring the planning of preventive measures, accident rates and absenteeism due to illness, emergency measures, health promotion actions, etc.

Procedures for notifying and consulting staff versus notice periods for operational changes vary depending on the country and applicable regulations, and also on the significance of such changes. These usually vary between one week and one month.

The Company is a **member of Building and Woodworkers International (BWI)**, which covers all construction sites in the sectors where it is active.

In 2023, the areas had a presence at a large number of bargaining tables for collective and work centre agreements, and they actively participated in **collective bargaining for the sector**.

Collective bargaining agreements in the field of social relations

Collective bargaining agreements are a relevant instrument that **regulates the work conditions of the FCC Group's workers**, which also regulate essential aspects, such as the salary, working day, holidays, leave, etc., as well as occupational health and safety in a broad sense.

With regard to the field of occupational **health and safety**, according to our Code of Ethics, the FCC Group sees the prevention of occupational risks as a differentiating element and vital requirement to protect the health and safety of its workers and collaborators. In this sense, each business has a strategy and management systems certified by recognised standards, which are aligned with the legislation in force in each country.

In Spain, where most of FCC's staff works, the clauses that are most frequently included in collective bargaining agreements signed with regard to occupational health and safety are as follows, among others:

Additional clauses in collective bargaining agreements

- **Continuous improvement:** General workplace conditions
- **Preventive measures:** PPE and emergency situations or work with special risks.
- **Communication and dialogue** with prevention services.
- **Health surveillance:** Regular medical check-ups.
- **Prevention Plans:** Risk assessments and technical-preventive action.
- **Workers' rights regulations:** Participation, training and information.

Moreover, as for the percentage of employees covered by collective bargaining agreements, this varies depending on the applicable legislation, the existence of a collective bargaining agreement and even employee representation, considering in all cases the commitment to comply with the applicable legislation and/or collective regulations. In Spain, all FCC Group employees are covered by a collective bargaining agreement. In countries where there is no conventional regulatory framework, the employment relationship of workers is governed by the pertinent legislation in force, in compliance with the corresponding local laws.

The **percentage of employees covered by collective bargaining agreements**, or the different countries where the FCC Group operates is shown in **Annex 7.1.3 Tables of social and personnel-related matters**.

Tools for communication with workers

FCC's internal communication is a key element in strategic management and in the development of dialogue with all employees and their legal representatives and the achievement of their commitment to the business project.

FCC has many different online and offline **communication channels** that promote and encourage constant communication with its workers, such as websites, portals, Apps (FCC360), the digital magazine SOMOS FCC, posters, etc., allow workers to receive the latest information about the FCC Group, internal communication campaigns, contests for employees, different sporting and health activities, activities rolled out by the company, etc.

In this regard, the **FCC360 app** allows FCC's workers to be more connected than ever, sharing a project and future from the palm of their hand.

In 2023, 40,711 workers were active users of FCC360. This is quite relevant if we consider that the number of users grew by 5,130 when compared to the year 2022, but also if we take into account that 78% of the Group's workers do not use such apps in their day-to-day work.

40,711 workers

were active users of FCC360

Worker engagement

FCC must face the challenge of brining innovation close to workers and to develop the necessary capacity. In this regard, it is worth highlighting that it held the second **"Innovation Day"** in 2023, proof of its commitment to innovation as a strength and as one of the levers of value creation at the FCC Group. This is a space in which knowledge is shared and ideas are developed, focusing on the improvement of the efficiency of company processes through digital transformation, adding value to businesses and improving agility in identifying and understanding current and future challenges in the digital world. The event ended with the employees showcasing their ideas, concepts and prototypes associated with digital transformation, which will allow the validation of the proposals based on virtual/augment reality, process automation, industry 4.0, artificial intelligence, the metaverse and Open AI.

Likewise, in 2023, FCC launched the third **"Design Thinking and Agile Methodology Training programme"** led by the team of the Digital Innovation Lab, with targets transversal teams and which aims to discover the most commonly used methodologies of the innovation cycle, applying them according to the real challenges of FCC identified by participants.

All without forgetting the different initiatives rolled out in 2023 by the different areas with the aim of **giving an award to the projects and proposals promoted by workers**, which are part of FCC's commitment to promote internal talent and the involvement of employees in the search for innovative proposals that improve the quality of the services offered, highlighting the following as the most important initiatives:

Moreover, **new communication channels** keep opening up through opinion surveys or publications, which help the Group gauge its results, the impact of the initiatives or training actions launched in almost real time. It is about being sensitive, testing initiatives and identifying opportunities for improvement.

AWARDS FOMENTO 2023

"Fomento" Awards, organised by the Infrastructures area, which aim to give recognition to high levels of technical qualification, innovation and capacity of the company's projects across the world. The "Haren Prison" project received the Promotion of Quality Award and the "SAFE" project for the development of an autonomous system for anchoring structures executed in maritime works received the Promotion of Innovation Award.

i4U

Second "i4U" Innovation Awards, organised by the Water area, which aim to recognise the development of internal talent and promotion of an innovative and sustainable culture of workers, with a view to discover proposals that can be implemented in the company's operations to improve the quality, efficiency and sustainability of the company's activities. In this case, 33 proposals were submitted from four different countries (Colombia, Italy, Czech Republic and Spain). The initiative of the Energy section received the first prize.

AVANZA AWARDS

Fourth AVANZA Awards, organised by the Environmental Services area to recognise the hard work and effort of all professionals, who seek to improve the company's competitiveness, achieve social integration, protect the environment and develop and implement innovative solutions or practices. 22 initiatives were presented this year and four of them received an award in the Social Initiatives, Quality, Environment and Innovation categories.

4.4. Health, safety and wellbeing

Strategy and culture

FCC sees worker safety, health and well-being as a critical competitiveness asset to drive the improvement of productivity and sustainability, as well as an essential value to achieve full individual development. Therefore, the organisation's principles of action are based on achieving and maintaining the **real effective integration of health and safety in all of its decisions and activities**, with the participation of the network of collaborators, contractors and suppliers in the culture of prevention, while also ensuring that a system of continuous improvement of the work conditions is in place, so higher safety standards can be reached.

FCC ensures that all of its activities are performed under the strictest **occupational health and safety certifications**, such as **ISO 45001**. In particular, since most of its activities involve exposure of workers to the risks of traffic, a series of **road safety management systems have been implemented**, all of which are certified **according to the ISO 39001** in sensitive activities, such as road maintenance and urban sanitation work in Madrid.

In a broader sense, ensuring people's health and wellbeing through **specific policies aimed at promoting healthy working environments** and increasing individual capacity to maintain and **improve physical and emotional health and quality of life** is another essential axis in response to social commitment and a differentiating element in terms of competitiveness.

Finally, health and safety management is also supported as an essential process on the establishment of the necessary controls and guarantees to ensure that all decisions necessarily comply with the **legal framework and the internal regulations** of each Group company in this area.

The FCC Group, from its Code of Ethics and Conduct, urges to guarantee safe working environments with the permanent objective of avoiding any damage to health, and to commit to being a healthy company.

Evolution of the main rates

There were 2,095 occupational accidents with sick leave in the FCC Group in 2023, 120 less than last year, of which 1,721 affected men and 374 affected women.

In 2023, the global accident **frequency rate** was **18.82**, i.e., a 13.35% reduction when compared to 2022, and the **accident severity rate** was **0.87**, i.e., reduction when compared to the previous year. These markers[24] also remain well below the equivalent indices published by the Ministry of Labour in each sector of activity.

Trends in the main accident and absenteeism rates are shown in **Annex 7.1.3 Tables of social and personnel-related matters**.

13.35% reduction accident frequency rate

3.33% reduction severity rate

compared to 2022

24. Frequency and severity rates are calculated over 1,000,000 and 1,000 hours worked, respectively.

Health and safety and R&D&I integration

Different programmes have been developed during 2023, which are driven by senior management across different levels of the organisation, with the aim of achieving the permanent improvement of health and safety of the workforce and of reducing the levels of absenteeism associated with work-related matters and those derived from common contingencies.

The most noteworthy measures are as follows, among others:

Gender perspective in health and safety

Another of the objectives of the year 2023 involves making progress on the integration of gender perspective when managing health and safety. Two major lines of action were addresses to achieve this:

- Providing **specialised and certified training for the prevention technicians** in the different business areas, allowing them to acquire the knowledge required to integrated gender perspective in the technical processes of the occupational risk prevention and occupational health and safety management areas.
- Assigning a **work group** made up of technicians and prevention managers of the different business areas to identify the needs and define practices and guidelines for integrating gender perspective, based on four axes:
  - Health and absenteeism indicators and statistics, by gender.
  - Differentiated risks and specific risks regarding gender in risk assessment processes.
  - Preventive measures and the analysis of the challenges derived from the progressive incorporation of women to environments, activities and positions that are traditionally held by men.
  - Promotion of health with a gender perspective.

Most noteworthy health and safety integration measures

- Detailed review of safety in relevant centres and complexity of the Treatment Plants managed by the Environmental Services are in Spain. In parallel, these actions include raising the awareness through many different actions, such as preparing and publishing the **"Prevention Decalogue"**, preparing the dossiers **"Learning from Accidents"** or putting up posters with the number of days without accidents.
- **Awareness raising programmes on the consequences of work-related accidents** in the Environmental Services area for managers and executives.
- Participation and leadership of the Infrastructures area in the **Project for the research on new health and safety technologies in construction** projects with **"0 ACCIDENTS"**, which aims to develop an end-to-end cognitive ecosystem to monitor and predict situations that are hazardous to the health and safety of workers in construction projects, researching to gather, interpret, digitalise and achieve the smart and automatic management of the information generated in different construction environments, based on the use of state-of-the-art sensors, autonomous robotic systems, cybersecure connectivity ecosystems and different artificial intelligence elements.
- **Implementing new technologies for training on health and well-being** in the Water area, with the participation of employees in 1,700 simulations, with 400 hours of training with virtual reality equipment, nationally and internationally.
- **Special awareness-raising campaigns on risk prevention** in the Cement area, with the collaboration of operators, middle managers and executives, and including several sessions, analysis and exchange of best practices.

Promotion of health and well-being

Emotional well-being as a priority axis

One of the main pillars during 2023, as part of the **promotion of integral health and healthy lifestyle habits** at FCC, was mental and emotional wellbeing to provide a response to a social reality in the current context of change and uncertainty as the one of the past few years. The following actions were rolled out to achieve this:

- Specific awareness-raising training programmes and actions on **mental health**, with different sessions that addressed topics such as: digital family health, mental stress in women, emotional resilience, emotional well-being, transformation of limiting habits into healthy habits and personal motivation and improvement.
- Collaboration in the **Guide with the recommendations for specific health monitoring of workers exposed to psycho-social risks** (PSICOV2023 protocol launched by AfforHealth).
- Participation in the development of the new **psychosocial risk assessment** tool (Mentalypro), jointly created and rolled out in collaboration with AfforHealth, the University of Barcelona and many different public and private entities.

Promotion of individual health and prevention of occupational disease

As part of its different projects for the **promotion of health and well-being**, FCC continues to roll out and create new initiatives to promote a healthy lifestyle and the protection of health of its workers and stakeholders. These initiatives include:

In addition, it is worth highlighting that FCC took a qualitative leap in the year 2023 with regard to the adoption of solutions to provide health and well-being resources to its staff, with the implementation of the **LIVE Healthy platform**. This is a mobile phone app that can also be accessed online by workers to access different resources that will help them create healthy habits and lead a healthier life. This is another example of the company's commitment to using accessible and attractive technology resources to achieve the common goal of becoming a healthier and more sustainable organisation.

Initiatives

- Publishing articles and **materials related to health in the internal magazine "Somos FCC"**, which includes a specific section on well-being.
- **Healthy nutrition campaigns** with personalised enquiries and specific strategies to fight against being overweight and obesity, with training routes, monthly menus, guided challenges and integration through health monitoring.
- **Certification of heart and brain protected spaces** in different work centres with a high occupation.
- Participation in **external sporting leagues**, such as seven-a-side football or paddle tennis.
- **Sponsor of external sporting events,** such as the Grazathlon, a popular obstacle race that is very popular among the local people, or the development of sporting clubs, providing personalised advice, participation in sporting events and races, etc. among other actions.

Community relations and participation

The FCC Group engages with influential agents at the community level in the field of health and wellbeing, with the aim of **contributing and being enriched in a joint collaboration and participating in and making an impact on the advances, improvements and new trends that are taking place**. For instance, the FCC Group is a member of AESPLA (Spanish Association of Occupational Prevention Services) and participates in the different actions the association carries out. Likewise, it has signed collaboration agreements with different entities, such as the MAPFRE Foundation (promotion of health at the workplace) and also participates in business forums and hubs that specialise in health and sustainability, such as Forética, which aims to drive the integration of social, environmental and good governance (ESG) matters in the strategy and management procedures of businesses and organisations.

FCC Medical Services

The main responsibility of FCC's Medical Services is to **protect and improve the health of its workers, ensuring they are in top physical, mental and social health**. All by means of detecting, assessing and controlling the risk factors that may affect the health of workers.

The main health monitoring tool includes **medical examinations**, which can be used to prevent and ensure the early detection of different conditions. 18,640 medical examinations have been completed during the year.

Another important activity that is part of the day-to-day work of FCC's Medical Services refers **to health promotion programmes and counselling** rolled out across the organisation.

In this case, FCC's Medical Services have participated in the implementation of health promotion actions and in the maintenance of the healthy company management model.

The actions of the **cardiovascular risk prevention campaign** have focused on two risk factors that are common in the workforce, which are use of tobacco and obesity/overweight issues.

Throughout the years, FCC's workers have assimilated a culture of health, which has translated into an improvement of the health indicator parameters (in relation to healthy habits).

Organisational culture

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 this regard, one of FCC's greatest challenges involves working with a proactive approach, rolling out different actions and initiatives that not only generate a **quality and well-being work environment** that guarantees the well-being of employees, but which also contributes to the personal and professional development of all workers, while organising work as needed.

18,640
medical examinations

Therefore, among the actions rolled out, the Group focuses on achieving a proper 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, in which regard the following are particularly noteworthy:

- Flexible working hours and holiday entitlement
- Leave to attend to personal and family matters
- Early-out working days during summer periods and Fridays
- Baby nursing leave, reduction of working hours and leave of absence
- Improved permissions: illness and death
- Extension in reserving the position: leave of absence

FCC's commitment to creating a healthy work environment for its employees, in particular, with regard to achieving a proper **work-life balance**, also includes the measures listed below, most of which were agreed in the Equal Opportunity Plans signed within the FCC Group:

- Prioritising meetings during the working day.
- Enhancing the use of videoconferencing as a meeting channel.
- Developing awareness-raising campaigns and actions on work-life balance and the sharing of responsibilities between women and men.
- Raising awareness of work-life balance rights and the use of parental leave among men.

Likewise, FCC fosters the protection and well-being of its employees with a series of **social benefits**, most of which are included in the applicable conventional regulations, the most important being:

- Complements: Maternity/paternity, disability, temporary incapacity, hospitalisation.
- Group occupational accident insurance.
- Improved permissions: leave to attend to personal and family matters, due to illness or death of a family member.
- Awards for retirement, marriage and birth of a child.
- Compensation for death or total or absolute permanent disability.

Finally, within the framework of FCC's commitment to the well-being of its employees, it is worth highlighting the role of the **FCC Club**. This space can be accessed by anyone through the FCC360 app to enjoy **goods and services at special prices**.

Digital disconnection

The Group has a **Policy on the Use of Technological Equipment**, which recognises and guarantees the right to disconnect from the digital world for employees, adapting it to the nature and characteristics of each job. In this regard, awareness-raising actions on this issue are continuous and regular.

5. Citizen services

Within the framework of the FCC Group's end-to-end commitment to sustainability, this chapter focuses on the significant interaction of the three **groups of stakeholders, which are key to the business environment: clients, suppliers and communities**.

These actors play a crucial role in achieving the success of the FCC Group, and this is why all of the Group's areas focus on creating and maintaining solid relationships based on trust and honesty.

This chapter addresses how to strengthen these relationships through different issues, such as the delivery of top-quality products and services, the establishment of effective dialogue tools, the implementation of strict due diligence processes across the supply chain, the active commitment to create jobs and to drive the development of the local communities in which the Group operates, among others.

5.1. Clients

Clients are essential to achieve the business objectives. In the current and constantly changing environment, client feedback provides valuable **information to guide companies on the path of continuous improvement, so they can adapt their products and services to their expectations and needs**. A company's capacity to adapt to the market demands becomes a determining competitiveness factor to achieve prosperity.

Commitment and quality

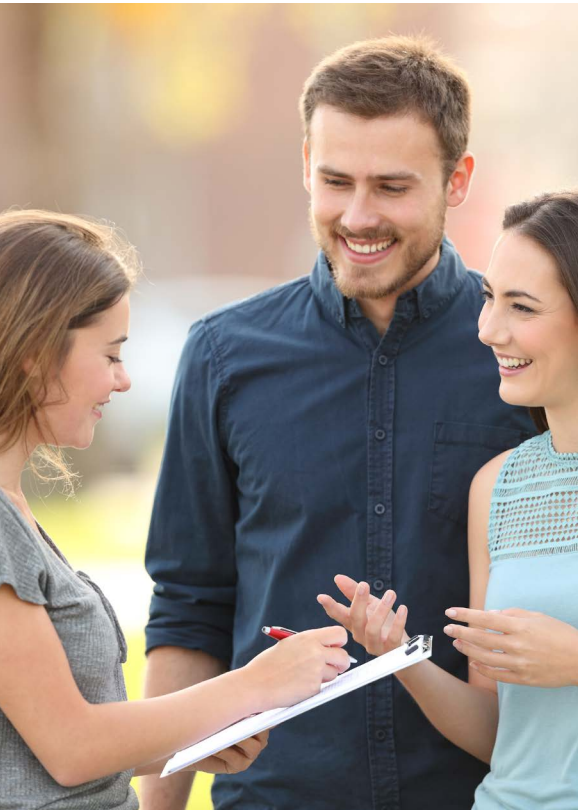
Our dedication to client service is a key aspect of FCC's philosophy, which is shared by all of its members. The FCC Group follows a **client-centric approach**, as established in its Code of Ethics and Conduct. Therefore, the FCC Group is committed to guaranteeing **the highest excellence** in the provision of products and services, generating a differential value that responds to clients' needs.

Given the diversity of products and services offered through FCC's different business lines, which provide solutions that cater to the needs of its different types of clients, the FCC Group has grouped its types of clients into the following categories:

Client categories

- Public sector bodies and organisations
- Private sector
- Consumers

The FCC Group conducts **quality surveys** to find out what its clients think and use this information to improve in different areas. In particular, during the year 2023, the Group sent out 11,595 surveys to its clients and 2,510 of these surveys were completed by clients. The number of surveys completed has dropped when compared to last year, mainly because Aqualia is conducting the surveys once every two years.



The search for excellence in the FCC Group's products and services and the establishment of relationships based on mutual trust, honesty, professional responsibility and added value are a common denominator of all areas of the Group. Proof of this is that all business lines have implemented a quality management system certified according to **ISO 9001**, with the exception of the Real Estate area, ensuring strict compliance with the applicable regulations and quality standards.

These certified systems ensure that the company can define and formalise processes to offer products and services that meet the legal requirements. This will guarantee not only client satisfaction but also is proof of the FCC Group's firm commitment to its clients in all areas.

Health, safety and protection of the client

The FCC Group considers that the health and safety of its clients is a priority to build on their trust. Therefore, FCC goes beyond simply complying with the applicable laws by promoting the **implementation of innovative practices that safeguard the quality and protect end users**. These actions are described below:

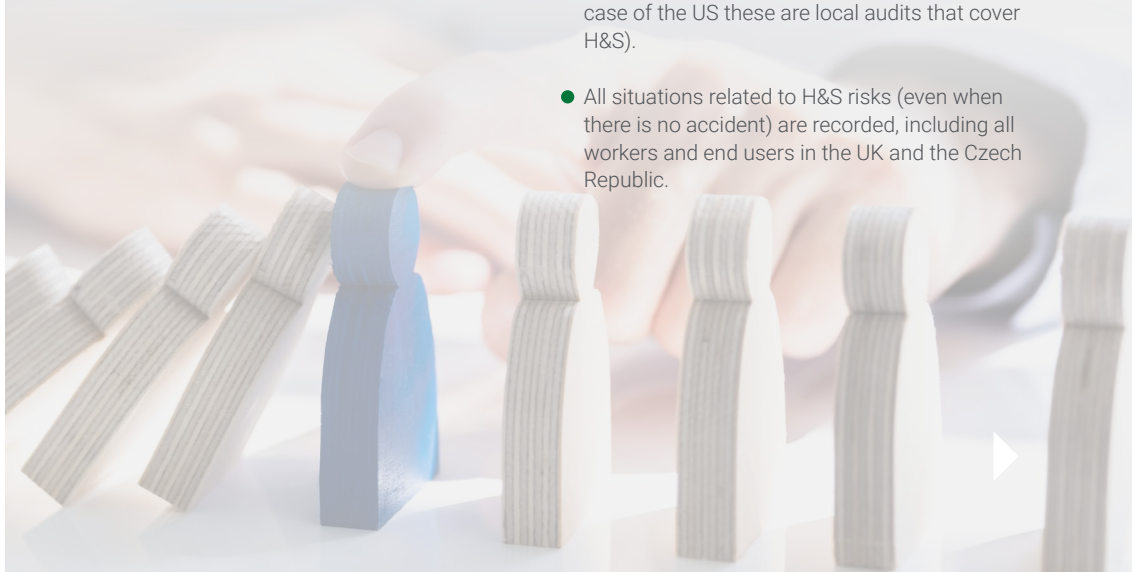
Environmental Services

FCC Medio Ambiente Iberia

- It implements end-to-end and strict health and safety measures, from the design of processes to instructions on how to handle vehicles, with a priority on health and safety in public spaces and on roads, actively working to prevent accidents as a result of its operations.
- Including risk assessments per area and position, to identify the impact on health and safety of workers and personnel who might be affected. In addition, the Occupational Risk Prevention Management System is implemented in all work centres in Spain and Portugal and internal and external audits of the system are conducted in all centres.

FCC Servicios Medioambientales UK, USA and CEE

- The activities of the UK and CEE divisions are certified by ISO 45001, including the prevention of occupational risks for end users as one of the certification requirements.
- They investigate and monitor the accidents of workers and end users in all divisions. They use external software and appoint specialised staff to investigate accidents in the UK, USA and Czech Republic.
- In addition, internal and external audits are conducted once a year in all business areas (in the case of the UK and the CEE areas, the audits are for becoming ISO 45001 certified and in the case of the US these are local audits that cover H&S).
- All situations related to H&S risks (even when there is no accident) are recorded, including all workers and end users in the UK and the Czech Republic.



Water

- Aqualia operates with a network of 10 certified laboratories in Spain, Italy and the Czech Republic; all have a structure that responds to the need for laboratories to be able to decide independently as required by the EN ISO/IEC-10 standard.
- It carries out over one million analyses annually, thus guaranteeing the quality of drinking water available for human consumption.
- It also manages the cleaning services of some 2,900 drinking water reservoirs or tanks worldwide, guaranteeing excellence of service and no impact on the supply.

Infrastructures

- It performs on-going assessments of the risks to health and safety of end users from the start of each project, backed by regulatory certificates to ensure there are no risks.
- It ensures compliance with the legal requirements applicable to construction works, products and services, incorporating the CE Marking in manufactured products, when applicable.
- Both FCC Construcción and FCC Industrial have a certified Information Security Management System based on the ISO 27001 standard, which aims to guarantee the availability, confidentiality and integrity of information in the exercise of their activities.

Cement

- It registers all cements marketed in Spain with the National Institute of Toxicology and Forensic Sciences, ensuring a service is provided to end consumers in case of a health emergency. This register is also available in all European countries where its products are marketed, in compliance with the existing counterpart bodies.
- Safety data sheets for products marketed.
- Packaging and labelling in accordance with the CLP European regulation (Classification, Labelling and Packaging).

Real Estate

- It has a dual review and quality control system for all its projects, thus exceeding the requirements of the pertinent legislation currently in force.
- It enforces compliance with the Technical Building Code, specifically the "DBHS", the purpose of which is to determine the rules and procedures that enable health requirements to be met.
- The "DBSUA" is taken into consideration, with regard to the regulations associated with safety in use and accessibility.
- This area is currently in the process of certifying building heritage management.

Part of client protection practices also include **guaranteeing the security of their personal data**. Client privacy is a key element to ensure client confidence and satisfaction. In particular, in 2023, the FCC Group received three complaints from third parties, which were corroborated by the organisation, four complaints from regulatory authorities on matters related to client privacy, and thirty-six cases of client data leaks, theft or loss were identified.

In addition, one of the best practices regarding health and safety includes the **assessment of the impact on health and safety of 96% of the company's products and services**.

No cases of noncompliance of the voluntary codes related to the impact of products and services on the health and safety during the period covered by the report were detected.

Dialogue tools

Continuous dialogue ensures that all client expectations and opinions are understood, listened to and addressed. The exchange of information allows the FCC Group to identify areas for improvement, promoting innovation in its products and services. With this in mind, FCC will roll out **on-going listening, learning and adaptation processes** to guarantee the satisfaction of its clients in all interactions.

In line with this management approach, the dialogue tools are established considering the diversity of the business areas and their specific needs.

Below are the communication channels used by each business area.

Environmental Services

FCC Medio Ambiente Iberia

- All complaints received by FCC Medio Ambiente are registered in the VISION computer application.
- Client satisfaction questionnaires are launched through different channels (telephone, mail, fax, email or visit from the sales department).

FCC Environmental Services (USA)

- External Customer Service IT system.

FCC Environment (UK and CEE)

- Complaints or claims are reported through the internal communication channels, using web forms, via telephone or e-mail.

Water

- Aqualia conducts a customer satisfaction survey every two years.
- Mobile app for smartphones and tablets, Aqualia Contact, which can be used to carry out all procedures related to the services provided.
- Virtual Office, available on the corporate website, through which clients can carry out all their formalities at any time.
- Telephone assistance through the Client Service Centre (CAC).
- Personalised attention through physical offices.
- Customer service profiles on Twitter.

Infrastructures

- These have the "client contact", who is in charge of managing collaboration, attending to and processing suggestions and information, and communicating the actions to be taken by FCC in response to them.
- Questionnaires and surveys to assess the degree of satisfaction of customers, adapted to the different subsidiaries. For example, Matinsa assesses customer satisfaction with different forms and direct surveys conducted with customers every year. Megaplás conducts satisfaction surveys at each installation point, as well as annual surveys with its main customers.

Cement

- Technical-sales support, to provide advice to customers on the application of their products and to offer personalised assistance.
- Direct contact with the Sales Departments of customers.
- Digital channel for clients, available through the corporate website, which offers the possibility of immediately managing orders, accounts or invoices, as well as making payments and suggestions.
- Launch of client satisfaction surveys.

Real Estate

- Different email for each promotion, for clients who have purchased a home.
- Clients who rent a property have access to a mobile app from which they can carry out certain procedures related to that property.
- Support for clients and users of shopping centres, a team specialised in this area makes on-site visits.
- In the case of office clients and users, a mobile app was developed to increase the number of communication channels. Clients and users may use the platform to submit service requests, complaints, comments and suggestions.

In all of the above scenarios, the mechanisms are not only used to monitor client satisfaction, but also to **receive and manage possible problems** effectively. This approach ensures constant alignment of the client's needs with the actions implemented by the Group.

Below are the claims and complaints received and managed by each line of business of the Group during the year 2023, providing a detailed view of the **direct interaction with clients and the corrective actions implemented**.

The most relevant information regarding variations since 2022 is associated with the average period for resolving claims and complaints received by FCC Construcción, which is much higher in 2023. This is due to the fact that the complaints of previous years that had not been resolved have been finally closed.

The complaints received from the Environmental Services area do not include those corresponding to the US subsidiary, since the information systems do not differentiate service requests from complaints.

Claims and complaints (No.)

	Received			Managed			Average resolution period (days)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Environmental Services	9,350	7,992	9,129	9,346	7,991	9,129	2,9	8	8
Water	15,948	30,641	31,371	15,948	30,641	31,371	16	10	11
Infrastructures	177	97	217	177	97	217	22	39	275
Cement	10	22	15	10	22	15	24,1	99	99
Real Estate	–	5	8	–	5	8	–	15	20

5.2. Suppliers

Effectively manage the relations with suppliers, as a strategic component of business conduct. Therefore, the way in which a company interacts with its business partners and establishes solid relationships may have a big impact on its corporate identity and on the sustainability of its operations.

Business ethics, transparency and responsibility are essential to guarantee a business conduct that is in line with a series of core values. Supplier management is key in the value chain, where **the selection and cooperation with ethical and sustainable commercial partners** make a crucial impact on strengthening the company's reputation and resilience. In this context, FCC follows a strategic approach to ensure that its suppliers adopt an exemplary business conduct, working hand-in-hand with its suppliers and establishing transparent relationships based on trust and responsibility.

works with
46,102
suppliers

Managing relations with suppliers

FCC sees its suppliers and contractors as strategic partners that play a vital role in its activities, supplying the products and services it needs to perform its activities in compliance with the standards and expectations of the different stakeholders.

In particular, at the close of the year, the Group works with 46,102 suppliers, most of which operate from Spain, although it also has suppliers in **Europe, Australia, the Middle East and North, Central and South America**. The Groups geographical diversification reflects the broad scope and variety of its operations.

The FCC has many different needs across its value chain. Therefore, guaranteeing a sustainable, responsible, ethical and efficient supply chain is a challenge for the Group. The **main types of suppliers** vary by business area and are adapted to the specific needs of each one, in addition to the transversal model to which the Group adheres in relation to the activity of the Real Estate area. Having many different types of suppliers requires addressing complex demands and challenges in each business area. To do so, the company uses specific tools that guide its actions, which are geared towards achieving the continuous improvement of its purchases and services.

Transversal

- Supply of electricity, natural gas, fossil fuels, etc.
- Information Technology (IT) services and products.
- Cleaning and security surveillance services.
- Industrial and passenger vehicle supply.
- Courier and mail services.

Environmental Services

- Equipment suppliers: waste collection lorries, sweepers, sweepers, scrubbers, containers, waste compactors, etc.
- Maintenance and repair companies.
- Hardware stores and spare parts suppliers.

Water

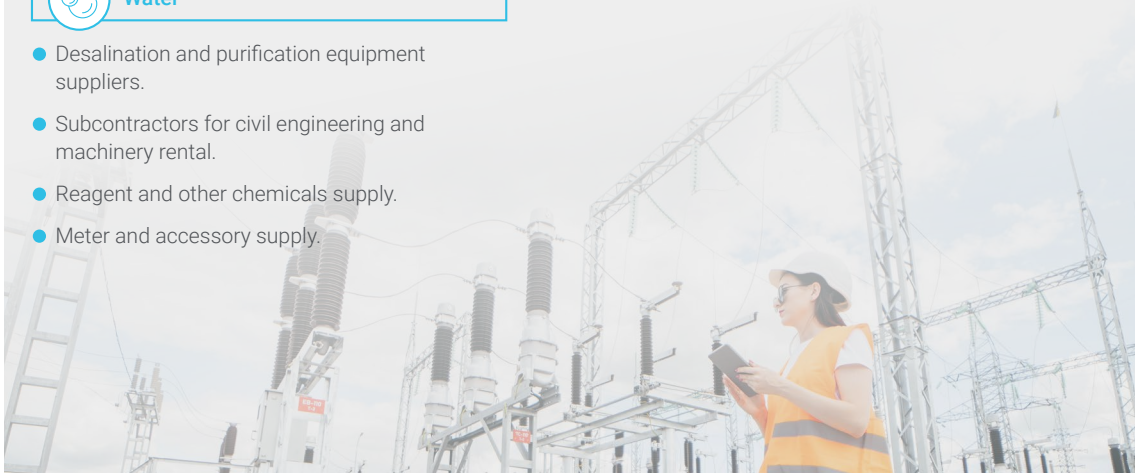
- Desalination and purification equipment suppliers.
- Subcontractors for civil engineering and machinery rental.
- Reagent and other chemicals supply.
- Meter and accessory supply.

Infrastructures

- Subcontractors for civil engineering, foundations, metal structures, earthworks, signalling, etc.
- Concrete, rebar and prefabricated component supply.
- Subcontractors for electricity and lighting.

Cement

- Electricity, fuel and water supplies.
- Maintenance and repair services for facilities.
- Supplies of raw materials and consumables.
- Transport and logistics services.
- Supply of packaging and containers.
- Supply and rental of machinery.



