

Annual Report 2022

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Letter from the Chairwoman

Team spirit

Dear shareholders,

This Annual Report includes a detailed account of the main figures and the most important milestones that have defined the FCC Group's activity in 2022.

It has been a complex year, facing major challenges, marked by the geopolitical tensions from the war between Russia and Ukraine, with its tragic consequences both in terms of human lives and the development of a major food and energy crisis, as well as the socio-economic aftermath of the pandemic.

With this background, the FCC Group has moved forward, controlling the phases involved in the full 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.

The results that we have achieved as a Goup are extremely satisfying. Our **turnover** of 7.7 billion euros represented an increase of 16% year-on-year, reflecting positive performance in all business Areas, with a highlight being Real Estate posting extraordinary growth of 83.1% year-on-year.

The **gross operating profit** (Ebitda) was noteworthy, totalling 1.3 billion euros at the end of 2022, up 16.4% year-on-year.

The solid performance of the Group's different activities has contributed to this significant improvement, with increases in revenues and sustained positive operating margins, boosted by several acquisitions in the Water and Real Estate Areas.



Esther Alcocer Koplowitz
Chairwoman of the FCC Group

The **Earnings before interest and taxes** (Ebit) decreased by 23.9% in 2022, to 610.5 million euros, largely due to the value adjustment made to goodwill in the Cement division to reflect the impact of higher energy costs.

Net debt, as of 31st December, stood at 3.1 billion euros, with a slight reduction compared to the end of 2021. It should be emphasised that this result was obtained even after the major acquisitions mentioned above, and the consolidation of the corresponding debt.

Equity amounted to 4.9 billion euros, 11.2% higher than in 2021.

At year-end, the **contracted backlog** amounted to 40.2 billion euros, 33.4% higher than in 2021.

Particular mention has to be made for the 65.4% and 32.2% increase in the Construction and Water Areas backlog, respectively. For both businesses, contracts won in the international area account for over 65% of the backlog.

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 pursuing profitable businesses.

These results mean we can propose, at our General Shareholders' Meeting, a dividend distribution for our shareholders of 0.50 euros gross per share, charged to available reserves, in the form of a scrip dividend.

We have also continued to create jobs in 2022. This year our workforce has increased by 8.82% compared to last year. Today, over 64,000 people belong to the FCC Group, sharing, in the more than 25 countries we operate in, a vision, a mission and values that distinguish us and that, as the years go by, become more meaningful and stronger.

Finally, I would like to reiterate our thanks to investors, shareholders, strategic partners, and customers for their support and confidence in our project.

I would like to highlight the best capital we have: each and every one of the professionals who make the FCC Group possible on a daily basis, whom we thank for their involvement and unwavering commitment.

In closing, allow me to share with you my most sincere optimism and firm hope for the new times, despite the challenges we must face. We will lack neither encouragement nor determination to face the future. Passion for a job well done, resilience, and team spirit, which so characterises us, will undoubtedly help ensure success.

Esther Alcocer Koplowitz
Chairwoman of the FCC Group



Letter from the CEO

Dear shareholders,

I am pleased to present to you our Annual Report for 2022. This document shows the results achieved in a year that we embarked upon with optimism as we recovered from the socio-economic consequences deriving from the COVID-19 pandemic. However, the outbreak of the conflict between Russia and Ukraine has generated instability in the economy generally and the energy market in particular, which has affected global stability and driven home the message that we are in times of relatively high volatility at various levels.

At the same time we are faced with ever worsening climate change which may have serious future economic, social and demographic consequences. Added to all this is the impact on natural ecosystems, which play an essential role in regulating the climate, giving urgency to the need to protect biodiversity as a key element in the transformation to a green economy model and sustainable development.

The world is currently facing a series of challenges requiring firm and decisive action backed up by the establishment of a greater number of commitments on the part of all agents in society. The panorama that presents itself to us can leave us in no doubt that we are living on a planet where everything is inter-dependent and connected, and that the transformation therefore has to be global and collective. To achieve this, it is necessary to redesign the future, starting with the reconstruction of trust; turning major challenges into great opportunities.



Pablo Colio Abril
CEO of the FCC Group

Revenues amounted to **€7.71 billion, 15.7%** more than in the previous year

In the FCC Group we maintain a permanent strategy, faithful to our values in the service of citizens, improving their quality of life and favouring the sustainable progress of society. We are well aware of the fact that the response of business to he fight against climate change, environmental conservation and good corporate governance is fundamental, imminent and inescapable. Accordingly throughout this past year, as in previous years, we strove to improve ethical business practices and to promote a culture of safety, respect and diversity, ensuring that our activities were respectful of the environment and of the communities in which we operate.

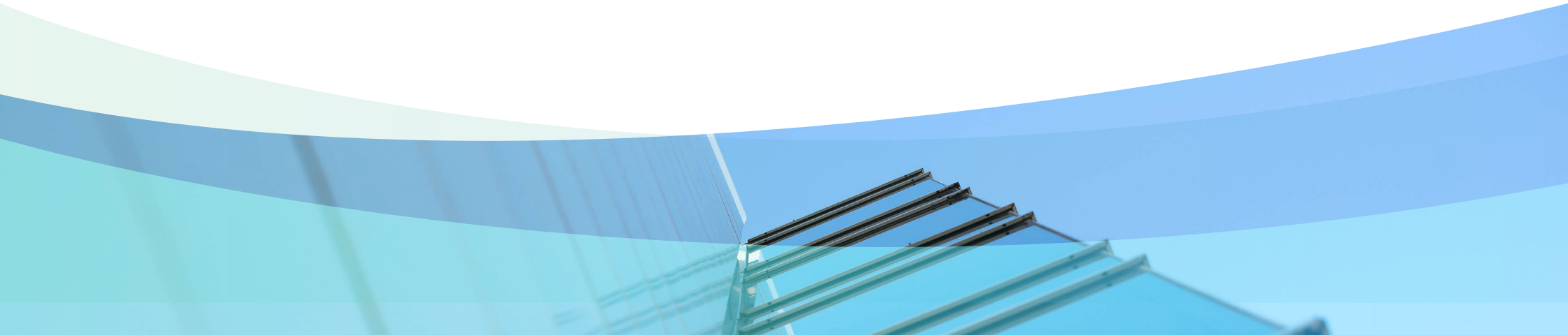
In this way we worked tirelessly to adapt, seizing opportunities generated by more demanding regulations and developing solutions related for example to smart cities and the production of green hydrogen. In this vein, we are banking on digitisation and innovation in the development of new technologies that will allow us to improve efficiency and sustainability and minimise the adverse impacts of our businesses while we constantly seek to generate synergies among the Group's varied activities.

The strategic vision, as the cornerstone for the Group's decisive movements, has demonstrated our ability to anticipate. Proof of this is in the results obtained in 2022, showing that we were able to overcome the uncertainties and changes arising during the year.

The FCC Group's positive economic performance in financial year 2022 was seen in the figure of total **revenues** of €7.71 billion. This represents an increase of 15.7% on the previous year, reflecting the increase in activity and the positive development of all its business areas, in particular the Real Estate Area, whose revenues were up by 83% on 2021.

At the end of the year, the order book was up by **33,4%** at **€40.27 billion**

Our firm **order book** closed the year at €40.27 billion, representing an increase of 33.4% relative to 2021. It is appropriate to highlight the considerable year-on-year growth of the Infrastructure and Water Areas –65.4% and 32.2% respectively– and the fact that more than 65% of the contracts won came from abroad.



The FCC Group improved its Ebitda by **16.4%** to **€1.31 billion** in 2022

In line with the levels of activity, **gross operating profit** (Ebitda) was 16.4% up on the previous year, at €1.31 billion. Even taking account of the effects of the energy crisis, all the Group's businesses posted positive gross operating profits, combined with sustained operating margins. These results were also boosted by the acquisitions carried out by the Water and Real Estate businesses.

As regards the financial structure, **net indebtedness** fell slightly compared with the previous year, to €3.19 billion. It is necessary to mention that this figure takes account of the substantial acquisitions carried out during the year and of the consolidation of the corresponding operational debt. Apart from this, **equity** also increased by 11.2% compared with the end of 2021, reaching €4.94 billion.

These results confirm the FCC Group's ability to maintain and consolidate its solidly successful leadership positioning. Our Group is a benchmark in environmental services, end-to-end water cycle management, infrastructure, cement and associated materials, and in real estate management. Present in over 25 countries in 2022, 45% of invoicing is in international markets, mainly in Europe, Latin America, the United States, Middle East and North Africa.

As regards the most significant events of the year by business Area, I should like to highlight the following:

The **Environmental Services Area** maintains its lead position in Spain, with new contracts worth more than €2.3 billion and portfolio growth of more than 30%, thanks to various awards and renewals throughout the country. It also increased its presence in the United States, providing integral management services and recycling of municipal waste and winning numerous contracts. In December, it carried out a new acquisition in the US market, taking over Houston Waste Solutions, an important solid commercial waste disposal company in the Houston (Texas) metropolitan area.

The **Water Area** for its part closed the year with he award of new contract in Saudi Arabia and the expansion of its international platform. In particular, in 2022 the Area acquired 80% of the water business of Georgia Global Utilities JSC, Tbilisi, Georgia, with a portfolio representing locked-in income of €3.59 billion at the end of the year. It also carried out a number of acquisitions in end-to-end water cycle management in Colombia, totalling €24 million.

The **Infrastructure Area** increased its international contracting to more than €2.7 billion. Prominent among the main awards was that to a consortium led by FCC for the construction of the first tunnels for the new city of Neom, in Saudi Arabia. In Europe, the works in Romania and Norway stand out, and in the latter case the Group was awarded the country's biggest contract for railway infrastructure. The Infrastructure Area also consolidated its presence in Mexico, Canada and the United States, with major contracts awarded for railway infrastructure and the construction of bridges. Consequently, 2022 represented an increase of more than 65.4% in the Area's overall portfolio compared with 2021, reaching €4.7 billion.

In the **Cement Area**, revenues grew by 19.1%, to €516.5 million, due to the substantial increase in prices in Spain and Tunisia. In Spain, revenues increased by 19.7%, to €314.6 million, while in the Tunisian local market revenues grew by 8.3% to €62.6 million. Export revenues grew by 23.2% to reach €139.3 million.

Finally, the **Real Estate Area** strengthened its potential with the acquisition of a stake in Metrovacesa, which stood at 14.3% in December. With this move, the FCC Group strengthens its solidity in the Area.

Together, these results are the reflection of a strategy that combines responsible growth and profitability.

In our determination to advance towards a model aligned with our values, we promote transversal and responsible management in the environmental, social and governance dimensions. An example of our determination to reaffirm our DNA is to be found in the reformulation in 2022 of the 2016 Corporate Social Responsibility Policy, with ambitious new commitments being assumed. Based on this policy, we developed the Framework 2025, which constitutes the roadmap corresponding to the master sustainability plans of each business area adapted to their particularities.

Thus as regards the conservation and protection of the environment, climate change, water stress, biodiversity and waste we can highlight the favourable results obtained this past year in which, despite increasing our total billing, we reduced our carbon emissions. Furthermore, we dedicated €83 million to the prevention of environmental risks and managed over nine million metric tons of waste.

We are committed to, and give priority to **Good Governance and exemplary performance** based on compliance with the Code of Ethics and Conduct, reinforced by an up-to-date system of control and supervision. Consequently we have trained more than 4,800 employees on anti-corruption.

In recognition of female leadership, our chairwoman, Esther Alcocer Koplowitz, was awarded the Businesswoman's Leadership Award by the Spanish Federation of Women Managers, Executives, Professionals and Entrepreneurs.

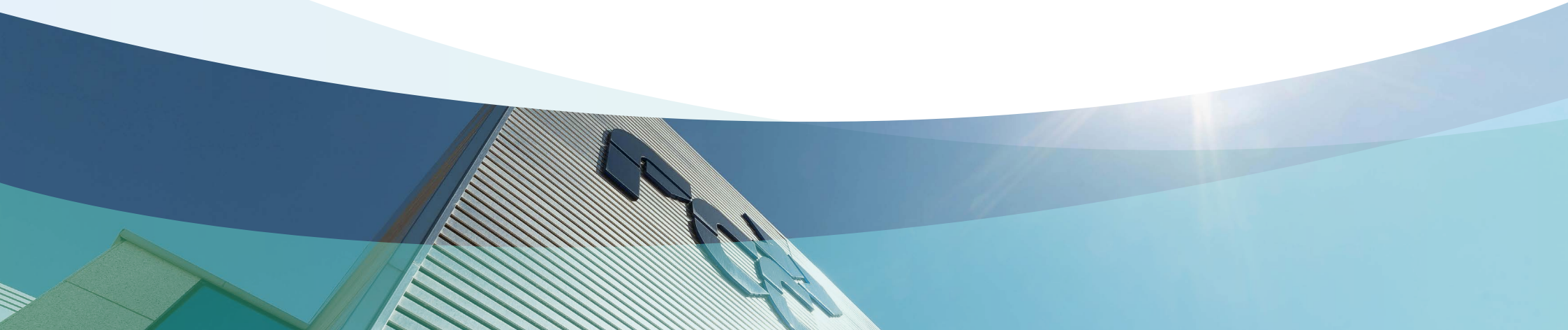
Promoting diversity and equality in our talent management is a business imperative for the FCC Group, so I am pleased to say that this past year we received the Award for best practice in cultural transformation to diversity and inclusion for our "you_*diversity*" project. In 2022 we maintained our determination to continue advancing in the management of corporate diversity, the design of policies of equity and equality and initiatives to foster social and labour inclusion.

In the area of **social development**, with a workforce of more than 64,000, we increased by 8.82% relative to the previous year. There can be no doubt that people constitute a fundamental pillar of our activity. We favour the creation of employment and the quality of life and well-being of the workforce and of the communities in which we operate.

This past year 2022 was a year of great advances, with positive results that we could certainly not have achieved without the commitment, trust and effort of all our teams, who possess the experience and technical skills that ensure our ability to offer effective and innovative solutions. So I wish to express my thanks to all the people that form the FCC Group, and who share a common mission and objective: to improve citizens' lives. We also thank our shareholders, investors, strategic partners and customers who have shown their faith in us, with their support on our path to excellence. With your trust, we will succeed in continuing to grow.

I should like to conclude by emphasising our firm desire to confront the challenges posed by the current situation, with optimism and enthusiasm and with the unshakable determination to build a better future. Together, we seek to bring about sustainable development, based on our hundred-year-old principles which have ensured our solid and successful business trajectory. This is our commitment.

Pablo Colio Abril
CEO of the FCC Group





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Governance model

In FCC, good governance represents a fundamental strategic framework for the Group's growth and consolidation. In its commitment to transparency and efficient management, the company aligns itself with the recommendations of the **Unified Code of Good Governance of listed companies of the Spanish National Securities Market Commission** (revision 2020), incorporating 84% of the recommendations into its Corporate Governance Model.

Through its **Articles of Association and the Board of Directors Regulations,** the company has a formal definition of the governing body's responsibilities and prepares its Corporate Governance Report and its Remuneration Report each year, available on FCC's corporate website, with complete and supported information on its structure and practices.

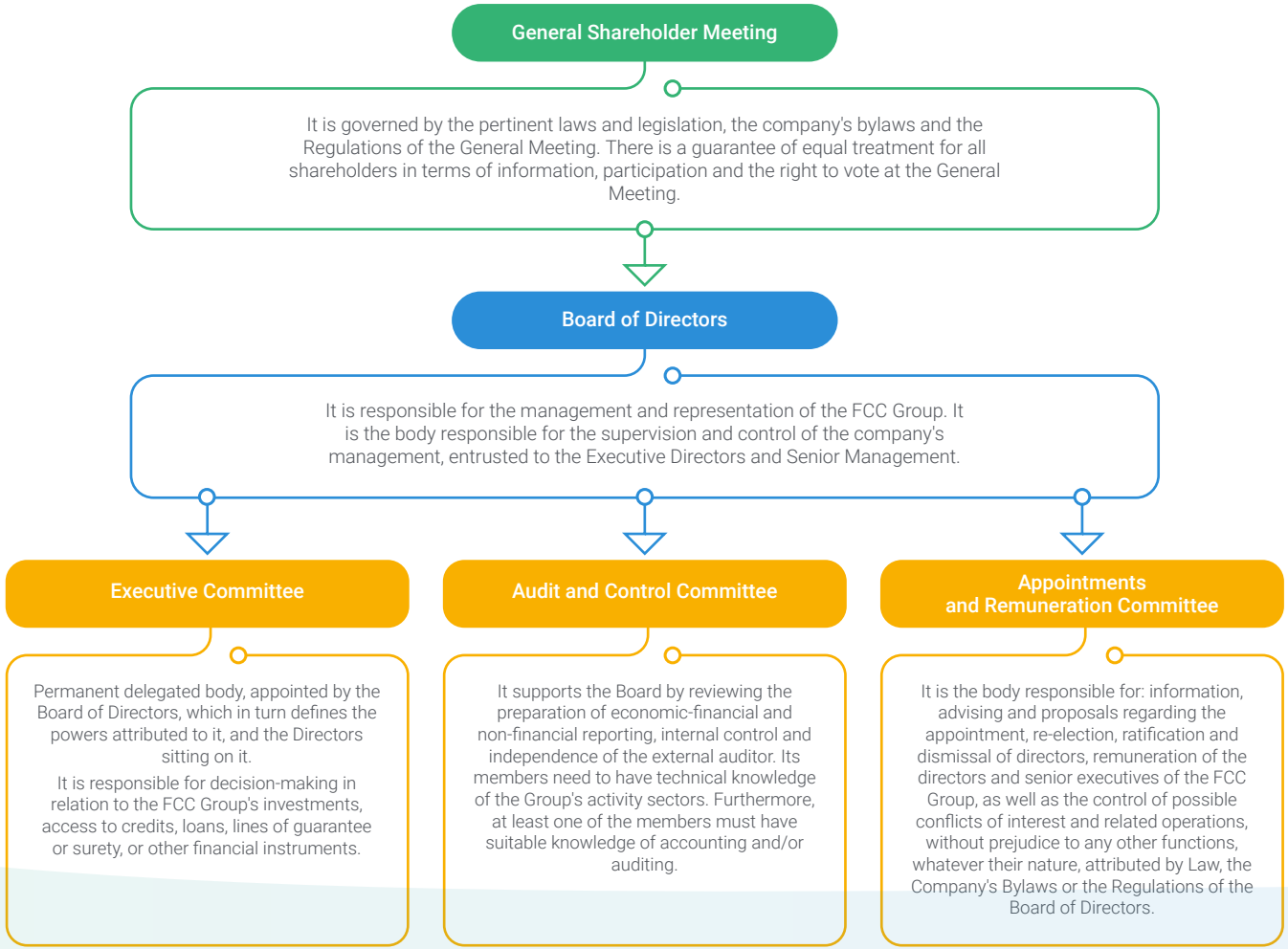
The company aligns itself with the recommendations of the **Unified Code of Good Governance** of listed companies of the **Spanish National Securities Market Commission**



The Group's governing bodies

The FCC Group's Corporate Governance structure consists of five fundamental bodies, allowing strategic decisions to be made efficiently in the company: the General Shareholder Meeting; the Board of Directors; the Executive Committee; the Audit and Control Committee and the Appointments and Remuneration Committee.

The **General Shareholder Meeting** is the Group's highest decision-making body for matters falling within its competence as established in the Regulations of the FCC General Shareholder Meeting. Oversight of the management of the company falls to the **Board of Directors**, which has the highest powers and authorities to manage, direct, administer and duly represent the FCC Group. It is supported by three special committees: the **Executive Committee,** the **Audit and Control Committee** and the **Appointments and Remuneration Committee**, favouring effective and transparent management and supervision.



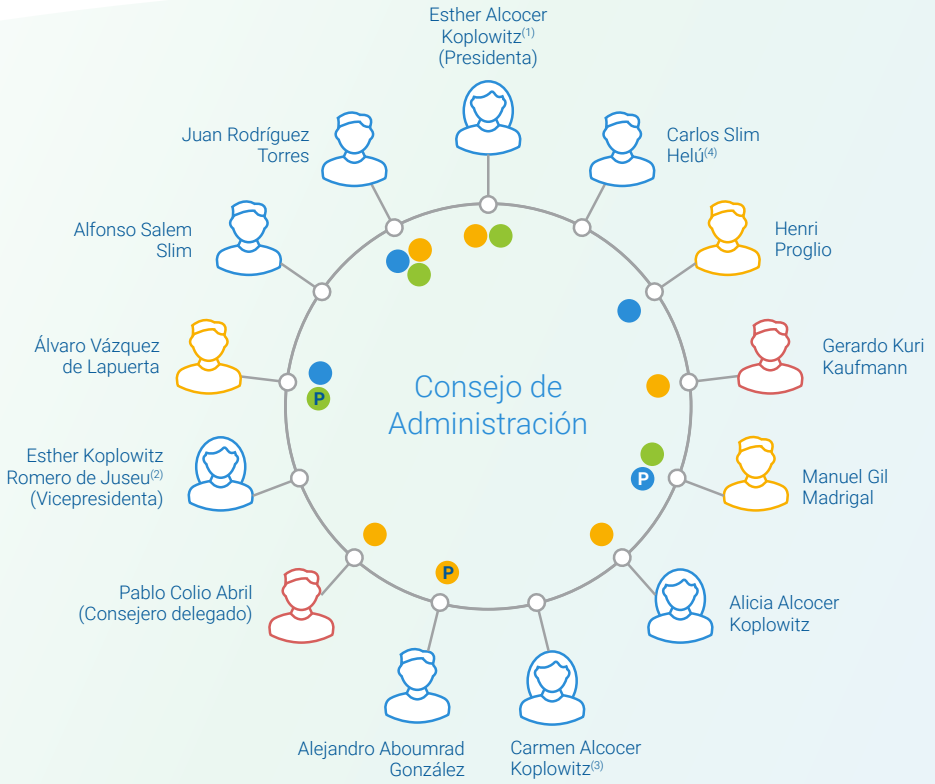
Composición y funcionamiento

El Consejo de Administración del Grupo FCC, a cierre del ejercicio 2022, está compuesto por 13 miembros, elegidos por la Junta General de Accionistas. Cuenta con un 31% de mujeres consejeras y está representado por tres nacionalidades: mexicana, española y francesa.

Cumpliendo con lo establecido en el Reglamento del Consejo de Administración y en los Estatutos Sociales, en el año 2022 el **Consejo de Administración se ha reunido un total de nueve veces** con una asistencia media del 87,39%.

En materia de Gobierno Corporativo, el Consejo de Administración, durante este ejercicio, ha aprobado la nueva Política de Sostenibilidad del Grupo FCC y la actualización del Modelo de Cumplimiento con la modificación puntual del Código Ético y de Conducta y la aprobación de la Política de Competencia de FCC.

Adicionalmente, la **Comisión Ejecutiva se ha reunido en ocho ocasiones**, en las que se han alcanzado hasta un total de 40 acuerdos, y la **Comisión de Nombramientos y Retribución se ha reunido en seis ocasiones** con un total de 19 acuerdos. Por su parte, la **Comisión de Auditoría y Control ha mantenido nueve reuniones** en las que se han tratado, entre otros, diversos temas en materia de Cumplimiento y Sostenibilidad como el Informe de Información No Financiera de la Sociedad (Memoria de Sostenibilidad), correspondiente al ejercicio 2021; la nueva Política de Sostenibilidad de Grupo FCC; o la implantación y reporte de la Taxonomía de la Unión Europea.



Naturaleza del cargo

- Ejecutivo
- Dominical
- Independiente

Tipo de Comisión

- Comisión de Auditoría y Control
- Comisión de Nombramientos y Retribuciones
- Comisión Ejecutiva
- P Presidente

En representación de

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

(*) El consejero Antonio Gómez García causó baja voluntaria por motivos personales el 24/03/2022.

Remuneration model

Each year, the FCC Group prepares its **Annual Report on the remuneration of directors of listed companies**, explaining the main characteristics of the remuneration policies and practices applied to each position. It can be consulted on the company's corporate website.

The Group has a **Remuneration Policy for directors**, which was updated in 2021 and the validity of which expires in 2023. Its objective is to ensure the development of the mission and the values of FCC, such that directors' remuneration is appropriate to the dedication and responsibilities assumed.

The establishment of directors' remuneration is a power reserved to the General Shareholder Meeting, which in doing so applies the following principles and criteria:

- Remuneration commensurate with the achievement of agreed objectives within the framework of prudent risk management.
- Remuneration commensurate with the dedication, qualification, and responsibility of the post.
- Remuneration in line with shareholders' interests.
- Attractive remuneration to engage and retain talent.
- Competitive and transparent remuneration.
- Motivation-stimulating remuneration.



Integrity and Compliance in FCC

Compliance Model

The FCC Group is characterised by a sharp focus on integrity in its management, which is governed by principles of ethical and exemplary behaviour, effective governance and accountability which, together with respect for the law and due diligence, form the framework of its Compliance Model.

The purpose of **FCC Group's Compliance Model** is the prevention and detection of risks of non-compliance and behaviours that could lead to criminal offences. The Model is governed by the **Code of Ethics and Conduct**, which is considered the central axis of the culture, values and principles of the FCC Group and which is based on a body of rules consisting of policies, procedures, regulations and internal controls that are reviewed and updated periodically. Specifically in 2022, in order to ensure that the company's activities were in line with the laws and regulations on the defence of competition, the Group's Board of Directors approved the Competition Policy.

The body of rules of the FCC Group's Compliance Model, the cornerstone of which is the Code of Ethics and Conduct, consists of the following documents:

DOCUMENTS FORMING THE BODY OF RULES

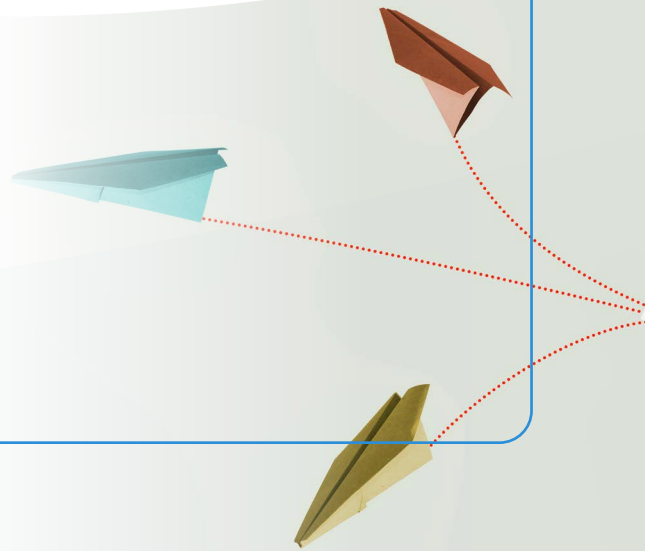
- Crime Prevention Manual.
- Anti-corruption Policy.
- Gift Policy.
- Agent Policy.
- Policy on relationships with partners in relation to compliance
- Bid Policy.
- Competition Policy.
- FCC Group Compliance Committee Regulations.
- Investigation and Response Procedure.
- Procedure for the Whistleblowing Channel.
- Protocol for the Prevention and Eradication of Harassment.



Actions deriving from the appropriate operation and functioning of the Compliance Model

During financial year 2022, a series of actions deriving from the appropriate operation and functioning of the Compliance Model were carried out, among which it is worth highlighting the following:

- Approval by the FCC Group's Board of Directors of new internal rules, specifically the Competition Policy.
- The increase in the number of associates and temporary consortia subscribing to the FCC Group's Compliance Model.
- The performance of activities of review and supervision dictated by the Compliance Model:
  - The review of the body or rules was carried out, including a minor amendment to the Code of Ethics and Conduct.
  - The half-yearly self-assessments and certification, in the Compliance Tool, of the controls designed were carried out in May and November.
  - The control matrices of the Group's various businesses were reviewed and updated.
- Support, from the Compliance areas, to the Group's Internal Audit function for the annual supervision of the Compliance Model.
- The approval of the Compliance Training Plan for 2023, in line with the three-year training plan for the FCC Group on this subject.
- Delivery of face-to-face training in Spain on Competition and online learning on the Code of Ethics and Conduct.
- Risk assessment of suppliers in terms of Compliance in accordance with the established procedure, requiring the direct participation of the Compliance function in cases of high risk. During the 2022 financial year, 495 new suppliers were evaluated against the defined criteria, and for 23 of them, evaluation by the Compliance areas was required. In none of these cases did the evaluation turn out negative.
- The performance of 211 due diligence assessments on companies that collaborate with the Group to identify possible Compliance risks and take appropriate measures.
- Lastly, it is pertinent to highlight the incorporation of Realia to the Compliance Model of the FCC Group as the company that controls it. To this end various meetings were held with the subsidiary's legal team, a study of Realia's Compliance system was carried out and the company was informed of the steps to be taken by its Board in order to subscribe to the Model. Finally, the Board of Realia aligned itself with FCC's Compliance Model.



FCC's Compliance Model has a **Compliance Committee**, reporting to the FCC Board of Directors' Audit and Control Committee, which constitutes a high-level body with autonomous powers of initiative and control, and which takes charge of Crime Prevention for the Group. The Compliance Committee is responsible for promoting an ethical culture in the organisation, monitoring and supervising compliance with rules and standards, and ensuring that the Model is properly watched and checked.

During the 2022 financial year the Compliance Committee held a total of 15 meetings to fulfil the tasks and competences assigned to it by the Group's Compliance Model: 12 ordinary meetings plus 3 extraordinary meetings in the months of February and March.

Composition of the Compliance Committee

- Corporate Compliance Officer (Chairperson)
- General Manager Legal Counsel (member)
- Human Resources Director (member)

The general manager of Internal Audit participates with voice and vote when his participation and involvement is required for the performance of investigations, and the Compliance Officers of the various businesses, as well as the manager of the Corporate HR Labour Law Advisory Department, attend meetings of the Committee as guests.

Over the course of the financial year, the chairman of the Committee (Corporate Compliance Officer) renders account to the Audit and Control Committee of the FCC Board, at least half-yearly, on the status of the **FCC Group's Compliance Model**.



Whistleblowing Channel

The FCC Group makes its **Whistleblowing Channel** available to all its workers so that they can exercise the right and duty to report any possible breaches of the Code of Ethics and Conduct and of the Compliance Model, also collaborating in the identification of the risks in this area.

The Whistleblowing Channel is accessible in three ways: post box, email, and a form on the corporate intranet. It is managed by the FCC Group's Compliance Committee, as approved by the Board of Directors, in the specific procedure for the Whistleblowing Channel included in the Compliance Model.

During 2022 a total of 190 notifications were received (157 classified as relevant and 33 as not relevant) through the FCC Group's Whistleblowing Channel. Of the relevant notifications, 47% were labour-related.

Of the 157 pertinent notifications, 21 were classified as High Risk by the Corporate Compliance Officer, 6 as Medium Risk and 130 as "Other notifications". All of them were handled in accordance with the Group's Compliance Model.

At the closing date of this report, 98% of these notifications had already been investigated or forwarded to the corresponding business unit to be dealt with in the case of "Other notifications".

Human Rights

The FCC Group respects and promotes fundamental human rights, incorporating them into its corporate culture, its business strategy and its operations, by means of own policies and procedures that allow possible violations to be mitigated and remedied and extending its commitment to the supply chain.

The FCC Group is governed by the **Human Rights Policy** approved by its Board of Directors in 2019, which is aligned with the UN Guiding Principles on Business and Human Rights. It is available in fourteen languages and reflects the Group's commitment to the promotion of and compliance with the rights contained in the **Universal Declaration of Human Rights** (UDHR), the **Declaration of the International Labour Organisation** (ILO) and its commitments on fundametal principles and rights at work.

To strengthen its commitment and capacity for action, the FCC Group subscribes to the **United Nations Global Compact** and its ten fundamental principles which include companies' duty to support and respect the protection of fundamental human rights, both internally and in their value chains. FCC has a supplier management procedure which defines the prior approval processes for contracting goods or services. The responsible declaration, which must be signed compulsorily, expressly includes the protection of Human Rights.

During 2022, new internal momentum was given to the dissemination of FCC's policy and commitment to the UDHR and the protection of human rights within the company, on the occasion of Human Rights Day and through the training on sustainability delivered during the year.

The FCC Group's commitments to Human Rights

- To recognise workers' rights to freedom of association.
- To ensure fair working conditions guaranteeing decent, remunerated employment.
- To position itself against modern slavery, forced labour and child labour.
- To reject all forms of discrimination.
- To ensure safety in its operations, creating a safe and healthy working environment.
- To make responsible use of personal data and information.
- To establish relations of respect with communities and the environment.

Fight against corruption

The FCC Group roundly rejects any act leading to cases of fraud, corruption and any form of bribery or extortion, as set forth in the Code of Ethics and Conduct and developed in various policies and measures of prevention and control.

Specifically, **FCC's Anti-Corruption Policy** establishes the guiding principles on its activity and is rounded out and reinforced by means of additional procedures, such as the **Agent, Gift and Bid Policies**.

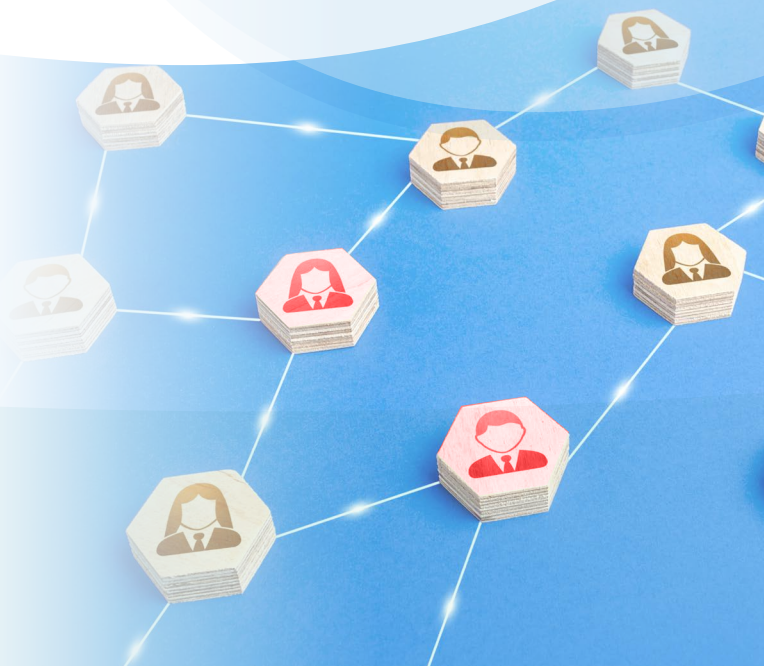
Furthermore, to assess its exposure to crimes related to corruption, FCC carries out a preliminary analysis of all its operations and makes a matrix of risks on which it designs a road map composed of checks, at national and international level, on actions related to the contracting of shareholders, agents and suppliers; sponsorships, donations or collaborations; selection and contracting procedures; procurement requirements; banking movements; powers; conflicts of interest and approval of travel and entertainment expenses, among other things.

Principles of FCC's Anti-corruption Policy

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

As regards training actions for the workforce, including mandatory training for groups directly affected, at year-end 2022 more than 4,800 persons had received training on anti-corruption.

The FCC Group roundly **rejects** any act leading to cases of **fraud**, **corruption** and any form of **bribery** or **extortion**



Combating money laundering

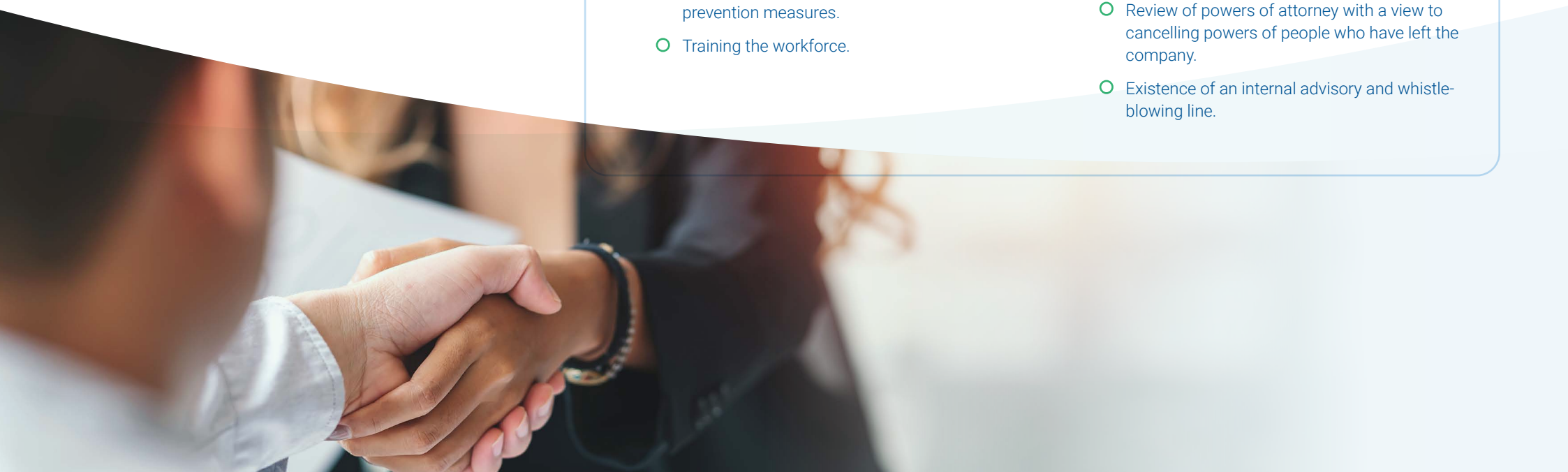
FCC has zero tolerance of money laundering, in line with the Code of Ethics and Conduct, and acts to confront practices of this kind, carrying out a risk analysis and implementing prevention and control measures.

By means of this analysis, various risk events have been identified, related to compliance with the Anti-Money-Laundering Law and the procedures for checking clients, the obligation to inform, and the internal control measures.

Controls against money laundering

As part of the crime, risk and control matrix of the Group's Compliance Model, specific checks have been defined for the prevention of money laundering among the following subjects:

- Updating the Money Laundering Prevention Manual.
- Identification of stakeholders and transactional risk of a real estate asset.
- Existence of a body to supervise and monitor prevention measures.
- Training the workforce.
- Review of purchasing contracts, leases or leases with purchase option.
- Inclusion of a clause in real estate promotion marketing contracts.
- Review of powers of attorney with a view to cancelling powers of people who have left the company.
- Existence of an internal advisory and whistle-blowing line.



Dissemination and training

The dissemination of the Compliance Model and training on it play a fundamental role in preventing crimes such as corruption, fraud, money laundering and all criminal offences or breaches of the rules applying to the FCC Group.

To comply with the stipulations of the FCC Group's Crime Prevention Manual, which determines that there should be annual training on the Code of Ethics and Conduct for everyone working in the company, in 2020 the Compliance Committee, with HR Management, approved a three-year training plan on Compliance for the years 2021, 2022 and 2023.

The plan incorporates the annual programming of the various training sessions around three priority themes: Corruption, Competition and Code of Ethics and Conduct, giving extra importance to a specific theme each year without neglecting the others.

During 2022, most of the training carried out was online, through the FCC Campus training platform. Nonetheless, those training processes for which a face-to-face format was considered relevant, were carried out in that way.

The main training sessions delivered in 2022 were:

- **Online training on the Code of Ethics and Conduct**, which stands out as constituting the reference standard of the FCC Group's Compliance Model and covering the obligatory behaviours for all persons in the organisation.

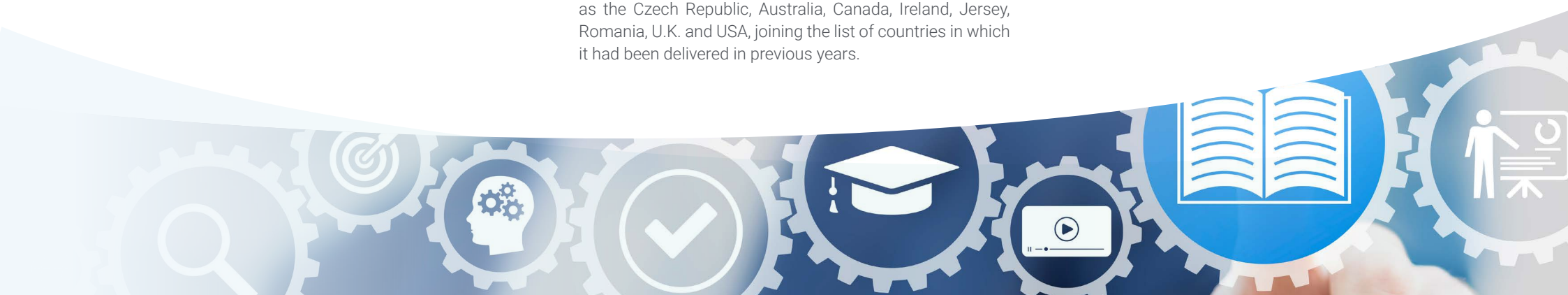
  This training is included in the Group's welcome pack, and in 2022 it was extended to new countries such as the Czech Republic, Slovakia, the Arab Emirates and Saudi Arabia, joining the countries in which it had been delivered in previous years.

  Once the training was completed, workers were asked to renew their subscription to the Code by means of a digital signature, confirming their knowledge of it and committing to comply with it.

- **Online training on Anti-corruption**, mainly aimed at workers who have more contact with public officials as part of their responsibilities.

  In 2022, this training was translated into English and delivered to the groups indicated by each business of the Group. The training was extended to countries and territories such as the Czech Republic, Australia, Canada, Ireland, Jersey, Romania, U.K. and USA, joining the list of countries in which it had been delivered in previous years.

- **Online training on the use of technological means** to disseminate the Code on the use of technological means and to raise awareness regarding their responsible use.
- **Online training on workplace and sexual harassment**, aimed at raising awareness and calling to action the Group's workforce to ensure the prevention of workplace, sexual or gender-based harassment cases becomes a reality.
- **Online training on Cyber-security "Web Surfing" and "Social Engineering"**, aimed at warning about the main existing cyberthreats and how to prevent them.
- **Training on Competition Policy**, launched in Spain following the approval of the FCC Group's Competition Policy and delivered both face-to-face and remotely with a view to informing people of the rules and principles of free competition in all markets in which the Group operates, as well as the types of conduct that can hamper the development and survival of effective competition.



Tax transparency

In consonance with its governance and compliance models, the FCC Group is actively involved in the transparent management of its tax affairs and compliance with tax regulations, creating its own strategy reinforced by a system of identification and management of tax risks.

The **FCC Group's Tax Strategy** relies on the FCC Group's governance bodies, the Board of Directors and the Audit and Control Committee, and is based on two fundamental standards: the **Tax Code of Conduct** and the **Tax Control Framework Standard**, which establish the policies, principles and values that must guide conduct in tax matters and tax responsibilities assumed within the company.

Furthermore, the FCC Group's efforts in identifying and managing tax risks, and from a financial point of view, are focused especially on those relating to reputational, implementation and compliance risks and external risks for which internal actions and tools are established for their mitigation, control and management.

On this issue, the FCC Group subscribes voluntarily to the Spanish **Tax Agency's Code of Good Tax Practices**, based on the principles of transparency, mutual trust and legal certainty. In accordance with this commitment, the Group presents an annual **Tax Transparency Report.**

Specifically, the Group's Sustainability Report, attached to this document, details the tax results corresponding to profit after tax, tax on profits and public grants received by country in 2022.

Data protection and privacy

Regarding data protection, privacy and information management, the FCC Group has implemented a specific regulatory framework, adopted preventive actions and developed various cyber-security projects.

The Group's **Cyber-Security Model** and its regulatory framework define the basic principles and the minimum requirements for the development of security measures for the information systems and the proper use of it, especially of the personal data of its customers, employees and suppliers with a view to ensuring the confidentiality, integrity and availability of information in FCC.

During 2022, various initiatives were carried out to promote and consolidate a culture of cyber-security based on the development of capabilities and know-how; awareness-raising campaigns; measures implemented in the systems supporting critical infrastructures and essential services and establishing mechanisms for supervising and monitoring the company's cyber-security status.

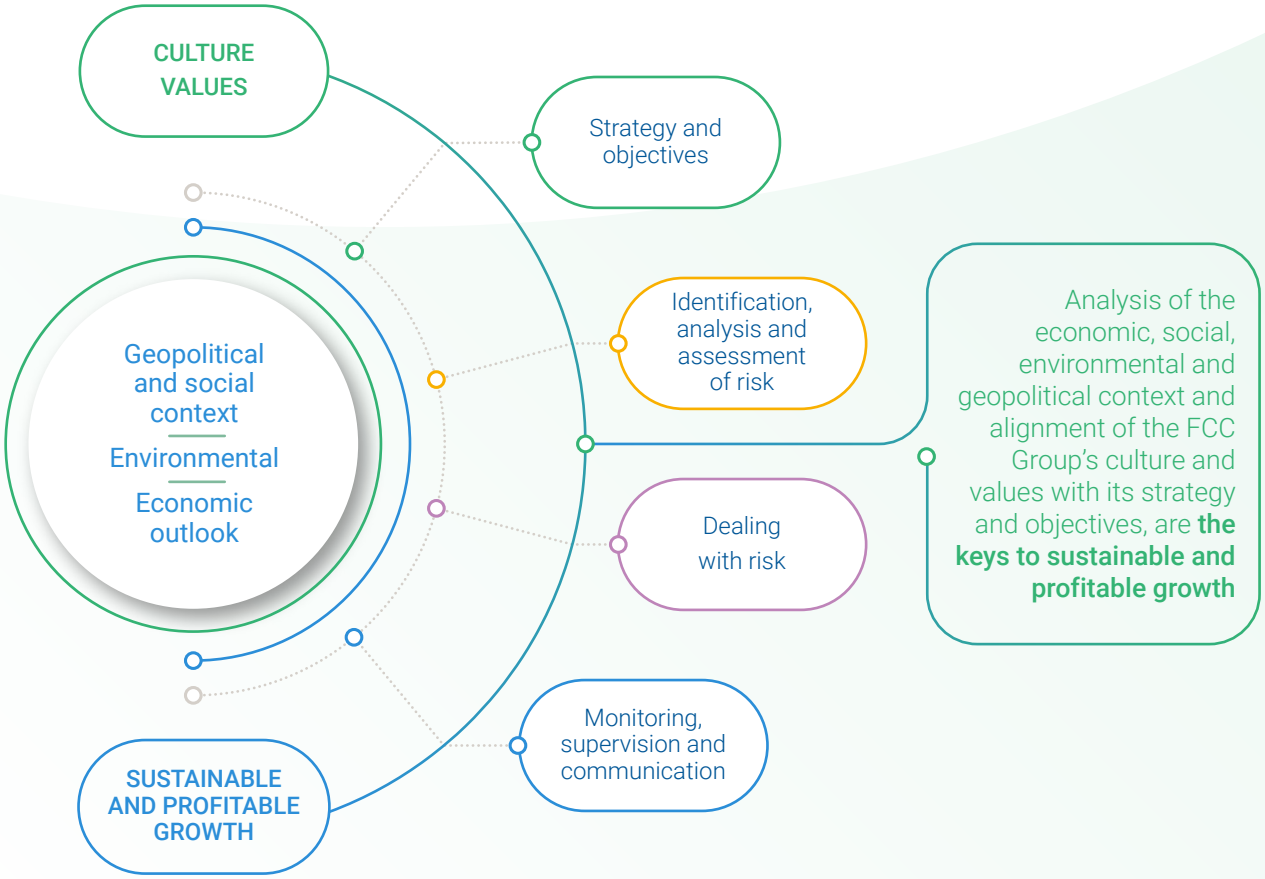
It is worth pointing out that several of the Group's business areas are also ISO 27001 certified, meaning that the management systems in place as regards security of information are in line with best international practices. Some companies have had their platforms and development environments certified under the National Security Scheme.

The FCC Group's Risk Management Model

The FCC Group is exposed to various risk factors, both inherent to the nature of its activities and related to environmental, economic, social and geopolitical developments in the various countries in which it carries on those activities and to the risks deriving from its relations with third parties, including those deriving from the non-exhaustive application of the principles of ethics and compliance contained in its regulations.

Many of these risk factors are strongly interconnected and could potentially affect the sustainable growth and profitability of the FCC Group, although they also represent opportunities in the context of the Group's commitment and its contribution to the 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 all levels of the organisation.



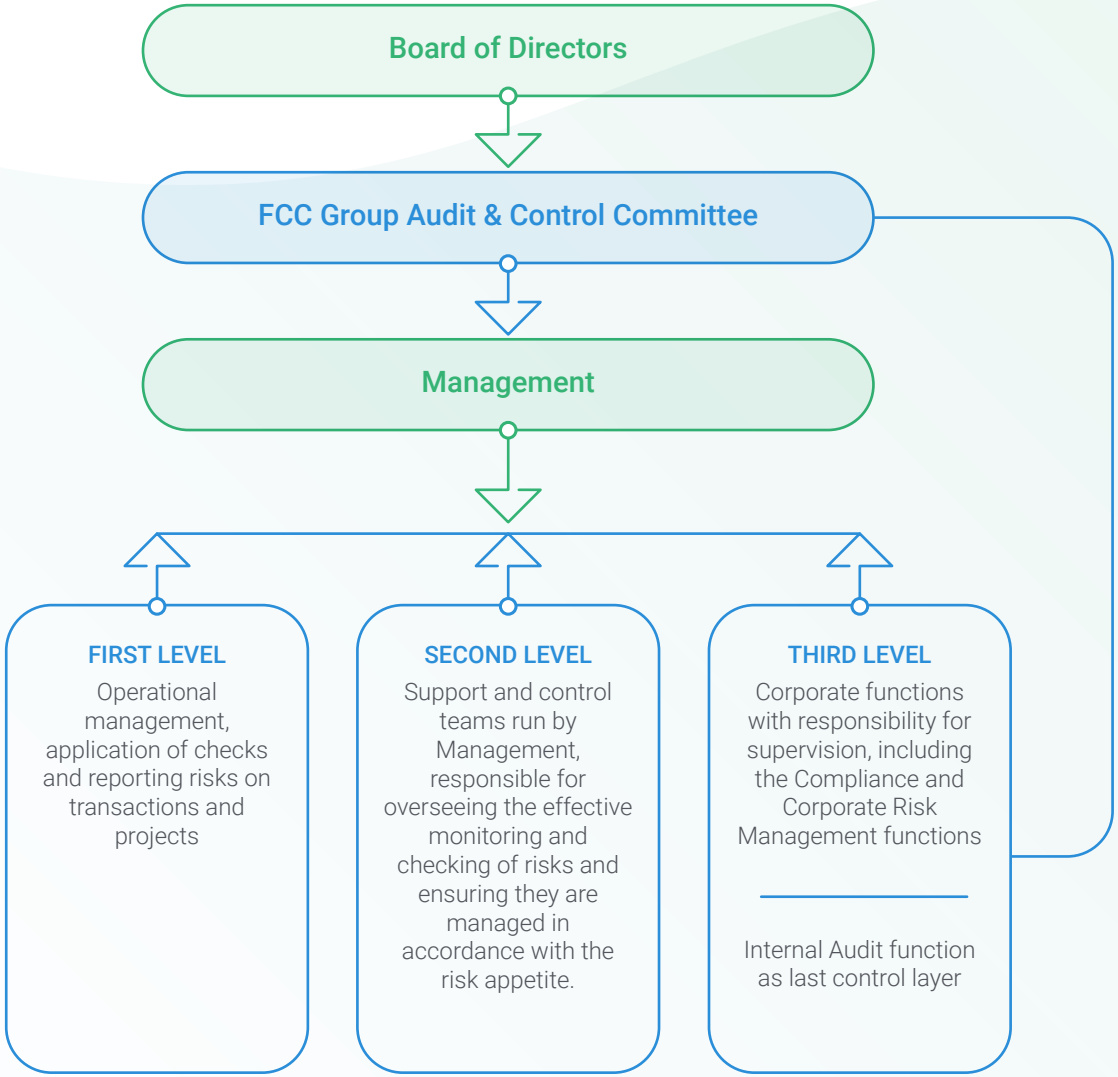
Key roles for risk management

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, among them the functions of Risk Management, Compliance and Internal Audit, the latter 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

STRATEGIC RISKS

- Deterioration of the economic environment.
- Geopolitical and regulatory instability.
- Climate and environmental risks.
- Lack of alignment with the sustainability goals.
- Impairment of reputation.
- Technological disruption.
- Cyber-security.

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.
- Integrating the businesses into the circular and low-carbon economy and alignment with the SDGs.
- Development of the Sustainability Policy.
- Development of the Environmental Policy.
- Investment in R+D+i projects.
- Operational unit and information security management system according to international standards.



OPERATING RISKS

- Risks associated with bidding process.
- Risks arising from relations with third parties.
- Contractual disputes.
- Loss of human capital.
- Labour conflicts.
- Valuation of real estate investments.
- Damage to the environment.
- Increase in prices.

Response plans

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



Significant risk scenarios (continued)

COMPLIANCE RISK

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

Response plans

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



FINANCIAL RISKS

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

Response plans

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





3 Strategy and value creation

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Sustainability on the move _ 33
Response to future challenges _ 51

Mission, vision and values

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

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

For the people forming 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 project's creation of long-term value.

MISSION
What we do

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

VISION
What we want to be

To be a benchmark international 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.

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

THERE ARE more than **64,000 of us** working in more than **25 countries**.

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



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 the commitment to our business partners.

Strengths of the business

Experience	**More than 120 years of experience**, creating value for citizens. A service structured around specialist and quality work by the best professionals in each of the Areas that make up the FCC Group.
Ethics and Integrity	**An ethical, responsible culture that encompasses the Compliance Model**, in addition to the plans and strategies of the FCC Group and its business lines.
Quality and Innovation	**Continuous improvement** to identify, satisfy and even anticipate the needs of its customers (internal and external) and stakeholders.
Health and Safety	Attention to the **best possible health, safety and well-being** of our employees, particularly in activities that involve an added risk.
Care of the Environment	**Caring for and protecting the environment** by implementing the circular economy model in the business.



Claves de un negocio diversificado

Medio Ambiente

- Recogida de residuos.
- Limpieza viaria.
- Tratamiento y reciclaje de residuos urbanos.
- Conservación de zonas verdes.
- Mantenimiento de redes de alcantarillado.
- Tratamiento y reciclaje de residuos industriales.
- Recuperación de suelos contaminados.
- Facility Management.

Gestión del Ciclo Integral del Agua

- Concesiones municipales para la gestión del servicio público del ciclo integral del agua.
- Concesiones de infraestructuras en contratos modelo BOT (Built, Operate and Transfer).
- Servicios de O&M (operación, mantenimiento y explotación de infraestructuras).
- Modelos EPC (Engineering, Procurement and Construction).

Infraestructuras

- Obra civil (puentes, túneles, carreteras, proyectos ferroviarios, etc.).
- Edificación residencial.
- Edificación no residencial (infraestructuras deportivas, sanitarias, culturales, etc.).
- Industrial.
- Concesiones.
- Mantenimiento de infraestructuras.
- Prefabricados de construcción.
- Imagen de marca.

Cemento

- Cemento.
- Trading.
- Otros negocios (hormigón, árido y mortero).

Inmobiliaria

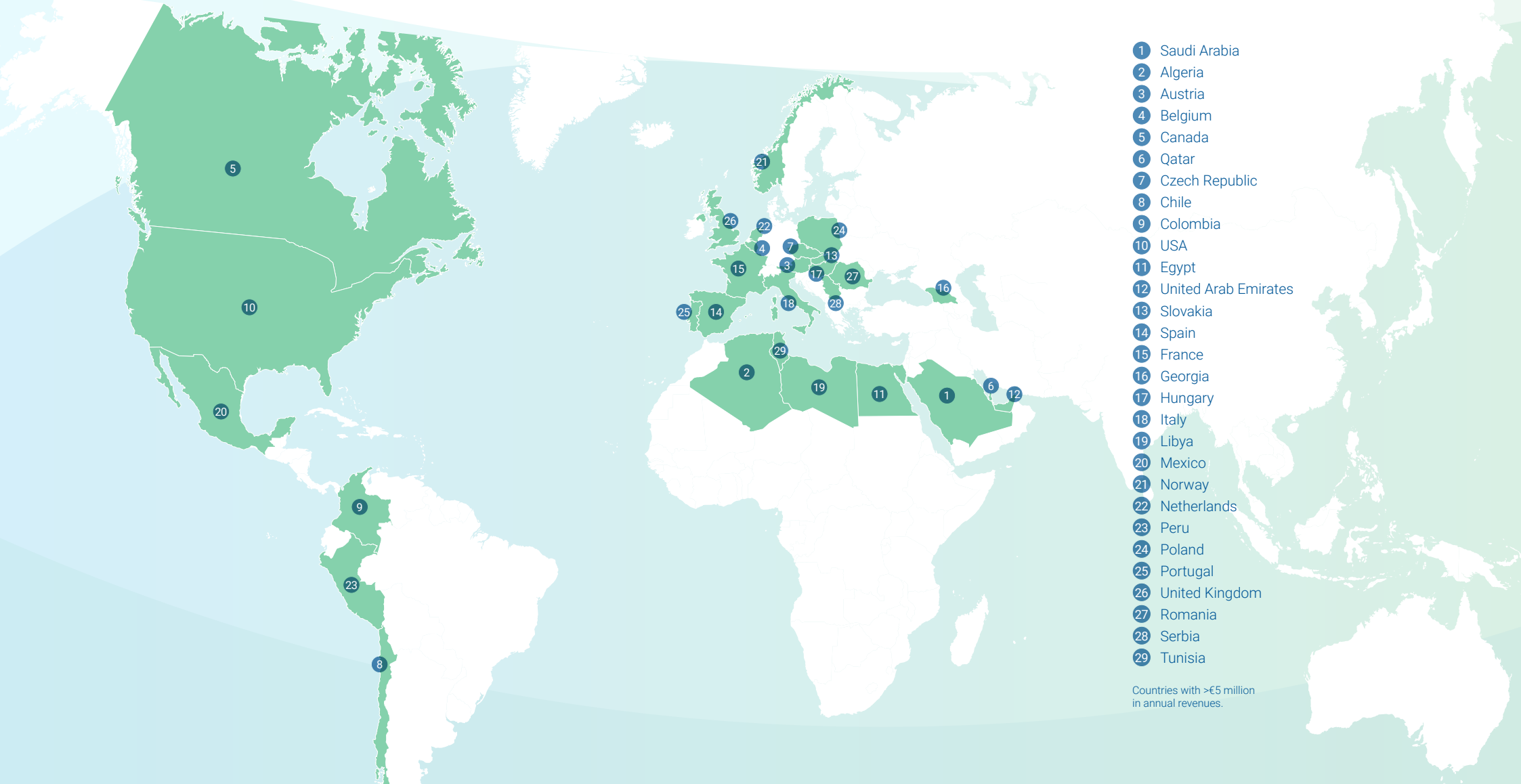
- Patrimonio en renta.
- Terciario (oficinas, centros y locales comerciales y otros).
- Residencial (BtR).
- Promoción inmobiliaria.
- Gestión de cartera de suelos.







International presence in 2022



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

Countries with >€5 million in annual revenues.

Sustainability on the move

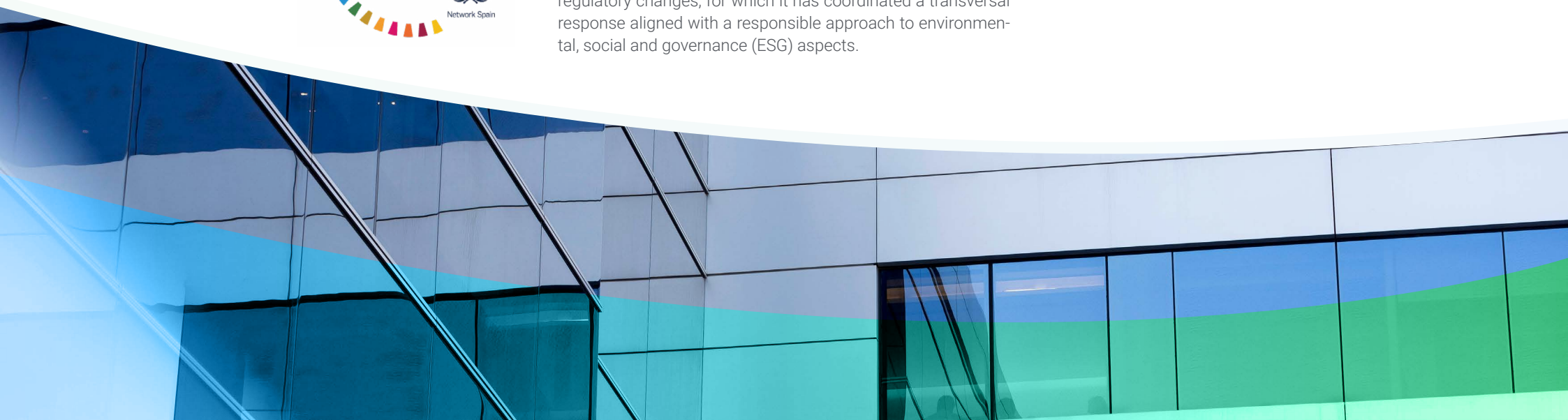
The FCC Group has a consolidated trajectory of more than 120 years of diversified services behind it, and has become an international benchmark characterised by its ability to adapt to changing circumstances and the excellence of the products and services it provides, with a model in which profitability and the commitment to sustainability prove perfectly compatible.

Our path to sustainability has been coupled to the FCC Group's principles of transparency, honesty and integrity, to the commitment to the **United Nations Global Compact** and to the contribution to the attainment of its **Agenda 2030** and the Sustainable Development Goals (SDGs). In this regard we would highlight FCC's commitment to fostering sustainable innovation and constant dialogue with its stakeholders on a corporate culture committed to the responsible performance both of the people forming part of the company and of its value chain.

