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## **Tax Compliance Policy of the FCC Group**

**22<sup>nd</sup> March 2023**

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## 0. Version control

| Version | Date                        | Modifications                                       |
|---------|-----------------------------|-----------------------------------------------------|
| 01      | 22 <sup>nd</sup> March 2023 | Initial version. Approved by the Board of Directors |
|         |                             |                                                     |

## **Tax Compliance Policy of the FCC Group**

### **1. Aim of this document**

This document describes the tax compliance policy that is applicable to FCC, S.A. and its affiliated companies, over which FCC, S.A. exercises control as defined by article 42 of the Spanish Commercial Code. The aim of this tax compliance policy is to identify, prevent, manage, and mitigate tax risks defined in the FCC Group's Tax Control Framework Rule, based on criteria of sufficiency, reasonability, and proportionality. This policy is framed within the provisions of article 529ter of the Capital Companies Act, which grants the Board of Directors of listed companies' non-delegable powers regarding the determination of the company's tax strategy and the policy for risk control and management, including tax-related risks.

The tax compliance management system is understood to be the set of processes and procedures established in the FCC Group to achieve tax compliance objectives.

### **2. Scope of the tax Compliance management system**

The FCC Group engages in various activities in multiple countries, primarily for the benefit of citizens, and a huge portion of its clients belong to the public sector. Given the special complexity of the FCC Group and the importance of ensuring internal control systems in tax matters to avoid incurring legal liabilities for FCC, S.A. and its affiliated companies or damaging their image or reputation in the market, the FCC Group's tax compliance management system constitutes a strategic pillar of its business operations, extending to both FCC, S.A., and the entities over which the Group's parent company exercises control.

The tax compliance management system covers the several types of taxes applicable in Spain and the jurisdictions where the group operates, and it includes the following codes, policies, and procedures:

1. Code of Tax Conduct.
2. Tax Control Framework Rule.
3. General Procedures Manuals, regarding issues with potential tax implications.

4. General and specific tax procedures for each type of tax.
5. The tax compliance policy described in this document.
6. The tax Compliance Body Regulations.

The following stakeholders are primarily interested in an effective tax compliance management system within the FCC Group:

- a. Tax Authorities.
- b. Clients of the FCC Group, many of whom are public entities.
- c. Partners of the FCC Group.
- d. Suppliers of the FCC Group.
- e. Employees of the FCC Group, particularly its executives.
- f. Investors in FCC Group.
- g. Financial institutions financing the FCC Group.
- h. Collaborators of the FCC Group.

These stakeholders are not only interested in proper compliance with tax regulations but also in exemplary tax behavior by the FCC Group. Therefore, the FCC Group's tax compliance policy aims not only to prevent or mitigate tax risks arising from the adequate compliance or interpretation of regulations but also reputational risks that may arise from unacceptable tax practices according to the principles defined in the FCC Group's Code of Tax Conduct, a code that binds all its employees.

### **3. Basic principles of the Tax Compliance Policy**

The FCC Group's tax compliance policy is based on the following basic principles, which apply to all employees of the Group:

- a) Strict compliance with tax regulations, as required by the FCC Group's Code of Tax Conduct.
- b) Consistency of the tax compliance policy with the principles established in the FCC Group's Code of Tax Conduct, which is aligned with the values set forth in the FCC Group's Ethical and Code of Conduct, its mission and vision, and its corporate social responsibility policy.
- c) Prohibition of gross negligence and wilful misconduct on tax infringement.
- d) Establishment of efficient and proportionate internal protocols to minimize (i) the deliberate or gross negligence and wilful misconduct on tax infringement and (ii) the existence of tax risks.
- e) Commitment of top management to fulfill tax compliance objectives and its management system. In particular, "top management" refers to the CEO of the

FCC Group, as they exercise powers inherent to the ownership of the company, with autonomy and full responsibility, only limited by criteria and direct instructions emanating from the Board of Directors of FCC, S.A.

- f) Establishment of an ethical channel for reporting non-compliance or suspicions of non-compliance in tax matters, ensuring the absence of retaliation against the informant.
- g) Commitment to the continuous improvement of the tax compliance management system.
- h) Guarantee of independence of the tax compliance body and sufficient autonomy to perform its functions.
- i) Penalties for internal behaviors that threaten the proper management of the tax compliance system.

#### **4. Tax procedures and employee responsibilities**

Employees of the FCC Group, particularly those in the tax function as defined in the FCC Group's Tax Control Framework Rule, must comply with and enforce the requirements of the Group's tax compliance management system in relation to their respective roles and tasks within the organization.

Specifically, employees of the FCC Group must adhere to the corresponding tax procedures established for different taxes, aimed at preventing and mitigating tax risks. Employees with tax responsibilities must ensure the execution of the defined tax controls and keep a record of their implementation.

Members of the tax function, as defined in the FCC Group's Tax Control Framework Rule, must annually sign a declaration confirming their proper acceptance and adherence to the Group's tax compliance policy. Additionally, when hiring and promoting employees in tax-related roles, the FCC Group will consider their sensitivity and attitude towards meeting the Group's tax compliance objectives.

Strict compliance with the tax compliance policy by members of the tax function will be particularly valued when determining the remuneration of these employees.

In cases of willful commission of a verified tax infringement attributable to a member of the tax function, and considering the concurrent circumstances, the Group's Compliance Committee, as established in the FCC's Criminal Prevention Manual (section 7), may

propose to the competent body, based on the concurrent circumstances and the harm caused, (1) the suspension of variable compensation payments during the investigation period, (2) upon completion of the investigation, the Compliance Committee may, with proper justification, request the competent body to withhold, reduce, or recover the variable compensation corresponding to the year(s) in which the offenses occurred, and (3) impose appropriate employment sanctions, without prejudice to any administrative or criminal penalties that may result.