Policies and rules

The Group helps increase FCC negotiating capacity through the Purchasing Department, **in consonance with the Group's general principles and policies**. The Department works hand-in-hand with other business units to create value, create synergies and boost profits, to make processes more transparent and to take decisions, to guarantee the traceability of all actions and strict compliance with the regulations of the FCC Group, with the current laws and contract award conditions, and to guarantee strict management and confidentiality of information during its processing.

The 2023 **sustainability matrix** was developed with the seven key topics of the ISO 26000, broken down all matters addressed into 36 different topics, based on the information session organised by the Purchasing Department on "Sustainability applied to the Purchasing area", with the participation of the Spanish Association of Purchasing, Procurement and Supplies Professionals (AERCE). The matrix was used to establish 27 KPIs and the corresponding short, medium and long-term objectives for each KPI.

The FCC Group's relationships with suppliers and contractors are based on stable, long-lasting and mutually beneficial business relationships. In this context, commercial partners must be in line with FCC's commitments, ensuring they are capable of showing evidence of their **compliance with social, ethical and environmental standards** set forth by the company.

The FCC Group uses different tools to extend its commitments to its commercial partners, in particular, those described below:

In addition, all suppliers and contractors must accept and adhere to the FCC Group's Code of Ethics and Conduct, its **Anti-corruption Policy** and the ten principles of the United Nations Global Compact as well as respect for core human and labour rights.

Code of Ethics and Conduct

Which establishes the key principles that all suppliers and contractors must observe, while also adhering to ethical practices in relation to commercial relationships, the fight against corruption, bribery and fraud, the protection of core labour and human rights and the compliance with the occupational health and safety standards, guaranteeing safe and healthy workplaces. In addition, it will promote the respect for the environment, ensuring that all activities comply with the laws and minimise environmental impacts, while implementing a sustainable environmental management system.

Purchasing Manual

Which is based on the principles of competitiveness, transparency and objectivity, the Purchasing Manual seeks to foster the creation of solid and long-lasting commercial relations between FCC and its suppliers, contractors and partners. This manual includes the key principles of the purchasing model, the responsibilities and duties, as well as the processes that must be followed to comply with FCC's internal regulations, comply with the applicable laws and incentivise the Group's suppliers to improve their performance in terms of sustainability. FCC aims to promote the sustainability of its suppliers by means of example and through approval requirements.

General Hiring Terms and Conditions

Which regulate the commercial relationships between FCC and its commercial partners, establishing the obligations with regard to occupational risk prevention and environmental protection. The contractual terms and conditions include aspects of sustainability that suppliers must accept and comply with during their commercial relationship with the Group; and this will be monitored through periodic follow-up during the term of the contract.

Due diligence in the supply chain

The FCC Group has implemented a strict **supplier assessment and approval** process to guarantee the integrity and sustainability of the supply chain and to establish systems that are capable of detecting and preventing risks during the commercial relationships. This in-depth due diligence process focuses on the analysis of ESG risks and requires suppliers and contractors to ensure that they are in line with the ethical and environmental standards established by the company to initiate and maintain contractual relationships.

Process of approval:

The supplier or contractor must start the process by **registering** on the Group's platform.

Subsequently, a **Responsible Statement** must be signed, which must address different aspects, such as the fight against corruption, receiving and giving gifts, conflicts of interest, and respect for core Human Rights.

The supplier or contractor must complete a series of **questionnaires and requirements** that assess social, environmental and governance criteria, some of which are required to be approved. Information on the following matters will be requested:

- **Financial information.** One of the requirements is not appearing in the list of the ASNEF (National Association of Financial Credit Institutions) in the last year.
- **Quality certificates and information about the environmental performance and commitment**, with the aim of ensuring the integration of environmental aspects across the supply chain, including the certification of its environmental and product and service management systems, GHG emissions, efficient emission practices or penalties related to environmental performance.
- **Occupational risk prevention systems** to prevent and mitigate the significant negative impact on the health and safety of workers directly linked through commercial relationships. It is necessary to have a preventive organisation model in place, ensure that the company's occupational accident rates are below those of its sector and not having received any serious penalties or sanctions related to health and safety over the past five years. In addition, information related to own resources used to manage health and safety will be requested, as well as medical protocols implemented for the health surveillance of its workers and health promotion programmes. Finally, the Occupational Health and Safety management systems of all suppliers and contractors must be certified.
- **Human resources**, information about the workforce, including number of employees, percentage of female employees, average age of staff and average length of service at the company. The supplier or contractor must not have received a penalty or sanction for offences included in the Law on Offences and Sanctions in the Social Order in the last four years.
- **Commitment to Human Rights and to the fight against discrimination**, requesting information about the certifications of ethical or social management systems, adherence to the UN Global Compact, the measures used to assess the degree of employee satisfaction and the policies rolled out to guarantee a proper work-life balance and sustainability.
- **Compliance and crime prevention model**, information about the Whistleblowing Channel, presence of a Compliance Officer and the measures to fight against corruption, money laundering and terrorist financing, and sanctions or convictions for corruption, bribery or influence peddling. In this regard, it is essential to comply with the FCC Group's Code of Ethics and Conduct, as well as with the Anti-corruption Policy, which rejects any form of corruption, bribery and fraud, as well as the conditions related to influence peddling and unlawful competition.
- **Information security and data protection measures and systems,** establishing the requirement to appoint a specific Security Officer, ensuring no data protection breaches have occurred in the last two years, not having any sanctioning or investigation process open by the Control Authority and not having reported any breach of security that affects personal data over the past two years, among other requirements. In addition, with regard to security of information and in the context of the services offered by the supplier to the FCC Group, a suitable information security level must be guaranteed, according to the services delivered.
- **Operational details of product supply**, including the request for information, specifying the allocation of responsibilities, training, client service, process control, supplier approval and assessment procedures and systems for measuring client satisfaction.

The **suppliers and contractors are assessed** according to their risk level with the information gathered.

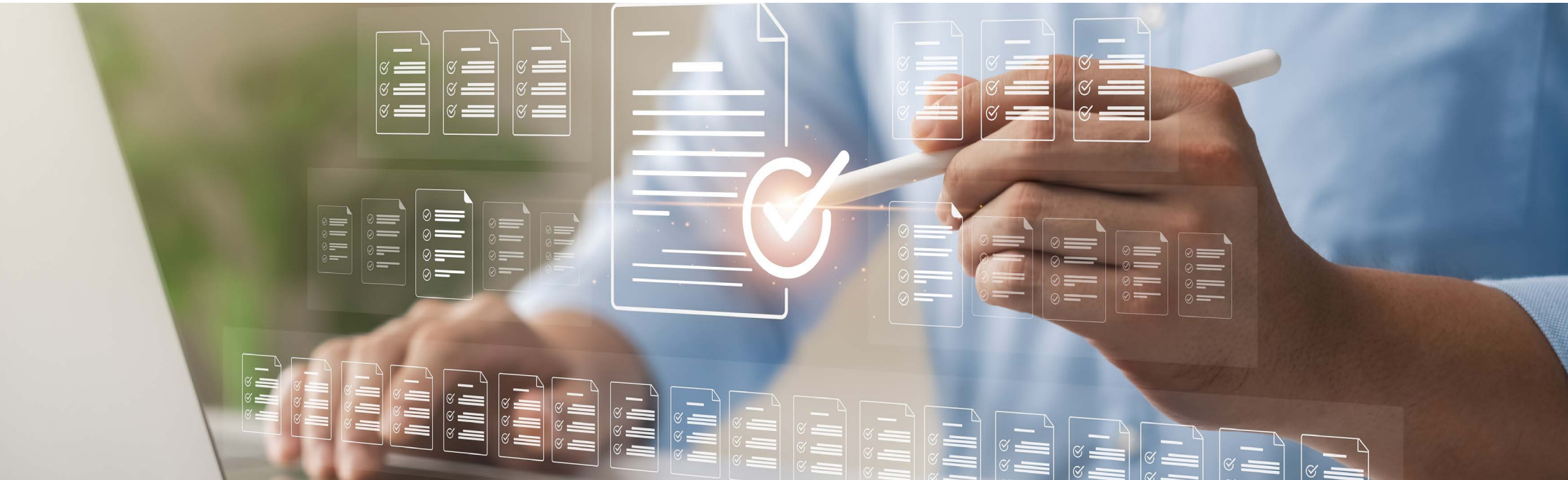
- **Qualifications A, B or C:** an approval certificate is issued with recommendations for improvement.
- **Qualification D (high risk):** a Due Diligence process is conducted to prevent contractual risks. Based on these results, the Group will decide whether the provider should be approved or not, establishing the corresponding preventive or corrective measures as needed.

In the cases in which a red flag has been detected on any of the matters and topics mentioned above or after the full assessment of risks, if a rating "D" is given, FCC's affected departments and areas will be contacted, so they can provide their specific assessment and conclusions, with a positive, negative or positive with exceptions assessment. Finally, the Purchasing Department will either approve or reject the supplier. In addition, if suppliers have been classified as "critical", compliance audits will be scheduled, with the aim of reinforcing the supervision of the supply chain.

The FCC Group has approved 1,432 suppliers and contractors, out of which 813 new suppliers were approved this year. Likewise, 20 have been classified as high risk during the year 2023. After the completion of the Due Diligence process, 17 of these suppliers were approved and three are currently in the process of being approved. No supplier has been classified as "critical", so it was not necessary to conduct compliance audits.

In addition, **FCC conducts regular assessments and supplier satisfaction surveys**, which streamline the future decision-making processes, specifically, to maintain or terminate their approval.

1,432
approved
suppliers and contractors



5.3. Transformation of communities

Over the past few years, companies have acquired a decisive role in the **provision of social responses**, as a consequence of the significant social changes at the global level. The different social and economic crises, the increase in unemployment rates and the loss of purchasing power in households have had a huge impact on the population at risk of exclusion. In this scenario, society is demanding a greater commitment from companies, urging them for a change in their conventional business objectives, which should be geared towards providing value to the communities in which they operate.

Therefore, the well-being and satisfaction of local communities are essential pillars for any company with a solid social responsibility commitment. It is for this reason that the interaction and creation of solid relationships is a priority to generate a **solid and positive impact on its social, economic and environmental context.**

In this context, and with the purpose of making a positive impact on local communities, the FCC Group materialises the framework of initiatives across the company and beyond, with a view to promoting social well-being.

Creating value

Promoting a positive socio-economic impact to develop communities and protect the environment, while also promoting the creation of jobs and hiring of local suppliers.

Knowledge

Cooperating in initiatives aimed at educating and raising the awareness of the local community, which drive social development and progress, helping future generations.

Integration

Helping in the transformation of cities to turn them into inclusive environments, by rolling out awareness-raising and support initiatives for the socio-labour integration of vulnerable people or groups at a risk of exclusion.

Solidarity

Participation in solidarity programmes and campaigns by partnering with associations, foundations and third-sector entities, making financial contributions to improve the lives of people.

Strengthening communities

The commitment to communities involves **understanding local needs, fostering sustainable development and making a contribution to inclusive growth**. As a committed Group, FCC recognises the importance of establishing positive and long-lasting bonds with the communities in which it operates. It seeks to make a positive impact on the lives of people and the environment in which it operates through **responsible initiatives and practices**.

The FCC Group recognises the value that its products and services contribute to society, with the implementation of the **Sustainability Policy**, which is backed by a shared corporate culture. Its **activities are essential for the development of cities**, including the supply of essential resources such as water, cleaning and maintenance services, the construction of buildings and infrastructures, among others. Therefore, its activities have a big impact on communities.

Local employment and development

FCC understands the importance of assessing how it can help promote the creation of jobs and local development. It is for this reason that it implements measures at the Group level and in different areas, **in response to the needs and expectations detected in communities**. These measures consolidate FCC's contribution to sustainable development and social well-being, while promoting the exchange of information with communities.

Below are a few examples of the initiatives rolled out by some of the areas to drive local development:

To sum up, the FCC Group drives local development of the communities in which it operates with these initiatives, via indirect and direct hiring. First, by **creating direct jobs** for the activities of each area, which require personnel to perform such activities. Second, by hiring suppliers and contractors, promoting indirect hiring. FCC is committed to **hiring local talent**, with a view to promoting the socio-economic development of the communities in which it operates, while also reducing the costs and times thanks to being near its suppliers, as well as of reducing the possible environmental impact of transporting goods.

Specifically, with regard to hiring suppliers at the Group level, in 2023, the total costs allocated to hiring local suppliers, i.e., those sourced from the country where operations are located, was €4,938 million. In addition, 46,102 national and international suppliers were hired, **the number of local providers being 44,893**. The different business areas also hire local suppliers. Around 95% of Aqualia's suppliers in 2023 were local suppliers.

Environmental Services

FCC Medio Ambiente Iberia

Collaboration agreement signed with the Council of Castilla-León to drive the labour integration of women and promote equal opportunities in companies.

FCC Environment CEE

Open days are celebrated in Hungary every day, allowing the public to learn more about the company's activities. Similarly, in Slovakia, over 30 regional projects that focus on cultural and social activities in the regions in which the company operates received support during 2023.

Water

Aqualia's 2021-2023 Strategic Sustainability Plan includes *"social impact"* in its strategic lines, which aims to disseminate the company's effort in guaranteeing access to water, strengthening the bond with communities as a result.

Infrastructures

This area designs specific action plans with the results of the assessment of the possible impact on the local communities, derived from its projects. In addition, and to reinforce its commitments, FCC Construcción has included in its 2021-2024 Management Objectives *"Promoting responsible hiring procedures"*, establishing a goal of hiring 90% of local suppliers. Similarly, its Sustainability Strategy establishes the objective of *"hiring at least 90% of local people"* by 2026.

Cement

The Cement area generates a big impact on employment and the local development of the communities in which it operates. It promotes the creation of quality and long-term jobs, creating direct and indirect jobs that drive the local social and economic development. In addition, it collaborates with educational institutions to give young people the skills required when they join the labour market.

Real Estate

A strategic line is contemplated for each stakeholder as part of the "2024-2027 ESG Strategy", with the aim of fostering and promoting the development of communities. Each year's main actions include: Sponsorship of Guadalajara's women's basketball team and Employment and inclusion seminars, in collaboration with the Red Cross.

€4,938
million
allocated to local suppliers

Social commitment

The FCC Group reinforces its positive commitment beyond its own activities through **solidarity actions**, with a focus on social initiatives, integration of vulnerable groups and education and awareness-raising actions.

FCC drives a **culture of commitment** that drives the creation of more resilient and caring societies. To do so, it offers its team the opportunity to participate in solidarity programmes, strengthening the connection with social needs, cultivating the sense of belonging and backing the mission of improving the lives of citizens. It drives the integration of groups at a risk of exclusion, guaranteeing opportunities under equal conditions. It also raises the awareness of all citizens through education and awareness-raising initiatives.

Solidarity initiatives

FCC allows its employees to participate in solidarity initiatives, linking social action with the strategy of each business while promoting a corporate culture that is committed to the current social needs.

During the year 2023, the FCC Group rolled out the following solidarity initiatives:

- Collaboration in the campaign ***2023 Grand food collection. Feed a better life***, of the Madrid Food Bank, encouraging FCC's employees to participate in the campaign as volunteers.
- ***Blood Donation*** campaign of the Red Cross, encouraging the staff at corporate offices to donate blood. During the blood donation campaigns of the year 2023, 271 people donated blood, with a positive impact on the lives of another 813 people.
- Collaboration in the campaign ***Give your bag of generosity***, which included the donation of personal hygiene and care products, and the campaign ***Collecting Christmas sweets***, of the Pan y Peces Foundation, to help vulnerable families.

In addition, it is worth highlighting the social actions carried out by some of the company's business lines:

Environmental Services

FCC Environment CEE

The subsidiary in Romania continues to roll out and expands the scope of humanitarian and eco-educational projects, in collaboration with the women's basketball team and the NGO "Cetatea Voluntarilor" of Arad. In particular, it has continued to provide aid to rehabilitate the paediatric medicine system and the educational and sporting spaces in the country of Arad.

Water

During 2023, the company has collaborated with the Recover Foundation, on an initiative promoted by the women employees who participated in the EOI's Executive Development Program for Women with High Potential. The main action involved organising a charity concert to raise funds for the campaign on the prevention of cervical cancer in Cameroon, rolled out by Fundación Recover.

Infrastructures

As part of its social commitment, it has built Line 2 of the Lima Metro, which included the initiative "Recycle to Help", promoted by ANIQUEM Foundation. This project will have a double impact: first, from an environmental point of view, by helping manage solid waste generated by the participants, allowing their reintegration into the market as secondary materials, and second, from a social point of view, by contributing to the comprehensive recovery of children survivors of serious burns.

Cement

With a view to strengthening its commitment to the local communities in which the company operates, and backed by the social vocation of its employees, FCC rolls out a series of social and cultural activities with the purpose of raising social awareness. In particular, the social actions of the Tunisian Market are concentrated in *Matriz Société des Ciments d'Enfidha*, which channels all actions through *Gouvernerat de Sousse*.

Real Estate

- Collection of textbooks and school supplies for low-income families handled by Melior Foundation.
- Charity market organised in collaboration with PRODIS Foundation, which is committed to the development of personnel and social and labour integration of people with intellectual disabilities.
- Charity market and collection of donations for the San Juan de Dios Foundation, which provides healthcare, social-health, social, educational and research services at hospital, mental health centres, centres for disabled people, seniors and vulnerable people at a risk of social exclusion.

Integration of vulnerable groups

The many different activities, geographies and people of the FCC Group show the importance of generating environments committed to and responsible for the **management of diversity and inclusion.**

Therefore, FCC works to achieve the integration and inclusion of vulnerable groups through integration and awareness-raising actions, helping build a fairer and more equal society.

During the year 2023, the FCC Group has participated in the following projects for the integration of different vulnerable groups.

- Participation in the Programme "Learn and become an Entrepreneur" of the Prevent Foundation, which offers training and accompaniment to disabled people to develop business ideas, while tutoring projects.
- Collaborating with families at risk of exclusion by providing them with the necessary educational and school resources, participating in the Campaign "Donating textbooks and school supplies" of the Melior Foundation.

Moreover, the different business areas have also rolled out specific actions aimed at achieving the integration and inclusion of groups at risk of exclusion.

Environmental Services

FCC Medio Ambiente Iberia

- FCC Medio Ambiente Iberia participates in the "Socially-Responsible Procurement Forum" since 2011, which aims to create and maintain stable and quality jobs for disabled people. It has also signed a collaboration agreement with the Ministry of Equality, as part of the project "Companies committed to a society free of Gender-based Violence".
- The number of initiatives aimed at raising social awareness on the implementation and achievement of a sustainable and socially responsible business model were boosted in 2023. these were included in the 2050 Sustainability Strategy, and are configured as the main driving agent behind the practices and policies of FCC Medio Ambiente Iberia:
  - Drive of the collaboration agreement with REDI for the labour integration of LGTBQI+ people.
  - Maintaining the collaboration agreement with the Inserta-Once Foundation and development of the collaboration agreement with the Adecco Foundation.
  - Development and extension of many different agreements to promote the labour integration of disabled people and people at a risk of social inclusion.
  - Collaboration agreement with CEAR to hire refugees from Ukraine and collaboration agreement with Tent, with the commitment to hire refugees in Spain.
  - Collaboration with the High Commission to eradicate child poverty.

FCC Environment CEE

- The subsidiary in Serbia designs and participates in many different social responsibility actions. In particular, it provides assistance to vulnerable Serbians through partnerships with associations that raise funds and provide assistance and look after ill and vulnerable people.

Water

- The area promotes the integration of disabled people, in particular, in observance of the International day of people with disabilities, by performing workshops at the "Corporate volunteering days with the participants of the Talent Pool project of Adecco Foundation". In addition, there will be a virtual reality session to help others understand what millions of disabled people live through around the world.
- The area also works to improve the conditions of vulnerable people in collaboration with Cáritas, with which it signed a collaboration agreement in 2016 to support related initiatives. It has also partnered with the Adecco Foundation for integrating people in vulnerable groups, such as people with disabilities and women at a risk of social exclusion.
- During 2023, Aqualia helped train 15 women in an occupational training and advice workshop, in which Aqualia's volunteers also participated.
- Aqualia is also a partner of the Business Network for LGTBI Diversity and Inclusion (REDI), and has signed a collaboration agreement with the LGTBI+ Federation. Moreover, it has conducted the EMIDIS diagnosis, (Companies for diversity), the result of which has helped design proposals for improvement and prepare an action plan. In addition, it collaborates with MyGWork, a global recruitment and networking platform created to promote diversity and inclusion at the workplace.

Infrastructures

- FCC Construcción joined the initiative of the Dr Campos Castelló Association to foster the idea of "living autonomously" for people with intellectual disabilities, as proof of its commitment to society and 360º social inclusion.

Cement

The Cement area has partnered with the Adecco Foundation in two projects:

- "Employment for everyone", a programme designed to provide labour advice and integration, improving the employability of the most vulnerable groups, giving them the opportunity to find a job.
- "Family Plan", a programme that focuses on increasing the autonomy, integration and future insertion in the labour market of disabled relatives of FCC Group employees.

Real Estate

- By allocating space in common areas of the buildings, the Real Estate area hosts temporary events with a social purpose, including the sale of products to promote the integration of people with disabilities.

Education and awareness-raising initiatives

Likewise, FCC recognises the participation in charity initiatives as a driver of social change, focusing its efforts on **raising the awareness of citizens**, by fostering conscious decision-making.

The FCC Group disseminates information about its activities when it visits facilities and its different lines of business, which collaborate with educational centres and participate in educational events and conferences to raise awareness on the need for proper education and to protect the environment. Below are examples of some of these initiatives:

Environmental Services

FCC Environment CEE

For the third year in a row, the subsidiary in Slovakia has successfully managed the Back2Life Recycling Centre in Trnava, which helps educate people about the changes in lifestyles and also helps socially vulnerable groups on this line, working with children. The subsidiary organised the "Smietko" competition in 2023. In addition, it developed the app "Take the garbage out" which informs residents about the times when domestic waste is collected.

Similarly, the Serbian subsidiary collaborates with educational institutions and young people as a means of improving the environmental awareness of future generations.

Water

Aqualia participates in different charity, educational and awareness raising initiatives. These include the following:

- Awareness-raising workshops and talks in municipalities of Colombia on the responsible use of water and the protection of the environment.
- Educational channel aqualiaeduca.com to raise the awareness on the need to manage water properly, with materials for children, educators and families.

Infraestructures

When building the A465 motorway in Wales, FCC Construcción implemented the A465 Community Initiatives Programme, which includes different social initiatives at schools, which focus on raising the awareness about the importance of protecting the environment. The following initiatives deserve special mention:

- "Girls in Engineering": Event aimed at girls, with the aim of showing the opportunities in engineering degrees, with a view to attracting women talent to these sectors.
- Devils Bit Scabious plantation: This plant is very important in the region and essential its habitat, and was planted to raise awareness about the importance and value of biodiversity.

Cement

The FCC Group's Cement area has rolled out a series of environmental awareness days in collaboration with:

- Flacema (Labour Foundation of Andalusia of Cement and the Environment), aimed at the students of different educational centres and schools.
- Collaboration with the CEMA Foundation on the projects *"Colegios + sostenibles"* (more sustainable schools)and the "El Porcal Environmental Classroom", which were visited by some 841 people in 2023.

Real Estate

As part of its firm commitment to training, the Group hires students from the ASPRIMA - UPM Real Estate Degree, who join the company as interns, while providing its professionals with different training courses, allowing them to enrol in the Real Estate specialist course of this Degree.

Economic contributions

In accordance with its Sustainability Policy and its Code of Ethics and Conduct, the FCC Group materialises its support to social action with economic contributions to several non-profit entities and foundations.

The Groups **sponsorships, collaborations and donations** always follow objective criteria and are granted to renowned entities that show evidence of ethical behaviour.

These must be authorised by the Communication Department and be documented to ensure proper follow-up, as established in the corresponding procedure.

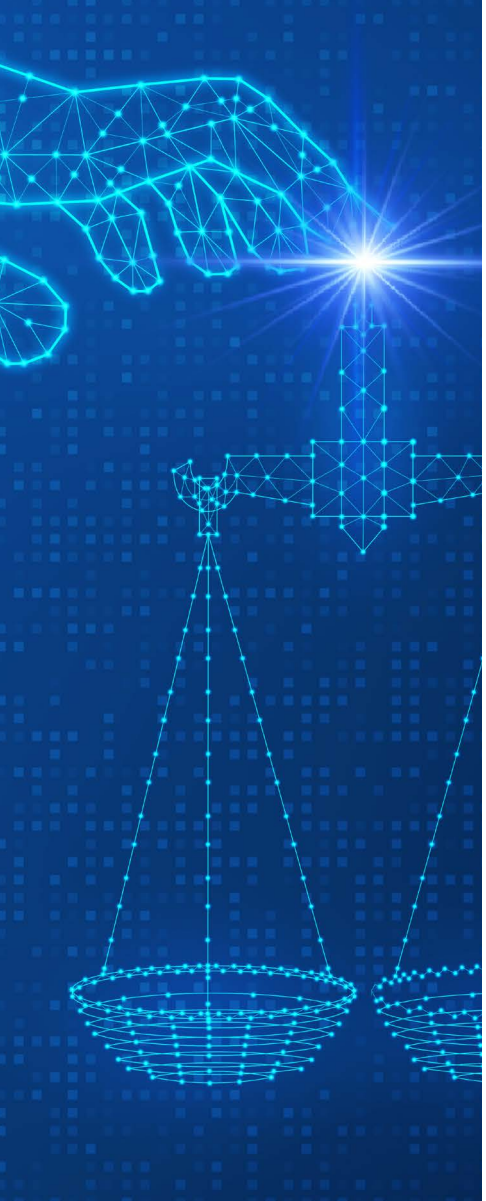
During the year 2023, the Group has donated over a million euros. Likewise, it has partnered with a series of industry associations, as described in Annex 7.1.5 of this document. The financial aid is channelled as follows.

More than **€5.5** million **in social action**

Contribution type (€)

	2021	2022	2023
Donations to non-profit organisations and foundations	1,048,399	1,151,318[25]	1,100,341
Sponsorships	1,761,051	2,238,463	2,269,229
Contributions to associations	1,847,790	2,303,888	2,141,438
Other	170,544	230,913	176,165
Total	**4,773,448**	**5,924,582**	**5,687,173**

24. Updated the data as a consequence of the detection of an error reported by the Environmental Services subsidiary in Austria.



6. Good governance

Corporate governance aligned with the principles of sustainability and ethics is a key priority for companies. The structure and dynamics must reflect the company's principles and values in a coherent way in all corporate decisions and practices. **Transparency, equity and risk management** are essential in this approach, which promotes a genuine commitment to sustainability and social responsibility.

FCC is committed to establishing a governance approach that is based on these values, fostering integrity and ethics across all levels. An effective risk management and control system is required to achieve this, guaranteeing exemplary business performance, respect for and observance of Human Rights and tax transparency, as described in the next chapter.

6.1. Risk management

The FCC Group is exposed to several risk factors inherent to the nature of its activities and to the risks related to global and local environmental, economic, social and geopolitical environments in the countries in which it operates. Many of these risk factors are strongly interconnected and could potentially affect both the achievement of business objectives and have a negative impact on the image and reputation of the FCC Group.

Therefore, aware of the importance of risk management for the company, it has established a Risk Management Model, which is used to identify and manage these risks in an integrated manner across all of the company's organisational processes.

Financial and non-financial Risk Management and Control System

The FCC Group has a **Risk Management Model** that is designed to identify, analyse, assess and manage the potential risks that could affect the Group's different business areas. The model is based on the incorporation of the risk-opportunity vision and the assignment of responsibilities, which, together with the segregation of functions, help monitor and control these risks. The FCC Group's Risk Management Model applies to all Group companies, including all those in which it exercises effective control.

The Risk Management Model includes the assessment of financial and non-financial risks, including tax risks, the implementation of preventive and control measures to mitigate identified risks and the establishment of reporting flows and communication mechanisms at different levels.

In addition, the FCC Group has a **Crime Prevention Model**, which mainly aims to strengthen the control environment; a Tax Compliance Policy, a Code of Tax Conduct and a Tax Control Framework Standard, within which the process of identifying and assessing tax risks and assigning responsibilities for the management and/or reporting of these risks is deployed.

Bodies responsible for preparing and implementing the Risk Management Model

The Risk Management Model is backed by the **Board of Directors** and **Audit and Control Committee**.

The Board of Directors guarantees adequate risk management to achieve its objectives, so the internal processes are geared towards the assumption of a predictable medium-low level of risk. This is based on a business model with different activities and locations, backed by a solid, constant and sustainable policy of generating results and creating value. All this with **zero tolerance for bribery and corruption**.

Regarding tax risk, the **Standard Tax Control Framework**, which is part of the Group's Tax Compliance Management System, defines the general tax risk management policy and the acceptable levels of tax risk.

The Risk Management Model establishes a **three-tier system of risk management and internal control**, the first two located in the business units and the third in the corporate areas. The responsibilities are defined as follows:

Board of Directors

Responsible for determining the risk control and management policy, including tax risks, and which identifies the main risks and implements the monitoring procedures of all internal and information control systems, as required.

Audit and Control Committee

It is responsible for supervising and analysing the effectiveness of the internal control and risk management model, ensuring that it identifies the different types of risks faced by the Group, the measures for their mitigation, the levels for their management and the supporting processes and systems.

First level

Operational lines of the business areas, which act as risk generating entities. They are responsible for managing, monitoring and properly reporting the risks generated, including tax risk.

Second level

This level is controlled by the support, control and supervision teams, which are responsible for ensuring effective control and adequate risk management, including tax risk. At this tier, the management of each business unit is responsible for the implementation of the Risk Management Model, including those relating to financial reporting. In turn, the Compliance area identifies risks, defines and monitors crime prevention controls and, in cases where non-compliance or ineffectiveness is detected, and proposes action plans.

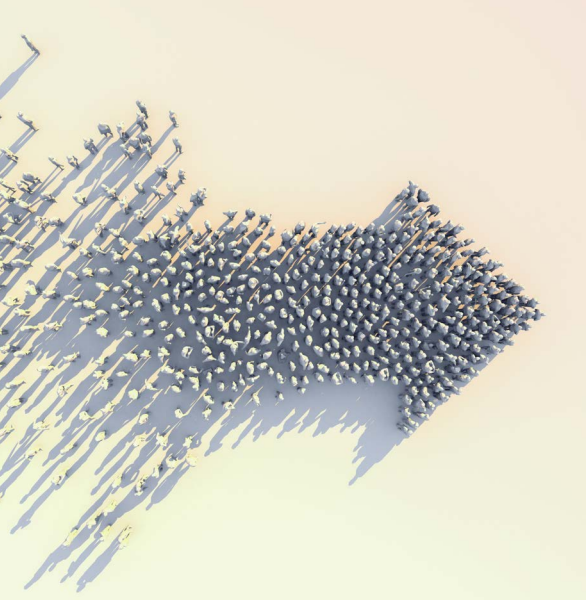
Third level

Corporate functions with supervisory and advisory responsibility for the achievement of objectives, reporting to the Group's decision-making bodies, including the Audit and Control Committee, highlighting the following:

- **Compliance Committee:** body responsible for the implementation of the Crime Prevention Model and the management of the Whistleblowing Channel.
- **Risk Management:** responsible for coordinating the Risk Management Model, defining a basic methodology for identifying, assessing and reporting risks.
- **Internal Audit:** assesses the suitability of policies, methods and procedures and checks their effective implementation.

Main risk factors

The FCC Group is exposed to many different risk factors inherent to both the nature of its activities and the risks related to environmental, economic, social and geopolitical upgrades in the different countries in which it carries out these activities and to the risks arising from its relations with third parties, including the risks arising from the non-exhaustive application of the principles of ethics and compliance set out in its regulations. These risk factors are strongly interconnected and could potentially affect both the achievement of business objectives and the image and reputation of the FCC Group.



In particular, the main risk factors that FCC faces are as follows:

- **Downturn in the economic environment**

  The slowdown and deterioration of economic growth in an environment of high interest rates, as well as the withdrawal of tax support in a context of high debt, could lead to a reduction in demand and investment forecasts. In addition, the restrictions regarding the movement of raw materials between markets caused by geo-economic fragmentation, with the consequent increase in price volatility, could have an impact on the unfolding and outcome of some of the Group's projects.

- **Geopolitical and regulatory instability**

  Armed conflict, the increase in political and social tensions in different countries and regions could lead to deeper changes in the geopolitical environment after the pandemic. In addition, the possible regulatory changes on different matters and in public-private collaboration models could have an impact on the operations and require significant adaptation periods.