Throughout its history, the FCC Group has managed to adapt to the major social, economic and environmental changes that have faced it and to confront new challenges such as technological development, climate change, growing inequalities and regulatory changes, for which it has coordinated a transversal response aligned with a responsible approach to environmental, social and governance (ESG) aspects.

ESG approach

On 26th April 2022, the Board of Directors approved the FCC Group's **Sustainability Policy**, which reformulates the previous policy, establishing the main priorities for FCC's sustainable development in the environmental, social and governance (ESG) dimensions and establishing the Group's commitments regarding dialogue with its stakeholders.



Actions on sustainability are directed from the company's **highest governance bodies**, whose responsibilities are established in the 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 Committee of each area** is 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 directorate**, 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 Framework

To address the priorities defined in the Sustainability Policy, and as a preliminary step towards the strategy that will characterise the Group's V Plan director, we have prepared a roadmap incorporating the environmental, social and governance criteria for the coming years, referred to as the ESG Framework, which under the motto "Together we are building a better future" establishes the Group's strategic lines and objectives in four pillars.

For their part, the various business areas of FCC reaffirm their commitment to sustainable development by implementing individual master plans and specific strategies appropriate to the particularities of each business.

Pillars of the ESG Framework

E – Environmental
- Climate action
- Circular economy
- Responsible use of water resources
- Protection of biodiversity

S – Social
- Human rights
- Social action
- Human capital
- Health and well-being
- Diversity and equality

G – Governance
- Ethics, integrity and compliance
- Management of ESG risks
- Value chain

T – Transversal
- Innovation
- Communication
- Partnerships



Materiality analysis

Once again in 2022, with the aim of identifying the ESG issues most relevant to each of the Group's business lines, we updated the materiality analysis in line with the changes made in the new basic reporting standards of the Global Reporting Initiative (GRI 1, 2 and 3).

The steps involved in updating the materiality analysis were:

- **Identification of ESG impacts**, actual and potential, positive and negative, based on contextual evaluation and analysis of reference studies.
- **Evaluation** of the impacts, by the managements of the business areas, in terms of magnitude and probability and the extent and frequency of the impact.
- **Grouping** of impacts, establishing a total of 15 homogeneous types of ESG impact for all businesses.
- **Consultation** of stakeholders, analysing relevant sources and direct consultation of the workforce, suppliers and customers by means of questionnaires.
- **Identification of material issues**, by levels, as a result of the study which enabled us to prepare matrices with the priority of each issue.

The result allowed us to identify the material issues of the Group and its various businesses and to quantify the impacts of its activity on stakeholders so as to be able to guide efforts on ESG matters. From the point of view of transversality, the most interesting themes to emerge were:

- Climate change and energy consumption.
- Employment and career development
- Outsourcing and suppliers.
- Ethical conduct.
- Promotion of innovation.



Dialogue with stakeholders

The FCC Group is committed to maintaining trust-based, transparent relations with its stakeholders, establishing a constant dialogue that enables it to ascertain their expectations and needs and to respond to their concerns and report efficiently on the performance of its business strategy. Communication is a key element of strategic management for the company, both for developing dialogue with all its workers and their legal representatives and for fulfilling its commitment to the business project.

FCC has **digital channels** on social networks such as Facebook, Twitter, YouTube, Instagram and LinkedIn. It also has a contact form, a directory and a specific Sustainability mailbox on its website. Furthermore, both the Group and each of its business lines periodically publish Sustainability Reports and disseminate information through their respective corporate websites.



Main stakeholders and channels for dialogue and communication in the FCC Group

Shareholders and investors

- Corporate and business area websites with content on financial performance.
- Presentations to the Board of Directors and Committees.
- General Shareholders' Meeting.
- Investor Relations Office
- Roadshows with investors.
- Relations with agencies to rate the company and its performance.

Workforce

- FCC one: FCC's corporate intranet.
- Ethics channel (Whistle-blower's channel).
- FCC360 and FCC is listening to you: FCC's app tools.
- Dissemination and awareness-raising campaigns.
- Employee portal
- Somos FCC: corporate online magazine.
- FCC newsletter in poster format translated into 13 languages.
- Meetings with Workers' Committees.

Suppliers and contractors

- Information and awareness-raising sessions.
- NALANDA platform for supplier approval.
- Mandatory compliance with FCC's Code of Ethics and Conduct, its Anti-corruption Policy and the commitment to apply the ten Principles of the UN Global Compact.

Public administrations and regulators

- Voluntary participation in initiatives for sector self-regulation and legislative developments.

Communities

- By lines of business, persons responsible for dialogue with local communities.

Shareholders

- Communication channels with other entities.
- Collaboration agreements, sponsorships, donations and partnerships.
- Business forums.
- Publications and presentations.
- Due diligence procedures.

Customers

- Satisfaction surveys.
- Contact Person.
- Channels of dialogue specific to each business line.





Innovation Day, driven by Digital Innovation Lab (DI_Lab), centred on virtual/augmented reality, process automation, Industry 4.0, artificial intelligence and the metaverse.

Innovating to advance

The FCC Group has plumped for creating innovative solutions as the driver of change to confront the main ESG challenges and contribute to sustainable development and as a way of bringing about the evolution and transformation of the business. Every year FCC uses significant financial and human resources in R&D&I projects, centring its efforts on sustainable urban development, the design of new sustainable products, the optimisation of processes and the application of information and communication technologies.

FCC has its own innovation laboratory, the **Digital Innovation Lab**, a global space in which ideas are developed and knowledge is shared in order to generate synergies, driving innovation, technology and digitisation. In 2022, various training actions were carried out within the "Digital Innovation Lab Team Programme" and an innovation day on digital transformation was held.

Furthermore, each business area has its own R&D&I line and has a specific approach to it depending on the characteristics of its sector and specific needs:

- **Environmental Services**: banking on the digitisation of its processes, the creation of resilient ecosystems and focused on electric mobility, energy efficiency and energy from alternative sources.
- **Water:** advancing in efficient digital transformation, omnichannel customer service platforms, mobility solutions and the development of big data and artificial intelligence.
- **Infrastructures:** centred on technical and economic digital control tools, design processes and geolocation (BIM and GIS).
- **Cement:** focused on the development and production of sustainable solutions and smart cities.
- **Real Estate:** directing efforts to improve the efficiency of buildings' use of resources.

Contribution to environmental challenges



Environmental management

To ensure environmental protection, compliance with environmental laws, rules and standards and to prevent or minimiser the negative impacts of its operations on the surroundings, FCC has **environmental management systems** certified and/or verified as conforming to internationally recognised standards, **83% of its activity being covered by environmental certifications**.

Each businesses has its own environmental policy which structures the corresponding management system and respects the fundamental principles established in the Group's **Environmental Policy**. These policies vary depending on the specific characteristics of each sector and its most significant environmental aspects, applying the principle of precaution, specific procedures in operations and best practices to reduce adverse effects on the environment.

To comply with the environmental commitments made and to prevent associated risks, during 2022 the FCC Group **allocated €83 million**, which ere used to renovate the fleet of vehicles, machinery, and to improve energy efficiency, among other things. Furthermore, FCC has an environmental civil liability insurance policy, another for general civil liability and other additional coverages in the businesses.

Climate commitment

The FCC Group aims to be a benchmark in the fight against climate change and the transition to a low-carbon economy. Through the Risk Management Model, the impacts of climate change and the risks and opportunities associated with climate are identified and evaluated. Furthermore, **FCC's Climate Change Strategy for 2050** sets out the long-term roadmap, with a view to reducing the carbon footprint and providing solutions for adapting to climate change, defining the strategic lines in five pillars: monitoring, reduction, adaptation, innovation and communication.

At present, each business line is redefining its objectives and quantitative metrics with a view to reducing its GHG emissions and proposing mitigation ad adaptation measures, working on its own strategies and commitments towards carbon neutrality.

During 2022, FCC developed a **procedure for identifying, assessing and prioritising physical climate risks**, establishing a methodology that can be applied to all the businesses, activities and geographical regions, having initially analysed the activities aligned with the EU's Environmental Taxonomy. Furthermore, as part of its commitment, the FCC Group reports to the ***Carbon Disclosure Project (CDP)*** annually, on a voluntary basis, information on the risks and opportunities deriving from climate change.

To calculate its **carbon footprint**, it follows the criteria defined in the GHG Protocol, adapting the calculation methodologies to the specific sector of each business. The most obvious result of the climate change commitments is the slight reduction in total GHG emissions relative to the previous year shown by the Group's consolidated carbon footprint.

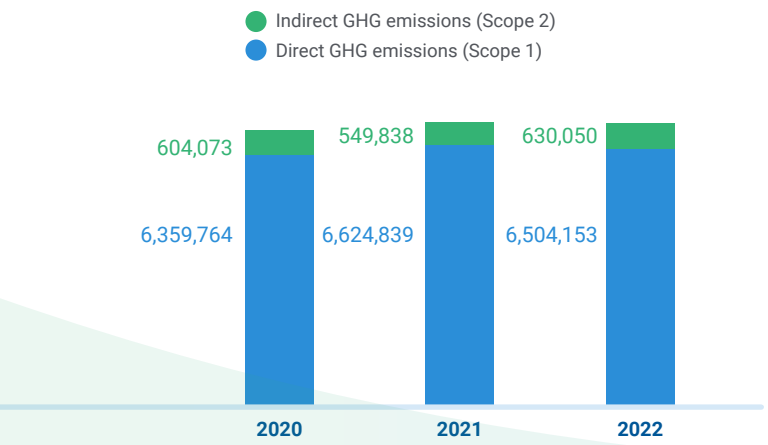
As regards **direct and indirect energy consumption**, total energy consumption in 2022 was 7.2% more than in the previous year, the increase being proportionally less than that in total turnover. Furthermore, the Group continues to believe in measures and projects to replace fossil fuels with **energy f renewable sources**, and in 2022 the proportion of energy consumed coming from green sources amounted to 28.5%.

Measures to improve energy efficiency

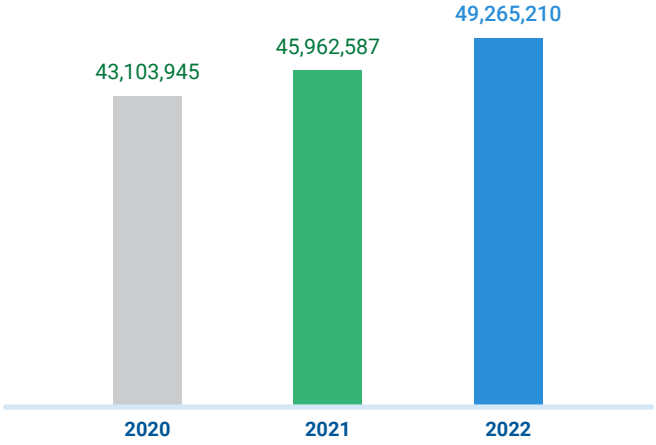
Renewal of ISO 50001 certifications for Energy Efficiency and Savings, investment in more efficient machinery and equipment, installation of LED lighting and presence detectors, improved monitoring of consumption and performance, optimisation of processes from the point of view of energy consumption and raising awareness of the workforce.

In 2022, 28.5% of the energy consumed came from **renewable sources**

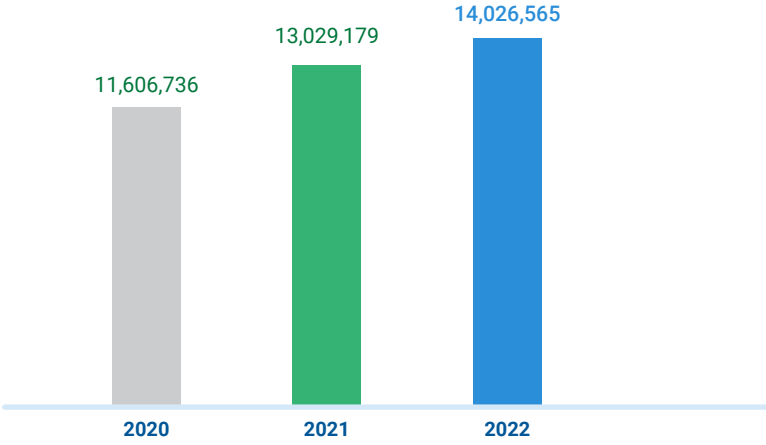
FCC Group's Carbon Footprint (tCO_2e)



Direct and indirect energy consumption (GJ)



Consumption of energy from renewable sources (GJ)



Circular model

In its determination to lead the transition to a circular model that will allow us to accelerate sustainable development and confront the challenge of resource scarcity, the FCC Group strives to be a significant driver of change, integrating the principles of circularity into its activities through the efficient use of resources and the conversion of waste into raw materials.

Measures for transitioning to a more sustainable circular economy that respects the environment

Subscription to the Pact for a Circular Economy, reduction of the volume of waste destined for landfill, increased volume of waste recycled and re-used, valorisation of waste, optimisation of processes, production of energy and bio-fuels from waste, use of alternative fuels and raising citizens' awareness.

Specifically, the **Environmental Services** Area stands out in the transition to circularity thanks to its waste management activities, the success of which derives largely from the decision to focus on optimisation of recovery and recycling processes. The Area continued working in search of circular solutions by participating in innovation and research projects focusing on the production of biomethane, the recovery of plastics for use in energy generation, the bio-optimisation of compost, the generation of new sub-products and biomaterials and the recovery and valorisation of industrial waste.

The FCC Group continues to aim for a model in which the use of resources is responsible and sustainable, both in the **consumption of raw materials and resources** and in the **generation and management of waste**, so as to reduce them, make best use of them and reincorporate them into the productive process.

In 2022, the Group used 66% less materials than in the previous year, a reduction in line with the decreased consumption of raw materials and semi-finished products in the Infrastructures Area. Furthermore, in 2022 there was a 19.2% increase in the volume of non-hazardous waste generated, equivalent to the increase in turnover, whereas hazardous waste decreased by approximately 23.5% relative to the previous year.

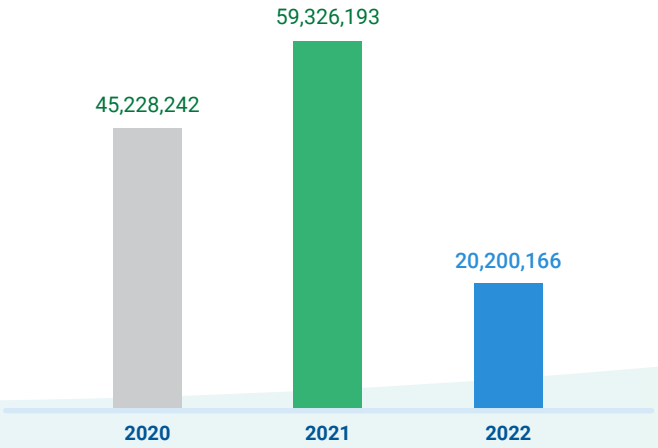
Measures for the sustainable use of resources

Replacement of raw materials with recycled materials, re-use of recovered waste, consumption of easily re-usable materials, development of protocols for efficient consumption and monitoring, minimisation of container and packaging waste and awareness-raising work.

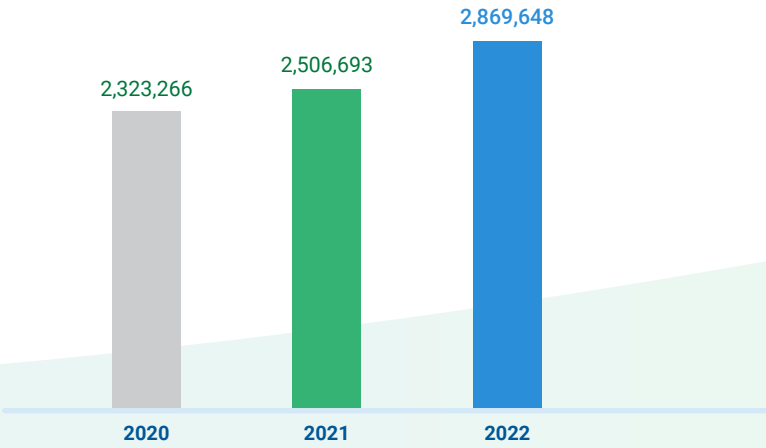
Measures for responsible waste management

Acquisition of vehicles with recoverable components, establishment of minimisation plans, decisive move towards re-use and valorisation, segregation at source and promotion of good practices.

Total materials used by the Group (T)



Total waste generated by the Group (T)



Water resources

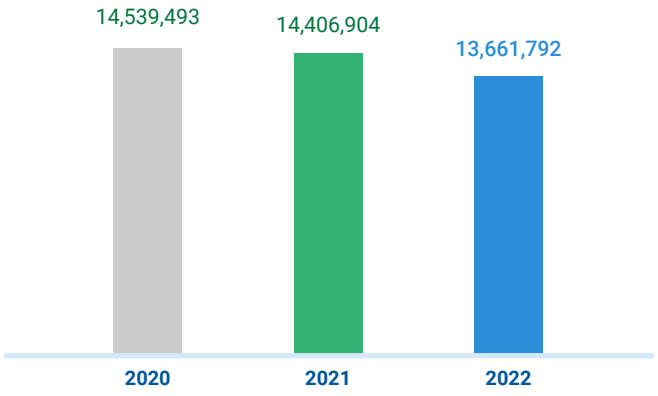
The FCC Group promotes the **rational and efficient use of water** and provides solutions for combating water stress in the regions where it operates. This resource is fundamental for the normal development of its activities, the characteristics of each of which determine its use. In 2022, there was a 5.2% reduction in the volume of water extracted, as a result of the elimination of the consumption of rainwater in certain contracts and improved reporting of data.

Measures for responsible water management

Use of alternative sources to the mains network, re-use of effluents and waste water, control of consumption, installation of efficient taps, network maintenance, replacement of cooling towers and awareness-raising campaigns.

Specifically, the **Water** Area is the one with the biggest impact on water resources. It is heavily committed to innovation, participating in numerous R&D&I projects, improving the efficiency of its operations, exercising exhaustive control over all phases of management of the end-to-end water cycle and succeeding in optimising public and private water resources, fostering the sustainable development of communities.

Water extraction in the Group* (m³)



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

Protecting biodiversity

Another of the priorities of the FCC Group is contributing to maintaining natural capital, promoting the conservation of biodiversity and supporting the recovery of degraded ecosystems. This commitment is reflected in its subscribing to the **Biodiversity Pact** of the Spanish Business and Biodiversity Initiative (IEEB), which collaborates actively with associations for the protection of nature and preserves areas of incalculable ecological value.

In 2022, the Group succeeded in increasing by 47.8% the total surface area to which protective measures for sensitive areas or rehabilitation measures of affected spaces were applied, as a result of forestry maintenance work and the integration of work centres associated with Protected Natural Spaces.

Measures to protect and care for biodiversity and ecosystems

Replanting with native species, work to restore and repair soil morphology, physical delimitation of sensitive areas, protection of specimens, transplants of plant species, installation of nests, transfers of animal species, creation of wildlife refuges and training of the workforce.

Measures taken to preserve or restore biodiversity (hectares)

	2020	2021	2022
Protection of sensitive areas	1,142	1,237	1,854
Restoration of degraded areas	700	940	1,364

Reduction of pollution

To limit the effect of its activities on the environment, the Group has identified the possible sources of pollution and has put measures in place to reduce their impact.

During 2022, relative to data for the previous year, it succeeded in reducing emissions of certain atmospheric pollutants and in reducing the volume of waste dumped on landfills by nearly 15% and the volume of significant spills by 39%.

Measures to reduce air pollution

Monitoring by means of sensors, use of low-emission vehicles, renewal and maintenance of machinery, optimisation of routes, watering of unpaved roads to avoid suspended particles and installation of filters and air source heat pump systems.

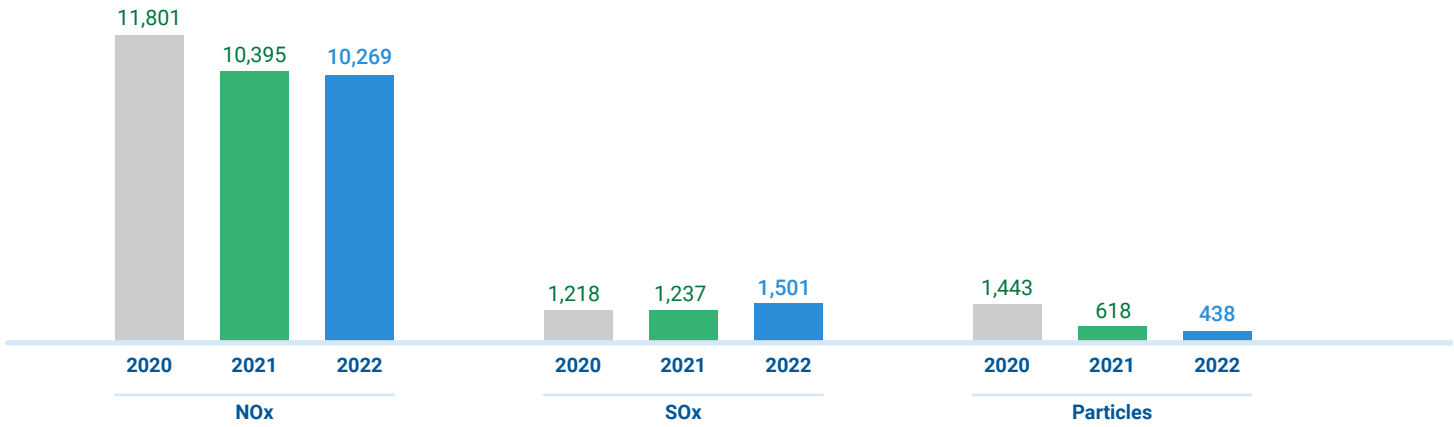
Measures regarding spills and discharges

Development of procedures for the control and analysis of discharges, spills and leachates; application of physico-chemical treatments such as purification, decantation, neutralisation or osmosis; installation of containment systems; and establishment of emergency plans.

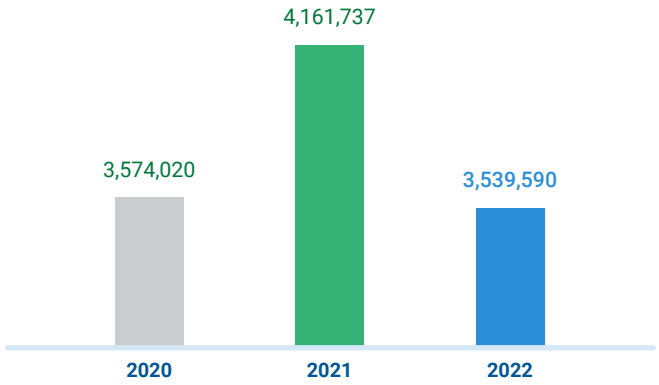
Measures to prevent noise and light pollution

Insulation, noise barriers, raising staff's awareness, use of motion sensors for outdoor lighting and optimisation of the location and orientation of lighting.

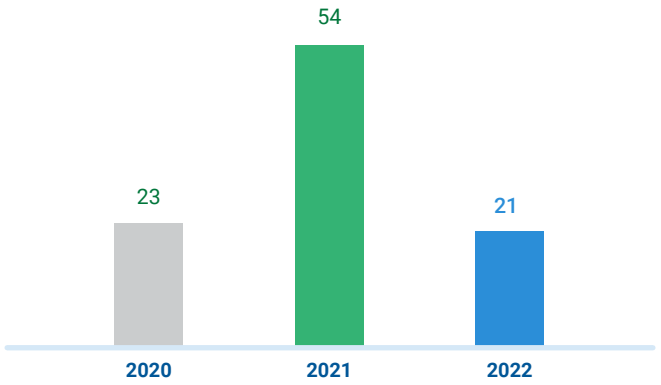
Emissions of the main atmospheric pollutants generated by the Group (T)



Volume of water discharged by the Group (m³)



Volume of significant spills of the Group (m³)



People who work for people

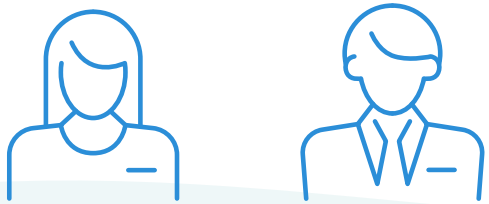
During this past year the FCC Group continued to strengthen its main lines of work, based on the potential of the human teams and on promoting the social commitments, by managing talent, pushing for diversity and equality and promoting people's health and well-being.

In 2022 FCC continued to look to innovation as a strength and one of the Group's levers for creating value. In other actions, the **Data Boutique** consolidated its position as the tool and platform for managing information, and a star was made on implementing a new global information system for human resources.

The best teams

FCC operates in 39 countries around the globe, with a workforce of more than 64,000 people. The company is known for its job stability, with 83% of its staff on permanent contracts.

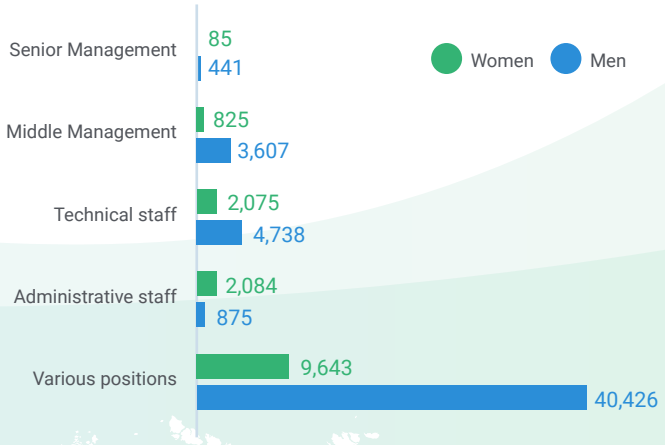
Distribution of the workforce by gender



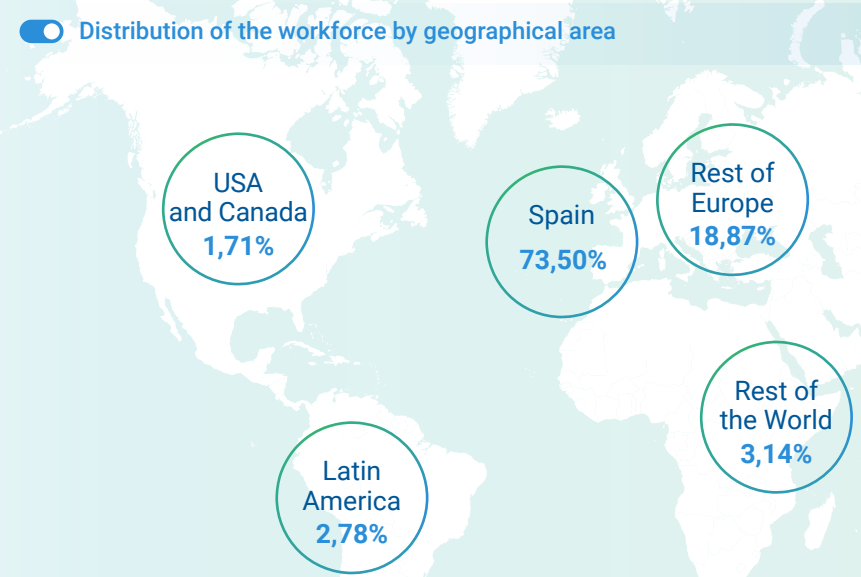
Women 22.7%

Men 77.3%

Distribution of the workforce by gender and functional level



Distribution of the workforce by geographical area



Betting on training and personal development

With the aim of having the best teams and professionals, FCC continues to work on initiatives for its employees' career development and continuous training.

Through the FCC Group's Annual Transversal Training Plan and the various annual plans adapted to the needs of the business areas, by means of talent management policies, in 2022 the following initiatives were noteworthy:

- Training sessions linked to the Compliance Model.
- Digitisation and cyber-security.
- Reflection and awareness-raising on matters relating to Diversity, Equality and Sustainability as essential commitments of the Group.
- Workshops on Health and Well-Being.
- Development of interpersonal relations and people management skills.
- Programmes promoting Young Talent and Women's Leadership and Talent.
- Spotlight on specialisation in various areas of technical knowledge, such as the BIM (Building Information Modelling) methodology.

During 2022, **more than 600,000 hours of training were delivered** in the FCC Group as a whole, spread over a number of different schools.

Campus FCC, the Corporate University, was consolidated as a global reference point for continuous and agile learning, which allowed training needs to be met online in a virtual classroom, with such important actions as **"Hablemos de Igualdad"** (Let's talk about Equality) and the training session on the **Code of Ethics and Conduct, "ETHMOR, el escudo"**. During 2022, 87 knowledge pills were launched online on different subjects, in more than 200 invitations nationally and internationally.

Furthermore, the **Onboarding Programme** for digital users in Spain, located in Campus FCC, allows new recruits to get to know the fundamental aspects of FCC and its businesses and to follow the key training courses for their integration with and adaptation to the company.







Campus FCC

Progress in order to make diversity and equality a reality

For FCC, the management of diversity and equality is a business, social, ethical and legal imperative included in its Code of Ethics and Conduct and in each of its Equality Plans.

In the context of this imperative, 2022 saw the emergence of **you_*diversity*** as a participative space hosted on the company's intranet and with access from the FCC360 app, with the aim of combining training and informative actions, campaigns and events designed to promote the transformation of the business culture as regards equality, diversity and inclusion. This space was recognised with the **Award for the best practice for cultural transformation in the area of diversity and inclusion** granted by the Adecco Foundation and the Excellence and Sustainability Club in the 5th Edition of the Diversity and Inclusion Awards.

Gender equality

In FCC, the principle of equal opportunities is an essential commitment which finds expression in all is equality plans and has been recognised by the **Business Equality Distinction** awarded to all business areas.

Reflecting the FCC Group's firm belief in promoting women, the percentage of women occupying management positions continues to increase, reaching 16.2% in 2022. This past year the participation of women in training programmes was once again promoted on female skills training, development and leadership such as the EOI Development Programme, the "Promociona" Programme and the "Progresa" Project, these last two run by CEOE and ESADE.

Against gender violence

The FCC Group is particularly committed to the **fight against gender violence** in all its facets, based on two fundamental principles of action: zero tolerance and support for the social and occupational integration of victims. To this end, the Company collaborates with the **"Companies for a Society free from Gender Violence"** network and in 2022 it signed agreements to promote social awareness-raising.

In the context of this fight, in 2022 FCC held the 5th Edition of its awards to organisations and associations in recognition of their efforts in fighting gender-based violence. This year the award went to the **016 Service** provided by the Government Delegation against Gender Violence, for its work in providing legal advice and immediate psycho-social care for all forms of violence against women.

you_*diversity*





Event to mark International Day for the Elimination of Violence against Women, held in FCC's corporate HQ in Las Tablas, Madrid (Spain).

In favour of diversity and labour inclusion

As part of FCC's commitment to diversity, equality, labour inclusion and the promotion of a real culture of respect, tolerance and equity, the Group forms parts of initiatives and organisations linked to promoting safe and respectful work environments in which talent is valued, irrespective of **identity, gender expression or sexual orientation**.

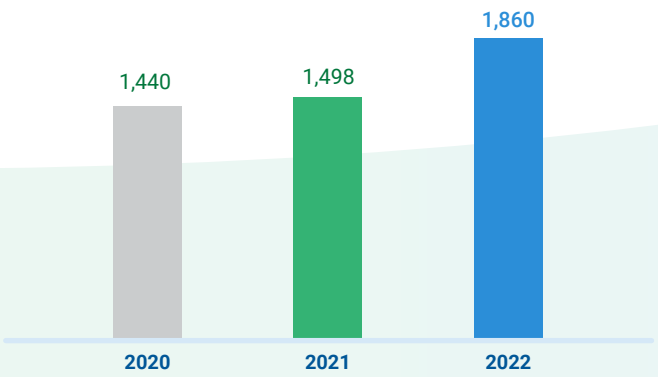
Equally, as regards the labour inclusion of **persons with disabilities or belonging to vulnerable groups**, the FCC Group maintains active collaboration with organisations specialising in advising on how to handle recruitment and provide support to persons with disabilities and to particularly vulnerable groups at risk of social exclusion.

Non-discrimination and prevention of harassment

Together with the whistle-blower's channel covered in the Ethical Channel, the FCC Group has an obligatory **Protocol for the Prevention and Eradication of Harassment**, which aims to prevent, resolve and sanction cases of workplace, sexual or gender-based harassment, reinforcing its commitment to promoting respectful working environments in which the abuse of authority and any kind of harassment are not tolerated. In line with this commitment, in 2022 a specific training session on **Cyber-bullying "Chasing Shadows"** was delivered.



Workers with disabilities at FCC. Spain





Security, health and well-being

One of FCC's fundamental pillars is the health, safety and well-being of its workforce, which is integrated into all its decisions and activities, also involving the network of employees, contractors and suppliers. Management starts from the basis of the health and safety certifications under the most demanding international standards such as **ISO 45001**, and by means of collaboration with influential agents at community level in the field of health and well-being.

During 2022 we implemented **programmes to improve health and well-being**, which contribute to the reduction of absenteeism, the actions to prevent musculoskeletal conditions (basically backache) being particularly outstanding in this regard. The processes for checking contractors' health and safety were also consolidated as part of the supplier approval process.

Live Healthily Movement

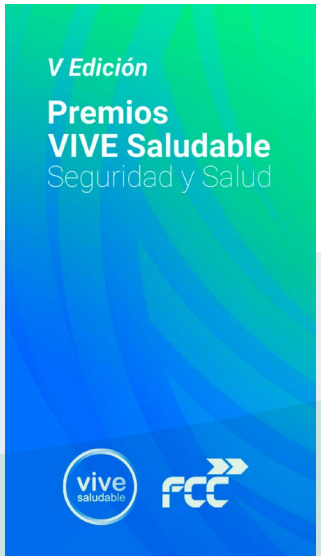
In the area of promotion of overall health and healthy lifestyle habits, in 2022 training and awareness-raising actions were carried out on psycho-emotional and digital well-being. Through the FCC's Medical Services, specific actions to promote the health of workers were also carried out.

The FCC Group held the **5th Edition of its Live Healthily Awards**, welcoming some 40 candidates from all geographical and business areas of the organisation, for the categories of Prevention of Occupational Risks, Promotion of Health and Well-Being and Recognition of Personal Trajectory.

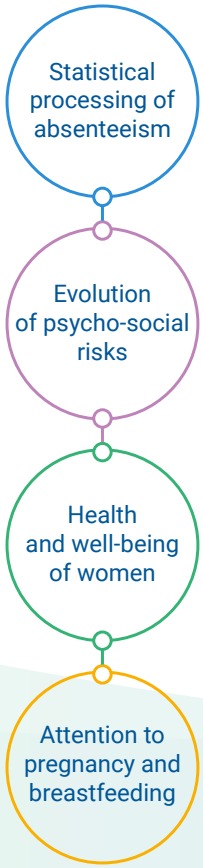
Heath and safety at work is a pillar that is developed in a large number of collective labour agreements in Spain, which habitually include headings on preventive measures and prevention plans, communication, vigilance as regards heath and training of the workforce.







Also during 2022 progress was made in including the **gender perspective in the management of occupational health and safety** in the FCC Group, working mainly on the following four areas:



Culture of the organisation

To ensure the well-being of its workers, the FCC Group considers the appropriate management of the organisation of work and work-life balance to be fundamental, turning the spotlight onto measures for flexibility, shared responsibility and digital disconnection appropriate to the different realities and organisational or productive needs of each centre, function or activity. Work-life balance in particular has become a priority objective for action which in 2022 took the form of various measures in the equality plans, notable among which were:



Flexitime working and vacations



Leave to attend to personal and family circumstances



Short working day with no lunch break in summer and on Fridays



Extension of leave for breastfeeding, reduction of working day and sabbatical



Improvement of leave: sickness and death



Extension of reservation of position: sabbatical

Evolution of indices

In 2022, the global accident **frequency rate** stood at 21.78 and the **severity rate** at 0.90; they remained below the equivalent rates published by the Ministry of Employment for each sector of activity.

Social footprint

The FCC Group is committed to promoting the development and well-being of communities, adding value through its products and services to society, fostering socio-economic development wherever it operates and giving concrete expression to its social commitment in the form of education and solidarity initiatives.

The Group's social contribution is related to:

- **Essential activities and basic resources**: contributing value to society and directly affecting citizens' well-being through the products and services that FCC offers. Based on the best technical solution for optimising production and provision of services, FCC generates a substantial positive social and environmental impact on the communities in which it operates.
- **Socio-economic development**: creating direct and indirect employment with the jobs necessary for the functioning of its operations and selecting and contracting local suppliers and contractors.
- **Education**: promoting social development and progress, sharing knowledge and developing educational programmes. FCC sees education and environmental awareness-raising of the very young as the way to improve the future that these generations represent.
- **Solidarity actions**: by means of campaigns directed at the workforce, collaborating with entities that care for persons and families in situations of vulnerability and signing agreements with solidarity programmes committed to social needs.
- **Integration of vulnerable groups**: by means of labour insertion and awareness-raising initiatives, FCC promotes inclusive environments and the integration of persons and groups at risk of exclusion or in situations of vulnerability.

In 2022, FCC allocated nearly **€6 million** to sponsorships and contributions to non-profit organisations, foundations and industry associations

In 2022, FCC allocated nearly €6 million to sponsorships and contributions to non-profit organisations, foundations and industry associations with which it collaborates in its commitment to build strategic partnerships and more collaborative work models, form an active part of a more solidarity-based and inclusive community and strengthen its contribution to economic progress, the reduction of inequalities and the social development of cities.



Blood donation campaign in the FCC Corporate HQ in Las Tablas, Madrid (Spain).

Value chain

In the FCC Group the management of experience with the customer and with the supply chain is based on ethics, efficiency and transparency, establishing stable relations based on mutual trust and honesty. To this end, the corporate culture is strengthened by the commitment to and care of customers and relations with suppliers and contractors by means of responsible procurement procedures.

The **calling to customer service** is a key feature in the culture of FCC, reflected in the Group's Code of Ethics and Conduct, placing customers at the centre of the activities of the businesses, which direct their efforts to providing products and services with a differential value, of top quality and that meet customers' requirements.

Understanding the opinions and needs of customers is essential for conceiving, designing and marketing products and services, based on a constant dialogue through various tools and channels of communication which each business area adapts to the various types of customer.

Another of the company's priorities is the certification of the quality management systems, such as ISO 9001, which aligns it with the best international practices in existence and strengthens FCC's commitment to excellence in its offering of products and services. Another fundamental requirement for the Group is to ensure the health and safety of end users, to which end it carries out various practices depending on the diversity of activities, customers and users, starting out from strict compliance with applicable legislation.

Sustainable procurement in FCC means establishing lasting and solid relations with its suppliers and contractors, promoting occupational health and safety practices and applying social, environmental and ethical standards among the commitments to be assumed by the supply chain and subcontractors.

The FCC Group has 43,161 suppliers, and its commitment extends from an integrated framework to guarantee responsible and sustainable business relations, based on:

- The Group's Code of Ethics and Conduct and the acceptance of the basic principles to be observed in relation to ethical conduct contrary to corruption, bribery and fraud; as well as explicit respect for Human Rights, occupational health and safety and the environment.
- Purchasing Manual, which allows the creation of solid, lasting, commercial relations based on principles of competitiveness, transparency and objectivity.
- General Contracting Conditions, the document that regulates mercantile relations, defining the ethical clauses that must be accepted by suppliers, including the scope of the Code of Ethics and Conduct, the FCC Group's Anti-corruption Policy and acceptance of the ten principle of the UN Global Compact, and respect for fundamental human and labour rights.

To verify suppliers' and contractors' compliance with the commitments, the FCC Group has in place a **Supplier approval and evaluation procedure**. This is based on a risk analysis, as part of which the suppliers register, sign a responsible declaration and respond to questionnaires which include questions on ESG criteria. Depending on their responses they are assessed and graded by level of risk such that a certificate of approval is issued with the rating A, B or C and, if classified as high risk or rated D, a specific process of due diligence is carried out.

Furthermore, the FCC Group carries out periodic assessments and satisfaction surveys which allow decision-making on the award of contracts to be speeded up, improving negotiations and re-evaluating approval. The Group has also established audit processes to verify compliance by approved suppliers and contractors and reinforce oversight of the supply chain.



Response to future challenges

Adaptation to the new global challenges

A management model that promotes the transformation to more sustainable cities

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 €7.71 billion in 2022, 15.7% more than in 2021, the Group has demonstrated the good financial performance of its various lines of business: environmental services, management of the end-to-end water cycle, development of infrastructures, production of cement and associated materials and real estate activities. 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.

In this regard, being well aware of the fundamental role played by sustainability in the development of cities, the FCC Group reformulated its Sustainability Policy in 2022, focusing on performance against ESG criteria.



Global trends

Climate change, water stress and population pressure

At present, the average global temperature of the Earth's surface is rising faster than at any other time in history. The rise in temperatures, which puts the increase in global warming at 1.15ºC above pre-industrial levels, is making the goal established in the Paris Accord of 2015 –to keep the increase in global temperature below 2ºC– look increasingly unattainable. With these forecasts, the temperature will continue to rise unsustainably to exceed 2.8ºC at the end of the century.

This increase in temperature is caused mainly by the increase in GHG emissions. In this regard, the for total emissions in 2022 was 40.6 billion metric tons of CO_2. According to the Global Carbon Project, there are no indications that a decrease sufficient to slow climate change will occur. If emissions continue to increase at this rate, the probability of the 1.5ºC global warning mark being passed in nine years will increase by 50%.

One of the most worrying consequences of global warming is reflected in the ever more limited availability of water, especially in regions that were already dry, and in the increased risk of droughts, which intensifies the vulnerability of ecosystems. Other phenomena, such as the deteriorating quality of water, the impact of flooding, alterations in land use and demographic concentration in cities, mean that water security has become a complex and urgent mater that requires effective responses to be designed to contribute solutions that are sustainable over time.

These changes in climate patterns, plus population growth and trends in water use, imply that consumption of fresh water has increased sixfold in the past hundred years and has been increasing at around 1% a year sine the 1980s.

Events linked to climate change, such as floods, extreme heat and water scarcity, generate devastating economic and social consequences. One of these is migration, which according to the Word Bank may involve 216 million people by the year 2050. This would wide the inequality gap, since many climate refugees come from the countries with the least resources and the least prepared to face the effects of climate change. Furthermore, the difficulty of adapting to these changes threatens to make the most densely populated regions of the world uninhabitable.

Specifically, about 56% of the world's population, or 4.4 billion people, live in cities. This trend looks set to continue, doubling by 2050, when seven of every ten people will live in cities. It is therefore necessary to develop strategies to adapt to climate change, centred on urban centres, that generate positive development results.

At present, the average global temperature of the Earth's surface **is rising faster** than at any other time in history

According to the UN, in the next three decades the various regions of the world will experience different rates of population growth. Consequently it is estimated that by 2050 the regional distribution of the population will be significantly different from what it is now. Based on these predictions, more than half the growth in world population between 2022 and 2050 is expected to be concentrated in just eight countries (the Democratic Republic of the Congo, Egypt, Ethiopia, India, Nigeria, Pakistan, the Philippines and Tanzania).

Accordingly, the relation between sustainable development and demographic changes must be borne in mind in the context of climate change and the other global environmental challenges.



Data _ Climate change, water stress and population pressure

- It is estimated that **the world population will increase by nearly 2 billion** in the next 30 years, going from the current 8 billion to 9.7 billion in 2050, and possible peaking at **close to 10.4 billion** in the mid 2080s.(1)
- **More frequent and more extreme weather events**, including fires, floods and droughts, **could displace more than 200 million people** between 2022 and 2050.(2)
- Worldwide, **1,81 billion people** (one in four) live in **areas at high risk** of **flooding**.(3)
- If there is no change in current trends of water use, **the world will have a 40% water deficit** in 2030.(4)
- Cities, in which **55% of the world's population live** (4.2 billion people) **generate as much as 70% of mad-made emissions**, and are also highly vulnerable to the effects of climate change.(5)
- In the 2050s, more than **1.6 billion people** in more than **970 cities around the world** will be regularly exposed to **average temperatures** of three-month periods that will reach **at least 35°C**.(6)
- The level of **CO_2 in the atmosphere is forecast to reach an average of 417.2 ppm** in 2022, **51% higher than pre-industrial levels**. Even though natural CO_2 sinks on land and at sea continue to absorb around half of CO_2 emissions, despite the negative impact of climate change.(7)



(1) United Nations 2022 (www.un.org)
(2) WEF_The_Global_Risks_Report_2022.pdf (weforum.org)
(3) Urban Development Overview 2022 (worldbank.org)
(4) United Nations World Water Development Report 2021
(5) Naciones Unidas, 2022 (news.un.org)
(6) Naciones Unidas (news.un.org)
(7) Briefing on key messages Global Carbon Budget 2022 (globalcarbonbudget.org)



Circular economy

The circular economy model acquires particular relevance in the current context of scarcity of raw materials and generalised rises in prices of materials, since it constitutes an opportunity to relieve the stress on supply chains. This model presents itself as an alternative to the current linear model based on the extraction of raw materials for the production of consumer goods that are discarded, not to mention the environmental impact of this. The circular economy represents a paradigm shift, based on the minimisation of environmental impacts through the "reduce, re-use and re-cycle" approach.

The transition to a circular economy model is a determinant for reducing the pressure on natural resources, attaining the EU's objective of climate neutrality by 2050 and minimising the loss of biodiversity. It also offers great potential for creating new activities and jobs, stimulating competitiveness, innovation and sustainable economic growth. The European Commission estimates that the application of ambitious circular measures in Europe could generate about 700,000 new jobs. Therefore public and private investment in circular economy activities have intensified over the past few years.

In turn, the EU is promoting the search for innovative solutions to push for reduction, re-use and recycling of existing materials and products. To this end it has established a package of legislative and other measures on the circular economy in the Action Plan for the Circular Economy, included in the EU Green Deal. This Plan is centred on design and production, with the dual objective of preventing the generation of waste and ensuring that resources are kept in the EU economy for as long as possible.

Data _ Circular economy

- **21% world emissions of** CO_2 are attributable to **industry**. Of this portion, **60%** corresponds to the production of four materials: **cement, steel, plastics and aluminium**.[8]
- The most abundant **waste** in the EU is that from construction and demolition: **839 million metric tons,** followed by mining and quarrying activities, which account for **622 million metric tons**.[9]
- The application of **circular economy strategies could reduce** the global emissions related to cement, steel, plastics and aluminium production by **40%** and in the food sector by **49%** in 2050. This would mean that these sectors would be 45% on the way to the net zero emission objective.[10]
- At present the rate of extraction of resources is **two or three times** that of recovery, despite the improvements in the efficiency of processing.[11]
- It is estimated that is a circular economy were to be implemented worldwide, the needs of the entire planet could be met with just **70% of the resources** currently used.[12]



8) Completing the picture How the circular economy tackles climate change, 2021.pdf
9) Circular buildings and infrastructure, 2021.pdf
10) Completing the picture How the circular economy tackles climate change, 2021.pdf
11) The Circularity Gap Report: CGR Global 2022.pdf
12) The Circularity Gap Report, 2023.pdf

Acceleration of the digital transformation

The impact of the new technologies and their rapid positioning in the various industries obliges companies to adapt their business model rapidly and constantly. In this way, investing in technological development and implementing innovative digital solutions, companies will be able to face the new challenges of the future and bolster their resilience.

Digitisation is a key factor for businesses' value creation and improving the efficiency of processes. Optimisation of processes and data using virtual reality, 5G technology, Artificial Intelligence (AI), the Internet of Things (IoT), quantum computing and the metaverse, maximise the potential of technological innovation and translate into an increase in margins, reputation and business projection. Blockchain and BIM (Building Information Modelling) technologies improve transparency and security in payments and planning of construction projects, optimising processes and reducing errors and fraud. The application of these technologies allows progress to be made towards the attainment of Agenda 2030, favouring optimisation of the use of resources and the measurement of the impact on society of business initiatives, among other things.

Similarly, the application of innovation and digitisation in cities, through the *Smart Cities* concept, allows such important questions as climate change or the promotion of a circular economy to be addressed on a large scale. For example, the generalised use of information and communication technologies (ICT) is essential for the creation of smart cities, allowing the efficient management of urban resources an improvement in the quality of citizens' lives and reduced environmental impact. ICT includes sensors and IoT devices, advanced communication networks, data platforms, mobile applications, smart energy systems and *big data*. These tools provide information in real time that can be analysed to improve decision-making on different areas of the city, such as traffic management or urban planning.

Companies will be able to confront the **new challenges of the future** by investing in **technological development** and implementing **innovative digital** solutions

At present, cities are responsible for more than 70% of world GHG emissions and two thirds of world consumption of energy, so as the population grows, so too will cities, leading to more carbon emissions The generalised use of ICT and big data are crucial on the path to decarbonisation, facilitating the creation of cities that are more sustainable economically, socially and environmentally.



Data _ Acceleration of the digital transformation

- World spending on the industry of the IoT is forecast at around **US$1.1 trillion for 2023 (US$1 trillion in** 2022).[13]
- According to the international statistics portal Statista, world revenues from technologies, products and services for *Smart Cities* are expected to reach **US$241 billion** in 2025.[14]
- According to the World Health Organisation (WHO), **91%** of the population living in urban areas breathe **polluted air** and **40%** have no access to **safely managed** sanitation services.[15]
- Digital commerce is estimated to grow by **US$800 billion** in value by 2024.[16]
- Digital solutions wit a positive effect on the SDGs could generate annual income of**€2.1 trillion a year** for the technology sector in 2030.[17]

[13] Gasto mundial en IoT 2018-2023, 2022 (es.statista.com)
[14] Smart city revenue worldwide 2020-2025, 2023 (www.statista.com)
[15] World Health Organization, 2021 (www.who.int)
[16] WEF_The_Global_Risks_Report_2022.pdf (weforum.org)
[17] Uniting to Deliver Technology for the Global Goals. 2030 Vision, 2017



Protecting biodiversity

Our society is facing a dangerous decline of nature as a result of human activities. Its consequences, notably new losses in terrestrial, oceanic and coastal systems, deterioration of soil quality, water scarcity, loss of food security, the increase in natural disasters and greater risk of pandemics in the future, may be inevitable.

Additionally, it is important to highlight the interdependence of the loss de biodiversity and climate change, two emergencies that fuel each other. On the one hand climate change is the driver of the loss of biodiversity, and on the other the conservation of ecosystems is essential if we are to halt or slow climate change. Therefore, to overcome them effectively, these two crises should be tackled integrally.

In the last decade, protection of biodiversity has taken a back seat as governments and the private sector opted to prioritise other themes such as climate change in their environmental programmes; despite the fact that the decline of ecosystems will affect services based on nature, constituting a threat to health and possibly even to human survival.

However, this situation is changing, since the crisis relating to the loss of biodiversity and the degradation of ecosystems is more and more centre stage. We are at a crucial moment, following the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF), approved in the UN Biodiversity Conference (COP15) held in December 2022, which aims to steer global actions in favour of nature between now and 2030. This agreement is expected to give rise to new regulations and obligations that will widen the focus to take in the private sector.

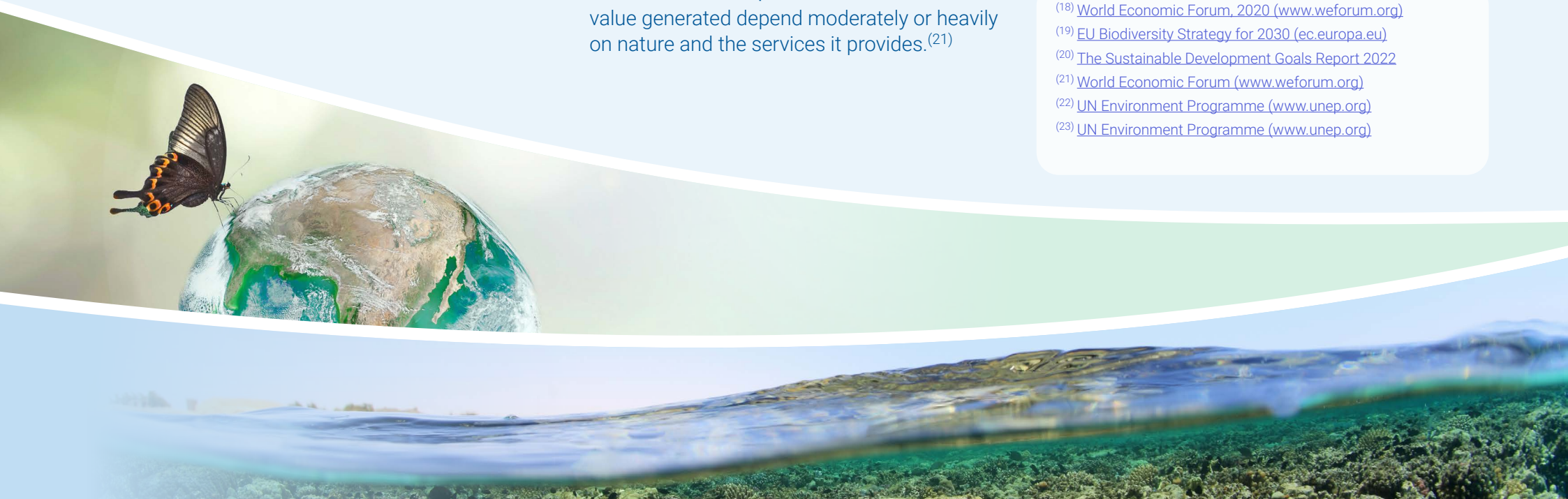
Our society is facing a **dangerous decline of nature** as a result of human activities



Data _ Protecting biodiversity

- It is estimated that **more than half of world GDP** depends directly or indirectly on biodiversity.(18)
- As a result of unsustainable human activity, the world population of wild species has fallen by **60% in the past 40 years**.(19)
- According to the latest UN report on the Sustainable Development Goals, some **40,000 species are in danger of extinction** in the next few decades, **ten million hectares** (39,000 square miles) of forest are destroyed every year and **more than half** of all key biodiversity areas are still unprotected.(20)
- The loss of biodiversity represents an unprecedented systemic portfolio risk for investors since **US$44 trillion** of economic value generated depend moderately or heavily on nature and the services it provides.(21)
- Investments in nature-based solutions **will need to at least triple by 2030** if the world is to meet its climate change, biodiversity and land degradation targets.(22)
- **100-300 million people** are at increased risk of floods and hurricanes because of coastal habitat loss. (23)

(18) World Economic Forum, 2020 (www.weforum.org)
(19) EU Biodiversity Strategy for 2030 (ec.europa.eu)
(20) The Sustainable Development Goals Report 2022
(21) World Economic Forum (www.weforum.org)
(22) UN Environment Programme (www.unep.org)
(23) UN Environment Programme (www.unep.org)



FCC's response to the challenges and opportunities posed



Environmental Services

Climate change, hydric stress and demographic pressure

Challenges	Actions
1 Boost the development of innovative solutions to mitigate the effects of climate change and reduce the carbon footprint.	The Environmental Services Area combines technical knowledge and the development of innovative technologies to offer respectful, inclusive and sustainable services.
2 Contributing to the growth of sustainable financing.	FCC Medio Ambiente makes its commitment on climate change real by issuing green bonds to finance projects that generate environmental benefits in the communities in which it operates, such as projects that reduce emissions or are energy-efficient.
3 Attaining carbon neutrality by 2050.	FCC Medio Ambiente's Sustainability Strategy includes a series of climate change mitigation and adaptation measures that will enable it to achieve carbon neutrality. These include measures related to the reduction of GHG emissions and the greening of the fleet of vehicles and machinery.
4 Ensuring efficiency in the use of water resources.	The Area develops the implementation of measures to promote the use of alternative sources to the grid, such as regenerated water and rainwater.



Circular economy

Challenges	Actions
1 Contributing to the application of a circular economy model.	FCC Servicios Medio Ambiente is committed to limiting the waste disposed of in landfills to 10% by 2035, reducing the volume of waste dumped at landfills by transforming it into resource; recovering value from waste by means of optimising processes that generate new beneficial by-products in various industries; and investing resources in the production of biofuels from certain waste products and landfill gases.
2 Generating new materials potentially useful in various industries through R&D&I projects.	In line with the objective of transitioning to a circular economy, investments have been made in multiple innovation and development projects. Such as the ECLOSION initiative (2021-2024), which seeks to develop new materials from agri-food and urban waste, waste water and sludge that can be used for energy optimisation and thus to support the renewable energy sector; and the LIFE PLASMIX project, created with the aim of recovering energy from plastic waste remaining after the separation of recyclable waste.
3 Offering solutions to our customers to promote the transition to a circular model based on international guidelines.	The Environment Area seeks constant collaboration with its customers, so that they can attain the goals outlined by the EU in 2035 regarding waste management, with the objective of recovering 65% of waste generated.
4 Optimising processes through new solutions that promote the circular economy.	FCC Servicios Medio Ambiente aims to convert its waste management centres into green gas production centres. In this line, it is developing the “LIFE LANDFILL BIOFUEL” and “LIFE INFUSION” projects, based on the production of biofuel for vehicles from the enrichment and treatment of landfill gas and landfill leachate.



Acceleration of the digital transformation

Challenges	Actions
1 Obtaining data in real time allowing comprehensive management involving the end user.	Through VISION, a smart app for citizen's collaboration created by FCC Medio Ambiente, data in real time are obtained, which represents an opportunity to speed up and optimise the quality of service delivery and customer relations by means of digitisation.
2 Coordinating the use of new technologies to offer innovative solutions.	The Area manages a state-of-the-art recycling compound in the municipality of Loeches (Madrid, Spain), La Campiña, which was the first to accomplish the Autonomous Regional Plan for Waste Management and obtained ISO 14001, 50001, 9001 and 45001 certifications in one year. This innovative project owes its success to the integration and coordination of new technologies such as optical sorters and robots with artificial vision which accelerate and facilitate the separation of waste for its subsequent treatment.
3 Optimising processes through the application of new technologies.	In order to reduce air pollution and to carry out efficient comprehensive management, FCC Medio Ambiente monitors the traceability of biodegradable material sent to the landfill and optimises the routes by using filling sensors in the containers to see how full they are as well as spatial calculation programmes so as to reduce the distance covered by its fleet of vehicles.



Protecting biodiversity

Challenges	Actions
1 Mitigating possible effects of its activities on biodiversity	FCC Servicios Medio Ambiente offers solutions through the replanting of landfill sites with native species, thus forming natural barriers allowing the stabilisation of the mass of waste while also reducing nuisance from odours.
2 Raising citizens' awareness about the importance and value of biodiversity.	In the context of its 2050 Sustainability Strategy, the Area maintains a firm commitment to raising the awareness among its workforce, which materialises in the development of a training, dissemination and awareness-raising plan on the importance of biodiversity protection.
3 Integrating biodiversity protection into the company's strategy.	FCC Medio Ambiente addresses SDGs 14 and 15 in relation to the conservation of natural capital terrestrial and marine natural capital in a cross-cutting manner, through the implementation of a specific programme that seeks to promote the development of actions to protect biodiversity.
4 Implementing environmental offsetting actions with a positive effect on ecosystems.	The Area has established as an objective the protection of natural capital in urban areas where it carries out its activities so as to be able to protect their ecosystems and the species in these habitats. The Area has partnered with prestigious universities to fight invasive species and together with the FCC Group it participates in the Chamaleo project, which aims to recover the population of common chameleons present in the pine forest of Coto de la Isleta, Puerto de Santa María (Cádiz, Spain).
5 Protecting wildlife of marine habitats by preventing pollution of the seas and oceans.	A direct contribution is made by the beach, coastline and coastal waters cleaning services.



Water

Climate change, water stress and population pressure

Challenges	Actions
1 Confronting the risks deriving from global warning above 1.5ºC, such as rising average sea levels or ever more serious natural disasters.	Aqualia has a Carbon Footprint Reduction Plan 20-22, and integrated environmental management systems such as ISO 14001, 14064 and 50001, which identify and manage these environmental risks. Additionally, this Area evaluates and controls these risks by means of projects, initiatives and indicators of the Strategic Sustainability Plan 2021-2023.
2 Optimising public and private water resources to prevent desertification and water stress, which is also a consequence of climate change.	The Water Area is looking to green hydrogen to drive a decarbonised and sustainable economy. It also continuously invests in improving the distribution network to minimise losses throughout the end-to-end water cycle and implements awareness-raising measures to promote responsible consumption.



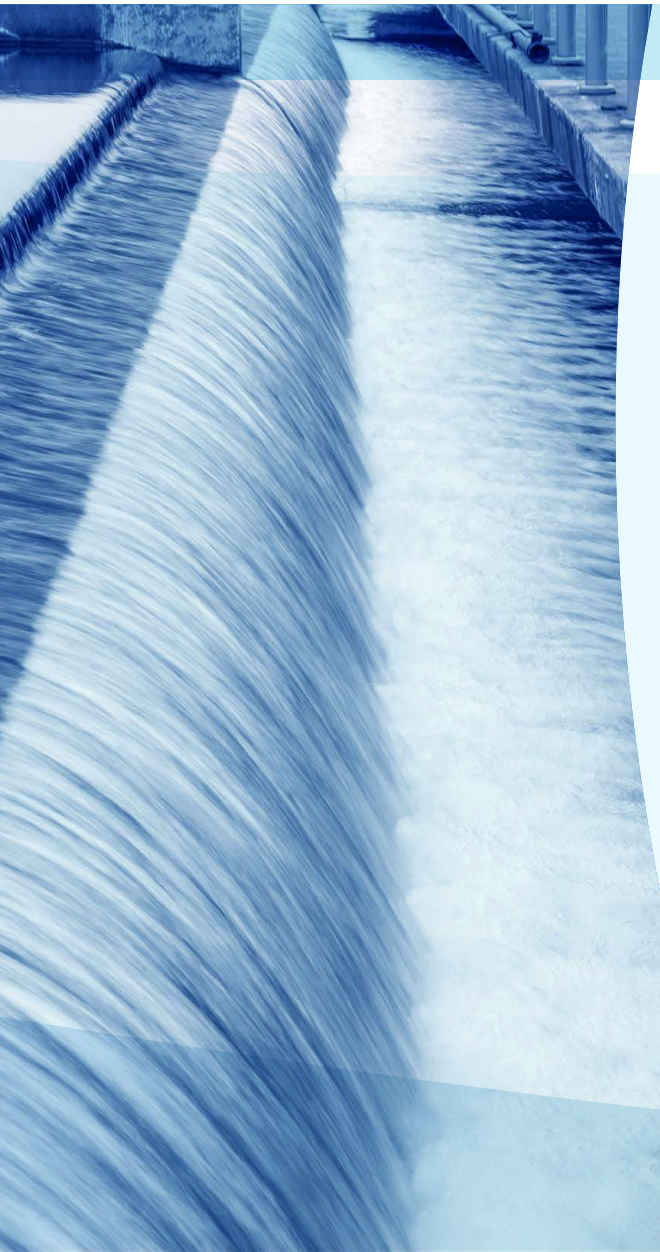
Circular and sustainable economy

Challenges	Actions
1 Developing innovative solutions to confront water scarcity resulting from the linear economy.	Aqualia develops circular economy techniques promoting the re-use of waste water and representing more efficient use of the resource.
2 Ensuring the management of landfills and caring for the world's environment.	The Water Area promotes agreements with the value chain for the re-use of products and establishes public-private collaboration agreements for the construction and renovation of infrastructures.