## **5. Tax Compliance body**

The tax compliance body of the FCC Group will be composed of several members of the corporate Tax Department of the FCC Group. The Corporate Tax Director of the FCC Group will coordinate the activities of the tax compliance body and act as its representative to the corresponding governing bodies of the Group. The tax compliance body will periodically report on the performance of the tax compliance management system to the CEO, the Audit and Control Committee, and the Compliance Committee of the FCC Group, which is responsible for preventing and managing all criminal risks of the Group, including tax-related risks.

The tax compliance body will be responsible for the following actions:

- a) Promoting and continuously monitoring the implementation and effectiveness of the tax compliance management system throughout the organization.
- b) Providing ongoing training and support to relevant members of the organization in tax compliance to ensure regular training for all employees.
- c) Ensuring that tax compliance responsibilities are included in job descriptions and performance management processes for organization members.
- d) Establishing an information and documentation system for the tax compliance management system.
- e) Collaborating with the Compliance Committee of the FCC Group in managing reports of non-compliance with tax regulations that may have criminal consequences, through the ethical channel.
- f) Promoting the establishment of tax compliance performance indicators and measuring them.
- g) Analyzing the performance of the tax compliance management system to identify the need for corrective actions.
- h) Identifying and managing tax risks.

- i) Reviewing the tax compliance management system annually.
- j) Providing FCC Group employees with access to tax compliance resources.
- k) Reporting the results of the application of the tax compliance management system to the Audit and Control Committee, the Compliance Committee, and the CEO of FCC, S.A.

## **6. Analysis and evaluation of tax risks**

The tax compliance body of the FCC Group must identify the tax risks of the Group, classify, and prioritize them according to the criteria defined in the FCC Group's Tax Control Framework Rule, based on principles of reasonableness, efficiency, and proportionality. The tax compliance body must determine the procedures for conducting tax risk assessments, defining the frequency of their performance, and the responsibilities and roles of those involved. The tax compliance body will also be responsible for evaluating and ensuring the mitigation of tax risks identified.

Identification and management of tax risks will include those that may arise from specific transactions or projects, relationships with business partners, or inadequate training or qualification of members of the tax function.

## **7. Tax Compliance objectives and planning**

Annually, the tax compliance body of the FCC Group will establish objectives for the tax compliance management system, which will be reported to the Audit and Control Committee and the CEO of the FCC Group. The objectives of the tax compliance management system should:

- a) Be consistent with the tax compliance policy and the results of the tax risk assessment.
- b) Be measurable to the extent possible.
- c) Refer to the type of tax risks intended to be avoided or mitigated.
- d) Be subject to monitoring.
- e) Be communicated to relevant levels of the organization.
- f) Be regularly updated.
- g) When planning tax compliance objectives, the tax compliance body must determine:
- h) What will be done and who will be responsible for the corresponding actions.

- i) What resources will be required.
- j) How the results will be evaluated.

## **8. Ethics Channel**

Employees of the FCC Group and any counterparty with a legitimate interest in their relationship with the FCC Group, who have a reasonable suspicion of any irregularity, illegal act, or non-compliance with any tax regulations or FCC Group's tax policies, may report it to FCC, S.A. through the established Ethics Channel procedure.

The Corporate Compliance Officer of the FCC Group will be responsible for receiving the notifications/reports and assessing their admissibility, after seeking advice from the President of the tax compliance body. The management of the submitted reports will be carried out in accordance with the FCC Group's Ethics Channel procedure, and in close collaboration with the President of the tax compliance body, who will advise the Corporate Compliance Officer of the FCC Group on the reasonableness and justification, for legal and tax purposes, of the reports submitted with tax-related content.

## **9. Evaluation of tax Compliance Management system performance**

The tax compliance body of the FCC Group must regularly review the effectiveness of the FCC Group's tax compliance management system and must prepare an annual tax compliance report for the Group. The report should include (i) the operation of the system through measurable indicators that are appropriate, (ii) existing non-conformities, and (iii) possible areas for improvement of the system. The tax compliance report will be annually reported to the CEO, the Compliance Committee, and the Audit and Control Committee of the Group.

On a recurring basis, the Internal Audit Department or, if applicable, a reputable external auditor, will audit the tax compliance management system defined by the FCC Group's parent company, using a reasonable and proportionate approach, to identify possible weaknesses or non-conformities of the tax compliance management system and propose, if necessary, the corresponding corrective actions. The tax compliance reports will have the following content:

- a) Identification of the main tax risks identified.
- b) Performance measurements of the tax compliance management system.

- c) Modifications, if any, to the requirements of the tax compliance management system.
- d) Number and details of possible non-conformities of the system.
- e) Corrective actions of the system that have been or will be taken, if applicable.
- f) Information on the effectiveness of the tax compliance management system.
- g) Contacts and development of relationships with different tax authorities.
- h) Results of internal or external audits of the tax compliance management system.
- i) The CEO of the FCC Group, the Compliance Committee, and the Audit and Control Committee of the FCC Group, based on the annual tax compliance report or specific incidents detected in the management of the tax compliance management system, may propose changes to the policies, procedures, or controls associated with the tax compliance management system.

## 10. Continuous improvement

The tax compliance body must annually review the effectiveness of the FCC Group's tax compliance management system in order to:

- a) Identify possible non-compliance and weaknesses in the system.
- b) Propose action plans aimed at correcting the identified weaknesses in the system.
- c) Monitor the adopted action plans.
- d) Make any necessary changes to the policy or tax compliance management system of the Group.
- e) Inform the CEO, the Compliance Committee, and the Audit and Control Committee of the FCC Group about the actions taken to continuously improve the tax compliance management system.