- **Sustainability and ecological transition**

  The FCC Group must continue to establish sustainable, environmental, social and corporate governance objectives to make sure it remains in line with the requirements and expectations of regulators, clients, investors, financing entities and society in general, while addressing the challenges of ecological transition.

- **Climate-related and environmental risks**

  Short and medium-term climatic changes and extreme weather events could affect both the development of the FCC Group's activities and its strategy. Even though the FCC Group carries out its activities in line with its environmental commitment, its exposure to potential accidents could have an impact on the environment and society, as well as on its projects and services.

- **Technological disruption**

  Digital transformation, the irruption of artificial intelligence and the adoption of new technologies require an effort in innovation and specific investments that the FCC Group is facing to maintain and strengthen its position in an increasingly competitive and changing environment.

- **Cyber threats**

  The increasing digitalisation of businesses has increased the exposure of companies to cyber threats, which could affect tangible and intangible assets and lead to the interruption of operations, uncontrolled access, and leakage and/or hijacking of information and data.

- **Tenders**

  The company participates in very competitive and complex tenders, which take long periods of time until the contract is awarded. An in-depth analysis of the technical and economic factors, as well as of the third-parties affected by the changes in economic variables, regulatory changes or socio-political instability is conducted to guarantee the success of these processes.

- **Disputes and contractual breaches**

  Different interpretations of regulatory and contractual requirements, cases of client or supplier non-compliance and delays in the supply chain could result in impacts on meeting the deadlines, outcome of projects and/or discrepancies that could increase litigation risk.

- **Human capital**

  Depending directly on key personnel could affect the unfolding of activities due to different factors, such as the increase in demand for qualified labour in certain countries, wage pressure, a potential increase in conflicts and/or difficulties in attracting and retaining talent.

- **Appraisal of real estate investments**

  Real estate market activity could be affected by increased uncertainty in the economic and social environment with a potential impact on the appraisal of real estate assets.

- **Fluctuation of exchange rates**

  The FCC Group's reference currency is the euro, so the risk is primarily located in borrowings denominated in foreign currencies, investments in international markets and payments received in currencies other than euros.

- **Fluctuation of interest rates**

  The hike in interest rates could give rise to an increase in the FCC 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.

- **Impairment of the commercial fund**

  FCC can give no assurance that the Group will not incur impairment losses/adjustments due to impairment of the Group's property, plant and equipment or other tangible assets, which, if incurred, could affect the financial results of the FCC Group.

- **Financing**

  In some cases, 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 generate a temporary disruption of capital markets, requirements or guarantees requested by financiers, as well as the viability of economic models that justify the repayment of funds, and specific situations of concentration of sources of financing. All this could affect regular funding, normal business, or result in the loss of business opportunities.

- **Recoverability of deferred tax assets**

  There is a certain volume of deferred taxes, the recoverability of which 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.

- **Credit and liquidity risks**

  Both risks are related to the Group's exposure to the credit risk of its clients and their liquidity lines, for which FCC monitors the credit quality of its clients, as well as the liquidity and financing lines for each of the companies to mitigate this risk.

Risks materialised during the financial year 2023

During the year 2023, the company has been affected by the following risks:

- Increase in financial costs due to a rise in interest rates by the central banks, aimed at fighting inflation, led by the slow recovery after the COVID-19 health crisis, armed conflict and geopolitical tension.
- Contractual controversies have led to litigation in different jurisdictions, given the high number of contracts with clients, suppliers and partners of the Group, and motivated by regulatory requirements.
- Persistent high underlying inflation is affecting projects in which the contractual clauses may not include price reviews that fully or partially covers such risks.
- Limited water availability and water contingency plans in some locations.
- Cyber threats that have not had a significant impact on the Group's financial information or operational systems, only in the form of slight impacts on some of the Group's secondary systems.

Response plans and monitoring

The FCC Group actively incorporates sustainability in its business model and governance system, with a series of **codes, regulations, processes, controls and specific actions** focused on detecting and responding to the risks and opportunities.

The Risk Management Model, Compliance Model and Tax Control Framework Standard establish the **end-to-end frameworks for the identification, assessment, management and risk reporting** across different levels of the organisation, including specific response plans that take into account operational viability, possible effects, as well as the cost-profit ratio of implementation.

The uncertainty derived from the **economic and geopolitical situation** requires constant monitoring and analysis of the changes and potential impacts for the FCC Group, committing to a diversified business model, consolidating itself in markets in which it already has a presence, assessing opportunities in countries with a stable political-social binomial and seeking new formulas for public-private collaboration.

The FCC Group incorporates **sustainability** into its business model and its governance system, with a new Sustainability Policy that incorporates the three sustainable axes (environmental, social and good governance) in the development of its operations. Likewise, the FCC Group created the sustainable finance taxonomy area in 2023 to identify the risks associated with the taxonomic process, optimise the alignment of the Group's eligible activities and identify shortcomings, operational risks and potential development of activities.

To manage and roll out the actions to address and mitigate **environmental and climate risks**, the FCC Group has developed an environmental policy that combines stringent compliance with pertinent legislation currently in force with the prevention, analysis and minimisation of the environmental impact of the activities it carries out. The Group also analyses and assesses the physical risks derived from climate change and the risks of the transition towards a low-carbon economy, rolling out different initiatives and designing innovative, efficient and sustainable products and processes to reduce the impact and expand the scope of the value chain. In addition, the business areas also have quality assurance and environmental management systems certified in accordance with international standards, and some of these units are part of the EU's Eco-Management and Audit Scheme (EMAS).

The fast pace at which **new technologies** are emerging is quite a challenge for the company, but also an opportunity. It is for this reason that FCC makes a firm commitment to development and innovation. This requires a significant investment in R&D&I projects, which aim to ensure that a suitable response is provided to each activity and to find innovative solutions to improve economic, social and environmental performance and minimise impacts.

With regard to the increase in **cyber threats**, the FCC Group has an operational unit that is responsible for the prevention, detection, analysis and mitigation of factors related to data security events. In addition, there is an Information Security Management System which is responsible for sharing the information about the teams with access to the technology and an internal policy for complying with the requirements of data protection regulations, and people in charge in the business units and at corporate level.

Moreover, all **purchasing and contract management processes** with clients and suppliers include activities that aim to mitigate risks, such as the increase in prices, in particular in energy and raw materials, inefficiencies in the supply chain, stockouts and cases of non-compliance by suppliers.

The business areas have teams of experts who analyse the different factors to be considered in **tenders**, with the support of the Compliance and Sustainability Department and Purchasing Department, incorporating the necessary risk mitigation and monitoring mechanisms to identify legal risks.

The FCC Group has processes in place **to attract the right talent**, promote their professional development in the company, optimise their performance, and manage objective compensation for the results obtained.

Finally, regarding **financial risks**, these 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.

6.2. Business conduct

The new regulatory changes are focusing on Compliance, which has resulted in a greater complexity to meet the requirements required to ensure a top quality Integrity and Ethics framework. The FCC Group is aware of the need to strengthen and guarantee **exemplary behaviour** and of guaranteeing that all people linked to its activities ensure compliance with the regulations and of achieving a business conduct based on **Ethics and Integrity**.

FCC sees regulatory compliance as a key element of its firm commitment to due diligence. The company uses its Compliance Model to detect and **prevent risks derived from non-compliance and illegal forms of behaviour**. Likewise, it has the mechanisms required to face possible cases of corruption, money laundering or unfair competition, among others.

Compliance Model

The Compliance Model is structured around the **Code of Ethics and Conduct**, which is based on the principles of ethics, integrity and compliance. The Code of Ethics and Conduct was approved in 2012 and reformulated in 2018. It was reviewed for the last time in 2023, becoming FCC's key pillar for responsible management and applicable to all countries in which the Group operates, with the direct participation of employees, executives, suppliers and contractors.

FCC's Compliance Model promotes transparency, respect for legality and due diligence through an effective governance model and accountability. The **Compliance Committee** acts as the Group's Criminal Prevention management committee, which has been assigned the main duties and competences of supervising and monitoring the regulatory compliance programmes and driving the culture of ethics and preventing criminal misconduct, among others.

During 2023, the Compliance Committee met twelve times, holding eleven ordinary meetings and one extraordinary meeting.

The Compliance Committee is chaired by the Corporate Compliance Officer and is made up of the General Manager of the Legal Advice Department (voting member) and the Manager of the Human Resources Department (voting member). The General Manager of the Internal Audit Department participates as a voting member in cases where his/her participation is required and the Compliance Officers of the businesses as guests.

Likewise, the Business Compliance Committees have been set up with identical composition and duties as those of the Corporate Committee, to provide support to the decision-making bodies and to the Corporate Compliance Committee.

FCC's Compliance Model is structured in elements at two levels, with the aim of **mitigating the risks associated with non-compliance within the company**. A top level, with the principles and expected behaviour of employees and executives, as established in the Code of Ethics and Conduct and its associated policies, and a second level of processes and controls, as included in the matrix of offences, risks and controls, to be implemented by employees and executives in the exercise of their duties.

At the end of December 2023, the regulatory block of the Compliance Model is made of the following documents:

Regulatory block of the Compliance Model

- Code of Ethics and Conduct
- Crime Prevention Manual
- Anti-corruption Policy
- Gift Policy
- Agent Policy
- Policy on relationships with partners in relation to compliance
- FCC Group participation policy in bidding processes for goods or services
- Competition Policy
- Tax Compliance Policy
- Human Rights Policy
- Equal Opportunities, Diversity and Inclusion Policy
- Internal Reporting System Policy
- Compliance Committee Regulations
- Whistleblowing Channel Procedure
- Investigation and Response Procedure
- Protocol for the Prevention and Eradication of Harassment

The **Compliance Model is assessed and supervised** in accordance with previously established rules and procedures, promoting a common culture of due diligence, in which all of the company's members share the responsibility of understanding, observing and ensuring compliance with the Model.

The Model's effectiveness will be assessed on a regular basis through six-monthly self-assessments, which will be conducted by the owners of the processes and controls, as well as with the annual audits of the annual Internal Audit Plan approved by the Audit and Control Committee.

The FCC Group has developed Campus FCC for its staff, which includes mandatory **training** on the Code of Ethics and Conduct and on its associated policies, promoting proper knowledge and understanding of the Compliance Model, as the base to drive a corporate culture that focuses on ethics and integrity. In particular, in 2023, 16 training actions were rolled out on the corporate platform in seven different languages with regard to Compliance-related matters.

In addition, the FCC Group has a **Whistleblowing Channel**, which is one of the key measures adopted to prevent regulatory non-compliance. This tool is accessible to anyone on the intranet, corporate website and via e-mail. The Whistleblowing Channel provides an anonymous and confidential channel that allows employees to report potential breaches or infractions of the Code of Ethics and Conduct and cases of illegal behaviour without any form of retaliation. All incidents reported will be resolved by the Compliance Committee, in compliance with the procedure of the Whistleblowing Channel and the Investigation and Response Procedure.

During 2023, 214 communications have been received through the Group's Whistleblowing Channel, of which 137 have been considered as worth investigating. With regard to risk classification 37 of them have been classified as high or medium risk and one is pending to be classified. As for topics, 77% of the relevant notifications received have been employment-related, with notifications also received on other topics such as conflict of interest or improper use of assets.

At the close of this report, 86% of the files with high and medium risk notifications were reported and the corresponding measures defined.

Actions during 2023

- Adaptation of the Group's Compliance model to meet the requirements of the new Law 2/2023 of 20 February, regulating the protection of whistleblowers and the fight against corruption.
- Approval by the Board of Directors of the FCC Group's Internal Information System Policy, and approval of the updates to the regulatory block of the Compliance Model, with the punctual modification of the following: Code of Ethics and Conduct, Crime Prevention Model, Procedures of the Whistleblowing Channel, Investigation and Response Procedure and Regulation of the Compliance Committee.
- Review of the Compliance Model by an external prestigious firm, to have an independent assessment of the Model's maturity five years after its implementation.
- Increasing the number of companies and Temporary Joint Ventures that adhere to the FCC Group's Compliance Model or definition of their own model.
- Annual supervision of the FCC Group's Compliance Model by the FCC Group's Internal Audit Department.
- Review of the assessment of criminal risks and update of the offence, risk and control matrices of the Group's Compliance Model.
- Conducting two six-monthly self-assessments and certification in the Compliance Tool of the controls and processes designed, within the Group's Compliance Model, to minimise the most significant criminal risks.
- Execution of the Annual Training Plan on matters related to Compliance during 2023, as agreed by the Compliance Committee and approval of the three-yearly training plan 2024-2026.
- Launch of training programmes on Conflict of Interests with a global reach, in twelve countries and in eight languages.
- Assessment of the supplier risk in relation to Compliance with 771 new suppliers assessed under the criteria defined, 20 of which required a specific assessment from the Compliance area, for a total of 2,002 suppliers assessed according to Compliance criteria.
- Conducting 220 due diligence assessments to third parties (potential partners, agents and suppliers) from the different businesses of the Group.

Prevention and detection of corruption and bribery

The FCC Group has a firm commitment to prevention and detection of corruption and bribery under the premise of **zero tolerance to corruption, bribery and any form of extortion**. Its regulatory framework is in line with the Code of Ethics and Conduct, which is based on transparency, integrity and the eradication of corruption across its operations.

As proof of its commitment to the fight against corruption, the Group has an **Anti-corruption Policy**, which applies to all Group employees and companies, in which direct or indirect management control is exercised. The policy seeks to strengthen and consolidate the company's ethical behaviour across all of the Group's activities and ensures compliance with the current regulations.

The Anti-corruption Policy establishes the following principles, based on the Code of Ethics and Conduct:

To ensure the implementation and compliance with the Anti-corruption Policy, the FCC Group assigns the **Compliance Committee** the role of supervising the **Criminal Prevention Model**, assessing the risks, and efficiency of controls, and fostering a corporate culture of compliance.

The FCC Group established the need to expressly accept the Code of Ethics and Conduct of all new hires in 2018 and regularly required the renewal of adhesion to the Code by the Directors and Administrators due to their higher involvement in the matters described in the Code of Ethics and Conduct. Section 2 of the document describes how the company expressly rejects corruption, bribery and all forms of extortion.

Anti-corruption Policy principles

- Compliance with legality and ethical values.
- Zero tolerance against bribery and corruption practices.
- Extension of commitment to partners in the business.
- Prevention of money laundering.
- Transparent relationship with the community.
- Surveillance of data property and confidentiality.
- Rigour in control, reliability and transparency.
- Management of conflicts of interest.
- Promotion of continuous training on ethics and compliance.

The FCC Group establishes **mandatory training** every three years **on Criminal Prevention and Anti-corruption matters** for all affected groups.

During the year 2023, in addition to the training provided on the Code of Ethics and Conduct, which includes clear messages regarding "zero tolerance" to corruption, additional specific training has been provided on matters related to the prevention of corruption to all affected groups, with the following cumulative data since its launch in 2020:

In addition, when developing the principles of the Code of Ethics and Conduct, the FCC Group has other **policies and procedures that foster transparency, ethics and the fight against corruption**.

- **Agent policy:** it sets out the principles on which the relationship between FCC and any commercial agent or business partner is based. In addition, it establishes the procedures for the selection, negotiation and control of the activity of these agents.
- **Gift policy:** it includes the basic principles associated with giving and accepting gifts, fostering a culture of ethical behaviour across the Group.
- **Bid Policy:** its main aim is to establish the basic elements associated with the process of participating in the tender processes of public and private entities and submitting bids.
- **Competition policy:** this policy aims to ensure compliance with the regulations on the protection of competition and it establishes the actions required to prevent any breach of competition, and the potential consequences that may arise in the event of non-compliance.

Every year, the FCC Group works to reinforce its commitment to transparency, ethics and the fight against corruption, as well as to guarantee strict compliance with the applicable laws. Therefore, in 2023 it approved the **Group's Internal Reporting System Policy**, in compliance with Law 2/2023 of 20 February, regulating the protection of whistleblowers and the fight against corruption.

With this Policy, which is part of the Compliance Model, the FCC Group establishes the general principles regarding reports received through the Whistleblowing Channel about the Group's internal information system and on the protection of whistleblowers. The Policy is governed by the by-laws of the Code of Ethics and Conduct, the Crime Prevention Model and the corresponding procedures of the Whistleblowing Channel and Investigation and Response Procedure of the FCC Group.

Training on anti-corruption, by professional category

Professional category	Participating group (enrolled)	Participants (completed)	Attendance ratio
Governance and Management	1,579	1,479	93.7%
Supervisors	678	559	82.4%
Technicians	1,816	1,658	91.3%
Administrative staff	1,103	1,011	91.7%
Other trades	409	207	50.6%
Not classified	172	121	70.3%
Total	**5,757**	**5,035**	**87.5%**

Training on anti-corruption, by region

Region	Participating group (enrolled)	Participants (completed)	Attendance ratio
Spain	4,545	4,125	90.8%
Rest of Europe	865	644	74.5%
America	239	187	78.2%
Asia	57	31	54.4%
Australia	51	48	94.1%
Total	**5,757**	**5,035**	**87.5%**

The regulatory block of the Group's Compliance Model can be accessed by all of FCC's staff through the corporate intranet. Specific dissemination and training actions are rolled out for the Group's employees affected by these cases with the aim of **improving the knowledge and understanding** of the policies and other regulations associated with Compliance.

Likewise, the policies and framework regulations of the Model are available to all stakeholders on the Group's corporate website. In the specific case of suppliers, the focus is put on the Anti-corruption Policy during their approval process.

The FCC Group **assesses the risk of exposure to corruption and bribery-related offences** by conducting regular global assessments, which cover 100% of its operations and jurisdictions, while conducting annual reviews of such assessments.

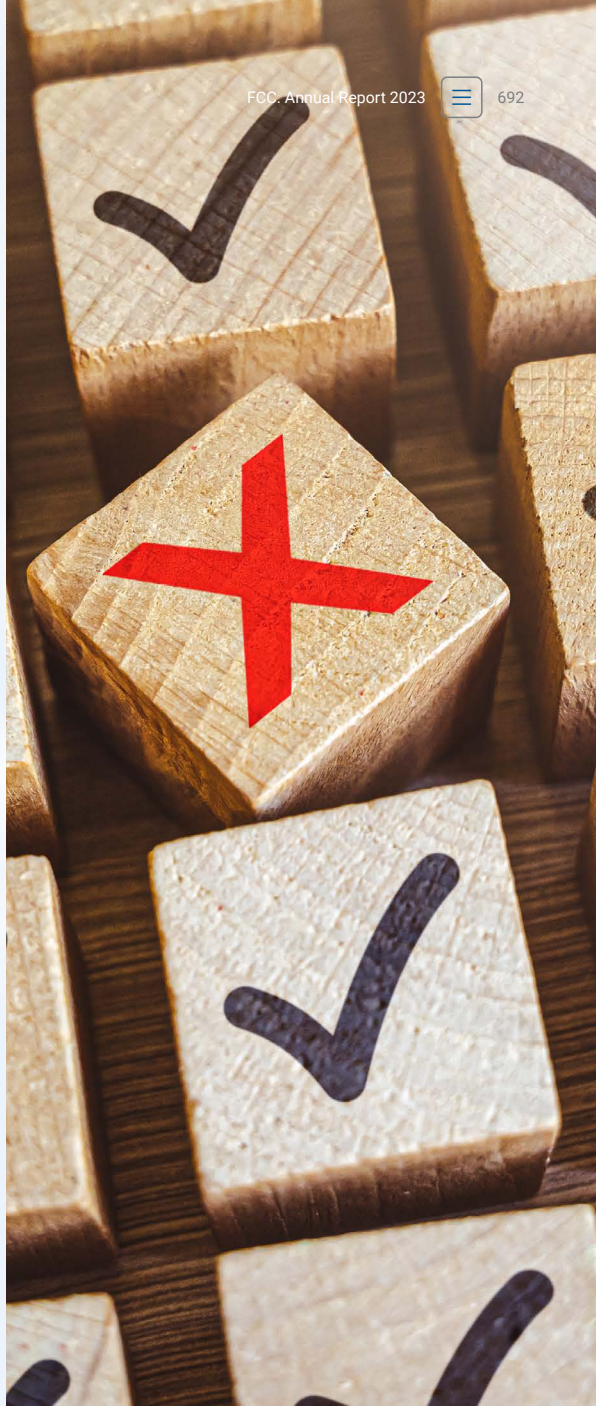
The assessment results are included in an offence and risk matrix, which is then used to define the controls aimed at preventing the perpetration of potential criminal offences and, if necessary, to exonerate the company from any liability.

The following corruption and bribery-related risks were identified during the assessment, highlighting the ones below as the most important risks:

- Making gifts/inviting to lunch or dinner/ making other types of invitations/inviting to trips or other events/sponsorships/donations not contemplated in the Code of Ethics and Conduct.
- Making promises to hire people who are closely related to a civil servant or arranging services.
- Money transfers, masked as errors in accounts and unsettled or unrecorded transactions.
- Money transferred to public servants through partners/suppliers.
- Payment of salaries to fictitious employees created for such purposes.
- Hiring and/or paying for training, master's degrees, courses, etc. for third parties, associated with civil servants, who do not work for the Group.
- Undue payments made for services not provided, benefitting a third party.
- Arranging third-party services with the risk of illegal transfer of workers or self-employed workers working as hired staff to benefit private interests.
- Using own workers in benefit of a third party to deliver a service or perform external work not related to the Group's activities.
- Hiring former employees of the Public Administration who could influence current civil servants or authorities to benefit the company.
- Providing false information to obtain and secure R&D&I or other grants.

Below are some of the most important national and international control procedures available to prevent the risks described above:

- Annual training plan on Crime Prevention and Anti-corruption.
- Due Diligence processes prior to hiring certain partners, agents and suppliers.
- Procedure for communication and approval of purchasing needs, and the Purchasing Manual.
- The Group's selection procedure, which uses a competency-based system to ensure transparency and equal opportunities in all selection processes.
- Declaration regarding conflict of interest in recruitment processes.
- Approval of travel and representation expenses.
- Bank statement reconciliation to detect outstanding or unreasonable activity.
- Power of attorney management for each company.
- Approval by the Communications Division of sponsorships, donations and collaborations.



Money laundering

The FCC Group implements specific measures to guarantee integrity and transparency across all of its financial transactions. Moreover, the FCC Group is committed to strict compliance with the **regulations to fight against money laundering and the financing of terrorism**. For this reason, it is committed to comply with local regulations in all of the geographies in which it operates and to adapt to the highest standards in the fight against money laundering and the financing of terrorism.

In 2023, the following risks were detected after assessing its risks as part of FCC's commitment to prevent money laundering and the financing of terrorist activities:

- Absence of inspections of the client control and identification procedures established in the Anti-Money Laundering Act (Royal Decree-Law 11/2018 of 31 August).
- Failing to observe the obligation to inform in the current regulations.
- Failure to implement the internal control measures established in the Law on the Prevention of Money Laundering.

The FCC Group has implemented **several controls** to prevent the materialisation of the risks associated with money laundering and the financing of terrorist activities, which include the following:

- Establishment of a body responsible for supervising and monitoring the preventive measures.
- Maintenance and updating of the Money Laundering Prevention Manual.
- Providing training to employees on Money Laundering.
- Identification of the parties concerned in real estate assets to assess the operation's risks.
- Review of purchase agreements.
- Incorporation of sustainability into the duties of the Board of Directors.
- Assessment and review of legal representatives for the revocation of powers for those who have left the company.
- Including Money Laundering Prevention clauses in real estate promotion marketing contracts.
- Establishment of an internal advisory and whistleblowing line.

In particular, each Real Estate area of the FCC Group, as subjects with specific obligations on these matters, has implemented a system for the prevention of money laundering and the financing of terrorism, which includes (i) an Internal Manual that applies to the entire organisation with regard to real estate promotion activity, and which includes the internal regulations on these matters; (ii) an Internal Control Management Committee (OCIC), which supervises and ensures compliance with the internal regulations and liaises with the company's employees and with external Prevention Services; (iii) a Technical Unit, which is responsible for processing and analysing the information, analysing and channelling all communications about potentially questionable transactions; and (iv) an automated system for the detection of transactions with risks.

In addition, **training** is provided for all employees once a year, to help them on their day-to-day activities when these are closely linked to the above cases, with the aim of ensuring that they are ready to detect transactions with associated risks.

Likewise, in relation to **external retailers** collaborating with the Group to attract potential clients, not only are they monitored to ensure that their salesmen provide the information required in the corresponding regulations, but they are also analysed to check that their activities and methods meet the general principles of the FCC Group.

Finally, an internal **audit** is conducted once a year, followed by an audit by an external expert, to ensure that the system implemented is effective and sufficient.

As a result of commitment and efforts in relation to the prevention of money laundering, the FCC Group has not received any related complaints during the year 2023.

6.3. Human Rights

It is essential to ensure that Human Rights are respected and protected to build societies that prioritise fairness, equality, and justice for all individuals. In a global context, the scope of Human Rights includes universal principles, such as dignity, equality and freedom, the preservation of which is essential to the well-being and harmony of citizens. The promotion of these rights is an essential commitment to ensure we build societies based on the respect for the dignity of people and their core rights.

In this regard, the FCC Group's **Human Rights Policy** reflects the Group's commitment to the promotion and fulfilment of the rights contained in the United Nations Universal Declaration of Human Rights (UDHR) and in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, as well as in the ILO's eight core conventions.

The FCC Group's Human Rights Policy was approved by the Board of Directors in 2019, declaring the protection and respect for Human Rights as a key element of corporate culture and of the Group's values. The Group's **Sustainability Committee** and the corresponding business committees will be responsible for developing and monitoring commitments, under the coordination of the Corporate Human Resources and Purchasing departments.

The Human Rights Policy is part of the Group's **Compliance Model** and is available on the corporate website in 14 different languages. It covers all of the company's activities and requires the protection of all partners, collaborators and suppliers, in compliance with the **Code of Ethics and Conduct** and the commitment to Human Rights included in FCC's **Sustainability Policy**.

The Group's statement focuses on **seven areas of Human Rights:**

- **Freedom of association and collective bargaining**
  Recognize the right of workers to freedom of association.
- **Decent and remunerated employment**
  Ensure fair and favourable working conditions together with equitable and satisfactory remuneration.
- **Forced labour and child labour**
  Rejection of forced and involuntary labour, as well as respect for the rights of children.
- **Diversity and inclusion**
  Do not allow cases of discrimination based on racial and ethnic origin, colour, gender, sexual orientation, gender identity, disability, age, religion, political opinion, national ancestry or social origin.
- **Health and Safety**
  Guarantee the safety of workers and operations
- **Data privacy**
  Carry out and guarantee responsible use of personal data.
- **Respect for communities**
  Establish relationships of respect and credibility with local communities.

The Group implements the necessary **due diligence** mechanisms to identify, prevent, mitigate and provide a response in compliance with the "Governing principles for companies and Human Rights" of the United Nations. Therefore, the FCC Group's Compliance Model gathers the commitments, principles and standards of conduct that apply to all of the company's staff, its orations and its value chain at the global level. It creates a coherent model that guarantees that all measures rolled out are in line with the requirements and methodologies of the benchmark international framework and with the applicable regulations in the countries in which the company operates.

The FCC Group has adopted different consolidated mechanisms and policies, rules, procedures and control mechanisms to help prevent and mitigate the risks and negative impacts on Human Rights.

- Regulatory body, consisting of corporate governance policies and procedures.
- Protocol for the prevention and eradication of bullying.
- ESG strategies (environmental, social and governance).
- Training and qualification programmes.
- Mechanisms for dialogue and joint work with NGOs and social organisations.
- Awareness-raising actions and campaigns.

In addition, the FCC Group has a **Whistleblowing Channel**, through which any stakeholder can submit their doubts or report any irregularity or infringement of FCC's policies regarding Human Rights. All reports received through this channel will follow the regulations for all procedures established by the Group regarding the Whistleblowing Channel Procedure and with regard to investigation and response.

It is also worth highlighting the FCC Group's adherence, since 2006, to the **United Nations Global Compact**, whose 10 principles include the duty of companies to support and respect the protection of core Human Rights, including its value chain. In particular, FCC participated in the first *Business & Human Rights Accelerator* in 2023, a pioneering global programme rolled out by the UN Global Compact and aimed at the global entrepreneur community with a view to respecting and supporting Human Rights.

Likewise, on International Human Rights day of the year 2023, FCC boosted the dissemination of its Policy and the commitment to the Universal Declaration of Human Rights, as well as the commemoration of the 75th anniversary of the UDHR.

During 2023, FCC has received no complaints that have resulted in a violation of these core rights and freedoms by the Group.

6.4. Tax transparency

Managing **tax compliance** is essential to guarantee tax transparency in companies. Therefore, it is vital for companies to integrate tax compliance systems that guarantee observance of different tax regulations and responsibilities that prevent the materialisation of risks. In addition, companies must be capable of providing tax information to their stakeholders.

The FCC Group is committed to tax compliance and transparency. To this end, it has its own tax strategy, which is backed by an effective **tax risk identification and management system**. The aim of this system is to guarantee compliance with the applicable regulations and effectively coordinate the best tax practices across all of the Group's operations. Likewise, the Group follows a transparent approach on all tax-related matters to create value for its stakeholders. Proof of the above and, in particular, of the FCC Group's commitment to the Spanish tax system and regulations, is that the Group is a voluntarily signatory of the Spanish Tax Agency's Code of Best Tax Practices since 2010. In addition, it has submitted a Tax Transparency Report to the Spanish Tax Agency every year since 2017.

FCC Group's tax strategy

The FCC Group's tax strategy is defined in its Code of Tax Conduct and in its Tax Control Framework Standard, through which it strengthens and promotes the integrity and transparency of its activities.

The Group's **Code of Tax Conduct** establishes the policies, principles and values that should guide the company's behaviour on tax-related tax matters, including the people connected to the FCC Group in some way or another. The Code is mandatory and is available to everyone on the Group's website. In addition, this code establishes the necessary observance by the Group's employees of the **Tax Control Framework Standard** and the procedures relating to tax-related matters.

The Code of Tax Conduct is a key piece in the FCC Group's tax strategy and is in line with the mission, vision and values of the Code of Ethics and Conduct and with the Group's Corporate Social Responsibility policy.

The **Board of Directors** is responsible for reviewing and approving the tax strategy and for approving and reviewing the Code of Tax Conduct and the Tax Control Framework Regulations. In addition, it will be responsible for taking specific decisions, according to the corresponding level of risk and according to the provisions of the Tax Control Framework Standard, which may require the prior approval of the Board of Directors. The Group's main tax policies will be reported once a year to the Audit and Control Committee, which will review and assess them as needed.

The FCC Group's tax strategy is endorsed by its own governance bodies, with the aim of guaranteeing compliance with the tax regulations and effective and ethical governance of all of the Group's operations.

There is no room in FCC Group's tax policy for tax options that could be classified as of the "aggressive tax planning" type, in accordance with the principles that govern our Code of Conduct and in relation to the possible reputational risks that these types of policies could have for the Group.

Therefore, the FCC Group ensures that there are no operations, events or acts that could lead to double deduction of expenses, using tax benefits twice, double allocation to losses, use of hybrid entities or instruments, or the absence of global taxation on income.

The FCC Group's Companies do not benefit from preferential tax schemes aimed at attracting offshore activities lacking economic substance in the corresponding country.

In addition, all of the FCC Group's employees must comply with the requirements of the tax management procedures established within the Tax Control Framework Regulations of the FCC Group, adapting them to their activity and duties within the Group.

In the specific case of workers with responsibilities associated with tax-related matters, their obligations include the following:

Tax Compliance Policy of the FCC Group

The set of activities and wide geographical presence of the Group require a solid compliance management system, which guarantees internal control and prevents the materialisation of tax-related risks.

As a consequence, on 22 March 2023, the Board of Directors of FCC approved the **Tax Compliance Policy** of the FCC Group, which aims to identify, prevent, manage and mitigate the tax risks defined in the FCC Group's Tax Control Framework Standard, and to guarantee that effective internal tax control systems are in place to prevent risks from materialising.

The FCC Group's **Tax Compliance Management System** was certified by AENOR in compliance with UNE 19602:2019 on 13 November 2023 and represents a comprehensive structure designed to achieve the Tax Compliance objectives. It uses a set of processes and procedures, which are implemented across the organisation, and which take into account the different types of activities carried out in different companies and sectors.