Acceleration of the digital transformation

Challenges	Actions
1 Reducing the digital and technological divide to make full use of the potential of the new technologies.	Aqualia seeks to improve the efficiency and competitiveness of its services by investing in technological development. To do so, it implements processes of digitisation in management and communication projects and operations from a human perspective that is respectful of the environment.
2 Taking advantage of digitisation to slow global warming.	The Water Area works to offer better service to citizens, pushing for more sustainable municipalities and cities that are also more social and more connected thanks to the development of the new technologies.
3 Efficient management for excellence of service.	The shortage of investment in infrastructures affects the sustainability of the system, involving risks in upholding the quality of the services of supply, sanitation, purification and efficient water management. Therefore Aqualia implements technological innovations that allow he networks to be appropriately maintained through plans for works and investments to maintain the excellence of the service.



Protecting biodiversity

Challenges	Actions
1 Mitigating the effects of landfill and hazardous waste on biodiversity.	The FCC Group's Water Area caries out reviews, procedures and periodic checks on landfills to control their impact on biodiversity. It is also heavily involved in innovation projects and the development of biofactories at its waste water treatment plants which transform the waste generated by the company, together with sludge from the plant, into energy, biofuels, bioplastics and biofertilizers.
2 Raising citizens' conscious awareness of the importance and value of biodiversity.	The Group's Water Area carries out environmental awareness-raising and educational initiatives with a view to making citizens understand the true importance of protecting natural capital.
3 Preventing possible impacts on biodiversity resulting from the development of its activities.	All contacts included in the management system forming part of the FCC Group's Water Area include information on installations with possible effects on biodiversity. Furthermore, these contracts are monitored, any accidents that might produce a potential adverse impact on the environment are logged, and studies are carried out on the location of sites and activities relative to specially protected natural areas.
4 Mitigation of possible adverse impacts on biodiversity resulting from the development of its activities.	The Water Area promotes initiatives for the conservation of ecosystems that might be affected by its activities, by planting trees, creating habitats and implementing rescue plans for wild animals.
5 To succeed in curtailing the loss of biodiversity by reducing its Carbon Footprint.	Aqualia is well aware of the interrelation between climate change and the protection of biodiversity and is working on new policies and initiatives to reduce its carbon footprint and protect biodiversity in the territories in which it operates. Consequently, in 2022 the Spanish Climate Change Office (OECC) once again recognised Aqualia's Carbon Footprint measurement. And for the first time it was awarded the seal of reduction, in recognition of the data provided over the past four years.

Infrastructure



Climate change, water stress and population pressure

Challenges	Actions
1 Attaining carbon neutrality by 2050.	With the aim of reducing the adverse impact on the environment and on the company itself, and of ensuring long-term sustainability, the Infrastructures Area has established its Climate Change Strategy with which it aims to attain carbon neutrality by 2050. This Strategy includes mitigation measures, to reduce GHG emissions, and also adaptation measures, resiliently anticipating the consequences of climate change.
2 Identifying solutions for confronting the rise in sea levels.	Through the SAIM project, developed by Matinsa and approved by the Centre for Technological Development and Innovation (CDTI), the idea is to identify the best ways to adapt for infrastructures and installations exposed to rising sea levels and to develop a technological solution for the environmental management of coastal areas allowing the automated ecological characterisation of the environment in real time by means of specialised systems.
3 Promoting more sustainable cities through news forms of mobility.	During 2022 the Infrastructures Area carried out several projects in Spain, most notably the BICISENDAS project, which seeks to reduce the emission of polluting gases and promote a sustainable means of transport in cities. This project forms part of the CIEN 2018 programme of the CDTI and aims to promote mobility with low emissions by developing bicycle lanes that are self-sufficient as regards energy, smart, non-polluting, integrated and safe.
4 Determining actions for combating water stress.	The Area has implemented several measures for combating water stress and ensuring optimal management of water, including: the re-use of effluents and waste water; the control of water consumption the installation of efficient taps; and carrying out awareness-raising campaigns for site workers.



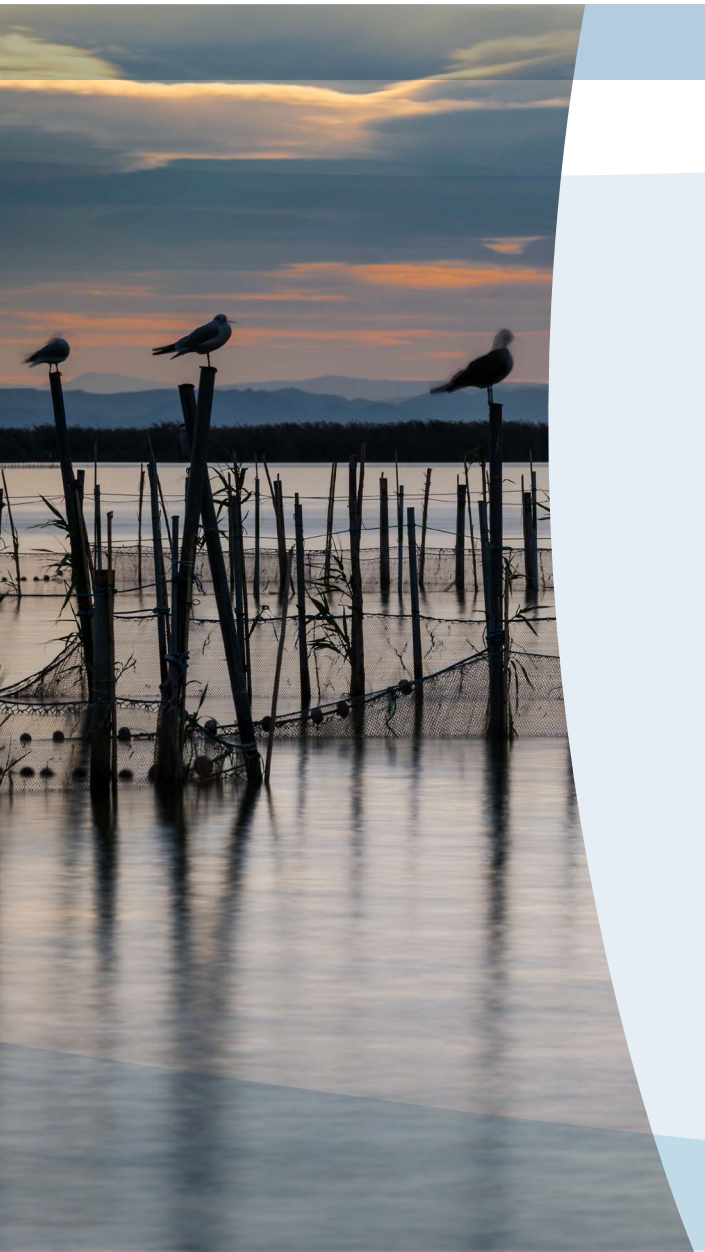
Circular economy

Challenges	Actions
1 Make full use of recoverable materials, thus supporting the reduction of consumption of new materials.	The principle of re-use is applied through the use of recoverable resources such as the treatment of process water for use in irrigation, thus avoiding the use of mains supply water or captured rainwater; portable purifiers; dismountable walls and recyclable or re-usable material used consecutively in different works. The same goes for the use made, in restoration work, of material extracted from quarries that does not meet the specifications; and the re-use of clean rubble in such fillings as allow it, management of surplus excavated material and soil.
2 Incorporating good construction practices aligned with economic and environmental profitability,	The circular economy provides an opportunity to optimise costs by minimising expenses on waste management and transport, as well as reducing the cost of raw materials that are replaced by recovered waste. Therefore different improvement initiatives are pursued, one of which is Zero Waste certification which aims to avoid more than 90% of waste ending up in landfill by recycling or re-using it.



Acceleration of the digital transformation

Challenges	Actions
1 Optimising the processes through the application of leading programmes in the digital transformation of the sector.	The Infrastructures Areas leads the DigiChecks project, which uses the new technologies to speed up processes such as project management, creating a digital environment using Blockchain or the BIM methodology to speed up the handling of permissions and the control of conformities in construction projects.
2 Improving prevention of occupational risks in construction environments.	Since 2022, it has participated in the PRACAN project, with the objective of developing mobile nodes for the identification of risks of carcinogenic agents from the inhalation of asbestos, software that allows these risks to be controlled and monitored and decisions to be taken depending on various indicators. Additionally, the ROBUST Project is under way, centred on the development of a geo-referenced mapping system and on the automated monitoring of confined spaces that represent a high risk for workers.
3 Implementing tools that improve the technical and economic control of project life cycles.	We have a BIM 2022-2025 Implementation Plan for making best use of tools such as BIM and GIS (geolocation) which allow us to optimise the technical and economic control throughout the life cycle of projects.



Protecting biodiversity

Challenges	Actions
1 Mitigating possible effects of its activities on biodiversity	In places where the activity may affect biodiversity, we try to mitigate the impact by means of various measures such as the physically delimiting sensitive areas, physical protection of specimens or their transfer, preference given to the use of existing roads and paths rather than opening up new ones, planning of stockpiles and occupations in the less vulnerable areas, installation of provisional noise screens, control and treatment by decantation of run-off contaminated with fine particles on disturbed surfaces, etc.
2 Integrating protection of biodiversity into the company's strategy.	Biodiversity protection has been integrated as an essential line within the Sustainability Strategy 2022-2026, committing to use Nature-Based Solutions (NBS) and disseminate the company's good protection practices, among other actions.
3 Consider the need for ecosystem protection as part of project planning.	As part of the planning phase of its work, the Area implements a series of actions to preserve the ecosystems, taking into account in its programming the life cycles of the species; the transplanting of plant species; the physical protection of specimens; the relocation of nests or animal species; and even the creation of wildlife refuges. In addition, practices that allow for the least possible intervention in the community's daily life, such as avoiding dirt at the entrance and exit of the construction site or facilitating access when footpaths or roads are occupied, are frequent. In addition, specific biodiversity plans are implemented in certain projects.
4 Protect sensitive areas, areas of high biodiversity or protected areas.	The Area carries out field actions consisting of restoration and protection in highly sensitive areas, such as the removal of elements foreign to the environment or the recovery of affected areas or reforestation. Apart from this, analyses are made on the location of projects or facilities on land adjacent to or located within protected natural areas. Likewise, whenever possible, the location of any type of activity in areas classified as sensitive is avoided.
5 Raising citizens' awareness of the importance and value of biodiversity.	The Area carries out initiatives such as visits by students to the land restoration works of the River Manzanares in Madrid, by Matinsa, the company awarded the contract for its maintenance. During these visits, engineering students are made aware of the adaptation of degraded areas, the execution of pruning or clearing and the control of exotic species (flora and fauna), among others.



Cement

Climate change, water stress and urban concentration

Challenges	Actions
1 Favour the FCC Group's mitigation of and adaptation to climate change.	To contribute to this challenge, the Cement Area has proposed a series of measures aimed at reducing greenhouse gas emissions. These actions include the modification of furnace burners to improve fuel consumption efficiency and the use of fuels with a higher percentage of biomass. In addition, renewable electricity production projects were presented, an Energy Management System was implemented in accordance with UNE EN ISO 50001 and strategic energy transition plans are being developed in its cement plants that contribute to the achievement of the objectives set.
2 Ensure optimisation of the use of water.	Aware of its interaction with water, the Area establishes actions for its management through the improvement of water networks in the facilities in order to prevent losses and ensure a more efficient use of the resource. In addition, an exhaustive control of consumption has been implemented to avoid unnecessary waste.
3 Apply alternative solutions in the production of chemical products to reduce CO_2 emissions.	In this transition towards a more sustainable future, the Cement Area collaborates as a leading partner in the "BioREC02Ver-Horizon 2020" project, which aims to obtain more sustainable processes by capturing industrial CO_2 emissions. The aim is to minimise the use of fossil resources in the production of certain chemical products such as isobutene or lactic acid. This project was successfully completed in 2022.
4 Develop measures for waste valorisation.	The Cementos Portland Valderrivas Group approved a new Environmental and Energy Policy in 2022. This policy establishes the commitments of the business to reduce GHG emissions by using energy from waste with calorific value.
5 Develop technologies for CO_2 capture, use and storage.	During 2022, the project to evaluate the potential for geological storage of CO_2 began in collaboration with the Geological and Mining Institute of Spain and the Spanish cement manufacturers' association, Oficemen. The goal of this project is to develop scenarios for the possible deployment of CO_2 capture, use and storage technologies in the sector, assessing their potential and associated costs.



Circular economy

Challenges	Actions
1 Establish strategic synergies to generate circular solutions.	The Cement Area worked together with waste producers to improve conditions in terms of quality, safety and the environment through waste recovery. During 2022 we worked with companies such as Saint Gobain PAM España, Nissan Motor Ibérica, Gamesa, Global Steel Wire, among many others, through which we determined to reuse cement sludge, mould-removal sands and iron scales that were destined for the landfill.
2 Achieve climate neutrality by 2050 by applying circular economy processes such as replacing fossil fuels with alternative sources.	Cementos Portland Valderrivas is progressively replacing fossil fuels with alternative fuels, including: end-of-life tires, meat meal, sludge and solid waste from olive oil manufacture, among other vegetable biomasses, avoiding landfill.
3 Apply the re-use and valorisation of resources to obtain a better use of them.	The Cement business reuses the waste produced in the production process to avoid disposal in landfills. To this end, the waste is properly separated. As an example of this valorisation, the Area includes the treatment of crushing sands and construction and demolition waste, among others. In turn, it uses waste from other industries as secondary raw material, such as fly ash, soil and construction waste, thus avoiding the extraction of mineral resources.
4 Raise stakeholders' awareness of the importance of the transition to a circular economy.	During this period, awareness and sensitisation campaigns were disseminated to discuss issues related to the importance of the circular economy and the optimisation of resources.



Acceleration of the digital transformation

Challenges	Actions
1 Improve communication and commercial management with customers and suppliers.	The Cementos Portland Valderrivas Group has digital platforms for customers and suppliers hosted on its corporate website, through which they can manage their orders, accounts and invoices quickly and easily, and make payments and suggestions online, which improves the user experience and the company's efficiency in managing its commercial operations, among other services.
2 Digitise processes to improve process efficiency, productivity and product quality.	In order to continue improving, the Cement Area implements initiatives such as process automation, data analysis to optimise performance or the Internet of Things (IoT), to monitor and ensure product quality through the use of sensors. Some specific cases are: implementation of expert systems in the conduction of furnaces and mills to reduce electricity consumption, control of fuel dosage or exhaustive control of water and light consumption with the installation of presence sensors.



Protecting biodiversity

Challenges	Actions
1 Promote the importance of biodiversity in the areas of greatest impact.	The cement industry's raw material extraction sites are located in areas with a wide variety of habitats. For this reason, the Area establishes various agreements with nature protection associations, working together with them to promote biodiversity in quarries.
2 Mitigate the loss of biodiversity associated with soil degradation	Aware that the main impact deriving from its activity is produced by the extraction of natural resources in the quarries, restoration work is carried out on the exploited areas, including the repair of soil morphology and replanting with native species, in order to mitigate the impact on the landscape.
3 Generate positive impact on biodiversity.	We contribute to the protection of biodiversity by implementing restoration plans to rehabilitate or recover the original state of exploited areas, increasing and improving the areas dedicated to the conservation of biodiversity and creating new areas for endangered species, such as the Marbled Duck project in the Lagunas de El Porcal. Cementos Portland Valderrivas owns these lagoons located in the Madrid municipality of Rivas-Vaciamadrid, which have been restored for 30 years. Currently, they are considered one of the great biological reserves of the Autonomous Region of Madrid, occupying first place among the wetlands of the Region.



Real Estate

Climate change, water stress and urban concentration

Challenges	Actions
1 Invest in quality and sustainable materials that meet new infrastructure needs, providing greater durability and resilience and making them more sustainable.	With the aim of reducing greenhouse gas emissions and adapting homes to their possible consequences, the Real Estate Area has established solutions based on materials, home automation and air source heat pumps. These measures are supported by the use of materials with Environmental Product Declarations (EPD), guarantees of origin or material life cycle assessments such as Cradle to Cradle (C2C), the replacement of air conditioning equipment with those using refrigerant gases with lower atmospheric warming potential and the installation in developments of air source heat pumps instead of natural gas boilers.
2 To guarantee access to water, in quantity and quality, taking measures that protect the resource.	The Area is aware of the impact of its activity on the use of water, therefore, in order to continue safeguarding natural resources and improve the quality of citizens' lives, it has implemented a series of measures to optimise the interaction with water. These actions include the daily measurement of consumption in order to detect possible leaks and opportunities to improve the efficiency of the system, the installation of flow reducers for existing sanitary fixtures, the replacement of cooling towers and the development of a pilot test in residential buildings recycling greywater for sanitary use.
3 Improve architecture and urban design in light of climate change.	The Real Estate Area is fully committed to innovation, sustainability and social responsibility, promoting and managing increasingly resilient real estate with urban designs that adapt to the consequences of climate change. Thus, some of the actions developed that support its commitment are: the installation of LED lighting in buildings and more efficient air conditioning equipment, the adjustment of air conditioning and heating temperatures and the implementation of building designs with A or B energy certification. For new construction, the Area takes into account the orientation of the buildings so that they can take advantage of the sun in winter and can be protected in the summer season. This same criterion works for the distribution of internal spaces and implementation; replacing the existing carpentry for one with better performance and thermal insulation; incorporating living/green walls and roofs in order to reduce the effects of the heat island, cool the building and increase biodiversity in the urban environment, etc.



Circular economy

Challenges	Actions
1 Properly manage waste treatment to avoid contamination.	FCC Inmobiliaria contributes to the recycling of the waste generated by its activity, thanks to the correct management carried out by an authorised manager and the monitoring of a large part of this waste to detect opportunities for improvement.
2 Promote the re-use of existing resources.	In the interest of contributing to mitigate the environmental degradation suffered by our planet, the Real Estate Area contributes to the 3Rs rule (Reduce, Reuse and Recycle) within the circular economy through re-use.



Acceleration of the digital transformation

Challenges	Actions
1 Add value in the implementation of new technologies in the sector.	FCC Inmobiliaria is working on the DigiChecks innovation project with a key role: to validate the project's digital environment in a pilot building of its business. In this way, the Real Estate Area contributes to the materialisation of the opportunity that new technologies have in the sector.
2 Improve customer experience through innovative and efficient solutions.	The company has developed a mobile application for tenants of its homes, which offers a convenient and easy-to-use digital solution for consulting information, requesting maintenance services and managing leases. This initiative demonstrates the company's commitment to offering innovative and efficient solutions to improve the customer experience and expand two-way communication channels with its customers.



Protecting biodiversity

Challenges	Actions
1 Minimise the possible impact on the environment of its activity.	Although the Area's activity takes place in urban areas and, therefore, its impact on biodiversity is limited, the set of measures mentioned in the foregoing points are part of a road map to reduce GHGs resulting from its activity and, consequently, to reduce the negative impact on local biodiversity. Furthermore, an Environmental and Biodiversity Management Plan is developed for each building as part of the BREEAM® certification process for heritage buildings, with the aim of minimising their potential impact on the environment.
2 Protect wildlife and favour the coexistence of the species with the executed works.	The Real Estate Area implements different measures aimed at the conservation of native species, such as the installation of nests for bats, birds or hawks. This is a consequence of environmental and biodiversity management plans. Another measure to favour the existing wildlife is based on the use of native plant species, since they are better adapted to the context in which they are found.

FCC's strategy: focus on growth with profitability

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

The FCC Group's model of value creation aims to foster the harmonious development of cities, positioning FCC at the forefront of its competitive environment, ever mindful of quality, innovation and integrity in its actions, and of financial discipline, management efficiency and the Group's values applied to our strengths, proximity and commitment.

Over its more than 120 years of history, FCC **has demonstrated sufficient strength** to overcome all the difficulties it has encountered along the way



Strategic vectors of the FCC Group

The FCC Group focuses its strategy on:

- **Strengthening its competitive position** in key markets in which it occupies a leading position.
- **Growing** selectively in new markets that are attractive and aligned with the company's values, corporate culture and risk appetite.
- **Promoting sustainable development** has been and will remain one of the Group's strategic transversal vectors, expressed by means of:
  - Promoting the construction and management of **sustainable, resilient infrastructures**.
  - Promoting the **circular economy** and harnessing the efficient use of **water**.
  - Combined with the FCC Group's efforts to mitigate and adapt to **climate change**.



Maintain leadership in key markets

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

Likewise, FCC aims to be an effective and added value collaborator for its customers, establishing long-term relationships, providing guarantees and the reliability of a big leading company, but at the same time with local sensitivity and long-term view in each of the regions where it operates.

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

Another strategic vector in the Area is to increase the quality and quantity of reusable raw materials to meet the ambitious targets, for example in the EU, related to the circular economy, by investing in separate collection and automatic sorting facilities.

The strategy in Spain is focussed on maintaining competitiveness and leadership position, combining technical knowledge and the development of innovative technologies, offering respectful, inclusive and sustainable services, such as the fight against climate change and reduction of the carbon footprint. The aim is to harness potential opportunities generated by stricter regulations and new services (for example, those associated with smart cities.) In 2023, the new state tax on waste comes into force, which will imply an increase in demand and activity to be developed in the treatment plants.

In Portugal, there are still business opportunities related to soil decontamination and urban remediation contracts.

In the UK, the aim is to increase the availability of waste to maximise the value of by-products and the expansion of energy generation and integral valorisation, within the demanding parameters of environmental sustainability.

The gradual incorporation of new technologies will allow it to consolidate its position in the Central European markets for recycling and valorisation of waste and to position itself as a key actor in the circular economy, with a change of business model in the Czech Republic, Slovakia and Poland towards greater processing and development of the technology for recovering energy from waste (incineration and generation of fuel). In this regard, the regulation on the prohibition or taxation of discharges is already under way, so this transition will allow maintaining the competitiveness and development of the market.

● The **Water division** seeks to maintain its competitive position in end-to-end water management cycle markets in which it has a consolidated presence, as is the case in Europe, and to take advantage of opportunities that arise in this activity in other growing markets in North Africa, Latin America and the Middle East.

It should be noted that in 2022, 80% of Georgian Global Utilities (GGU), the owner and main operator of the integrated water cycle service infrastructure in Tbilisi, Georgia, as well as in two other nearby towns, Mtskheta and Rustavi, was acquired. It serves a total population of 1.4 million people.

In Spain, penetration and renewal rates for end-to-end water cycle concessions are expected to remain similar to those of 2022, above 90%, with the same expected for new awards across the country. Also, during 2023, the grants for the first phase of the PERTE for the digitisation of water for the urban sector will be awarded and the second phase will be put out to tender, and we expect to be awarded some of the proposals submitted.

In Portugal, droughts are raising the possibility of building desalination plants, while a consortium led by Aqualia and FCC Construcción has been proposed as the winning bidder for the installation of a green hydrogen production plant in Setúbal.

● The **Construction Area's** strategy focuses on maintaining its presence in countries and markets with a certain stability and, through demanding risk management that should afford access to a selective portfolio of projects that ensure profitability and cash flow generation for the company.

Furthermore, the teams at FCC Construcción have the experience, technical knowledge and innovation to participate in the entire value chain of projects, from their definition and design to execution and subsequent operation.

In a consolidated market such as Spain, in 2022 it is worth highlighting the awards of a stretch of the Murcia-Almeria high-speed Mediterranean Corridor in Totana (Murcia), the construction of the new Hospital de Puertollano (Ciudad Real) and the extension and renovation (Phase I) of the Hospital Universitario Cabueñes, in Gijón (Asturias).

Apart from this, it is important to remember the company's important position in the foreign market, which accounted for 55.8% of revenues in 2022, nine points more than in 2021, with major infrastructure works under way in Saudi Arabia, Mexico, the United Kingdom, Peru, Chile, Colombia, Norway, the Netherlands and Romania, among others.

● The **Cement Area** seeks to maintain its competitive position in both operational efficiency and the markets in which it operates, maintaining its lead position in the sector in Spain and Tunisia.

By 2023, public works investment in Spain is expected to increase. Investment by Local Entities and Autonomous Regions is expected to decrease due to a possible slowdown after the electoral period. In Tunisia, the forecast is to maintain sales volumes in a country with political instability and a difficult economic situation.

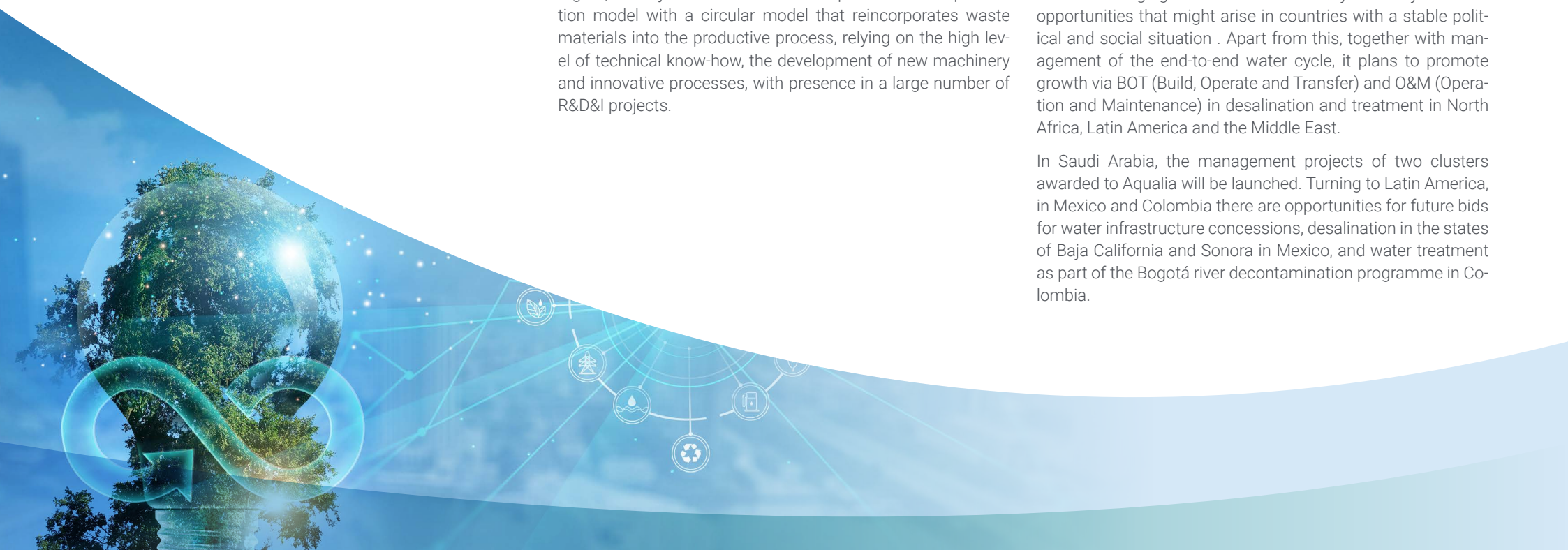
● The **Real Estate Area**, articulated around FCC Inmobiliaria, was consolidated as a significant area of the FCC Group during 2022, after the operations carried out in 2021 with the investments in Realia and Jezzine.

The objective of the Area is to maintain a solid and large real estate group, with greater management efficiency derived from operating and financial synergies that will allow it to take advantage of growth opportunities in the sector, as well as to diversify risk and geographical opportunities by expanding its activity to new areas of operations in which it was not already present.

In 2022, there was a notable increase in the contribution of the recurring rental asset activity of Realia and Jezzine to the total of FCC Inmobiliaria, whose asset valuation at year-end accounted for more than 72% of the Area's total.



The Group's **strategic planning** allows specific objectives to be established for each Area



Selective growth in new markets

Each of the FCC Group business Areas detects opportunities of interest in the markets in which it operates, as well as in new markets. The Group's strategic planning allows specific objectives to be established for each Area of activity in this respect. These objectives consider market opportunities and the risk appetite deemed acceptable in each country where these opportunities arise.

- As for the **Environment Area**, the gradual incorporation of new technologies will allow it to consolidate its position in the European markets for recycling and valorising waste and to position itself as a key actor in the circular economy. In this regard, the objective is to be able to replace the linear production model with a circular model that reincorporates waste materials into the productive process, relying on the high level of technical know-how, the development of new machinery and innovative processes, with presence in a large number of R&D&I projects.

In terms of new markets, initially, the company will continue to expand and consolidate its position, mainly in the USA by increasing the number of residential contracts it has and promoting commercial collection activity. As a result, in 2022, the strong 121% increase in sales compared to the previous year is noteworthy. With this significant progress, FCC is now one of the 15 companies in the sector in the USA. In December 2022 the acquisition of Houston Waste Solutions (HWS), one of the biggest companies involved in solid industrial waste in the metropolitan area of Houston, Texas.

- The **Water Area** will take advantage of its extensive experience in managing the end-to-end water cycle in any business opportunities that might arise in countries with a stable political and social situation . Apart from this, together with management of the end-to-end water cycle, it plans to promote growth via BOT (Build, Operate and Transfer) and O&M (Operation and Maintenance) in desalination and treatment in North Africa, Latin America and the Middle East.

In Saudi Arabia, the management projects of two clusters awarded to Aqualia will be launched. Turning to Latin America, in Mexico and Colombia there are opportunities for future bids for water infrastructure concessions, desalination in the states of Baja California and Sonora in Mexico, and water treatment as part of the Bogotá river decontamination programme in Colombia.

In the Latin American market, it also acquired 100% of the assets of Saur Colombia SAS, which includes six concession companies responsible for the production and distribution of drinking water and sewerage in eleven municipalities in three departments on Colombia's northern coast.

In Italy, France and Georgia, we expect to increase activity by taking advantage of new business opportunities in concessions, infrastructure investments, etc.

And in the USA, the search for and securing of a first project is a priority objective, with the aim of creating a platform for the growth of Aqualia's business in the country.

- In the **Construction Area**, development in the international market will continue to focus on countries and markets with a stable presence and on the execution of projects with secured financing.

In the development of awards abroad, it is worth highlighting the construction contracts for NEOM Running Tunnels in Saudi Arabia, a highway in Norway, the rehabilitation of a railway line and the modernisation of another in Romania.

Also noteworthy is the increased presence in North America and Australia, with awards for the "Regional Express Rail On-Corridor" in Ontario (Canada), the construction and rehabilitation of nine bridges in Pennsylvania (USA) and the railway to Melbourne airport in Australia, which is FCC Construcción's first project in this country.

In the foreign market, we will continue with the development of major infrastructure projects obtained in recent years and the contribution of markets in the Americas (United States, Canada, Mexico, Chile, Peru and Colombia), the Middle East (Saudi Arabia) and Europe (Norway, the Netherlands, the United Kingdom and Romania).

- As for the **Cement Area**, despite being alert to possible progress opportunities in new markets, the strategy focuses on consolidating the markets in which it is present.

To this end, the Group will continue developing its policies to seek efficient and optimal investments, as well as adapting all organisational structures to the situations in the countries where it operates.

- Finally, the **Real Estate Area** aims to diversify risk and geographic opportunities to expand its activities to new operating areas where it currently does not boast a presence. Furthermore, the Area will continue to increase the contribution to the recurring equity activity in Realia and Jezzine across FCC Inmobiliaria as a whole.

To this end, the Area will continue promoting its three business lines at a national level: leasing offices and shopping centres, residential developments for sale and, in particular, property development for lease.



Contribution to sustainable development

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

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

Its consolidated experience , as a committed company has meant its business can continue to share value transversally, through its strengths.

The Group has designed a sustainability model that, based on its corporate culture, is supported by a sustainability framework, which establishes FCC's commitments in this area and is developed through its ESG 2025 Framework, which constitutes a framework to guide the development of the ESG master plans of the different businesses, in which specific initiatives are established in accordance with the specific characteristics of their activity. It is worth pointing out also that in 2022 we updated the materiality analysis carried out in 2021.

The updating of material areas has made it possible to identify the most significant impacts on stakeholders in the future. In this way, the company will be able to prioritise its ESG efforts on the aspects that stakeholders consider significant.

For the FCC Group, the progress of cities must guarantee the **well-being of their citizens** and the **preservation of the environment**





4 FCC in 2022

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Highlights of the year 2022

January

- FCC Medio Ambiente receives an award at the 17th edition of the Sustainable City Awards for its Cultural Shift Plan in L'Hospitalet de Llobregat (Barcelona, Spain).
- FCC Medio Ambiente starts up the "I+Dehesas" research and development centre at the Valdemingómez Technological Park (Madrid, Spain).
- SmVaK, Aqualia's subsidiary in the Czech Republic, obtains financial support from the European Union to implement the Scalibur, Ultimate, Deep Purple and Rewaise R&D projects in its territory.
- Acquisition of Georgia Global Utilities (GGU), owner and operator of water infrastructure in Tbilisi (Georgia).
- Launch of the Sosteniblómetro: the test that indicates how citizens can adopt more sustainable daily habits.
- FCC Construcción becomes the first Spanish construction company to participate in the Target Gender Equality programme.

February

- FCC Medio Ambiente publishes the second Green Bond Report (Spain).
- FCC Medio Ambiente launches the ECLOSION project for renewable hydrogen and biomethane to promote a decarbonised, sustainable and circular economy (Spain).
- FCC Medio Ambiente's 'La Campiña' Resource Recovery Centre awarded as Best Municipal Work at the Caminos 2021 Awards (Madrid, Spain).
- FCC Environment rolls out microgeneration at nine of its landfills allowing an additional 7,329 MWh of renewable energy to be fed back into the grid (United Kingdom).
- New water management contract for five million people in the South Cluster, Saudi Arabia, as part of the Saudi Vision 2030 privatisation programme.
- The ECLOSION project, led by Aqualia, begins with the goal of promoting the production of green hydrogen at the wastewater treatment plant in Lleida (Spain).
- We participated in the I Spanish Economic Forum "Castilla-La Mancha: Achievements and Challenges", held in Toledo (Spain).
- FCC Canada wins the contract for Scarborough Subway Extension Stations, Rail and Systems.
- Cementos Portland Valderrivas Group receives, at its El Porcal estate in Madrid (Spain), students from the Master's in Conservation Biology at the Complutense University of Madrid to undergo a Biodiversity master class.

March

- you_*diversity* is here: FCC's project to create a diverse, equal space.
- FCC Medio Ambiente obtains European Funds for the H2TRUCK Project: a vehicle with Hybrid Technology of Battery and Hydrogen Fuel Cell (Spain).
- FCC Medio Ambiente renews the contract for street cleansing and waste collection in Badajoz (Spain).
- FCC Medio Ambiente renews the contract for street cleansing, waste collection and operation of the light packaging sorting plant of the city of Salamanca (Spain).
- FCC Medio Ambiente awarded the contract for parks and ground maintenance in Zaragoza (Spain).
- FCC Environmental Services acquires Premier Waste Services LLC. in Dallas-Fort Worth (Texas, USA).
- Aqualia participates in the Saudi Water Forum 2022 (Saudi Arabia), where it showcases its commitment to water security and sustainability.
- The Ministry for the Ecological Transition and the Demographic Challenge (MITERD from its acronym in Spanish) recognises Aqualia's progress in reducing its Carbon Footprint and awards it the "Reduce" Seal.
- Aqualia promotes internal talent at the first "i4U" Innovation Awards.
- Equipos&Talento recognises Aqualia's commitment to female talent and diversity through the Empowering Women's Talent seal.
- We renewed the social funds in the municipalities of Arcos de la Frontera and Chipiona (Cádiz, Spain) to pay for water, sewage and water treatment bills for people at risk of exclusion.
- FCC Construcción achieves, for the tenth consecutive year, the "Calculate and Reduce" seal from the Carbon Footprint, offset and carbon dioxide absorption projects registry.
- The Energy Transition and Climate Neutrality Plan from the Mataporquera factory, in Cantabria (Spain), has been included among the 101 best Community Action Business Initiatives #PorElClima 2021.
- Pre-marketing and start of work-phase for FCC Inmobiliaria "Residential EGEO" development. 74 homes with 2, 3 and 4 bedrooms in Tres Cantos (Madrid, Spain).

April

- FCC Medio Ambiente begins the provision of energy management and maintenance services for Infrastructures of Catalonia (Spain).
- FCC Environmental Services gets its first contract in California for the refurbishment and operation of a municipal waste treatment environmental compound in Placer County (USA).
- Aqualia played a major role at the Water Business Forum at the Dubai Expo (United Arab Emirates).
- Two prizes at the iWater 2022 Awards: "Best Company of the Year" and "Equality, Diversity and Inclusion Award".
- The Community of Madrid recognises Aqualia's good practices in the management, prevention and control of COVID-19.
- FCC Construcción is awarded the contract for the Stonehenge A303 motorway (United Kingdom).

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May

- FCC increases its brand value by 30% and positions itself as the second most valuable in the sector.
- The first 100%-electric waste collection lorry (e-truck) in Austria is out on the roads.
- FCC Environment refurbishes the plant for the production of solid alternative fuel from waste in Brno (Czech Republic).
- FCC Environment honoured with the Best Use of Design and Technology in a Waste Treatment Facility award at the Letsrecycle Awards for Excellence for its Household Waste Recycling Centre in Allington (United Kingdom).
- FCC Environmental Services awarded the urban waste collection contract for the city of Port Saint Lucie (Florida, USA).
- Aqualia wins the "Distinction Award" (2nd prize) in the Best Water Company of the Year category at the Global Water Awards 2022, held by the British communications platform GWI.
- Inauguration in Agramón, in Hellín (Albacete, Spain) of the innovative facilities linked to the European SABANA project, which allow bioproducts to be obtained from wastewater.
- Aqualia was a major presence at the National Irrigation Community Congress organised by FENACORE (National Federation of Irrigation Communities of Spain), in León (Spain).
- The X Edition of the Asepeyo Antoni Serra Santamans Awards recognises our preventive track record.
- FCC Construcción wins the contract for the construction of Barcelona prison (Spain).
- Convensa wins contracts for:
  - Renovation of tracks 3 and 5 and replacement of turnouts at Blanes station (Gerona, Spain).
  - Improvement of the Madrid-Seville high-speed railway line infrastructure (Spain).
  - Laying of standard gauge tracks between Valencia North and Joaquin Sorolla stations (Valencia, Spain) and contract for the complete renovation of the tracks between Monforte de Lemos and Orense.
- The Ciudad Alcalá Club de Fútbol women's team, sponsored by the Cementos Portland Valderrivas Group, is promoted to the Women's National First Division.

June

- FCC Medio Ambiente announces that all electric power consumed in its main treatment facilities will have Guarantee of Renewable Origin (Spain).
- FCC Ámbito launches the company EnergyLOOP alongside Iberdrola to lead wind turbine blade recycling (Spain).
- The Egyptian Ministry of Defence extends Aqualia's management of the desalination plant in El Alamein (Egypt) for another five years.
- Aqualia and Acciona launch the South Cluster in Saudi Arabia.
- New contract in France for the management of drinking water in the municipalities of Rambouillet, Bonnelles and Bullion, in the Yvelines department, Île de France.
- Aqualia obtains a 1.1 billion euros green corporate loan, led by CaixaBank.
- FCC Construcción achieves a new milestone in the Variante de Pajares project (Spain).
- FCC Construcción receives BIM (Building Information Modelling) certificate from AENOR.
- FCC Construcción and FCC Industrial begin construction of the new Headquarters of the Civil Guard in Zaragoza (Spain).
- The president of the Community of Madrid visits El Porcal estate, a biosphere reserve that Cementos Portland Valderrivas Group has in the Southeast Regional Park of Madrid (Spain).
- Start of marketing of FCC Inmobiliaria's "Bôrea Quintablanca" development. 42 single and multi-family homes with 1, 3 and 4 bedrooms in Arroyo del Fresno (Madrid, Spain).
- Start of marketing of FCC Inmobiliaria's "Les Masies II" development. 61 homes with 1, 2, 3 and 4-bedroom in Sant Joan Despí (Barcelona, Spain).
- Opening of the Mercadona store in "La Noria Outlet Shopping" (Murcia, Spain) with a façade designed to fit in completely with the rest of the shopping centre.

July

- The FCC Group receives a prize for best practices in cultural transformation for diversity and inclusion for its you_*diversity* project.
- FCC Group Chairwoman, Esther Alcocer Koplowitz, is awarded the Businesswoman's Leadership Award by the Spanish Federation of Women Managers, Executives, Professionals and Entrepreneurs.
- FCC Medio Ambiente awarded the waste collection and street cleansing in Mijas (Málaga, Spain).
- FCC Medio Ambiente renews the waste collection and street cleansing contract for the city of Vigo (Pontevedra, Spain).
- FCC Environmental Services strengthens its presence in Florida with a new contract (Palm Coast, USA).
- Commissioning of the Guaymas-Empalme desalination plant in the state of Sonora (Mexico).
- Aqualia acquires the Saur concessions in Colombia and becomes the second private operator in the country.
- Llucmajor, in Mallorca (Balearic Islands, Spain) awards Aqualia the drinking water concession for 20 years.
- FCC Construcción completes the North Runway project at Dublin International Airport (Ireland).
- Convensa wins the contract for the construction of a section of the high-speed railway near Totana (Murcia, Spain).
- FCC Industrial starts preliminary work on the Greengairs incinerator (Scotland, United Kingdom).
- FCC Construcción wins the contract for the rehabilitation of the foundations of the Botafoc breakwater, in Ibiza (Balearic Islands, Spain).
- GCPV management and the CCOO (Confederation of Labour Unions), UGT (General Union of Workers) and USO (Workers' Trade Union) trade unions, sign the II Equality Plan; a document mapping out the path towards equal treatment and opportunities between men and women within the Group.
- Start of works on "Bôrea Quintablanca". 42 single- and multi-family homes with 1, 3 and 4 bedrooms in Arroyo del Fresno (Madrid, Spain).
- Start of works on the "Les Masies II" development. 61 homes with 1, 2, 3 and 4-bedroom in Sant Joan Despí (Barcelona, Spain).

August

- FCC Environment begins the construction of the Drumgray Energy Recovery Centre in Greengairs (Scotland, United Kingdom).
- The company reaches 25 years of service in Oviedo, Asturias (Spain).
- FCC Construcción's Grangegorman University project wins the ENR Global Best Projects award.
- FCC Construcción winner of the 16th edition of the FOPA awards.
- The tunnel-boring machine named "Micaela" starts excavation work on the Lima Metro (Peru).
- FCC Construcción wins the contracts for:
  - Track assembly at the La Sagrera station on the high-speed rail link (Catalonia, Spain).
  - Track assembly for goods trains at the Valladolid Railway Complex (Spain).
- Start of marketing of Realia's "Levante Dreams" development. 48 detached 3 and 4-bedroom homes in San Juan de Alicante (Alicante, Spain).

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September

- FCC Medio Ambiente renews waste collection and street cleansing contract for the city of Zaragoza (Spain).
- FCC Environmental Services awarded the contract for waste collection in Lake County (Florida, USA).
- Aqualia has been recognised among the 42 "Climate Smart Utilities" by the International Water Association (IWA) during its world congress held in Copenhagen (Denmark).
- A Spanish-Saudi consortium, led by Aqualia, has signed a contract for the management, operation and maintenance of the integrated water cycle in the four Saudi regions that make up the North Cluster (Saudi Arabia).
- The Sotra Link Consortium closes financing arrangements for the Sotra Connection PPP project.
- FCC renews its commitment to the Diversity Charter.
- FCC Construcción completes the first section of the Mapocho Río city park (Chile).
- FCC Construcción completes the remodelling project of Madrid's North Junction (Spain).
- FCC Industrial starts preliminary work on the construction of an energy from waste (EfW) plant in Scotland (United Kingdom).
- FCC Industrial is awarded one of the lots of the contract for the conservation of public street lighting in Madrid (Spain).
- FCC Industrial wins the contract for the construction and maintenance of electrical installations for the smart grids of i-DE-Redes Inteligentes (Iberdrola).
- The Group renewed, for the fourteenth time at its Alcalá de Guadaíra plant in Seville (Spain), voluntary registration in the European Environmental Management System, EMAS, which certifies compliance with the environmental controls and self-monitoring required by the Integrated Environmental Authorisation of the Regional Government of Andalusia.
- The fauna and flora teams from the Community of Madrid and the Naumanni Ecologists Association release 20 specimens of brown teal into the wild at the El Porcal farm. This duck is one of the species in critical condition in Spain.
- Start of works on Realia's "Levante Dreams" development. 48 single homes with 3 and 4-bedrooms in San Juan de Alicante (Alicante, Spain).

October

- FCC Medio Ambiente renews Girona municipal services contract (Spain).
- FCC Medio Ambiente to continue providing municipal services in the city of Manresa (Barcelona, Spain).
- Two new desalination plants for the island of La Gomera, in the Canary Islands (Spain), awarded to Aqualia.
- Aqualia's presence at the 26th AEAS (Spanish Association of Water Supply and Sanitation) Conference held in Cordoba (Spain).
- Aqualia sponsors the Innovation Forum at the World Desalination Congress (IDA) held in Sydney (Australia).
- FCC acquires a 50% stake in the Murcia tramway (Spain).
- FCC Construcción's, Parque Mapocho Río project (Chile), wins several awards.
- Gerald Desmond Bridge (California, USA) finalist in the IABSE (International Association for Bridge and Structural Engineering) international awards.
- FCC Construcción carries out the initial blasting for the Neom Spine Infrastructure Project – Running Tunnels (Mountain Section) Lots 2 and 3 (Saudi Arabia).
- Future Valleys Construction, winner of the Wales Valued Partner 2022 awards.
- Cementos Portland Valderrivas Group holds Safety Week at its production plants with more than 30 activities including workshops and talks.
- Delivery of keys to FCC Inmobiliaria's "Residencial El Bercial" development. 40 homes with 3-bedroom in Getafe (Madrid, Spain).

November

- The Iberian Travel Association of Business awards the Business Award Travel & Mice 2022 to the FCC Group.
- FCC Medio Ambiente awarded lot 1 (West zone) for the collection of urban waste of Madrid (Spain).
- FCC Medio Ambiente obtains once again the "Calculate-Reduce-Offset" seal granted by the Spanish Office for Climate Change for 2021 (Spain).
- FCC Medio Ambiente shows its commitment against Climate Change at the 2022 Smart City Expo World Congress (Barcelona, Spain).
- Aqualia's young talent takes part in the Young Water Professionals Spain 2022 Congress, from the International Water Association (IWA).
- Participation in the 20th edition of the Salon des Maires (Paris, France), which offers sustainable solutions for the future of French municipal services.
- FCC Construcción achieves a key milestone in the Major Bridge P-project in Pennsylvania (USA).
- FCC Construcción's North Runway project (Ireland) wins the Engineering Endeavour Award 2022.
- FCC Construcción wins the contract for the construction of a new paediatric building for the Hospital Universitario Materno-Infantil of Gran Canaria (Canary Islands, Spain).
- FCC Construcción takes part in the King Felipe VI business convention in Qatar.
- Cementos Portland Valderrivas Group receives, at its Mataporquera factory, over a hundred residents from the municipality of Valdeolea (Cantabria, Spain) to showcase their production processes.
- Delivery of keys to FCC Inmobiliaria's "Buenavista Phase IV" development. 30 semi-detached 4-bedroom homes in Tres Cantos (Madrid, Spain).
- Delivery of keys to FCC Inmobiliaria's "Bôrea Portablanca Phase I" development. 1, 2, 3 and 4-bedroom homes in Arroyo del Fresno (Madrid, Spain).

December

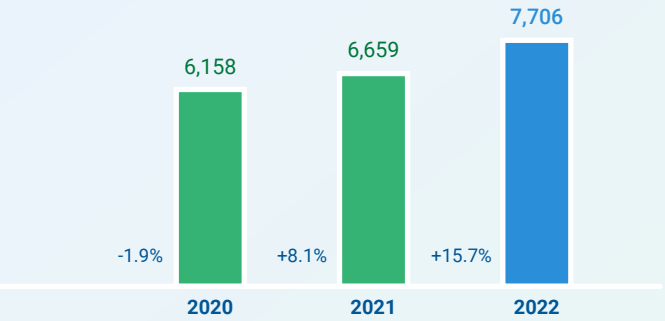
- FCC holds its first innovation day, the brainchild of its Digital Innovation Lab, a space for sharing knowledge and developing ideas.
- FCC Ámbito acquires the company InduRaees specialized in the treatment of waste from electrical and electronic equipment (Spain).
- FCC Environment starts operations of the waste collection contract in the island of São Miguel at the Azores archipelago (Portugal).
- FCC Environment begins the construction of its first solar park at a landfill site in Winterton (United Kingdom).
- FCC Environmental Services strengthens its position in the USA with the acquisition of Houston Waste Solutions (Texas, USA).
- Participation in the International Water Association (IWA) Digital Water Summit 2022, held in Bilbao (Spain).
- The increase in energy prices is moving the population towards sustainable habits, according to the results of Aqualia's 2nd Sustainable Behaviour Barometer.
- Aquatim, the new Joint Research Unit driven by Aqualia and the Multisectorial Research Technological Centre (Cetim), with support from the Government of Galicia (Spain), is introduced.
- Together with the City Council of Salamanca (Spain) and the Government of Castilla y León (Spain), we are celebrating 25 years of service in the city.
- FCC Construcción publishes its 2021-2022 Sustainability Report and its Greenhouse Gas Emissions Report for 2021.
- FCC Construcción wins the contract for the enlargement of the Naos wharf in Lanzarote (Canary Islands, Spain).
- Cementos Portland Valderrivas Group expands its presence in Andalusia (Spain) by acquiring Intermonte Investments and its subsidiary Surgyps.
- Between April and October, collective bargaining agreements were signed between the employees' legal representatives and management at all the work centres of the companies that make up the Cementos Portland Valderrivas Group.
- Delivery of keys to Realia's "Essència Sabadell Phase II" development. 50 homes with 1 and 2-bedroom in Sabadell (Barcelona, Spain).

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Key figures

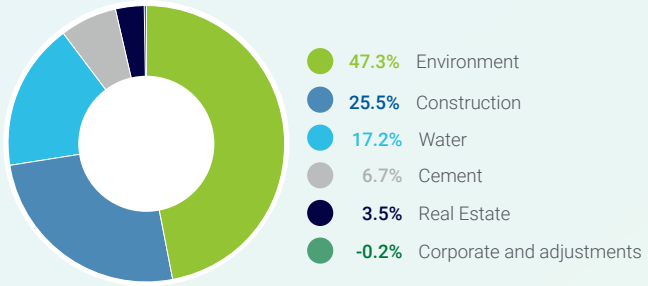
Turnover

Millions of euros



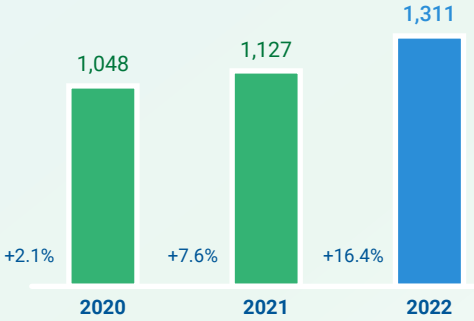
2022 turnover by activity

%



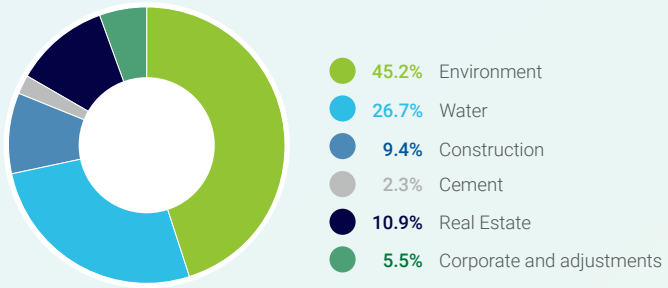
Gross operating profit (Ebitda)

Millions of euros



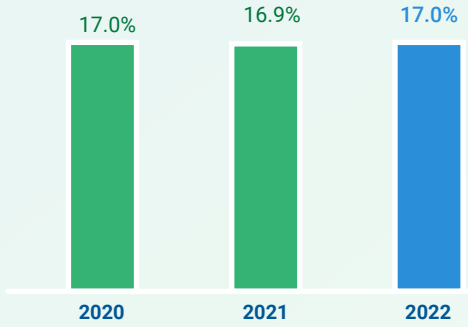
Ebitda 2022 by activity

%



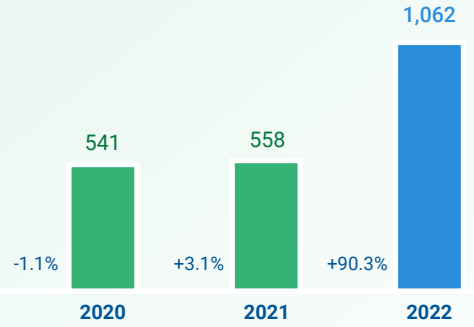
Ebitda margin

%



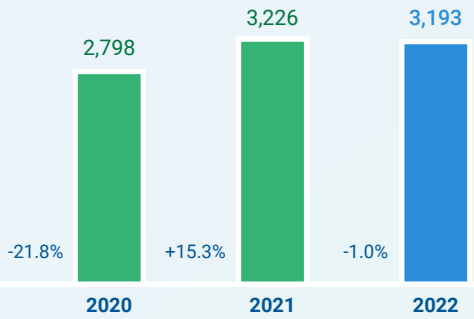
Investments

Millions of euros



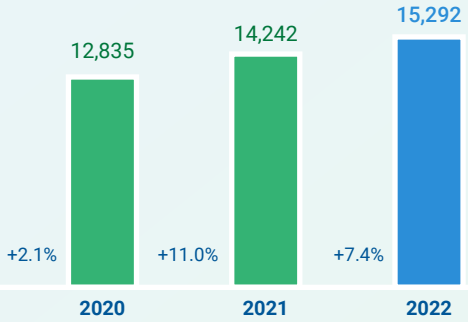
Net financial debt

Millions of euros



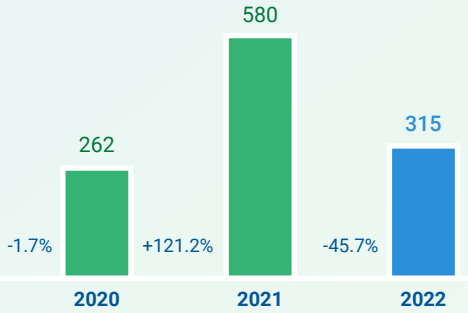
Total assets

Millions of euros



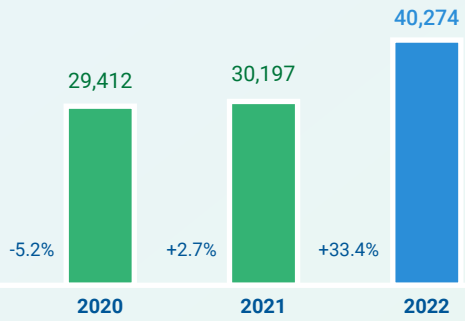
Earnings attributable to the parent

Millions of euros



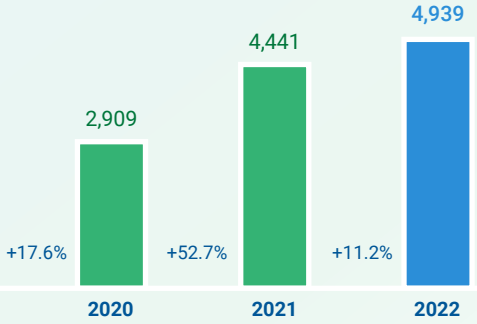
Portfolio of works and services

Millions of euros



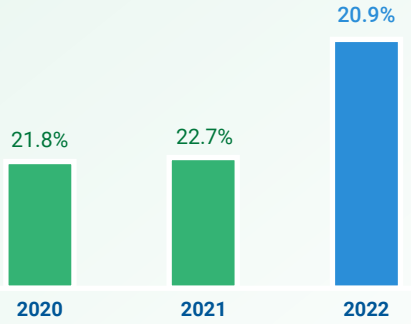
Equity

Millions of euros



Financial leverage. Net debt / Total assets

%



Stock Market Performance 2022

Evolution of the stock market and share price

After 2021, which saw a recovery from the COVID-19 pandemic, Russia invaded Ukraine in February 2022. The humanitarian, economic and social impact was compounded by rapidly accelerating inflation centred primarily on commodities and energy, along with the inevitable impact on the entire value chain, with some lingering supply chain misalignments stemming from geopolitical tensions and obstacles to global mobility.

Therefore, central banks in the leading countries and economic areas were forced to act aggressively to curb runaway price growth, raising rates with unprecedented speed and intensity, radically changing their strategies and opting for aggressive monetary tightening policies in an attempt to curb generalised price rises and a pernicious persistence of energy and raw material increases in food and service sector prices, with a dangerous spiral that affected wages and led to a loss of competitiveness and investment.

The change in central bank discourse, noted in the latter part of the year, has been led by the U.S. Federal Reserve (the FED) which, in March, raised interest rates for the first time since 2018 by 0.25% to the 0.25% - 0.50% range. Two months later, on May 4, it applied a new 0.50-point increase and, under strong pressure from inflation that reached almost 10% in the US A, continued with four consecutive hikes of 0.75 percentage points each in June, July, September and November, bringing the intervention rate to the 3.75% - 4% range in late November, which had not been reached since 2007, to close December at the 4.5% level.

In the Eurozone, the European Central Bank (ECB) opted for greater caution at the beginning of the year in view of the progressive deterioration of the economy. However, runaway inflation, which was steadily approaching 10% year-on-year, led to the announcement in March of the end of asset purchases and, at the meeting held on 21 July, intervention interest rates were raised by 50 basis points for the first time in eleven years, ending a long period of zero interest rates. In September and October, the ECB performed two further rate hikes of 0.75 points, and last December it raised rates by 0.5% to 2.5%.

Against this backdrop, global economies and financial markets have experienced a complex year characterised by the progressive economic slowdown and drops in the prices of nearly all investment assets, both fixed income and equities, which were substantial in many parts of the year, softened slightly with the Q4 recovery.

According to last October's forecast by the International Monetary Fund (IMF), global Gross Domestic Product (GDP) will grow by 3.2% in 2022, slowing 2.8 percentage points year-on-year. Growth estimates for 2023 have also been in a down trend, falling from 3.8% in January to 2.7% in the October forecast.

Eurozone GDP is also experiencing a sharp slowdown to an expected growth of 3.1% in 2022, down from 5.2% in 2021. The IMF's estimate for 2023 stands at a meagre 0.5%, revised downward from 2.5% in January. Inflation has been the big flashpoint in 2022, accelerating from 3% in January to levels of 10% in the final months of the year. For 2023, IMF forecasts suggest a still very high 5.7% average rate.

Spain has been one of the Eurozone economies with the most positive contribution to the area's growth, with expected GDP growth of 4.3% in 2022, driven by the reopening of the economy, the strong recovery in tourism, the strength of domestic demand, and the increase in investment from the progressive arrival of European Union (EU) NextGeneration funds. Like the Eurozone as a whole (0.5%), Spain's GDP growth estimate for 2023 was sharply cut to 1.2% in the IMF's October report.

Regarding the markets, the Spanish stock exchange ended the year among the best in Europe despite not closing in positive territory. The Ibex's 5.56% drop meant it ended 2022 at 8,229.10 points. The Spanish index was only surpassed by the British FTSE100, which added 0.91%. However, this good relative performance has been centred on the banking and energy sectors, which have disproportionately benefited compared to other sectors of activity. Other European markets were down between 9.50% for the French CAC and 16% for the Swiss SMI. The U.S. Nasdaq Composite technology index was the worst performer, plummeting more than 33%, its worst record since 2008.