The scope of this system covers the different types of taxes in Spain and in the jurisdictions in which the Group operates. Likewise, the system is made up of the following codes, policies and procedures:

Obligations of employees with responsibilities associated with tax-related matters

- Observing the tax regulations applicable in each jurisdiction, on the basis of sufficiently reasoned and reasonable interpretations and sufficiently verified facts.
- Compliance with the requirements of the Tax Control Framework Standard and the specific procedures for communication, action and review relating to the tax area.
- Ensuring that important tax decisions are overseen by the Group's senior management, and endorsed by management for all business variables, as well as the potential risks involved.
- Developing a relationship of transparency and mutual trust with the tax authorities in each country.
- Actively engaging in the tax forums of those business associations and international organisations in which the FCC Group participates, with a view to proposing specific tax measures aimed at achieving a fairer and more harmonised tax system, in benefit to the Group and society as a whole.

The Tax Compliance Management System ensures that all tax practices are ethical, effective and in line with the business objectives of the FCC Group. Its implementation is proof of the company's active commitment to tax transparency and sustainable development.

The FCC Group's **Tax Compliance body** is responsible for managing and supervising the Tax Compliance Management System, which is made up of members of the Group's Corporate Tax Department. This body is coordinated by the FCC Group's Corporate Tax Manager, who is responsible for managing and supervising the implementation and supervision of the Tax Compliance Management System across different areas of the company. Likewise, this body is responsible for submitting regular information about the Tax Compliance Management System to the Chief Executive Officer, to the **Audit and Control Committee** and to the **Compliance Committee** of the FCC Group.

Every year, the Tax Compliance body reports the objectives of the Compliance management system that have been previously established, as well as their monitoring procedures and results, to the Audit and Control Committee and to the Board of Directors of the FCC Group.

In addition, in line with the search for continuous improvement which characterises the development of the FCC Group's activities, the Tax Compliance body reviews the efficacy of the management system once a year. The review is materialised with the Tax Compliance report, which is reported every year to the Chief Executive Officer, Compliance Committee and Audit and Control Committee of the FCC Group.

It is also worth noting that the **Tax Compliance Management System** has passed an external audit process, which has audited the design of its procedures and all matters related to its controls. FCC was certified by AENOR after this process, incompliance with the requirements established in UNE 19602, with regard to adapting its tax procedures to the international standards, while also integrating the guidelines of the OECD (Organisation for Economic Co-operation and Development) in its management system.

Identification and management of tax risks

The FCC Group's **Tax Compliance body** is responsible for identifying the Group's tax risks, classifying and establishing their priority according to their potential impact in qualitative and quantitative terms, as established in the Group's Tax Control Framework Standard. According to this standard, these risks may be of the reputational, implementation, compliance and external type. The process will be carried out according to the principles of reasonability, efficiency and proportionality.

Likewise, the Tax Compliance body will analyse the underlying causes of the tax risks identified and will propose the measures aimed at preventing or mitigating such risks as much as possible.

Management and decision-making procedures depend on the level of risk assumed and these will be taken by the corresponding Tax Department of the business area involved or, where appropriate, by the head of the Corporate Tax Department. However, the decisions associated with some risks require approval from the Board of Directors, according to their nature. Under no circumstances shall the FCC Group assume tax rulings classified as *"major risk"* when these comply with the law, according to the criteria of the Tax Control Framework Regulation.

Risk identification and management includes the risks detected in specific transactions or projects, relationships with commercial or business partners, or with insufficient training on tax-related matters.

Moreover, the FCC Group's **Audit and Control Committee** is the body responsible for reviewing important tax-related litigation and risks every six months.

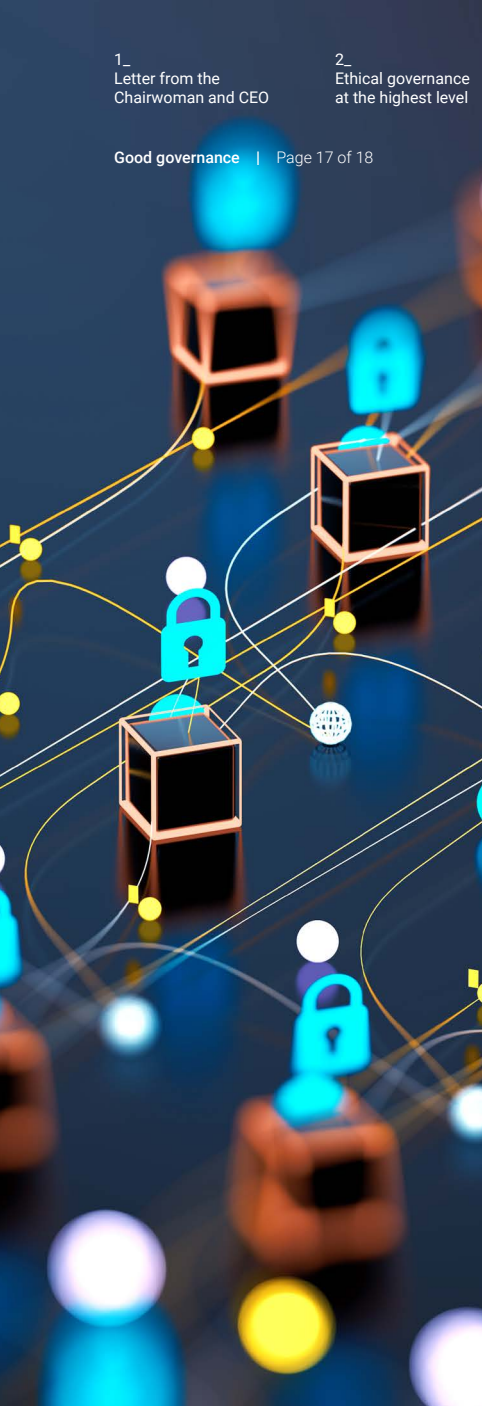
Stakeholder engagement

The FCC Group reports its Tax Transparency Report to the State Tax Administration Agency once a year, making the tax information related to its global tax contribution available, which is classified by country of its stakeholders, guaranteeing the transparency and compliance with the standards of the best practices in the field of taxes. Moreover, the FCC Group considers that the following are stakeholders that are particularly interested in ensuring that an effective Compliance management system is in place to handle tax-related matters and ensure the Group's exemplary performance in this area:

- Tax administrations in the jurisdictions in which the Group operates.
- Public and private clients.
- Partners, collaborators and suppliers.
- Employees, in particular, executives, and investors.
- Financial institutions.

It is also worth mentioning that the professionals of the FCC Group and any other counterparty that is legally bound by the Group may report its concerns related to possible unethical or illegal conduct, irregularities, illicit acts or breach of the tax regulations or the Group's policies through the Group's Whistleblowing Channel.

The Corporate Compliance Officer of the FCC Group is the person responsible for receiving the notifications/allegations and assessing their admissibility, after receiving the advice from the Chairman of the Tax Compliance Committee.



6.5. Cybersecurity and data protection

Currently, technological advances and digital innovation increase the complexity and risk of exposure to cyber threats, which may result in economic losses, reputational damage and, in some cases, the loss of data and information due to weaknesses in the Group's IT systems. It is crucial to keep these challenges in mind and work in the area of cybersecurity with a focus on continuous improvement, so as to **protect the organisation's information assets**.

Cybersecurity model

In this context, the FCC Group implements the necessary preventive measures, while considering **data protection and the cybersecurity management strategy** as key elements of its business model, while designing a transversal regulatory framework for all business areas. The Group's Cybersecurity model includes all of the principles and minimum requirements to upgrade the current information systems and **ensure the confidentiality, integrity and availability** and auditability **of FCC's information**.

In turn, the FCC Group reaffirms its commitment to continuous learning for its employees, rolling out annual training sessions about the policy on the use of technological resources. In particular, during the year 2023, 10,000 training sessions have been rolled out on cybersecurity, data protection and use of technological resources.

Certifications

It is essential for FCC to obtain information security certifications for several reasons. First, they certify its capacity to effectively manage data protection and security, mitigating the associated risks, which results in the strengthening of client and stakeholder trust with regard to the protection of their data. In addition, these certifications show the Group's **commitment to compliance with international standards**, ensuring that its security management systems are in line with the best practices. This not only reduces the exposure to possible threats and risks, but also positions the Group as a reliable, **trustworthy and responsible entity in the digital realm**, which needs to face increasingly complex challenges.

ISO 27001

The FCC Group's commitment to data protection and safety is materialised by the fact that several of its business areas, in particular the Environmental Services, Water and Infrastructures areas, are ISO 27001 certified, which certifies **compliance with the requirements of the international quality standard of the company's information security management systems**.

It is worth highlighting the following management systems, which are implemented in different areas of these certifications:

10,000
training sessions
on cybersecurity, data protection and use of technological resources

Environmental Services

- VISIÓN, a vertical application (included in the National Security Scheme in 2022).

Water

- Customer service centre.

Infrastructures

- Project and works document management system.
- Development environment (included in the National Security Scheme in 2022).

Data protection

Currently, data is protection is essential, due to the constant threats, exposure and vulnerability of personal and corporate information. Therefore, **guaranteeing data privacy, integrity and availability** is crucial to comply with the current regulations and prevent risks in different areas.

The FCC Group sees information as a strategic resource and its protection is a priority. In this line, the Group's activities are carried out with the commitment to guarantee the security and protection of information and of the data managed, according to the following principles:

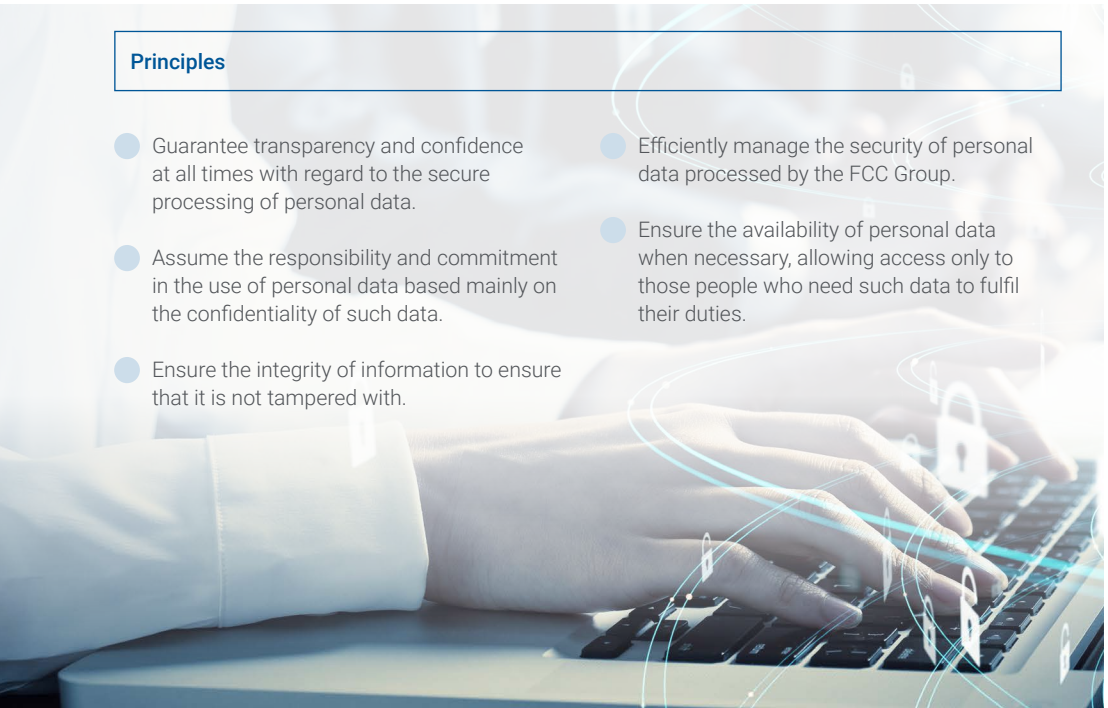
Action guidelines

The FCC Group makes an annual commitment to strengthen the security of information and data with initiatives aimed at continuous improvement. These efforts translate into significant milestones and transparent lines of action to guarantee the protection and safeguarding of digital assets. Along this road, the FCC Group has demonstrated its **unwavering commitment to cybersecurity and data protection** with continuous improvement actions. Specifically, during the year 2023, the FCC Group has implemented several developments in the **cybersecurity governance model** and has strengthened its **security monitoring systems**, according to the constant technology changes in these environments. It is for these reasons that the Group ensures constant and on-going upgrades of its management systems to face emerging threats.

The FCC Group's focus on the continuous improvement of its security systems is evidenced by the implementation of three transversal initiatives in the field of cybersecurity:

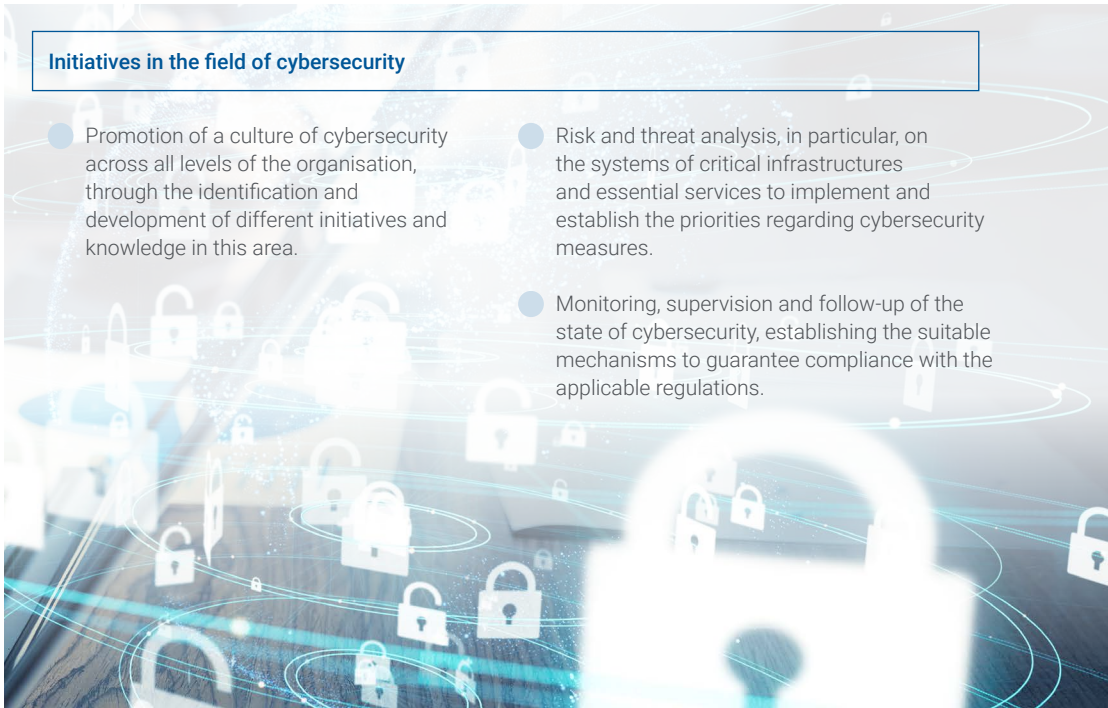
Principles

- Guarantee transparency and confidence at all times with regard to the secure processing of personal data.
- Assume the responsibility and commitment in the use of personal data based mainly on the confidentiality of such data.
- Ensure the integrity of information to ensure that it is not tampered with.
- Efficiently manage the security of personal data processed by the FCC Group.
- Ensure the availability of personal data when necessary, allowing access only to those people who need such data to fulfil their duties.



Initiatives in the field of cybersecurity

- Promotion of a culture of cybersecurity across all levels of the organisation, through the identification and development of different initiatives and knowledge in this area.
- Risk and threat analysis, in particular, on the systems of critical infrastructures and essential services to implement and establish the priorities regarding cybersecurity measures.
- Monitoring, supervision and follow-up of the state of cybersecurity, establishing the suitable mechanisms to guarantee compliance with the applicable regulations.



7. Annexes

7.1. About this report and its scope

Regulatory context

The FCC Group's Sustainability Report covering the **period from 1 January to 31 December 2023**, which is presented once a year, aims to disclose information on its most significant impacts on **economic, environmental and social issues**, including those related to **Human Rights**.

Non-financial reporting continues to be a key pillar to improve transparency and strengthen the corporate responsibility of the FCC Group in relation to its social, environmental and governance impacts. It contains information on environmental, social, human rights, anti-corruption and anti-bribery issues, which helps assess, supervise and manage the business performance and impact on society.

With this Report, the FCC Group reaffirms its commitment to accountability and transparency, highlight its on-going efforts to ensure responsible and sustainable management of its operations, while ensuring there is dialogue about the impact of its activities on society.

This Report was prepared in compliance with the **GRI Standards** (Global Reporting Initiative). Likewise, it presents the non-financial information in accordance with **Law 11/2018**, of 28 December, on non-financial information and diversity, and is incorporated into the management report of the FCC Group, corresponding to the period from 1 January 2023 to 31 December 2023.

Principles of reporting

This Sustainability Report was prepared on the basis of the principles of the Global Reporting Initiative (GRI), which guarantees the quality of the report, enabling stakeholders and users of the information to make assessments and informed decision-making on the impacts of the organisation.

Likewise, the FCC Group reaffirms its commitment to the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability in the preparation of this Report.

In accordance with the principle of verifiability, a year on, FCC has determined material issues for the year 2023. This process was carried out by updating its materiality analysis, approving the **double materiality** approach, which cover financial and impact materiality. This approach is proof of the Group's commitment to sustainability and is described in Section 2.4 of this report.

The Sustainability Report was **verified by an external body** to guarantee the truthfulness of the information. To this end, the verification report is attached to the Annex of this document, with the scope, objectives and review procedures used, as well as the conclusions.

Point of contact

Queries relating to the report or the information presented can be sent to the following e-mail address: sostenibilidadfcc@fcc.es.

7.2. Additional tables

Scope

The detailed information included in this Sustainability Report covers the scope of consolidation used for the financial consolidation of Fomento de Construcciones y Contratas S.A. and its subsidiaries. Therefore, the scope of this report extends to the investee companies over which the FCC Group has management control, regardless of its percentage of ownership interest in them.

The updated list of subsidiaries of the FCC Group as of 31 December 2023 is available in Annex I of the consolidated financial statements and the companies controlled jointly with third parties of the Group are included in Annex II. Both lists are available on the website of the National Securities Market Commission (CNMV) as of the date this document was prepared.

Point of reference in relation to the updated list of subsidiaries of the FCC Group: CNMV - Annual financial reports.

The FCC Group is present in numerous geographies and has a diverse range of activities, which is why it requires an additional effort to be able to extend the scope of the information included in its Sustainability Report to all the companies that make it up.

The scope of this report includes the companies in Annexes I and II, mentioned above, except for the environmental non-labour related social information of the companies listed in the table below.

Business	Scope Exclusions
Environmental Services	Agadax s.r.o., ASMJ s.r.o., Azincourt Investment, S.L., Corporación Inmobiliaria Ibérica, S.A., Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services, Ecoparc del Bésos,S.A., Ecoserveis Urbans del Figueres, S.L., Electrorecycling, S.A., Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.,Egypt Environmental Services, S.A.E., Energyloop, S.A., FCC Abfall Service Betriebs GmbH, FCC Bratislava s.r.o., FCC Centrum Nonprofit Kft., FCC Dačice s.r.o., FCC Environment Services (UK) Limited, FCC Environnement France, FCC Equal CEE Baleares, S.L.U., FCC Equal CEE Canarias, S.L.U., FCC Equal CEE Murcia, S.L., FCC Freistadt Abfall Service GmbH, FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG, FCC Inerta Engineering & Consulting GmbH, FCC Litovel s.r.o., FCC Lublienec sp. z.o.o., FCC Medio Ambiente Reino Unido, S.L.U., FCC Medioambiente Internacional, S.L.U., FCC Neratovice s.r.o., FCC Servicios Medio Ambiente Holding, S.A.U., FCC Textil2Use GmbH, FCC Únanov s.r.o., FCC Vrbak d.o.o., FCC Wiener Neustadt Abfall Service GmbH, FCC Žabčice s.r.o., FCC Zabovresky s.r.o. Fisersa Ecoserveis, S.A., Gestión and Valorización Integral del Centro, S.L. Golrib, Soluções de Valorização de Residuos Lda., Industria Reciclaje de RAEES, S.L., Ingeniería Urbana, S.A., International Services Inc., S.A.U. Jaime Franquesa, S.A., Mediaciones Comerciales Ambientales, S.L. Obsed a.s., Pilagest, S.L., Reciclado de Componentes Electrónicos, S.A., Recuperació de Pedreres, S.L., Serveis Municipals de Neteja de Girona, S.A., Servicios Urbanos de Málaga, S.A., Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o., Telford & Wrekin Services Limited, Tratamiento Industrial de Residuos Sólidos, S.A., Zabalgarbi, S.A.
Water	Aigües de Girona, Salt i Sarrià del Ter, S.A., Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V, Girona, S.A., HA Proyectos Especiales Hidráulicos S. de R.L. de C.V., Orasqualia Construction, S.A.E., Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.

Business	Scope Exclusions
Infrastructures	ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego, ACS FCC Canada Inc., Administración y Servicios Grupo Zapotillo, S.A. de C.V., Agregados y Materiales de Panamá, S.A., Concesiones Viales S. de R.L. de C.V., Altos del Javier, S.A., Concretos Estructurales, S.A., Consorcio Tramo Dos S.A. DE C.V., Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V., Constructora Durango Mazatlán, S.A. de C.V., Construcciones Hospitalarias, S.A., Construcciones Olabarri, S.L., Constructora Meco-Caabsa, S.A. de C.V., Constructora Túnel de Coatzacoalcos, S.A. de C.V., Constructores del Zapotillo, S.A. de C.V., Corporación M&S de Nicaragua, S.A., Desarrollo y Construcción DEYCO CRCA, S.A., Ctra. Cabo San Lucas San José, S.A. de C.V., Edificadora MSG, S.A. (Panama), Edificadora MSG, S.A. de C.V. (El Salvador), Edificadora MSG, SA de C.V. (Nicaragua), Elaboración de Cajones Pretensados, S.L., FCC Américas Panamá, S.A., FCC Américas, S.A. de C.V., FCC Colombia, S.A.S., FCC Construçoes do Brasil Ltda., FCC Construction International B.V., FCC Construction Northern Ireland Limited, FCC Construction Regional Headquarter Llc, FCC Electromechanical Llc., FCC Elliott Construction Limited, FCC Industrial de Panamá, S.A., FCC Industrial Deutschland GmbH, 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., Impulsora de Proyectos Proserme, S.A. de C.V., Meco Santa Fe Limited, Megaplás Italia, S.p.A., OHL Co Canada & FCC Canada Ltd. Partnership, Onexpress Transportation Partners INC., Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V., Servicios Dos Reis, S.A. de C.V., Servicios Empresariales Durango-Mazatlán, S.A. de C.V.
Cement	Áridos de Navarra, S.A., Canteras de Alaiz, S.A, Dragon Alfa Cement Limited, Dragon Portland Limited, Intermonte Investments, S.A., Pedrera de l'Ordal, S.L., Prebesec Mallorca, S.A., Surgyps, S.A., Tratamiento Escombros Almoguera S.L., Uniland Acquisition Corporation, Uniland International B.V., Uniland Trading B.V.
Real Estate	Boane 2003, S.A. Unipersonal, As Cancelas Siglo XXI, S.L.
Other activities	Autovía Conquense, S.A., Cemark-Mobiliario e Publicidade, S.A., Concesionaria Túnel de Coatzacoalcos, S.A. de C.V., FCC Concesiones Al Ansar, S.A.U., FCC Midco S.A., FCC Topco, S.A.R.L, FCC Versia, S.A. PPP Infraestructure Investments B.V., Ibisan Sociedad Concesionaria, S.A.

The exclusions to the scope of these companies are due to lacking non-financial information, as a result of the immateriality of the impacts derived from the activities of some companies, because of their inactivity, because they are being liquidated, holding companies, absence of production activity or because they have been acquired or merged during the last six months of the financial year. The criteria followed by the FCC Group establishes non-financial reporting as voluntary for the acquired or merged during the last six months of the financial year, giving them enough time to adapt to FCC's management systems. However, if this information is available, it will be included in the data provided by each line of business.

Likewise, below are the specific exclusions to the scope of certain punctual indicators, which will be mentioned in their corresponding Sections of the Report. These are excluded due to the lack of software support to monitor and report them. This will be addressed and solved in the future.

Indicator	Scope Exclusions
Resources dedicated to environmental risk prevention	Aqualia
Atmospheric emissions of polluting substances	Real Estate
Water discharges	Aqualia[26] , Real Estate
Water abstraction	Aqualia[27] , FCC Environmental Services (US)
Material consumption	Real Estate, FCC Environmental Services (US)
GHG Emissions	FCC Environmental Services (US)
Complaints and claims received and handled	FCC Environmental Services (US)

In the Environmental area, new information regarding energy consumption, water consumption, waste generated and GHG emissions for the Group's corporate buildings (Las Tablas, Federico Salmón and Balmes offices) are included. These indicators, with a very low weighting with respect to those of the FCC Group as a whole, are the most significant ones regarding environmental management of these centres.

With regard to the specific exclusions mentioned above, these are justified due to the difficulty in providing exhaustive and good quality information as at the closing date for the submission of this report. With regard to the omissions mentioned above, the Water area represents 16.5% of the FCC Group's turnover, the Real Estate area represents 2.8% and FCC Environmental Services 3.9%. With regard to the information about fuel consumption, GJ conversion factors have been used according to the *"Greenhouse gas reporting: conversion factors 2023"*, published by DEFRA.

26. Since Aqualia's activity is to manage the end-to-end water cycle, the quantities of water discharged as a result of the purification and re-use processes are shown in section 3.5.

27. Aqualia's self-consumption data, which is a residual quantity compared to the quantities of water managed shown in section 3.5, is not available.

Group Policies

Policy	Description	Objective	Approval and Implementation
Sustainability Policy	It establishes the Group's foundations, values and commitments to sustainable development. It focuses on the principles of action, highlighting the importance of preserving the environment, positive social impact and good governance as the pillars of the ESG strategy.	The policy aims to guide the Group's actions and guarantee environmental sustainability, make a contribution to social development and promote exemplary corporate governance. With these three strategic pillars, it aims to provide a response to the sustainable requirements of its stakeholders, helping achieve the goals of the 2030 Agenda and promote responsible practices.	**Approved by:** the Board of Directors of FCC on 26 April 2022. **Implemented by:** the Group's Sustainability Committee, which is made up of the different business areas and the corporate units associated with sustainability.
Remuneration Policy	It refers to the principles, structure and content of the Directors' remuneration package. The changes contemplated in the Spanish Corporate Enterprises Act, introduced in the reform of Law 5/2021, of 12 April, are incorporated.	It aims to establish the general principles and rationale for the Directors' remuneration policy, providing information about the process for determining the policy. In addition, it provides information about the implementation of the remuneration for executives and the corresponding annual remuneration, in compliance with the requirements and adjustments contemplated in the current law.	**Approved by:** the Ordinary General Shareholders' Meeting in 2022. **Implemented by:** the Company's Board of Directors.
Anti-corruption Policy	It establishes the Company's principles and rules, as well as the commitments undertaken company to prevent corruption and fraud in its business activities. This policy is based on the applicable principles included in the FCC Group's Code of Ethics and Conduct, which address the importance of observing the current laws and promoting ethical values across all levels of the organisation.	Make sure that all of the FCC Group's workforce and companies observe these principles to prevent corruption and fraud, safeguarding the Group's integrity and reputation. In addition, the policy defines the mechanisms to guarantee its effective application, including the role of the Compliance Committee, the Whistleblowing Channel and specific tools aimed at preventing, detecting and investigating possible irregularities.	**Approved by:** the Board of Directors on 27 June 2018. **Implemented by:** the Corporate Compliance Officer and the Compliance Committee.
Policy on relationships with partners in relation to compliance	The policy establishes homogeneous principles and criteria for the acceptance and implementation of compliance mechanisms in all business partner relationships.	It implements consistent principles and criteria for the disclosure, acceptance and implementation of compliance mechanisms in all relationships with business partners, as established in the FCC Group's Crime Prevention Model. The policy aims to guarantee the reliability and transparency of the activities carried out with partners.	**Approved by:** the Board of Directors on 30 July 2019. **Approved by:** the Corporate Compliance Officer and the Compliance Committee.
Agent Policy	It establishes the general principles that must govern any relationship with trade partners or business developers, addressing the essential elements of the selection, negotiation and activity control procedures.	The aim is to prevent risk situations for the FCC Group associated with the interactions and relationships with third parties. The policy seeks to safeguard the Group's integrity and reputation, establishing general principles that promote ethics, transparency and regulatory compliance across all agent relationship phases.	**Approved by:** the Board of Directors on 28 July 2020. **Approved by:** the FCC Group as its agents or commercial developers and the Compliance Officer.

Policy	Description	Objective	Approval and Implementation
Gift policy	It sets out the principles relating to the giving or accepting gifts, defining its scope of application.	The aim is to regulate the procedures associated with giving and receiving gifts to maintain a transparent and ethical professional relationship with current and potential suppliers. The policy seeks to guarantee strict compliance with the laws and set the example that demonstrates the FCC Group's commitment to an ethical approach.	**Approved by:** the Board of Directors on 30 July 2019. **Implemented by:** all FCC Group companies.
Bid Policy	It determines the essential and common elements of the FCC Group for the preparation and presentation of proposals to contracting processes required by private or public entities.	The policy aims to ensure that its tender processes are conducted consistently and in line with the Group's Code of Ethics and Conduct and with the values of honesty, respect, accuracy and professionalism. In addition, the policy focuses on guaranteeing that all tender procedures are carried out in compliance with the law, minimising the risk of regulatory sanctions, in particular, in sensitive areas, such as criminal or business competition areas.	**Approved by:** the Board of Directors on 21 January 2020. **Implemented by:** FCC Group employees with an obligation to report any irregularities to the Whistleblowing Channel.
Competition Policy	The policy includes the principles of conduct in contacts or relationships with competitors, as well as its scope of application, the legal framework within which it is governed and the lines of action to be followed in this area.	It seeks to set out the basic principles of competition law that both the executive team and the entire staff of the FCC Group should be familiar with. Likewise, it provides the guidelines that must be followed to respect free competition and good market practices, with the aim of preventing fines associated with bad practices in these areas.	**Approved by:** the Board of Directors on 23 February 2022. **Implemented by:** FCC Group executives and employees with an obligation to report any irregularities to the Whistleblowing Channel.
Human Rights Policy	The Human Rights policy establishes the commitments, mechanisms and teams responsible for observing all matters related to Human Rights.	This policy is in line with the UN's Guiding Principles on Business and Human Rights and the Global Compact. The company assumes the commitment of respecting the Human Rights established in the Universal Declaration of Human Rights and Declaration of the International Labour Organisation (ILO).	**Approved by:** the Board of Directors of FCC on 30 July 2019. **Implemented by:** Group Corporate Responsibility Committee and CSR committees. Similarly, corporate directors in the countries where we operate.
Tax Compliance Policy of the FCC Group	It establishes FCC's commitments on tax-related matters: It ensures strict compliance with the tax regulations, seeking to identify, prevent, management and mitigate tax risks. The scope of the policy includes the taxes in different jurisdictions in which the FCC Group operates.	It aims to identify and manage tax risks, guaranteeing compliance with the tax regulations. It seeks to preserve the Group's reputation, ensuring that the tax practices are in line with the ethical and legal principles. The policy is backed by the Tax Compliance Management System, including the codes, regulations and specific procedures in its scope, focusing on continuous improvement and the independence of the FCC Group's Tax Compliance body.	**Approved by:** the Board of Directors of FCC on 22 March 2023. **Implemented by:** The FCC Group's Tax Compliance body will report the performance to the CEO, Audit and Control Committee and Compliance Committee of the FCC Group regularly.

Policy	Description	Objective	Approval and Implementation
Internal Reporting System Policy	The policy establishes the general principles of the internal whistleblowing and whistleblower protection system of the FCC Group, including it in its Compliance Model. It contains the by-laws of the Code of Ethics and Conduct, the Crime Prevention Model and the Procedures of the Whistleblowing Channel and Investigation and Response Procedure. It is based on Law 2/2023, which regulates the protection of whistleblowers and the fight against corruption.	Its main aim is to establish the general principles of the Internal Whistleblowing System, in compliance with the current laws. The Whistleblowing System will protect all whistleblowers, allow unethical or illegal acts to be reported, manage complaints securely and confidentially and guarantee the protection of personal data.	**Approved by:** the Board of Directors of FCC on 14 June 2023. **Implemented by:** the Corporate Compliance Officer.
Equal Opportunities, Diversity and Inclusion Policy	It ratifies the company's commitment to diversity and ethical values and good conduct. It recognises the diversity of its teams, activities and sites, highlighting the importance of plural work environments to foster innovation. The policy reaffirms FCC's commitment to Human Rights, non-discrimination and the creation of inclusive and safe environments.	Integrating equal opportunities, diversity and inclusion across all of FCC's activities and levels, in line with the Code of Ethics and Conduct, the Human Rights Policy, the Sustainability Policy, the principles of the United Nations Global Compact and the 2030 Agenda for Sustainable Development. It seeks to create work environments with a focus on equal opportunities and non-discrimination, while ensuring the inclusion of people in disadvantaged groups.	**Approved by:** the Board of Directors of FCC on 28 November 2023. **Implemented by:** each Business Area shall appoint a group, person or department to supervise all of the above.
Code of Ethics and Conduct	This Code is the highest level standard of this model. It covers the policies, procedures, and internal controls that are assessed to prevent, detect and eradicate misconduct. In addition, it implements the values shared by the company in a practical manner.	It ensures that all persons linked to any line of business of the FCC Group are guided and act in accordance with ethical parameters and principles. Likewise, to comply with laws, regulations, and contracts. It also aims to prevent and detect risks of non-compliance and minimise any potential impact.	**Approved by:** the Board of Directors of the FCC Group on 14 June 2023. **Implemented by:** the Audit and Control Committee with the support of the Compliance and Internal Audit Committee.
Protocol for the Prevention and Eradication of Harassment	The protocol covers prevention principles, measures and mechanisms, and research and response procedures.	The protocol seeks to address the principles set out in the Code of Ethics and Conduct, rejecting any form of harassment or abuse of authority, as well as any form of behaviour that leads to bullying or hostility.	**Approved by:** observing the provisions of the Code of Ethics and Conduct on 14 June 2023. **Implemented by:** Corporate Compliance Committee and the Corporate Compliance Officer.

All of these policies can be found on the FCC Group's corporate website, at the following link: Regulation - FCC

Tables of environmental-related matters

Environmental management

Noncompliance with environmental laws and regulations

	2021	2022	2023
Total monetary value of fines (€)	43,861	42,339	593,997
Total number of non-monetary sanctions (No.)	5	21	18
Cases submitted to dispute resolution mechanisms (No.)	14	40	56

The total monetary value of the fines rose due to the sanctions imposed to the subsidiaries, in Hungary, Poland and the Czech Republic, in the Environmental Services area.

Greenhouse gas emissions

Direct GHG emissions (Scope 1) (tCO_2e)

	2021	2022	2023
tCO_2e emissions from fossil fuel combustion at stationary sources under operational control	1,484,852	1,581,523[28]	1,404,147
tCO_2e emissions from fossil fuel combustion in mobile sources under operational control	282,799	258,977[28]	275,798
tCO_2e emissions generated in water management complexes with operational control (e.g. leakage in digestion processes, etc.)	80,224	93,991	72,132
Direct emissions from energy recovery stations in operationally controlled plants (thermal treatment plants Energy from Waste)	634,735	600,786	603,084
tCO_2e emissions associated with biological treatment in plants under operational control (composting and biomethanisation)	77,148	85,641	101,082
Direct emissions from calcination of carbonaceous raw materials in clinker kilns	2,607,731	2,616,559	2,347,403
tCO_2e emissions associated with operationally controlled landfill disposal	1,457,336	1,269,959	1,239,337
Direct emissions from coolant leaks	15	553	2,285
Total	**6,624,839**	**6,507,988**	**6,045,268**

28. Updated data as a consequence of Aqualia's detection of an error in the category.

Indirect GHG emissions (Scope 2) (tCO_2e)

	2021	2022	2023
tCO_2e emissions associated with electricity or steam purchased from third parties - geographical method	549,838	630,050	514,089
tCO_2e emissions associated with electricity or steam purchased from third parties - market method (optional)	–	–	8,248[29]

Direct GHG emissions (Biogenic Origin) (tCO_2e)

	2021	2022	2023
Emissions from the consumption of biogenic fuels in stationary and mobile sources under operational control.	2,090,644	2,083,924	269,390[30]

Energy consumption

Consumption of fossil fuels in stationary and mobile sources under operational control (GJ)

	2021	2022	2023
Petrol	64,346	100,147	146,730
Diesel	3,819,086	4,001,426	4,129,503
Boiler oil (Diesel C)	29,088	95,629	126,771
Fuel Oil	12,233	18,649	163,951
LPG (Liquefied Petroleum Gas)	2,175	5,035	4,116
Petroleum naphtha	–	–	–
Natural gas	125,087	171,141	135,810
Compressed natural gas (CNG)	498,937	677,574	2,754,933
Liquefied natural gas (LNG)	327	–	–
Petroleum coke	–	–	–
Kerosene	623	443	346
Coal (domestic)	–	1,087	702
Coal (industrial)	–	–	–
Propane	3,363	4,262	2,621
Waste (fossil fraction)	7,602,329	7,273,523	6,827,044
Butane	7	3	2
Conventional fossil fuels in clinker kilns	12,724,095	14,359,785	12,428,211
Alternative fossil fuels in clinker kilns	1,945,334	2,367,251[31]	1,780,961
Total	**26,827,028**	**29,075,956**	**28,501,702**

29. This year, FCC Construcción has calculated the tCO_2e emissions associated with electricity or steam purchased from third parties with market-based calculations.

30. Unlike previous years, there has been a change in the criteria established to calculate emissions from biogenic sources. It only includes biogenic emissions derived from the direct consumption of fuel.

31. Updated the data as a consequence of the detection of an error in one of the factories of Cementos Portland Valderrivas.

The increase in the consumption of CNG was due to the fact that the company started using more and more vehicles running on CNG, in particular, in the Environmental Services area.

Consumption of renewable fuels in stationary and mobile sources under operational control (GJ)

	2021	2022	2023
Biodiesel	152,128	1,706	3,598
Bioethanol	2,842	–	–
Biogas burned in boilers without electricity generation	202,287	234,876	201,444
Biogas burned in engines or turbines with electricity generation	1,297,256	1,552,670	1,833,149
Waste (biomass fraction)	9,278,924	8,871,101	8,398,163
Biomethane	688	532	522
Landfill gas	4,350	213,460	239,880
Biomass	1,683,963	1,684,242[32]	1,576,190
Total	**12,622,438**	**12,558,587**	**12,252,946**

Consumption of self-produced renewable energy (GJ)

	2021	2022	2023
From wind turbines	377	363	385
From photovoltaic panels	4,205	13,506	30,458
Using hydraulic turbines	–	673,806	634,731
Total	**4,582**	**687,675**	**665,574**

Direct energy consumption (GJ)

	2021	2022	2023
Direct consumption from non-renewable sources	26,827,028	29,075,956[31]	28,501,702
Direct consumption from renewable sources	12,627,020	13,246,262[32]	12,918,520
Total	**39,454,948**	**42,322,218**	**41,420,222**

Indirect energy consumption (GJ)

	2021	2022	2023
Indirect consumption from non-renewable sources	6,123,109	5,509,876	4,331,072
Indirect consumption from renewable sources	406,908	1,519,745[33]	2,865,154
Total	**6,530,017**	**7,029,620**	**7,196,227**

In the above table, it can be seen that there is a progressive increase in the consumption of energy from renewable sources, mainly in the Cement area during the year 2023.

Reduction of energy consumption as a result of conservation and efficiency initiatives (GJ)

	2022	2023
Fuel	–	64,798
Electricity	7,195	79,477
Heating	–	515
Cooling	–	–
Steam	–	–
Other	–	–

There has been a significant increase in the reduced GJ as a consequence of the preservation and efficiency initiatives rolled out during the year 2023. These measures include the consumption of self-produced energy from solar photovoltaic panels, biogas re-used from the facilities, heating energy from the solar thermal panels and optimisation and upgrade of equipment.

32. Updated the data after using data measured directly by FCC Medio Ambiente Iberia.

33. Updated the data after using data measured directly by FCC Medio Ambiente Iberia and after the detection of an error in the Austrian subsidiary in the Environmental Services area.

Water

Water abstraction from areas under water stress (m³)

	2021	2022	2023
Municipal water supply or by other water companies	5,609,234	4,544,768[20]	4,874,968
Surface waters (wetlands, rivers, lakes, and other water streams)	93,176	32,575	97,395
Sea water	–	–	–
Brackish waters	–	–	–
Groundwater	546,313	121,823[20]	161,847
Rainwater captured and stored by the organisation	242,319	285,474[20]	265,440
Water recycled or re-used	1,931,123	646,415[20]	715,867
Other water resulting from extraction, processing or uses of raw materials	–	–	–
Total	**8,422,165**	**5,631,054**	**6,115,516**

Water abstraction by water type (m³)

	2021	2022	2023
Fresh water (total dissolved solids ≤ 1000 mg/l)	14,406,904	14,233,686[20]	14,895,772
Other waters (total dissolved solids> 1000 mg/l)	–	–	–
Total	**14,406,904**	**14,233,686**	**14,895,772**

34. This information only applies to the Cement area, due to the nature of the activities carried out by the Group.

Material consumption

Materials of renewable origin (t)

	2021	2022	2023
Raw materials (metals, minerals, wood, etc.)	755,363	830,462	1,086,734
Auxiliary materials (lubricants and reagents)	186	254	209
Semi-finished products	–	–	–
Container and packaging material (paper, cardboard, plastics)	7,581	6,667 [21]	6,315
Total	**763,131**	**837,382**	**1,093,259**

Materials of non-renewable origin (t)

	2021	2022	2023
Raw materials (metals, minerals, wood, etc.)	54,401,537	17,360,398	16,281,801
Auxiliary materials (lubricants and reagents)	132,748	94,874	101,057
Semi-finished products	4,026,757	1,860,823	3,683,257
Container and packaging material (paper, cardboard, plastics)	2,019	2,121[21]	2,885
Total	**58,563,062**	**19,318,215**	**20,069,000**

Recycled input materials (t)

	2022	2023
Total recycled inputs used	1,679,485	1,816,091
Total inputs used	20,155,598	21,162,259
Percentage of recycled inputs used	8%	9%

Reclaimed products and their packaging materials (%)

	2022	2023
Percentage of packaging materials recovered (paper, plastic cardboard)[34]	50,8	51,5

Waste

Treatment of hazardous waste not destined for disposal (t)

	2022	2023
Preparing for re-use	158	109
Recycling	106,320	2,999
Other revaluation operations	700	8,203
Not typified	107	8,885
Total	**107,285**	**20,196**

With regard to the above table, the increase in the volume of non-classified waste is due to the scope of information reported in relation to waste by the Water area. In this case, its systems cannot be used to obtain such information. Moreover, the increase in recycling operations is the result of the entry into force of Law 07/2022, of 8 April, on contaminated floors and waste in relation to the circular economy, which led to the review of the waste classification system in the Infrastructures area.

Treatment of non-hazardous waste not destined for disposal (t)

	2022	2023
Preparing for re-use	45,521	228,362
Recycling	441,748[22]	12,031,170
Other revaluation operations	231,019	2,433,807
Not typified	653,496	668,725
Total	**1,371,784**	**15,362,065**

Treatment of hazardous waste destined for disposal (t)

	2022	2023
Incineration (with energy recovery)	367	70
Incineration (without energy recovery)	42	18
Transfer to a landfill	72,430	80,374
Other revaluation operations	10,460	3,363
Not typified	20,744	18,893
Total	**104,043**	**102,717**

Treatment of non-hazardous waste destined for disposal (t)

	2022	2023
Incineration (with energy recovery)	30,357	570
Incineration (without energy recovery)	8	49
Transfer to a landfill	1,228,330	2,663,382
Other revaluation operations	5,159[22]	80,144
Not typified	23,073[22]	26,711
Total	**1,286,903**	**2,770,856**

Tables of social and personnel-related matters

Changes in the distribution of the workforce by gender (31/12) (Percentage)

	2021	2022	2023
Men	77.1%	77.3%	77.5%
Women	22.9%	22.7%	22.5%
Total	**100%**	**100%**	**100%**

Changes in the distribution of the workforce by business area (31/12) (Percentage)

	2021	2022	2023
Environmental Services	69.7%	67.6%	66.2%
Water	16.5%	19.6%	20.5%
Infrastructures	11.3%	10.3%	10.8%
Cement	1.8%	1.6%	1.6%
Real Estate	0.2%	0.2%	0.2%
Central Services	0.5%	0.7%	0.7%
Total	**100%**	**100%**	**100%**

Changes in the distribution of the workforce by country and gender (31/12)

	2022			2023		
Countries	Men	Women	Total	Men	Women	Total
Spain	35,856	11,771	**47,627**	36,680	11,907	**48,587**
Czech Republic	2,503	757	**3,260**	2,545	767	**3,312**
Georgia	2,382	351	**2,733**	2,681	416	**3,097**
United Kingdom	2,144	384	**2,528**	2,071	376	**2,447**
Colombia	1,188	244	**1,432**	1,240	339	**1,579**
Saudi Arabia	1,029	116	**1,145**	1,404	72	**1,476**
USA	893	152	**1,045**	998	170	**1,168**
Austria	560	166	**726**	583	187	**770**
Portugal	523	98	**621**	627	112	**739**
Poland	494	152	**646**	458	156	**614**
Romania	502	120	**622**	444	116	**560**
Slovakia	310	99	**409**	299	91	**390**
UAE	331	8	**339**	364	7	**371**
Italy	252	39	**291**	279	39	**318**
Egypt	94	2	**96**	199	1	**200**
Tunisia	199	13	**212**	179	16	**195**
Hungary	128	48	**176**	130	54	**184**
France	104	42	**146**	119	45	**164**
Canada	47	19	**66**	99	43	**142**
Mexico	104	21	**125**	112	20	**132**
Chile	89	24	**113**	91	31	**122**
Serbia	74	28	**102**	70	28	**98**
Norway	19	7	**26**	61	18	**79**
Netherlands	52	7	**59**	56	9	**65**
Algeria	54	7	**61**	55	8	**63**
Nicaragua	15	3	**18**	43	7	**50**
Peru	21	8	**29**	35	11	**46**
Australia	18	7	**25**	27	13	**40**
Qatar	21	-	**21**	36	2	**38**
Panama	61	16	**77**	23	10	**33**
Ireland	6	1	**7**	2	1	**3**
Costa Rica	1	1	**2**	1	1	**2**
El Salvador	1	–	**1**	1	–	**1**
Bulgaria	–	1	**1**	–	1	**1**
Dominican Republic	1	–	**1**	1	–	**1**
Oman	5	–	**5**	1	–	**1**
Guatemala	1	–	**1**	1	–	**1**
Montenegro	1	–	**1**	1	–	**1**
Belgium	4	–	**4**	–	–	**0**
Total	**50,087**	**14,712**	**64,799**	**52,016**	**15,074**	**67,090**

Changes in the number of new recruits by gender

	2021	2022	2023
Men	9,546	11,231	13,331
Women	3,288	3,616	3,991
Total	**12,834**	**14,847**	**17,322**

New hiring rate by gender

	2022	2023
Men	15.78%	18.14%
Women	5.08%	5.43%
Total	**20.86%**	**23.57%**

New hiring rate by age

	2022	2023
<35 years	8.42%	9.11%
35-54 years	9.80%	10.56%
> 54 years	2.64%	3.90%
Total	**20.86%**	**23.57%**

Number of new hires by region

	2022			2023		
	Men	Women	Total	Men	Women	Total
Europe	8,689	3,211	**11,900**	10,948	3,595	**14,543**
America	2,228	328	**2,556**	1,400	357	**1,757**
MENA	308	71	**379**	970	28	**998**
Australia	6	6	**12**	13	11	**24**
Total	**11,231**	**3,616**	**14,847**	**13,331**	**3,991**	**17,322**

New hiring rate by region

	2022	2023
Europe	16.72%	19.79%
America	3.59%	2.39%
MENA	0.53%	1.36%
Australia	0.02%	0.03%
Total	**20.86%**	**23.57%**

Changes in the number of workers by contract type and gender (31/12)

	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Open-ended	34,132	10,224	41,464	12,363	43,514	12,629
Temporary	11,802	3,389	8,623	2,349	8,502	2,445
Subtotal	**45,934**	**13,613**	**50,087**	**14,712**	**52,016**	**15,074**
Total	**59,547**		**64,799**		**67,090**	

Staff by region and contract type (31/12)

	2022			2023		
Region	Open-ended	Temporary	Total	Open-ended	Temporary	Total
Europe	50,654	9,331	**59,985**	52,072	9,358	**61,430**
America	2,055	855	**2,910**	2,374	903	**3,277**
MENA	1,094	785	**1,879**	1,658	685	**2,343**
Australia	24	1	**25**	39	1	**40**
Total	**53,827**	**10,972**	**64,799**	**56,143**	**10,947**	**67,090**

Changes in the number of workers by working day type and gender (31/12)

	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Full-time	41,406	9,821	45,243	10,856	47,199	11,553
Part-time	5,528	3,792	4,844	3,856	4,817	3,521
Subtotal	**45,934**	**13,613**	**50,087**	**14,712**	**52,016**	**15,074**
Total	**59,547**		**64,799**		**67,090**	

Annual average by contract type and gender

	2021		2022		2023	
	Open-ended	Temporary	Open-ended	Temporary	Open-ended	Temporary
Men	33,761	12,614	39,021	9,957	42,817	8,674
Women	10,027	3,340	11,467	2,785	12,443	2,458
Subtotal	**43,788**	**15,955**	**50,488**	**12,742**	**55,260**	**11,132**
Total	**59,742**		**63,230**		**66,392**	

Annual average by contract type and age range

	2021		2022		2023	
	Open-ended	Temporary	Open-ended	Temporary	Open-ended	Temporary
<35 years	4,607	5,176	6,242	4,024	7,537	3,460
35-54 years	25,218	7,707	27,994	6,009	29,939	5,119
> 54 years	13,963	3,071	16,252	2,709	17,784	2,553
Subtotal	**43,788**	**15,954**	**50,488**	**12,742**	**55,260**	**11,132**
Total	**59,742**		**63,230**		**66,392**	

Annual average by contract type and functional level

	2021		2022		2023	
	Open-ended	Temporary	Open-ended	Temporary	Open-ended	Temporary
Governance and Management	511	1	507	3	505	4
Supervisors	3,390	392	3,943	356	4,327	347
Technicians	4,661	949	5,455	1,185	5,758	964
Administrative staff	2,455	545	2,642	409	2,594	352
Other trades	32,771	14,067	37,941	10,789	42,076	9,465
Subtotal	**43,788**	**15,954**	**50,488**	**12,742**	**55,260**	**11,132**
Total	**59,742**		**63,230**		**66,392**	

Annual average by working day type and gender

	2021		2022		2023	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Men	41,936	4,439	44,283	4,695	46,661	4,830
Women	9,620	3,747	10,486	3,766	11,252	3,649
Subtotal	**51,556**	**8,186**	**54,769**	**8,461**	**57,913**	**8,479**
Total	**59,742**		**64,799**		**66,392**	

Annual average by working day type and age range

	2021		2022		2023	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
<35 years	8,316	1,467	8,647	1,619	9,340	1,657
35-54 years	29,239	3,686	30,227	3,776	31,352	3,706
> 54 years	14,001	3,033	15,895	3,066	17,221	3,116
Subtotal	**51,556**	**8,186**	**54,769**	**8,461**	**57,913**	**8,479**
Total	**59,742**		**64,799**		**66,392**	

Annual average by working day type and functional level

	2021		2022		2023	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Governance and Management	506	6	499	11	503	6
Supervisors	3,622	160	4,140	159	4,513	161
Technicians	5,299	311	6,257	383	6,330	392
Administrative staff	2,749	251	2,779	272	2,684	262
Other trades	39,380	7,458	41,094	7,636	43,883	7,658
Subtotal	**51,556**	**8,186**	**54,769**	**8,461**	**57,913**	**8,479**
Total	**59,742**		**63,230**		**66,392**	

Changes in dismissals by gender

	2021	2022	2023
Men	633	728	845
Women	149	169	175
Total	**782**	**897**	**1,020**

Changes in dismissals by age range

	2021	2022	2023
< 35 years	206	231	283
35-54 years	377	455	517
> 54 years	199	211	220
Total	**782**	**897**	**1,020**

Changes in dismissals by functional level

	2021	2022	2023
Governance and Management	1	6	9
Supervisors	51	56	51
Technicians	68	129	99
Administrative staff	38	40	30
Other trades	624	666	831
Total	**782**	**897**	**1,020**

Turnover of the number of persons and rate by gender

	2022	2023
Men	2,649	2,871
Women	789	856
Total	**3,438**	**3,727**

	2022	2023
Men	3.72%	3.91%
Women	1.11%	1.17%
Total	**4.83%**	**5.08%**

Turnover of the number of persons and rate by age

	2022	2023
< 35 years	1,409	1,434
35-54 years	1,626	1,826
> 54 years	403	467
Total	**3,438**	**3,727**

	2022	2023
< 35 years	1.98%	1.95%
35-54 years	2.28%	2.49%
> 54 years	0.57%	0.64%
Total	**4.83%**	**5.08%**

Turnover of the number of persons and rate by region

	2022	2023
European	3,118	3,492
America	279	155
MENA	40	70
Australia	1	10
Total	**3,438**	**3,727**

	2022	2023
European	4.38%	4.75%
America	0.39%	0.21%
MENA	0.06%	0.10%
Australia	0.00%	0.02%
Total	**4.83%**	**5.08%**

Birth leave

	2022		2023	
	Men	Women	Men	Women
Number of workers entitled to birth leave	1.048	295	1.126	326
Number of employees who took birth leave	1.036	294	1.116	323
Number of workers who returned to work after the end of birth leave	991	214	751	216
Number of workers remaining in the company 12 months after the end of birth leave	646	132	745	172

Average remuneration by functional level, gender and age range* (Euros)

		2022 Total Average Remuneration			2023 Total Average Remuneration		
		< 35 years	35 to 54 years	> 54 years	< 35 years	35 to 54 years	> 54 years
Men	Governance and Management	78,998.20	118,330.98	160,043.27	54,145.61	91,242.40	127,322.38
	Supervisors	31,026.55	46,089.03	53,193.80	30,879.48	49,395.11	55,457.07
	Technicians	23,543.00	38,189.32	42,269.46	30,323.74	43,358.59	47,534.07
	Administrative staff	19,652.25	28,456.37	34,592.62	19,248.45	28,835.43	36,221.89
	Other trades	20,156.99	24,192.01	25,573.88	21,409.05	25,277.77	26,647.85
Women	Governance and Management	65,870.19	99,893.49	134,848.23	48,639.46	75,190.07	78,554.38
	Supervisors	25,579.80	37,990.44	37,441.88	27,421.21	38,534.55	43,308.55
	Technicians	21,842.76	29,511.23	32,504.40	26,346.76	34,138.07	37,925.33
	Administrative staff	19,039.76	24,828.26	28,233.11	18,651.92	25,725.46	30,009.11
	Other trades	19,212.17	20,237.11	19,724.81	20,306.87	20,808.19	20,770.08

(*) FCC has defined a remuneration policy for each of the countries in which it operates, so that the aggregate average remuneration data in which it is established is not representative of the remuneration management carried out in each of the business units and countries in which FCC operates.

Percentage of workers covered by collective bargaining agreement by country*

	2021	2022	2023
Saudi Arabia	0%	0%	0%
Algeria	100%	93.44%	95.24%
Australia	0%	0%	0%
Austria	0.10%	4.55%	100%
Bulgaria	0%	0%	0%
Canada	0%	0%	0%
Chile	11.63%	58.41%	85.25%
Colombia	4.12%	4.12%	34.20%
Costa Rica	0%	0%	0%
UAE	100%	100%	0%
USA	3.27%	0.19%	0.17%
Egypt	0%	0%	11.50%
El Salvador	0%	0%	0%
Slovakia	33.73%	32%	32%
Spain	100%	100%	100%
France	100%	100%	100%
Georgia	-	22.98%	19.15%
Guatemala	0%	0%	0%
Hungary	0%	0%	0%
Ireland	0%	0%	0%
Italy	100%	100%	100%
Mexico	0%	0%	0%
Montenegro	0%	0%	0%
Nicaragua	0%	0%	0%
Norway	100%	0%	0%
Oman	0%	0%	0%
Netherlands	100%	100%	100%
Panama	29%	13%	18.18%
Peru	0%	0%	0%
Poland	15.32%	12.23%	11.07%
Portugal	31.99%	24.15%	28.28%
Qatar	0%	0%	0%
United Kingdom	11.23%	25.20%	17.82%
Czech Republic	33.66%	33.13%	32.07%
Dominican Republic	100%	100%	100%
Romania	24.66%	26.69%	27.14%
Serbia	12%	12.75%	7.14%
Tunisia	100%	80.19%	92.82%

(*) In 2023 all countries and all areas where the FCC Group operates were included.

Annual average of training hours by gender and functional level

	2022		2023	
	Men	Women	Men	Women
Governance and Management	26	42	18	33
Supervisors	20	33	20	27
Technicians	17	18	21	24
Administrative staff	10	14	19	13
Other trades	8	4	9	4

Changes in training hours by functional level and business area

	2022						2023					
	Governance and Management	Supervisors	Technicians	Administrative staff	Other trades	Total	Governance and Management	Supervisors	Technicians	Administrative staff	Other trades	Total
Environmental services	2,868	17,092	16,161	6,211	175,460	**217,792**	2,978	26,202	30,427	5,181	200,796	**265,584**
Water	1,632	22,928	14,859	9,278	34,601	**83,298**	688	27,397	20,790	9,531	45,288	**103,694**
Infrastructures	1,519	7,452	27,487	2,173	29,329	**67,960**	1,692	12,100	40,808	2,804	38,257	**95,661**
Cement	452	1,023	2,610	734	3,923	**8,742**	408	1,865	4,238	811	5,546	**12,867**
Real Estate	134	48	444	38	2	**666**	84	84	445	8	0	**621**
Central Services	1,953	815	2,763	465	65	**6,061**	1,228	1,327	2,729	545	62	**5,890**
Subtotal for Spain	**8,558**	**49,358**	**64,324**	**18,899**	**243,380**	**384,519**	**7,078**	**68,975**	**99,436**	**18,879**	**289,949**	**484,317**
Environmental Services	3,344	23,741	25,325	6,694	59,679	**118,782**	2,797	22,213	22,935	10,457	50,359	**108,761**
Water	1,573	17,458	14,100	11,048	28,851	**73,030**	182	7,027	22,841	11,981	50,821	**92,852**
Infrastructures	1,053	5,210	11,041	2,282	2,578	**22,164**	104	4,916	10,030	2,367	5,771	**23,189**
Cement	154	559	648	106	335	**1,802**	48	442	1,470	529	148	**2,637**
International Subtotal	**6,124**	**46,968**	**51,114**	**20,130**	**91,443**	**215,778**	**3,131**	**34,598**	**57,276**	**25,334**	**107,099**	**227,439**
Total	**14,682**	**96,326**	**115,438**	**39,029**	**334,823**	**600,297**	**10,209**	**103,573**	**156,712**	**44,213**	**397,049**	**711,756**

Safety, health and well-being:

Number of workplace accidents

No.	2022	2023
Men	1,841	1,721
Women	341	374

Workplace injuries with major consequences

Injuries	2022	2023
FCC	10	10
Subcontractor	9	9

Trends in accident rates

Table of contents	2021	2022	2023
Frequency	18.36	21.78	18.82
Severity	0.71	0.9	0.87

Trends in accident rates by geographical area

	2021		2022		2023	
Scope	Acc. Freq.	Severity	Acc. Freq.	Severity	Acc. Freq.	Severity
Spain	24.61	1	25.63	1.16	24.91	1.21
Global	18.36	0.71	21.78	0.9	18.82	0.87

Accident rates by gender

	2022			2023		
Gender	Acc. Freq.	Severity	Incidence	Acc. Freq.	Severity	Incidence
Women	17.01	0.71	2.74	16.64	0.83	2.57
Men	22.97	0.95	3.84	19.37	0.88	3.35

Trends in absenteeism rates due to workplace accidents and common illnesses*

Type	2021	2022	2023
Work Accident	0,37	0,45	0,49
Common Illness	4,63	6,23	6,75

(*) The FCC Group recorded a total of 8,055,496 hours of absenteeism in 2023.

Changes in fatal workplace accidents

Type	2021	2022	2023
FCC	0	2	5
Subcontractor	4	4	6

Changes in the number of occupational illnesses by gender*

Gender	2021	2022	2023
Women	2	8	3
Men	2	3	10

(*) The information about professional illnesses by gender only corresponds to the activities of the FCC Group in Spain.

Employees and non-employed workers. 2023

Employees and non-employed workers	Covered by the system	Covered by the system subject to internal audit	Covered by the system subject to audit or certification
Number	78,427	78,427	68,605
Percentage	100%	100%	87.48%

Tax transparency tables

Group Countries	Core organisational activities	Revenues from third-party sales 2023 (thousands of €)	Revenues from intra-group transactions with other tax jurisdictions 2023 (thousands of €)	Tangible assets other than cash and cash equivalents 2023 (thousands of €)	Pre-Tax Profit 2023 (thousands of €)	Taxes on profit paid 2023 (thousands of €)
Albania		204	0	0	0	0
Germany	Construction	11,827	0	0	0	0
Andorra		184	0	0	0	0
Saudi Arabia	Water, Construction	246,720	116,297	218,511	16,089	5,027
Algeria	Water, Construction	48,413	9,881	162,758	30,626	5,228
Argentina	Construction	0	0	0	-1	0
Australia	Construction	7,483	0	3,540	-4,524	0
Austria	Water	170,217	-65	544,711	80,899	1,705
Belgium	Construction	7	0	166	-49	435
Brazil	Construction	0	0	-10,081	-7,554	0
Bulgaria	Construction	0	0	95	-75	0
Canada	Construction	189,249	0	65,647	38,637	0
Chile	Water, Construction	70,458	0	59,046	-16,818	0
Colombia	Water, Construction	114,735	15,578	101,983	3,193	2,734
Costa Rica	Construction	215	0	-299	-756	0
Croatia	Real Estate	31	0	67	-199	0
Denmark		5	0	0	0	0
Ecuador	Water	0	0	48	-55	3
Egypt	Water, Environment	6,262	11	17,417	3,358	1,233
El Salvador	Construction	0	0	845	-82	1
United Arab Emirates	Water, Construction	16,752	336	4,871	2,450	0
Slovakia	Environment	43,157	0	65,345	7,656	1,099
Slovenia		7	0	0	0	0
Spain	Environment, Water, Infrastructure, Cement and Real Estate.	4,759,772	388,745	7,363,881	499,208	38,022

Group Countries	Core organisational activities	Revenues from third-party sales 2023 (thousands of €)	Revenues from intra-group transactions with other tax jurisdictions 2023 (thousands of €)	Tangible assets other than cash and cash equivalents 2023 (thousands of €)	Pre-Tax Profit 2023 (thousands of €)	Taxes on profit paid 2023 (thousands of €)
United States	Water, Cement, Environment and Construction	418,908	434	514,128	5,036	30
Finland	Construction	24	0	1	-966	0
France	Water	51,525	280	48,131	1,379	761
Georgia	Water	79,240	775	474,784	11,595	49
Gibraltar		137	0	0	0	0
Greece	Environment and Construction	8	0	95	-15	0
Guatemala	Construction	0	0	25	-29	1
Haiti	Construction	0	0	3,280	427	0
Honduras	Construction	0	0	0	0,30	0
Hungary	Environment	27,551	0	38,243	5,639	183
Ireland	Construction	0	0	9,741	-738	0
Italy	Water, Construction	75,325	21,098	99,223	6,858	2,985
Jersey		0	0	0	0	432
Libya		6,984	0	0	0	0
Luxembourg	Central Services	0	0	3,045	-79	0
Morocco	Construction	0	0	0	221	0
Mexico	Water, Infrastructures, Central Services	401,382	12,250	347,825	58,685	6,715
Montenegro	Water	0	0	1,610	-220	
Nicaragua	Construction	1,351	0	4,111	1,178	392
Norway	Construction	47,655	0	6,601	2,287	0
Oman	Waer	514	0	1,666	769	0
Netherlands	Water, Cement, Infrastructures	215,819	58,524	68,736	-1,392	850
Panama	Water, Real Estate and Construction	-914	0	80,695	-10,114	320
Peru	Water, Infrastructures	109,974	3	116,409	8,162	2,804
Poland	Environment and Construction	79,603	0	77,933	5,208	569

Group Countries	Core organisational activities	Revenues from third-party sales 2023 (thousands of €)	Revenues from intra-group transactions with other tax jurisdictions 2023 (thousands of €)	Tangible assets other than cash and cash equivalents 2023 (thousands of €)	Pre-Tax Profit 2023 (thousands of €)	Taxes on profit paid 2023 (thousands of €)
Portugal	Water, Construction, Environment and Central Services	110,875	5,451	69,262	6,497	1,705
Qatar	Water, Construction	7,598	56	5,660	313	821
United Kingdom	Cement, Infrastructures, Real Estate, Environment	1,113,858	176,556	1,113,947	101,089	30,040
Czech Republic	Water and Environment	413,737	41,210	641,343	49,542	6,430
Dominican Republic	Construction	0	0	453	-14	0
Romania	Water, Environment and Construction	132,506	52	200,738	5,323	172
Serbia	Water and Environment	6,609	1	11,130	-578	0
Sweden	Construction	7	0	6	-11	0
Switzerland		336	0	0	0	0
Tunisia	Water and Cement	62,205	14,449	56,457	7,875	441
Turkey		25	0	0	0	0
Uruguay	Water	0	0	81	0	0
Total		**9,048,540**	**861,922**	**12,593,910**	**915,930**	**111,185**

Public grants received in 2023 (thousands of €)

Areas	thousands of €)
Construction	0
Environmental Services	8,090
Water	14,169
Cement	1,260
Concessions	4,514
Real Estate	0
Central Services	2
Total	**28,035**

List of main associations

Environmental Services

- Agrupación Nacional de Reciclado de Vidrio (ANAREVI).
- Asociace sanačních firem (ASS).
- Asociación de Empresas de Limpieza Pública (ASELIP).
- Asociación de Empresas de Mantenimiento Integral y Servicios Energéticos (AMI).
- Asociación de Plantas de Recuperación y Selección de Envases Municipales (ASPLARSEM).
- Asociación Española de Aerosoles (AEDA).
- Asociación Española de Empresas de Limpieza (ASPEL).
- Asociación Española de Empresas de Parques y Jardines (ASEJA).
- Asociación Española de Gestores de Residuos (ASEGRE).
- Asociación Técnica para la Gestión de Residuos y Medio Ambiente (ATEGRUS).
- Asociatia Romana pentru Managementul Deseurilor (Romanian association for waste management) (ARMD).
- Association of Producers of Fuels from Waste and Biomass (Związek Producentów Paliw z Odpadów i Biomasy (PZZOB).
- Business Leaders Forum (BLF).
- Carbon Disclousure Project (CDP).
- Česká Asociace Odpadového Hospodářství (ČAOH).
- Česká Asociace pro Finanční Řízení (CAFIN).
- Chartered Institute of Wastes Management (CIWM).
- Circular Slovakia.
- Council of Regional Municipal Waste Processing Installations (Rada Przedstawicieli Regionalnych Instalacji Przetwarzania Odpadów Komunalnych – Rada RIPOK) (RADA RIPOK).
- EcoVadis.
- Energy & Utility Skills.
- Environmental Services Assoc (ESA).
- Federación Europea de Empresas Recicladoras de Vidrio (FERVER).
- Fleet Operator Recognition Scheme (FORS).
- Foro de Generadores de Energía de Residuos (FGER).
- Fuel & Energy Research Fórum (FERF).
- HELM ASSOCIATES LTD.
- National Waste & Recycling Association (NWRA).
- POLICY CONNECT LTD - All Party Parliamentary Sustainable Resource Group (APSRG).
- Rail Freight Group.
- Asociación Española de Recicladores Recuperadores de Papel y Cartón (REPACAR).
- Red Andaluza de Centros de Educación Ambiental (ONDAS).
- Road Haulage Association.
- ROSPA ENTERPRISES LTD - Royal Society for the Prevention of Accidents (ROSPA).
- Sdružení provozovatelů technologií pro ekologické využívání odpadů. (STEO).
- Solid Waste Association of North America (SWANA).
- Source Testing Association.
- State Chamber of Waste Management (Państwowa Izba Gospodarki Odpadami) (PIGO).
- Sundry Creditor - WRG (CHAS).
- The Association of Waste Management Entrepreneurs (A.P.O.H.).
- The Green Alliance.
- The Recycling Association.
- The Wood Recyclers Association (WRA).
- Verein Österreichische Entsorgungsbetriebe (VÖEB).