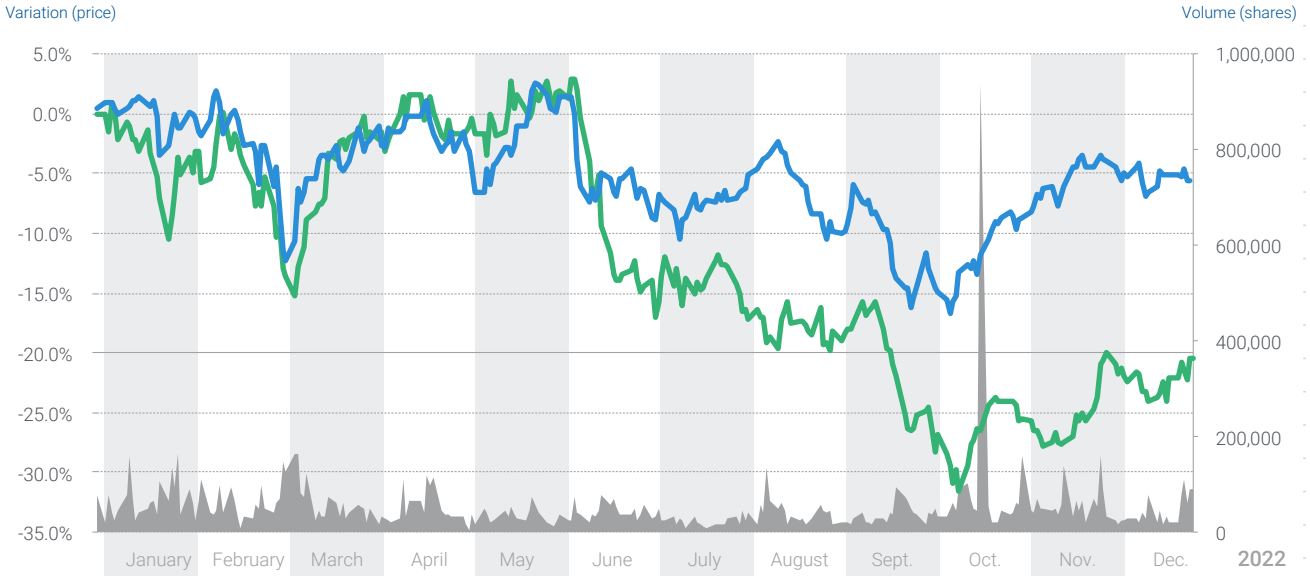


Annual evolution of FCC's shares

Against this global backdrop, FCC's share price has fallen 20% in 2022 compared to the 31.9% appreciation it experienced in 2021. At year-end, the share price was 8.82 euros/share, with a high of 11.02 euros (adjusted for flexible dividend) reached last June and a low of 7.58 euros on 14 October. FCC ended the year with a market capitalisation of 3,866 million euros.

Trading

Total trading volume this year was over 13.1 million securities, with a daily average exceeding 51,000 shares. The brokered volume is conditioned by the level of market liquidity with a 13% free float and by the type of long-term minority investors, with a long time as a shareholder and, therefore, a low turnover ratio.



	January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	
% Chg. FCC	-3.6%	-4.3%	6.3%	0.4%	3.1%	-16.1%	2.5%	-7.4%	-7.4%	1.6%	4.0%	0.6%	-20.4%
% Chg. Ibex35	-1.2%	-1.6%	-0.4%	1.6%	3.1%	-8.5%	0.7%	-3.3%	-6.6%	8.0%	5.1%	-2.1%	-5.6%



5 Business lines

Environment _ 94
End-to-end Water Mangement Cycle _ 134
Infrastructure _ 211
Cement _ 238
Real Estate _ 252



Thanks to cost restraint and business development, FCC Servicios Medio Ambiente achieved an annual turnover of **€3,641.1 million** in 2022 (**+12.21%** over 2021), a **gross operating profit** of **€593.1 million (+10.84%)** and a **profit before tax of €265.5 million (+7.81%)**.

Environment

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Geographical divisions and sector analysis. Strategy

The Environmental Services Area of the FCC Group has been delivering municipal services and end-to-end waste management for more than 110 years, **serving today close to 66 million people in 5,200 municipalities**.

In 2022 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.

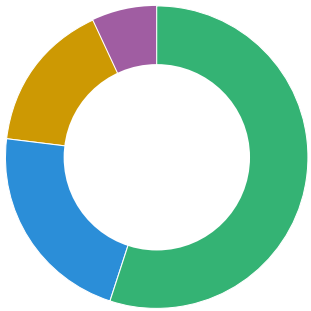


FCC Servicios Medio Ambiente Holding, S.A.U., backbone of the Environmental Services activities, is structured into **four geographical divisions:**

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

Following the gradual emergence from the global COVID-19 pandemic crisis, the invasion of Ukraine by Russia in March 2022 has generated a major global socio-economic destabilisation that led to a general escalation in price indexes, especially marked in fuel and energy and basic commodities. Facing this challenge, FCC Servicios Medio Ambiente has responded with **cost restraint and business growth and an outstanding performance** that allowed to surpass the excellent results of the previous year, achieving an **annual turnover** of €3,641.1 million (+12.21%), a gross profit of €593.1 million (+10.84%) and a profit before tax of €265.5 million (+7.81%). Order intake rose to €5,919.5 million (+25.86%) and generated a record backlog of €13,255.5 million.

Turnover 2022 - Divisions



- 55.11% Iberia (Spain, Portugal, Ámbito)
- 21.83% United Kingdom
- 16.26% CEE - Central and Eastern Europe
- 6.79% United States

In 2022, FCC Servicios Medio Ambiente managed 24.6 million tonnes of waste and produced 6.35 million tonnes of secondary raw materials (SRM) and refuse-derived fuel (RDF). The company boasts over 800 operational waste management facilities, of which more than 200 are environmental compounds performing waste management and recycling, including 13 waste-to-energy projects with a capacity of 3.6 million tonnes per year and 435 MW of non-fossil electricity.

As a relevant financial milestone for FCC Servicios Medio Ambiente Holding, S.A.U., it should be noted that throughout 2021 it has been achieved the full investment of the €1,100 million ecological bonds issued by the company in November 2019 according to the 'Green Bond Framework', in projects for the prevention and control of pollution, protection of biodiversity, energy efficiency and vehicles powered by clean energy. These investments have led to significant environmental benefits in the communities in which FCC Servicios Medio Ambiente works. With these investments in Spain, Portugal and the United Kingdom, the equivalent of 6.3 million tonnes of CO_2 greenhouse gas (GHG) emissions have already been avoided between 2019 and 2021.

Access the third Green Bond Report here

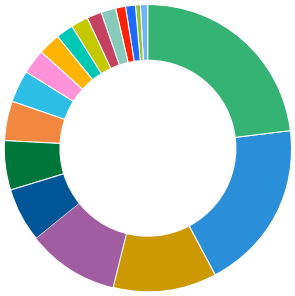


The company boasts over **800** operational **waste management facilities**

FCC Medio Ambiente Iberia (Spain, Portugal and Ámbito)

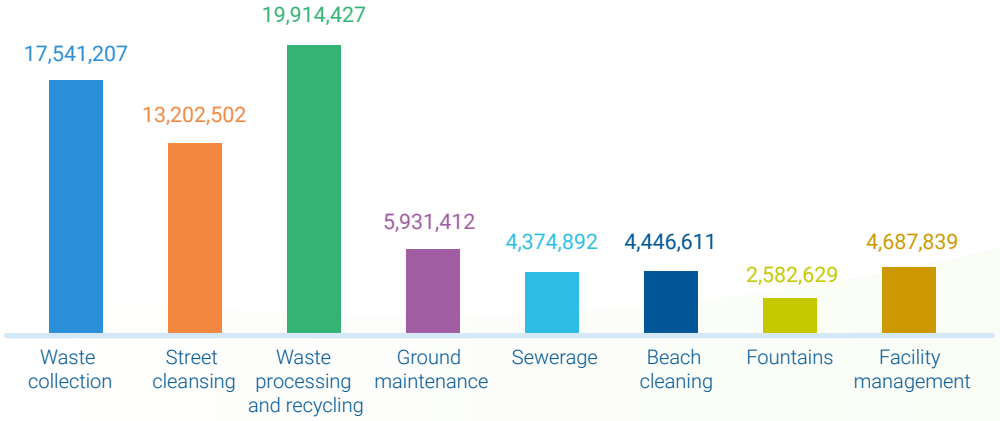
FCC Medio Ambiente provides environmental services in over **3,700 municipalities in Spain and Portugal** (FCC Environment), serving a population of more than **32 million inhabitants** with activities including street cleansing, the collection and transport, treatment and disposal of waste, ground maintenance, maintenance of sewage systems, beach cleaning, and energy efficiency services, among others. During the 2022 financial year, FCC Medio Ambiente Iberia **managed 11.6 million tonnes of solid waste**.

Turnover 2022 - Geographical location

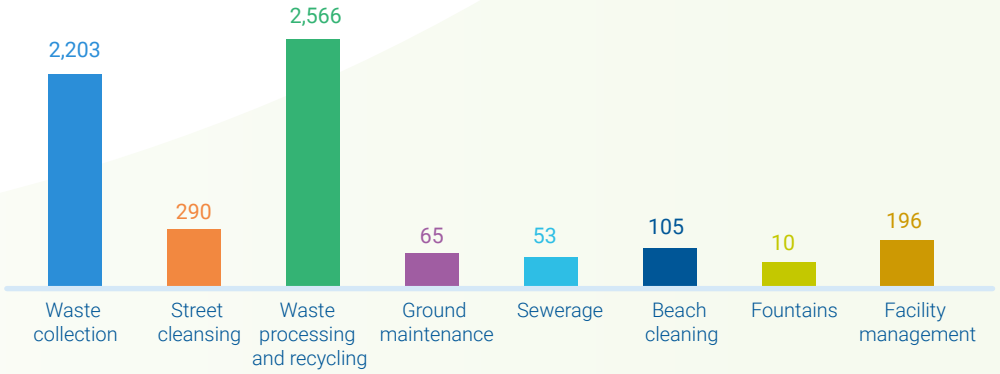


23.1%	Catalonia	2.5%	Murcia
19.2%	Community of Madrid	2.0%	Asturias
11.6%	Valencian Community	2.0%	Navarre
10.3%	Andalusia	1.7%	Balearic Islands
6.2%	Basque Country	1.6%	Portugal
5.6%	Aragon	1.3%	Extremadura
4.4%	Canary Islands	0.8%	Castilla-La Mancha
3.6%	Castilla y León	0.7%	La Rioja
2.9%	Galicia	0.6%	Cantabria

Inhabitants served 2022



Municipalities served 2022



The vaccination of a significant part of the population and the level of immunisation reached in early 2022 have allowed an upturn in economic activity. The invasion of Ukraine by Russia in March 2022 has generated however a major global socio-economic destabilisation that led to a general escalation in price indexes, especially marked in fuel and energy and basic commodities, which impacted on labour costs.

Facing these challenges, **FCC Medio Ambiente Iberia has responded by growing the business and making great effort to optimise costs**, which allowed to surpass the previous year's excellent performance. In the 2022 financial year, an order book value of €3,855.3 million and a portfolio of €8,258.3 million have been achieved, historic figures made possible by the **renewal of key contracts** such as **Zaragoza**, where the company has provided uninterrupted service since 1941; waste collection in **Madrid** (Western area), where it has been present since 1940; **Vigo,** a city it has served since 1989; and **Salamanca**, where it has been accompanying citizens since 1975. The annual turnover reached €2,006.8 million, an increase of 7.08% with respect to 2021. The gross operating profit grew by 7.57% to €306.4 million and the profit before tax raised a 2.76% to €184 million.

In this climate, the company has continued to develop its **2050 Sustainability Strategy** and has achieved the commitments established in the first interval of the plan, reflected in the **20-22 Sustainability Action Plan**. As a remarkable achievement, all energy consumed in the company's main waste processing and recycling facilities is guaranteed to be of renewable origin or produced in the facilities themselves.

Access here the 2050 Sustainability Strategy video

Access here the 2020 Sustainability Report Video-Summary

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 €4.08 million** in R&D&I in 2022, an increase of 8.35% over 2021. In this regard, the year has seen the **actual commissioning** of numerous **100%-electric collection and cleaning equipment** developed by the company, which continues to research both in the field of **Renewable Energy Vehicles**, as well as in projects that promote **Circular Economy**, or in **Information and Communication Technologies** applied to services. **Development milestones** have also been reached in the **H2TRUCK** chassis-platform project, hybrid of a hydrogen-powered fuel cell and a battery, which received financial support from the Centre for the Development of Industrial Technology (CDTI from its acronym in Spanish) within the framework of Spain's Recovery, Transformation and Resilience Plan. Of particular note is the characterisation of the fuel cell that will be incorporated in the truck, that was performed at the test bed of the National Hydrogen Centre (CNH2), located in Puertollano (Ciudad Real, Spain); as well as the study and definition of dynamic, structural and regulatory requirements and the propelling system of the mobile hydrogen compression station, which will allow the prototype vehicle to refuel and be tested at any location.



FCC Medio Ambiente Iberia will focus in 2023 on the tenders being carried out in Spain and Portugal for the **development of infrastructures** to meet the European Union's demanding **recycling and landfill diversion targets** and on the implementation of the **selective collection of the organic fraction**.

The **Next Generation European funds** from the Spanish Recovery, Transformation and Resilience Plan (PRTRE from its acronym in Spanish), although materialising at a slower pace than expected, still constitute an important foundation for the development of Spain and the industry, in which FCC Medio Ambiente will accompany its clients, providing value and know-how when considering their approaches to the future.

The environmental services market in **Portugal**, on the other hand, continues to evolve favourably, with the **award of a new contract in the Azores** to serve the municipalities of Ponta Delgada, Vila Franca do Campo, Ribeira Grande and Lagoa.

FCC Ámbito (Industrial Waste)

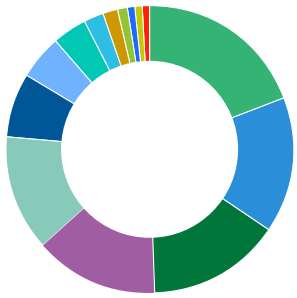
FCC Ámbito is specialized in the comprehensive management of industrial and commercial waste, recovery of by-products and decontamination of soil. Through innovative solutions to make the most of the resources contained in the different types of waste, FCC Ámbito has become a strategic partner of industries and businesses that, in line with circular economy, develop their activities ensuring environmental, social and economic sustainability. Overall, it boasts a total of 39 treatment centres in Spain and Portugal, with more than 67 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 the tonnes of waste managed has been detected throughout 2022, mainly from environmental liabilities waste. However, and despite this small decline, the result of FCC Ámbito's activity shows a slight increase, consolidating the trend recorded in the previous year, which indicates a certain recovery of margins from the lows of the economic and pandemic crisis. This increase is taking place in a context characterised by the intense competition established by waste producers themselves. The legislative changes that are taking place tend towards greater control of the traceability of waste by regional administrations, a fact which, together with the entry into force of extended producer responsibility, will favour management companies that possess end of treatment facilities, as is the case of FCC Ámbito.

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 have an impact on the efficiency of operations and the growth of 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 2022 - Geographical location



19.3%	Catalonia	3.9%	Asturias
15.3%	Community of Madrid	2.2%	Castilla y León
14.9%	Aragon	1.5%	Valencian Community
14.1%	Andalusia	1.1%	La Rioja
12.8%	Portugal	1.1%	Castilla-La Mancha
7.4%	Basque Country	0.8%	Navarre
5.0%	Cantabria	0.6%	Extremadura



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

Across the country FCC Environment serves nearly 19 million citizens and in 2022 managed 6.4 million tonnes of waste as a resource, generating 117 MW of green energy from non-recyclable waste.

The UK was the first major economy in the world to legislate for Net Zero setting a binding target for 2050. However, in 2022 little progress was made on policy to support the waste and recycling sector. The focus therefore for the UK business has been on doing what it believes to be right in order to provide environmental excellence and play its part in getting the country to Net Zero. This includes a focus on delivering social value to the communities it operates in, repair and reuse of items with life left in them, ever more recycling, greener fuels and bringing back land into economic use as well as improving biodiversity across its portfolio.

At this juncture, FCC Environment's performance in 2022 was excellent, with revenues of €794.9 million and a gross operating profit of €152.6 million, up 12.23% and 13%, respectively, in 2021.

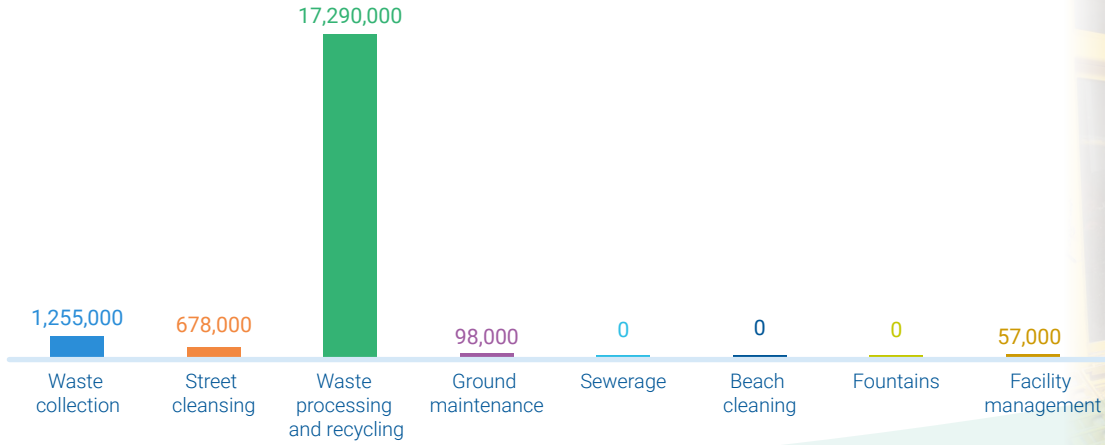
Businesses account for 18% of all UK greenhouse gas emissions where recycling and waste management activities account for 8% of the nation's total.

The third largest sectoral emissions reduction in the UK has been achieved, with a decrease of 46% since 1990. In fact, in 2018, the sector's commitment to reduce emissions resulted in almost 50 million tonnes of CO_2 equivalent avoided year-on-year, with sorting and recycling operations alone helping to avoid around 45 million tonnes.

As an industry, FCC Environment is keen not just on delivering objectives but also on exceeding them and meeting the final target a decade ahead of schedule. Under the Environmental Services Association's "Net Zero Greenhouse Gas Emissions Strategy for the UK Recycling and Waste Sector", members have committed to investing £10 billion and to cut 8% of UK total greenhouse gas emissions to net zero by 2040.

FCC Environment, as a key player in UK waste management and recycling, was the first company in the sector to develop throughout 2022 its own recently published **2040 Net Zero Strategy,** which sets out a roadmap for achieving Zero CO_2 Emissions by that date, ten years ahead of the national target. The company 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 2022





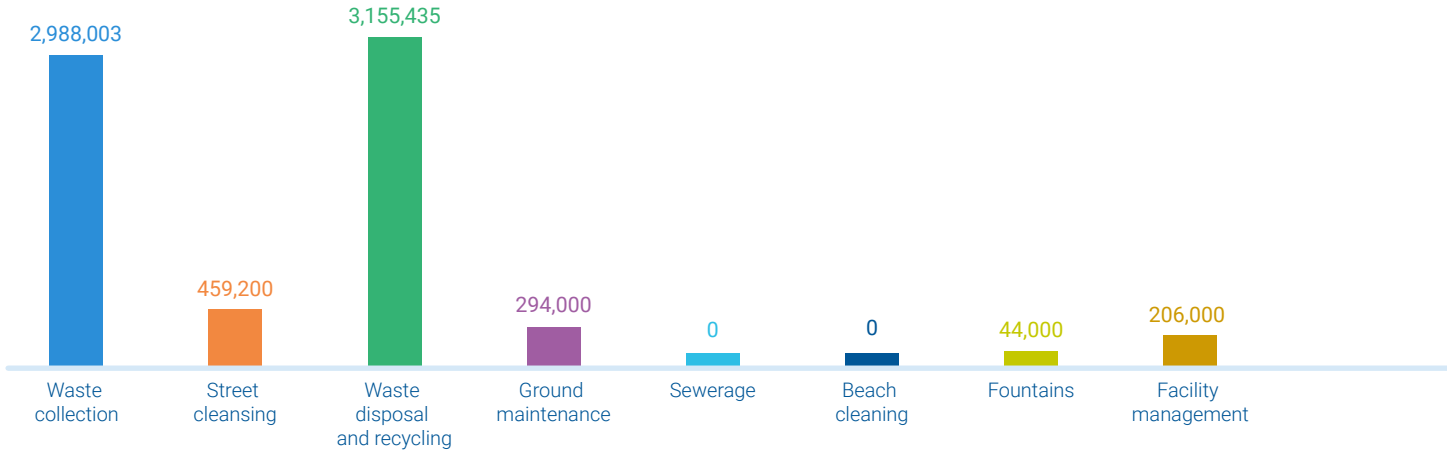
FCC Environment CEE

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. It applies innovative systems and the cleanest and most advanced technologies in the provision of quality services, sustainable in the medium and long term and adapted to the needs of its customers.

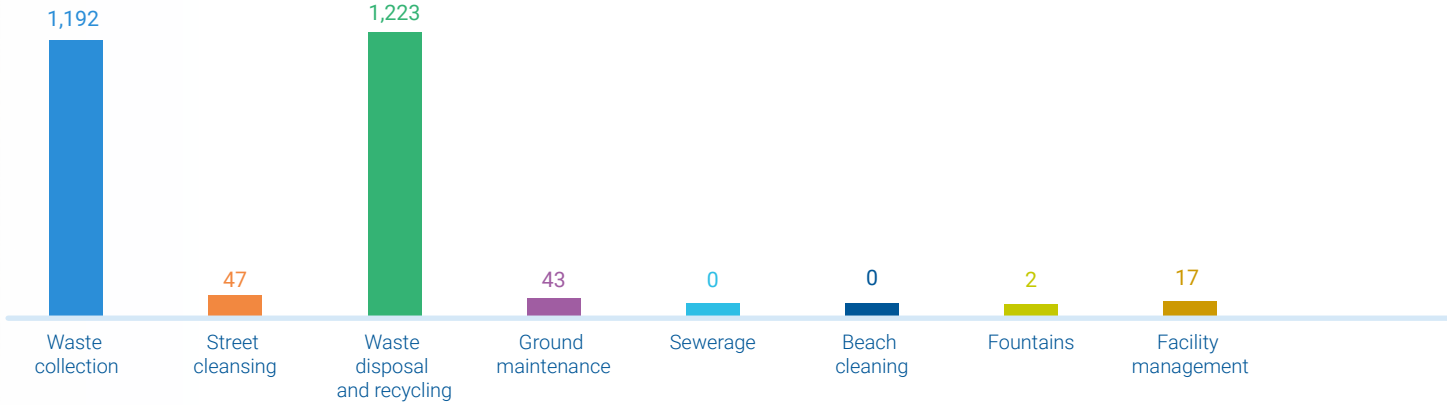
2022 was one of the most successful years in the history of the Central and Eastern European business division. Annual turnover reached €592.2 million and Ebitda amounted to €101.8 million, 7.5% and 6.7% higher than in the previous year, respectively. Profit before tax reached a record figure of €60.8 million, 10.27% of turnover. Total portfolio amounted to €603.2 million.



Inhabitants served 2022



Municipalities served 2022

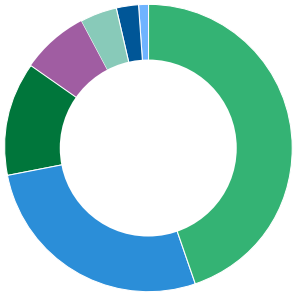


This outstanding result has been achieved in a very unfavourable context. The reduction in household consumption resulting from the war in Ukraine led to a lower generation of municipal solid waste. Lower household demand led the industry to reduce its production, resulting in a decrease in the quantities collected in the commercial and industrial division. The fall in production of consumer goods required less packaging materials, so prices of secondary raw materials such as paper fell substantially from the third quarter onwards. Fuel and energy prices spiked in the second quarter of 2022, but most of the cost increase could be passed on to customers throughout the year.

In addition, the client portfolio has been maintained through the renewal and awarding of new contracts such as that of ARA (Altstoff Recycling Austria AG) in Austria, waste collection and treatment services in the city of Bytom (Poland), or customers obtained through the outsourcing of activities such as Globus, Penny Market and IVECO in the Czech Republic.

The significant increase in sales and Ebitda was also made possible thanks to the implementation of large-scale soil remediation projects in the Czech Republic (Paramo, Mýdlovary or Vítkovice in Ostrava).

Turnover 2022 - Geographical location





- 44.74% Czech Republic
- 27.42% Austria
- 12.79% Poland
- 7.31% Slovakia
- 4.31% Hungary
- 2.45% Romania
- 0.97% Serbia

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 more than 10 million people in the states of California, Texas, Florida, Nebraska and Iowa and in 2022 it managed 1.6 million tonnes of waste.

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

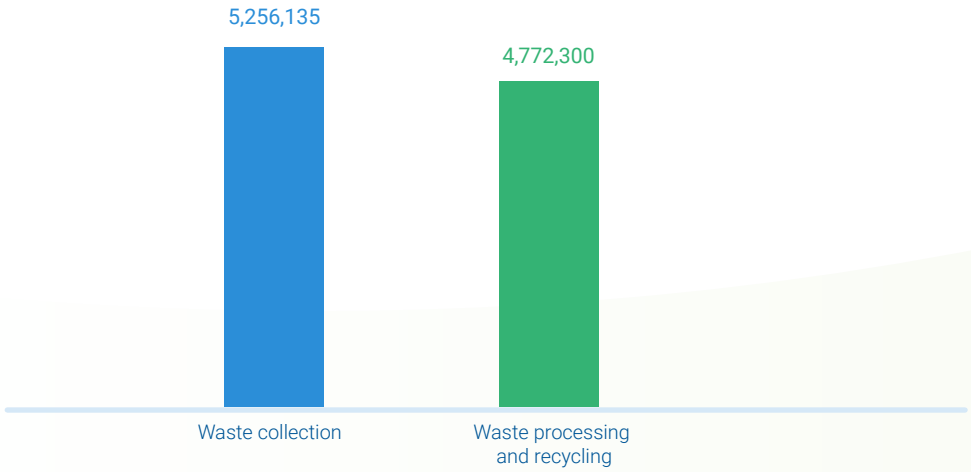
Once again, business in 2022 has been exceptional with the award of several long-term contracts (up to 20 years) in some of the most important municipalities in Florida, such as Port Saint Lucie, Lake County and Palm Coast; or the award of the first contract in California for the refurbishment and operation of an environmental compound for the treatment of municipal solid waste in Placer County. The total contract backlog at the end of 2022 amounts to €2,094.8 million, an increase of 100% over the previous year.

Total revenues in 2022 amounted to €247.2 million, an increase of 121.04% over the previous year, and a 40% turnover growth is expected for 2023.

FCC Environmental Services successfully completed the start-up of four main contracts: Hillsborough, Port St. Lucie, Placer County and Lake County, awarded in 2021 and 2022.

The company has continued to develop its commercial division in 2022 with the acquisition of Houston Waste Solutions, in the Houston (Texas) metropolitan area, that will position FCC as one of the largest commercial companies in the region.

Inhabitants served 2022



Turnover 2022 - Geographical location



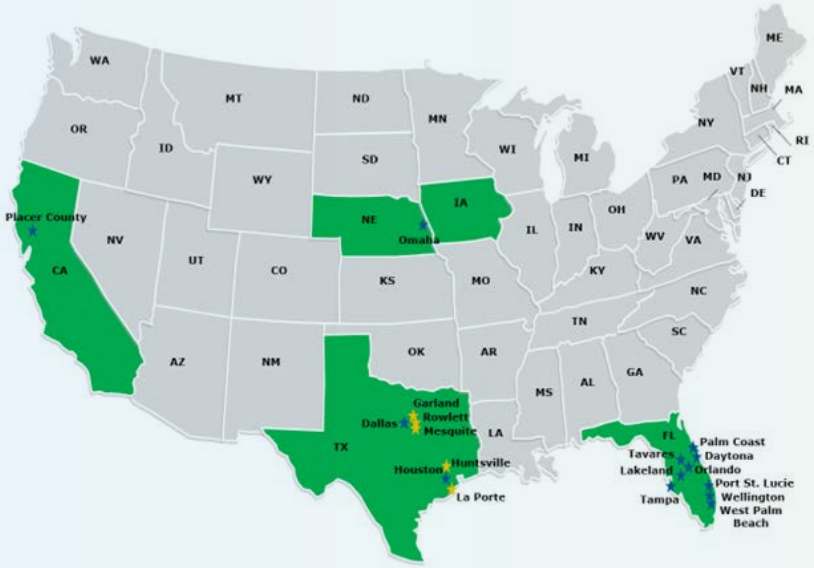
Looking ahead to 2023, FCC Environmental Services' strategy is to keep on strengthening the commercial division and continue with the vertical integration of its activities, with the incorporation of more waste collection contracts and the acquisition of companies that will fit in FCC's long-term plans.

The commercial division of FCC Environmental Services has over 11,000 customers in eight locations of three states: Texas (Houston and Dallas), Florida (Tampa, West Palm Beach, Daytona Beach, Lakeland and Orlando) and Nebraska (Omaha).

The growth strategy for the commercial business, which is expected to exceed 25% by 2023, is three-pronged. First, to sell front-load and roll-off services to small, medium and large companies. Second, to expand the current customer portfolio and market to all the additional services that FCC can offer. Thirdly, to get profitable customers by taking advantage of change of suppliers due to annual and off-cycle price increases.



Presence of FCC Environmental Services in the USA

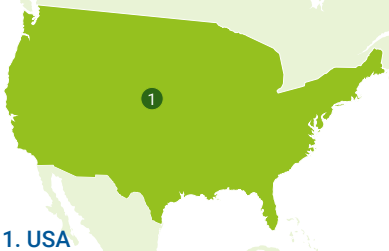


FCC Environmental Services Activity USA

2022 activity

- Award and start-up of the contract for the renovation and operation of the Placer County Environmental Compound for the next 10+5+5 years (California).
- Renewal of the City of Mesquite's recyclables contract for the next 5 years (Texas).
- Award and start-up of the waste collection contract for Hillsborough County's facilities (Florida).
- Award and start-up of the contract for the collection of municipal solid waste for the City of Port St. Lucie for the next 7 years and 3 months + 3 years (Florida).
- Award and start-up of Lake County's municipal solid waste collection contract for the next 5 years (Florida).
- Award and start-up of Palm Coast municipal solid waste collection contract for the next 7+1+1+1 years (Florida).
- Award and start-up of the Hillsborough and Volusia counties' public schools waste collection contract (Florida).
- Acquisition of Houston Waste Solutions (Texas).

Activity in the Environment Area



1. USA

FCC Environmental Services

Placer County (California)
Refurbishment and Operation of the Environmental Compound for the Treatment of Solid Municipal Waste.
€1.42 billion.

Port Saint Lucie (Florida)
Waste Collection.
€425 million.

Palm Coast (Florida)
Household Waste Collection.
€166 million.

Lake County (Florida)
Waste Collection zone 1.
€43 million.

2. SCOTLAND

FCC Environment

Greengairs
Start of Construction Works of the Waste-to-Energy Centre in Drumgray.

3. ENGLAND

FCC Environment

Suffolk
Refurbishment of the Foxhall Recycling Centre.
€8.85 million.

4. AUSTRIA

FCC Environment

Collection and Transport of Packaging Materials for ARA.
€22 million.

5. POLAND

FCC Environment

Bytom (Upper Silesia)
Waste and Recyclable Materials Collection, Transport and Treatment.
€12.7 million.

6. CZECH REPUBLIC

FCC Environment

Collection, Removal and Processing of Secondary Raw Materials for 16 Hypermarkets.
€2.4 million annual amount.



7. SPAIN

FCC Medio Ambiente

Zaragoza
Waste Collection and Street Cleansing.
€615.45 million.

Madrid
Municipal Solid Waste Collection for lot 1 (Western zone).
€445.92 million.

Tenerife (Santa Cruz de Tenerife)
Construction and Operation of the Environmental and Waste Management Compound of the Island of Tenerife.
€371.47 million.

Vigo (Pontevedra)
Waste Collection, Street and Beach Cleaning, and Management of Household Waste Recycling Centres.
€366.24 million.

Alicante
Waste Collection and Street and Beach Cleaning.
€293.96 million.

Salamanca
Waste Collection, Street Cleansing and Refurbishment and Operation of the Light Packaging Sorting Plant.
€231.66 million.

Girona
Waste Collection, Street Cleansing and Management of Household Waste Recycling Centres.
€152.8 million.

Manresa (Barcelona)
Waste Collection and Street Cleansing.
€91.43 million.

Badajoz
Waste Collection and Street Cleansing.
€83.88 million.

Mijas (Málaga)
Waste Collection and Street Cleansing.
€79.94 million.

Rincón de la Victoria (Málaga)
Waste Collection and Street and Beach Cleaning.
€71.99 million.

Arganda del Rey (Madrid)
Waste Collection and Street Cleansing.
€62.04 million.

Granollers (Barcelona)
Waste Collection and Street Cleansing.
€47.09 million.

Zaragoza
Parks and Ground Maintenance for lot 1.
€43.9 million.

Sasieta Municipalities Association (Gipuzkoa)
Selective Waste Collection.
€39.08 million.

Valdemoro (Madrid)
Waste Collection.
€33.3 million.

Montoliu (Lleida)
Operation of Segrià's Environmental Compound.
€29.65 million.

Valencia
Parks and Ground Maintenance for lot 1.
€29.15 million.

FCC Ámbito

Madrid
Santander Bank corporate buildings and Financial City End-to-end Waste Management.

Valencian Community
Waste Button-Cells and Pencil Batteries Collection.

Barcelona
End-to-end Management of Hazardous and Non-hazardous Waste from Bus and Metro workshops of Transports Metropolitans de Barcelona.

8. PORTUGAL

FCC Environment

São Miguel Island (Azores)
Waste Collection in Ponta Delgada, Vila Franca do Campo, Ribeira Grande and Lagoa.
€19.8 million.

Highlights Environment 2022

Play

January
- FCC Medio Ambiente receives an award at the 17th edition of the Sustainable City Awards for its Cultural Shift Plan in L'Hospitalet de Llobregat (Barcelona, Spain).
- FCC Medio Ambiente starts up the "I+Dehesas" research and development centre at the Valdemingómez Technological Park (Madrid, Spain).

February
- FCC Medio Ambiente publishes the second Green Bond Report (Spain).
- FCC Medio Ambiente launches the ECLOSION project for renewable hydrogen and biomethane to promote a decarbonised, sustainable and circular economy (Spain).
- FCC Medio Ambiente's 'La Campiña' Resource Recovery Centre awarded as Best Municipal Work at the Caminos 2021 Awards (Madrid, Spain).
- FCC Environment rolls out microgeneration at nine of its landfills allowing an additional 7,329 MWh of renewable energy to be fed back into the grid (United Kingdom).

March
- FCC Medio Ambiente obtains European Funds for the H2TRUCK Project: a vehicle with Hybrid Technology of Battery and Hydrogen Fuel Cell (Spain).
- FCC Medio Ambiente renews the contract for street cleansing and waste collection in Badajoz (Spain).
- FCC Medio Ambiente renews the contract for street cleansing, waste collection and operation of the light packaging sorting plant of the city of Salamanca (Spain).
- FCC Medio Ambiente awarded the contract for parks and ground maintenance in Zaragoza (Spain).
- FCC Environmental Services acquires Premier Waste Services LLC. in Dallas-Fort Worth (Texas, USA).

April
- FCC Medio Ambiente begins the provision of energy management and maintenance services for Infrastructures of Catalonia (Spain).
- FCC Environmental Services gets its first contract in California for the refurbishment and operation of a municipal waste treatment environmental compound in Placer County (USA).

May
- The first 100%-electric waste collection lorry (e-truck) in Austria is out on the roads.
- FCC Environment refurbishes the plant for the production of solid alternative fuel from waste in Brno (Czech Republic).
- FCC Environment honoured with the Best Use of Design and Technology in a Waste Treatment Facility award at the Letsrecycle Awards for Excellence for its Household Waste Recycling Centre in Allington (United Kingdom).
- FCC Environmental Services awarded the urban waste collection contract for the city of Port Saint Lucie (Florida, USA).

June
- FCC Medio Ambiente announces that all electric power consumed in its main treatment facilities will have Guarantee of Renewable Origin (Spain).
- FCC Ámbito launches the company EnergyLOOP alongside Iberdrola to lead wind turbine blade recycling (Spain).

July
- FCC Medio Ambiente awarded the waste collection and street cleansing in Mijas (Málaga, Spain).
- FCC Medio Ambiente renews the waste collection and street cleansing contract for the city of Vigo (Pontevedra, Spain).
- FCC Environmental Services strengthens its presence in Florida with a new contract (Palm Coast, USA).

August
- FCC Environment begins the construction of the Drumgray Energy Recovery Centre in Greengairs (Scotland, United Kingdom).

September
- FCC Medio Ambiente renews waste collection and street cleansing contract for the city of Zaragoza (Spain).
- FCC Environmental Services awarded the contract for waste collection in Lake County (Florida, USA).

October
- FCC Medio Ambiente renews Girona municipal services contract (Spain).
- FCC Medio Ambiente to continue providing municipal services in the city of Manresa (Barcelona, Spain).

November
- FCC Medio Ambiente awarded lot 1 (West zone) for the collection of urban waste of Madrid (Spain).
- FCC Medio Ambiente obtains once again the "Calculate-Reduce-Offset" seal granted by the Spanish Office for Climate Change for 2021 (Spain).
- FCC Medio Ambiente shows its commitment against Climate Change at the 2022 Smart City Expo World Congress (Barcelona, Spain).

December
- FCC Ámbito acquires the company InduRaees specialized in the treatment of waste from electrical and electronic equipment (Spain).
- FCC Environment starts operations of the waste collection contract in the island of São Miguel at the Azores archipelago (Portugal).
- FCC Environment begins the construction of its first solar park at a landfill site in Winterton (United Kingdom).
- FCC Environmental Services strengthens its position in the USA with the acquisition of Houston Waste Solutions (Texas, USA).

Other highlights

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

During 2022, the company DNV GL Business Assurance España, S.L. (DNV GL) has carried out the third external verification audit of the Green Bond annual report of FCC Servicios Medio Ambiente Holding, S.A.U. on the use of resources from the Bond until 31st December 2021. It has verified the financing and refinancing of projects and assets for the total amount of the green bond issued, €1.1 billion, corresponding to fiscal years 2019, 2020 and 2021.

These investments have led to **significant environmental benefits in the communities where FCC Servicios Medio Ambiente operates**, such as **avoiding over 6.3 million tonnes of CO_2e** of greenhouse gas (GHG) emissions.

In November 2019, FCC Servicios Medio Ambiente Holding, S.A.U. published its framework for the issuance of sustainable bonds, linked to the United Nations' Sustainable Development Goals (SDGs). Days later, FCC Servicios Medio Ambiente Holding, S.A.U. issued its first green bond for a total of €1.1 billion, divided into two tranches, one of €600 million maturing in 2023 and another of €500 million maturing in 2027.

Distribution chart of eligible divisions by category in 2021

Activity	Category	Investment (M€)	%
Waste Management	Pollution prevention and control	46.04	62%
Energy Recovery	Pollution prevention and control	28.61	38%
Total		74.65	

Distribution chart of eligible divisions by category in 2020

Activity	Category	Investment (M€)	%
Pollution prevention and control		191	94.86%
Energy Efficiency		0.63	0.31%
Clean Transportation		8.38	4.16%
Biodiversity Conservation		1.33	0.66%
Total		201.34	

Distribution chart of eligible divisions by category in 2019

Activity	Category	Investment (M€)	%
Pollution prevention and control		744.52	90.35%
Energy Efficiency		11.72	1.42%
Clean Transportation		60.40	7.33%
Biodiversity Conservation		7.37	0.89%
Total		824.01	

IBERIA

FCC Medio Ambiente Spain







FCC Medio Ambiente renews waste collection and street cleansing contract for the city of Zaragoza

Zaragoza City Council, city FCC Medio Ambiente has been providing services to uninterruptedly since 1941, has renewed its trust in the company with the award of the city's urban waste collection and street cleansing contract. The order book value amounts to more than €615 million for the next 10 years. This new contract is committed to the environmental sustainability of the services, so the implementation will involve the renewal of almost the whole fleet, with more than 270 vehicles, whether electric or powered by compressed natural gas, with the aim of improving air quality and reducing noise pollution. The investment represents more than €61 million and the service boasts a total workforce of around 1,130 people.

FCC Medio Ambiente awarded lot 1 (West zone) for urban waste collection in Madrid

Madrid City Council has awarded FCC Medio Ambiente the contract for the collection of municipal solid waste in lot 1 (West zone), which will serve more than one million inhabitants of the Tetuán, Chamberí, Fuencarral-El Pardo, Moncloa-Aravaca, Latina and Centro districts for the next six years, for €455 million. To collect over 390,000 tonnes per year, the contract boasts a staff of 950 people and a fleet of 209 ECO or Zero Emission vehicles powered by compressed natural gas or electric motors. As a highlight, the innovative, multi-award-winning, 100%-electric ie-Urban Truck, fully developed by FCC Medio Ambiente, has been added to the service fleet.

FCC Medio Ambiente will continue to deliver municipal services for the city of Vigo

FCC Medio Ambiente will continue delivering waste collection, street and beach cleaning and household waste recycling centre management services to the city of Vigo, where the firm has been present since 1989. The order book value exceeds €366 million for the next 9 years and 6 months. Setting the service up will involve the renewal of a large portion of the current fleet, with over 50% of the vehicles presenting Zero-emission or ECO environmental labels, which highlights the City Council's commitment to the fight against climate change and care for the environment. The waste collection service will have about 160 people and 58 vehicles, and the street cleansing service will boast 360 people and 90 vehicles.

IBERIA

FCC Medio Ambiente Spain







FCC Medio Ambiente renews the contract for street cleansing, waste collection and operation of the light packaging sorting plant of the city of Salamanca

The Salamanca City Council, where FCC Medio Ambiente has been providing services since 1975, has once again awarded the company the contract for street cleansing, waste collection and refurbishment and operation of the light packaging sorting plant. The total order book value amounts to €231.6 million for the next 12 years, starting on 1st October 2022. The service will have a total workforce of 440 people and more than 245 newly acquired vehicles and equipment. One of the most noteworthy aspects of the contract is the renewal of all the machinery. Practically 100% of the equipment will be electric and powered by compressed natural gas, making Salamanca a more sustainable city.

Girona City Council once again awards FCC Medio Ambiente the urban services contract

Girona City Council, where FCC Medio Ambiente has been present since 1987, has awarded the contract for street cleansing, municipal waste collection and household recycling centres to the joint venture *Sanejament Girona*, led by FCC Medio Ambiente. The order book value amounts to almost €153 million for the next eight years. The entire fleet of the contract will have Zero-Emission or ECO environmental labels, with over 50% electric vehicles, and the rest powered by compressed natural gas. It will also be guaranteed that the energy supply will come from renewable energy sources, regarding the central machinery depot as well as the street cleansing ancillary work centres. Total resources assigned to the contract add up to 165 people and about 90 vehicles.

Badajoz renews its trust in FCC Medio Ambiente for the provision of waste collection and street cleansing services

The Badajoz City Council has renewed its trust in FCC Medio Ambiente by extending for the next 8 years the street cleansing and waste collection contract that began in October 2010, which represents an order book value of €83 million. The new service has a team of 250 people and a fleet of more than 90 vehicles and machinery. A very important part of the service vehicle fleet will be renewed. Investments include the construction and commissioning of a Compressed Natural Gas (CNG) supply point and the necessary electric refuelling infrastructure within the existing facilities, since a large part of the new fleet will be electric or powered by CNG.

IBERIA

FCC Medio Ambiente Spain







FCC Medio Ambiente wins again the ground maintenance contract in L'Hospitalet de Llobregat (Barcelona)

The City Council of L'Hospitalet de Llobregat (Barcelona) has once again awarded FCC Medio Ambiente the new ground and parks maintenance contract, that the firm holds since 2012. The service began in February 2022 and involves an order book value of nearly €29 million for a three-year period, with a possible extension of two years. To service the city, the contract will have a staff of 155 workers and a fleet of 71 vehicles, out of which those of over 3,500 kg of Gross Vehicle Weight (GVW) are of compressed natural gas and ECO environmental labelled. Newly acquired vehicles will also boast Zero Emission or ECO labels. In addition, 186 new machines will be incorporated, with a large portion of electric units.

Madrid regional government acknowledges FCC Medio Ambiente's "Best Practices for the prevention and control of COVID-19"

FCC Medio Ambiente received an accolade at the 2021 Occupational Health and Safety (OH&S) Acknowledgements and Mentions ceremony for "Best Practices for the Prevention and Control of COVID-19 in companies" from Madrid's Regional Institute Occupational Health and Safety in the category of companies or entities with more than 50 employees under the slogan "At the forefront against the pandemic". This special mention is in an acknowledgement to the company's work in the Area of OH&S during the COVID-19 pandemic. FCC Medio Ambiente has provided uninterrupted services since the beginning of the pandemic, services that have been declared as essential, and the risk prevention protocols implemented have been fundamental to this continuity.

FCC Medio Ambiente's 'La Campiña' Resource Recovery Centre awarded Best Municipal Work at the 2021 Caminos Awards (Madrid)

The 'La Campiña' comprehensive Resource Recovery Centre (RRC), owned and promoted by the Eastern Municipalities Association of the Region of Madrid, and developed and operated by ECOMESA, 100% subsidiary of FCC Medio Ambiente, has received the award for Best Municipal Work at the 2021 Caminos Awards of the Madrid Branch of the Colegio de Ingenieros de Caminos, Canales y Puertos (Civil Engineers Association). This recognition, presented within the framework of the 14th edition of the Madrid Caminos Awards, rewards sustainability and the development of projects that contribute to the improvement of the quality of life and respect for the environment at the municipal field.

IBERIA

FCC Ámbito



FCC Ámbito launches EnergyLOOP alongside Iberdrola to lead the recycling of wind turbine blades

Iberdrola, through its PERSEO programme, and FCC Ámbito have launched the company EnergyLOOP to lead the recycling of components from renewable facilities. The objective will be the recovery of wind turbine blade components -mostly carbon and glass fibers and resins- and their reuse in sectors such as energy, aerospace or automotive. The new company will build an innovative plant in Navarre (Spain), in the municipality of Cortes, with an investment of €10 million and the generation of around 100 jobs, and is supported by the Government of Navarre and Sodena.

Renewal of the 'Ecopilas' battery collection contract in the Valencian Community

The contract with Ecopilas involves the collection with specific vehicles of button cells and pencil batteries deposited in special containers throughout the Community, located in a wide network (supermarkets, shopping centers, stores and schools), and the transportation to the firm's plant in Vall d'Uixó, Castellón (Spain), where the material will be stored until being transferred to the final operator.



FCC Ámbito acquires the company InduRaees

FCC Ámbito has acquired InduRaees, a company specialising in the treatment of Waste from Electrical and Electronic Equipment (WEEE). It has a recycling facility in the Palencia town of Osorno (Spain), which opened 13 years ago, employs 50 workers and has been awarded the silver medal of the Chamber of Commerce and Industry of Palencia. The management of WEEE allows the recovery of different materials such as metals, glass, various types of plastics and electronic cards; and the capture of gases from refrigeration circuits contributes to the fight against climate change.

Renewal of the contract with Transports Metropolitans de Barcelona (TMB)

FCC Ámbito has renewed this contract, which it delivers since 2010, for the comprehensive management of hazardous and non-hazardous waste generated at TMB's bus and metro maintenance workshops in the Barcelona Metropolitan Area (Spain). Waste collected is transported to its plants in Montmeló and Sant Feliu de Llobregat.

FCC Environment Portugal



Setting up the waste collection contract of the island of São Miguel in the Azores

FCC Environment has set up the waste collection contract of four municipalities in the Azores: Ponta Delgada, Vila Franca do Campo, Ribeira Grande and Lagoa.

UNITED KINGDOM

FCC Environment UK







Launching the reuse revolution

FCC Environment, in partnership with The Benjamin Foundation, a local charity, and Precycle, one of Europe's largest multi-material recyclers, has reopened the former household waste recycling centre in Swanton Road, Norfolk, as a revolutionary re-use drop-off centre, helping to breathe new life into second hand items, avoiding waste going to landfill and creating social value. Since its opening, more than 100 fridges and freezers have passed through the facility, many of which are used to help those in need through the Norfolk Assistance Programme, supported by The Benjamin Foundation. The facility has received a prestigious award from the Reuse Network, the enterprise that supports reuse charities across the UK to help them alleviate poverty, reduce waste and tackle climate change.

Implementation of microgeneration

FCC Environment has begun to roll out microgeneration at nine of its landfill sites that will supply an additional 7,329 MWh of renewable energy back to the grid, enough to power over 2,360 homes. Typically, power generation from landfill gas ceases when there is insufficient residual gas to operate the smallest 330 kW engines, resulting in the gas being flared. However, thanks to the current Renewable Obligation subsidy, installations can continue to operate below this threshold and microgeneration projects work down to an output of between 65 kW and 105 kW, providing a more efficient and environmentally-friendly outcome through avoided emissions. This initiative follows a pilot project at the company's Deerplay landfill site on the outskirts of Burnley, Lancashire.

Start of construction on the new solar park

FCC Environment collaborates in the development of a new solar park at the Winterton landfill site in Lincolnshire, which will be operational in April 2023 and will generate circa 4,300 MWh of renewable energy each year, enough to power more than 1,300 homes. The solar farm will occupy approximately 7.3 hectares and will be built in accordance with a methodology approved by the UK Environment Agency, which will protect the existing landfill structure.

UNITED KINGDOM

FCC Environment UK



Construction works start on the Drumgray Energy Recovery Centre (Scotland)

FCC Environment has commenced construction works on the Drumgray Energy Recovery Centre (DERC) at Greengairs, North Lanarkshire. This state-of-the-art plant will be capable of treating 300,000 tonnes of household and business waste per year, enabling it to export circa 25.5 MW of electricity and supply up to 40 MW of heat to local homes and businesses. The project will support the Scottish Government's strategy to eliminate biodegradable waste to landfill. The first phase of construction works comprises ground preparation and stabilisation, preparation of a development platform and concrete grouting of old mineworking structures. These works are planned through to June 2023, when construction of the main facility will be undertaken. As part of this initial work, FCC will be working closely with Nature Scot to move and relocate areas of peat around the site. The plant is programmed to be in operation in early 2026, just as the landfill ban comes into force.



Awarded at the Letsrecycle Awards for Excellence

FCC Environment has won the Best Use of Design and Technology in a Waste Treatment Facility award in the Letsrecycle Awards for Excellence for its Household Waste Recycling Centre in Allington, Lincolnshire. The design incorporates solar panels and rainwater harvesting. The construction has minimised the impact on the environment, as the material used is a recycled composite from plastic bags that have been thrown away. The new centre has been designed to operate without interruption, as it is on two levels allowing full waste containers to be removed safely while residents use the site to deposit their recyclables and waste. To ensure maximum efficiency there will also be an allocated 'reuse space' for items that can still have life left in them to be put to one side and reused.



Redevelopment of Foxhall Recycling Centre (Suffolk)

FCC Environment has started works on a major expansion of the Foxhall recycling centre for more than €8.8 million. The new design will increase vehicle capacity, thereby reducing queuing on the highway, improve access from Foxhall Road and provide greater capacity to cope with future growth. The works are scheduled to complete in early 2024 and the site will remain open to the public during them. Of the 11 recycling centres in the county, Foxhall handles 19% of recycling and waste, collecting over 12,500 tonnes per year.

CENTRAL AND EASTERN EUROPE

FCC Environment CEE







ARA's collection contracts in several Austrian municipalities

In the first quarter of 2022, FCC Environment successfully participated in several regional tenders put out by ARA (Altstoff Recycling Austria AG), the largest Austrian recycling management system (packaging, WEEE, batteries). The awarded services consist of separate collection and transport of packaging materials such as paper, plastic, metal and mixed packaging. FCC Austria has succeeded in renewing and substantially increasing its contracts with ARA, which secures a portfolio of €22 million for the next five years and consolidates its position in the Austrian market.

FCC Environment renews service contract in Bytom (Poland)

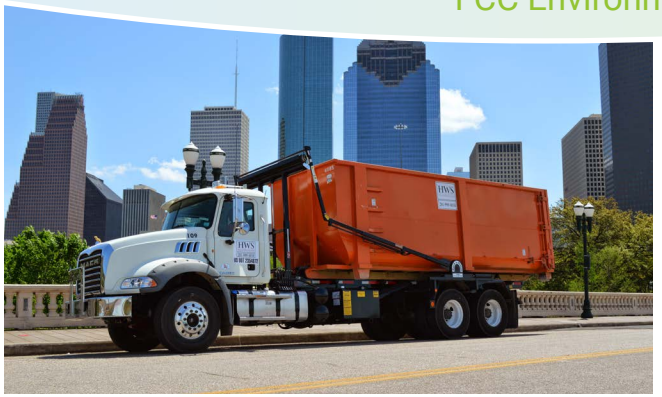
Last 21st July, FCC Environment renewed the contract for the collection, transport and treatment of municipal solid waste (MSW) and recyclables for the city of Bytom, in the Upper Silesia region of Poland. The company will thus serve 135,000 inhabitants who produce approximately 55,500 tonnes of MSW per year. The contract has a duration of 24 months and represents a portfolio of €12.7 million. With this award, FCC Environment significantly strengthens its position in the market and ensures full use of the capacity of its Zabrze treatment and recycling plant.

Renewal of outsourcing contract with Globus CZ, v.o.s (Czech Republic)

FCC Environment has renewed its outsourcing contract with the Globus retail chain, which it has been serving since 1997. The contract, initially for five years, expired in December 2022 and has been extended indefinitely at a value of approximately €2.4 million per year. The new contract covers the collection, transport and further processing of secondary raw materials, including the supply of personnel and machinery, for 16 hypermarkets in the Czech Republic.

UNITED STATES

FCC Environmental Services







Integration of acquisitions

In 2022, FCC Environmental Services has completed the integration of two acquisitions in Texas: Premier Waste Services (Dallas) in 2021 and Houston Waste Solutions (Houston) in 2022. Both companies, combining the experience of its workforce and synergies with the current FCC Environmental Services business, will drive the growth of the commercial division in Texas.

Premier Waste Services has been providing commercial solid waste collection services in the Dallas-Fort Worth metropolitan area for more than 20 years. The company handles in excess of 4,000 contracts with a fleet of over 50 trucks.

Houston Waste Solutions, on the other hand, has been operating for 10 years in the Houston metropolitan area, with more than 40 trucks and 3,000 commercial contracts.

Award of the contract for household solid urban waste collection in Port Saint Lucie (Florida)

The city of Port Saint Lucie has awarded FCC Environmental Services the two lots in the collection tender. The contract, which began on 5th September 2022, runs for seven years, with a possible three-year extension, and serves 82,000 residential and 1,300 commercial customers. FCC provides collection of residual waste, recyclables, bulky waste and pruning and yard waste with a fleet of more than 75 vehicles. The potential order book value is $450 million (around €425 million). Port Saint Lucie, with a population of 220,000, is one of the fastest growing communities in the state. The total investment is $47 million (about €44.4 million) and has created 110 jobs.

Solid waste collection contract in Lake County (Florida)

Lake County has awarded the contract for solid waste collection for zone 1 of the city to FCC Environmental Services for a five-year term with a possible three-year extension. The contract, which began on 1st October, represents a backlog of $45 million (about €43 million). The awarded area covers approximately 24,000 households and 75,000 residents out of a total of 395,000, for whom the company will collect weekly residual waste, recyclables, bulky, pruning and yard waste. The contract involves an investment of $12 million, including a fleet of 20 collection vehicles, as well as the creation of 29 new jobs.

UNITED STATES

FCC Environmental Services



Award of municipal solid waste collection contract in Palm Coast (Florida)

The city of Palm Coast has awarded the municipal solid waste collection service to FCC Environmental Services. The contract, which will begin on 1st June 2023, will serve 90,000 residents and involves a portfolio of $175 million (about €166 million) with a seven-year term and three possible one-year extensions. The company will operate from its Daytona Beach vehicle depot. The contract involves a fleet of 35 trucks, 72 people and an investment of $15 million (about €14.7 million).



First contract in California in Placer County

Placer County's Western Placer Waste Management Authority (WPWMA) awarded FCC Environmental Services the contract for the construction and operation of a 130-hectare municipal solid waste (MSW) environmental recycling compound, for a duration of 10 years and two possible five-year extensions, for a total of $1.5 billion (about €1.4 billion). The contract started on 1st July 2022 and the compound will consist of diverse sorting and recycling plants, a construction and demolition waste processing facility, a composting facility for organics, food and yard waste, as well as a household recycling centre and a deposit for the disposal of refuse waste. With a total annual capacity of 650,000 tonnes, it will be one of the largest facilities in the world of its kind. This contract marks FCC's entry into California, the largest MSW producer state with the most advanced environmental regulations in the United States.



Hillsborough County (Florida) Public Schools and Facilities collection contract award

Hillsborough County awarded FCC Environmental Services the contract for the collection of waste from public facility buildings and schools. Both contracts started at the beginning of November 2022 for a three-year term. The total portfolio amounts to $11.7 million (about €11 million).

FCC Environmental Services strengthens its presence in the state of Texas with several renovations

On one hand, the city of Huntsville has renewed the services for processing recyclables for one year. On the other hand, the company has renewed the contract for the management of recyclables in Garland, which, with 235,000 inhabitants, is one of the main cities in the Dallas-Fort Worth metropolitan area. The city of Mesquite, located to the East of said area, has also completed its third renewal with FCC Environmental Services for recycling processing. The renovations represent a portfolio of more than $3 million.

Excellence and sustainability

Service excellence

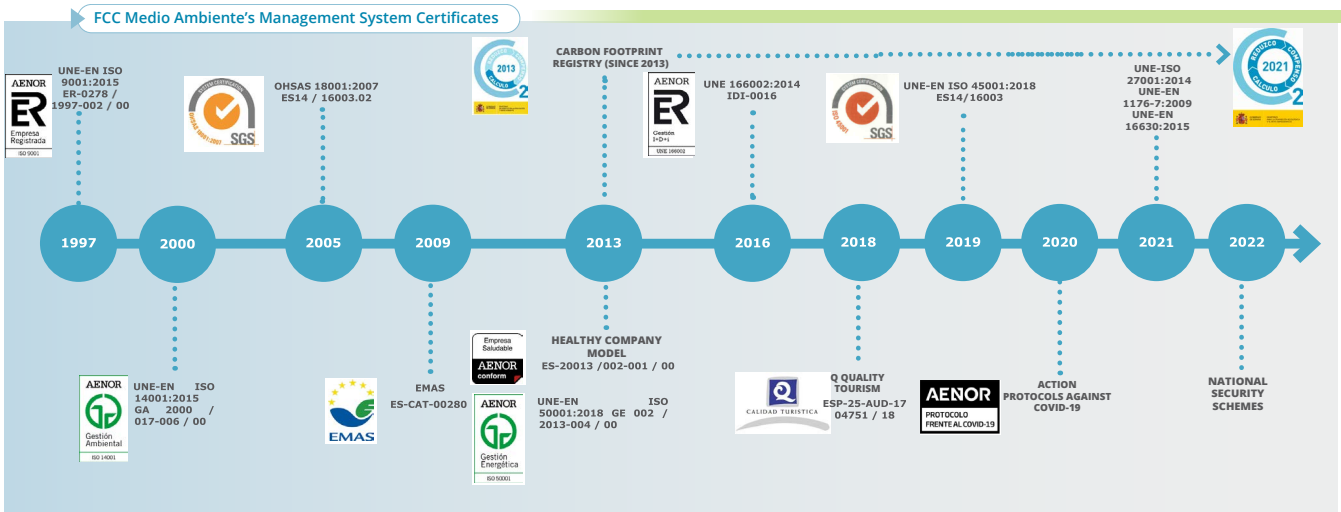
FCC Medio Ambiente's commitment to excellence benefits its entire value chain, from customers, suppliers, employees and, of course, to all the citizens living in the communities the company provides service in, mainly public customers.

The constant concern for customer satisfaction and the improvement of environmental performance is what led FCC Medio Ambiente to implement and certify management systems since 1997. Proof of all this is that in 2022 the quality certificate, under the ISO 9001 standard, celebrated its 25th anniversary.

The certified Management System is based on the requirements of the main international standards of recognised prestige (quality, environment, OHS, R&D&I and energy efficiency) and standardises the work methodology developed in all the company's contracts, guaranteeing that the processes are carried out with rigour and in accordance with common procedures.

The Management System is an effective tool for reassuring excellence to all stakeholders regarding quality, socially and environmentally sustainable and innovative services. The system includes procedures for Quality, Environment, Occupational Health & Safety, Energy Efficiency, Healthy Organisation, the AENOR COVID-19 Protocols and even Tourism Quality. In 2021, FCC Medio Ambiente was certified in the information security system under the ISO 27001 standard, specifically certifying the "Smart platform for the provision of services to cities", VISION, comprehensive management tool that allows to meet defined objectives and respond to the current and future requirements of customers in relation to the provision of services. In 2022, the company decided to take a step further, certifying the platform under the National Security Scheme.

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



2022 Excellence highlights

- The National Security Scheme certification is achieved in accordance with the requirements of Royal Decree 5/2010, of 8th January. Thanks to this certification, FCC Medio Ambiente ensures that access, confidentiality, integrity, traceability, authenticity, availability and conservation of data, information and services comply with the strictest security requirements.

- During 2022 the carbon footprint corresponding to the previous year's data is verified. For the second year in a row, the Spanish Office for Climate Change has awarded FCC Medio Ambiente the triple "Calculate-Reduce-Offset" seal for scopes 1+2 and 3, which include emissions associated with fuel consumption, waste treatment, recovery and disposal processes, and emissions derived from the purchase of electricity from the grid. On this occasion for this scope, the company has managed to reduce 2.94% of the average emission intensity in the 2019-2021 three-year period. In this way, it reinforces its commitment to reducing greenhouse gas emissions. This triple seal has been achieved thanks to the signing of agreements for the acquisition of absorption rights belonging to reforestation projects.

In 2022, the firm has collaborated in a certified reforestation project for 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 (Spain) and included within the Nature 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 pine and birch trees.