Water

- Asociación Española de Abastecimiento de Agua y Saneamientos (AEAS).
- Abastecimientos de Agua y Saneamientos de Andalucía (ASA).
- Agrupació de Serveis D'Aigua de Catalunya (ASAC).
- Aguas Residuales - Comunidad de habla hispana, para los profesionales del tratamiento del agua.
- Alianza del Agua de Ibiza y Formentera.
- Asociación Canaria de Empresarios de Distribución y Tratamiento de Agua Urbana de la Provincia de Las Palmas (ADITRAGUA).
- Asociación Checa de Tecnologías Sin Excavación (CZSTT).
- Asociación de Empresas Xestoras de Instalacións Deportivas de Galicia (AXIDEGA).
- Asociación de Empresarios de Agua de Les Illes Balears (ASAIB).
- Asociación de Empresarios de Depuración de Aguas Residuales de Madrid (ADEPUREMA).
- Asociación de Empresarios y Comerciantes de Benalmádena (ACEB).
- Asociación de Empresas Constructoras y Concesionarias de Infraestructuras (SEOPAN-AGUA).
- Asociación de Empresas de Captación, Distribución, Depuración y Gestión de aguas potables y residuales de la Región de Murcia (AGEAS).
- Asociación de Empresas Investigadoras, Extractoras, Transformadoras Minero-Metalúrgicas, Auxiliares y de Servicios (AMINER).
- Asociación de Industrias de Captación, Elevación, Conducción, Depuración, Tratamiento y Distribución de Aguas Potables y Residuales.
- Asociación de Instaladores de Almería (ASINAL).
- Asociación de Operadores de Abastecimiento y Saneamiento de la República Checa (APROVAK).
- Asociación de Servicios Públicos de Colombia (ANDESCO).
- Asociación del Sector de Abastecimiento y Saneamiento en la República Checa (SOVAK).

- Asociación Directivos de Comunicación (DIRCOM).
- Asociación Española de Desalación y Reutilización (AEDyR).
- Asociación Española de Directivos de Sostenibilidad (DIRSE).
- Asociación Española de Normalización (UNE).
- Asociación Española de Servicios de Agua a Poblaciones (AGA).
- Asociación Latinoamericana de Desalación y Reuso del Agua (ALADYR).
- Asociación Nacional de Empresas de Agua y Saneamiento de México (ANEAS).
- Asociación para el Desarrollo de la Región de Moravia y Silesia (SRMSK).
- Asociación para la Defensa de la Calidad de las Aguas (ADECAGUA).
- Asociación para la Gestión del Agua en la República Checa (SVH).
- Asociación provincial de Empresas del Sector del Agua en Alicante.
- Asociados a la Federación Internacional de Operadores Privados de Agua (AquaFed).
- Associaçao Das Empresas Portuguesas para o Sector Do Ambiente (AEPSA).
- Associaçao Portuguesa de Distribuçao e Drenagem de Águas (APDA).
- Associació Abastaments Aigua (AAA).
- Associació Industrial Per La Producció Neta (AIPN).
- Association Scientifique et Technique pour L'Eau et L'Environnement.
- Business Council EU-Georgia.
- Cámara de Comercio de Almería.
- Cámara de Comercio de España.
- Catalan Water Partnership (CWP).
- Centro de las Nuevas Tecnologías del Agua (Fundación CENTA).
- Comité Asesor de Agua de la Fundación Ditchley (UK).
- Confederación de Organizaciones Empresariales de la Provincia de Badajoz (COEBA).
- Confederación Empresarial de la Provincia de Almería.
- Confederación Española de Organizaciones Empresariales CEOE.
- Confederation of Industry of the CR (SP CR).
- Consejo Nacional del Agua (CNA).
- Czech Chamber of Commerce (HK CR).
- Dirección General de Economía Circular (CLM).
- Economic Business Council Spain/Egypt .
- Federación Europea de Asociaciones Nacionales de Agua y Saneamiento (EUREAU).
- Fédération Des Distributeurs D'Eau Indépendants.
- Fédération Professionnelles Des Entreprises De L'Eau (FP2E).
- Federazione Italiana Delle Imprese Dei Servizi Idrici, Energetici e Vari (UTILITALIA).
- Fundación Centro Canario del Agua (FCCA).
- Georgian Laboratory Association (GeLAB).
- Global Water Partnership (GWP).
- Institutos Madrileño de Estudios Avanzados (IMDEA-AGUA).
- International Desalination Association (IDA).
- International Water Association (IWA).
- Isle Utilities TAG (Technology Approval Group) .

vWorld Water Innovation Fund (WWIF).

- Water Action Platform.
- Madrid, capital mundial de la Construcción, Ingeniería y Arquitectura (MWCC).
- Mesa de Evaluación del Ciclo Urbano del Agua.
- PRL INNOVACIÓN.
- Sentiatech.
- Spanish Business Council de Emiratos Árabes Unidos.
- Stepbywater.
- Water Environment Federation (WEF).
- Water Positive Think Tank.
- World Compliance Association.
- Young Water Professionals (YWP).
- ZINNAE Clúster Urbano para el Uso Eficiente del Agua.

Infrastructures

- Agrupación para la promoción del P Tarragona.
- Asociación Andaluza de Empresas Forestales.
- Asociación de Ejecutivos de Recursos Humanos de Nicaragua (Aerhnic).
- Asociación de Empresas Constructoras y Concesionarias de infraestructuras (SEOPAN).
- Asociación de Empresas de Conservación y Explotación (ACEX).
- Asociación de Empresas de Restauración del Paisaje y del Medio Ambiente (ASERPYMA).
- Asociación de Empresas Forestales (ASEMFO).
- Asociación de Empresas Gestoras de los Transportes Urbanos Colectivos (ATUC).
- Asociación de Industriales Antofagasta.
- Asociación Empresas Construcción Madrid (AECOM).
- Asociación Empresas Productoras Áridos Castilla-La Mancha.
- Asociación Española de Anunciantes.
- Asociación Española de Industriales del Plástico (ANAIP).
- Asociación Española de la Carretera.
- Asociación Española de Normalización (UNE).
- Asociación Española de Riegos y Drenajes (AERYD).
- Asociación Española de Túneles y Obras Subterráneas (AETOS).
- Asociación Española para la Calidad (AEC).
- Asociación Española Parques y Jardines Públicos.
- Asociación Gestión de Residuos de la Comunidad Madrid.

- Asociación Madrid Capital Mundial de la Construcción, Ingeniería y Arquitectura (MWCC).
- Asociación Madrileña de Fabricantes de Asfalto (AMFA).
- Asociación Nacional de Derivados del Cemento (ANDECE).
- Asociación Nacional de Fabricantes de Traviesas para FFCC (AFTRAV).
- Asociación Técnica de la Carretera.
- Asociación Técnica de Puertos y Costas (ATPYC).
- Asociación Valenciana de empresarios de la construcción y obra pública.
- Asociación Madrileña de Gestores de Residuos de RCDs (AGESMA).
- BUILDING SMART (Spanish home of openBIM).
- Cámara Chilena de la Construcción.
- Cámara Colombiana de Infraestructuras.
- Cámara de Comercio Australia.
- Cámara de Comercio de España en Reino Unido.
- Cámara de Comercio de Lima.
- Cámara de Comercio Española Chile.
- Cámara de Contratistas de Castilla y León.
- Cámara de Contratistas de la Comunidad Valenciana.
- Cámara Minera de Nicaragua (CAMINIC).
- Cámara Oficial Comercio España Perú.
- Cámara Oficial de Comercio de España en Panamá (FCC CA PANAMA).
- Cámara Oficial de Contratistas de Cataluña.
- Cámara Panameña de la Construcción(FCC CA PANAMA).
- Cámara Peruana de la Construcción.
- CEPYME ZARAGOZA - Confederación Española de la Pequeña y Mediana Empresa.
- Clúster de la industria de defensa (CID).
- Colegio Federado de Ingenieros y Arquitectos (FCC CO COSTA RICA).
- Comité Nacional Español de Grandes Presas (SPANCOLD).
- Escola Tècnica Superior d'Enginyeria de Camins, Canals i Ports de Barcelona.
- European Network of Construction Companies for Research & Development (ENCORD).
- European Construction Technological Platform (ECTP).
- Fed. Reg. Empresas de Transporte (FROET).
- Federación de la Construcción de Santa Cruz de Tenerife.
- Federación de Obras Públicas en Alicante (FOPA).
- Foro Potencia.
- Foundation for the Global Compact.
- FRECOM MURCIA - Federación Regional Empresarios Construcción.
- Fundacio Cercle d´Infraestructures.
- Fundación Caminos.
- Fundación Ingeniería Civil Galicia.
- Fundación Plataforma Tecnológica Española de la Construcción (PTEC).
- Global Compact Action Platform de Finanzas sostenibles.
- Green Building Council- España (GBCe).
- Gremi Construccio d'obres de Catalunya.
- Gremi d'àrids de Catalunya.
- Instituto tecnológico del plástico (AIMPLAS).
- Plataforma de Finanzas Sostenibles del Pacto Mundial de Naciones Unidas.
- Red Empresarial por la Diversidad e Inclusión LGBTI (REDI).
- Sociedad Española de Presas y Embalses (SEPREM).
- Spain-US Chamber of Commerce.
- Transit Rail Association for Canadian, Contractors, Maintainers and Standards.
- UNE - Vocalía Cambio Climático.
- VOCALÍA DEL CTN 332 "Digitalización de la información para edificación y obra civil".

Cement

- Asociación Cantabria Sostenible (Cantabria Sostenible).
- Asociación CEMBUREAU.
- Asociación de Fabricantes de Cemento (Oficemen).
- Asociación de Fabricantes de Morteros y SATE (ANFAPA).
- Asociación Nacional Española de Fabricantes de Hormigón Preparado (ANEPHOP).
- Asociación Nacional de Fabricantes de Árido (ANEFA).
- Confederación de Empresarios de Andalucía (CEA).
- Federación de Industriales y Comerciantes de Alcalá de Guadaira (FICA).
- Fundación del Cemento y el Medio Ambiente (CEMA).
- Fundación Laboral Andaluza del Cemento y el Medio Ambiente (FLACEMA).
- Asociación de empresas catalanas que dedican su actividad a la extracción y el tratamiento de áridos (Gremi d'Arid de Catalunya).
- Gremi Prefabricados y derivados del cemento (Gremi Prefabricats).
- Instituto Español de Cemento y sus Aplicaciones (IECA).
- CEOE CEPYME CANTABRIA – Afiliación. (CEOE CEPYME CANTABRIA).
- Ciment Català Agrupación de fabricantes de cemento de Cataluña. (Ciment Català).

Real Estate

- Asociación de Promotores Inmobiliarios de Madrid. (ASPRIMA).
- Asociación de Promotores Constructores de España. (APCE).
- GAESCO.

7.3. GRI Content Index

Declaration of use: Fomento de Construcciones y Contratas, S.A. and subsidiaries have drawn up the report in accordance with the GRI Standards for the reporting period from 1 January to 31 December 2023.

GRI 1 used: GRI 1: Foundation 2021.

Applicable GRI Sector Standards: Not applicable.

Content		Report section/Direct response	Page	Omission
General content				
GRI 2: General Disclosures 2023				
2-1	Organizational details.	Fomento de Construcciones y Contratas, S.A. and subsidiaries. Headquarters: Av. Del Camino de Santiago, 40 28050 Madrid, Spain.	–	
2-2	Entities included in the organization's sustainability reporting.	7.1 About this Report and its scope.	701	
2-3	Reporting period, frequency and contact point.	7.1 About this Report and its scope.	701	
2-4	Restatements of information.	Data that have been updated from the figures published in 2023 have been marked with footnotes throughout this document.	–	
2-5	External assurance.	7.1 About this Report and its scope.	701	
2-6	Activities, value chain and other business relationships.	1.3 Business model. 5.1 Clients. 5.2 Suppliers.	567 - 577 668 - 676	
2-7	Employees.	4.1.1 People at FCC. 4.1.2 Organisational structure. 4.1.3 Hiring. 7.2.3 Tables of social and personnel-related matters.	649 - 651 712 - 719	
2-8	Workers who are not employees.	In 2023, the number of non-employed workers totals approximately 10,675.	–	
2-9	Governance structure and composition.	1.4. Governance structure.	578 - 581	
2-10	Nomination and selection of the highest governance body.	1.4. Governance structure.	580	
2-11	Chair of the highest governance body.	1.4. Governance structure	580	

Content		Report section/Direct response	Page	Omission
2-12	Role of the highest governance body in overseeing the management of impacts.	2.3. ESG Framework 6.1. Risk Management	594 683 - 684	
2-13	Delegation of responsibility for managing impacts.	2.3. ESG Framework.	594	
2-14	Role of the highest governance body in sustainability reporting.	The Group's Sustainability Report is part of the management report, which is approved by the Board together with the preparation of the financial statements.	–	
2-15	Conflicts of interest.	1.4. Governance structure.	579	
2-16	Communication of critical concerns.	1.4. Governance structure.	579	
2-17	Collective knowledge of the highest governance body.	1.4. Governance structure.	578 - 579	
2-18	Evaluation of the performance of the highest governance body.	1.4. Governance structure.	578 - 579	
2-19	Remuneration policies.	1.4. Governance structure.	582	
2-20	Process to determine remuneration.	1.4. Governance structure.	582	
2-21	Annual total compensation ratio.	a) 37.28. b) 0.83.	–	
2-22	Statement on sustainable development strategy.	Letter from the Chief Executive Officer. 2.3. ESG Framework.	562 - 563 592 - 598	
2-23	Policy commitments.	7.2.1 Group Policies.	704 - 706	
2-24	Embedding policy commitments.	7.2.1 Group Policies.	704 - 706	
2-25	Processes to remediate negative impacts.	In the FCC Group, the appropriate remediation measures are developed through the procedures established in the Compliance Model, which includes the Human Rights Policy. 6.3 Human rights.	694 - 695	
2-26	Mechanisms for seeking advice and raising concerns.	2.5. Dialogue with stakeholders.	603	
2-27	Compliance with laws and regulations.	7.2.2 Tables of environmental-related matters. Given that non-compliance cases which, due to their amount or subject matter, could generate reputational damage to the Group, no significant firm sanctions have been identified in 2023.	707	
2-28	Membership associations.	7.2.5 List of main associations.	723 - 725	
2-29	Approach to stakeholder engagement.	2.5. Dialogue with stakeholders.	603	

Content	Report section/Direct response	Page	Omission
2-30 Collective bargaining agreements	4.3.1. Social Dialogue. 7.2.3 Tables of social and personnel-related matters.	660 - 661 717	
Material topics			
GRI 3: Material Topics 2021			
3-1 Process to determine material topics.	2.4. FCC's priorities.	599 - 602	
3-2 List of material topics.	2.4. FCC's priorities.	599 - 602	
Environmental Dimension			
Climate change and energy			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 3.3. Climate action.	599 - 602 615 - 623	
GRI 201: Economic Performance 2016			
201-2 Financial implications and other risks and opportunities due to climate change.	3.3. Climate action.	615 - 623 617 - 618	
GRI 302: Energy 2016			
302-1 Energy consumption within the organization.	3.3. Climate action. 7.2.2 Tables of environmental-related matters.	623 708 - 709	
302-3 Energy intensity.	3.3. Climate action.	623	
302-4 Reduction of energy consumption.	7.2.2 Tables of environmental-related matters.	709	
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions.	3.3. Climate action. 7.2.2 Tables of environmental-related matters.	621 707	FCC Environmental Services (US)
305-2 Energy indirect (Scope 2) GHG emissions.	3.3. Climate action. 7.2.2 Tables of environmental-related matters.	621 708	FCC Environmental Services (US)
305-3 Other indirect (Scope 3) GHG emissions.	1,612,940 tCO_2e.	–	
305-4 GHG emissions intensity.	98 tCO_2e/employee (Scopes 1 and 2).	–	
305-5 Reduction of GHG emissions.	3.3. Climate action.	621	

Content	Report section/Direct response	Page	Omission
Water management			
GRI 3: Material Topics 2021			
3-3 Management of material topics	2.4. FCC's priorities. 3.5. Water.	599 - 602 631 - 635	
GRI 303: Water and Effluents 2018			
303-1 Interactions with water as a shared resource.	3.5. Water.	631 -635	
303-3 Water withdrawal.	3.5. Water. 7.2.2. Tables of environmental-related matters.	631 - 635 710	Aqualia; FCC Environmental Services (US)
303-5 Water consumption.	Water consumption: Total water consumption: 10,786,877 m^3. Total water consumption in water-stressed areas: 5,437,005 m^3.	–	
Resources and materials			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 3.7. Circular economy and use of resources.	599 - 602 641 - 648	
GRI 301: Materials 2016			
301-1 Materials used by weight or volume.	3.7.2. Efficient resource consumption. 7.2.2 Tables of environmental-related matters.	644 - 645 710	Real Estate; FCC Environmental Services (US)
301-2 Recycled input materials used.	7.2.2 Tables of environmental-related matters.	710	
301-3 Reclaimed products and their packaging materials.	7.2.2 Tables of environmental-related matters.	710	
Biodiversity			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 3.6. Biodiversity and ecosystems.	599 - 602 636 - 640	
GRI 304: Biodiversity 2016			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	3.6. Biodiversity and ecosystems.	636 - 640	

Content	Report section/Direct response	Page	Omission
304-2 Significant impacts of activities, products and services on biodiversity.	3.6. Biodiversity and ecosystems.	636 - 640	
304-3 Habitats protected or restored.	3.6. Biodiversity and ecosystems.	636 - 640	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations.	3.6. Biodiversity and ecosystems.	636 - 640	
Pollution			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 3.4. Pollution.	599 - 602 624 - 630	
GRI 303 - Water and effluents 2018			
303-2 Management of water discharge-related impacts.	3.4. Pollution.	624 - 630	Aqualia; Real Estate
303-4 Water discharge.	3.4. Pollution.	624 - 630	Aqualia; Real Estate
GRI 305 - Emissions 2016			
305-6 Emissions of ozone-depleting substances (ODS).	3.4. Pollution.	628	
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.4. Pollution.	628	Real Estate
Waste			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 3.7. Circular economy and use of resources.	599 - 602 641 - 648	
GRI 306: Waste 2020			
306-1 Waste generation and significant waste-related impacts.	3.7. Circular economy and use of resources.	646 - 648	
306-2 Management of significant waste-related impacts	3.7. Circular economy and use of resources.	646 - 648	
306-3 Waste generated.	3.7. Circular economy and use of resources.	647	

Content	Report section/Direct response	Page	Omission
306-4 Waste diverted from disposal.	7.2.2 Tables of environmental-related matters.	711	
306-5 Waste directed to disposal.	7.2.2 Tables of environmental-related matters.	711	
Social Dimension			
Subcontracting and suppliers			
GRI 3: Material Topics 2021			
3-3 Management of material topics	2.4. FCC's priorities. 5.2. Suppliers.	599 - 602 673 - 676	
GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria.	5.2. Suppliers.	676	The information reported does not include the suppliers specifically managed by the Cement and Real Estate areas (Realia). This information will be gradually centralised by the FCC Group's Purchasing Department.
308-2 Negative environmental impacts in the supply chain and actions taken.	5.2. Suppliers.	675	
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria.	5.2. Suppliers.	676	
414-2 Negative social impacts on the supply chain and action taken.	5.2. Suppliers.	675	
Working conditions			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 4.1.3 Hiring.	599 - 602 650 - 651	
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover.	4.1.3 Hiring. 7.2.3. Social and personnel tables.	650 - 651 713	

Content	Report section/Direct response	Page	Omission
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees.	In general, there are no benefits offered to full-time employees who are not provided to part-time or temporary employees.	–	
Data protection			
GRI 3: Material Topics 2021			
3-3 Management of material topics	2.4. FCC's priorities. 5.1 Clients. 6.5. Cybersecurity and data protection.	599 - 602 668 - 672 699 - 700	
GRI 418: Customer privacy 2016			
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data.	5.1. Clients.	672	
Safety and quality of products and services			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 5.1. Clients.	599 - 602 668 - 672	
GRI 416: Customer Health and Safety 2016			
416-1 Assessment of the health and safety impacts of product and service categories.	5.1. Clients.	669 - 670	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services.	5.1. Clients.	670	
Equality and diversity			
GRI 3: Material Topics 2021			
3-3 Management of material topics	2.4. FCC's priorities. 1.4. Governance structure.	599 - 602	
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees.	1.4. Governance structure.	580	

Content	Report section/Direct response	Page	Omission
405-2 Ratio of basic salary and remuneration of women to men.	4.1.5. Salary policy. 7.2.3. Social and personnel tables.	655 716	
GRI 406: Non-discrimination 2016			
406-1 Incidents of discrimination and corrective actions taken.	The Group's Whistleblowing Channel received four communications confirmed as cases of discrimination in 2023, which have been processed in accordance with the Group's Compliance Model, with each case being investigated and the appropriate measures taken.	–	
Health and safety			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 4.4. Health, safety and well-being.	599 - 602	
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system.	4.4. Health, safety and well-being.	663 - 666	
403-2 Hazard identification, risk assessment, and incident investigation.	The health and safety management systems contemplate operational control plans or periodic inspections, 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 an update of the assessments concerned. The participation of workers in the notification of hazards or needs related to health and safety is articulated through various communication channels: through their representatives on the matter; and there is also a complaints channel that can be anonymous if the subject so wishes, consisting of an ad hoc form that can be filled in online, sent by e-mail or by post. The Group has a number of procedures in place that set out how the investigation of occupational incidents is to be conducted, which establishes the process to be followed and the persons who should be involved in the process.	–	
403-3 Occupational health services	The mission of the joint prevention services is to promote and assist the organisation in the integration and development of preventive and health promotion activities (implementation of health and safety management systems), as well as to assess the implementation of the Health and Safety Plans of the different business areas. This function strives to avert or prevent occupational hazards and improve 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) in dedication to the development of the technical responsibilities of the service, and they have the means appropriate to the needs of the prevention service. The Medical Services, which have Basic Health Units (B.H.U.) and provide assistance to the Companies within their scope of action, carry out the activities corresponding to Occupational Medicine. In addition to Health Monitoring, this area of expertise works with an External Prevention Service in geographical areas not covered by FCC's Medical Services.	–	

Content	Report section/Direct response	Page	Omission
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.	–	
403-5 Worker training on occupational health and safety.	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, training courses (to undertake responsibilities defined in the system) and technical training (for prevention technicians and those with basic or intermediate training in the performance of preventive duties).	–	
403-6 Promotion of worker health.	FCC's Medical Services are responsible for all health surveillance tasks across the organisation and in all geographies (provinces) in which this service is physically present. In addition, it will be responsible for defining the applicable surveillance protocols for each position, and for scheduling and performing the initial and regular medical examinations, as well as those for employees returning from leave or other specific cases. In addition, it will manage flu vaccination campaigns and help manage the actions included in the health promotion activities through different channels, such as publishing information internally and on SOMOS FCC. Finally, it will also participate in the campaigns aimed at reducing the levels of absenteeism.	–	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships.	The FCC supplier approval process includes the need to comply with a series of information and compliance requirements related to occupational health and safety. These include the preventive organisation model, the accident rate results with respect to the sector of activity, sanctions in this area and own resources allocated to the function, etc. A positive assessment is a necessary prerequisite for approval.	–	
403-8 Workers covered by an occupational health and safety management system.	The scope of the ISO 45001 certification or equivalent local alternative covers all business areas (employees and non-employees) with the exception of those countries in which, due to the recent acquisition of the business or its implementation in certain markets, the appropriate maturity in the implementation of the preventive management systems is required prior to the corresponding certification in the field of occupational health and safety management. 7.2.3 Tables of social and personnel-related matters.	–	
403-9 Work-related injuries.	The most common accident in the FCC Group is related to injuries to the musculoskeletal system.	–	
403-10 Work-related ill health.	The main occupational hazards that present a risk of illness and disease relate to chronic conditions of the musculoskeletal system. The measures taken to eliminate these hazards involve the adaptation of work equipment and work operations, together with the promotion of physical activity and regular health monitoring that can detect these conditions at an early stage before they become chronic. There were no deaths resulting from occupational diseases or illnesses in 2023.	–	Companies of the FCC Group operating outside Spain.

Content	Report section/Direct response	Page	Omission
Governance Dimension			
Integrity of conduct			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 6.2. Business conduct.	599 - 602	
GRI 202: Market Presence 2016			
202-2 Proportion of senior management hired from the local community.	In 2023, the percentage of senior management hired from the local community was of 92.39%.	–	
GRI 205: Anti-corruption 2016			
205-1 Operations assessed for risks related to corruption.	6.2. Business conduct.	688 - 692	
205-2 Communication and training about anti-corruption policies and procedures.	6.2. Business conduct.	688 - 692	
205-3 Confirmed incidents of corruption and actions taken.	No corruption cases were confirmed in 2023. In 2019, the Group detected a series of payments made between 2010 and 2014 that could involve cases of corruption in international transactions and money laundering, and which could affect the companies FCC Construcción, S.A., FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. The company reported these cases to the public prosecutor's office in Spain and Panama and has been providing the utmost cooperation since then to clarify what happened. The case is still in the investigation period, and we are currently not capable of determining at this time what type of charges could be filed, if any.[35]	–	
GRI 206: Anti-competitive Behaviour 2016			
206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices.	FCC Construcción received a sanction from the CNMC in July 2022 due to an alleged infringement of Article 101 of the Treaty on the Functioning of the EU, derived from sharing information and costs when preparing bids to be submitted to the Public Administration. FCC strongly opposes the conclusions reached by the CNMC. According to the advice received, these acts do not infringe the Spanish Competition Law. The CNMC's resolution is not firm, so it was appealed to the Spanish courts, requesting it be revoked. Furthermore, it submitted a precautionary request for the suspension of the payment of the fine imposed until a final court ruling is handed down on this matter. This request was granted by the Spanish High Court.	–	

35. Additional information provided in the notes of FCC's Consolidated Financial Statements Report.

Content	Report section/Direct response	Page	Omission
GRI 207: Tax 2019			
207-1 Approach to tax.	6.4. Tax transparency.	696 - 698	
207-2 Tax governance, control and risk management.	6.4. Tax transparency.	696 - 698	
207-3 Stakeholder engagement and management of concerns related to tax.	6.4. Tax transparency.	698	
207-4 Country-by-country reporting.	7.2.4. Tax transparency tables.	720 - 722	
GRI 415: Public Policy 2016			
415-1 Political contributions.	According to the Group's Code of Ethics and Conduct, it is strictly prohibited for all companies of the Group to make donations to candidates, political parties or public officials. Exceptionally, with the express authorisation of the highest ranking manager, donations may be made in countries in which it is expressly regulated by the Law and in the terms established by the Law, without under any circumstances having to object to obtain an undue advantage in business. The FCC Group made no donations, either in cash or in kind, to political parties and/or representatives during the year 2023.	–	
Promotion of innovation			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	2.4. FCC's priorities. 2.6. Innovation with a purpose.	599 - 602 604 - 609	
Public administrations and industry associations			
GRI 3: Material Topics 2021			
3-3 Management of material topics	2.4. FCC's priorities. 2.5. Dialogue with stakeholders. 5.3. Transformation of communities.	599 - 602 603 677 - 682	

7.4. Indicator table Law 11/2018

Law 11/18 Requirement	Related GRI standard		Section of the Report
GENERAL INFORMATION			
Business model			
Brief description of the group business model (including business environment, organisation and structure).	2-1 2-6 2-9	Organizational details (a and b). Activities, value chains and other business relationships. Governance structure and composition.	1.3 Business model. 1.4. Governance structure.
Geographical presence.	2-1	Organizational details (c and d)	1.3 Business model.
Organisation's objectives and strategies.	3-3	Management of material topics	1.3. Business model. 2.3. ESG Framework.
Main factors and trends that may affect future growth and development.	3-3	Management of material topics	2.1. Global challenges and trends.
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]	2-23 2-24	Policy commitments. Embedding policy commitments.	2.3. ESG Framework. 3.1.3 Management systems and certifications. 6.2. Business conduct. 7.2.1 Group Policies.
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].	3-3	Management of material topics.	6.1. Risk management.
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.	N/A.		7.1. About this Report and its scope.