AENOR
Confía

Certificado de Conformidad
con el Esquema Nacional de Seguridad

ENS-2022/0051

AENOR, certifica que los sistemas de información reseñados todos ellos de categoría MEDIA y los servicios que se relacionan, de:

FCC MEDIO AMBIENTE, S.A.U.
CL FEDERICO SALMÓN 13 28016 MADRID

han sido auditados y encontrados conforme con las exigencias del Real Decreto 3/2010 de 8 de enero, por el que se regula el Esquema Nacional de Seguridad en el ámbito de la Administración electrónica, según se indica en el correspondiente Informe de Auditoría de 2022-05-17

para las actividades: Detalladas en el anexo al Certificado

que se realizan en: Direcciones indicadas en el Anexo

Fecha certificación conformidad inicial: 2022-07-28
Fecha renovación certificación conformidad: 2024-05-05

Número de certificado: ENS-2022/0051

Fecha: Madrid, a 28 de Julio de 2022

Rafael GARCÍA MEIRO
Director General

AENOR INTERNACIONAL S.A.U.
Génova, 6. 28004 Madrid. España
Tel. 91 432 60 00 - www.aenor.com









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

FCC MEDIO AMBIENTE, S.A.U.

Año de cálculo 2021
Tipo de sello CALCULO, REDUZCO Y COMPENSO
Alcances 1+2 y 3
En alcance 3 se incluyen el consumo de combustibles, el tratamiento biológico, la valorización energética y eliminación de residuos sobre las que la empresa no tiene control operacional.
Límites Se incluyen las siguientes agrupaciones que engloban de manera general las actividades en las que presta servicios la organización y que son desarrolladas en sus 20 sedes:
• Servicios de recogida, transferencia, transporte, almacenamiento, tratamiento, eliminación y valorización (incluida la valorización energética) de residuos.
•Servicios de limpieza viaria y limpieza y conservación de parques, jardines y zonas verdes, mobiliario urbano y juegos infantiles, de alcantarillado, de fuentes y de playas, costas y aguas litorales.
• Limpieza y mantenimiento de edificios e instalaciones industriales, así como mantenimiento de sistemas de protección contra incendios.
•Servicios energéticos y de gestión integral de instalaciones eléctricas.
•Investigación, caracterización y descontaminación de suelos y acuíferos.
• Organización de actividades y eventos deportivos y de ocio, alojamiento y restauración e impartición de programas de educación ambiental.
Reducción 2,94 % de la media de la intensidad de emisión en el trienio 2019-2021 respecto del trienio 2018-2020.
Compensación 0,00 % de su huella de carbono de alcance 1+2 y 3
Realizada con las unidades: 2021-b186/00176-00193

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

Fecha de inscripción: 08/11/2022
Cód. huella de carbono: 2022-a1275
Cód. compensación: 2022-c154



Sustainability

Sustainability highlights

There have been several important milestones in terms of sustainability within FCC Medio Ambiente during the year 2022:

- FCC Medio Ambiente continues to make progress in the development of actions that will drive it to attain the commitments acquired through its **Sustainability Strategy with a 2050 vision**, aimed at all activities in Spain and Portugal. The 30-year project reflects the company's commitment to support the achievement of the Sustainable Development Goals (SDGs) and address economic, social and environmental challenges on a global scale.
- The year 2022 marks the last period defined within the 20-22 Sustainability Action Plan. This plan, based on a comprehensive and inclusive management model, aligned with the principles of the 2050 Sustainability Strategy and within the framework of the global challenges that lead the way to achieving the SDGs, has served to usher the early beginnings of change. All throughout the first quarter of 2023, the results obtained will be finalised and the new action plan for the following period will be announced.

Our driving strategy for the Sustainable Development Goals (SDGs)

Medio Ambiente
Plan 20-22
Our commitment to sustainability

19 strategic objetives
146 commitments
208 performance indicators





Actions showing our commitment
Sustainability report 2019 - 2020

Medio Ambiente

All electricity consumed at FCC Medio Ambiente's main plants in Spain will have a Guarantee of Renewable Origin

Within the framework of its 2050 Sustainability Strategy and its commitments in relation to the fight against climate change, FCC Medio Ambiente has reached an agreement with Iberdrola to ensure that all electricity supplied to its most important waste treatment plants comes from renewable sources and High Efficiency cogeneration, CO_2 and waste-free. In order to reduce the carbon footprint of its waste treatment plants, FCC Medio Ambiente has been promoting for years the self-consumption of renewable electricity produced in the plants themselves by using energy from waste. In 2021, self-consumption accounted for 43% of the electricity used in the plants.



FCC Environment's path to Net Zero

FCC Environment, as a key player in waste and recycling management in the UK, committed to promoting and achieving the targets set by the UK government in its Net Zero Strategy, has been the first company in the industry to develop, throughout 2022, its own recently published **2040 Net Zero Strategy**, which sets out a roadmap for achieving Zero CO_2 Emissions by that date, ten years ahead of the national goal, and defines the measures to be implemented to achieve that target.

Among other actions, the company plans and has already implemented the development of rail networks as an alternative to road transport, adjusting equipment to reduce energy consumption and switching to more efficient vehicles. FCC Environment avoids and mitigates carbon emissions and, only when every option has been exhausted, offsets the amount of CO_2 emitted to achieve the sector-wide GHG emissions target by 2040.

Path to Net Zero by 2040

2020

2021 onwards

- Develop **heat networks** to deliver heat from EfW
- Invest in **energy efficient** technology
- Generated **117MW** of **green electricity**

2022

- Investment in **energy efficient** mobile plant
- Investment in **reducing mobile plant** embedded carbon
- Commenced roll out of **electric vehicle charging points** across UK sites
- Electric cars added to the **company car** list

2022 - 2030

- Increase **capture of methane emissions** from landfill to 85%

2025

2025

- Will generate **187MW** of **green electricity**
- Carbon capture, utilisation and storage-ready

2025 - 2030

- Divert all **organic waste** from landfill

2026

- Will generate **213MW** of **green electricity**
- Working to deliver **solar** on **26 landfill sites**, which will generate **225MW** and power over **65,000 houses**

2030

2030 onwards

- Purchase **zero emission vehicles** where available

2030 - 2040

- Transition to zero emission on **site fuels**
- Phase out **petrol and diesel** entirely

2040

FCC Environment

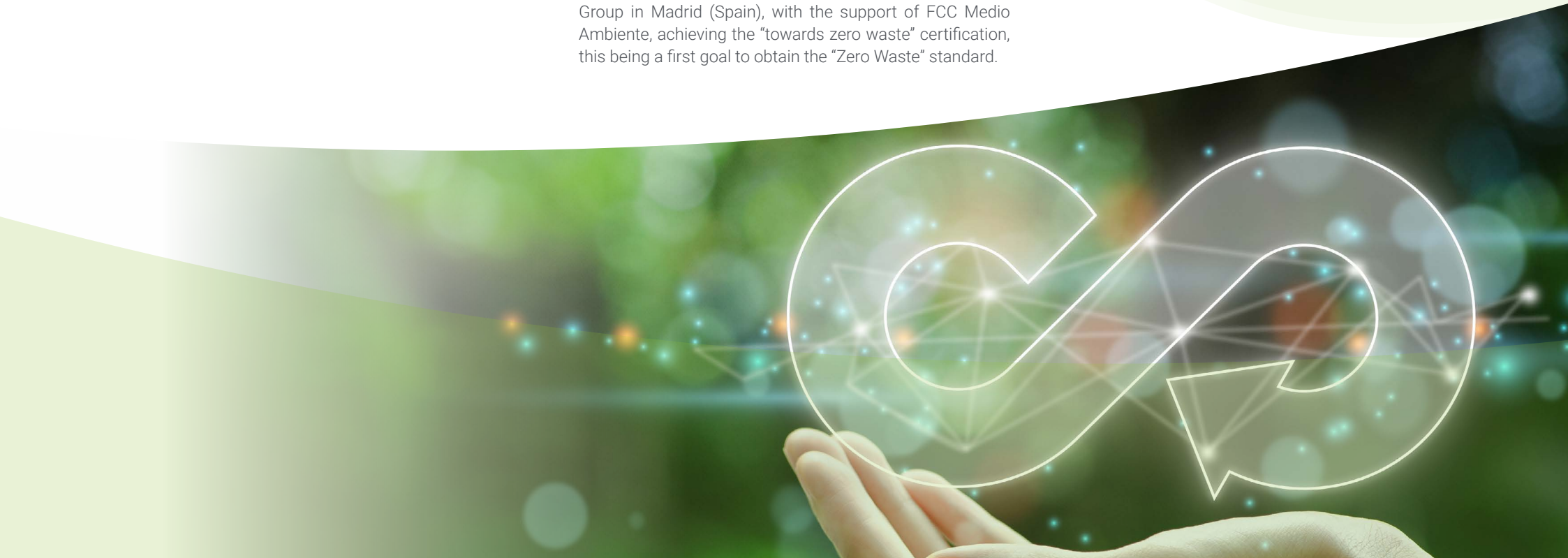
Net Zero 2040

- Sequester any remaining emissions
- **Maintain net zero emissions**

Other sustainability highlights

- The **Spanish Ministry for the Ecological Transition and the Demographic Challenge** (MITERD in Spanish) publishes in the 2022 **III Catalogue of Best Practices in Circular Economy** (BPEC in Spanish) **two R&D projects** managed by FCC Medio Ambiente: **PLASMIX and VALOMASK.**
- Regarding climate change, FCC Medio Ambiente achieved **a reduction in average emission intensity for the 2019-2021 period of 2.79%** compared to the 2017-2019 three-year period, for scopes 1+2 and 3, on its way to achieving carbon neutrality by 2050.
- FCC Medio Ambiente has once again joined the **"Sustainable Digitalisation"** initiative. This solidarity initiative, promoted by the Foundation of the Spanish Confederation of Business Organisations (CEOE in Spanish) and Collective Systems of Extended Producer Responsibility (SCRAPS from its acronym in Spanish), consists of **donating electrical and electronic equipment** for its reuse by people from disadvantaged backgrounds in order to reduce the **"digital gap" in Spain**.
- The **AENOR Zero Waste specification** has been **implemented in the Las Tablas building**, headquarters of the FCC Group in Madrid (Spain), with the support of FCC Medio Ambiente, achieving the "towards zero waste" certification, this being a first goal to obtain the "Zero Waste" standard.

FCC Medio Ambiente achieved **a 2.79% reduction** in emission intensity for the period 2019-2021 compared to the 2017-2019 three-year period



Innovation and technology

Throughout 2022 FCC Servicios Medio Ambiente kept on developing innovation projects. For another year, FCC Medio Ambiente upheld the certification of its R&D&I Management System, in accordance with the UNE 166002 standard.

R&D&I projects under development or in launching phase reached an investment of €4.08 million in 2022, an increase of 8.35% over 2021. 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

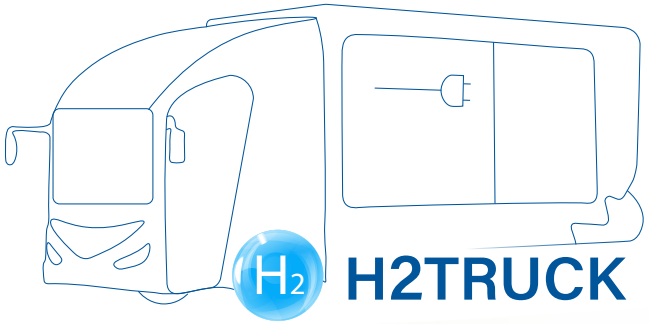


Vehicles, mobile machinery and facilities

Projects associated with vehicles and mobile machinery

At the end of 2021, FCC Medio Ambiente was granted funds for the development of a new project for a heavy-duty vehicle for urban service applications with hybrid technology battery-fuel cell powered by hydrogen (H2TRUCK), within the Technology Programme for Sustainable Automotive Technology Programme (PTAS from its acronym in Spanish) in the framework of the funds granted by the Centre for the Development of Industrial Technology (CDTI in Spanish) and supported by the Ministry of Science and Innovation within the Spanish Plan of Recovery, Transformation and Resilience financed by the European Union.

The aim of the project is to manufacture a prototype of side-loading waste collection vehicle with 100%-electric propulsion powered by a hybrid system of hydrogen cell and lithium-ion battery, and to achieve this the project will be carried out over a period of two and a half years.

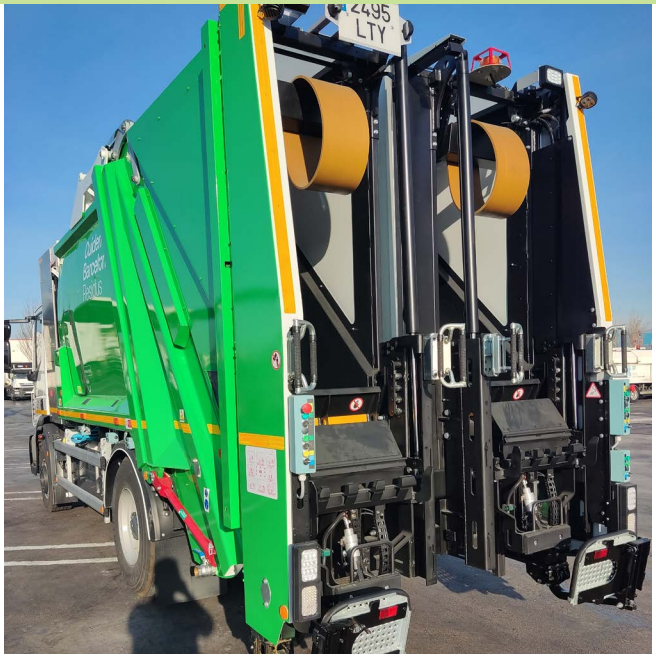


Funded by the European Union NextGenerationEU

Plan de Recuperación, Transformación y Resiliencia



Fuel cell under test at CNH_2.





All throughout 2022, different tasks of the project have been carried out successfully, including, above all, the characterisation of the fuel cell that will be incorporated in the truck, on the test bench of the National Hydrogen Centre (CNH_2) located in Puertollano (Ciudad Real, Spain).

The study and definition of dynamic, structural and regulatory requirements have also been completed, as well as the propulsion system and the design of the mobile hydrogen compression station that is regarded by the project, which will allow the prototype vehicle to be refuelled and tested at any location. Both the prototype vehicle and the mobile hydrogen refuelling station are expected to be completed in the third year.

On the other hand, throughout 2022, FCC Medio Ambiente has consolidated the new **research projects** launched in the previous year, and nowadays it has the **first series of vehicles** already **in service** in major cities such as Barcelona, among others:

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







- 100%-electric water-tank vehicle for watering and washing streets, pavements and pedestrian areas on a 2-metre-wide chassis with a Gross Vehicle Weight (GVW) of 18 tonnes, with new generation lithium-ion batteries.

- Compressed natural gas (CNG) collection vehicle, with a 2-metre-wide, side-loading body, on a chassis of very reduced dimensions (2 metres wide and maximum 7 metres long), which allows a legal payload of 5 tonnes of waste and which covers a range of side-loading collectors that did not exist to date.

FCC Environment's first electric collection truck starts driving on Lower Austria's roads

In May, FCC Environment unveiled the new electric waste collection vehicle "Designwerk Mid Cab Collect 6x2R". This new e-truck is not only quiet, but also environmentally friendly and resource-efficient. As one of Europe's leading environmental service providers, with this first electric truck FCC Environment takes a further step towards a sustainable future.

FCC Environment CEE's fleet consists of more than 2,000 vehicles, including this environmentally friendly electric truck, which is already out on the roads of Lower Austria.



The world's first high-power electric drive excavator

In February, FCC Environment took another step towards its ambitious goals in helping the industry meet its obligations of emissions reduction and recycling with the purchase of the world's first high-power electric traction bulldozer, the Cat® D6 XE, which offers up to 35% greater fuel efficiency. The D6 XE's waste handling equipment offers additional features to help protect both the machine and the operator in difficult conditions, with specialised guards, safety bars and seals that help protect the machine from impacts, cloggings and airborne debris. The excavator blades are also equipped with a special grill to increase productive capacity when working in a waste stream.



Projects associated with ancillary equipment

FCC Medio Ambiente has developed an electrically assisted sweeping trolley that helps the operator to move along the daily route, thereby reducing both the time invested and the effort made.

This new trolley is based on an existing 2-bin model, to which a 250 W electric motor has been added, powered by a lithium-ion battery. The operator can activate and deactivate the electric assistance, regulate the speed up to 6 km/h and perform emergency braking. It has a worker presence detection system and connects to the worker's smartphone via Bluetooth, so that it can register its area of operation. It boasts position lights, two at the front and two at the rear, to ensure operator visibility, and incorporates a weighing system in each bin that alerts the operator with a red light in the event of overweight.



Projects associated with facilities

United Kingdom's first waste-sorting retro-adaptive system based on artificial intelligence

FCC Environment and its customer re3, a waste management association of three municipalities (Bracknell Forest, Reading and Wokingham), have installed the country's first retrofittable, artificial intelligence-based robotic waste sorting system at its materials recycling plant in Reading, Berkshire. The waste sorting robot, known as Recycleye Robotics, is capable of performing the physical tasks of identifying, picking and sorting materials at a rate of 55 picks per minute. The smart collection system is based on Recycleye Vision, an artificial vision system that detects all individual elements of the waste streams by differences of material and object. The artificial intelligence system has been installed on the existing plant's conveyor belts and provides full visibility of the waste streams, enabling re3 to improve the efficiency and performance of its sorting processes.

Several innovative technical solutions have been designed for the renovation and operation of the environmental compound in Placer (California):



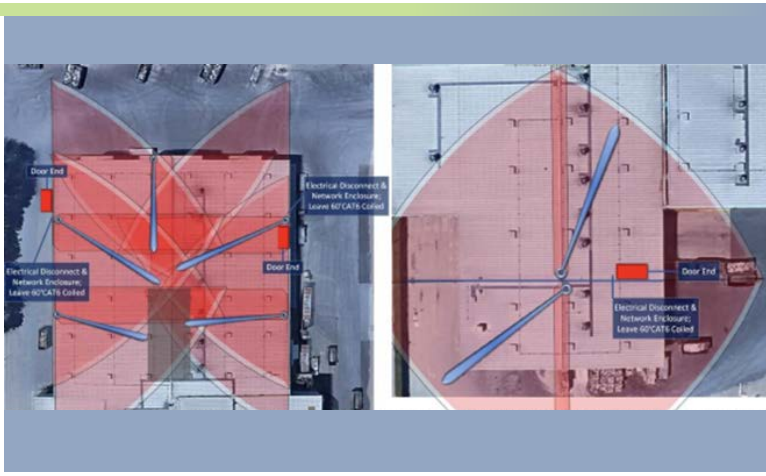
BeeFoam dust suppression system

Construction and demolition waste plants present the problem of massive dust generation, which can cause visibility problems, serious health risks and even fires. To alleviate this problem and prioritise workers' safety, the design of the new facility includes the innovative BeeFoam dust suppression system, which uses a minimal amount of a mix of water and air to create a foam that adheres to the dust and weighs it down for up to 12 days. The product is biodegradable and the plant will include two spray points, located at the beginning of the lines, with the suppression system to encapsulate and control dust and airborne particles.



GPS volumetric tracking equipment for landfill sites

A volumetric GPS system has been installed on both the compactors and the bulldozer at the Placer County landfill. Volumetric control is designed to track compaction in real time, reduce airspace use, maximise compaction and optimise density in less time. This will eliminate under or overfilling of the landfill.



Fire protection system with temperature detection

FCC Environmental Services has included as a safety feature at the Placer County facility an early-detection fire suppression system called Fire Rover, which allows for faster deployment and more effective extinguishing capabilities. The monitoring equipment is instantly alerted by a heat increase and activates the suppression system, which is designed for fires of all sizes and types, including metal, oil, plastic, agricultural and waste fires. FCC has installed Fire Rover systems at all of its waste treatment and recycling facilities.

Management and recycling of waste. Circular economy

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

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

The MINETHIC project carried out by a consortium, which FCC Medio Ambiente participates in, has been subsidised by the CDTI and supported by the Ministry of Science and Innovation of Spain and is co-financed by the Recovery and Resilience Mechanism, in the call for the 2022 "Science and Innovation Missions Programme", of the State Programme to Catalyse Innovation and Business Leadership from the 2021-2023 State Plan for Scientific and Technical Research and Innovation, within the framework of the Recovery, Transformation and Resilience Plan.

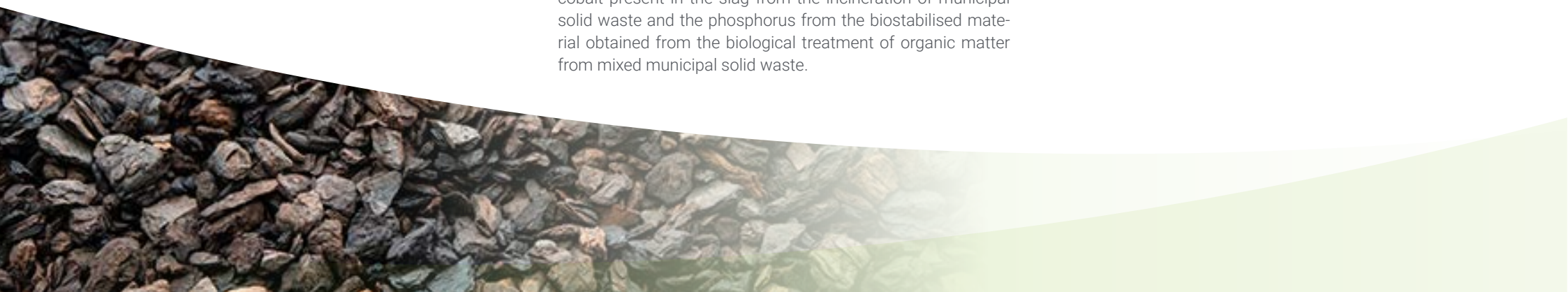
The goal of the project is to research new sources of non-conventional mining raw materials, both industrial and urban, for the Green Transition, covering the entire value chain: pre-treatments to concentrate the materials of interest and eliminate interferents, separation, recovery and purification treatments, and validation of the recovered materials in final applications (permanent magnets, cathodes, catalysts...).

New technologies will be researched to recover and valorise Critical Raw Materials (CRM) from mineral resources, by-products and waste streams, as well as the integration of digital technologies, fostering a sustainable, efficient and local supply of CRM.

FCC Medio Ambiente will extract the phosphorus, nickel and cobalt present in the slag from the incineration of municipal solid waste and the phosphorus from the biostabilised material obtained from the biological treatment of organic matter from mixed municipal solid waste.

minethic®

Funded by the European Union NextGenerationEU



Recovery of slag from MSW incineration

ECO2D4.0: Development of comprehensive road surface solutions using priority waste from the Basque Country, and ecosystem for the functional and environmental monitoring of road infrastructures

Project co-financed by HAZITEK 2022 - Basque Country Business R&D Support Programme, in Spain, in which FCC Medio Ambiente participates and whose objective is to research new applications for waste management, in particular for those materials where there limited ways of recovery, such as ferrosite, incineration slag and foundry sand, although milling refuse and black slags are also included.

New products from digitalised ECO-roads are being developed, analysing the technical and market feasibility of using different community waste streams as secondary aggregate in the design of pavements, developing sustainable layer solutions with the best synergies between materials for the most common scenarios and undertaking the necessary actions in upstream and/or valorisation processes to ensure compliance with functional and environmental specifications at all stages of development.

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

Led by FCC Medio Ambiente and co-financed by the HAZITEK 2022 - Basque Country Business R&D Support Programme. 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).

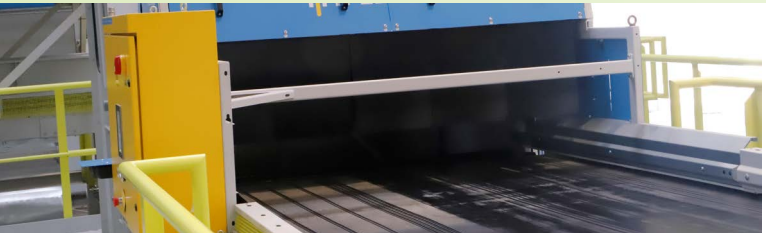
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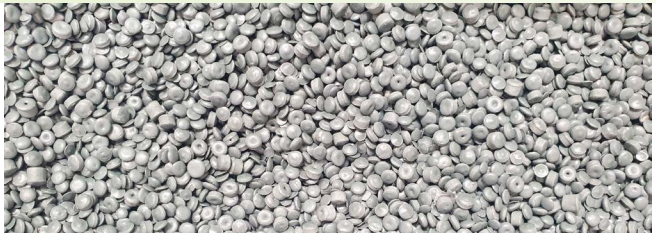


Leading a circular economy for plastic



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

Project developed by FCC Medio Ambiente and co-financed by the Institute for Business Competitiveness of Castilla y León (Spain) and the European Regional Development Fund (ERDF) to prevent masks from being disposed of in landfills, providing a new solution to one of the major current environmental challenges arising from the context of COVID-19. To this end, a novel plastics treatment process has been investigated, such as pyrolysis and bioconversion of the resulting oil from the thermochemical process, obtaining high added value products such as citric acid and bioplastics. A technological roadmap has also been drawn up for existing optical sorters and artificial intelligence robots, in order to be used in waste treatment centres.



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, Granada (Spain). During this year, the washing line has been commissioned, allowing the first tonnes of recycled pellets from Plastic Mix to be obtained.



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, whose main objective is to avoid sending plastic film (LDPE) present in municipal 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 a year at the Ecocentral in Granada.

During 2022, the line of washing, extrusion and blowing has been set into operation, obtaining the first recycled-film plastic bags.

Leader in renewable energy

FCC Medio Ambiente is determined to converting the "Waste Treatment Centre" (WTC) into a "renewable energy producer". To this end, it has a line of research where it is developing innovative processes for the production of hydrogen and methane by means of biological treatments (bioH2 and bioCH4) from waste, as well as thermochemical processes such as gasification and biogas purification.

FCC Medio Ambiente is determined to converting the **Waste Treatment Centre** into a **renewable energy producer**



Collection lorry powered by biomethane.



Gas station at the Ecocentral in Granada (Spain).

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

Throughout 2022, 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 derived in each fermentation.

The development of new, efficient and low-cost polymeric membranes for the separation of biohydrogen mixtures from dark fermentation (H_2/CO_2), and H_2/CH_4 mixtures from synthesis gas purification, has also been completed. During 2023, dark fermentation will be tested on a scale prototype at the Valladolid WTC.

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 (Spain) where the first refuelling with the obtained biomethane has been carried out. During 2022 and 2023, more than 60,000 kilometres will be travelled in order to validate the quality of the biomethane.

Biorefineries

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

Project of CDTI's CIEN programme, 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 insecta 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 OFMSW for its subsequent recovery. In order to obtain a dehydrated substrate that facilitates its storage, conservation and transport, a solar tubular dryer has been developed that uses energy from solar radiation to eliminate the moisture from biowaste. In 2022, the dryer was installed and started operating at the Biomethanisation plant in Las Dehesas (Madrid, Spain).



Solar tubular dryer at Las Dehesas, Madrid (Spain).



Creation of new by-products and biomaterials

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

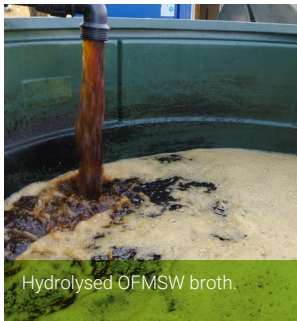
Official website of the project: www.deep-purple.eu

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



Thermal Hydrolysis Plant.



Hydrolysed OFMSW broth.

Recycling of photovoltaic panels

PV4INKS: Photovoltaic panels valorisation for the formulation of silver nanoparticle inks

FCC Ámbito has launched the PV4INKS project to develop technologies for the recovery of 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, which will last three years and in which the company TECNAN and the LEITAT and LUREDERRA technology centres are also participating, has received funding from the State Research Agency, part of the Ministry of Science and Innovation, within the framework of the call for Public-Private Collaboration Projects, co-financed by the Recovery, Transformation and Resilience Plan of the Spanish Government.

PV4INKS will be jointly developed by the Technical Directorate and the Glass Recycling department of FCC Ámbito. At one of its plants in Zaragoza (Spain), the company is installing a specific line for the treatment of photovoltaic panels at the end of their lifespan, which is expected to be commissioned in 2023.

Funded by the European Union NextGenerationEU
Gobierno de España Ministerio de Ciencia e Innovación
Plan de Recuperación, Transformación y Resiliencia



Information and communication technologies

VISION

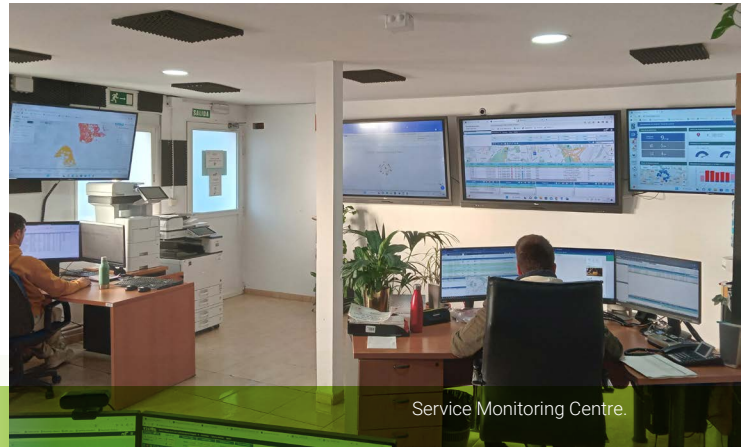
Within the framework of providing services to cities, it is essential to consolidate ICT (Information and Communication Technology) tools or technology systems that allow for the definition of the main challenges and that support the provision of effective, efficient, sustainable and comprehensive services.

In order to store and manage operational, legal and environmental aspects, resources (material and human), validations and services that facilitate the orientation towards excellence at work, it is necessary for them all to be managed jointly through an encompassing system.

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

During 2022, in order to increase the security and transparency of the information managed, and to meet the growing demands of customers, the management system platform has been certified in the Spanish National Security Scheme. As part of the continuous evolution of the system, throughout 2022 the following functionalities and improvements have been developed:

- Calculation of eligibility criteria and alignment of contracts with funding criteria according to the European Union sustainable taxonomy.
- End-to-end waste management and control system for large private producers to ensure "Zero Waste" certification.
- Planning of management audit system for contracts, applying criteria required by the different standards the company works with.
- Inventories and renovation management of public lighting, facilitating the planning, installation and monitoring of the application of energy efficiency criteria.



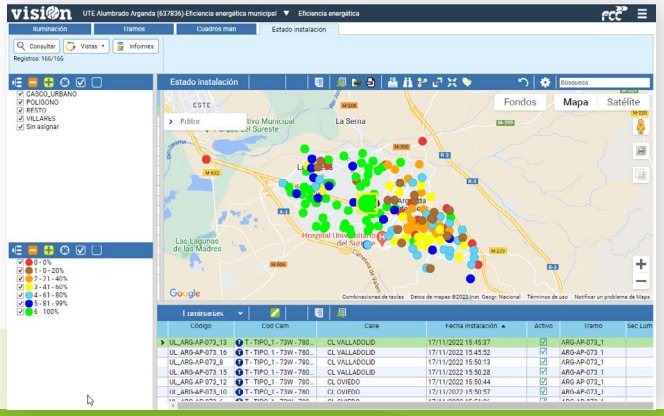
Service Monitoring Centre.

- Dynamic generation of bulky waste collection routes based on received requests, supported by developed optimisation algorithms.
- Control system of user entries and quantities provided by users at recycling centres based on the different criteria of the administrations to which services are provided.
- Improvements in the systems for exchanging information on incidents and requests with municipal systems.
- Direct connection of the VISION platform with the Power BI app for the generation of balanced scorecards, facilitating the exploitation of information by users with different levels of training.
- Assistance in the creation of the Service Monitoring Centre to support contracts with high reporting requirements to customers.
- System for the elaboration of the market study of company's activities with analysis by enterprises, business groups, number of inhabitants, production figures and maturities.
- Deployment of the app for the monitoring of manual sweeping operators with management of route sheets, consultation of routes and generation of incidents.

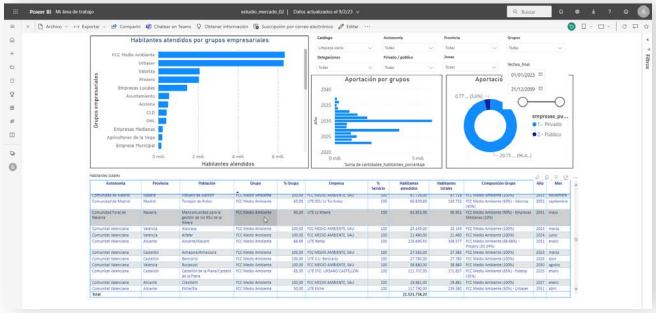
Sustainable development

Bicisendas (Cycle Lanes) Project

FCC Ámbito takes part in the CIEN "Bicisendas" (Cycle Lanes) project, led by FCC Construcción, whose objective is the development of a new generation of sustainable, energy self-sufficient, smart, decontaminating, integrated and safe bicycle lanes which will be modular, produced with sustainable materials and can be custom-designed for the integration of various technologies and according to the needs to be covered. The project will be completed in the second half of 2023.



Energy efficiency lighting control.



Market study of municipal services.

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BICI SENDAS





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

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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 as a benchmark, all in compliance with the regulations in force in each geographical area.

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

Addressing the water challenge is undoubtedly Aqualia's greatest challenge, after one of the hottest years with the lowest rainfall in Europe. According to data from the European Commission and the European Drought Observatory, 2022 was a year of extremes, with droughts, high temperatures, forest fires and floods being recorded. The need to innovate in water, and move towards a new, more conscious and sustainable paradigm, requires creativity to overcome the challenges facing the sector if we want to maintain the current lifestyle and culture.

Aqualia is a leading international operator, focusing its management on business models based on public-private partnerships, in specific geographic areas, and is guided by 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.



Wastewater Treatment Plant, Salamanca (Spain).

Aqualia's primary activity is the management of integrated water services in municipalities in countries with proven regulatory systems, 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. One of the main aims is to consolidate growth in these markets and extend its activity to other European and Latin American countries that have consolidated regulatory models.

Aqualia also develops alternative and/or complementary business models, such as Infrastructure Concessions. In these cases, Aqualia designs, builds, finances and operates long-term infrastructures, often treatment plants (treatment, purification, desalination) through BOT-type (Build, Operate and Transfer) contracts and *take or pay* mechanisms, in which the recovery of the investment connected to the infrastructure to operate is guaranteed without taking on the risk of demand.

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

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

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

Other business models, such as *(Operation & Maintenance)* or EPC (*Engineering, Procurement and Construction*), are considered based on the unique opportunity of each project and with a strategic vision.

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

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

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

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

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

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



Industry analysis

End-to-end water management cycle in Spain

During the year 2022, the effects of the COVID-19 pandemic in terms of water consumption **have practically been overcome**. The recovery of economic activity, especially in the service and tourism sectors, was hampered by the effects of the Ukraine invasion, especially the astronomical increase in energy and material costs, which led to high CPI data.

The year-on-year CPI for December 2022 was 5.7%, peaking in July, when it reached 10.8%.

Regarding the changing **electricity costs,** Aqualia has maintained a diversification policy for its suppliers by entering into a PPA (Power Purchase Agreement) and closing prices in the fixed and futures markets. As a result, only 32.4% of the company relies on the OMIE (Iberian Energy Market Spanish Pole) free market. The change in OMIE rates has been exponential. In 2020, the average tariff was 34.08 €/MWh; in 2021, 111.93 €/MWh; and in 2022, 188.2 €/MWh. Furthermore, in June, the Iberian mechanism to supplement gas for generation came into force, resulting in an average rate of 82.7 €/MWh, a surcharge on contracts that did not have an agreed price before the measure took effect. This has resulted in an electricity cost overrun of 66% year-on-year. Additionally, due to its high dependence on electricity costs, the purchase of water also increased in cost by 10% and the reagents required for treatment by 20%.

During the year 2022, the effects of the COVID-19 pandemic in terms of water consumption **have practically been overcome**

Regarding the exceptional increase in costs in Spain, on 2 March 2022, the Government approved a Royal Decree-Law establishing the right to a **one-off price review for works contracts** that did not include a clause governing this area. This resolution is limited to works contracts (not service contracts or service or works concessions), and expressly excludes the effect of energy from the calculation formula. This situation led the sector to request the ministries in question to extend the measure to the types of contracts that most affect Aqualia, and to initiate the request for tariff or remuneration increases in all contracts individually.

Concerning the **tariff billing** of residential and industrial customers, it can be considered that in 2022, pre-pandemic consumption was recovered throughout Spain. Comparing the volume invoiced on a like-for-like basis (only including contracts that have not changed in the 2019-2022 period), in 2022 it has grown for the first time by 0.64% compared to 2019 and the monetary amount has increased by 3.01%. Compared to 2021, the volume grew by 3.78% and the monetary amount by 5.93%. During 2022, 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.

Regarding the sale of water in bulk, the volumes supplied recovered by 7.6% in 2022 compared to 2021, exceeding 2019 figures by 7.9%. However, this type of supply has little weight for Aqualia. The aforementioned increasing supply rates have benefited from the prolonged drought in Spain. In the municipalities operated by Aqualia, there have been no supply restrictions, except in some very specific cases in small local supply systems. During the year, a drought or alert situation was declared in the basins of the Guadiana, Guadalquivir, internal basins of Galicia, Catalonia, and areas of Levante and Murcia. The Tagus-Segura aqueduct has also reduced the volumes transferred, maintaining those destined for supplying populations. From November 2022, the rains have made it possible to relax the measures adopted in some areas, but reservoir levels remain low in Andalusia and Murcia. Spanish reservoirs are currently at 47.6% capacity, 7.8% less than the ten-year average on the same date.

In October 2020, the Government of Spain presented the European Union (EU) with its Recovery, Transformation and Resilience Plan for the Spanish economy. Finally, in June 2021, the final amount of 69.5 billion euros was approved. Of these funds, the Ministry of Ecological Transition and Demographic Challenge (MITECO) has approved 2 billion euros for its WWTP (Wastewater Treatment Plants) construction, energy transition and flood prevention projects. In March 2022, the **PERTE** (Strategic Projects for Economic Recovery and Transformation) **the digitalisation of the water cycle**, with a budget of €3.06 billion, of which €1.92 billion is earmarked for the urban water cycle. In September 2022, the rules governing the granting of aid for these projects and the first call for demonstration digitalisation projects in the field of the urban cycle, for 320 million euros, were approved. During 2023, the second call will be approved and will be allocated based on population criteria. Several projects will be submitted to the calls for proposals. It is hoped that this will serve as an accelerator for the digitalisation already under way.



AITASA Industrial Wastewater Treatment Plant, Tarragona, Catalonia (Spain).

In the **commercial area**, 2022 provided a major boost to activity in the industrial water sector

In the **commercial area**, 2022 provided a major boost to activity in the industrial water sector. The WWTPI (Industrial Wastewater Treatment Plant) for AITASA (Aguas Industriales de Tarragona) in the Chemical Complex of Tarragona (Catalonia) has been completed and its operation started. Aqualia has also been awarded contracts for the ENCE biofactory in Pontevedra, JEALSA in La Coruña and Puratos in Girona, and has 40 projects in the commercial development phase. The company has also created strong momentum in the field of reuse, with the award of a plant at the El Ejido WWTP in Almeria, and desalination, where the company is in the commissioning phase of the Mar de Alborán IDAM (Seawater Desalination Facility) in Almeria. It has also been awarded projects in La Gomera and Tenerife (the Canary Islands). The refurbishment of the Galindo WWTP in Bilbao and the Puerto de Santa María WWTP in Cadiz are under way.

In the municipal concessions market, Aqualia has been awarded nearly 90 tenders or extended contracts. The projects in Garrucha (Almería), L'Ampolla (Tarragona), Llucmajor (The Balearic Islands), Castell Platja d'Aro (Gerona), Torrox (Málaga), Mazarrón, Los Alcázares, Fortuna and Pliego (Murcia), Santa Cruz de Bezana (Cantabria), Villaviciosa (Asturias) and Arnedo (La Rioja) stand out.

Noteworthy O&M contracts include for the operation of the Oviedo WWTP (Asturias), the Rioja Alta system and the Tarazona system (Aragón), the sewerage system in Vizcaya lot 1 and Zaragoza, and lastly, the comprehensive management of the sewage system in Zaragoza and Cantabria for ACUAES.

In the **institutional and legislative field**, the tenders for the Urban Water Cycle Table have been maintained throughout 2022, with the presence of MITECO (Ministry for the Ecological Transition and the Demographic Challenge), business associations, unions and users, and is seen as the embryo of the future Urban Water Observatory of Spain, included in the PERTE (Strategic Projects for Economic Recovery and Transformation). The Government has approved, in early 2023, the Transposition of the new Directive on the Quality of Water intended for human consumption. It also plans to amend the revised text of the Water Law and the Public Hydraulic Domain Regulations. Finally, the Water Laws of Extremadura, Aragón, Castilla-La Mancha and Galicia are under review or already approved, with a strong commitment to regulating the urban water cycle. Municipal elections will be held in Spain in 2023, which normally delays the pace of tenders and increases media discussion about public and private management of essential public services.

The company's permanent policy is the search for **efficiency in operational management**, with the effort made in 2022 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 regional logistics centres to enhance synergies in purchasing capacity and to ensure warehouses provided by suppliers.

During 2022, 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 Denia, in 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. This tool is in the implementation phase in six other territorial centres.

As a socially committed company, Aqualia has promoted actions in Spain with the renewal of the agreements with ACNUR, Caritas and the environment through several initiatives that seek to reduce greenhouse gas emissions, prioritising green energies. As part of the social, economic and environmental responsibility policy, the 2021–-2023 Sustainability Plan is being implemented. Additionally, Aqualia, as a founding partner of the **Alianza StepbyWater**, is maintaining the momentum for the development of its founding goals, under Aqualia CEO Felix Parra's presidency.

International Water Management Cycle. International

Internationally, Aqualia concentrated its 2022 activity in Europe, the Middle East and North Africa (MENA) and Latin America (LATAM).

Europe

With things gradually returning to normal, as the COVID-19 response restrictions were removed, water **consumption** 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 2022.

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 in some countries and, in general, the foresight in signing fixed-price contracts that characterised the company's management in previous years, allowed Aqualia to remain 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 Île de France. Specifically, the company was awarded the contract to manage drinking water for the next ten 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, Bièvres, 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 Île 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.



SEFO facilities in Andresy (France).

In the **Czech Republic**, the tariff 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, the 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 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, including water supply and treatment facilities, in Setúbal, a pioneering project in this field in Portugal.

In **Georgia**, in February 2022, the acquisition of Georgian Global Utilities (GGU), which provides integrated 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.



Tifilis drinking water treatment plant (Georgia).

GGU owns and operates the water cycle infrastructures for Tbilisi, Miskheta and Rustavi, including the Zhinvali dam and reservoir, with a capacity of 520 Hm^3; seven water treatment plants; a large wastewater treatment plant; 58 pumping stations; 118 reservoirs; 4,300 kilometres of distribution networks; and 1,700 kilometres of sewerage. It also owns and operates major renewable energy generation assets, with an installed capacity of 150 MW in four hydroelectric plants.

The previous owner, Georgia Capital (GCAP), is Georgia's largest investment group, listed on the London Stock Exchange, with a highly diversified portfolio in sectors such as banking, insurance, healthcare, pharmaceuticals, food and real estate, among others.

Aqualia and GCAP reached a two-phase acquisition agreement: in the first phase, Aqualia acquired 65% of GGU, which included the water assets, renewable energies associated with the water service, and other independent renewable energy assets. In the second phase, GGU spun off the independent renewable assets, leaving in GGU's perimeter only the water assets and the four hydroelectric plants related to the water cycle infrastructures, with Aqualia's current stake in GGU totalling 80%. Georgia Capital remains a 20% shareholder of GGU.

Georgia is a country with a thriving economy, transparent and open to foreign investment, a key EU partner, with an EU-Georgia Association Agreement in force since 2016. With a population of 3.7 million, it receives eight million tourists a year and is among the countries with the best business facilities (World Bank. Ease of Doing Business Rank) and in transparency (Transparency International IPC Rank), at similar or better levels than several EU member countries. Georgia's economy is enjoying double digit growth despite the ongoing war in Ukraine.

In Georgia, water management, like energy and gas, is a sector regulated by the Georgian National Energy and Water Supply Regulatory Commission (GNERC). The RAB (Regulatory Asset Base) type regulatory system is aimed at attracting investments in the utilities sector, guaranteeing for investors the recovery of investment and operating costs with adequate returns. Aqualia knows this system well, as it is extremely similar to the one in place for SmVaK (a wholly owned subsidiary of Aqualia) in the Czech Republic.

For the Glina wastewater treatment plant expansion project in Romania, shared with FCC Construcción, the resources available on site were reorganised and increased, and the execution of the civil works was accelerated to enable completion of the installations and commissioning of the plant expansion in 2023.

In **Montenegro**, the differences with the Berane project client were resolved amicably and favourably (the project is now completed and operational), while disputes continue over the Pljevlja plant, which was completed in previous years and whose contract was terminated under the legal mechanisms established therein. Lastly, the Prizren wastewater treatment plant in Kosovo received a proposal for final acceptance.

In **the United Kingdom**, the consortium including Aqualia was selected by the British water company United Utilities, together with two other competitors, for the restricted tender for the renovation and maintenance of the Haweswater aqueduct, north of Manchester. This is the first *Direct Procurement for Customers,* concession project promoted by the English water regulator, Ofwat, to attract the investment, and execution and operation capacity, of large multinational infrastructure and water groups.

Georgian Global Utilities is the owner and operates the water cycle infrastructures in **Tiblisi, Miskheta and Rustavi,** in Georgia



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.

In 2022, the Cap Djinet plant has also undergone a comprehensive cleaning of the underwater intake using Pipe Inspection Gauge (PIG) technology for the first time in the plant. This involved performing the necessary prior adaptations to provide this technology for releasing cleaning elements inside the pipeline on the seabed.

This cleaning system provides greater security in terms of personnel health and safety, because manual cleaning by divers is no longer necessary. It also enables a much higher degree of pipeline cleanliness, which significantly increases supply security.

In **Egypt**, Aqualia completed, to the full satisfaction of the client, the commissioning works for phases 1 and 2 of the Abu Rawash wastewater treatment plant, with a treatment capacity of 1,600,000 m^3/d, which serves the western area of Cairo.

This plant, the largest in Africa and one of the largest in the world, will provide an enormous amount of treated water to be used for irrigation under adequate sanitary conditions, therefore improving the living conditions of millions of people around Cairo.

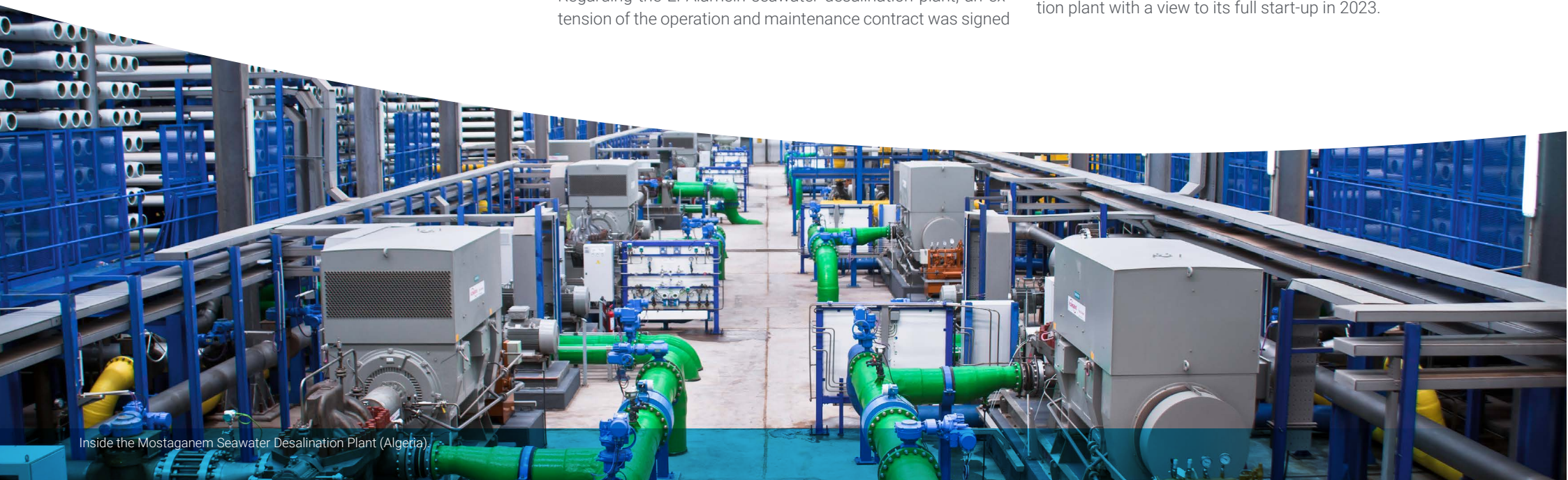
Following completion of the commissioning phase, the operation and maintenance phase has begun, which will take three years.

Regarding the El Alamein seawater desalination plant, an extension of the operation and maintenance contract was signed for five years. The El Alamein desalination plant, with a capacity of 150.000 m^3/d, 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.

The Egyptian government is soon expected to launch new desalination tenders in PPP (Public Private Participation) format. Aqualia is pre-qualified for these.

In **Saudi Arabia**, Aqualia completed the water service infrastructure works for the new Formula 1 circuit in Jeddah and for lines 5, 6 and 7 of the Riyadh metro during 2022.

Additionally, the desalination plants operated by the Haaisco subsidiary, namely the Jeddah International Airport desalination plant, the KAUST University desalination plant and the Petrorabigh desalination plant, all operated at full capacity. Commissioning work was carried out for the Jizan desalination plant with a view to its full start-up in 2023.



Inside the Mostaganem Seawater Desalination Plant (Algeria).

However, in terms of business in Saudi Arabia, the most important milestone in 2022 was the award of two contracts for the first phase of the water distribution privatisation programme in the country, tendered by National Water Company. The first phase of this programme involves bidding for management, operation and maintenance contracts for seven years for six geographic areas, called Clusters, which the country's water cycle management has been divided into. The second phase will see long-term concessions launched for the private management of the integral water cycle in the same geographical areas.

Aqualia leads consortia that were awarded two of the six contracts, for the North Cluster and the South Cluster respectively. The other four contracts were awarded to consortia led by Saur, Veolia and Suez.

Each of the two Cluster contracts involves a team of 37 professionals who will manage and transform the client's existing water management organisation in the provinces of each Cluster. They will also undertake an ambitious programme for the modernisation and optimisation of the integral 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 Northern 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.

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.

Continuing with the expansion of the operating business, a contract was signed in 2022 with 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. This contract is for three years.

During 2022 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. In 2022, the transfer of assets to operation was completed, so that 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 now fully operational.

In **Qatar**, work has started for the operation stage of the Al Dhakhira wastewater treatment facilities to the north of the country, with capacity for 55,000 m^3/d to be operated by Aqualia MACE for ten years. The Al Dhakhira 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 the Qatari Ministry of Public Works for the execution of works on sewerage networks and infrastructures, several internal coating projects for collectors continued in 2022.

In the United Arab Emirates, the **Aqualia MACE** subsidiary continued to provide full operation and maintenance services for the sewerage networks

USA

During 2022, Aqualia maintained its commercial activities in the United States with its active search for ne w projects and business opportunities.

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

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

LATAM

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

In 2022, Aqualia has consolidated its presence in **Mexico**, setting a benchmark in the sector and the country with a highly diversified asset portfolio. This portfolio includes water distribution and purification through the Querétaro and San Luis de Potosí BOT 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.

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 in the country.

The Guaymas desalination plant, awarded in 2018 by CEA de Sonora as a BOT contract, the implementation of which has had to be pushed back slightly on account of the pandemic, was commissioned in mid-2022.

In **Colombia**, the construction of the El Salitre WWTP (Wastewater Treatment Plant) , in Bogotá continued. The plant is expected to be finalised throughout 2023.

In the final quarter of 2022, Aqualia has added 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 to its offer. The company has now almost reached one million inhabitants served in Colombia and has become the second largest private operator in the country. It should be noted that Aqualia owns the assets in the Aguas de la Sabana and Ruitoque concessions.

Aqualia has also continued to integrate and improve the management of the services acquired in 2020 in the Department of Córdoba: Aguas de Sinú, Uniaguas and OPSA, as well as the municipality of Villa del Rosario.

In **Peru**, the government is evaluating the efficiency of its public supply services to allow the entry of private sector companies wherever management indicators are lowest. In 2017, five private initiatives for the purification of wastewater were submitted. Of these five private initiatives, three entered the structuring phase in 2022. One has completed the ProInversion studies with their respective viability study and the other is in the formulation stage.

In 2021, a private initiative was presented for desalination in the municipality of Ilo, which in 2022 obtained the project viability statement from ProInversion. Also in 2022, a seventh private initiative was presented for a seawater desalination plant in the north of the country, which is under development.



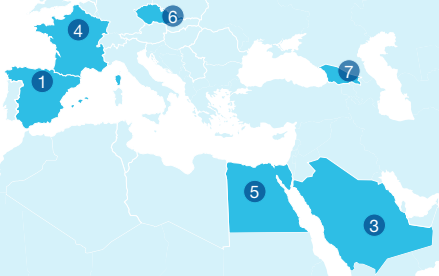
Seawater desalination plant, Guaymas (Mexico).



Aqualia workers, Villa del Rosario (Colombia).

Activity in the Water Area





1. SPAIN

Andalusia

Garrucha (Almería)
Concession of the drinking water supply, sewerage management and wastewater treatment service for a period of 25 years.
€55.35 million.

El Ejido (Almería)
Emergency work for the conditioning and improvement of the tertiary treatment of the wastewater treatment plant.
€4.39 million.

Port of Santa María (Cadiz)
Adaptation and improvements to the Wastewater Treatment Plant in Las Galeras.
€4.08 million.

Asturias

Operation, maintenance and conservation service for the sanitation and treatment systems in the Nora, Noreña and Villabona river basins and the Villapérez de Las Galeras Wastewater Treatment Plant for a period of 4 years.
€14.15 million.

Castilla-La Mancha

Villasequilla (Toledo)
Supply and sewerage service concession for a period of 15.6 years.
€5.49 million.

Tobarra (Albacete); Sigüenza (Guadalajara); Villanueva de Alcardete (Toledo)
Construction of the Wastewater Treatment Plants to be executed in 2.5 years.
€2.95 million.

Castilla y León

Carrascal de Barregas (Salamanca)
Concession of the drinking water supply and sewerage service for a period of 15 years.
€3.84 million.

Cataluña

L'Ampolla (Tarragona)
Concession of the drinking water supply and maintenance of the sanitation network of the municipality for a period of 20 years.
€11.6 million.

Galicia

Boiro (La Coruña)
Construction and operation of the JEALSA (Conservas Rianxeira) Industrial Water Purification Plant for a period of 12.5 years.
€12.58 million.

Canary Islands

La Gomera (Santa Cruz de Tenerife, Tenerife)
Installation of a Seawater Desalination Plant in the municipality of San Sebastián de La Gomera.
€5.99 million.

Installation of a seawater desalination plant in Playa de Santiago.
€5.50 million.

La Guancha (Santa Cruz de Tenerife, Tenerife)
Infrastructure project for the management and guarantee of feed water and desalinated water flows at the Santa Cruz de Tenerife Desalination Plant for a period of 1.6 years.

The Basque Country

Galindo (Vizcaya)
Construction, renovation and improvement of the primary treatment at the Galindo Wastewater Treatment Plant.
€26.70 million.

Biscay
Operation and maintenance service for the primary sewerage network managed by the Bilbao-Bizkaia Water Consortium for a period of 3 years.
€3.55 million.

2. COLOMBIA

Flandes (Tolima)
Operation, expansion, rehabilitation, infrastructure maintenance and commercial management of water and sewage public utilities for a 20-year period.
€125.84 million.

Floridablanca, Girón and Piedecuesta (Santander)
Acquisiton of the assets of Ruitoque S.A E.S.P., which has concessions for the housing estate water services for three municipalities.
€47.33 million.

Acquisition of the domestic utilities concessions for water and sewage services in Colombia:

Foundation. For a period 21 years.
€143.27 million.

Maicao. For a period of 12 years.
€83.02 million.

Manatí, Candelaria, Repelón, Campo de la Cruz, Santa Lucia and Luruaco
For a period of 16 years.
€58.71 million.

El Retén. For a period of 25 years.
€29.27 million.

Aracataca. For a period of 9 years.
€15.71 million.

Albania. For a period of 6 years.
€4.76 million.

Cota, Funza and Tenjo (metropolitan area of Bogotá, Colombia). Acquisition of 79.8% of Aguas de la Sabana de Bogotá, concessionaire and owner of the water and sanitation service assets of the Bogotá agribusiness park.
€254.20 million.

3. SAUDI ARABIA

South Cluster
Contract for the management, operation and maintenance of the integral water cycle for the Saudi regions of Assir, Jazan, Baha and Najran in the south of the kingdom for a period of 7 years.
€99.41 million.

North Cluster
Contract for the management, operation and maintenance of the integral water cycle for the Saudi regions of Qassim, Al-Jouf and Hail for a period of 7 years.
€88.03 million.

4. FRANCE

Ille y Vilaine

Concession of the public drinking water service for a period of 10 years.
€26.49 million.

Rambouillet (Yvelines)
Concession of the public drinking water service for a period of 9.4 years.
€12.12 million.

Andrésy
Concession of the Andrésy, Chanteloup-les-Vignes and Conflans-Sainte-Honorine sanitation services, sector D, Yvelines, for a period of 6.7 years.
€3.75 million.

Enghien-les-Bains
Water maintenance services for a period of 4 years.
€2.16 million.

Bois d'Arcy, Bièvres, Jouy-en-Josas and La Celle Saint Cloud (Yvelines, Versailles Grand Parc)
Water maintenance services for a period of 4 years.
€2.06 million.

5. EGYPT

El Alamein

Concession of the public drinking water service for a period of 10 years.
€5.30 million.

6. CZECH REPUBLIC

Krmelín (Región de Moravia-Silesia)
Krmelín (Moravia-Silesia region)
Contract to operate and maintain of the sewerage networks for a period of 5 years.
€2.15 million.

7. GEORGIA

Tbilisi

Partial acquisition of Georgia Global Utilities (GGU), concessionaire and owner of the assets for the integral water service for Tbilisi, Rustavi and Mtskheta.

Renewals, expansions and extensions to already managed contracts in Spain

Regarding the renewals, expansions and extensions of contracts already managed by Aqualia at national level, it is worth highlighting the renewal of 261 contracts with a portfolio amounting to 524.38 million euros, equivalent to 98% of those expiring during the year, with the following standing out:



Aqualia personnel at the Llucmajor service in Mallorca, the Balearic Islands (Spain).

- **Llucmajor (Mallorca, the Balearic Islands)**

  End-to-end management of the water supply, sanitation and drainage service for a period of 20 years.
  167.80 million euros.

- **Castell-Platja d'Aro (Gerona)**

  Service for the management of the drinking water supply service for a period of 25 years.
  114.06 million euros.

- **Zaragoza and the Ebro corridor (Zaragoza)**

  Operation services for the water supply to Zaragoza and the Ebro corridor, Bajo Ebro Aragonés, Alcañiz, Calanda, Castelserás, the central area of the Cuencas Mineras and water supply to Cantabria (first phase), for a 2-year period.
  9.09 million euros.

- **Rioja Alta – Najerilla (La Rioja)**

  Operation and maintenance service for various sewerage, water treatment and supply facilities in the Rioja Alta-Najerilla area for a 4-year period.
  6.44 million euros.

- **Madrid**

  Operation and maintenance services on the sewerage network and complementary facilities at the Valdebebas and Rejas sub-basins, South and South-East for an 8-month period.
  6.21 million euros.

- **Toledo**

  Maintenance, conservation, operation and recovery service for the wastewater treatment plants of the city of Toledo and Santa María de Benquerencia for a 1-year period.
  4.39 million euros.

- **Zaragoza**

  Hybrid services contract and minor conservation and repair work for cleaning and maintaining the sewerage and urban drainage systems and network of underground channels for a 1-year period.
  2.88 million euros.

- **Vigo (Pontevedra)**

  Contract for the management of the City Council's indoor swimming pools and gyms for a 1-year period.
  2.83 million euros.

Highlights End-to-end Water Management Cycle 2022

Enero

- SmVaK, Aqualia's subsidiary in the Czech Republic, obtains financial support from the European Union to implement the Scalibur, Ultimate, Deep Purple and Rewaise R&D projects in its territory.
- Acquisition of Georgia Global Utilities (GGU), owner and operator of water infrastructure in Tbilisi (Georgia).
- Launch of the Sosteniblómetro: the test that indicates how citizens can adopt more sustainable daily habits.

February

- New water management contract for five million people in the South Cluster, Saudi Arabia, as part of the Saudi Vision 2030 privatisation programme.
- The ECLOSION project, led by Aqualia, begins with the goal of promoting the production of green hydrogen at the wastewater treatment plant in Lleida (Spain).
- We participated in the I Spanish Economic Forum "Castilla-La Mancha: Achievements and Challenges", held in Toledo (Spain).

March

- Aqualia participates in the Saudi Water Forum 2022 (Saudi Arabia), where it showcases its commitment to water security and sustainability.
- The Ministry for the Ecological Transition and the Demographic Challenge (MITERD from its acronym in Spanish) recognises Aqualia's progress in reducing its Carbon Footprint and awards it the "Reduce" Seal.
- Aqualia promotes internal talent at the first "i4U" Innovation Awards.
- Equipos&Talento recognises Aqualia's commitment to female talent and diversity through the Empowering Women's Talent seal.
- We renewed the social funds in the municipalities of Arcos de la Frontera and Chipiona (Cadiz, Spain) to pay for water, sewage and water treatment bills for people at risk of exclusion.