Law 11/18 Requirement	Related GRI standard	Section of the Report
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.	3-3 Management of material topics.	3. Environmental challenges and achievements.
On environmental assessment and certification procedures.	3-3 Management of material topics.	3.1.3 Management systems and certifications.
On resources dedicated to the prevention of environmental risks.	3-3 Management of material topics.	3.2. Resources dedicated to environmental risk prevention.
On the application of the precautionary principle.	3-3 Management of material topics.	3. Environmental challenges and achievements.
On the amount of provisions and guarantees for environmental risks.	2-27 Compliance with laws and regulations.	3.2. Resources dedicated to environmental risk prevention.
Pollution		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (also includes noise and light pollution).	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions. 303-2 Management of water discharge-related impacts. 303-4 Water discharge.	3.4. Pollution.
Circular economy and waste prevention and management		
Measures for prevention, recycling, re-use, other forms of retrieval and disposal of waste.	306-1 Waste generation and significant waste-related impacts. 306-2 Management of significant waste-related impacts. 306-3 Waste generated.	3.7. Circular economy and use of resources.
Actions to combat food waste.	3-3 Management of material topics.	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 Interactions with water as a shared resource. 303-2 Management of water discharge-related impacts. 303-3 Water withdrawal. 303-5 Water consumption.	3.5. Water.
Raw material consumption and measures taken to improve the efficiency of its use.	301-1 Materials used by weight or volume.	3.7. Circular economy and use of resources.
Direct and indirect energy consumption.	302-1 Energy consumption within the organization. 302-3 Energy intensity.	3.3. 5. Energy.

Law 11/18 Requirement	Related GRI standard		Section of the Report
Measures taken to improve energy efficiency.	3-3	Management of material topics.	3.3. 5. Energy.
Use of renewable energy.	302-1	Energy consumption within the organization (b).	3.3. 5. Energy.
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.	305-1 305-2	Direct (Scope 1) GHG emissions. Energy indirect (Scope 2) GHG emissions.	3.3.4. GHG Emissions.
Measures taken to adapt to the consequences of climate change.	201-2	Financial implications and other risks and opportunities due to climate change.	3.3.1. Transition plan for the mitigation of climate change. 3.3.2. Risks and opportunities.
Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures adopted for this purpose.	3-3	Management of material topics	3.3.1. Transition plan for the mitigation of climate change.
Protecting biodiversity			
Measures taken to preserve or restore biodiversity.	3-3	Management of material topics.	3.6. Biodiversity and ecosystems.
Impacts caused by activities or operations in protected areas.	304-1 304-3	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (a). Habitats protected or restored.	3.6. Biodiversity and ecosystems.
2. SOCIAL AND PERSONNEL AFFAIRS			
Employment			
Total number and distribution of employees by gender, age, country and professional classification.	2-7 405-1	Employees. Diversity of governing bodies and employees (b).	4.1.1. People at FCC. 4.1.2. Organisational structure. 4.1.3. Hiring. 7.2.3 Tables of social and personnel-related matters.
Total number and distribution of employment contract modalities.			
Annual average for indefinite, temporary and part-time contracts by gender, age and professional classification.			
Number of dismissals by gender, age and professional classification;	3-3	Management of material topics.	7.2.3 Tables of social and personnel-related matters.
Average remuneration and developments separated by gender, age and professional classification or equal value;	3-3	Management of material topics.	7.2.3 Tables of social and personnel-related matters.
Salary gap, remuneration for the same job position or the average within the company.	405-2	Ratio of basic salary and remuneration of women to men.	4.1.5. Salary policy.
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.	2-19 2-20	Remuneration policies. Processes to determine remuneration.	1.4.2 Remuneration model 4.1.5. Salary policy.

Law 11/18 Requirement	Related GRI standard	Section of the Report
Implementation of work disconnection policies.	3-3 Management of material topics.	4.4.6. Organisational culture.
Employees with disabilities.	405-1 Diversity of governing bodies and employees (b).	4.2. Diversity and equal opportunities.
Work organisation		
Organisation of working time.	3-3 Management of material topics.	4.4.6. Organisational culture.
Hours lost through absenteeism.	3-3 Management of material topics.	4.4.2. Developments in the main indexes. 7.2.3 Tables of social and personnel-related matters.
Measures aimed at facilitating work-life balance and encouraging the co-responsibility of both parents.	3-3 Management of material topics.	4.4.6. Organisational culture.
Health and safety		
Occupational health and safety conditions.	403-1 Occupational health and safety management system. 403-2 Hazard identification, risk assessment and incident investigation	4.4.1. Strategy and culture. 4.4.3. Integration of health and safety and R&D&I. 4.4.4. Gender perspective in health and safety.
Work-related accidents, in particular, their frequency and severity by gender.	403-9 Work-related injuries (a).	4.4.2. Developments in the main indexes. 7.2.3 Tables of social and personnel-related matters.
Occupational illness by gender.	403-10 Occupational illnesses and diseases (a).	7.2.3 Tables of social and personnel-related matters.
Social relationships		
Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them.	3-3 Management of material topics.	4.3.1. Social Dialogue. 4.3.3. Tools for communication with workers.
Percentage of employees covered by collective bargaining agreement by country.	2-30 Collective bargaining agreements (a).	4.3.1. Social Dialogue. 7.2.3 Tables of social and personnel-related matters.
Balance of collective bargaining agreements, particularly in the field of health and safety at work.	403-4 Worker participation, consultation and communication on occupational health and safety.	4.3.1. Social Dialogue.
Mechanisms and procedures to promote worker involvement in company management, in terms of information, consultation and participation.	3-3 Management of material topics.	4.3.4. Worker engagement.
Training		
Policies implemented in the field of training.	404-2 Programmes for improving employee aptitudes and transition aid programmes (a).	4.1.4. Training and professional development.
Total number of hours of training by professional category.	404-1 Average hours of training per year per employee.	4.1.4. Training and professional development.
Accessibility		
Universal accessibility for people with disabilities.	3-3 Management of material topics.	4.2. Diversity and equal opportunities.

Law 11/18 Requirement	Related GRI standard		Section of the Report
Equality			
Measures taken to promote equal treatment and opportunities for women and men.	3-3	Management of material topics.	4.2. Diversity and equal opportunities.
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.	3-3	Management of material topics.	4.2. Diversity and equal opportunities.
Policy against all types of discrimination and, where applicable, for diversity management.	3-3	Management of material topics.	4.2. Diversity and equal opportunities.
3. INFORMATION ON RESPECT FOR HUMAN RIGHTS			
Application of due diligence procedures in Human Rights-related matters.	2-25 2-26 3-3	Processes to remediate negative impacts. Mechanisms for seeking advice and raising concerns. Management of material topics.	6.3. Human Rights.
Prevention of risks of violation of Human Rights and, where applicable, measures to mitigate, manage and repair possible abuses committed.	2-25 2-26 3-3	Procesos para remediar los impactos negativos. Mecanismos para solicitar asesoramiento y plantear inquietudes. Gestión de los temas materiales.	6.3. Human Rights.
Cases reported involving violation of Human Rights.	2-26 406-1	Mecanismos para solicitar asesoramiento y plantear inquietudes. Casos de discriminación y acciones correctivas emprendidas.	6.3. Human Rights.
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.	3-3	Management of material topics.	6.3. Human Rights.
Elimination of discrimination in employment and occupation.			
Elimination of forced or compulsory labour.			
Effective abolition of child labour.			
4. INFORMATION CONCERNING THE FIGHT AGAINST BRIBERY AND CORRUPTION			
Measures taken to prevent bribery and corruption.	2-26 205-1 205-2 205-3	Mechanisms for seeking advice and raising concerns. Operations assessed for risks related to corruption. Communication and training about anti-corruption policies and procedures. Confirmed incidents of corruption and actions taken.	6.2. Business conduct.
Measures to fight money laundering.	2-26	Mechanisms for seeking advice and raising concerns	6.2. Business conduct.
Contributions to foundations and non-profit organisations.	3-3	Management of material topics.	5.3.3. Economic contributions.

Law 11/18 Requirement	Related GRI standard		Section of the Report
5. INFORMATION ABOUT THE COMPANY			
Company's commitments to sustainable development			
Impact of the company's activity on employment and local development.	3-3	Management of material topics.	5.3. Transformation of communities.
Impact of the company's activity on local populations and on the territory.	3-3	Management of material topics.	5.3. Transformation of communities.
Relationships maintained with those playing a role in local communities and how dialogue is established with them.	2-29	Approach to stakeholder engagement.	2.5. Dialogue with stakeholders.
Partnership and sponsorship actions.	2-28	Membership associations.	5.3.3. Economic contributions 7.2.5. List of main associations
Subcontracting and suppliers			
Inclusion in purchase policy of social, gender equality and environmental issues.	3-3	Management of material topics.	5.2. Suppliers.
In relationships with suppliers and subcontractors, taking their social and environmental responsibility into account.	3-3 308-1 414-1	Management of material topics. New suppliers that were screened using environmental criteria. New suppliers that were screened using social criteria.	5.2. Suppliers
Supervisory systems, audits and their results.	3-3	Management of material topics.	5.2. Suppliers
Consumers			
Measures for the health and safety of consumers.	3-3	Management of material topics.	5.1. Clients.
Claim systems.	3-3	Management of material topics.	5.1. Clients.
Complaints received and their resolution.	3-3	Management of material topics.	5.1. Clients.
Tax information			
Profits obtained country by country.	207-4	Country-by-country reporting.	7.2.4. Tax transparency tables.
Corporate income tax paid on profit.	207-4	Country-by-country reporting.	7.2.4. Tax transparency tables.
Public grants received.	201-4	Financial assistance received from government (a).	7.2.4. Tax transparency tables.

7.5. European Union Environmental Taxonomy

The EU taxonomy is the cornerstone of the EU's sustainable finance framework and a very important tool to achieve market transparency. It is of essence to focus all investments on sustainable projects and activities to meet the EU's climate and energy-related goals by 2030 and also achieve the goals of the European Green Deal. To achieve it, we need a common language and to provide a clear definition of what sustainability really means. It is for this reason that the **EU taxonomy** was created in the action plan to finance sustainable growth, which will define a common system to classify sustainable economic activities.

The EU taxonomy allows financial and non-financial institutions to share a common definition of the economic activities that can be considered as sustainable in environmental terms. Therefore, it plays a vital role in helping the EU attract sustainable investments, providing a greater safety to investors, protecting investors against greenwashing, helping companies protect the environment and combat climate change and reduce the degree of fragmentation of the market.

The **Regulation on Taxonomy (EU) 2019/2088** came into force on 12 July 2020. It establishes the base with four general conditions that economic activities must meet to be considered environmentally sustainable:

- Make a substantial contribution to achieving one or more of the EU's six environmental goals:
  - Climate change mitigation.
  - Climate change adaptation.
  - The sustainable use and protection of water and marine resources.
  - Transition to a circular economy.
  - Prevention and control of pollution.
  - Protection and restoration of biodiversity and ecosystems.
- Comply with the technical selection criteria set forth by the EU.
- Cause no significant harm to the other five environmental goals:
- Meet the minimum social safeguard requirements.

According to the regulation on the taxonomy, the Commission published the list of sustainable environmental activities, defining the technical criteria for the selection of each environmental goal in delegated and execution acts.

Applicable regulations (from most recent to oldest):

1. Published in the Official Gazette on 21 November 2023.
   - **Delegated Regulation (EU) 2023/2486** of 27 June 2023 (Environmental Delegated Act), which defines the technical criteria to select the four remaining goals, and which includes changes to the taxonomy's mandatory information templates.
   - **Delegated Regulation (EU) 2023/2485**, of 27 June 2023, which amends the Environmental Delegated Act, adapting the corresponding activities to adapt to climate change.
2. Published in the Official Gazette on 15 July 2022.
   - **Delegated Regulation (EU) 2022/1214**, of 9 March 2022, (Climate Delegated Act), which expands on the eligible activities, including those related to Nuclear Energy and the generation of electricity with gaseous fossil fuel.
3. Published in the Official Gazette on 10 December 2021.
   - **Delegated Regulation (EU) 2021/2178** of 6 July 2021 (Dissemination Delegated Act), which specifies the content and presentation to be disclosed as set out in the following sections; as well as the explanatory FAQs, published by the European Commission on 19 December 2022, relating to the interpretation and implementation of the technical screening criteria and DNSH of the two environmental objectives developed to date, and the reporting requirements of Article 8 of the aforementioned regulation.
4. Published in the Official Gazette on 9 December 2021.
   - **Delegated Regulation (EU) 2021/2139** of 4 June 2021 (Climate Delegated Act), first Delegated act that establishes the sustainable activities in relation to mitigation and adaptation to climate change, establishing the technical criteria for the selection of the activities that can be selected as having a substantial contribution to helping mitigate or adapt to climate change, among others.

To provide an effective response to the Taxonomy's requirements, the FCC Group has created the Sustainable Finance Taxonomy area, which reports directly to the Group's Management Control Department, in coordination with the Corporate Sustainability Department, the Departments of different businesses of the Group and their corresponding Environmental and Quality Managers, with the aim of implementing a Taxonomy that is adapted to the current environmental goals, but also with a forward-looking approach, developing the necessary procedures and optimising the work and information flows, providing support to technical solutions in coordination with the business areas, with the use of administration procedures and information technologies and identifying the risks associated with the taxonomy process to optimise the alignment of the FCC Group's eligible activities.

Pursuant to the reporting requirements of the regulation mentioned above, the FCC Group has analysed the proportion of its economic activities that are eligible, and where applicable, aligned and non-aligned, as well as non-eligible in terms of turnover, CapEx and OpEx for the year 2023, for the Climate Change Mitigation and Adaptation targets, and the corresponding eligibility in relation to all other environmental objectives, since their alignment is required from 2024 onwards.

Eligibility analysis and alignment

Following the steps of 2022, in which the FCC Group conducted an in-depth review, focusing on the regulatory changes occurred during the year and analysing the activities carried out by the FCC Group's businesses individually, with the quantification of aligned and non-aligned activities within the activities considered eligible.

In relation to the expansion of the new environmental objectives approved in the Delegated Regulations on 27 June 2023, the FCC Group has analysed the eligibility of the new objectives, thus expanding the classification of those considered as "sustainable" for the activities that had been previously excluded, while solely assessing their alignment with the objectives associated with Mitigation and Adaptation to climate change, according to these Regulations.

It is essential to differentiate between the following concepts when carrying out this task:

- An activity is assumed 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 Regulation (EU) 2020/852, and which is demonstrated through the analysis of the alignment of eligible activities.
- Activities previously deemed eligible are considered to be **aligned** with the Taxonomy if the activity meets the criteria for substantial contribution (SCC), causes no significant detriment to other environmental objectives (DNSH) and complies with minimum social safeguards.
- An economic activity not identified by the EU Taxonomy would be a **non-eligible** activity and, therefore, no criteria are available for it, either because it has no potential to make a substantial contribution to a taxonomy objective or because it could be included in the future EU Taxonomy Regulation.

In order to meet the taxonomy requirements during the year, the FCC Group has assessed compliance with these requirements using its own resources, carrying out a detailed analysis based on the taxonomic activities applicable to the Group and their characteristics, as specified below.

Identification of eligible activities per minimum management unit

Based on the units that may be consolidated and which are included in the consolidated financial statements of the FCC Group, the eligibility and alignment analysis was performed with regard to the **minimum management unit**. Similar activities carried out in different geographical areas were assessed separately, given the dispersion of contracts and facilities that characterise the FCC Group, with a view to ensuring the correct application of the Regulation, bearing in mind the specificities of each of them.

In many cases, depending on the economic activity carried out and its characteristics, the minimum unit considered is the **contract**, mainly in Construction activities and in Environmental Services when they are signed with City Councils or other local entities; the grouping of contracts with similar characteristics for the purposes of the above-mentioned Regulation; the concession in the case of contracts governed by concession regimes (mainly in End-to-End Water Management activity and in Concessions); the buildings or premises in the case of Real Estate activity; or facility (in the case of cement manufacturing plants or waste treatment and recycling plants).

On the basis of these minimum units, the financial key performance indicators (hereinafter KPIs) set out in Taxonomy have been calculated separately for all business units, without considering transactions with other minimum business units of the consolidated Group, in order to subsequently assess their eligibility and alignment, if applicable, on a case-by-case basis. The FCC Group performed the appropriate controls to ensure that the sum of the KPIs obtained individually for each of the management units comprising each consolidation unit included in the consolidated financial statements coincides with the KPIs calculated for the corresponding consolidation unit. This will guarantee and prevent duplicate entries for any amount.

In the cases of economic activities of the FCC Group that can help achieve several taxonomy objectives, these will only be counted as single objectives, the mitigation objective taking precedence over the climate change adaptation objective or over other environmental objectives approved on 27 June 2023, for which their eligibility must be reported during 2024 and their alignment in 2025.

In the case of all activities classified as eligible for Mitigation and Adaptation, a detailed study of those associated with Mitigation will be a priority, given their substantial contribution to the environment.

Whenever a single Business Area engages in more than one activity, the amount of the KPIs has been broken down between the different activities using allocation criteria consistent with the specific characteristics of each type of contract according to the activities they carry out.

Once the different minimum management units have been identified, their eligibility will be reviewed and, where appropriate, determining whether they are in line with the climate change mitigation and adaptation criteria or not.

The approval of the new taxonomy goals has increased the complexity associated with the study of simultaneously eligible taxonomy activities in several goals. This increases the information requirements in different areas to justify the qualitative and quantitative data required to meet the new substantial contribution and DNSH requirements. There are three scenarios when an eligible economic activity of the Taxonomy is studied:

- The economic activity is only eligible for one of the activities included in the Taxonomy goal. In this case, the activity will be studied and, if it meets the requirements, it is considered that the activity is in line with this goal. This occurs in the FCC Group in the following taxonomy groups: manufacturing (CCM 3.7 cement), energy (CCM 4.1 photovoltaic and CCM 4.5 hydraulic), transport (CCM 6.13 personal mobility, CCM 6.14 railway, CCM 6.15 roads, CCM 6.16 ports) and water supply (CCA 5.13 desalination).
- The economic activity is 100% eligible for the activities of several Taxonomy goal. The activity will be studied according to several goals and, if in line with two or more, it must be determine which one has the priority, so as to select this goal and prevent duplicate entries. This occurs in the FCC Group in the following taxonomy groups: construction (CCM 7.1 CE 3.1 new building construction and CCM 7.2 CE 3.2 renovation of existing buildings).
- The economic activity is only partially eligible for several activities in the different Taxonomy goals. In this case, the percentage of economic activity eligible for several objectives and the percentage of exclusive activity of a single objective have been determined to study the common and exclusive parts separately. This situation appears in the FCC Group as part of the water supply, sanitation, waste treatment and decontamination taxonomy group, and has required a more detailed study of the granularity to establish the eligible part of each objective, with the aim or preventing duplicate entries.

The current template used for the key performance indicators of non-financial institutions requires the facilitating and transition activities of the taxonomy to be reported, indicating the totals by taxonomy objective. A taxonomy activity is classified as of the **facilitating** type when it allows other activities to make a substantial contribution to the achievement of one or more of these objectives directly. A taxonomy activity is classified as of the **transition** type when there is no technologically or economically feasible low-carbon emission alternative and when it makes a contribution on the transition towards a carbon neutral and coherent economy with the plan to limit the increase in temperature to 1.5ºC with regard to the pre-industrial levels, with the progressive elimination of greenhouse gases.

The facilitating activities carried out and studied by the FCC Group during 2023 in relation to the climate change mitigation and adaptation goal are as follows:

Taxonomy group	Transition activity
1 Silviculture.	CCM 1.2 Rehabilitation and restoration of forests, including reforestation and natural regeneration of forests after major events.
4 Energy.	CCM 4.9 Transmission and distribution of electricity.
5 Water supply, sanitation, waste treatment and decontamination.	CCA 5.13 Desalination.
6 Transport.	CCM 6.13 Infrastructure for personal mobility, cycle logistics.
	CCM 6.14 Infrastructure for rail transport.
	CCM 6.15 Infrastructure enabling low-carbon road transport and public transport.
	CCM 6.16 Infrastructure enabling low-carbon water transport.
7 Building construction and property development activities.	CCM 7.3 Installation, maintenance and repair of energy efficiency equipment.
	CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy efficiency of buildings.
14 Catastrophe risk management.	CCA 14.2 Infrastructures for the prevention and protection against the risk of flood.

The transition activities carried out and studied by the FCC Group during 2023 in relation to the climate change mitigation goal are as follows:

Grupo taxonómico	Actividad de transición
3 Manufacturing.	CCM 3.7 Cement manufacturing.
7 Building construction and property development activities.	CCM 7.2 Renovation of existing buildings.

In the case of each Taxonomy's eligible activities for the year 2023, the analysis contemplates the assessment of their alignment (except in the case of new taxonomy activities, for which the alignment assessment will be delayed until 2024), with the following stages:

1. Assessment of compliance with the technical selection criteria.
2. Analysis of compliance with the DNSH criteria.
3. Compliance with the minimum social safeguard requirements.

Assessment of compliance with the technical selection criteria

It is considered that an activity has a direct positive effect on the environmental objectives associated with the Mitigation or Adaptation to climate change, protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and recovery of biodiversity and ecosystems when it complies with the substantial contribution or technical selection criteria.

This is the first step of the alignment analysis of the different eligible activities in which the FCC Group is involved.

The complexity and lack of applicability of some substantial contribution criteria based on the activities carried out within the FCC Group has required a specific understanding of the Group's businesses in order to determine which activities meet these criteria and can be considered aligned by Taxonomy.

Primary taxonomic groups and activities carried out within the FCC Group aligned by Taxonomy

Group 3 - Manufacturing

This taxonomy group includes all industries that manufacture or design products and technologies that may help reduce GHG emissions with responsible use.

This taxonomy group is part of the Cement area, made up of the Cementos Portland Valderrivas (GCPV), its main activity being the production of cement (92% of its turnover), aggregates, concrete and mortar.

Group 5 - Water supply, sanitation, waste treatment and decontamination

This taxonomic group includes end-to-end water cycle activities, along with the collection and/or management of non-hazardous waste.

As the leading exponent of the Water business, Aqualia manages contracts for the construction, renovation and maintenance of water distribution and sanitation networks, and also water treatment plants. Contracts that have been assessed below the quantitative thresholds of net energy consumption or leakage level are aligned, together with the sewerage activity.

Environmental Services, which collects waste and, in many cases, manages and treats it, is aligned in proportion to the volume of non-hazardous waste separated at source and destined for re-use and recycling operations. Similarly, NHW treatment plants that meet the recycling threshold.

Group 6 - Transport

The FCC Group carries out activities of construction, operation and/or maintenance of different types of infrastructures necessary for transport, included in the different taxonomic categories of this group.

Through the Construction and Concessions businesses, mainly, construction and operation of railway infrastructures for freight and passenger transhipment are carried out in accordance with Taxonomy,

Through street cleaning contracts, the Environment business carries out activities for the operation and maintenance of infrastructure for personal mobility (pavements, pedestrian areas, bicycle lanes) and which are considered to be aligned by Taxonomy.

Group 7 - Building construction and property development

The development of construction projects for residential and non-residential buildings, individual building renovation and maintenance measures related to the energy efficiency of buildings, as well as the leasing of real estate, are among the activities of the Real Estate business, as well as Construction, which is part of its Industrial division, and Environmental Services.

Newly constructed buildings have been identified as meeting environmental criteria at the construction stage in line with the parameters dictated by Taxonomy. However, the complexity of the technical criteria for this activity does not, to date, allow all the activities of this type carried out by the FCC Group to be aligned.

Moreover, the real estate assets managed by the Real Estate business have been assessed using the criteria corresponding to buildings constructed prior to 2020. To this end, an analysis of their energy efficiency has been carried out in comparison with the indicators of the reference real estate stock.

In addition, those energy efficiency improvement services that meet the higher requirements of the Energy Performance of Buildings Directive have been identified and classified under activities of this Group.

DNSH analysis

In addition to contributing to the environmental objectives mentioned above, to be considered an aligned activity it must be ensured that it does not cause significant detriment to other environmental objectives (DNSH, Do No Significant Harm).

DNSH Climate change mitigation

In view of the implementation of new economic activities that establish mandatory reporting on matters related to eligibility and alignment with the objective of Adapting to climate change, the FCC Group has studied the requirements of this DNSH to meet the requirements of this regulation.

The new activity associated with the adaptation to climate change, CCA 5.13 Desalination, includes all efforts to reduce GHG emissions associated with the high consumption of energy during the desalination process, which is typical of these infrastructures.

DNSH Adaptation to climate change. Climate risks

In line with the FCC Group's commitment to the fight against climate change, and in compliance with the specific requirements of the EU Taxonomy for DNSH Adaptation, at the close of financial year 2023, the Group's physical climate risks by taxonomic activity, assessed during the previous year, were updated.

This analysis is part of a global project developed by the Group throughout 2023, which addresses the risks and opportunities in all of FCC's activities associated with climate change. The project includes the identification and assessment of physical and transitional climate risks, climate-related opportunities, as well as the estimated financial impacts derived from the materialisation of such risks and how to take stock of the opportunities.

The FCC Group has a procedure for identifying, assessing and establishing the priority regarding climate risks and opportunities, as well as for their regular review This procedure was updated in 2023 to provide coverage and expand the project on risks and opportunities, which was initially defined in 2022 with an exclusive focus on meeting the Taxonomy requirements.

With regard to the physical climate risks described in this section, it is worth mentioning that these parts of the climate forecasts study, which is based on the latest scientific evidence, have been analysed with two timescales, since the FCC Group's activities are carried out throughout a time span of 10 to 40 years.

Firstly, a time horizon up to 2040 is used, with smaller-scale climate projections. Secondly, a horizon up to 2060, for which advanced and higher resolution climate projections are used, such as the future scenarios of Shared Socio-economic Trajectories SSP2-4.5, SSP1-2.6 and SSP5-8.5 of the Sixth Assessment Report (AR6) on climate change of the Intergovernmental Panel on Climate Change (IPCC), without ruling out other scenarios of this same report, such as SSP4 6.0. These scenarios used correspond to the updated version of the Representative Concentration Pathways (RCPs) from the IPCC Fifth Assessment Report, as referred to in the EU Taxonomy Regulation.

With regard to the methodology described in the climate risk assessment procedure, it is worth mentioning that the procedure is carried out with the result of multiplying the probability of a threat from occurring by the degree of exposure and vulnerability of the company's activities and its assets to the threat. The calculation results enable the importance or materiality of physical climate risks for economic activity to be determined, guiding efforts to establish adaptation measures that reduce the most significant physical climate risks.

The adaptation solutions defined by the FCC Group address the specifications of Delegated Regulation 2021/2139; do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sector, regional or national adaptation plans and strategies; and consider the use of nature-based solutions or blue-green infrastructure.

DNSH Sustainable use and protection of water and marine resources

The FCC Group is aware that its business activities can have an impact on the marine environment. For this reason, in order to minimise its effects and in line with the requirements of the corresponding DNSH of the Taxonomy Regulation, the FCC Group integrates comprehensive environmental management systems in its projects and carries out the mitigation and water protection measures derived from the environmental declarations or environmental monitoring plans, where applicable, in line with the provisions of Appendix B Delegated Regulation (EU) 2021/2139.

DNSH Transition to a circular economy

In line with the commitments established in the FCC Group, the principles of circularity in the treatment and destination of the waste generated are promoted. Due to the geographical dispersion of the FCC Group and depending on the level of development of local infrastructure, the percentages of re-use and recycling of CDW (Construction and Demolition Waste) have been taken into account to determine those contracts that exceed the threshold set by Taxonomy of more than 70%. The Group has good housekeeping practices in place to ensure proper selective demolition to enable the safe disposal and handling of hazardous substances and to facilitate the re-use and recycling of materials, using available sorting systems for construction and demolition waste. In addition, the Group has Environmental Management Policies in place to ensure the application of best practices in the management, re-use and minimisation of waste.

DNSH Pollution prevention and control

To comply with this DNSH, all headings included in Appendix C of Delegated Regulation (EU) 2021/2139 have been analysed for the FCC Group's activities that apply within the transport and building construction and real estate development groups of the taxonomy, taking into account the measures implemented by the corresponding areas to reduce noise, dust and contaminating emissions during the construction or maintenance work. In the manufacturing group of the taxonomy, activity CCM 3.7, production of cement, the BATs (Best Available Techniques) for pollution prevention and control reflected in the Integrated Environmental Authorisations are fulfilled. In addition, the Group has Environmental Management Policies that ensure the application of best practices in pollution prevention and control.

DNSH Protection and restoration of biodiversity and ecosystems

To ensure the protection of biodiversity, the management systems implemented in the different activities of the FCC Group have been taken into account so as not to cause significant damage, together with the location of the sites and activities with respect to natural areas of special protection. In addition, compliance with this requirement is supported by the legally conducted Impact assessments (EIA) and Environmental Monitoring Plans at construction sites, or Integrated Environmental Authorisations, depending on the activity, in accordance with the criteria set out in Appendix D of Delegated Regulation (EU) 2021/2139. In addition, the Group has Environmental Management Policies that ensure the application of best practices in the protection and recovery of biodiversity and ecosystems.

Minimum social safeguards

The FCC Group has reviewed the Minimum Guarantees with respect to human rights, corruption, taxation and fair competition, which are set out in the EU Taxonomy Regulation, as well as the final Minimum Guarantees report published by the EU Platform on Sustainable Finance in February 2022.

Based on this review, in the area of Human Rights, the Group has, as part of the regulatory block of the Compliance Model, a Human Rights Policy approved by the Board of Directors in 2019. Through this Policy, aligned with the Global Compact and the United Nations Guiding Principles on Business and Human Rights, the Group declares its commitment to respect the human rights contained in the United Nations Universal Declaration of Human Rights, and those contained in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and also in the eight ILO core conventions.

The FCC Group's Compliance Committee is defining a due diligence procedure for compliance with the commitments of the Human Rights Policy, in collaboration with the Sustainability Committee, and in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. This document formalises the current process established by the company in relation to the identification, prevention and mitigation of adverse impacts on Human Rights and brings FCC closer to the compliance with the requirements of the European Parliament and Council's Directive on due diligence of companies on sustainability-related matters, which is currently in the process of approval.

This procedure to ensure due diligence on all Human Rights-related matters makes the FCC Whistleblowing Channel available to all stakeholders for reporting potential violations of these core rights. Any communication received through the Group's Whistleblowing Channel is handled in accordance with the Whistleblowing Channel Procedure and the investigation and response procedure, both approved by the Board of Directors.

The Whistleblowing Channel and the procedures that regulate have been suitable throughout 2023, according to the rules established in Law 2/2023 of 20 February, which regulates the protection of whistleblowers and the fight against corruption.

With regard to potential breaches in matters of Corruption and Competition, the Group's Compliance Model also has an express reference in its Code of Ethics and Conduct on both aspects, reflecting the conduct required by the company, both internally and externally.

Anti-corruption and competition policies have also been approved, setting out the FCC Group's commitments and measures for prevention and control. The Group's Compliance Model provides the most appropriate training processes for risk groups, the definition of controls in the different management areas of the company, as well as the necessary self-assessments and assessments to guarantee the correct implementation of and compliance with policies.

All company employees have an obligation to report, through the Whistleblowing Channel, any potential breach of these policies of which they become aware.

Moreover, the FCC Group adheres to the Code of Best Tax Practices, has submitted the Tax Transparency report and its Tax Compliance Management System has been certified by AENOR, in accordance with the requirements established in UNE 19602, in addition to integrating the guidelines of the OECD (Organisation for Economic Co-operation and Development) in its management system. The total tax contribution is calculated on a cash basis, taking into account globally integrated entities and joint operations, and the accounting policies applied are made public, in addition to the Tax Responsibility Policy.

Conclusions of the Alignment process

Based on the procedures described above, the FCC Group has considered as aligned those eligible activities carried out in 2023 that have demonstrated compliance with the applicable CCS and DNSH, by additionally complying with the Minimum Social Safeguards set out in the previous point.

Methodology for calculating financial KPIs

As mentioned above, eligibility and alignment by Taxonomy are expressed in three financial KPIs, which are calculated as the share of turnover, CapEx and OpEx that are considered eligible and, where applicable, aligned or not aligned by Taxonomy (numerator) divided by the Group's total turnover, CapEx and OpEx as defined by Taxonomy (denominator). The accounting concepts used to calculate these three KPIs are described below:

- **Invoicing – Turnover**. Proportion of net turnover from products or services, including intangibles, associated with economic activities that conform to the taxonomy (numerator), divided by net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU. The amount of the denominator corresponds to the heading "Revenue" in the consolidated income statement of the FCC Group's financial statements.

- **CapEX**. Proportion of CapEX as defined below that complies with the taxonomy (numerator) divided by CapEX (denominator) as defined in Article 8(2)(b) of Regulation (EU) 2020/852. Includes additions to the gross value of intangible assets, property, plant and equipment and investment property, including additions arising from the application of regulations in relation to decommissioning and dismantling costs that are included as an addition to property, plant and equipment at initial recognition of the asset; additions to property, plant and equipment from lease contracts under IFRS 16, as well as additions to the gross value of intangible assets, property, plant and equipment and investment property arising from the acquisition of control as a result of a business combination. Changes in depreciation, impairments and revaluations of investment property are not included because they are recorded at fair value. The amounts considered are included under "Intangible assets", "Property, plant and equipment" and "Investment property" in the consolidated balance sheet of the FCC Group's financial statements.

- **OpEX.** The proportion of OpEx, as defined below, that conforms to the taxonomy (numerator), divided by the OpEx (denominator) as defined in Article 8(2)(b) of Regulation (EU) 2020/852. The amount of this KPI is limited to non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of property, plant and equipment assets, by the company or a third party to whom activities are outsourced, and which are necessary to ensure the continuous and efficient operation of these assets. The amounts considered are included under "Changes in inventories of finished goods and work in progress", "Supplies", "Personnel expenses", "Other operating expenses" and "Depreciation and amortisation of fixed assets and allocation of non-financial fixed asset subsidies and other" in the consolidated income statement of the FCC Group's financial statements.

The turnover key performance indicator includes mainly revenues from contracts with clients. Client types vary significantly depending on the Business Area as defined in note 1 of the notes to the consolidated financial statements.

- The **Environmental Services** activity engages in a variety of activities whose clients may be both public, such as town councils, provincial councils or similar, and private, whether private individuals or companies, depending on the characteristics of the markets in which it operates.
- The **Water** activity generally provides its services under concession contracts, receiving revenues directly from the end clients, and to a lesser extent also carries out infrastructure works related to the end-to-end water cycle for both public and private clients.
- The **Construction** activity mainly carries out civil engineering works for public clients, residential and non-residential building for both private and public clients and the installation of heating and cooling systems in the infrastructures it builds, and other infrastructures for both private and public clients.
- Moreover, the **Real Estate** activity has two lines of business: property development for sale to private individuals and the rental of offices, commercial premises and homes.
- The **Cement** activity consists of exploiting quarries and the subsequent production of cement and cement derivatives for private clients.
- Finally, the **Concessions** activity mainly operates infrastructure and urban tramway concession agreements, providing its services primarily to public clients, although revenues may be received from both the concession grantor and the end users of the service provided.

The taxonomic activity breakdown of the numerator can be found in the tables in the following sections.

During the year 2023, the key indicator **"Invoicing – Turnover"** has included aligned and eligible activities for a total amount of 553 thousand euros, and eligible and non-aligned for a total amount of 15,788 thousand euros, corresponding to the combined business, adding to the Aqualia area the assets of contractors Aqualia Riohacha, Société Pays de Dreux and North Cluster S.P.V. LLC.

The **CapEX** key indicator includes in the numerator, as aligned eligible activities, a total amount of 378,549 thousand euros and as non-aligned eligible activities a total amount of 86,921 thousand euros, corresponding to the combined business of the financial year 2022. In the case of the year 2023, the CapEX key indicator includes in the numerator as non-aligned eligible activities a total amount of 114,131 thousand euros, adding to the Aqualia area the assets of contractors Aqualia Riohacha, Société Pays de Dreux and Municipal District Services LLC. The Group has not allocated to the CapEX numerator any amount as part of the CapEX plan. The taxonomic activity breakdown of the numerator can be found in the tables in the following sections.

The key indicator **OpEX** includes as non-aligned eligible activities a total amount of 104,558 thousand euros, corresponding to the combined business of the financial year, adding to the Aqualia area the assets of contractors Aqualia Riohacha, Société Pays de Dreux and North Cluster S.P.V. LLC. To sum up, the activities of the OpEX key indicator mainly represent small or short-term lease expenses and expenses related to the day-to-day maintenance of the FCC Group's fixed assets. In relation to the latter, the Group uses its own resources, such as the repair workshops for the vehicles used in the collection of solid urban waste or the personnel assigned to the operation and maintenance of the different facilities it operates, mainly in the Environmental Services, Water and Cement activities, and also subcontracts to specialised companies depending on the characteristics of the markets in which it operates and the nature of the activities it carries out.

Calculation of key performance indicators

The chart below presents a summary for each of the KPIs with the results of applying the criteria outlined in the previous sections for the entire FCC Group:

Group alignment with INCN

In the case of the "Invoicing-Turnover" key indicator, the FCC Group reports a total of 9,026 million euros, of which 7,153.2 million euros are eligible (79.2% of the Group's total activities) and 3,973.1 million euros (44% of the Group's total activities) are eligible and aligned, according to the EU taxonomy for this indicator.

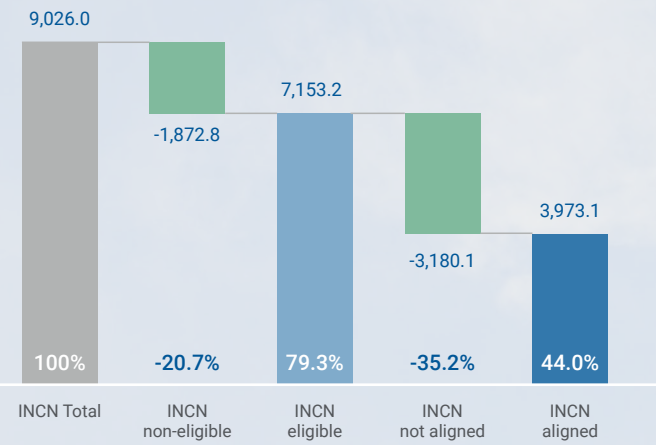
Group alignment with CapEX

In the case of the "CapEX" key indicator, the Group reports a total of 1,119.5 million euros, of which 796.5 million euros are eligible (71.1% of the Group's total activities) and 468 million euros (41.8% of the Group's total activities) are eligible and aligned, according to the EU taxonomy for this indicator.

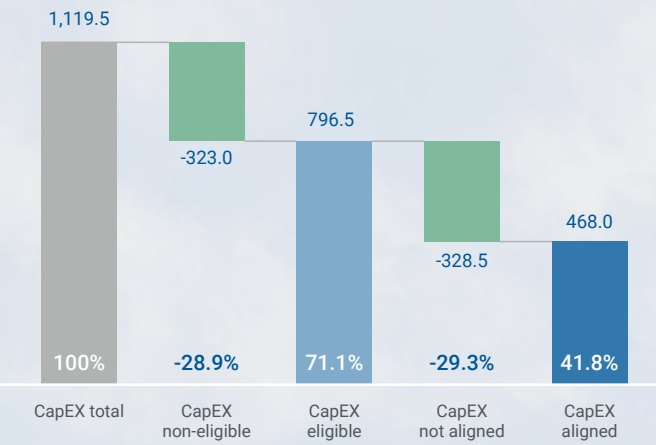
Group alignment with OpEX

In the case of the "OpEX" key indicator, the Group reports a total of 508.1 million euros, of which 349 million euros are eligible (68.7% of the Group's total activities) and 151.8 million euros (29.9% of the Group's total activities) are eligible and aligned, according to the EU taxonomy for this indicator

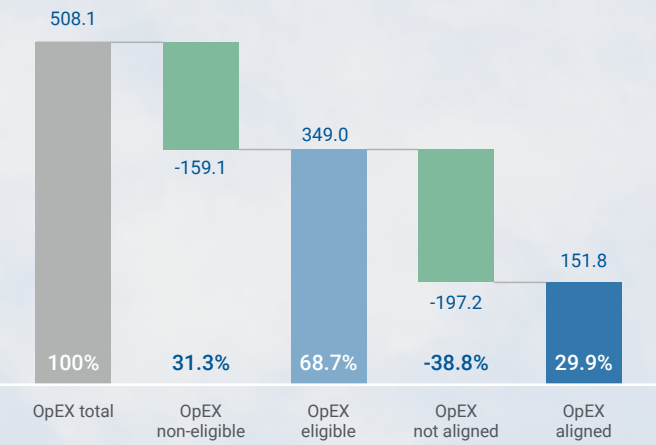
EU Taxonomy: alignment INCN FCC Group 2023



EU Taxonomy: alignment CapEX FCC Group 2023



EU Taxonomy: alignment OpEX FCC Group 2023



Progress of the main indicators 2021-2023

Evolution of Turnover 2021-2023

The FCC Group's turnover has grown by 17.1% in 2023 (15.7% in 2022). With regard to the aligned amount, it has grown by 28.1% in 2023, due to the weight of the Construction area's alignment and the growth of the Water area. The non-eligible aligned amount has grown by 17.9%, taking into account the expansion of environmental goals, for which the alignment with the financial year 2024 was delayed, for a total amount of 187.1 million euros and representing a 6.9% growth. The non-eligible amount has dropped by 1.7% due to the expansion of objectives, without which it would have grown by 8%.

Evolution of CapEX 2021-2023

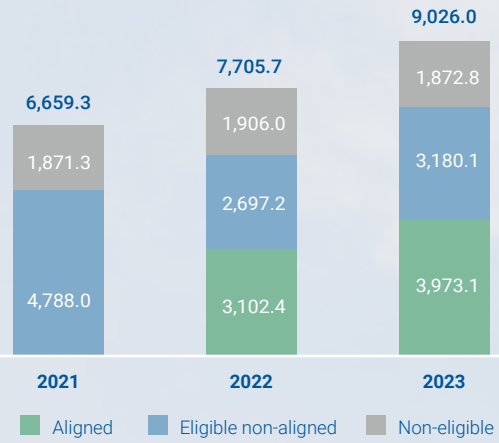
The FCC Group's CapEX has dropped by 10.6% in 2023 (54.3% in 2022), due to the impact of combined business on this indicator. With regard to the amount aligned, it has dropped by 32.4% in 2023 due to the different amount and alignment of the acquisitions of the Water area, Georgia Global Utilities in 2022 and the companies Aqualia Riohacha, Société Pays de Dreux and Municipal District Services LLC mentioned above, as combined business in 2023. The non-aligned eligible amount has grown by 21.4% mainly due to the acquisition of Municipal District Services LLC, in the Water sector, which was completed on the last day of the year, with no data available currently to assess its alignment.

Evolution of OpEX 2021-2023

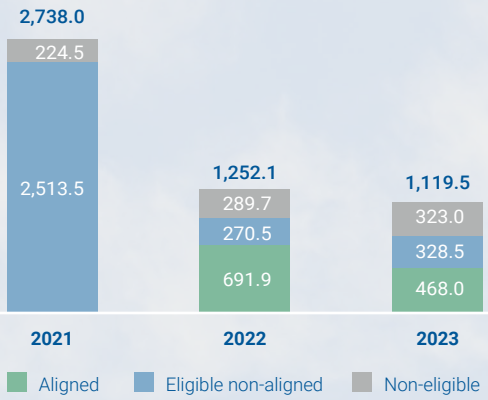
In 2023, the FCC Group's OpEX grew by 24.8%. With regard to the amount aligned, it has grown by 2% and the non-aligned eligible amount by 32.3%.

Below are the templates for the key performance indicators of non-financial institutions, as set out in the current regulations with regard to the specification and methodology of the information to be disclosed.

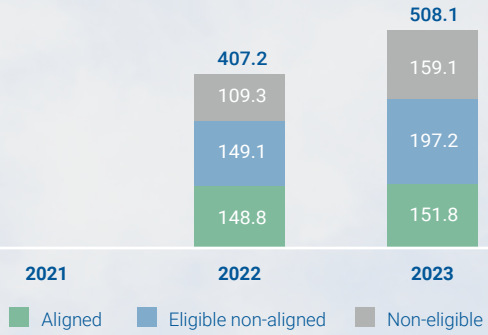
Changes in INCN EU Taxonomy 2021-2023



Changes in CapEX EU Taxonomy 2021-2023



Changes in OpEX EU Taxonomy 2021-2023



Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Financial year FY 2023	Year 2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	Turnover	Proportion of Turnover, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1	Category enabling activity	Category transitional activity
FCC GROUP		Millions euros	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event	CCM 1.2 CCA 1.2	0.8	0.01%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Electricity generation using solar photovoltaic technology	CCM 4.1 CCA 4.1	4.1	0.05%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.20%		
Electricity generation from hydropower	CCM 4.5 CCA 4.5	11.2	0.12%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Transmission and distribution of electricity	CCM 4.9 CCA 4.9	94.1	1.04%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.17%	E	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 CCA 5.1 WTR 2.1	649.2	7.19%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6.33%		
Landfill gas capture and utilisation	CCM 5.10 CCA 5.10	0.3	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.02%		
Renewal of water collection, treatment and supply systems	CCM 5.2 CCA 5.2 WTR 2.1	67.8	0.75%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3 WTR 2.2	123.5	1.37%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Sustainable urban drainage systems (SUDS)	CCM 5.3 CCA 5.3 WTR 2.3	0.9	0.01%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.67%		
Renewal of waste water collection and treatment	CCM 5.4 CCA 5.4 WTR 2.2	13.2	0.15%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 CCA 5.5 CE 2.3	878.3	9.73%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	10.87%		
Composting of bio-waste	CCM 5.8 CCA 5.8 CE 2.5	2.5	0.03%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.03%		
Material recovery from non-hazardous waste	CCM 5.9 CCA 5.9 CE 2.7	190.1	2.11%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.85%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13 CCA 6.13	634.8	7.03%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6.44%	E	
Infrastructure for rail transport	CCM 6.14 CCA 6.14	455.9	5.05%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.82%	E	
Infrastructure enabling road transport and public transport	CCM 6.15 CCA 6.15	594.4	6.59%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6.52%	E	
Infrastructure for water transport	CCM 6.16 CCA 6.16	25.8	0.29%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.11%	E	
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	56.7	0.63%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.73%		
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	8.7	0.10%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.03%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	16.7	0.19%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.08%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 CCA 7.5	35.6	0.39%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.47%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 CCA 7.6	66.6	0.74%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	41.6	0.46%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.71%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		3,973.1	44.02%	44.02%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	40.26%		
Of which Enabling		1,924.1	21.32%	21.32%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	16.61%	E	
Of which Transitional		8.7	0.10%	0.10%						Y	Y	Y	Y	Y	Y	Y	0.07%		T

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)										
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	105.5	1.17%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	
Emergency Services	CCA 14.1	0.9	0.01%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	
Desalination	CCA 5.13	98.7	1.09%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	
Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event	CCM 1.2 CCA 1.2	0.2	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.11%
Manufacture of cement	CCM 3.7 CCA 3.7	515.1	5.71%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	5.82%
Electricity generation from hydropower	CCM 4.5 CCA 4.5	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.12%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 CCA 5.1 WTR 2.1	189.1	2.10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	5.32%
Landfill gas capture and utilisation	CCM 5.10 CCA 5.10	5.4	0.06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Renewal of water collection, treatment and supply systems	CCM 5.2 CCA 5.2 WTR 2.1	30.8	0.34%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.15%
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3 WTR 2.2	289.6	3.21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	3.76%
Renewal of waste water collection and treatment	CCM 5.4 CCA 5.4 WTR 2.2	36.1	0.40%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.03%
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 CCA 5.5 CE 2.3	24.0	0.27%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.80%
Composting of bio-waste	CCM 5.8 CCA 5.8 CE 2.5	27.3	0.30%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Material recovery from non-hazardous waste	CCM 5.9 CCA 5.9 CE 2.7	235.9	2.61%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	1.92%
Infrastructure for personal mobility, cycle logistics	CCM 6.13 CCA 6.13	100.5	1.11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	1.30%
Infrastructure for rail transport	CCM 6.14 CCA 6.14	714.9	7.92%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	8.16%
Infrastructure enabling road transport and public transport	CCM 6.15 CCA 6.15	219.4	2.43%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.88%
Infrastructure for water transport	CCM 6.16 CCA 6.16	-0.4	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.03%
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	183.3	2.03%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	2.64%
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	228.7	2.53%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	3.16%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	0.5	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 CCA 7.5	1.3	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.06%
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	73.8	0.82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.68%
Collection and transport of hazardous waste	CE 2.3 PPC 2.1	1.6	0.02%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	
Treatment of hazardous waste	CE 2.4	0.1	0.00%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	
Depollution and dismantling of end-of-life products	CE 2.6	14.7	0.16%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	
Maintenance of roads and motorways	CE 3.4 CCM 6.15 CCA 6.15	24.3	0.27%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Use of concrete in civil engineering	CE 3.5	3.3	0.04%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	
Collection and transport of hazardous waste	PPC 2.1	26.8	0.30%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	
Treatment of hazardous waste	PPC 2.2	3.4	0.04%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	
Remediation of contaminated sites and areas	PPC 2.4	24.2	0.27%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	
Nature-based solutions for flood and drought risk prevention and protection	WTR 3.1	0.9	0.01%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	0.4	0.00%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,180.1	35.23%	32.13%	1.10%	0.01%	0.22%	0.60%	1.17%	35.00%
A. Turnover of Taxonomy eligible activities (A1+A2)		7,153.2	79.25%	76.15%	1.10%	0.01%	0.22%	0.60%	1.17%	75.26%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
Turnover of Taxonomy-non-eligible activities		1,872.8	20.75%							
TOTAL		9,026.0	100.00%							

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Financial year FY 2023	Year 2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	CapEX	Proportion of CapEX, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEX, year N-1	Category enabling activity	Category transitional activity
FCC GROUP		Millions euros	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from hydropower	CCM 4.5 CCA 4.5	10.0	0.89%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Transmission and distribution of electricity	CCM 4.9 CCA 4.9	2.4	0.21%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.07%	E	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 CCA 5.1 WTR 2.1	128.3	11.46%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	31.99%		
Landfill gas capture and utilisation	CCM 5.10 CCA 5.10	0.0	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Renewal of water collection, treatment and supply systems	CCM 5.2 CCA 5.2 WTR 2.1	17.6	1.57%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3 WTR 2.2	4.8	0.43%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Renewal of waste water collection and treatment	CCM 5.4 CCA 5.4 WTR 2.2	0.6	0.06%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 CCA 5.5 CE 2.3	149.9	13.39%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	9.05%		
Composting of bio-waste	CCM 5.8 CCA 5.8 CE 2.5	0.1	0.01%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.08%		
Material recovery from non-hazardous waste	CCM 5.9 CCA 5.9 CE 2.7	15.9	1.42%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.06%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13 CCA 6.13	124.3	11.10%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5.25%	E	
Infrastructure for rail transport	CCM 6.14 CCA 6.14	2.7	0.24%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6.08%	E	
Infrastructure enabling road transport and public transport	CCM 6.15 CCA 6.15	2.8	0.25%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.36%	E	
Infrastructure for water transport	CCM 6.16 CCA 6.16	0.0	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	0.0	0.00%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	0.0	0.00%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	2.6	0.24%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.09%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 CCA 7.5	2.2	0.20%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01%	E	
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	3.7	0.33%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.19%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		468.0	41.81%	41.81%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	55.26%		
Of which Enabling		137.0	12.24%	12.24%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	11.86%	E	
Of which Transitional		0.0	0.00%	0.00%						Y	Y	Y	Y	Y	Y	Y	0.00%		T

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)											
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL		
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	10.9	0.97%	N/EL	N/EL	N/EL	N/EL	N/EL	EL		
Desalination	CCA 5.13	13.9	1.24%	N/EL	EL	N/EL	N/EL	N/EL	N/EL		
Manufacture of cement	CCM 3.7 CCA 3.7	22.5	2.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		1.08%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 CCA 5.1 WTR 2.1	159.7	14.27%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		7.41%
Landfill gas capture and utilisation	CCM 5.10 CCA 5.10	0.1	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		
Renewal of water collection, treatment and supply systems	CCM 5.2 CCA 5.2 WTR 2.1	0.2	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.00%
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3 WTR 2.2	37.1	3.32%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		2.24%
Renewal of waste water collection and treatment	CCM 5.4 CCA 5.4 WTR 2.2	1.4	0.12%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.00%
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 CCA 5.5 CE 2.3	4.0	0.36%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.57%
Composting of bio-waste	CCM 5.8 CCA 5.8 CE 2.5	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		
Material recovery from non-hazardous waste	CCM 5.9 CCA 5.9 CE 2.7	26.1	2.33%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		1.54%
Infrastructure for personal mobility, cycle logistics	CCM 6.13 CCA 6.13	13.8	1.24%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.53%
Infrastructure for rail transport	CCM 6.14 CCA 6.14	16.2	1.45%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		2.58%
Infrastructure enabling road transport and public transport	CCM 6.15 CCA 6.15	3.9	0.35%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.27%
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		1.55%
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	0.1	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.00%
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	13.2	1.18%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.05%
Collection and transport of hazardous waste	CE 2.3 PPC 2.1	0.0	0.00%	N/EL	N/EL	N/EL	EL	N/EL	N/EL		
Depollution and dismantling of end-of-life products	CE 2.6	2.1	0.19%	N/EL	N/EL	N/EL	EL	N/EL	N/EL		
Collection and transport of hazardous waste	PPC 2.1	2.1	0.18%	N/EL	N/EL	N/EL	N/EL	EL	N/EL		
Treatment of hazardous waste	PPC 2.2	0.8	0.07%	N/EL	N/EL	N/EL	N/EL	EL	N/EL		
Remediation of contaminated sites and areas	PPC 2.4	0.2	0.01%	N/EL	N/EL	N/EL	N/EL	EL	N/EL		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		328.4	29.34%	26.67%	1.24%	0.00%	0.19%	0.27%	0.97%		21.60%
A. CapEx of Taxonomy eligible activities (A1+A2)		796.5	71.14%	68.47%	1.24%	0.00%	0.19%	0.27%	0.97%		76.86%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
CapEx of Taxonomy-non-eligible activities		323.0	28.86%								
TOTAL		1,119.5	100.00%								

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Financial year FY 2023	Year 2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	OpEX	Proportion of OpEX, year N	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEX, year N-1	Category enabling activity	Category transitional activity
FCC GROUP		Millions euros	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event	CCM 1.2 CCA 1.2	0.0	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Electricity generation using solar photovoltaic technology	CCM 4.1 CCA 4.1	0.0	0.00%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.11%		
Electricity generation from hydropower	CCM 4.5 CCA 4.5	0.2	0.05%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Transmission and distribution of electricity	CCM 4.9 CCA 4.9	2.9	0.57%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.70%	E	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 CCA 5.1 WTR 2.1	15.2	3.00%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.59%		
Landfill gas capture and utilisation	CCM 5.10 CCA 5.10	0.1	0.03%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.04%		
Renewal of water collection, treatment and supply systems	CCM 5.2 CCA 5.2 WTR 2.1	1.4	0.27%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3 WTR 2.2	2.7	0.53%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Sustainable urban drainage systems (SUDS)	CCM 5.3 CCA 5.3 WTR 2.3	0.0	0.00%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.84%		
Renewal of waste water collection and treatment	CCM 5.4 CCA 5.4 WTR 2.2	0.3	0.05%	Y	N	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 CCA 5.5 CE 2.3	49.3	9.71%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	15.30%		
Composting of bio-waste	CCM 5.8 CCA 5.8 CE 2.5	0.6	0.12%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.17%		
Material recovery from non-hazardous waste	CCM 5.9 CCA 5.9 CE 2.7	15.1	2.98%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3.04%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13 CCA 6.13	15.0	2.94%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4.99%	E	
Infrastructure for rail transport	CCM 6.14 CCA 6.14	16.1	3.18%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.93%	E	
Infrastructure enabling road transport and public transport	CCM 6.15 CCA 6.15	21.8	4.29%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4.00%	E	
Infrastructure for water transport	CCM 6.16 CCA 6.16	1.3	0.25%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.19%	E	
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	0.9	0.17%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.26%		
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	0.2	0.03%	Y	N	N/EL	N	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	0.2	0.04%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.03%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 CCA 7.5	1.0	0.20%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.19%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6 CCA 7.6	0.8	0.15%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y		E	
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	6.5	1.29%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.12%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		151.8	29.87%	29.87%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	36.54%		
Of which Enabling		59.1	11.62%	11.62%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	12.03%	E	
Of which Transitional		0.2	0.03%	0.03%						Y	Y	Y	Y	Y	Y	Y	0.01%		T

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)										
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	1.7	0.33%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	
Emergency Services	CCA 14.1	0.0	0.00%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	
Desalination	CCA 5.13	1.0	0.20%	N/EL	EL	N/EL	N/EL	N/EL	N/EL	
Manufacture of cement	CCM 3.7 CCA 3.7	51.0	10.04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	12.15%
Electricity generation from hydropower	CCM 4.5 CCA 4.5	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.03%
Transmission and distribution of electricity	CCM 4.9 CCA 4.9	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.01%
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1 CCA 5.1 WTR 2.1	4.6	0.90%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	1.53%
Landfill gas capture and utilisation	CCM 5.10 CCA 5.10	0.7	0.14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Renewal of water collection, treatment and supply systems	CCM 5.2 CCA 5.2 WTR 2.1	0.4	0.09%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.05%
Construction, extension and operation of waste water collection and treatment	CCM 5.3 CCA 5.3 WTR 2.2	9.8	1.93%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	2.18%
Renewal of waste water collection and treatment	CCM 5.4 CCA 5.4 WTR 2.2	1.1	0.22%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.00%
Collection and transport of non-hazardous waste in source segregated fractions	CCM 5.5 CCA 5.5 CE 2.3	1.2	0.23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	1.02%
Composting of bio-waste	CCM 5.8 CCA 5.8 CE 2.5	0.3	0.05%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Material recovery from non-hazardous waste	CCM 5.9 CCA 5.9 CE 2.7	25.2	4.96%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	2.86%
Infrastructure for personal mobility, cycle logistics	CCM 6.13 CCA 6.13	4.0	0.79%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.66%
Infrastructure for rail transport	CCM 6.14 CCA 6.14	79.6	15.68%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	13.60%
Infrastructure enabling road transport and public transport	CCM 6.15 CCA 6.15	6.6	1.29%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.88%
Low carbon airport infrastructure	CCM 6.17 CCA 6.17	0.1	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.04%
Construction of new buildings	CCM 7.1 CCA 7.1 CE 3.1	1.3	0.26%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.62%
Renovation of existing buildings	CCM 7.2 CCA 7.2 CE 3.2	2.2	0.44%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.55%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	0.1	0.03%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5 CCA 7.5	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	3.8	0.74%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	0.33%
Collection and transport of hazardous waste	CE 2.3 PPC 2.1	0.1	0.02%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	
Depollution and dismantling of end-of-life products	CE 2.6	0.6	0.13%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	
Maintenance of roads and motorways	CE 3.4 CCM 6.15 CCA 6.15	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	
Use of concrete in civil engineering	CE 3.5	0.0	0.00%	N/EL	N/EL	N/EL	EL	N/EL	N/EL	
Collection and transport of hazardous waste	PPC 2.1	1.2	0.23%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	
Treatment of hazardous waste	PPC 2.2	0.2	0.03%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	
Remediation of contaminated sites and areas	PPC 2.4	0.4	0.07%	N/EL	N/EL	N/EL	N/EL	EL	N/EL	
Nature-based solutions for flood and drought risk prevention and protection	WTR 3.1	0.0	0.00%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	
Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	0.0	0.00%	N/EL	N/EL	EL	N/EL	N/EL	N/EL	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		197.2	38.82%	37.81%	0.20%	0.00%	0.15%	0.34%	0.33%	36.61%
A. OpEx of Taxonomy eligible activities (A1+A2)		349.0	68.69%	67.68%	0.20%	0.00%	0.15%	0.34%	0.33%	73.15%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES										
OpEx of Taxonomy-non-eligible activities		159.1	31.31%							
TOTAL		508.1	100.00%							

% ELIGIBILITY AND ALIGNMENT OF KPIs PER TAXONOMIC OBJECTIVE

Environmental Objective		Proportion of turnover/Total turnover	
		Aligned per objective	Eligible per objective
CCM	Climate change mitigation	44.02%	76.15%
CCA	Climate change adaptation	Not applicable*	77.25%
WTR	Sustainable use and protection of water and marine resources	Not applicable*	15.53%
CE	Transition to a circular economy	Not applicable*	20.82%
PPC	Pollution prevention and control	Not applicable*	0.62%
BIO	Protection and restoration of biodiversity and ecosystems	Not applicable*	1.17%

Environmental Objective		Proportion of CapEx/Total CapEx	
		Aligned per objective	Eligible per objective
CCM	Climate change mitigation	41.81%	68.47%
CCA	Climate change adaptation	Not applicable*	69.71%
WTR	Sustainable use and protection of water and marine resources	Not applicable*	31.24%
CE	Transition to a circular economy	Not applicable*	17.72%
PPC	Pollution prevention and control	Not applicable*	0.27%
BIO	Protection and restoration of biodiversity and ecosystems	Not applicable*	0.97%

Environmental Objective		Proportion of OpEx/Total OpEx	
		Aligned per objective	Eligible per objective
CCM	Climate change mitigation	29.87%	67.68%
CCA	Climate change adaptation	Not applicable*	67.88%
WTR	Sustainable use and protection of water and marine resources	Not applicable*	7.00%
CE	Transition to a circular economy	Not applicable*	19.11%
PPC	Pollution prevention and control	Not applicable*	0.36%
BIO	Protection and restoration of biodiversity and ecosystems	Not applicable*	0.33%

* Reporting of alignment of taxonomic activities included in the environmental objectives of WTR, CE, PPC, BIO and the new taxonomic activities approved in 2023 of CCM and CCA objectives begins in FY2024.

7.6. Verification Disclosures

AENOR

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 2023

according to law 11/2018

for the period ending on December 31, 2023

In Madrid 11th of June 2024

Rafael García Meiro
CEO

AENOR CONFIA S.A.U. C/ GÉNOVA 6, 28004 MADRID
Página 1 de 4

AENOR

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter the organization) with registered office at: CALLE BALMES, 36 08007 BARCELONA 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".

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)

1994/0241/VNOF-2024

AENOR CONFIA, S.A.U. C/ GÉNOVA 6, 28004 MADRID
Page 2 of 4

AENOR

- 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

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:

AENOR

- 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.

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.

CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that non-financial information included in the statement titled SUSTAINABILITY REPORT FCC GROUP 2023 included in annual Financial Directors´report and for information concerning the reporting period, year ended December 31, 2023, 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; also on how and to what extent the undertaking´s activities, not taking into account sources of financing in turnover, are associated with economic activities that qualify as environmentally sustainable complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852.

AENOR

VERIFICATION OF SUSTAINABILITY REPORT

AENOR
INFORME DE SOSTENIBILIDAD VERIFICADO

VMS-2024/0001

AENOR has verified the Sustainability Report by the organization

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

concluded that the Sustainability Report comply with GRI reporting standards and provide a comprehensive picture of its most significant impacts on the economy, environment, and people, including impacts on their human rights and how the organization manages these impacts.

Title: SUSTAINABILITY REPORT FCC GROUP 2023

For the period: January 1 to December 31, 2023

Address: BALMES, 36. 08007 - BARCELONA

Issue date:2024-02-28

Rafael GARCÍA MEIRO
CEO

AENOR CONFIA S.A.U.
Génova, 6. 28004 Madrid. España
Tel. 91 432 60 00.- www.aenor.com

AENOR

The organization for which this certificate is being issued has commissioned AENOR to carry out a verification under a limited level of assurance of its Sustainability Report in accordance with Sustainability Reporting Standards (SRS) GRI in relation to the information referenced in the publish GRI content index and for the reporting period.

In order to issue this certificate AENOR has evaluated report comply with all nine requirements GRI 1 to report in accordance with the SRS GRI, except for requirement 9 - Notification to GRI, which should be made by the organization after the issuance of this certificate.

As a result of the verification carried out, AENOR issues this Certificate, of which the verified Sustainability Report forms part. The Certificate is only valid for the purpose entrusted and reflects only the situation at the time it is issued.

Responsibility of the organization. The organization had the will for reporting its Sustainability Report in accordance with GRI SRS. The approval of the Sustainability Report, 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 Sustainability Report is free from material misstatement due to fraud or error, as well as the management systems from which the information required for the preparation of the Sustainability Report is obtained. The organisation has informed AENOR that no events have occurred, from the date of the close of the reporting period in Sustainability Report until the date of verification, that might require corrections tobe made to the report.

Verification program in accordance with ISO/IEC 17029:2019 AENOR, 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".

The personnel involved in the verification process, the review of findings and the decision to issue this Statement have the knowledge, skills, experience, training, supporting infrastructure and capacity to effectively carry out these activities.

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this statement.

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, accuracy and traceability of the information provided, including the process followed to collect it, sampling information about the reported.
- Completion and content of the Sustainability Report in order to ensure the completeness, accuracy and veracity of its content.

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.

AENOR CONFIA S.A.U. C/ GÉNOVA 6, 28004 MADRID
Página 2 de 2

www.fcc.es