April

- Aqualia played a major role at the Water Business Forum at the Dubai Expo (United Arab Emirates).
- Two prizes at the iWater 2022 Awards: "Best Company of the Year" and "Equality, Diversity and Inclusion Award".
- The Community of Madrid recognises Aqualia's good practices in the management, prevention and control of COVID-19.

May

- Aqualia wins the "Distinction Award" (2nd prize) in the Best Water Company of the Year category at the Global Water Awards 2022, held by the British communications platform GWI.
- Inauguration in Agramón (Hellín, Spain) of the innovative facilities linked to the European SABANA project, which allow bioproducts to be obtained from wastewater.
- Aqualia was a major presence at the National Irrigation Community Congress organised by FENACORE (National Federation of Irrigation Communities of Spain), in León (Spain).
- The X Edition of the Asepeyo Antoni Serra Santamans Awards recognises our preventive track record.

June

- The Egyptian Ministry of Defence extends Aqualia's management of the desalination plant in El Alamein (Egypt) for another five years.
- Aqualia and Acciona launch the South Cluster in Saudi Arabia.
- New contract in France for the management of drinking water in the municipalities of Rambouillet, Bonnelles and Bullion, in the Yvelines department, Île de France.
- Aqualia obtains a 1.1 billion euros green corporate loan, led by CaixaBank.

July

- Commissioning of the Guaymas-Empalme desalination plant in the state of Sonora (Mexico).
- Aqualia acquires the Saur concessions in Colombia and becomes the second private operator in the country.
- Llucmajor (Mallorca, Balearic Islands, Spain) awards Aqualia the drinking water concession for 20 years.

August

- The company reaches 25 years of service in Oviedo, Asturias (Spain).

September

- Aqualia has been recognised among the 42 "Climate Smart Utilities" by the International Water Association (IWA) during its world congress held in Copenhagen (Denmark).
- A Spanish-Saudi consortium, led by Aqualia, has signed a contract for the management, operation and maintenance of the integrated water cycle in the four Saudi regions that make up the North Cluster (Saudi Arabia).

October

- Two new desalination plants for the island of La Gomera, in the Canary Islands (Spain), awarded to Aqualia.
- Aqualia's presence at the 26th AEAS (Spanish Association of Water Supply and Sanitation) Conference held in Cordoba (Spain).
- Aqualia sponsors the Innovation Forum at the World Desalination Congress (IDA) held in Sydney (Australia).

November

- Aqualia's young talent takes part in the Young Water Professionals Spain 2022 Congress, from the International Water Association (IWA).
- Participation in the 20th edition of the Salon des Maires (Paris, France), which offers sustainable solutions for the future of French municipal services.

December

- Participation in the International Water Association (IWA) Digital Water Summit 2022, held in Bilbao (Spain).
- The increase in energy prices is moving the population towards sustainable habits, according to the results of Aqualia's 2nd Sustainable Behaviour Barometer.
- Aquatim, the new Joint Research Unit driven by Aqualia and the Multisectorial Research Technological Centre (Cetim), with support from the Government of Galicia (Spain), is introduced.
- Together with the City Council of Salamanca (Spain) and the Government of Castilla y León (Spain), we are celebrating 25 years of service in the city.

Service excellence

Customer management

It is essential for Aqualia to expand the company's commitment to society, seeking the goal of excellence in customer service. The company aims to stand out in the market by developing services adapted to its users' needs. In 2022, progress continued in terms of gearing the strategy towards end customers, particularly focusing on the quality of the channels used to interact with our users, enhancing the investment in technology particularly during this year that has been so hard hit by the pandemic.

Customer service channels

In 2022, the main management indicators for our aqualiacontact customer service channels are the following:

- **Telephone customer service.** In 2022, **985,095 calls** were received by the Customer Service Centre.
- The **specialist service** offered by the 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: The Over-the-phone Customer Service, Virtual Office, app, Twitter and email.
- The over-the-phone Customer Service Centre was used to set up an appointment service to prevent waiting times and overcrowding at in-person offices, improving not only the over-the-phone service, but also providing a faster, effective and pleasant service in general with all the health guarantees.

  In 2022, **37,776** appointments were arranged for in-person meetings at our offices in a more controlled manner, without delays.
- **aqualia contact virtual office**. In 2022, **152,674** interactions were handled through the virtual office. In total, 32.87% interactions were related to amending data, 21.82% electronic billing and 24.41% bank card payments.



- **App for mobile devices**. In 2022, using the app available to our customers, **87,238 interactions** were processed with **73.43%** of these regarding payment by bank card and **18.26%** to amend data.
- **Twitter**. Through the **@aqualiacontact** account, messages sent by users are managed and dealt with (**1,024** in 2022). sms messages for notifications of bills and incidents and warnings of failures in networks are also possible (**897,476** sms messages in 2022).

The efficiency of all customer relationship channels allows **for a very reduced number of claims,** 0.71% in 2022 with a maximum claim response time set at ten 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 all our customers with a quality omnichannel experience when they interact with the company. The following objectives have been set for this:



Aqualia call centre, aqualiacontact, Madrid (Spain).

1. **Integration of all the channels**

   Channels functioning in unison, interrelated in real time. The new project for implementing a ***CRM Microsoft Dynamics***, which will come online at the start of 2023, will enable all the channels to be interrelated in real time with better accessibility, availability and integrity of the information in the interactions. The objective of the project is to have a new customer service module that must be integrated with other systems, such as the Diversa commercial system, which provides sufficient flexibility, guarantees availability and agile and flexible access to information through guided processes.

2. **A better quality and more pleasant experience for customers**
   - Any operation from any channel.
   - Single processes for every channel.

3. **More responsive and capable service**
   - Multi-platform customers.
   - Use of resources, development of communication skills by channel.

4. **Search for resources and technologies allowing service with a more streamlined and efficient management for customers, such as:**
   - WhatsApp professional.
   - Click to call from the website.
   - Payments through Bizum.
   - Electronic billing management by email.
   - Management web platform for communication via sms, mail, bill payment link, etc.
   - Electronic signing of documentation.

Billing and managing collections

The Customer Management department has kept the same strategic vision in the evolution of management tools, as well as in advancing new utilities in the Business Intelligence tool. In 2022, 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.

As of December 2022, **billing** has changed year-on-year with an increase in m^3 consumption of 0.92% mainly due to the rise in non-domestic consumption (9.77%) and high water consumption (6.98%), with a decrease in domestic consumption (-2.63%), particularly due to the changes in Vigo's tariff system in the last four-month period of 2021; without accounting for this service, the total variation is 4.51%. This trend means that, at the end of December 2022, there will be an increase in the amount of turnover of 5.67% (5.95% excluding data relating to Vigo, in Pontevedra) year-on-year, and an increase of 3.07% compared to 2019, pre-pandemic data.

By country, the changes in revenue for 2022 compared to 2021 were as follows:

Turnover variation by country 2021-2022

	% diff. billed	% diff. m^3/ day billed	% diff. average rate	% diff. amount own items
Spain	0.79%	0.85%	3.018%	4.00%
Czech Republic	-1.07%	-1.07%	8.53%	7.37%
Italy	-2.57%	-2.35%	4.58%	1.90%
Portugal	0.03%	0.40%	2.63%	2.66%
France	3.30%	2.05%	7.33%	3.75%
Colombia	1.20%	1.20%	5.27%	6.53%
Georgia	2.63%	2.63%	29.39%	32.79%
Total	**0.92%**	**1.00%**	**4.71%**	**5.67%**

Regarding the different **collection methods**, direct debit accounts for 82% of total collections, followed by bank transfer (8%), cash collection (3%), bank counter (3%) and POS (2%).



Average collection period and non-payment

In Spain, the continuous improvement of management processes has enabled Aqualia to achieve an average tariff collection period in Spain of 1.92 months, placing Aqualia at pre-pandemic levels.

Concerning non-tariff items, there has been an increase in the average collection period mainly due to the development and completion of the Aguas Industriales de Tarragona (AITASA) project, billed in advance from 2020, and the start of the wastewater treatment service from June 2022.

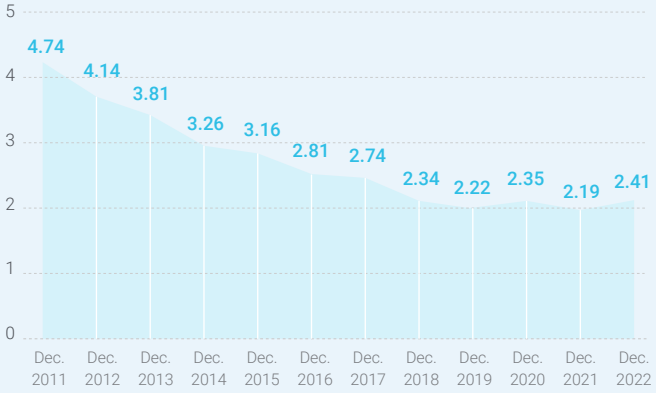
These changes slightly increase the average collection period for both items in Spain.

Globally, Aqualia has also seen a slight upturn in the average collection period on account of the increase in activity in the international area in recent years, with the inclusion of the concessions in the regions of Córdoba and Villa del Rosario acquired in Colombia in 2020, the acquisition of the French companies of the SPIE Group in 2019, the acquisition of Qatarat and Haaisco (Saudi Arabia) in January 2020, the progress of the works for the El Salitre WWTP (Colombia), and in 2022, the addition of the companies from Georgia, the new companies and concessions in Colombia (Magdalena, Flandes and Sabana) and the new concessions secured in France (Mantes and Rambouillet).

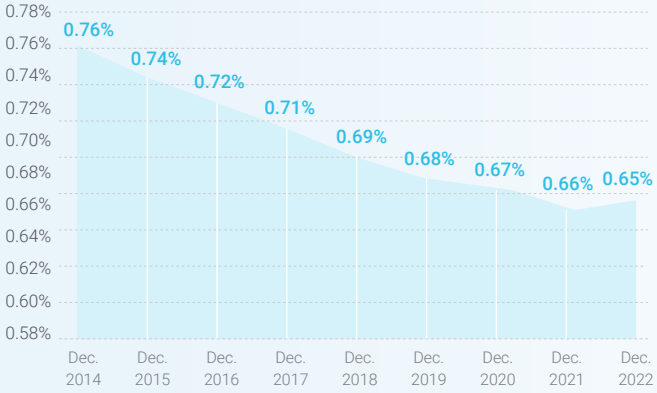
In the tariff processes, the structural default has been improving every year, with Spain improving most, and has evolved as follows:

Aqualia has maintained the campaign to promote the use of electronic invoicing and to gradually replace as many paper invoices as possible. This action has allowed for a 19% increase in the number of bills issued electronically up to December 2022 compared to the previous year, reaching a global rate of 20.45% in Spain and a cumulative global rate of 36.25%, contributing to preserving the environment, with 1,284,945 customers choosing to receive this type of bill, and over 9.3 million electronic bills issued per year.

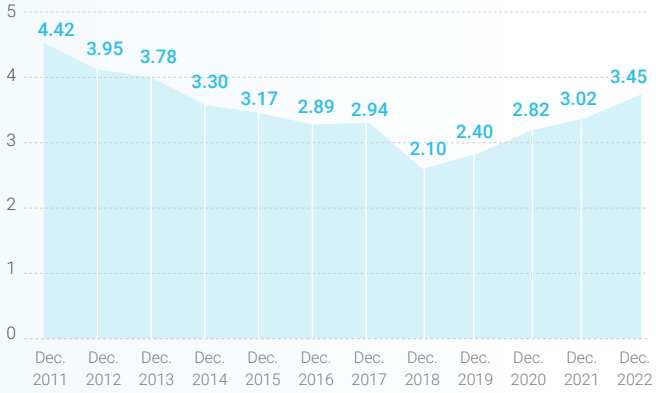
Average collection period. Spain



Structural default. Spain



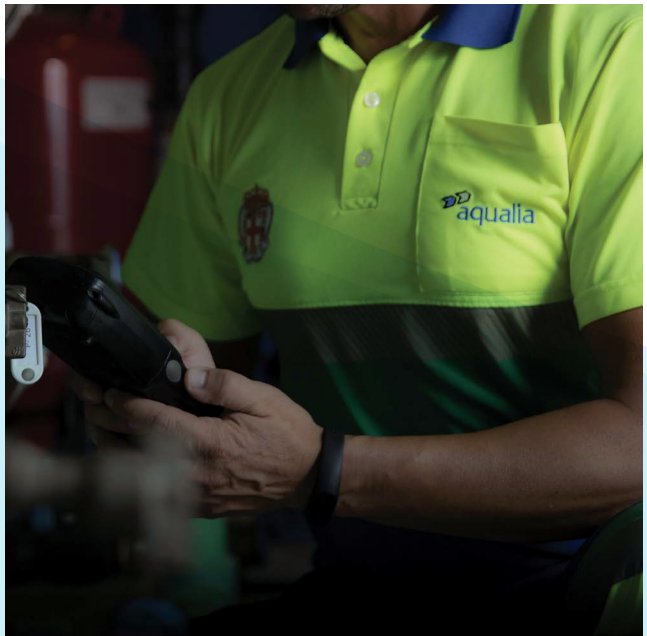
Global average collection period. Spain



Meter Reading Mobility Project

In the 2019 and 2020 period, an ambitious project for meter readings was undertaken. The project aims to update the implemented mobility solution for taking meter readings (TPL), providing it with *online* and *offline* functions with the current "Diversa" commercial system used at Aqualia. The solution is run on smartphones in order to provide functions related to taking and managing meter readings.

With this project, Aqualia aims to improve the current meter reading and management processes, making them efficient in the shortest time possible and with the smallest economic impact. The pilot launch, which took place in January 2020 was completed successfully, with the remaining operations being rolled out gradually.



- At December 2020, it was implemented in:
  - 439 services implemented (Spain) and 6 (Italy and Portugal).
  - 5,296,171: readings taken to date with the new app.
  - 20,241: reading routes exported to the app.
  - 2,589,927: contracts exported to be read on the app.
- Full deployment was completed in the first quarter of 2021, and in 2022, the service was stabilised and incorporated into the business processes.

CRM Microsoft Dynamics

The new customer services module uses Microsoft Dynamics CRM 365. This solution provides customers with a comprehensive overview, technological innovation and improvements in business processes.

- The solution includes a new website for customers that will replace the virtual office that is currently in place. The Call Centre and a new virtual office will be implemented for customers, covering all operations, with the corresponding updates to the CRM currently in place.
- The tests carried out by technical team and the business team in 2022 saw satisfactory results and production is planned to start in the first quarter of 2023.

Electronic document signature project

The face-to-face contracting process carried out in our offices involves customers signing various documents, which are scanned and stored in a virtual *SharePoint* repository.

The advanced electronic signature project has been developed to optimise this manual process.

The project will allow:

- Possibility of signing in person in an office, through a virtual office and via mobile app.
- Cost reduction, minimising task completion time and paper usage.
- Improved access and storage of documentation.

The project is in its final phase, with the Information Security department reviewing and verifying compliance with the necessary security requirements and protocols. It will enter production in 2023.

Data protection

In Spain, following the entry into force of Regulation EU 2016/679, GDPR, on 25 May 2018, and the entry into force of Organic Law 3/2018, on Personal Data Protection and the Guarantee of Digital Rights (LOPDGDD) on 5 December 2018, Aqualia embarked on a regulatory adaptation process in relation to data protection.

The new developments established in the regulation required data protection amendments to be made across all companies, given that they apply to all the affected areas in relation to the following areas:

a) Employees.

b) Customers.

c) Suppliers.

d) FCC Group's contractual relations.

e) Public administration contractual relations.

f) Documentation and internal management.

g) Information technology and information security.

h) Technical and organisational measures.

The works started in previous years continued in 2022:

- International data transfer project between FCC Group companies.
- Storage terms project for FCC Group data.
- Adaptation of Aqualia's national security framework.

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.

Initial data protection situation in May 2018. Spain

RISKS:

LIKELIHOOD

Very high - Maximum	0	0	0	0
High - Significant	4	171	0	0
Average - Limited	132	468	224	0
Low - Immaterial	0	1	0	0
	Very low - Immaterial	Average - Limited	High - Significant	Very high - Maximum

IMPACT

Data protection situation in December 2022. Spain

RISKS:

LIKELIHOOD

Very high - Maximum	0	0	0	0
High - Significant	0	0	0	0
Average - Limited	-	91	1	0
Low - Immaterial	127	630	195	0
	Very low - Immaterial	Average - Limited	High - Significant	Very high - Maximum

IMPACT

Social action

Although the capacity to set rates and regulate the services provided in the integral water cycle in Spain lies exclusively with the Administration, at Aqualia we actively promote social action mechanisms in the rates and solidarity funds for underprivileged users. The company has also worked to improve the coordination with the city councils' social services to protect customers at risk of social exclusion. For example, as part of its commitment to ESG 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 345,000 euros have been subsidised, with UNHCR from 2019 onwards, to support the humanitarian organisation's initiatives in Spain. Furthermore, access to water has been guaranteed for those in vulnerable situations and payment terms have been extended for all customers affected by the pandemic.

Information on tariffs and social vouchers has been published on the Aqualia website and is available to all users. In turn, in the notifications sent to customers, Aqualia reports on the possibility of setting up deferred payment plans. During this year, more than 6,600 payment plans have been agreed in line with each customer's needs. During 2022, more than 2,300,000 customers had access to subsidised tariffs in Spain, and in other countries, the number exceeds 210,000.

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 2022, progress continued in terms of gearing the strategy towards end customers, particularly focusing on the quality of the channels used to interact with our users/, enhancing the investment in technology particularly during this year that has been so hard hit by the pandemic.

Aqualia actively promotes social action mechanisms in their rates and solidarity **funds for disadvantaged users**



Efficient and sustainable management

Management systems

As one of its main objectives, Aqualia continues to support compliance with the United Nations' Sustainable Development Goals (SDG), focusing on those that affect the water sector and its stakeholders:

SDGs affecting the water sector

- No. 3. Promote well-being for all.
- No. 6. Sustainable water and sanitation.
- No. 7. Non-polluting energy.
- No. 8. Promote sustained economic growth.
- No. 9. Build resilient infrastructure.
- No. 11. Create sustainable cities.
- No. 12. Ensure sustainable production and consumption.
- No. 13. Urgently adopt actions to combat climate change.
- No. 14. Conserve marine resources sustainably.
- No. 15. Combat desertification and protect biodiversity.
- No. 17. Alliances to achieve the objectives.



As evidence of this, in 2022 Aqualia has confirmed its commitment to certification in the Strategy for the Contribution to the **Sustainable Development Goals**, by AENOR, also integrated with the Sustainability Report under GRI standards.

Likewise, Aqualia continues with its strategy of creating shared value, heeding the expectations of its stakeholders and further developing the tools to know and measure the social and environmental impact, supporting the creation of economic value and increasing the company's competitiveness (calculating our social and environmental footprint). That is why, in 2022, we have worked on the following aspects:

1. **Application of ISO 45001** to Aqualia's management system, establishing already applied Management System Committees and performing internal and external audit processes (AENOR).
2. **Increase in the efficiency of internal audit processes**, publishing integrated reports, and external audit processes by collaborating with very highly-qualified auditors who perform audits on the Quality, Environmental and Energy Management systems, calculate the carbon footprint and audit occupational health and safety.
3. **Upgrading to the new ISO 14064-1:2018 Standard**, which more specifically completes the calculation of indirect greenhouse gas emissions, previously called Scope 3.
4. Increase in the scope of the **Energy Management and Climate Change** strategy.
   - Monitoring contracts with energy review.
   - Fixed circumference calculation of the carbon footprint.
   - Calculating and verifying the Carbon Footprint of all Aqualia's activities in Spain and Portugal 2021.
   - Inclusion in the Carbon Footprint Registry of the Spanish Climate Change Office (OECC) of the Ministry of Ecological Transition and Demographic Challenge (MITERD) for all Aqualia's activities in Spain, requesting the "CALCULO+REDUZCO" Certificate for 2021.
   - Plan to Reduce the Carbon Footprint of Aqualias activities (2020–-2022).
   - Verification of the emissions avoided in the CLIMA Project of the OECC of MITERD, approved in 2018, for the use of alternative fuels, which come from the company's activity, in vehicles.
   - Monitoring of the project to implement the Energy Management System in all activities in Spain, in compliance with RD 56/2016.

Aqualia **has confirmed its commitment** to certification in the Strategy for the Contribution to the Sustainable Development Goals

5. Participation in **AENOR** meetings and conferences and in AEC (Spanish Quality Association) work groups
6. Participation in the **Circular Economy Commission** of the Spanish Chamber of Commerce, where legislative initiatives are analysed and meetings are held with policy makers.
7. In addition to the above, the strategy with the company's stakeholders has been maintained. This consists of incorporating the treatment of Aqualia's stakeholders into the Management System and the company's context analysis as a requirement of the new Standards and as support for other Aqualia departments in their daily work (Customers, Compliance, Communication, CSR, HR, etc.).



Energy management

The energy management of production facilities is a strategic line of action for the company since it was founded, with the optimisation of energy consumption an objective of continuous improvement.

In light of Aqualia's commitment to meeting SDGs (Sustainable Development Goals), it is important to remember that electricity is the factor with the biggest impact on the total GHG (Greenhouse Gas) emissions balance.

GHG emissions associated with electricity consumption essentially depend on three variables:

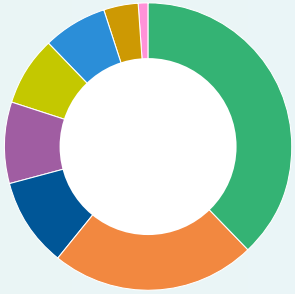
- Management volume based on services rendered.
- Emission factor of the electrical energy used.
- Efficiency of managed systems.

Logically, the first factor is associated with production and therefore its evolution is linked to the company's commercial development. Consequently, managerial efforts are mainly being applied to the other two factors.

CO emissions$_2$ per process. Aqualia Spain 2022

	t CO_2	t CH4	t N2O	GEI (t CO_2e)	%
Supply	119.687	0	0	119,741	42.1%
Sewerage	11,493	0	0	11,528	4.1%
Purification	60,433	2,340	90	149,887	52.7%
Various	2,994	0	0	2,994	1.1%
Total	**194,607**	**2,340**	**91**	**284,150**	

CO emissions$_2$ per agent. Aqualia Spain 2022



- 38% Electrical energy
- 23% Diffuse and unburned methane
- 10% Consumables
- 9% Purchase of water
- 8% N20 emissions
- 7% Sludge and waste
- 4% Vehcile and mobile machinery fuel
- 1% Other

Emission factor improvements for the electrical energy used

The emission factor depends on the source or combination of different sources for energy generation.

This combination, known as the Electric MIX, depends on the available resources. Therefore, it is subject to major swings from one year to another, depending on rainfall, wind, solar radiation, temperatures, etc.

To avoid dependence on this factor, Aqualia has chosen to use renewable energies. Both by implementing renewable energy generation facilities in the infrastructures managed by the company, and by purchasing green energy.

15 photovoltaic energy facilities have been commissioned in Spain so far, with an installed capacity of 3,393 kWp and produced energy of 2.8 GWh.

There are 17 plants currently being set up, with an installed capacity of 14,332 kWp, and an expected annual production of 25.8 GWh.

Improvements in the efficiency of managed systems

Firstly, Aqualia implemented the ISO 50001-Energy Management Systems standard in 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.

To monitor the opportunities for improvement detected in the audits, an IT tool has also been launched. This tool is integrated with Aqualia's technical analysis/reporting tool (AqualiaRT/AqualiaBI), enabling the activities and results obtained to be monitored.

The noteworthy measures to improve energy efficiency include the commitments that the company has taken on in its Sustainability Report, which for the energy issue, can be summarised as follows:

- P1.1 - 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).
- P1.2 - By 2023, =<12. Volume of unregistered water per kilometre of network per day (contracts older than 5 years).
- 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).
- 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 five years).



Solar panels installed at the wastewater treatment plant in Jerez de la Frontera, Cadiz (Spain).

Technical management

Over the course of 2022, 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:



Toledo Technological Centre, Castilla-La Mancha (Spain)

Operations and technical management

Technology hubs

During 2022, the deployment of nine Technology *Hubs* commenced in Spain, increasing the network sensor and plant control, and reviewing systems and operations. These centres have a double objective:

- To have all systems fully implemented in the services, and to **test services** for new developments to be carried out.
- Serve as **Operation Centres**, providing support to a major geographical area for the delegations, performing analyses, event classification, study of aeration curves and plant processing through the systems, in centralised fashion once the systems are implemented regionally (more advanced for Toledo).

PERTE Spain Projects

The control and proper management of water use in Spain is a constant challenge. Different administrations work together towards optimal management. This project promotes the use of **new information technologies in the integral 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.

On 1 October 2022, Order TED/934/2022, of 23 September 2022, was published in the Official State Gazette (BOE), approving the regulatory bases for the granting of aid through competitive tendering to implement projects to enhance the efficiency of the urban water cycle, and approving the first call for subsidies.

Since February 2022, different areas have been working on this project, an arduous task requiring the detection of digitalisation needs at all levels of the contracts selected for the service, the creation of digitalisation master plans for each contract, and the preparation of the presentation project based on the information gathered in accordance with the published guidelines. All this work resulted in the presentation, on 10 February 2023, of seven projects, most with a pooling of managed services or cluster, for an amount around 13 million euros each.

Projects presented

- Castilla-La Mancha project
- Campo Gibraltar project
- Levante project
- Galicia project
- Canary Islands project
- Balearic Islands project
- Catalonia project

Detection of digitalisation needs

In the last quarter of 2022, the detection of digitalisation needs was initially extended to all services, to determine the approximate overall cost of digitalisation of the services operated by Aqualia. This work has already been undertaken in various delegations such as Castilla-La Mancha, Galicia, Centro, etc., and over the next year, it shall become the norm for Spanish services.

Logistics centres

The goal of the logistics 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.

- Minimise services work when placing orders.
- Optimisation, and reduction and control of fixed assets (transfer of service parts).
- Improved pricing for large consignments (suppliers see their transportation costs and administrative time minimised).
- Agreement with a logistics company for the transportation of material.
- Traceability of materials through NOW.
- Support and invoicing through SAP internal purchasing.
- Connectivity, availability and service.

During 2022, we completed the implementation of a new logistics centre in Valdepeñas, Ciudad Real, in addition to the existing logistics centre in Salamanca.

Following on from these centres, nine other logistics centres are in the implementation phase, with operations scheduled to begin in 2023.

Drones

In 2016, Aqualia received, from AESA, drone operator accreditation 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. This is all carried out with Aqualia's own resources and training. The company currently has five pilots, four UAS, a submarine, and a boat. Complex situations can now be dealt with, including flights in the ZTR zone to flying over urban areas. Consequently, progress continues to be made with the equipment and means available. This action, to deploy specialised personnel 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 and 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, etc. by underwater drone.

This type of system is also widely used in the performance and monitoring of works.

A working group has been set up to perform a diagnosis of the treatment facilities

Water treatment

In the final quarter of 2022, a working group has been created to perform a diagnosis of the treatment facilities and programme a roadmap to optimise the monitoring and operation of the facilities through digital transformation and technological improvement, minimise the risk of non-compliance with maximum energy efficiency, and adapt the facilities to new legal requirements.

Technology transfer actions

The *Technology Transfer Report on the ABAD Bioenergy© product*, a WWTP biogas upgrading system for obtaining vehicle-quality biomethane, which includes various economic scenarios for its exploitation, has been completed. During 2022, five biomethane production plants for vehicle use have been operating in Lleida, Guijuelo, Chiclana and Almería. The mobile pilot plant used to design the process has already undergone two contracts (Gavia and Motril) and has now been transferred to Algeciras, in Cadiz, to test it *in situ* and study the feasibility of a larger scale implementation.

A database has been completed in *SharePoint*, with all the available technologies arising from the numerous Innovation projects with potential for commercial implementation. Each technology includes a summary sheet with a description and possible uses of the technology.

Technologies in operation on the production line

Innovation activities have included the development of a prototype algae bioreactor, sized to solve the purification problem in the town of Agramon, in Hellín (Albacete).

The ELAN reactor is being operated in Guillarei (Pontevedra), Chiclana (Cadiz) and Salamanca, and a new prototype is being built at the Lérida WWTP.

Microaeration remains a simple solution that saves reagents for the removal of hydrogen sulphide in biogas. The Lagares (Vigo), San Román (Santander) and La Ranilla (Seville) WWTPs are in operation.

The co-digestion of agri-food waste from the region of Guijuelo (Salamanca) with WWTP sludge is also operational. The activity is being carried out regularly, enabling the commissioning of the WWTP cogeneration and guaranteeing water quality with the control strategies implemented.

Transfer of innovative technologies operation

A workshop has been held on facilities managed with thermal hydrolysis technology, to gather information on operating experiences in our facilities and thus design the process efficiently. Visits have been made to customers interested in different technologies, supporting the growth and development of our activities.

Water quality and discharges

This working group has analysed the impact on the organisation of the new requirements included in the new Royal Decree on Water Quality, mainly affecting the inclusion of new parameters and types of analysis, the preparation of Water Health Plans focused on the identification and management of risk in the different water supply infrastructures, and increased transparency regarding the information to be provided to the public on infrastructures and analytical results.

Technological transformation

As the implementation and start-up of the new ***Aqualia Live*** platform 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.

In the last quarter of the year, several groups have been established to design the new Aqualia Live platform's functions with the aim of jointly striving to meet existing needs with the IT department. The aim is also to take a snapshot of the current level of actual usability.

In the specific case of the **GEO**, module, a study was launched in 2022 to analyse its implementation, level of detail and updating, to take measures and focus efforts on correct system implementation, since the GIS is the core of the other modules and systems.

The year has also seen GEO implemented in the new contracts for:

- France
- Villa del Rosario (Colombia)

The Asset and Work Order Management (**NOW**) module has continued to be implemented across 227 facilities in Spain, France and Colombia in the case of asset management. Regarding work orders, coverage in Spain is 100%, with mobile app usage levels exceeding 90%.

Lastly, the upcoming entry into force of the Royal Decree on the Quality of Water for Human Consumption is causing a change in 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 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 3/2003 on water quality.

This step is important to have all the analytics in a single portal, for consultations in the other systems, or to migrate them for different utilities.

aqualia live

Framework agreements

Throughout 2022, several strategic framework agreements have been launched for optimisation and evolution, including:

Electric vehicle chargers

Regarding the Sustainable Development Goals (SDGs), it was decided that the purchase of all industrial vehicles (vans), to be renewed or acquired, should be 100% electric, to help achieve the company's defined goals. A total of 32 have been installed so far, with 160 installations planned for the end of 2023.

Remote

In the final quarter of 2022, information was collected, the development of constraints analysed, and the framework agreement for simple remote stations for data transmission launched. This agreement is required due to the increase taking place over the last few years in the purchase of this equipment, necessitating standardisation, and optimisation of the time spent in the services to acquire them.

There are currently numerous manufacturers of this type of equipment, but it is essential to standardise and focus on 100% proven technologies, quality suppliers, and equipment that can be easily integrated with Aqualia's technological platforms.

One condition added to this framework agreement is that it must be applicable to suppliers at international level, as the corporation is rapidly expanding globally (Georgia, France, Colombia). Therefore, technology can be standardised in different countries to achieve the same objectives as in Spain.

Repair material

One of the main challenges in service management is to optimise and guarantee the quality of the material used daily in the repair and installation of both supply and sanitation networks.

This situation has led to the ongoing process of a national and international framework agreement to supply this material. During the final quarter of 2022, an extensive amount of existing information on references, consumption, and a breakdown and preparation of conditioning factors was compiled. This framework agreement is vitally important for the standardised and unique creation of the above-mentioned logistics centres.

The companies invited to this process, as in other framework agreements, are of recognised prestige and quality in their products.

This framework agreement is in the completion and awarding stage, with initial materials including valves, brass, universal flanges, universal joints, heads, hardware, repair clamps, etc.

To also determine the equipment to be included in this first framework agreement at national and international level, a study was undertaken on the rotation of equipment in the warehouses and the Pareto Principle (20% of the product references generate 80% of the warehouse movements and of the company's revenue). This analysis led to the sizing of logistics, since, out of 2,000 references used, 80% of the amount of consumption is generated in 235 and 90% in 469.

Transport

Continuing with efficient management, and with the aim of expediting shipments from the logistics centres to the local service warehouses, the existing framework agreement was extended to include the logistics centres currently in operation.

This ensures having only one logistics provider to guarantee the proper handling of the goods, both at origin and destination, adapting to the specificities of the sector.

Additionally, and being a global company with a high international presence, it is often necessary to send material abroad. Therefore, we are in the process of evaluating the launch of a framework agreement to facilitate this transport and customs management in destination countries outside the EEC (European Economic Community), such as Colombia, Georgia, United Arab Emirates, etc.

Technical knowledge management

In the second half of 2022, a new Technical Management Improvement area, related to knowledge management, entered operation.

This area, working alongside the other company areas, has the following purposes.

Goals

- Concentrate the company's technical know-how, spread across different areas of activity, production and functional areas, including external sources, to make it available to the people or departments that need it.
- Encourage interactive communication of knowledge and experiences in technical management, to create a community of knowledge and an exchange of ideas.
- In partnership with the Training area, collect training needs, adjusting them to different job profiles and including welcome, specialisation and development programmes.

Accredited laboratories

For the AqualiaLAB network of accredited laboratories, 2022 has meant a special effort to adapt to the new drinking water quality standards that the Health Administration plans to implement in 2023.

The new regulations will involve analysing new parameters (e.g. somatic coliphages, haloacetic acids, PFA substances, Bisphenol A, etc.).

The increase in the number of parameters and samples to be taken will mean an increase in the number of determinations of around 25%.

To meet this challenge, it has been necessary to expand the facilities, with an investment nearing 1.5 million euros over three years, and the addition of two new laboratory technicians to the team.

Also in 2022, the project to integrate people with disabilities in specially adapted laboratory tasks, and the application of training to adapted jobs, has begun. The Jerez laboratory (Jerez de la Frontera, Cadiz) was the first to undertake the experience with extremely satisfactory results.

As usual, accreditation has been maintained in all laboratories after the corresponding audits, increasing the number of accredited parameters across the board.



Aqualia Laboratory.

Innovation and technology

Aqualia's innovation activity is aligned with the European *Green Deal* policies, promoting the transition to a circular economy with a zero carbon footprint. The Innovation and Technology Department (ITD) develops new sustainable services and processes using intelligent and eco-efficient management tools. To this end, the Innovation and Technology Department projects support the company in achieving the United Nations' Sustainable Development Goals (SDGs) focused 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).

The following table shows the 22 projects carried out in the Innovation and Technology department in 2022 (in addition to the start and completion dates) that strengthen Aqualia's technological proposal across four lines of work: Quality, Eco-efficiency, Smart Management and Sustainability.

Projects developed by the DIT 2022

Start	End	Acronym	Leader	Area
2018	2022	H2020 SCALIBUR	Itene	Eco-efficiency
2018	2023	H2020 REWTERGY	URJC	Eco-efficiency
2018	2021	JPI MARADENTRO	IAEA/CSIC	Eco-efficiency
2018	2023	BBI B-FERST	Fertiberia	Eco-efficiency
2018	2024	BBI DEEP PURPLE	Aqualia	Eco-efficiency
2018	2022	LIFE ULISES	Aqualia	Sustainability
2018	2023	LIFE INTEXT	Aqualia	Sustainability
2019	2021	RIS3 IDEPA RECARBON	INGEMAS / TSK	Eco-efficiency
2020	2024	H2020 SEA4VALUE	EureCat	Eco-efficiency
2020	2024	H2020 ULTIMATE	CETIM	Eco-efficiency
2020	2025	H2020 REWAISE	Aqualia	Environmental
2020	2024	LIFE PHOENIX	Aqualia	Sustainability
2020	2024	LIFE ZERO WASTEWATER	Aqualia	Quality
2021	2024	LIFE INFUSION	EureCat	Quality
2021	2025	H2020 NICE	CETIM	Sustainability
2021	2025	LIFE RESEAU	Aqualia	Quality
2021	02024	MISIONES ECLOSION	Aqualia	Eco-efficiency
2021	2024	MISIONES ZEPPELIN	Aqualia	Sustainability
2022	2023	EFLUENTE-EX	Aqualia	Eco-efficiency
2022	2026	D4RUNOFF	Vand Center Syd (DK)	Quality
2022	2026	CHEERS	Mahou San Miguel	Eco-efficiency
2022	2026	NINFA	Leitat	Eco-efficiency

Aqualia's participation in **four** projects ended in 2022:

COMPLETED

- EU *H2020* ***Scalibur*** project: on resource recovery from solid wastes
- *RIS3* Project (Regional Innovation Strategies for Smart Specialisation) with FEDER funds from the IDEPA Agency in Asturias: ReCarbon, investigating pollutant adsorption methods using regenerated activated carbon and biochar.
- *Joint Programming Initiative (JPI) on Water challenges for a changing world*, managed by CDTI. **MarAdentro**, on the infiltration of treated effluents into aquifers.
- *Marie Sklodowska Curie European Industrial Doctorate training project:* **Rewatergy**, to recover hydrogen from wastewater, and develop new oxidation methods.

Work has continued on the other **twelve** projects under way:

IN PROGRESS

- 6 from the European Life *programme:* ***IntExt, Ulises, Infusion, Phoenix, Zero Waste Water and Reseau.***
- 2 from the EU Common Initiative/Bio-Based Industries (BBI): ***B-Ferst and Deep Purple.***
- 4 as part of the EU's *H2020* framework: ***Rewaise, Sea4Value, Ultimate and Nice.***

Thanks to the tenders in 2021, has started on six new projects in 2022:

STARTED

- 1 from the RIS3 regional programme in Extremadura: ***Efluent-EX***.
- 2 of the **CDTI's Science and Innovation Missions programmes**, focused on the production of renewable gases:
  - **Hatching**, to optimise the production of methane and hydrogen from waste.
  - ***Zeppelin***, to promote biogas synergy with industries and distribution networks.
- 3 from the EU's new *Horizon Europe framework*: ***Cheers, D4Runoff and Ninfa.***

SCALIBUR
LEADING A REVOLUTION IN BIOWASTE RECYCLING

SEA4 VALUE

ZEPPELIN

Projects completed in 2022

The following results have been obtained from the four projects completed in 2022:

H2020 Scalibur

The project led by the Itene technology centre brought together 21 partners from 10 countries, and to implement the reduction and recovery of waste on a European scale. With participation from FCC Environment, the project focussed on improving waste transformation plants in Madrid, Lund (Sweden) and Rome (Italy) to foster the circular economy.

Along these lines, Aqualia has implemented new sludge treatment processes at the Estiviel WWTP (Toledo), testing improvements in the thickness and dual digestion across two phases, enabling sanitisation. Simplified sludge stabilisation technologies have also been developed without concrete structures for small WWTPs. The project has facilitated the initial innovation activities at SmVaK in the Czech Republic, with prototypes in the Karviná WWTP to convert organic matter into by-products such as fertilisers and bioenergy.

RIS3 ReCarbón

Financed by the Asturian agency IDEPA with FEDER funds from the RIS3 programme, and led by the engineering company INGEMAS in Gijón (Principality of Asturias) with two local SMEs (Biesca and InCo). This project has seen Aqualia validate pollutant adsorption methods using regenerated activated carbon and biochar, developed by the INCAR (Institute of Carbon Science and Technology), belonging to the CSIC (Spanish National Research Council) and the CTIC (Information and Communication Technology Centre). The sustainable and affordable adsorbents have been tested for the cleaning of biogas in the Chiclana de la Frontera and Jerez de la Frontera WWTPs, in Cadiz and Lérida, as well as in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

The biochar has been tested in novel micropollutant adsorption units, and the results have been verified with new advanced analytical methods developed by Aqualia's accredited laboratory in Oviedo (Principality of Asturias). New sensors have also been validated for real-time monitoring at the El Grado WWTP and the Cabornio DWTP in Oviedo.

JPI Water - MarAdentro

The Managed Aquifer Recharge: Addressing The Risks of Re-generated Water project was led by the Institute of Environmental Diagnostics and Water Studies (IDAEA-CSIC) as part of the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, with the participation of partners in France, Italy and Sweden, and to optimise soil as a tertiary treatment unit.

A 400 square metre infiltration system has been constructed at the Medina del Campo WWTP (Valladolid) for the advanced treatment of purified water, enabling its reuse in the Groundwater Recharge process compared to conventional tertiary treatments. The scientific institutes have developed system design and simulation tools to optimise the operation and costs to eliminate emerging contaminants.

UE MSCA – Rewatergy

In addition to technological developments, this latest project focuses on scientific training, under the H2020 Marie Sklodowska Curie programme for European academic networks. Aqualia participated as an industrial partner in the network led by the Universidad Rey Juan Carlos, hosting two PhD researchers to undertake practical work at its treatment plants:

- At the Lleida WWTP, methods for the adsorption of ammonium from wastewater and its conversion into hydrogen were developed in partnership with the University of Cambridge in the United Kingdom.
- At the WWTP in Jerez de la Frontera (Cadiz), photo- and electro-disinfection processes were evaluated to remove micropollutants in drinking water or wastewater, supported by the University of Ulster, Northern Ireland.

Projects due to be completed in 2023

Three other European projects, two from the LIFE programme and one from the BBI Bio-Based Industries programme, are in their final phase of development, although extensions are planned to meet all the objectives and to compensate for the delays resulting from the pandemic:

Life Ulises

Three technology centres, CENTA, EnergyLab and CieSol of the University of Almería, support Aqualia coordinating the transformation of conventional WWTPs into "energy and biofertilizer production factories", achieving energy self-sufficiency and eliminating their carbon footprint. The PUSH anaerobic pre-treatment reactor has been implemented at the El Bobar WWTP in Almería, operated by Aqualia. These reactors have also been successfully evaluated 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, bio-methane is used as fuel for vehicles with an ABAD BioEnergy refining system and a dispenser. For fertiliser production strategies, struvite precipitation, enzymatic hydrolysis, and Fresnel lens solar disinfection techniques have been developed.

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 also in operation at the Jerez de la Frontera WWTP (Cadiz), managed by Aqualia, to incorporate the phosphorus recovered in a new Fertiberia biofertiliser demonstration plant in Huelva.

The conditions under which the Aquavite® product samples comply with the limits of the 2019/1009 legislation on fertiliser products, in P2O5 content (16%), and in the presence of pathogens, are verified by testing the disinfectant effect of an infrared thermal dryer. This by-product is used for land reclamation in Ávila after forest fires, and agri-food sludge, such as the waste from the Coosur WWTP in Jaén, operated by Aqualia, is earmarked for incorporation in Fertiberia's formulations.

Life IntExt

The project optimises low-cost wastewater treatment technologies in small towns to minimise the energy cost, carbon footprint and waste from the wastewater treatment process. Led by Aqualia, the AIMEN and CENTA technology centres, and the University of Aarhus in Denmark, 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.



Talavera de la Reina Wastewater Treatment Plant, in Toledo (Spain), which houses the demonstration platform for 16 technologies.

At the Talavera de la Reina WWTP (Toledo), managed by Aqualia, the demonstration platform of 16 technologies is operated, comparing different systems (wetlands, algae, reactors with biofilms or granular sludge). The wetlands are also tested at CENTA in Seville to quantify the climatic effect and to compare various pretreatment options (Push, Imhoff).

Projects under development running until after 2023

Five projects with European H2020 funding were in full swing during 2022. One as part of the (*Bio-Based Industries*), initiative, two under the H2020 Water Smart Economy call, and another two in the (*Research and Innovation Actions*) programme funded 100% by the EU. Also, as part of the EU's LIFE programme, three projects are continuing in facilities operated by Aqualia, and a fourth in cooperation with FCC Environment:

Five projects with **European H2020 funding** se European H2020 funding were in full swing during 2022

BBI Deep Purple

Led by Aqualia and supported by thirteen partners across six countries, the project implements a new biorefining model at a demo scale, which includes purple phototrophic bacteria (PPB) in anaerobic carousels. These bacteria use solar energy to purify non-aerated wastewater and transform the organic content of wastewater and urban waste into raw materials for biofuels, plastics, cellulose and new inputs for the chemical and cosmetics industry.

In WWTPs managed by Aqualia, a first prototype of the photobioreactor has been optimised at the Toledo-Estiviel WWTP, and a demonstration reactor ten times larger has been built at the Linares WWTP in Jaén. Simultaneously, demonstration activities are being prepared at the Badajoz WWTP and at SmVaK in the Czech Republic.

Deep Purple Project at the Wastewater Treatment Plant in Toledo (Spain).

H2020 Ultimate

As part of the *Smart Water Economy* initiative, Aqualia is involved in two of the five chosen consortia, grouped in the CIRSEau cluster, which receive up to 15 million euros of EU support. In Ultimate, the Dutch technology centre , KWR will coordinate 27 partners who will implement, in nine deployments, industry and water service synergy demonstrations.

Aqualia has installed the Mahou WWTP, in Lérida, an industrial-scale fluidised anaerobic reactor (FBBR / Elsar), which will later be compared against an AnMBR 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 plant that could later be used to supply ultrapure water to the factories of the petrochemical industrial centre, are also being studied.

H2020 Rewaise

Aqualia leads the EU *Smart Water Economy* project with the largest business participation, coordinating water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) among the twenty-four entities in the consortium. Together with seven SMEs and various universities in Croatia, Italy, Poland, the Czech Republic, Sweden and the United Kingdom, new circular economy and digital management solutions are being implemented in Living Labs including Aqualia operations in Asturias, Badajoz, Canary Islands, Denia, Salamanca and Vigo.

Rewaise reinforces Aqualia's technological development strategic lines, including sustainable desalination and the use of new membranes, the recovery of brine materials, the reuse of wastewater and its transformation into energy and by-products, in addition to the simulation of process operation and control and networks to optimise service efficiency and water quality. An AnMBR reactor has been installed at the Balaídos industrial park in Vigo (Pontevedra) to recover resources from the urban effluents of the Citroën/Stellantis factory.

H2020 Sea4Value

In this fully EU-funded project, the EureCat technology centre coordinates fourteen partners from seven countries to recover resources from concentrated brines at seawater desalination plants (SWDP). Still at a basic scientific level, t least eight innovative technological solutions are expected to be designed to enrich the most valuable components of seawater (lithium, rubidium and cesium) , and recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a level of purity that makes it market exploitation feasible.

As part of this project, Aqualia's Desalination Innovation Centre in Denia (Alicante) has been augmented, and a new testing platform has been set up in Tenerife to analyse the technical and economic impact of more sustainable desalination methods and new solutions for the valorization of brine. With pilot units at several SWDPs operated by Aqualia, work will be done on the solar concentration of brine, selective magnesium precipitation, the acquisition of chlorine dioxide and the optimisation of permeated remineralisation with micronised limestone, reducing CO_2 consumption, cloudiness and the size of facilities.

H2020 Nice

The Nice project generates scientific knowledge about natural solutions (*Nature Based Solutions NBS*), such as wetlands or green façades, for the purification and recovery of resources from urban wastewater. Led by the CETIM technology centre with 14 partners from nine countries, these solutions for sustainable cities will be implemented at a dozen sites, including Aqualia's facilities in Algeciras (Cadiz), Benalmádena (Málaga), Madrid, Talavera de la Reina (Toledo), and Vigo (Pontevedra). The pilots integrate developments by SMEs and Universities from Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

Life Phoenix

Led by Aqualia and supported by the CETIM and CIESOL technology centres, this project will optimise the tertiary treatment to achieve the most ambitious goals of the new European water reuse regulation (EU 2020/741). To assess different effluents for water in Portugal, the Regional Government of Almeria and the Guadalquivir Hydrographic Confederation, are constructing three mobile plants, combining physical and chemical treatments capacity of 50 m^3/hour with a filtering capacity of 30 m^3/hour and various refining skids for ultrafiltration and nanofiltration membranes.

Furthermore, the European subsidiary Newland Entech is testing ozone O3 and ultraviolet UV disinfection modules, which will allow advanced oxidisation and disinfection. A sensor from the Dutch SME MicroLan for *online*, microbiological measurements and continuous monitoring of the reuse water quality is also being tested in response to the risk control required by the new EU standard.

Life Zero Waste Water

En colaboración entre Aqualia, como líder, y Canal de Isabel II, como socio, el proyecto ha instalado en la EDAR de Valdebebas, en Madrid, una unidad de tratamiento combinado de Agua Residual Urbana (ARU) y de la Fracción Orgánica de Residuos Sólidos Urbanos (FORSU). Para depurar con huella de carbono neutro, se alimenta un reactor anaeróbico AnMBR de 50 m^3/d, produciendo biogás, seguido del proceso ELAN en línea de aguas para eliminar nitrógeno con bajo consumo de energía. Se evaluará la gestión de la FORSU utilizando el sistema de alcantarillado para el transporte de la mezcla de materia orgánica en una única corriente.

Además de las Universidades de Valencia (cotitular de la patente de AnMBR) y de Santiago de Compostela (cotitular de la patente ELAN), participa la pyme portuguesa Simbiente para desarrollar un sistema avanzado de gestión, combinado con el seguimiento en línea de la calidad microbiológica por la pyme austriaca VWS (Vienna Water Systems).

LIFE Reseau

El proyecto RESEAU busca incrementar la capacidad y la resiliencia de las infraestructuras hidráulicas de saneamiento existentes frente al impacto del cambio climático. El proyecto liderado por Aqualia está participado por el centro tecnológico ITG (Fundación Instituto Tecnológico de Galicia) y el operador publico VCS (Vand Center Syd AS) en Odense (Dinamarca). En la operación de Aqualia en Moaña (Pontevedra), se implantarán sensores (velocidades, caudales, niveles, etc.) en la red de saneamiento para monitorizar y modelizar su comportamiento, con el objetivo de desarrollar un modelo de gestión flexible de los caudales.

Además, se construye en la EDAR de Moaña un reactor granular aerobio de 500 m^3 para tratar hasta 2.000 m^3/d de agua residual. En comparación con fangos activos convencionales, este sistema avanzado de biopelícula multiplica varias veces la capacidad de tratamiento biológico, mejorando la adaptabilidad de la EDAR a la variación de carga, y limitando el espacio necesario para su implantación. Se reduce también significativamente el impacto medioambiental del proceso de tratamiento, al disminuir las necesidades energéticas y evitar la emisión de gases de efecto invernadero.

Life Infusion

Después de terminar el proyecto *Life Methamorphosis* en el Ecoparc 2, el Área Metropolitana de Barcelona (AMB) ha solicitado extender la operación de los pilotos para preparar los diseños de varias nuevas plantas de recuperación de recursos a partir de los residuos sólidos urbanos. Junto con el centro tecnológico EureCat y el operador del Ecoparc2, EBESA, se optimiza el sistema de digestión de lixiviados con las tecnologías de Aqualia, AnMBR y ELAN, añadiendo un sistema de *stripping* de amonio de la pyme belga Detricon. También participan dos entidades de gestión de residuos, Cogersa en Asturias y AMIU en la región de Génova/Italia para evaluar las opciones de implementar las soluciones de gestión de lixiviados en sus plantas.

Se construye en la **EDAR de Moaña** un **reactor granular aerobio** de 500 m^3 para tratar hasta 2.000 m^3/d de agua residual

Projects launched in 2022

Thanks to the 2021 calls, it has been possible to start **six** new projects in 2022, a regional project in Extremadura, two of the CDTI's major initiatives, Science and Innovation Missions, and three new *Horizon Europe*, projects, two of which belong to the RIA call.

Efluent-EX

Financed by FEDER RIS3 regional specialisation funds, the Autonomous Community of Extremadura is committed to a Circular Green Economy and supports clean energy from organic and agro-industrial waste. In the E-fluent-EX project, Aqualia is researching different technologies to convert WWTPs into biofactories and renewable energy sources, 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. Digestion is also optimised thanks to agro-industrial cosubstrates, evaluating the inventories and characteristics of waste from wineries, fruit processing, tomato, cheese and livestock farms, seeking to maximise the biomethane and hydrogen production. In the digestion products, a new biogas upgrading technology is developed with materials based on ionic liquids (ILs) for continuous and controlled CO_2 adsorption and deodorisation. Solid wastes are transformed into carbonaceous materials (biochar) with various thermal processes: hydrocarbonisation, pyrolysis and activation.

CDTI Science and Innovation Missions

(Centre for the Development of Industrial Technology)

The 2021-2023 State R&D&I Plan promotes and coordinates Innovation, to catalyse Business Leadership and Public-Private Collaboration. With EU *Next Generation* funding, the plan includes the "Science and Innovation Missions" pre-competitive research projects, led by companies that seek to improve cross-cutting and strategic knowledge to increase competitiveness.

Of the 111 projects submitted, only 24 consortia of large companies were selected, including two led by Aqualia in the mission "To become a carbon neutral, sustainable and climate change resilient society":

- **Eclosión** main objective is to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous hydrogen and biomethane. These energy carriers will be made 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, will carry out the research in four development centres, the Valladolid Waste Treatment Centre, managed by FCC Medio Ambiente, and the wastewater treatment plants in Salamanca, Lleida 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.
- ***Zeppelin*** 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, refineries, etc.). The aim is to improve the efficiency of the production of this energy carrier by 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, starting with Repsol, the leading national producer and consumer of hydrogen; Naturgy, Redexis and Reganosa, as gas distributors; and other technological partners including Norvento, Perseo and Técnicas Reunidas. The companies are collaborating with nine research organisations (including CETIM, CIEMAT, EnergyLab, CIDAUT, and IMDEA-Energía) to implement, at the Algeciras WWTP, 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.

The EU's new Horizon Europe framework

Under the new EU framework programme in the 2021-2027 period, Aqualia is participating in the first three projects, with the final two RIA projects 100% funded:

- ***Cheers*** is a development project focused on a zero waste biorefinery, coordinated by the brewing company Mahou San Miguel with 10 partners from 5 European countries, including Aqualia/Hidrotec, the Ainia technology centre, and the University of Valladolid. Inspired by nature's biodiversity (insect and microbial platforms), the goal is to revalorise underused or waste secondary streams such as bagasse, wastewater, CO_2 and CH4 from the brewing industry for conversion into five innovative market-competitive bioproducts: insect protein, disinfectant, microbial protein, ectoin, and caproic acid. In addition to validating new sustainable bioprocesses for transformation on a demonstration scale, a 50% reduction of the carbon footprint in each value chain will be achieved.

- ***D4Runoff*** *(Data driven hybrid nature based solutions for preventing and managing diffuse urban runoff)* develops tools to quantify, prevent and manage diffuse pollution created by urban run-off water. Led by the public water company VandCenter Syd (VCS) in Odense (Denmark), it brings together 12 partners from 5 countries, with Aqualia/Hidrotec, the Technological Institute of Galicia (ITG), the University of Cantabria, and the Catalan SME Mitiga specialised in risk control software. The work programme includes the development of new analytical methodologies by Hidrotec, the *online* measurement of indicators of micropollutants and bioplastics, and the implementation of preventive strategies to reduce diffuse pollution with multi-criteria analysis and Artificial Intelligence. The Nature Based Solutions (NBS) will be validated in three sites (Odense, Denmark, Santander, Spain, and Pontedera, Italy) and replicated in Algeciras, Cadiz, Ostrava, Czech Republic, and Cairo, Egypt.

- ***Ninfa*** *(Taking action to prevent and mitigate pollution of groundwater)* develops ways 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 the synergistic effects and risks of multiple disturbance factors, using predictive methodologies to increase resilience and implement treatment and mitigation solutions. The project is coordinated by the Leitat Technological Centre, and brings together nine other partners from six countries. Aqualia participates through its Hidrotec laboratories, and the City Council of Los Alcazares (Murcia) located on the shore of the Mar Menor. A partnership is also planned between Aqualia France and the Instituts Mines-Télécom Atlantique in Brittany (Brest, Rennes, Nantes).

CHEERS

D4RUNOFF

NINFA

Patents and trademarks

The following patents and trademarks were maintained in 2022:

Patents and trademarks. 2022

	National patent SPTO (Spanish Patent and Trademark Office)	**Venting system**	03/12/2003	ES2176119
	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
1	EPO European Patent	**Carbonatation system**	18/11/2015	EP2712917
	National patent SPTO (Spanish Patent and Trademark Office)	**Carbonatation system**	04/03/201 5	ES2451579
				ES2466090
	National patent SPTO (Spanish Patent and Trademark Office)	**ELAN anammox process**	10/09/2014	EP2740713
	EPO European Patent		17/12/2014	11256559
2	Trademark registration	**ELAN ®**	03/09/2014	12785771
	EPO European Patent	**Algae - Optimised LEAR**	06/01/2016	EP2875724
3	Trademark registration	**LEAR ®**	03/09/2014	12785713
	EPO European Patent	**Fluidized Bed Reactor CBMs (ELSAR)**	22/04/2020	EP2927196
4	Trademark registration	**ELSAR ®**	02/06/2021	18398327
		Influent distribution and Mixing Device for UASB		
5	EPO European Patent	**Reactors PUSH**	05/10/2016	EP3009408
			29/03/2017	EP3061515
	EPO European Patent	**Biogas upgrading**	27/02/2018	US9,901,864 B2
	PCT international patent	**Biogas upgrading USA and MEXICO**	02/12/2021	388417
6	Trademark registration	**ABAD Bioenergy ®**	22/05/2017	016146151
	EPO European Patent	**MDC (Microbial Desalination Cell Mides)**	26/08/2020	EP3336064
7	PCT international patent	**MDC USA**	23/03/2021	US10,954,145
	EPO European Patent	**SAnMBR**	20/05/2020	EP3225596
8	PCT international patent	**SAnMBR USA and MEXICO**	03/03/2020	US10,577,266 B2
	EPO European Patent		10/07/2020	EP3546562
9	Trademark registration	**ADVANSIST (ANPHORA®) Purple Bacteria**	02/06/2021	18398329
10	EPO European Patent	**DARE**	19/05/2021	EP3527538

In 2022, two new patents were applied for. As of the date of this report, four proposals submitted in previous years are still awaiting resolution.

The following table shows a summary of the patents currently pending:

Patents pending. June 2023

	Type of protection	Short name	Application date	Application No.	Result
1	EPO European Patent	AQUELAN (ELAN in water line)	10.6.16	EP16382266.1	Concession Probable
2	EPO European Patent	Struvite crystallisation	26.9.16	EPIS754933.8	Pending
3	EPO European Patent	Pressurised reactor	19.10.17	EP17382699.1	In preparation
4	EPO European Patent	PUSH improvement	1 3/ 10/2021	EP21382918	
5	EPO European Patent	Purasand High Recovery	30.9.22	EP223829128	
6	EPO European Patent	WETFAN	28.11.22	Ep22383139.7	
7	EPO European Patent	Ectoin production	00/01/1900	00/01/1900	In preparation

Publications and events

With 271 actions in 2022, in terms of publications and participation in conferences, the average rate of references to Aqualia's R&D for the previous three years was maintained, reaching more than one mention per working day, as shown in the following table:

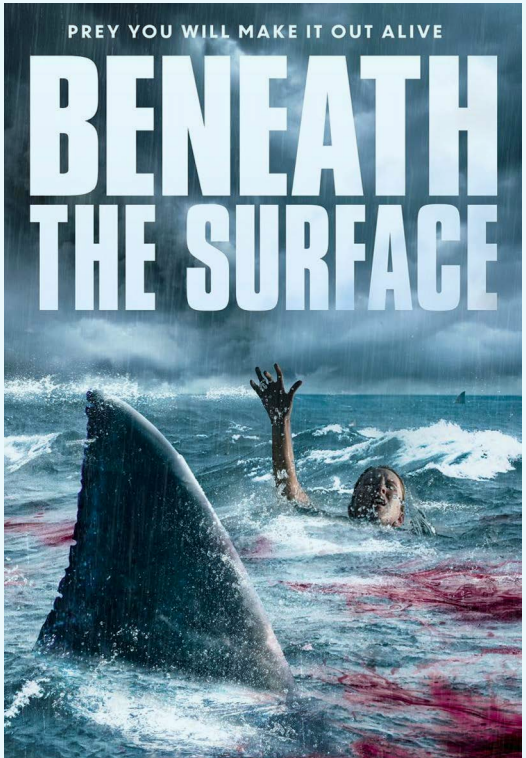
Thanks to the IWA (*International Water Association*) initiative, the BBC has produced 17 short films on innovative achievements to protect water resources in 20 sites around the world: beneaththesurfaceseries.com. Works by the Danish company AquaPorin (Aqualia's partner in REWAISE), from other suppliers (Itron, Bentley, FlowServe, etc.), the European Investment Bank EIB, and Aqualia's MIDES H2020 project on sustainable desalination with the Capturing the Sea microbial desalination cell were selected.

REwaise
REsilient WAter Innovation for Smart Economy

MIDES
microbial desalination for low energy drinking water

Publications and participations

	2019	2020	2021	2022
Scientific articles	14	13	11	9
Sector press	108	67	73	74
General press	139	98	187	149
International events	24	14	29	17
National events	19	12	27	22
TOTAL	**302**	**204**	**327**	**271**



People and culture

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.



Conciliation

Aqualia keeps its **EFR** (Family Responsible Company) certification obtained in 2017 and recently renewed until 2023. Aqualia has increased its score since initial certification, having been upgraded from a C to a C+ company. The follow-up audit conducted by AENOR in 2022 had a positive outcome.

Throughout 2022, Aqualia has continued to develop its action plan to achieve the objectives set for 2021-2023.

In 2022, the "Be Aqualia Action Catalogues" for corporate office and production personnel have been updated.

In 2022, Aqualia joined the ***Diversity Leading Company*** programme, which promotes diversity and inclusion policies in companies

Diversity and equality

Diversity and inclusion social

In 2022, Aqualia renewed its involvement in the **Diversity Charter**, which it joined in 2018. By signing this charter, Aqualia states that it respects current regulations on equal opportunities and anti-discrimination.

Joining the #CEOPorLaDiversidad alliance (signed by Félix Parra in March 2021) continues, a pioneering initiative in Europe led by the Adecco Foundation and the CEOE Foundation to unite companies and the people who run them around the values of diversity, equity and inclusion. Aqualia is the only company in its sector to be part of this agreement.

In 2022, Aqualia joined the *Diversity Leading Company* programme, which promotes diversity and inclusion policies in companies. Additionally, as part of this programme, Aqualia was awarded the. **Diversity Leading Company *Seal*** by Equipos y Talento as a leading company in diversity with a score of 556 out of 800, in the 44% range compared to the other companies that participated.

Aqualia participated in Diversity & Inclusion Day 22, an event for the more than 60 companies that are members of the Empowering Women's Talent and Diversity Leading Company programmes. At the event, Félix Parra, Aqualia CEO, participated in the **CEO Voices** panel where he discussed with other top executives the importance of diversity and inclusion as a strategic value and competitive advantage, highlighting the diversity culture of companies as a key factor in increasing their ability to adapt to changing environments.

Recognition as an "Inclusive Leader" for Pedro Ruiz (Director of Sustainable Technical Management at Aqualia) for his commitment to promoting the hiring of people with intellectual disabilities at Aqualia's laboratories, adapting the processes to each person's capabilities. This recognition is part of the *Diversity Leading Company* initiative, which Aqualia joined in 2022 and that contributes to sharing experiences, communicating and inspiring diversity-related actions.

Equality, Diversity and Inclusion Award granted by the company in the field, **IAGUA**. Aqualia received this award for being a pioneer in the implementation of equality plans in the water management sector and for its numerous initiatives implemented to ensure greater diversity, equity and professional inclusion.



Pedro Ruiz, Director of Sustainable Technical Management at Aqualia, recognised as an inclusive leader in the Diversity Leading Company.



Carmen Rodriguez, Aqualia's Director of People and Culture, together with William Gil D'Avolio, FELGTBI+ executive, signing the agreement.

In 2022, Aqualia, to foster an inclusive and respectful environment in organisations, where talent is valued regardless of identity, gender expression and sexual orientation. Aqualia joined the ***Asociación Red Empresarial por la Diversidad e Inclusión LGBTI*** **(REDI)**, the first 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. Over 150 large corporations belong to this network, which also offers a series of visibility opportunities for its member organisations by enabling *networking* between institutions and associated professionals, as well as offering an inclusive image to companies, institutions and the public outside REDI.

Aqualia has also recently signed an **agreement with the National Federation of Lesbians, Gays, Transsexuals and Bisexuals and others (FELGTBI+)** meaning it belongs to the "Companies for Diversity" programme (EMIDIS), a tool that the Federation makes available to companies to guide them in managing relationships, sexuality, family and gender diversity in their workplaces.

Agreement with *MyGWork*: a global recruiting and networking platform for LGBT professionals, graduates, allies and organisations to promote diversity and inclusion in the workplace. A tool to attract diverse talent at Aqualia.

To start working on **unconscious biases**, Aqualia launched the **SHE Interactive Experience** in 2022. An interactive story based on real events about bias, diversity and inclusion. Goal: to be aware of how our biases affect our decisions in terms of making progress and create more diverse and inclusive working environments. Scope: Spain, France and Portugal. 1,319 people took part in this exercise.

Aqualia has joined the **Asociación Red Empresarial por la Diversidad e Inclusión LGBTI** (REDI) to promote safe and respectful work environments for all people

Awareness raising in diversity and inclusion for new recruits. This awareness-raising program, developed for the entire workforce in 2021, has been incorporated into the initial training that new employees receive at the company. This works on the concepts of equity, uniqueness and unity to move forwards with the commitment to diversity in Aqualia. Employees with email access do the course through the FCC Campus and a campaign is being carried out through posters in different countries for employees without access to a computer.

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)

Aqualia joined this women's leadership development programme in 2022, which also supports the dissemination of the initiatives of the member companies to inspire other companies and continue to make progress.

Due to its commitment to promoting female talent and diversity, Aqualia has received the ***Empowering Women's Talent seal*** from Equipos&Talento, a magazine specialising in Human Resources.

This talent development programme focused on women's empowerment and leadership will help to continue raising awareness of gender diversity.

Creation of the Aqualiawomen Internal Female Talent Network

To share experiences with other Aqualia female employees who have previously taken part in talent programmes. 50 women currently belong to this network. The main goals are as follows:

- Promote networking.
- Access to *workshops*, work groups, news, etc.
- Facilitate group *coaching* processes, training.

Mentoring

Cross Mentoring Programme within the framework of *Empowering Women's Talent (EWT)* where different companies participate, and mentors and mentees are paired together. This programme brings the richness of diversity of sectors and business models. This programme aims to continue developing female talent and leadership through the exchange of knowledge and experiences to improve capabilities, skills, and competencies. Three *mentees* and three mentors from Aqualia are taking part in this first programme, which ends in December 2022 and will continue in 2023.

"Inspirational Woman" Award

This recognition is part of Empowering Women's Talent (EWT) initiative, which contributes to sharing experiences, communicating and inspiring equality-related actions.

Due to her commitment to the development of female talent in Aqualia's internal mentoring programmes, the award was given to Lola López-Godoy, manager of Aqualia's Municipal Water Service in Sanlúcar de Barrameda (Cadiz).

Equality Distinction

Aqualia retains its "Equality in the Company" Distinction. In December 2020, the Third Extension was granted for a period of three years. This distinction implies recognition of the Company's commitment to diversity and equal opportunities for men and women from the Ministry of Health, Social Services and Equality.



Lola López-Godoy, manager of Aqualia's Sanlúcar de Barrameda municipal water service in Cadiz (Spain), recognised as an inspirational woman as part of the Empowering Women's Talent initiative.



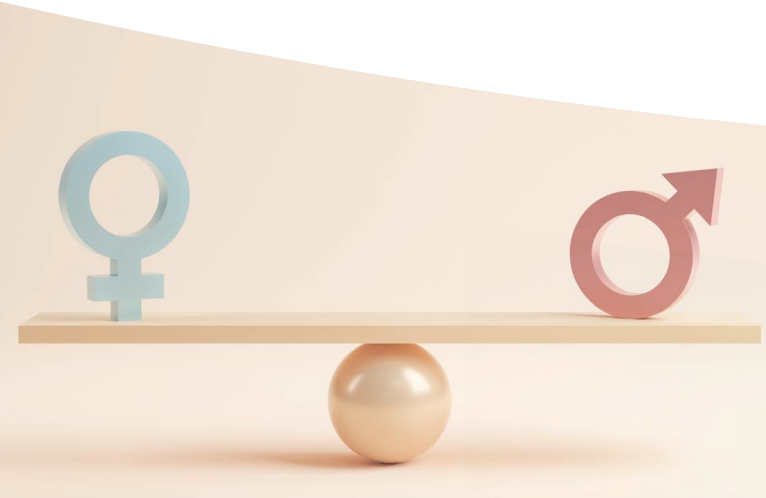
People working at Aqualia, at the Hormigueras centre, Madrid (Spain), participating in the campaign against Gender Violence, "Hugs that move the world".

Equality Plan

In 2022, 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).

The Third Equality Plan is adapted to the requirements of R.D 901/2020 of 13 October regulating equality plans and their registration, and R.D 902/2020 of 13 October on equal pay between men and women.

This Plan extends its application and thereby links all workers who provide services in any FCC Aqualia, S.A. work centre, as well as any subsidiary company with 50 or more workers and where the Aqualia's direct or indirect shareholding is greater than 50% of the capital.



"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. So far, 2,512 people have undergone this training.

Campaigns Women's Day, Sex-based Violence, etc.

The company continues to show its commitment against sex-based violence by launching and participating in different awareness raising campaigns carried out in different municipalities and with the collaboration of Aqualia's staff.

Executive Development Programme for Women

In 2022, a new edition of the "Development Programme for Management – Women with High Potential" by the School of Industrial Organisation (EOI) was held, with three members of the Aqualia workforce participating.

Adecco Foundation Agreement for the development of activities aimed at finding employment for women at risk of social exclusion

Agreement between the Ministry of Equality (Government Delegation against gender violence) and Aqualia to promote awareness and social sensitisation against gender violence as part of the **"Companies for a society free of gender violence" initiative** in November 2022.

Leadership

In 2022, Aqualia provided training through the Aqualia Leadership Model, targeting the organisation's managers, with the aim of strengthening a skill set for managing, directing and leading teams. The training sessions are based on three pillars of leadership for Aqualia: participative, healthy and inclusive.

- **Participative Leadership**, which encourages people development and team management.
- **Healthy Leadership**, which explores how managerial positions can influence psychosocial risks and develop/control them.
- **Inclusive Leadership**, which develops the ability to be inclusive, and seeks to provide tools for inclusive decision making.

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 (a voluntary process in which the conflicting parties try to reach an agreement by themselves with the assistance of an impartial and neutral third person called a mediator).

Throughout 2022, the **Standard Jobs Manual** was maintained, which contains job descriptions in the organisation, according to professional families and – within each position – differentiating the mission, functions/responsibilities and requirements (academic training, experience, technical knowledge and languages). This manual is to be a basic tool for organisational processes such as:

- Job assessment.
- Staff selection.
- Career plans.
- Performance evaluation.

This manual is in the process of being revised and updated as changes occur in the organisation's positions.

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 2022, 1,864 courses were organised in all the countries Aqualia operates in, and employees received 156,328 hours of training.

The new language policy has been implemented in 2022, highlighting the **multilingual platform** where the following languages can be studied: English, French, Portuguese, and Spanish. 434 people have used the platform, 71% 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. 165 people have taken part in these training courses, with a 78% completion rate.

It is worth highlighting the implementation of the **Customer Service Processes** course created by Aqualia's Customer Department, available to the workforce on the FCC Campus. 562 people have tapped into this resource in 2022.

Additionally in 2022, training on the **Code of Ethics and Conduct** continued to be developed (2,487). Training was also provided on **anti-corruption: the relationship with public officials in the FCC Group** (791). Training on the **compliance model** has also been organised for employees in positions of control and overseeing processes (88).

1,217 people also participated in **cyberbullying** training in 2022.

Running a *"Cultural Transformation in Sustainability" training session.*

STraining 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 21-23 Sustainability Strategic Plan. This training will continue in 2023.

Sustainability training has also been implemented for the entire workforce.

Great importance has been given to training related to **emotional health**, with 391 people having taken part in training courses on stress and productivity management.

Aqualia continues to promote and develop processes for the accreditation of professional skills. Aqualia currently has 19 authorised experts (12 for energy and water, 7 for Safety and the Environment).

In 2022, the second call for the accreditation process was completed under the agreement signed with the Catalan Public Agency for Training and Professional Qualifications. Forty-three workers from Aragón-Rioja-Navarra (19 in Energy and Water and 24 in Safety and Environment) were registered in this call. 74% have achieved full certification and 25% have achieved partial certification.

The second public call issued by the Department of Education for Workers in Catalonia for the Energy and Water and Safety and Environment certificates ended in 2022. In this call, Aqualia registered four workers, of which 75% have achieved full certification and 25% partial certification.

In the Valencian Community, a call aimed at managers of water networks in which 12 Aqualia workers have registered was completed. Of these, 58% have received partial certification and 42% have obtained full certification.

Selecting and attracting talent

Aqualia's Selection and Professional Practices works with a single goal: **attract talent, guaranteeing cases objectivity and equal opportunities** in the personnel selection and recruitment processes at all times.

Therefore, in 2022, **Aqualia's Employer Brand** image was developed through ***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 boards with the largest national and international capacity,** adding, in 2022, **a new agreement with the FELGTBI+ State Federation** and the new contracting of the **myGwork platform** for the inclusion of the LGTBI+ collective in recruitment processes.

The **Interview Script** model has been improved, which was worked on in 2021, and in which the **curricular profile** of the candidates and their skills and abilities are analysed, and ultimately, their **adjustment to the company and our values and key skills, as previously defined by the company**.

In 2022, work was also done on the Exit Interviews procedure, which helps to reveal the reasons why employees decide to leave the company. This will help to establish **improvement plans to reduce turnover and enhance personnel selection quality.**

The number of new people hired throughout 2022 is detailed below:

SDG 8	Men	Women	Total
New people contracted - Central Services	30	38	68
New people contracted - Spain	514	137	651
New people contracted - International	668	192	860

Furthermore, Aqualia continues to work on a **plan for the integration of young people in the company.** Certain actions have been carried out in line with this vision, including:

- **Improve the procedure and processes for recruiting interns** who will be the talent of the future.
- **Signing of new agreements with Universities and Vocational Training Centres** in different communities and new **DUAL training** programmes with Universities including the University of Almeria or the University of La Laguna in Tenerife.
- New students have joined the **Undergraduate Degree in Water Management** and the **Vocational Training in Water Networks and Treatment Stations** of the Dual Vocational Training programme in the Community of Madrid, promoted by Canal de Isabel II. **Aqualia remains one of the companies in the programme with the most involvement and success,** and with the highest percentage of new students joining after the internship period.

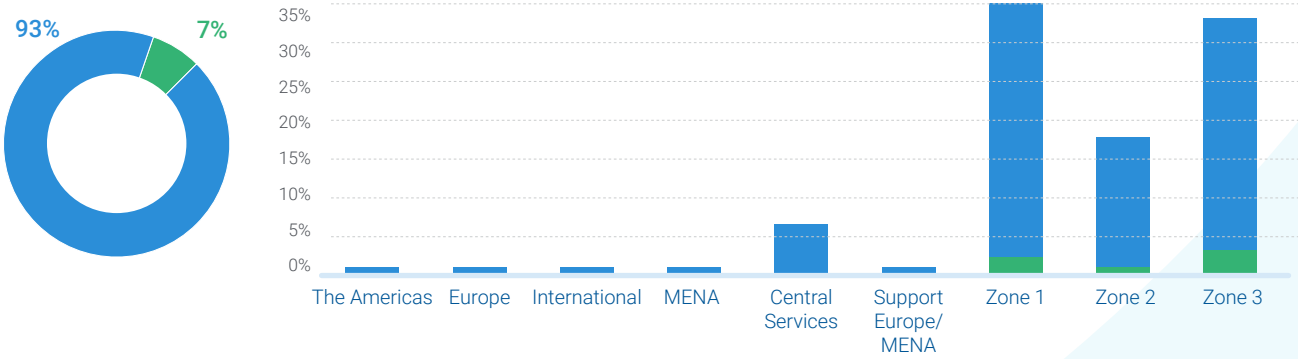
SDG 8	Men	Women	Total
Student interns - 2022	18	9	27

Job Quality:
Collective bargaining, Labour Relations and Personnel Administration

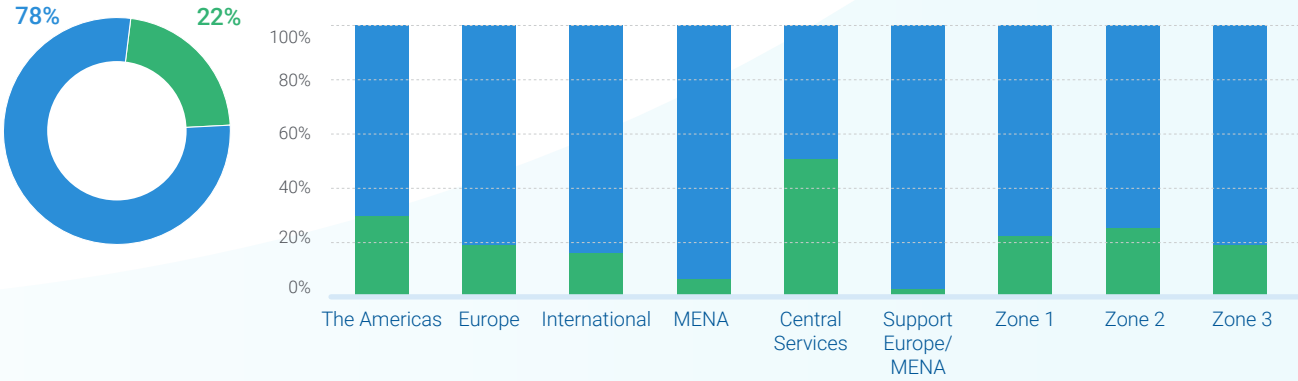
For collective bargaining, the trend of reducing the number of smaller collective bargaining agreements continued and, by adhering to the Sector Agreement, the 6th State Agreement for the Integral Water Cycle continued to be extended as the regulatory reference framework for labour relations with employees. Agreements of lesser importance have also been reached, such as the collective bargaining agreements for Murcia and Catalonia, among others. It is important to highlight the establishment of transitional agreements with employees working in sports facilities at national level, given that the sectorial agreement, which regulates their labour relations, has seen negotiations stalled, resulting in a potential collective conflict. Aqualia has removed this risk through these agreements. Internationally, there are no collective labour disputes and the labour regulations applicable in each country are complied with, with no relevant incidents arising.

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 2022.

2022 Contracts



2022 Gender contracts

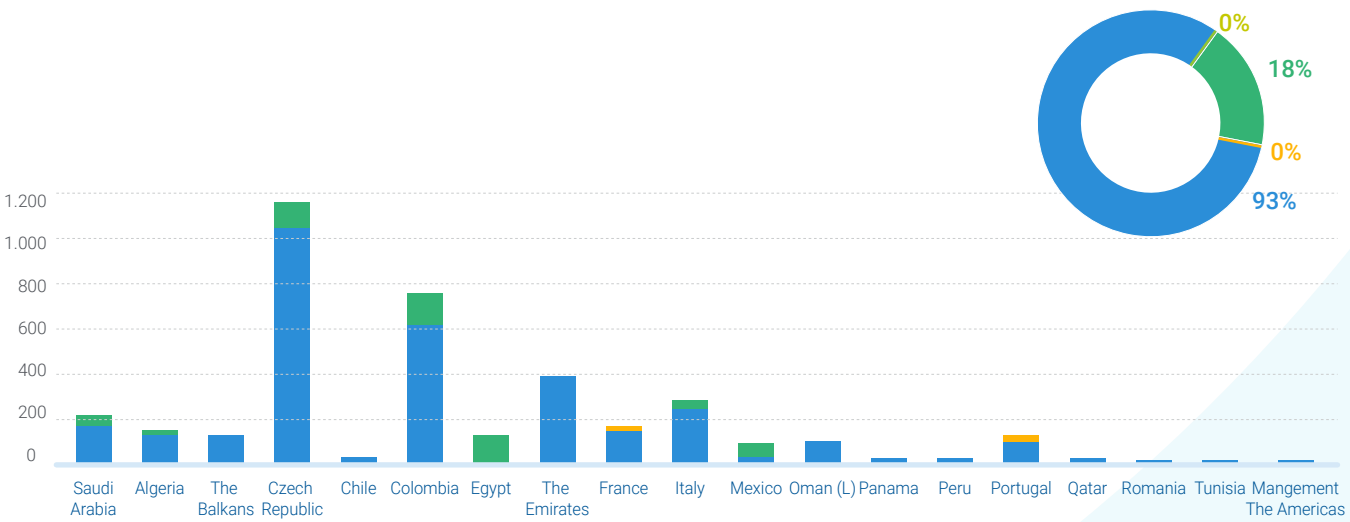


Labour conflicts have remained at a low level. In terms of collective conflicts, there have been two due to the application of collective bargaining agreements, one at regional union/employer level (Extremadura), which does not derive from the Aqualia Group's actions, and another in the negotiation of the Algeciras (Cadiz) collective bargaining agreement. For the latter, negotiations are under way to reach a solution and overcome the impasse in negotiations. In 2022, as a result of regulatory changes concerning equality, hiring and the wage gap, the number of labour inspections received has increased substantially (13 in 2021 and 64 in 2022). However, and given that Aqualia strictly complies with the regulations, all were closed without any non-compliance or sanction for the Group.

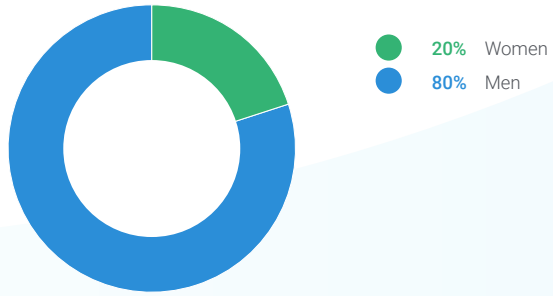
Regarding the quantitative data, the employment stability policy is kept, seeing a result of 93% permanent contracts compared to 87% in 2021 and terms of sex, the proportion of women employed compared to 2022 is the same, with the distribution by sex being 78% men and 22% women. At international level, employment stability stands at 82% for permanent contracts and 18% for temporary contracts, and in terms of sex, it stands at 80% men and 20% women.

Regarding compliance with regulations regarding personnel with varying abilities, the Aqualia Group fully complies with these regulations, adhering to the 2% required for staff with varying abilities in companies with more than 50 workers, and for FCC Aqualia S.A., through the corresponding alternative measures.

International contracting situation for people by gender in 2022



International contracting situation for people by gender in 2022





Health and well-being

Accident frequency rate evolution at Aqualia in 2022

The accident rate in 2022 (data at the end of November) rose year-on-year, with a cumulative AFR (Accident Frequency Rate) of around 11.6 compared to 8.5 at the end of 2021. This is partly explained due to the pandemic, which had reduced activity levels in 2021. Other factors were also at play, including the increase in activity in Colombia following new hires, which also led to an increase in the number of accidents.

Of positive note, the absence of serious accidents among the company's own workforce is noteworthy. Only one fatal accident involving subcontracted personnel has been recorded at the start of the new contracting activity in Georgia.

Highlights for health and well-being

In 2022, the **2nd Edition of the "Strategic Plan for the Health and Well-being Area 2022-2024",** was drafted and approved. This framework maps out the lines of work, plans and projects for our organisation to achieve "the person at the centre" goals, and "to achieve an increasingly healthier work environment and improve health and well-being."

The most important actions undertaken in 2022, grouped according to the strategic guideline projects established in the Strategic Plan, were as follows:

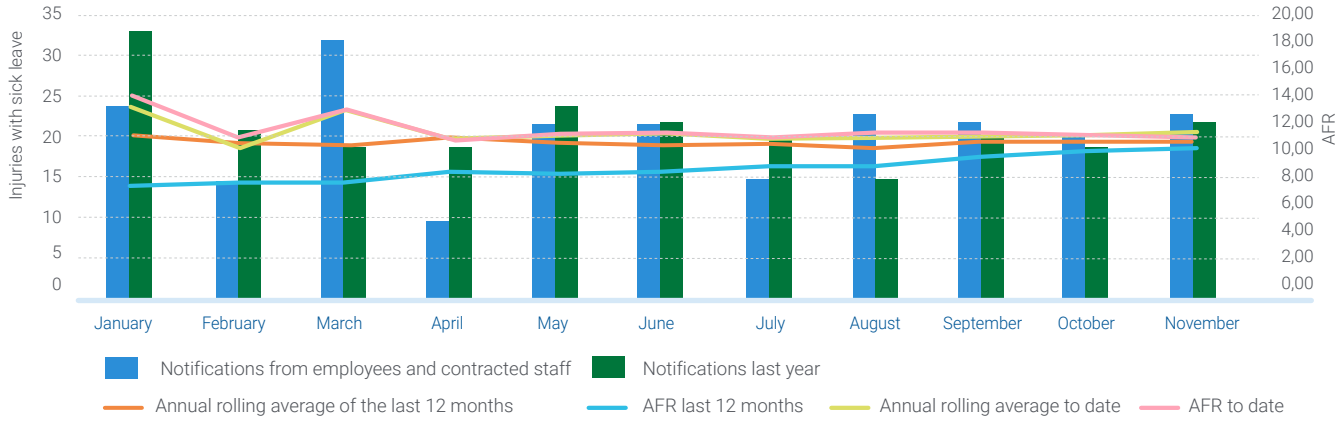
Outstanding projects or initiatives aimed at achieving "Zero Harm" to working people:

- In 2022, 6,402 medical check-ups were performed (5,493 Cualtis + 909 SM FCC).
- Digitalisation initiatives: participation in developing the BeAqualia app and totem.
- Redesign of courses and new training: *online* training for the FCC Campus: 5 new courses in 2022.
- Resource and content creation: risk search; LOTO and virtual reality workshops; 3D recreation of accidents; "Accident Notes" and "We Should Be Aware", etc.
- Specialised training on contractor management and using documentation control and tracking platforms.
- Design and development of the 1st Edition of the "Good preventive practices in Aqualia" and "Good Healthy Practices Award".
- "Recognition of Preventive Efforts" awards ceremony.

Projects or initiatives aimed at controlling critical risks at Aqualia:

- Consolidation of unique, specific work plan models.
- Development and creation of asbestos decontamination booths.
- Development of "Comprehensive ATEX risk installation control plan".
- Participation in the engineering phase for all ATEX risk projects.
- Design of the "Comprehensive control plan for chlorine gas installation".

Accident frequency rate evolution at Aqualia in 2022



Outstanding projects or initiatives aimed at improving people's well-being:

Aqualia continues to make progress on the Be Aqualia Project, seeking to become a healthy organisation. In 2022 and, as part of the Occupational Well-being strategy, highlights include:

- **Cross-cutting projects:**
  - Development of the United Heroes Pilot in the Czech Republic and Extremadura Delegation.
  - Sponsorship for participation in sporting events: Women's Races (Spain and Portugal), Water Race, Talajara 2022, Vig-Bay 2022, etc.
- **Local initiatives:**

  More than 100 local and regional initiatives in 2022 (family days, local sporting events, fruit at work, BeAqualia days, etc.).
- **Preventative medicine:**
  - Five specific Health Promotion campaigns: Three eye health campaigns (glaucoma screening), a preventive dental health promotion campaign, and a campaign to raise breast cancer awareness and its prevention.
  - Improvement and incorporation of new tests in medical check-ups such as the determination of PSA in blood for early prostate cancer detection.
- **Psychosocial action plan:**
  - Provision of tools to improve emotional well-being:
    - PAE (Employment Activation Programme): Counselling and psychological support programme for Aqualia employees and their families (Spain).
    - Seven specific educational and awareness campaigns on mental and emotional health.
  - Implementation of an emotional competency development programme for managers: "Healthy Leadership".
  - Development of new training programmes related to Enhancing Quality of Life at Work: "Stress management workshops" and "Productivity management workshops".

External awards and recognition received in health and safety

For the implementation of comprehensive Health and Well-being policies, Aqualia has received several external awards and recognition in 2022:

- **X Edition of the ASEPEYO "Antoni Serra Santamans Awards"**
- **4th Edition "Recognition in Health and Safety at Work For the COMMUNITY OF MADRID"**



Santiago Lafuente, Aqualia's Director for Spain, receives special recognition from Alfredo Timermans, Deputy Minister of Employment for the Community of Madrid, in the fourth edition of the "Occupational Risk Prevention Recognition for the Community of Madrid" for management during the pandemic.

Communication, Marketing and CSR

Communication and awareness of ESG aspects (Environmental, Social and Governance)

Aqualia's Communication Plan: national and international

The company holds a position of huge responsibility before its stakeholders and looking to the future. It is time to work in **alignment with the 2030 Agenda** and the Sustainable Development Goals (SDGs), incorporating these goals into corporate strategies and communicating them to all the company's stakeholders. This is the only way for Aqualia to position itself as a specialised, unique company that enjoys recognition, social legitimacy and a sound reputation. The 2021-2023 Sustainability Plan lays the foundations for guiding business management under environmental, social and governance (ESG) criteria.

Thus, **Aqualia's Communication Plan** is established under the strategic axes of digitalisation and sustainability.

STRATEGIC LINES

- **Digitalisation**. Facing challenges successfully is easier with the support of technology and digital tools, which is why Aqualia is committed to the digital transformation of its operations and processes.
- **Sustainability** spanning three different areas: economic, environmental and social. Economic, to achieve a position as a leading company with the ability to influence the sector.
- **Transparency** as a cross-cutting value for the entire company and its activities. The company is currently enjoying the chance to become a benchmark in the sector and to achieve the **"social licence"** in water management as an effective partner and leader in public-private partnership projects.

tion and sustainability. Therefore, the company aims to position itself as a benchmark in these areas, while strengthening its reputation and brand image. Under the **"people working for people" slogan,** Aqualia's main mission is to improve quality of life for citizens and the environment. Accordingly, the organisation is positioning itself as a glocal company (a global vision of water management with local implementation), seeking the well-being of the municipalities it operates in, caring for citizens, and contributing to the achievement of SDGs. Innovation, digitalisation, sustainability, transparency, etc. are some of the most common terms used in the communication actions that the company implements.

In 2022, 952 press releases and informative communications were sent to the media and 174 meetings were held with all media outlets.

The actions ensuring sustainability have resulted in Aqualia securing a **syndicated green corporate loan of 1.1 billion euros**, involving participation from ten banks, led by CaixaBank. This represented the largest green syndicated loan in 2022. Aqualia will use the credit to finance green projects. A news item was published on www.aqualia.com and a press release was issued and reported on by several leading media channels, including *Expansión, Cinco Días, La Vanguardia and Europa Press* in Spain, *and Reuters, World Today News, Blue Tech Research or IFR (International Financing Review)*, at international level.

Once again this year, one of the milestones in terms of communication was the **6th Aqualia Journalism Awards ceremony**, held on 5 June, as part of World Environment Day, at the Madrid Press Association (APM) headquarters. This ceremony saw journalists from Spain and Colombia participate with works highlighting the importance of managing the integral water cycle and to increase awareness of water as a valuable and scarce resource. El Confidencial. In this sixth edition, a total of 49 journalistic works were submitted. 279 nominations have been made in total throughout all the editions of the awards. The winner of the sixth edition was journalist Raquel Montenegro, author of an article in Europa Sur on the transformation of the coastline of Algeciras. The first runner-up prize went to Colombian journalist Vanesa de la Cruz for an article published in *El Colombiano*. The second runner-up was Eva González, with an article for *El Confidencial.*

Internationally, several relevant events were announced in 2022, such as the **acquisition of the company Georgia Global Utilities (GGU)**, owner and operator of the integral water cycle infrastructures in Tbilisi, capital of Georgia, and in the cities of Miskheta and Rustavi, a service covering 1.4 million people. As this was a significant international news story, Aqualia prepared and distributed press releases in Spanish and English, obtaining extensive coverage in agencies *(Europa Press)* and in all types of media outlets, including economic *(Expansión, Cinco Días and El Economista)*, general *(El Confidencial, El Periódico de España)* and specialised *(iAgua o Smart Water Magazine, Water World Magazine)*, both nationally and internationally. All employees were informed internally via a new sflash.



6th edition of the Aqualia Journalism Awards ceremony.

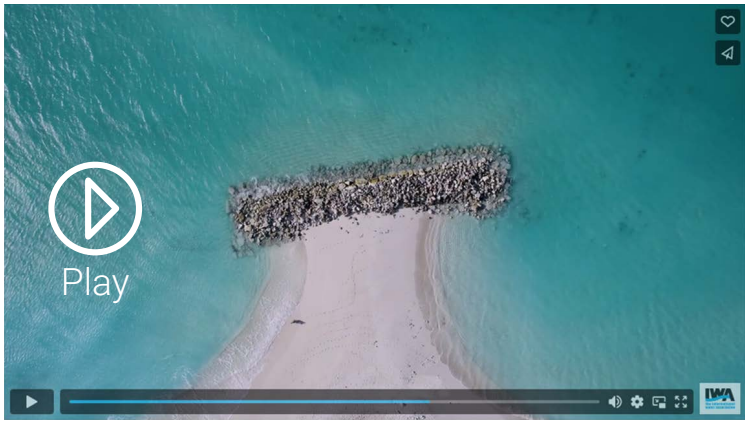
Another important communication was prepared for the **South Cluster water services contract (Saudi Arabia).** The consortium led by Aqualia, together with Acciona and the Saudi companies Tawzea and HAACO, was awarded the contract for the management, operation and maintenance of the integrated water cycle in the South Cluster, four regions in southern Saudi Arabia (Assir, Jazan, Baha and Najran). Aqualia managed the dissemination of the communication along with Acciona's team, launching press releases both at the time of the award and at the start of the contract, which received widespread coverage in the water sector media at national and international level *(iAgua, Smart Water Magazine, Global Water Intelligence, The Water Network, Water & Wastewater Asia),* and in national economic media (Expansión, El Economista), general media *(Europa Press, El Periódico), some local newspapers and in Saudi international media (including Trade Arabia and Arab News).*

Subsequently, in October, the Saudi state-owned *National Water Company* announced that another Spanish-Saudi consortium led by Aqualia had been chosen to manage, operate and maintain the integrated water cycle in the **North Cluster,** which includes the Saudi regions of Qassim, Hail, Al-Jouf and Northern Border, in the north of the kingdom. The company also widely reported this event, which put Aqualia in charge of the water management of two of the six clusters, for a total of eight million Saudis.

At the start of the year, the **collaboration with the documentary series *Beneath the Surface: the journey of water,*** began. This compiles the most promising projects in the global water sector. The documentary, produced by the *International Water Association (IWA) and BBC StoryWorks*, included Aqualia's participation in one chapter, where the company introduced the MIDES innovation project, developed in Guía de Isora (Tenerife) and Denia (Alicante). The report showed how Aqualia's technology facilitates access to drinking water through advanced, low-cost, low-energy desalination processes.

The announcement of the acquisition of the **Saur concessions in Colombia**, whereby Aqualia became the owner of 100% of the assets of Saur Colombia SAS, six concession companies responsible for the production and distribution of drinking water and sewerage in eleven municipalities on the northern coast of Colombia, also received widespread coverage in the general, economic and water sector media.

The completion of the **El Salitre WWTP**, in the Colombian capital and its acceptance by the operator Acueducto y Alcantarillado de Bogotá generated a great deal of interest in the Colombian media. Aqualia, as a member of the consortium running the project, launched a Communication Plan to report on the WWTP's progress. Actions included the re-release of a video of the plant, and daily monitoring of the press coverage, as well as the implementation of different communication actions to manage the crisis.



Beneath the Surface: the journey of water, a documentary series that compiles the most promising projects in the global water sector.

For the **commissioning of the Ruitoque services,** including the municipalities of Bucaramanga, Floridablanca, Piedecuesta and Girón, and **Flandes**, in Tolima, a Communication Plan was designed and implemented, which included actions to introduce the company to the different local stakeholders, as well as a service start-up plan. In the municipality of Villa del Rosario, a specific plan was implemented to alleviate the crisis situation in the area due to the lack of a stable service.

Communication Training

The course was included in the **"Training for Aqualia Spokespersons: Influence and Persuasion Development" Aqualia Training catalogue in 2022.**. Three course sessions were held: in Seville, on 4 and 5 October; in Barcelona, on 18 and 19 October; and in Madrid, on 25 and 26 October. **A total of 45 company professionals participated in the training, including delegation managers, heads of management units, heads of services and managers of large contracts** in the three regions of the country. Although the course was imparted by a specialised external consultant, the Communication and CSR department was responsible for coordinating both the content and running of the sessions.

This action was undertaken with the goal of training executives and middle management to send messages in line with the company's various target audiences, focusing on the most appropriate skills, techniques and channels for each message. The course, through the surveys conducted after each of the three sessions, has received high ratings (3.83, 3.45 and 3.69 points of overall satisfaction out of a possible 4 in each session) from the attendees. Therefore, it will be held again in 2023, with the necessary tweaks, with the aim of continuing to train the managers unable to participate in the 2022 edition and to extend it to Aqualia's main contract managers.

ESG Awareness

In recent years, Aqualia has consolidated ESG principles through numerous internal and external awareness-raising actions.

The most significant actions implemented in 2022 were as follows:

Environmental awareness

One of the main communication actions that kick-started the year and is still in force, is the **Sosteniblómetro launch**. This is the first meter for sustainable behaviour and habits among citizens. Through an *online* test, available at www.sosteniblometro.com, citizens can measure how sustainable their daily actions are. Through this initiative, Aqualia brings sustainability closer to the population, to assess whether their habits are in line with sustainable attitudes and how they can correct them. This action lasted throughout 2022, generating media content and helping the company to position itself as a sustainability benchmark.

To encourage the use of the Sosteniblómetro, it has been promoted via social media (see point 9.1.3. Digital communication and social media) and, locally, in different events that Aqualia has participated in, through a QR code to access the test. Some of these actions included at the company's stand in the Mancomunidad del Campo de Gibraltar at FITUR, at the International Water and Energy Fair (Las Palmas de Gran Canaria, Canary Islands) and at the AEAS Water Congress, held between 28 and 30 September in Cordoba.

Aqualia analyses the information compiled via the Sosteniblómetro tests. On World Environment Day, celebrated every 5 June, the company reported the first results of the ***1st Sustainable Behaviour Barometer.***. According to this report, the most widespread sustainable habits among the population are flushing only toilet paper down the toilet and taking showers instead of baths. In December, the ***II Sustainable Behaviour Barometer***, was launched, after analysing almost 9,000 tests done during the year. A new feature in the second round of the study is that it includes a city-by-city study analysing each city's participation and results.

Once again this year, Aqualia held a new edition of the **Children's Digital Drawing Contest** on the microsite www.aqualiaods6.com, where the two main characters, Aqual and SDG 6, encourage children to join an Aqua-Olympic challenge and promote sustainable water use. This portal allows children aged 8-10 to have the opportunity to learn about the SDGs and complete their drawings on an online canvas. The call is being launched in Spain, Portugal and in the thirteen municipalities that Aqualia manages in the departments of Córdoba and Norte de Santander (Colombia).



Sosteniblómetro website.

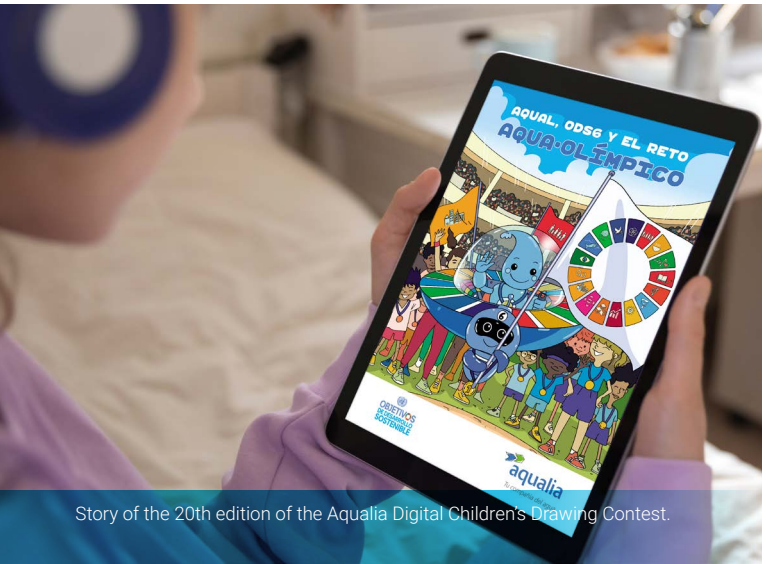
After two decades, over 250,000 students from different generations have already taken part in this initiative. **In 2022, the competition saw 8,200 entries submitted and provided 4,500 hours of digital training.** Through this initiative, Aqualia aligns itself with and supports academic institutions and public administrations, while also moving closer to SDG 4: "Quality Education."

On **World Water Day** (22 March), this year showcasing the importance of preserving groundwater, Aqualia highlighted the message about its important work in the development of technologies that optimise the performance of water distribution and the recovery of aquifers, underscoring the important role that the digitalisation of processes and services linked to the water cycle has in addressing the different challenges that arise. The **Communication and CSR department prepared and coordinated content published in 54 media outlets**, as well as advertising inserts in 58 print and digital media channels. Additionally, on this important day for the sector, Aqualia launched its new official Instagram profile, @aqualia_oficial.

For **World Sanitation Day,** held on 19 November, Aqualia focused on "making the invisible resource visible", highlighting the harmful effects of the sanitation crisis on groundwater, a problem that particularly affects the poorest and most marginalised communities. Accordingly, it issued a press release titled "Urgent solution required for the sanitation crisis, which is causing the death of 800 children per day". Through www.actuaconaqualia.com, the challenge of protecting sanitation systems was reiterated, and citizens were urged to make good use of the toilet and not to throw rubbish down it, due to the subsequently high environmental and economic cost. Aqualia is again aligned with Sustainable Development Goals and specifically with SDG 6 "Clean water and sanitation".

Another initiative that Aqualia undertook at a local level was the **campaign for the responsible use of water,** promoted in October due to the serious drought that hit southern Spain hard. Several city councils asked Aqualia to undertake actions to raise awareness of the correct use of water among the public. The councils were therefore provided with different adaptations of the corporate campaign for the responsible use of water, including the Aqualia logo on *banners*, social media posts, posters, emails and brochures. Some of these campaigns have been implemented in Jaén, Barbate (Cadiz), Tarifa (Cadiz), Alcalá de Henares (Madrid), Berja (Almería), several municipalities in the Canary Islands, Miajadas (Cáceres), Ronda (Málaga), Arcos de la Frontera (Cadiz), Rota (Cadiz), Torrox (Málaga), Vigo (Pontevedra), etc.

In the Canary Islands, a **desalinated water promotion campaign** was launched. In March, at the request of the City Council, a series of videos were produced to promote the consumption of desalinated water in Guía de Isora (Tenerife). The audiovisual pieces, which showcased the various benefits that this water brings to the daily lives of citizens, were released through Aqualia's social media channels. In the same month, to mark the Tenerife Puntablanca Young Series surfing championship, sponsored by Entemanser, Aqualia's subsidiary in the Canary Islands, a desalinated water dispenser was installed. This action, which facilitated the filling of water bottles for the attendees, sought to highlight the quality, sustainability and price of desalinated water.



Story of the 20th edition of the Aqualia Digital Children's Drawing Contest.



Desalinated water source.

Special mention should be made of the renewal of Aqualia's commitment and partnership with the **Alliance for Water Management in Ibiza and Formentera.** As an active part of the Alliance, Aqualia oversaw the production and dissemination of the material for the "Vive la isla, cuida el agua" (Enjoy the island, look after the water) campaign, created by the company in 2016 and which has been repeated every summer.

To mark the seventh anniversary of the Sustainable Development Goals, Aqualia launched the **#InnovaDOS campaign** in September as usual. A web was launched with comprehensive information on the seven projects, and the campaign was promoted on social media via the *hashtag* #InnovaDOS. Internal communication actions were also performed to raise our employees' awareness towards sustainability.

At different times of the year, other campaigns were launched, such as the **World Environment Day campaign**. Under the slogan "Display your superpowers, take care of the planet", Aqualia made its entire workforce aware of the importance of being sustainable, by sending a corporate email and launching a *challenge (a viral challenge made and disseminated via social media)* on its Instagram account. Other campaigns with a clear sustainability vibe included the above-mentioned World Water Day and World Sanitation Day campaigns.

Aqualia's business model incorporates **the concept of circular economy** by providing catchment, treatment, storage, distribution, sanitation and purification services, including the reuse and reintroduction of water, after purification, into the natural cycle. This was all reflected in numerous actions implemented in 2022. Some examples were: the **opening ceremony of the Agramón WWTP (Hellín, Albacete)**, attended by the President of the Junta de Comunidades de Castilla-La Mancha, Emiliano García-Page, and other officials.

The **closing ceremony for the Rewatergy project** took place in Jerez, an innovative project seeking to reduce the need for energy in the water treatment and reuse process, to promote energy recovery from wastewater, and to develop innovative disinfection processes for more sustainable water treatment plants. Aqualia is one of three companies involved in the project, along with three universities. The closing ceremony received widespread coverage in the media.

Another local milestone was the **visit of the mayor of Chipiona (Cadiz) to the retractable solar panels pilot system at the WWTP** in July. The latest actions taken to improve the plant's energy efficiency were showcased during the visit to the wastewater treatment plant facilities: a portable system of retractable solar panels, which increase the infrastructure's energy self-sufficiency by 10%. The pilot project deployed 200 photovoltaic panels that produce 400 kW per day and record accurate real-time information. This technology will be tested over the next few months, and its suitability will be assessed, as there is room to install more panels and increase the plant's energy self-sufficiency to 70%.

Another **institutional presentation** involved the **Zeppelin*project* in Algeciras (Cadiz).** Aqualia has a 49% shareholding in Emalgesa, the mixed company that manages the Municipal Water Service of Algeciras (Cadiz), and leads the research consortium. This project aims to test new green hydrogen production and storage technologies based on the circular economy.



Visit of the Mayor of Chipiona, in Cadiz (Spain), to the retractable solar panels pilot system located at the Wastewater Treatment Plant.

Social awareness

In 2022, Aqualia was involved in celebrating the World Days that represent its alignment with the SDGs and the 2030 Agenda. One such example was **International Women's Day** (8 March) where, under the slogan "With women, for a more sustainable future", a series of communication pieces were launched to promote equality among staff members through collective participation. Other initiatives conducted that day included the launch of the website www.aqualiaigualdad.com, and the drafting of the report *#Empleoparatodas: women at risk of social exclusion in the workforce,* in collaboration with the Adecco Foundation. This year, the human resources platform Equipos&Talento also recognised Aqualia's commitment to female talent and diversity by awarding it the *Empowering Women's Talent* seal.

The social funds for Arcos de la Frontera and Chipiona, in Cadiz, were also renewed to pay for water, sewage and water treatment bills for people with financial troubles.

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 "Hugs that move worlds". The campaign encouraged all participants, both internal and external, to upload photos or videos of their hugs to the website and share them on social media using the hashtag #aqualiaContigo. Each hug added to the campaign became economic support to finance one of the Adecco Foundation's projects aimed at employment or training camps for female victims of gender violence. Aqualia also again worked on preparing the report titled *'Gender Violence and Employment'*, seeking to position employment as a key factor for the full recovery of women who suffer from this social evil.

Aqualia designs and participates in initiatives to raise awareness of equality and diversity through various programmes. The Communication and CSR department has worked on promoting these initiatives.

CEO Félix Parra spoke at the ***Diversity and Inclusion Day***, organised on 2 June by the Human Resources platform Equipos&Talento. The event highlighted the importance of promoting Diversity and Inclusion via general management, and implementing it as a strategic value and competitive advantage in companies. Félix Parra, Aqualia CEO, participated in the CEO Voices table with other CEOs, discussing the inclusion of diversity in corporate strategy. At the end of the day, Aqualia received the ***Diversity Leading Company Seal***, becoming the first company in the water sector to obtain it, and the *Empowering Women's Talent,* for the company's commitment to female talent. The department reported on both the day and the awards.

At the end of the year, the company signed an **agreement with the National Federation of Lesbians, Gays, Transsexuals and Bisexuals and others (FELGTBI+)** meaning it belongs to the "Companies for Diversity" programme (EMIDIS), a tool that the Federation makes available to companies to guide them in managing relationships, sexuality, family and gender diversity in their workplaces. The department disseminated this information both internally and externally.

Lastly, in partnership with FCC's Communication Department, the communication on the global equality and diversity platform you_*diversity* was released.

Aqualia was involved in **celebrating** the **World Days** that represent its alignment with the **SDGs** and **2030 Agenda**



School children participating in the planting of trees in celebration of International Women's Day.

Governance awareness

At corporate level, Aqualia continues to focus on continuous improvement without losing sight of the principles of transparency. The company works to achieve its sustainable business objectives and establishes mechanisms to hold itself accountable for the impact its decisions have on sustainability. Aqualia communicates its decisions and activities through reports, placing as much emphasis on sustainability information as financial information. This results in documents such as the annually published Sustainability Report.

As a basis for establishing the pillars and commitments of the Strategic Sustainability Plan, Aqualia uses its Strategic Materiality Study, a process of active listening to ask the company's stakeholders questions, gather their opinions, and design the best way to communicate with them.

People management, and ethics and compliance, are two topics covered in the 2021-2023 Sustainability Strategic Plan. In terms of people management, Aqualia seeks to continue contributing to health and well-being, equality and diversity, and decent and healthy employment objectives.

Through ethics and regulatory compliance, Aqualia seeks to spread its culture of ethical values throughout the company and its supply chain. To promote employee awareness of these areas, Compliance Tips continue to be disseminated. This internal tool involves the regular sending of small information tips to the entire Aqualia workforce via email and the Be Aqualia app (for deskless jobs). The main Compliance policies were explained in these messages, such as due diligence processes, prevention and eradication of harassment, anti-corruption policies, conflict management, and other topics.

Digital communication and social media

In 2022, **Aqualia's website** exceeded one million visits, totalling 1,025,674. A total of 676,660 users visited the site in 2022, resulting in a low bounce rate (percentage of users who leave the site after viewing a single page): 31.32%. Some changes were made to www.aqualia.com, such as the redesign of the corporate website's *sitemap* and the content update at the beginning of the year. The Corporate Social Responsibility section was also revamped. New sections were also created, such as a new space to house all the content related to the **2021 Sustainability Report**. This space was also translated into Portuguese and French. Additionally, a new section was created on the website with detailed information on the seventh anniversary of the SDGs.

The company's *online* presence will be affected by the transposition in Spain of Directive 2020/2084, which includes redesigning **"Citizen Information" portals.**. The regulation, approved in December 2020 by the European Parliament, affects the quality of water intended for human consumption. The new requirements include the need to ensure the availability of adequate, up-to-date information on the management and availability of supplies for human consumption. In the second half of the year, progress was made on a plan to migrate the current local web portals of the services managed by Aqualia to a new portal format compliant with the new regulations. These web portals will be accessible both from www.aqualia.com and from the websites of the Spanish municipalities where the company is responsible for water supply.

As part of Aqualia's commitment to education and its ongoing quest to meet the Sustainable Development Goals, the company has continued to promote the **www.aqualiaeduca.com** website this year. The portal is a free educational tool where children and adults can learn about the water cycle and the importance of its proper management. The website offers access to resources to learn how to use water responsibly: videos, comics, hobbies and educational brochures. In 2022, 6,117 users visited the website.



Aqualia's **social media profiles** have continued to grow in 2022 compared to the previous year

Aqualia's **social media** has maintained its growth in 2022 compared to the previous year, both for the number of followers and publications. The company has added over 500 new followers on Twitter, up to 7,077. YouTube has already surpassed two million views, with an increase of 175,104 in 2022. The company's followers have increased by over 45% on LinkedIn, from 25,833 last year to 37,854 this year. Aqualia's Instagram profile was launched in March 2022. By year end, it had over 1,000 followers. To introduce this profile, the **Manual for Employee Use and Participation on Social Media** was again used. This was published and promoted internally last year and is still in force as a guide for all Aqualia personnel to know how to use their social media profiles correctly. The company's leadership in the field of social media in the sector was reflected in the "Manual for Employee Use and Participation on Social Media", which members of the Communication and CSR department introduced at the 36th AEAS Conference held from 28 to 30 September in Cordoba.

The company's social media profiles have played an important role in supporting and disseminating the company's **communication campaigns**. One of the most noteworthy cases was the **campaign against gender violence**, which was promoted via social media with short promotional videos. Through these messages, the company aimed to interact with users, increase followers, and generate traffic to the corporate website.

Another major campaign launched during the year on social media was the promotion of Sosteniblómetro. As an innovative, interactive tool, social media has been the ideal place to publicise and promote its use. Videos of its operation were posted on YouTube. Short videos were also made to promote it in different publications on Twitter, Instagram, and LinkedIn. A challenge was also launched on Instagram to encourage its use on World Environment Day. Other Aqualia campaigns making waves on social media include the videos to launch the Occupational Health and Safety awards campaign, the campaign for Women's Day, the awareness campaign for International Earth Day, and the video for World Water Day.



Winners of the 1st edition of the Aqualia Innovation Awards.

Internal communication

Internal communication plays an increasingly important role in the company's day-to-day operations, due to the need to brief Aqualia's entire workforce using the different channels available. In 2022, innovative work was done to tailor the messages to the different "target audiences" within the company, essentially divided between office workers and employees without a corporate email account (deskless).

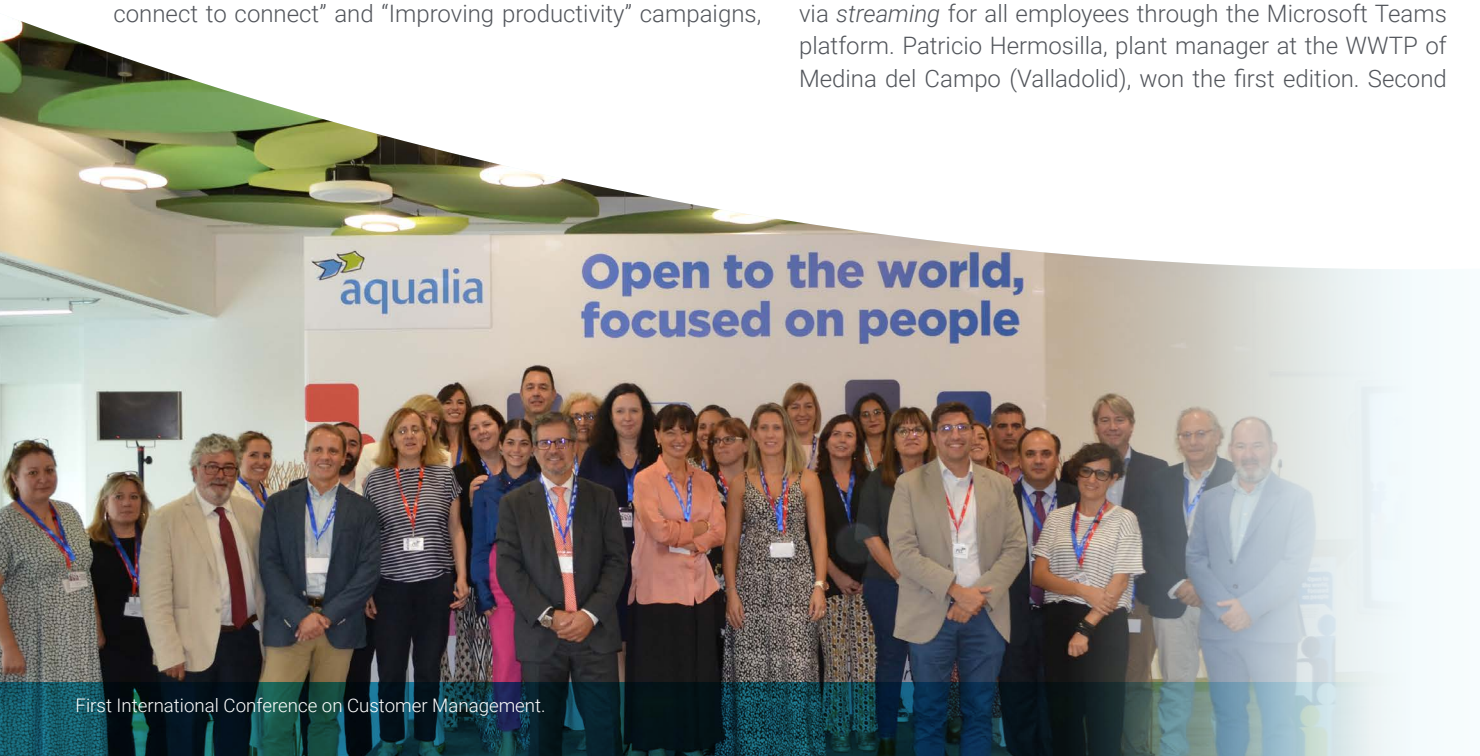
During 2022, a total of 334 internal communications were sent in different formats (news flashes, emails and internal memos), some in multi-language format. A milestone in internal communication saw "Aqualia Gobal News" launched in November, a fortnightly *newsletter* for the entire company with regular sections featuring between eight and ten news items of interest in each issue, in Spanish and English.

During the year, work continued in coordination with the People and Culture department to set up the **Employee Assistance Programme** (PAE from its acronym in Spanish), launched in December 2019. Within this framework, communication items were produced to promote the use of Psicomet, a free psychological care service that Aqualia makes available to all employees in Spain. Several psycho-educational campaigns have also been developed to promote healthy habits, such as the "Disconnect to connect" and "Improving productivity" campaigns, as well as other initiatives focusing on assertiveness and breaking down barriers to increase communication between work teams, etc. In collaboration with the Health and Wellness department, psycho-educational actions such as "Self-management of time" were designed. All have been supported with various materials, such as *webinars*, videos and guides, which were sent to employees via email and notifications on the Be Aqualia mobile app.

Notably, 2022 saw the completion of the process for the **first I4U Innovation Awards**, an initiative launched in 2021 to promote the development of internal talent and an innovative culture within the organisation. In February, the names of the winners of this first contest were announced, and on 3 March 2022, the awards ceremony took place at Aqualia's corporate headquarters in Las Tablas, Madrid, and was broadcast via *streaming* for all employees through the Microsoft Teams platform. Patricio Hermosilla, plant manager at the WWTP of Medina del Campo (Valladolid), won the first edition. Second prize went to Jordi Palatsi, plant manager at the Lleida WWTP, and Aqualia employees voted to award a prize to Andrés Sanabria, Aqualia foreman in Puerto de la Cruz (Tenerife). In the days following the event, a highlights video was broadcast, with speeches from the winners.

In coordination with the People and Culture team, the **People and Culture International Conference** was also held in June. These sessions, held in Madrid, brought together around 40 members of the department. The commitment to strengthen formal and informal internal communication continued with the **First International Customer Management Conference**, where representatives from this department in Central Services and in the different countries the company operates in presented their success stories and shared their problems. The Communication and CSR department provided support for the event's graphic image, with different materials, a simultaneous translation service, and by organising visit to the Avila service.

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. The Active Pause was one noteworthy initiative: a daily sending of videos with exercises to promote health and well-being at work, segmented according to whether they were aimed at office employees or deskless workers. For *Safety Week* the company showcased Aqualia's new safety clothing and launched *United Heroes*, a pilot programme to promote sports among the workforce.



First International Conference on Customer Management.

Events

In 2022, Aqualia took part in several forums, events and congresses in the sector or related to innovation or sustainability. One example is the ***Quality Water Summit***, an event organised by the iAgua portal and held from 25 to 29 April to analyse the main current issues in the sector and the latest trends in technology, products, engineering, management, operation, analytics, and innovation. Aqualia was one of the major players and took part in different areas of the meeting: a session on green hydrogen, a presentation on water digitalisation and a dialogue on the future of water management.

Another important event in the year was an appearance at the ***Global Water Summit***, an event held in Madrid from 16 to 18 May, which analysed the key challenges facing the water industry today. Aqualia participated as a *Global Partner*, with a high-profile presence throughout the event, also taking part in different workshops, technology sessions, and forums. The first workshop Aqualia took part in addressed the keys to awarding water services with a win-win procurement philosophy, referring to the need to eliminate the tensions arising from extreme competitiveness, and the need for both contractors and the administration to benefit from public-private agreements. The company attended other sessions, including the *Water Tech Idol*, a talent contest where five leading technologies were showcased and the company introduced the Mides project, which won second prize.

Aqualia also appeared at the **15th National Congress of Irrigation Communities**, organised by FENACORE (National Federation of Irrigation Communities of Spain), where it participated as the main Congress sponsor. The event was held at the Palacio de Congresos de León, from 30 May to 3 June, and brought together than 900 attendees to explore the concept of digitalisation (Irrigation 2.0), aimed at sustainability. Aqualia had a stand and an exhibition area to showcase its technological and irrigation management solutions and digital tools, and gave a presentation on "Technological innovation in the management of irrigation community facilities."

The company also participated in local external events such as the **XXXVI AEAS Congress**, held in Cordoba from 28 to 30 September. The technical programme focused on environmental, economic and social sustainability, with special emphasis on water, energy and digital transformation in urban water cycle processes. The company collaborated in the dissemination and sponsorship of the event, and also played a role in the technical programme.

Aqualia also attended the **IWA YWP Spain 2022 Congress**, organised from 16 to 19 November by the *Spanish Chapter de Young Water Professionals*, together with AEAS, IWA and the main companies in the water sector in Spain. The meeting provided an overview of the sector and shared trends in innovation. Through its extensive participation, Aqualia underlined its commitment to promoting young talent in the water management sector, as the future of these essential services depends on these professionals' innovative vision.

In 2022, Aqualia took part in several **forums, events and congresses** in the sector or **related** to **innovation** or **sustainability**

Also in November, to celebrate the **25th anniversary of the continued provision of the supply and sanitation service in Salamanca**, Aqualia held an event in the city. The celebration, attended by the President of the Regional Government of Castilla y León, Alfonso Fernández Mañueco; the Mayor of the city, Carlos García Carbayo; and the company's Spanish Director, Santiago Lafuente, was a tribute to the 25 members of the company's team who have remained active since the start of the concession.

From 29 November to 2 December, Aqualia played a prominent role in the first edition of the **IWA Digital Water Summit**, held in Bilbao. This meeting brought together over 400 international experts involved in the digitalisation of the water sector. Water technology suppliers and water companies were the main participants, an occasion that Aqualia took advantage of by showcasing its *Aqualia Live-focused approach*, the intelligent system integrating the entire management of the integral water cycle in a single platform. The company showed its readiness to meet the summit objectives: to achieve greater efficiency and provide better services to citizens through digitalisation.

Other meetings that the company also participated in included the Sustainability Forum, in Santa Cruz de Tenerife (Tenerife) on 19 April; the ABC Forum "Water management in the era of scarcity", organised on 20 April in Seville; and the 1st Conference on Local Urban Agendas 2020, held in Algeciras (Cadiz) from 7 to 9 September, to share the urban agendas of city councils throughout Spain and which sought progress in sustainable city development.

International

Aqualia has also taken part in several **international events** on collaborative innovation and sustainability. One example was the ***Water Business Forum***, held at the Dubai Expo to celebrate World Water Day, 22 March. The company worked with ICEX and the commercial office of the Spanish embassy in the United Arab Emirates to organise its appearance at the event, which was attended by senior water management representatives from numerous countries and executives from major private companies in the global market. The company also attended the congress's Spanish-Emirati business forum in the panel titled *Present business opportunities and references to Spanish projects in the UAE. Water, infrastructure and Sustainability*, a session that was introduced by Pedro Sánchez, President of the Government of Spain. During the event, a business meeting was held between Aqualia's delegates in MENA and the main regional clients, including Majis Industrial Services (Oman) and Abu Dhabi Sewerage Services Company (UAE).



25th anniversary of the supply and sanitation service for Salamanca (Spain).

In March, Aqualia also attended the **Saudi Water Forum 2022** event



Javier Díaz, Aqualia's Country Manager in Saudi Arabia, and Minister Al-Fadley at the company's stand at the Saudi Water Forum 2022, in Riyadh (Saudi Arabia).

Also in March, Aqualia took part in the **Saudi Water Forum 2022,** event, held in Riyadh (Saudi Arabia). This event, the most important in the water sector in Saudi Arabia, brought together the main public bodies and private companies operating in the country. Aqualia's attendance included a stand and participation in the *Operational Excellence and Smart Grids. The company also showcased the South Cluster project in detail in the exhibition area.*

In September, Aqualia participated as a special sponsor in the **ANDESCO Sectorial Congress,** the foremost meeting of Public Services and Communications in Colombia. In addition to the sponsorship, the company had its own stand where it showcased how it manages its services in the country. José Ramón Díez-Caballero, *Country Manager* for Aqualia in Colombia, gave a presentation for attendees.

Aqualia **sponsored the biennial congress of the *International Desalination Association (IDA),*** which was held from 9 to 13 October in Sydney, Australia. The company played an important role by contributing to the technical committee, coordinating technical sessions, giving four oral presentations and creating, in partnership with IDA, the *Innovation Forum*, a meeting place for agents involved in promoting innovative actions in the sector. Víctor Monsalvo, head of Eco-efficiency in Aqualia's R&D department, was awarded the prize for the best technical paper on innovation *(Technical paper R&D)* during the congress for his Sea4Value Project presentation.

In France, Aqualia participated in the ***Salon des Maires et des Collectivités Locales***, event, held in Paris from 22 to 24 November. The event, celebrating its 20th edition this year and supported by the Association of French Mayors (AMF), is the most important event in the management of municipal services in France. Its main goal is to offer alternatives to future challenges such as urban development, energy, sustainability, efficient management of the water cycle, and the ecological transition.

To close the year, Aqualia participated in the **XXXIV Annual Convention and Expo ANEAS** in Irapuato, Mexico, from 5 to 9 December. The event, one of the most important in Latin America, brings together national and international experts, academics, legislators, businesspeople, and specialists related to the water sector, particularly the drinking water and sanitation sub-sector. Aqualia's name not only appeared as an event sponsor, but the company also attended in the commercial area with its own stand and merchandising, and featured in the technical agenda and side events.



Aqualia's team at the Global Water Awards 2022.



Juan Pablo Merino, Director of Communications and currently Director of Corporate Sustainability, receives the iAgua 2022 "Best Company" award.

Awards and recognition

Aqualia was recognised at the ***Global Water Awards 2022***, a ceremony held by the British communications platform *Global Water Intelligence* and known as the "Water Oscars". Aqualia was recognised on three occasions for its contribution to sustainable development. One was the *Distinction Award* (equivalent to second place) in the "Best Water Company of the Year" category; another, its inclusion among the four finalists in the *Net Zero Carbon Champion* category, recognition that endorses Aqualia's global strategy promoting decarbonisation; and lastly, the *Distinction Water Tech Idol*, awarded to Víctor Monsalvo, head of the Eco-efficiency area in Aqualia's Innovation and Technology department, for his Mides project presentation.

Another award that Aqualia received this year came at the **iAgua 2022 awards**. The company was recognised as the "Best Company of the Year" for the third consecutive year and for the fifth time in total (it won in 2015, 2017, 2019, 2020 and 2021). Juan Pablo Merino, Director of Communications and currently Director of Corporate Sustainability, accepted the award. The eighth edition of the iAgua awards also introduced the "Equality, Diversity and Inclusion Award", which Aqualia also scooped up.

In addition to the above, the Spanish Climate Change Office (OECC) recognised **Aqualia's Carbon Footprint Register** for yet another year, highlighting the company's commitment to the fight against climate change. The Ministry for Ecological Transition and the Demographic Challenge has also awarded Aqualia the **"Reduzco Seal".**

Furthermore, the International Water Association (IWA) recognised **Aqualia's innovative contribution to Climate and Sustainability**. During the *IWA World Water Congress and Exhibition*, held in September in Copenhagen (Denmark), Aqualia was recognised as one of the leading companies in sustainable water management (*Climate Smart Utility*). This acknowledgement recognises the contribution of companies linked to the integral water cycle that undertake differential actions for the climate across three pillars: adaptation, mitigation and leadership.

Locally, Aqualia was recognised for the **Best Advertising Campaign in Galician** at the Advertising in Galician awards. The Government of Galicia and the regional Parliament recognised Aqualia's *A auga de Vigo é de alta calidade* campaign. The second phase of this image campaign was also launched.

Sustainability

Sustainability Strategy Sustainability at Aqualia. Strategic Sustainability Plan

Both **supply and sanitation are currently critical services**. Proper management of the integral water cycle conditions many of the global goals that society faces: environmental goals, such as adaptation to climate change, protection of biodiversity or access to renewable energies; social goals, such as accessibility to water for vulnerable people and families, and social awareness of the care and quality of water; and economic development, because the optimisation of water cycle management, its quality and availability make it possible to improve the development and quality of life for millions of people.

It is also the Decade of Action and, although Aqualia's sights are set on 2030, the current uncertainty has made the short term the only time period that allows us to establish achievable and real objectives that contribute to creating value.

The current Strategic Sustainability Plan (SSP) 2021-2023 functions as the perfect timeframe for Aqualia to work on ESG issues.

These 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. Aqualia's culture and values define the way it does business and play a role in all its commercial relationships.

During 2022, specifically in the second half of the year, the SSP was revised, updating indicators and changing some projects. In doing so, Aqualia has shown that it has sufficient flexibility to adapt to major challenges. The company has defined a course to follow and takes on an unshakeable commitment to the digital transition and sustainability to meet the expectations of 21st century citizens from a company of Aqualia's stature.

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. This is evident from the SSP and in the pillars that the business is based on.

The Communication on Progress (COP) on the Global Compact (GC) website has also reached GC Advanced level. By awarding the Advanced CG level, the Global Compact Office recognises companies that strive to be best reporters and declare that they have adopted and report on a wide range of best practices in sustainability governance and management.

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, related to the degree to which these goals are linked to the company's activity. Among its action principles, Aqualia's Management System Policy establishes the achievement of the Sustainable Development Goals.



In summer, **Aqualia** published the ***#Actúa* Sustainability Report**, which strengthens its **commitment to sustainability**



#Actúa Sustainability Report

In the summer, Aqualia published the *#Actúa* Sustainability Report, which consolidates its commitment to sustainability and illustrates how the company addresses ethical standards and current and future social and environmental challenges in its Strategic Sustainability Plan 21-23, a roadmap to follow.

The Sustainability Report is the culmination of a three-year cycle that began with the 2019 Sustainability Report *#Listen,* detailing the process of active listening to Aqualia's stakeholders. The following year, it continued with the *2020 #Conversa* Sustainability Report, used to draft a materiality study that resulted in the SSP. The trilogy was completed with the document titled *#Actúa*. This cycle encapsulates Aqualia's listening and conversation with its stakeholders to respond to the SDGs, tackling the 2030 Agenda challenges.

Over the last year, the global listening process was used with all stakeholders in Europe, LATAM, and the United States. The 2021 Sustainability Report further highlights the company's performance in each of the seven lines of the Strategic Sustainability Plan, resulting in the achievement of three major milestones in 2021: internationalisation, digitalisation and sustainability.

The report was disseminated internally by the Communication and CSR department via email and a new section published on the aqualia.com/informe-de-sostenibilidad-2021 website.

Different pieces were produced both internally and externally: in physical format, the full booklet and the executive summary to distribute among municipalities, with a QR code; in online format, in addition to the launch email, features such as a video, website banners, GIFs for Twitter, etc. A space was opened on the company website, with *banners* for each chapter, and direct and highlighted access to the interview with company CEO Felix Parra. This year also saw two spaces for the Sustainability Report added to the website in Portuguese and French.

The report was disseminated and publicised through some of Aqualia's digital channels. A month earlier, a pre-launch campaign went live on Twitter. In July, the report was submitted to the Management Committee, the full book was delivered and *banners* promoting the publication 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. English-language pieces (web space, video, flipbook, banners, etc.) were also published.

The interview with Félix Parra, Aqualia CEO, opens the report. He notes that we are undergoing a period of uncertainty, coming out of a recent pandemic, with a war in Ukraine. Parra adds that "*we must factor in the sustainability challenges that we face as people and as professionals*." At this challenging time, he mentions: "*Both digitalisation and a sustainable management model enable greater efficiency, speed and capacity to produce the best answers and solutions to the great challenges of the present and future, not only as a company but also as a society. (...) Aqualia is flexible enough to adapt to major challenges, has established a course to follow, and has made an unshakeable commitment to the digital transition and to sustainability.*"

Aqualia's sustainability reports have been published since 2006 and reflect the value of the company's environmental, social and corporate governance concerns.

Materialidad estratégica. Encuestas de satisfacción. Proceso de Escucha

The **Strategic Materiality Study**, conducted every two years, was updated in 2022 by developing a more active listening approach, involving all its stakeholders, and a more global scope. This study is a listening programme, which keep Aqualia's stakeholders up-to-date and enhances their relevance, so that each action and communication channel with each group can be properly managed. The Strategic Materiality Study identifies and analyses factors such as the current national and international situation, sector trends and other relevant points. This information serves to update the topics of interest for the relevant target groups 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). This was used to establish Aqualia's global materiality matrix, with the issues of interest segmented according to their scope (social, people, governance, and environmental) and importance for the stakeholders and the company. These issues included: climate change and responsible energy consumption, circular water economy and efficient management of natural resources; safety, occupational health and employee welfare; infrastructure and management adapted to the challenges of society, technology that optimises water quality, innovative solutions that respect the environment, etc. This mapping is used to establish a ranking, where the importance of each point and the actions aimed at each stakeholder group are prioritised.

An end-customer and institutional customer satisfaction survey was undertaken this year in Spain. The results obtained from the 3,691 surveys conducted with end customers and 19 interviews with institutional customers have generally revealed a high level of satisfaction among the users and municipalities where Aqualia operates. In 2022, the level of satisfaction remained the same as in the previous survey, with the percentage of satisfied people standing at 80.5%, a slight drop of under 1% compared to 2020.

Firstly, the significant decrease in dissatisfaction with customer service from 37% in 2020 to 19% in 2022 is noteworthy. Dissatisfaction caused by billing problems also drops from 12% in 2020 to 7% in 2022.

For institutional customers, satisfaction with the service offered by the company receives a rating of 4.05 on a scale of 1 to 5, which represents a decrease from 2020 (4.12). The study shows that over 9 out of 10 institutional clients are satisfied with the service (94.8% rate it as "excellent", "very good" or "good"). The current edition of the study shows that 79% interviewees rate the quality of Aqualia's service as "excellent" or "very good". In 2020, the assessment was extremely positive, perhaps influenced by the critical circumstances due to the pandemic, despite which the service continued without serious interruptions. In 2022, this level of satisfaction has been maintained, demonstrating the high level of performance from Aqualia employees. Aqualia's commitment to society and the environment is one factor that received a slightly higher score than in 2020, reflecting a positive perception of the efforts that Aqualia is making in these areas.



Regulatory compliance

One of the Compliance Department's goals for 2022 was to provide a **Compliance Model** for the companies that Aqualia participates in alongside other large companies. To achieve this, coordinated work took place between the Compliance Departments of all group companies to establish framework agreements containing the internal regulations model to be applied in these organisations. Compliance models have also been developed in several of the joint ventures where Aqualia participates with Local Administrations.

The entry of Georgian Global Utilities JSC and its subsidiaries into Aqualia's group of companies led its Board of Directors to approve the Compliance Model and to begin to deploy, in these companies, the Compliance management system already in place in Aqualia to integrate the Georgian group of companies into this system. This deployment saw a Compliance Officer for Aqualia's activity in the Republic of Georgia, reporting functionally to Aqualia's Chief Compliance Officer, being appointed.

Aqualia has also increased its activity in Colombia, while the **SAGRILAFT** (prevention of money laundering) and **PTEE** (transparency and ethics) programmes have been approved for the Aqualia Colombian Intech branch, and for the companies Aqualia Villa del Rosario and Aqualia Latinoamérica, all based on Aqualia's Compliance Model. The supplier approval system has also been implemented along with our increased activity in Colombia.

The control and process owners designated for each process have carried out the two self-assessments planned to verify the proper execution of the main controls with an impact on the Compliance Model. Alongside these self-assessments, the Regulatory Compliance Department has carried out control monitoring based on a sampling process, which has made it possible to implement certain improvements and propose action plans to strengthen these controls.

From the third line of defence, the Internal Auditing Management has reviewed the Compliance Model where its proper development has been verified along with the progress of the Compliance Management System within Aqualia.

One of the Compliance Department's **goals** for 2022 was to provide a **Compliance Model** for the companies that Aqualia participates in alongside other large companies

Compliance policies and procedures

In 2022, it is worth highlighting the approval from Aqualia's Board of Directors of the FCC Group Competition Policy, which it belongs to. This has become part of the Compliance Model, thus following the recommendation from the Spanish National Markets and Competition Commission in the guide published for this purpose.

The application of the M&A process management procedure, which has become particularly relevant in this period for Aqualia's activity, has also been put into practice. For M&A processes, Aqualia's Regulatory Compliance department has also actively participated in the *due diligence* processes for the compliance systems of the companies under analysis.



Training and awareness

The consolidation of Campus FCC as a platform for *online* training has helped Aqualia to reach jurisdictions such as Saudi Arabia and the United Arab Emirates, where training has been provided on ethics and anti-corruption for their employees with computer access.

In 2022, a **new training course on the Code of Ethics and Conduct** was launched in Spain with an extremely high completion rate (98%) by the employees who attended. This new training saw a character, Ethmor, created to lead participants through the company's principles and values, to be protected through various walls of defence as an innovative way to strengthen employees' commitment to the Code of Ethics and Conduct. At the end of the course, employees also had to adhere to the Code of Ethics and Conduct.

The integration of the **Competition Policy** into the Compliance Model meant classroom training for key employees directly involved in bidding processes. Other employees were duly informed of the approval of this policy, and its content. Intranet access was provided for consultation purposes.

Following the approval of the SAGRILAFT and PTEE Manual in Colombia, training was provided to Aqualia Intech board members and *management* overseeing Aqualia's activity in Colombia, on the principles contained in the manual.

Training in ethics and corruption prevention also continued in the different jurisdictions for all new employees who joined the company in 2022. This training has also been provided to business partners that, after being analysed through the due diligence process, were found to not have a sufficiently developed Compliance system, mainly because they are small or medium-sized enterprises.

As part of the employees' awareness of Compliance issues, Compliance Tips have been periodically sent via email with advice on the main Compliance policies, explaining, among other factors, what the role of Compliance is; how the procedure, investigation and response to an alert received works; the objective of the new Competition Policy; and emphasis was placed on acting with integrity in a campaign called *#CultivemoslaIntegridad*, which was accompanied by a pack with seeds for employees to sow and watch grow.

The intention was also to reach offline personnel by disseminating the Compliance Tips through the BeAqualia app.

Risk, controls and monitoring assessment

Throughout 2022, self-assessment of the implementation of controls by control and process owners has continued and has been 100% completed, 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.

In the last self-assessment conducted in November and December, the companies Aqualia Latin America and Aqualia Villa del Rosario in Colombia were included in the anti-corruption controls self-assessment process.

Of particular relevance for risk assessment is the second line of defence monitoring performed by the Compliance department, 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.

Due diligence with third parties in Compliance issues

In terms of third party due diligence for Compliance, 2022 has seen greater analysis of Aqualia's industrial customers to establish their alignment with our organisation's principles and values, respecting, as for all due diligence, the principle of proportionality and basing the analysis on a risk approach, always in collaboration with the FCC Intelligence department.

It is worth highlighting the development, in 2022, of the Compliance approval process for business partners for Aqualia's Colombia activity.

At year-end 2022, at corporate level, 82 internal requests have been received to analyse third parties that were part of 50 different projects. Of the final assessment reports issued by Compliance Management, 22% of third parties were classified as high risk; 47%, medium risk and 31%, low risk. Depending on the risk levels, mitigation measures are applied, and then the proper implementation of these measures is monitored.

Ethics Channel (Whistleblowing line)

Up to 31 December 2022, a total of 74 alerts have been received in the Ethics Channel on issues related to customer management (49%), labour conflicts between employees (14%), harassment (4%), internal fraud (2%), and other issues such as use and image of the brand. Additionally, 16% 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, 66% of the alerts concern activity in Spain, 19% activity in the Czech Republic, 7% activity in Colombia, 6% activity in Portugal, and 2% for both activity in France and activity in Georgia, which shows that the Ethics Channel is gaining increasing relevance in the international jurisdictions where Aqualia operates.

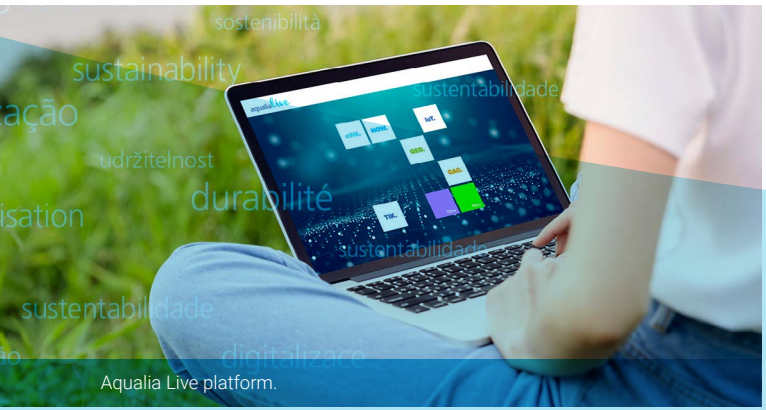
Alerts classified as high or medium risk are analysed in detail and, where appropriate, an investigation opened to clarify the facts and, if necessary, their resolution through an action plan for enhanced internal control.



Digitalisation and cybersecurity

In recent years, Aqualia has made a clear commitment to digitalisation as it is a key tool to confront the various challenges related to sustainability, reducing the environmental impact and continuously improving customer service.

For this reason, Aqualia began process to digitally transform the end-to-end water cycle a few years ago, and it is now a reality. Our work as a global water operator affords us a privileged position to offer a comprehensive and flexible solution to current and future service problems. As expected, this comes with the highest cybersecurity standards.



Aqualia Live platform.

AqualiaLive

New technologies make it possible to improve connectivity and therefore accessibility to significant data (IoT), turning information into knowledge much faster (Big Data and Cloud Computing). It also helps decision-making, management and process monitoring (AI/ML).

AqualiaLive incorporates these technologies to offer a modular and integrated platform that allows managers of the end-to-end water cycle to have the most advanced tools to manage the process in the most efficient and sustainable manner, as well as providing the best service to citizens.

The platform is made up of independent and fully integrated modules, to cover all management needs. The design of the platform is based on Aqualia's experience in the water sector and the use of the most advanced technology to benefit the management of the end-to-end water cycle.

AqualiaLive includes all the tools needed to manage the end-to-end water cycle.

TOOLS

- IoT – Management of connected devices (*smart meters*, sensors, remotes, etc.).
- Geographic information system.
- Management of the complete life of the Assets (water treatment plants, treatment plants, desalination plants, supply and sanitation networks, etc.).
- Customer management, incorporating all communications channels with customers (office service, *call centre,* virtual office, app, etc.), in addition to all *back office* processes (readings, billing, collections, etc.).
- Laboratory management and integration with certifying entities.
- Of course the smart management of processes in aWA – Aqualia Water Analytics is the analytical platform to manage the water cycle smartly. Information from IoT devices through the use of Big Data, Cloud Computing, Machine Learning and AI technologies.

Continuous digitalisation

Aqualia currently has two technology centre where innovative initiatives are designed and tested and have their viability verified, before finally being developed and industrialized for subsequent roll out into the rest of Aqualia.

These two centres are both specialised:

- Toledo Technological Centre: specialised in managing supply and sanitation networks
- Denia Technology Centre: specialised in smartmeters

Toledo Technology Centre

Toledo was the city chosen to host the **first Technological Centre** that Aqualia set up. This is the most advanced facility of this type in the sector, a fully functional centre that allows centralised and *online* access to all Aqualia's information.

The Toledo Technology Centre came up with *Aqualia Water Analytics* which is the analytical platform for the smart management of the water cycle and is part of the Aqualia Live platform. This platform captures information from the IoT devices in the water cycle, and converts it into knowledge and business intelligence through BigData, Cloud Computing, Machine Learning and AI technologies.



Toledo Technology Centre (Spain).

The platform encompasses the complete data cycle from collection from IoT devices, real-time processing, enrichment and transformation, and the generation of business intelligence, allowing process automation and integration with the other solutions that make up AqualiaLive.

The platform was designed taking a plural ecosystem of connected devices into account, a range of communications technologies and a multitude of field technological solutions. As a result, aWA affords Aqualia greater adaptability and flexibility in prescribing IoT solutions based on the specific needs of each location.

aWA is the analytical tool that offers Aqualia a cross-cutting analysis of the end-to-end water cycle, allowing OT and IT information to be analysed, in addition to external information sources. All of this is done within a secure framework following strict cybersecurity policies.

Applying AI/ML techniques, the AWA platform offers Aqualia's users smart management tools in an analytical environment designed to provide the best user experience.

The analytical platform is designed along three key axes:

- Geospatial analytics which allow user analyses through geopositioning on maps that include navigation features and interactive data viewing.
- Comparative analytics which allow users to generate tailored queries and analyse them on interactive graphs.
- Advanced analytics, through AI/ML, advanced analytics tools are provided.

Denia Technology Centre

The municipality of Denia is a national benchmark for its high rate of remotely read meters (96% of the meter pool). This clearly exceeds the average of 16.7% of meters read remotely in our country's main cities at present. In addition, Denia combines the most innovative communication technologies, LoRaWAN and NB-IoT (5G), which is all managed by Aqualia Water Analytics within AqualiaLive.

As well as being an innovative and efficient remote meter reading system, remote reading improves service management as it allows users to check their water consumption at any time. State-of-the-art technology is available for this, which allows detailed access to online information through Aqualia contact, the Aqualia app for water management by citizens.

Among other things, this allows citizens to have an alarm system for internal leaks to know instantly if they are losing water as very high consumption will be seen. This allows a solution to the leak to be anticipated and the possibility of receiving high consumption bills reduced.

In addition to remote metering, the Denia technology centre incorporates real-time monitoring of the urban water cycle, from its capture to sanitation. This data is available thanks to sensors installed across more than 500 kilometres of supply networks and other facilities.

Digital Assessment

In 2021, McKinsey carried out a "digital opportunity assessment" on Aqualia. In this analysis, McKinsey assessed Aqualia's digital maturity, rating it above the average for utilities (electricity, gas and water companies).

Cybersecurity

In 2021, the main cybersecurity initiatives were:

- Identify and develop the necessary cybersecurity skills and knowledge in the different areas and foster a culture of cybersecurity across all levels of the organisation.
- Implement and prioritise cybersecurity measures based on an analysis of risks and threats and focusing on the systems that support critical infrastructure and essential services.
- Establish mechanisms to supervise the cybersecurity status in the different areas of the company and guarantee compliance with applicable internal and external regulations.



Infrastructure

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In 2022, the Infrastructure Area of the FCC Group recorded a consolidated total order book of **6,586 million euros**. The gross operating profit (Ebitda) reached **122.8 million euros** and turnover **increased 18.5%** compared to the previous year to **1.9669 billion euros**.

With cumulative experience of **over 120 years**, the Infrastructure Area of the FCC Group is present in 23 countries (Spain, Canada, United States, Mexico, Brazil, Colombia, Chile, Peru, Panama, Costa Rica, the Dominican Republic, Nicaragua, Romania, the United Kingdom, Germany, France, Italy, Belgium, Norway, the Netherlands, Ireland, Portugal, Saudi Arabia, Australia, and Qatar) and its activities cover all areas of engineering and construction.

It is a leader in implementing transport infrastructure, as well as residential and non-residential construction. It is currently the fourth largest construction company in Spain, in terms of contract volume, and in the top 34 in the world according to the ranking by the international magazine, ENR (Engineering News-Record). It has proven track-record in implementing projects under the concession regime, and has a group of companies dedicated to the industrial sector, grouped together under the FCC Industrial brand, as well as other activities related to the construction sector.

In 2022, the Infrastructure Area of the FCC Group recorded a consolidated total order book of **6.586 billion euros**. The gross operating profit (Ebitda) reached **122.8 million euros** and turnover **increased by 18.5%** compared to the previous year to **1.9669 billion euros**. In 2022, the portfolio of international projects **increased** by **82.5%** and income is above **870 million euros**.

Throughout 2022, the Infrastructure Area was awarded contracts worth approximately **3.907 billion euros**.

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** are **metro**
- **50 dams** and **150 km of wharfs**
- More than **5,500,000 m^2** of **airport runways**
- More than **2,500,000 m^2** of **airport terminals**
- More than **3,000 km of oil and gas pipelines**



Rail corridor in Romania. Pan-European Corridor.

Industry analysis

National market

Spain

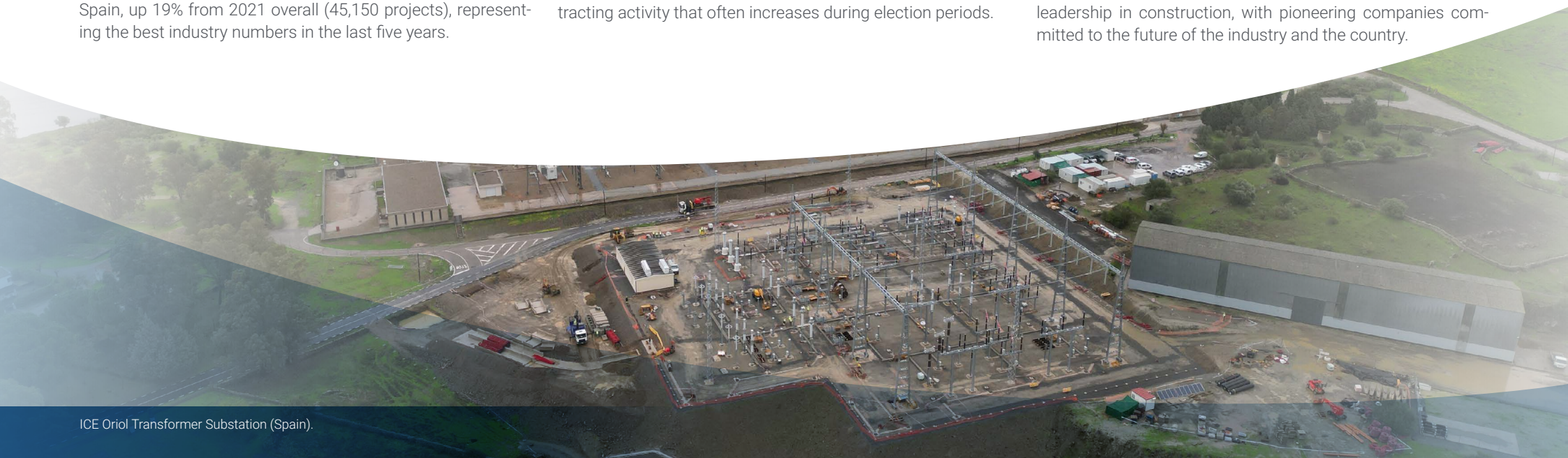
Neither the crisis caused by the war in Ukraine nor the rise in the price of materials due to inflation has slowed the pace of growth in the Spanish construction sector, which began after the pandemic. In 2022, 53,811 projects were undertaken in Spain, up 19% from 2021 overall (45,150 projects), representing the best industry numbers in the last five years.

In 2022, 80.05 billion euros were allocated to construction work, a budget that represents nearly 55% more than the investment made in 2021 (51.396 billion euros) and demonstrates the key role construction plays in the national economy.

Public investment accounts for a significant portion of construction projects. Despite the uncertainty, the government has raised the planned investment in construction from 3.8% in 2022 to 8.4% in 2023 with 14.521 billion allocated to public works following a boost received from the European Union's Recovery and Resilience Facility and the tendering and contracting activity that often increases during election periods.

The role of Next Generation funds is key to containing the effects of the energy crisis, supply shortages, and widespread inflation. It can therefore be estimated that civil works in Spain will grow 6.8% by 2024 and the activity linked to this sector will see an increase of over 6%, according to the Bank of Spain. Residential construction will account for 1.5% and non-residential construction for 2%.

The role of the construction sector and its companies, both in economic growth and in the transformation of Spanish society, is fundamental. Spain has the potential for innovation and leadership in construction, with pioneering companies committed to the future of the industry and the country.



ICE Oriol Transformer Substation (Spain).

International market

Europe

The European construction sector ended 2022 with 3% growth. Several factors come into the mix for 2023, including the severe economic slowdown (0.5%). This leads to stagnation forecast for the construction sector (0.2%). Germany, the United Kingdom and the Netherlands are expected to achieve growth rates of 17%, 15% and 12%, respectively, higher than in previous years.

Broken down by subsector, residential construction closed 2022 with an increase of 2.6%. For the next few years, the project portfolio is slowly being replenished. As interest rates rise, sales are slowing down and in some countries, a certain amount of excess stock is beginning to accumulate, which is forcing prices down. Consequently, production in the sector is expected to contract in 2023 (-2.0%) and remain at similar levels for at least 2024 (0.3%).

Growth for the non-residential building subsector in 2022 was 2.6%. Forecasts for 2023 see an average growth rate of 1.4%. By market niche, commercial construction is undergoing a slow recovery. Industrial construction is on track to surpass 2019 figures, as are logistics and healthcare buildings.

Lastly, civil infrastructure will be the subsector enjoying the largest expansion during this period. It closed 2022 up slightly (0.6%), evidence of a market extremely sensitive to the current environment of uncontrolled costs and strained public budgets after absorbing the anti-crisis measures. However, there is a general perception that both factors will improve from 2023 onwards, and that most countries will increase investment in their infrastructure, either via their own means or through extraordinary facilities, such as Next Generation funds. Therefore, civil infrastructure will grow in both 2023 (2.9%) and 2024 (1.8%).



Haren prison (Belgium).

Latin America

Latin America in 2022 presented investment growth in infrastructures of 5%. The IDB (Inter-American Development Bank) recommends investment of 100 billion dollars per year for the next few years to improve and strengthen infrastructure and promote commercial development in the region.

The outlook for infrastructure investment in Latin America shows full growth:

- Transport infrastructure (30.583 billion euros).
- Energy infrastructure (6.007 billion euros).
- Urban planning and services projects (3.822 billion euros), with important projects in the tender, design or construction phase, such as the Agua Negra binational tunnel, which will connect Argentina and Chile through Los Andes (1.5 billion dollars), the electric train network of the Greater Metropolitan Area of Costa Rica (1.6 billion dollars) or the Buenos Aires Regional Express Network in Argentina (2.3 billion dollars).

North America

The outlook is positive. The US Infrastructure Development Plan . -which has an amount of 1.2 trillion dollars, of which 550 billion dollars is for civil engineering projects, including funds for roads, bridges, airports and rail systems, represents a major attraction for companies.

The Infrastructure Development Plan is split into the following items:

- 110 billion dollars to reconstruct road infrastructure.
- 46 billion dollars to rail, including 21.8 billion to the Washington-New York-Boston corridor.
- 25 billion dollars to airport infrastructure.
- 17 billion dollars to ports.
- 55 billion dollars to improve the supply of drinking water.
- 65 billion dollars to expand broadband telecommunications.
- 65 billion dollars to renew the electricity network, with priority given to generation through renewables.

Middle East

Middle Eastern nations have completely overcome COVID-19 problems. They are currently designing various infrastructure plans, including transportation projects (subways, airports, high-speed railways) and new water projects. 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 $500 billion dollars, this project is part of the Saudi Vision 2030 political programme. NEOM will be located in the border area between Saudi Arabia, Egypt and Jordan, on the shores of the Red Sea. Almost 10% of world trade flows through this area, located less than eight hours (by flight) from 70% of the world's population, so it could become a major passenger transport hub.

Australia

The Australia Infrastructure Plan is beginning implementation. The plan responds to the 180 challenges and opportunities. This plan'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 Australian residents and is resilient to emerging stresses.

More than 110 billion dollars of investment in infrastructure to provide the backbone of Australia.



Rehabilitation of bridges in Pennsylvania (USA).

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 digitalization and new technologies after the pandemic, is not being felt.

The price increases, along with uncertainty regarding the evolution of the war in Ukraine, mean that internationally, there is still a moderating effect on growth that is affecting large international projects.

However, there are certain market niches in specific countries that FCC Industrial operates in that represent an opportunity for growth as part of the strategy to diversify activities and markets.

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



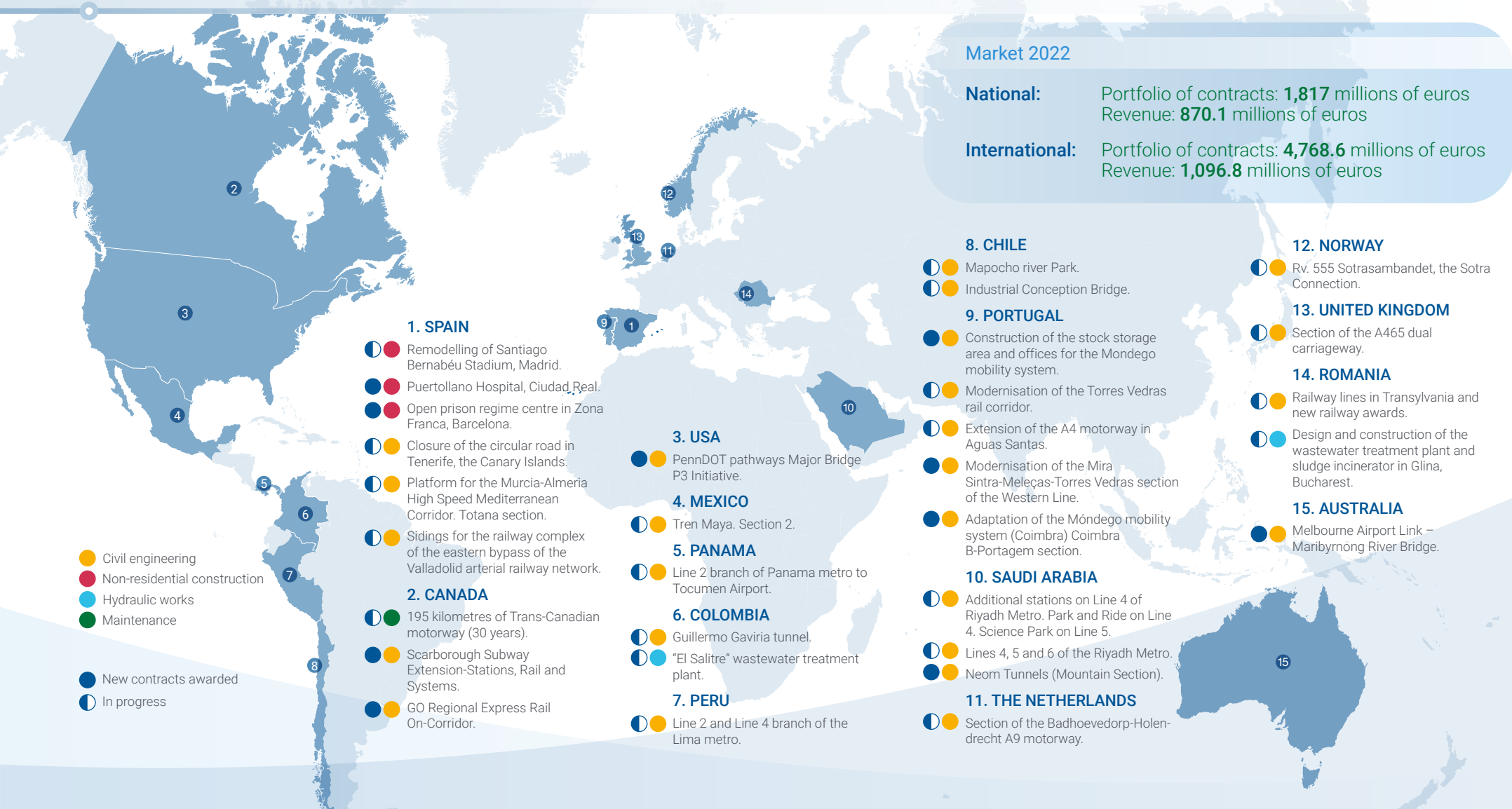
Digital District in Alicante, Valencian Community (Spain).

Activity in the Infrastructure Area

Market 2022

National: Portfolio of contracts: **1,817** millions of euros
Revenue: **870.1** millions of euros

International: Portfolio of contracts: **4,768.6** millions of euros
Revenue: **1,096.8** millions of euros



1. SPAIN

- Remodelling of Santiago Bernabéu Stadium, Madrid.
- Puertollano Hospital, Ciudad Real.
- Open prison regime centre in Zona Franca, Barcelona.
- Closure of the circular road in Tenerife, the Canary Islands.
- Platform for the Murcia-Almeria High Speed Mediterranean Corridor. Totana section.
- Sidings for the railway complex of the eastern bypass of the Valladolid arterial railway network.

2. CANADA

- 195 kilometres of Trans-Canadian motorway (30 years).
- Scarborough Subway Extension-Stations, Rail and Systems.
- GO Regional Express Rail On-Corridor.

3. USA

- PennDOT pathways Major Bridge P3 Initiative.

4. MEXICO

- Tren Maya. Section 2.

5. PANAMA

- Line 2 branch of Panama metro to Tocumen Airport.

6. COLOMBIA

- Guillermo Gaviria tunnel.
- "El Salitre" wastewater treatment plant.

7. PERU

- Line 2 and Line 4 branch of the Lima metro.

8. CHILE

- Mapocho river Park.
- Industrial Conception Bridge.

9. PORTUGAL

- Construction of the stock storage area and offices for the Mondego mobility system.
- Modernisation of the Torres Vedras rail corridor.
- Extension of the A4 motorway in Aguas Santas.
- Modernisation of the Mira Sintra-Meleças-Torres Vedras section of the Western Line.
- Adaptation of the Móndego mobility system (Coimbra) Coimbra B-Portagem section.

10. SAUDI ARABIA

- Additional stations on Line 4 of 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).

11. THE NETHERLANDS

- Section of the Badhoevedorp-Holendrecht A9 motorway.

12. NORWAY

- Rv. 555 Sotrasambandet, the Sotra Connection.

13. UNITED KINGDOM

- Section of the A465 dual carriageway.

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.

Projects in development

Throughout 2022, the Infrastructure Area was awarded **contracts worth** approximately **3.907 billion euros**

Construction

Residential construction

Spain

- ● Construction of 77 homes, 85 parking spaces and storage spaces at Avda. de Navarra 18, in Badalona (Barcelona).
- ● Construction of 142 homes, premises and car parks on plot P1-P2, sector 10 Marina Prat Vermell, Pº de Zona Franca, Barcelona (Barcelona).
- ○ Construction of 344 build-to-rent homes, storage spaces, premises and car parks on Block C of sector 10 of the Marina in Prat Vermell, Pº de Zona Franca, Barcelona (Barcelona).
- ● 144 homes in Arroyofresno (Madrid).
- ● 85 homes in Tres Cantos (Madrid).
- ◐ 80 homes in Alcalá de Henares (Madrid).
- ◐ 42 homes in Arroyofresno, phase II (Madrid).
- ◐ 61 homes in PAU Ciudad Deportiva FC Barcelona in Sant Joan Despí (Barcelona).
- ◐ 74 homes in Tres Cantos (Madrid).

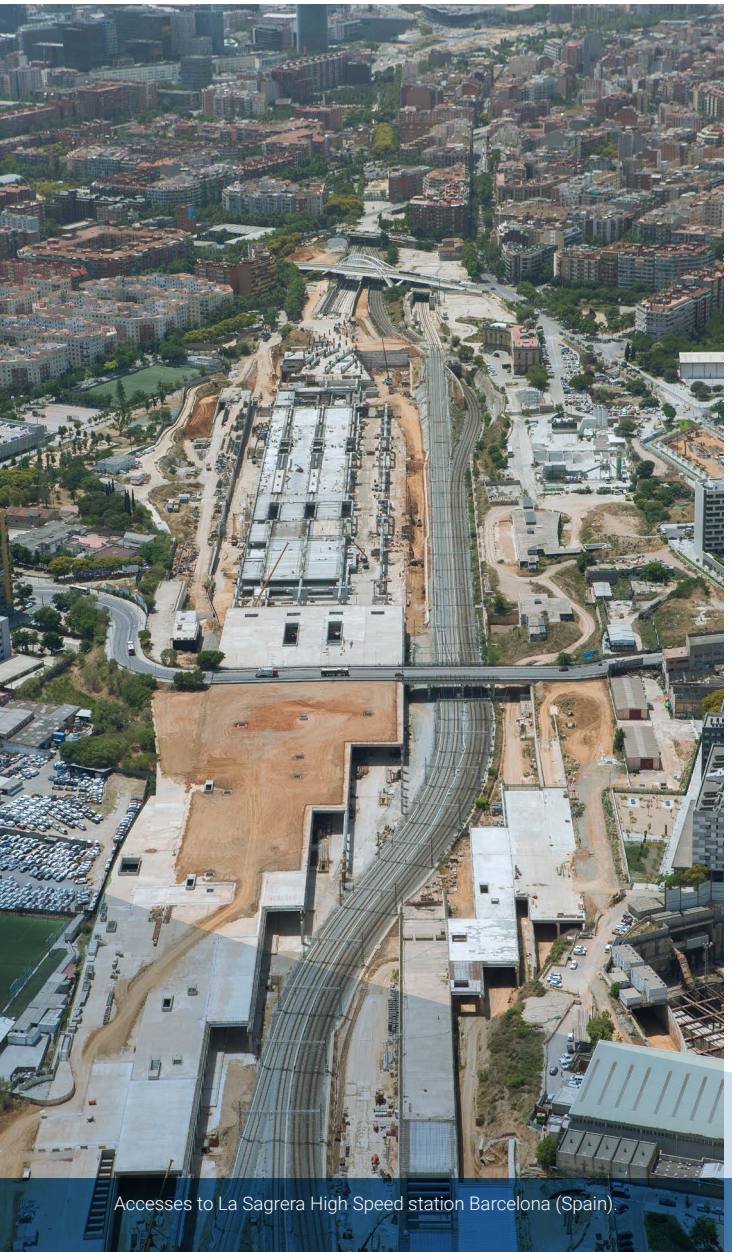
International

- ● Building at Luis Bivar 91, Lisbon (Portugal).
- ● Building at Sousa Martins 21 (Pocoas Belair), Lisbon (Portugal).
- ◐ The Reserve plots 01 and 02.1 (Portugal).



Phase II 80 homes in Alcalá de Henares (Madrid, Spain).

○ Awarded ◐ In progress ● Complete



Accesses to La Sagrera High Speed station Barcelona (Spain).

Edificación no residencial

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 Pinto, 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 in the City Council of Madrid (Madrid).
- ● Lot 1 of the framework agreement for subsidiary implementation operations, emergency actions and adoption of security measures in municipal buildings (Madrid).
- ● Lot 2 of the framework agreement for performing rectification works on issues in the set of heritage buildings and those subject to any type of use by the Madrid city council, Madrid (Madrid).
- ● Construction of the Loeches Environmental Recycling Complex (Madrid).
- ◐ 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).
- ◐ Lot 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 (Madrid).
- ○ Puertollano Hospital (Ciudad Real).
- ● Expansion of the "Las Marinas" integrated waste processing plant in El Campello (Alicante).
- ● Construction of the GRIFOLS office building on Avenida Generalitat and connecting underpass to the existing corporate building in Sant Cugat del Vallès (Barcelona).
- ◐ Refurbishment of Club de Mar de Mallorca in Palma de Mallorca (Mallorca).
- ● Construction of the Business Creation Centre of the University of Alicante (Alicante).
- ◐ Renovation of the Philosophy and Humanities building of the University of Zaragoza (Zaragoza).
- ◐ Execution of the works for the tertiary building and car park for the Digital District on Dock 5 of the Port of Alicante (Alicante).
- ◐ Remodelling Facilities of the ASTA Building in the Port of Barcelona (Barcelona).
- ◐ Office Building on plot P1-P2, sector 10 Marina Paseo de Zona Franca in Barcelona (Barcelona).
- ○ Execution of the works for the new construction of an open prison regime centre in Zona Franca (Barcelona).

- ○ Execution of the Civil Guard Headquarters in Zaragoza (Zaragoza).
- ○ Remodelling of the Fish Market Area and Building in the Port of Barcelona (Barcelona).
- ○ Expansion works for the Marina Baixa Regional Hospital, Vila Joiosa (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 Valencian Community (Valencia).
- ◐ Expansion and renovation of Soria hospital (Soria).
- ◐ Salamanca Hospital (Salamanca).
- ◐ Phase 0 of the Master Plan for the A Coruña University Hospital Complex (La Coruña).
- ◐ Drafting of the project, execution of the work and commissioning of the Environmental Centre of the Pamplona Region (Navarre). (In the design phase).
- ○ Expansion and refurbishment works (Phase I) of the University Hospital of Cabueñes, Health Area, Gijón (Asturias).

International

- ● Haren prison (Belgium).
- ◐ Authentic Bicas hotel complex, Grândola (Portugal).
- ○ Construction of the stock storage area and offices for the Mondego mobility system, Coimbra (Portugal).

Railways

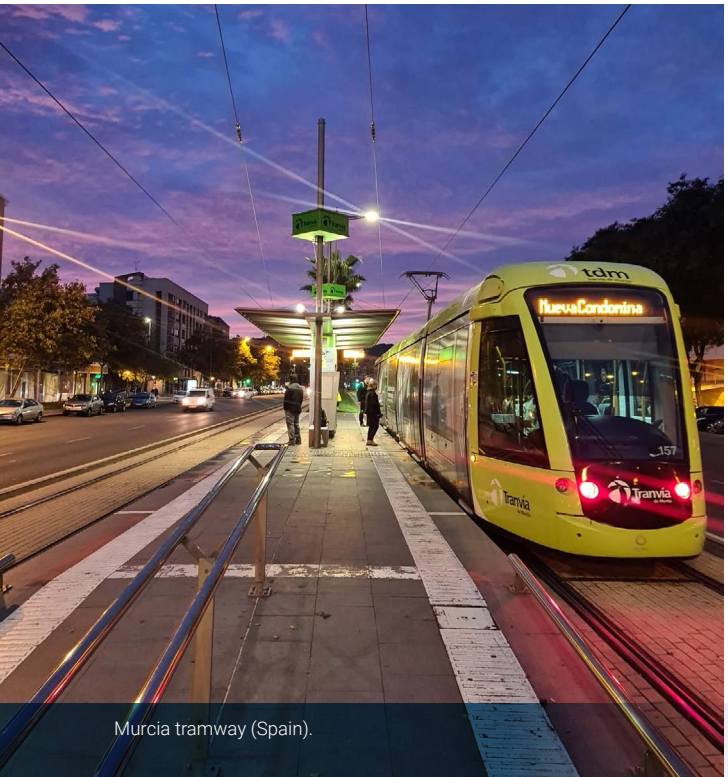
Spain

- ○ 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 Zona Universitaria-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).
- ○ Renewal of tracks 3 and 5 and replacement of diversions on the Barcelona commuter line. Blanes station (Barcelona).
- ○ Implementation of standard width in the Mediterranean Corridor. Section: València Nord-Valencia Joaquín Sorolla (Valencia).
- ○ Track and catenary for the complete remodelling of the Fuente de San Luis Station for standard gauge implementation (Valencia).
- ○ Integral improvement of the Madrid-Seville high-speed railway line infrastructure. Section C: Guadalmez-Córdoba (Andalusia).
- ○ Track renewal for the Ourense-Monforte de Lemos section (Galicia).



Railway platform for the Murcia-Almeria High Speed Mediterranean Corridor. Nijar-Río Andrax section (Spain).

- ○ New track configuration as a result of the elimination of telephone blocks on La Asunción-Guardo metric gauge line 790 (Palencia/Castilla y León).
- ○ Platform for the Murcia-Almeria High-Speed Mediterranean Corridor. Totana section (Murcia).
- ○ Sidings for the railway complex of the eastern bypass of the Valladolid arterial railway network (Valladolid).
- ○ Maintenance and pre-maintenance of infrastructure, track, and switches and crossings for the Plasencia-Badajoz high-speed railway line (Mérida and Cáceres Base Area).



Murcia tramway (Spain).

- ○ Execution of priority actions and measures to improve evacuation and ventilation conditions in the event of fire at the Sol underground commuter train station (Madrid).
- ○ Track assembly of Sagrera high-speed Station (Barcelona).
- ○ Architectural and installation works for the La Sagrera technical train treatment area. Barcelona. Phase A (Barcelona).
- ◐ Valladolid arterial railway network. Eastern Part (Valladolid).
- ◐ Accesses to La Sagrera station (Barcelona).
- ◐ Trackbed works on the Nijar-rio Andarax section of the Murcia-Almeria high-speed line.
- ◐ Track assembly and access (Leon).
- ◐ 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.
- ◐ Trackbed works on the Totana-Lorca section of the Murcia-Almeria high-speed line.
- ◐ Comprehensive maintenance service contract of the Madrid Metro track superstructure (Lot 3, approximately 35% of the Madrid Metro network) (Madrid).
- ◐ Comprehensive track renovation in the Gijón-Laviana section of the metric gauge network in (Asturias).
- ◐ Gauge extension on overpasses, on the route not affected by the San Julián variant, between Ourense-Monforte-Lugo.
- ◐ 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.
- ◐ Execution of the works corresponding to the diversion 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 telephone blocks.
- ● Replacement of the P.K. 507+300 L/Ciudad Real-Portuguese border bridge, part of the conventional network supporting the Madrid-Extremadura-Portuguese border high-speed line when entering Badajoz.
- ● Removal of the level crossing when entering Monfragüe located on the conventional line that will support the new Madrid-Extremadura-Portuguese border high-speed line.
- ● Adaptation of the Sagunto-Teruel-Zaragoza line for freight trains.
- ○ Architectural and installation works for the La Sagrera technical train treatment area. Phase A (Barcelona).

International

- Section 2 Tren Maya (Mexico)
- Line 2 branch of Panama metro to Tocumen 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).
- Railway lines in Transylvania and new railway awards (Romania).
- Scarborough Subway Extension –Stations, Rail and Systems, Ontario (Canada).
- NEOM Tunnels (Mountain Section) (Saudi Arabia).
- GO Regional Express Rail On-Corridor Design-Build-Operate-Maintain, Ontario (Canada).
- Melbourne Airport Link – Maribyrnong River Bridge. Melbourne (Australia).
- Modernisation of the Mira Sintra-Meleças-Torres Vedras section of the Western Line (Portugal).
- Adaptation of the Móndego mobility system (Coimbra, Portugal) Coimbra B-Portagem section. (Portugal).
- Rehabilitation of the railway line between Pinhão and Tua (Portugal)

Hydraulics

Spain

- Project and adaptation work of the WWTP. El Endrinal de Collado Villalba (Madrid).
- Lot 7 of the Pipeline Renovation Works for the Canal de Isabel II supply network (Madrid).
- Distribution network works for the Segarra-Garrigues System. Sector 10-11-14. Secondary network Floor C Perimeter I, El Cogul (Lleida).
- 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 (Navarre).
- Construction of the storm water tank for the Galindo Wastewater Treatment Plant (Vizcaya).
- Completion of maritime access improvements for the Port of Mutriku (Guipúzcoa).

International

- "El Salitre" wastewater treatment plant (Colombia).
- Design and construction of the wastewater treatment plant and sludge incinerator in Glina (Bucharest).

Maritime

Spain

- Berthing of liquid bulk project on the bottom bank of the South Dock at the Port of Castellón (Castellón).
- Rehabilitation and functional improvements to the Breakwater Overhang at the Olympic Port in Barcelona (Barcelona).
- Rehabilitation of security features for the Botafoc dock foundations in the Port of Ibiza (Ibiza).
- Port Adriano, dyke rehabilitation (Mallorca).
- Expansion of the Playa Blanca Port (Lanzarote).



Section 2 of the Tren Maya (Mexico).

○ Awarded ◐ In progress ● Complete

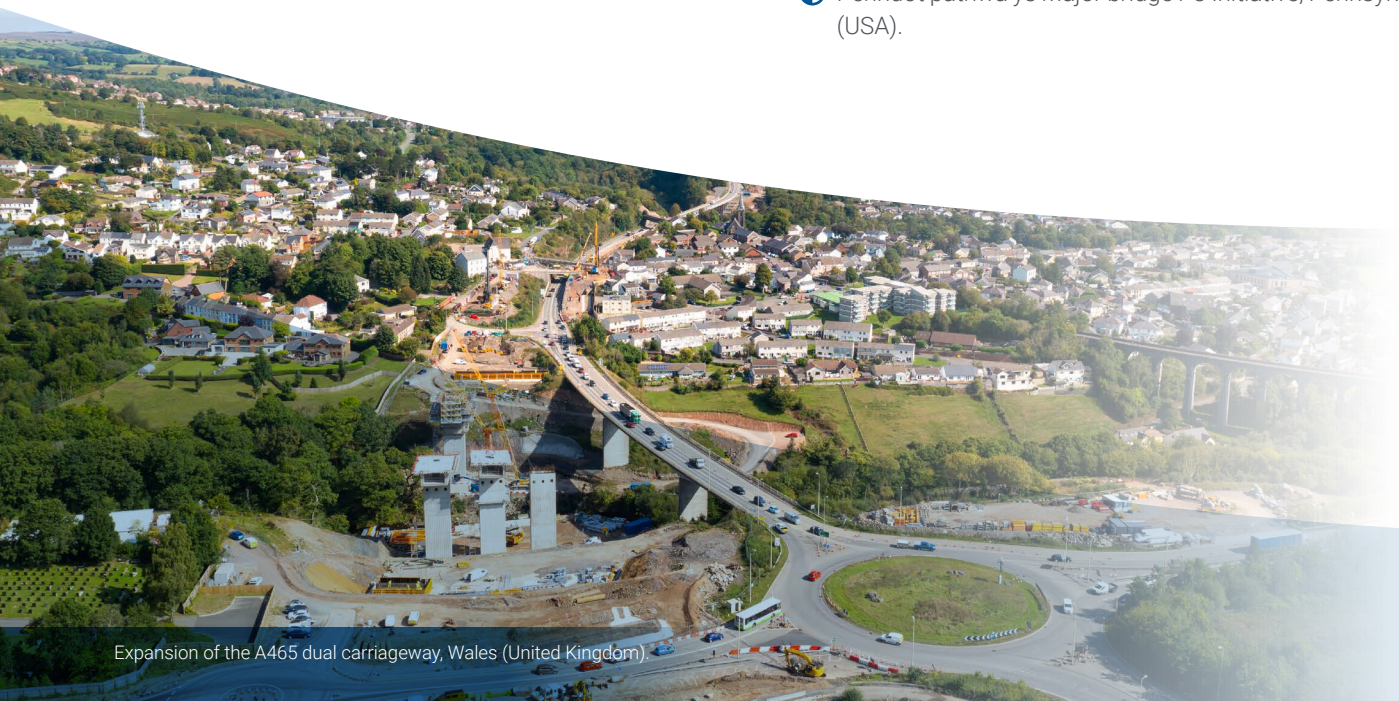
Roads

Spain

- ● Construction on the remodelling of Calle 30 North interchange (Madrid).
- ◐ "Tenerife Island Ring Road" Construction (Tenerife).
- ◐ A-33 motorway. Construction of the section connecting the C-3223 to Yecla with the N-344, Caudete. Murcia and Albacete.
- ○ Repair and expansion project for the bridge structure over the Sella River in Ribadesella (Asturias).

International

- ● Tâmega and Oura bridges (Portugal).
- ◐ Renovation of the Águas Santas tunnel (Portugal).
- ◐ Maintenance of 195 kilometres of Trans-Canadian motorway for 30 years (Canada).
- ◐ Guillermo Gaviria tunnel (Colombia).
- ◐ Industrial Conception Bridge (Chile).
- ◐ Section of the Badhoevedorp-Holendrecht A9 motorway (the Netherlands).
- ◐ Rv. 555 Sotrasambandet, the Sotra Connection (Norway).
- ◐ Section of the A465 dual carriageway, Wales (the United Kingdom).
- ◐ Penndot pathwa ys Major bridge P3 Initiative, Pennsylvania (USA).



Expansion of the A465 dual carriageway, Wales (United Kingdom).

Urbanisation

Spain

- ◐ Urbanisation of stage 1 of U.Z.P. 2.04 Los Berrocales (Madrid).
- ● Remodelling of Plaza de España and its surroundings (Madrid).
- ◐ Urbanisation of A.P.E. 027 Nuevo Mahou-Calderón (Madrid).
- ◐ Sanitation network, transformation centre and reflection centre at the U.Z.P. 2.04 Los Berrocales (Madrid).
- ◐ Block bounded by Glorietas G-2, G-3, G-4, G-5 and Vial H-8 within the U.Z.P. 2.04 Los Berrocales (Madrid).
- ◐ Earthworks and sanitation (stage 3) located between the Gran Vía del Sureste, A3 and M-50 within the U.Z.P. 2.04 Los Berrocales (Madrid).
- ○ Road asphalting plan in Leganés (Madrid).
- ○ 2022_2024 framework agreement for the Metropolitan Forest project, on municipal land within the municipality of Madrid (Madrid).
- ○ Connectivity and urbanization improvements for the area around the Santander Street Bridge, in the Sant Martí District (Barcelona).

International

- ◐ Mapocho river Park (Chile).

Industrial - FCC Industrial

In 2022, FCC Industrial began work on the Drumgarry waste-to-energy plant construction site in the United Kingdom.

The company has also been awarded the engineering and construction contract for the fuel storage plant at Lima airport, to meet the expected growth in air traffic once the construction of the new airport is completed.

In 2022, FCC Industrial was awarded the following **contracts in Spain**:

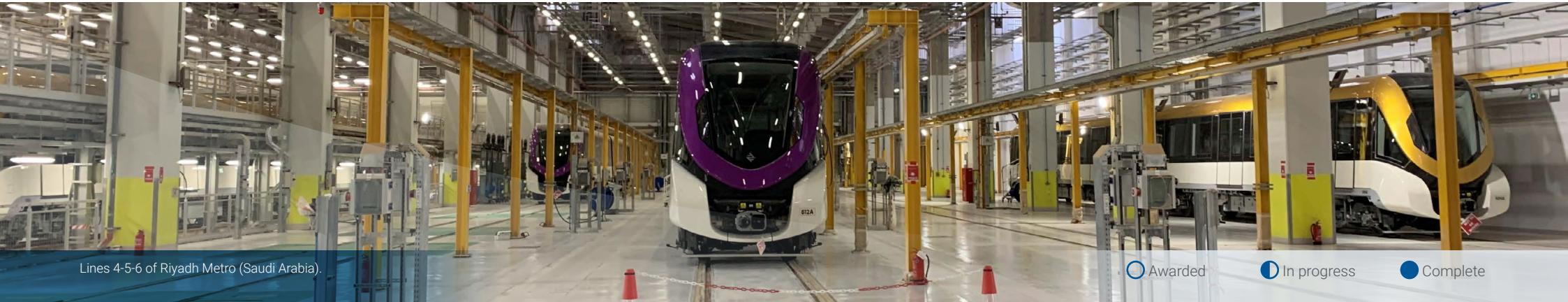
- 220 MW Ciudad Rodrigo photovoltaic farm (Salamanca).
- Electromechanical installations and systems for the "Reforma Plaza de España" project (Madrid).
- Installations of the building of the General Police Station in the Canillas Police Complex (Madrid).
- ASTA installations.
- Electrical installations for the new Alcañiz Hospital (Teruel).
- Installations in Cuatro Caminos Station (Madrid).
- Comprehensive maintenance, CPD Torija (Guadalajara).
- Maintenance of high and medium voltage electrical installations and lines, infrastructure of the Tajo-Segura Post-Transfer.
- Fuentes Alcarria Photovoltaic Plant Substation (Guadalajara).
- Elevated substation in Iglesias (Burgos).
- Microsoft Algete substation (Madrid).

Main domestic projects in progress

- Electromechanical installations in the Santiago Bernabéu Stadium (Madrid).
- Electromechanical Installations in Soria hospital (Soria).
- Electromechanical Installations in Puertollano Hospital (Ciudad Real).
- Refurbishment of the cold production plant at the Virgen del Rocío University Hospital (Seville).
- Renovation of air conditioning installations and energy improvement at the Teatro Real (Madrid).
- Air conditioning installation at the Hospital Clínico Universitario, Valencia (Valencia).
- Electromechanical installations at the Civil Guard Headquarters (Zaragoza).
- 100 MW Puertollano photovoltaic farm (Ciudad Real).
- 590 MWp Francisco Pizarro photovoltaic farm (Cáceres).
- 150 MWp Tagus photovoltaic farm (Cáceres).
- Maintenance of Iberdrola Electrical Networks.
- Francisco Pizarro Photovoltaic Plant Substation (Cáceres).

Main international projects in progress

- Electromechanical Installations Riyadh metro, Riyadh (Saudi Arabia).
- Energy-from-waste plant in Drumgarry (United Kingdom).
- New fuel storage and aviation fuel storage tanks at Lima Airport (Peru).



Lines 4-5-6 of Riyadh Metro (Saudi Arabia).

Awarded | In progress | Complete

Maintenance and conservation

Maintenance of motorways, highways and roads

Carrying out maintenance on more than 1,300 kilometres of motorways and 3,000 kilometres of conventional network roads belonging to several Public Administrations (Ministry of Transport, Mobility and Urban Agenda, SEITT, Gran Canaria City Hall, Autonomous Communities, Provincial Councils, and Concessions).

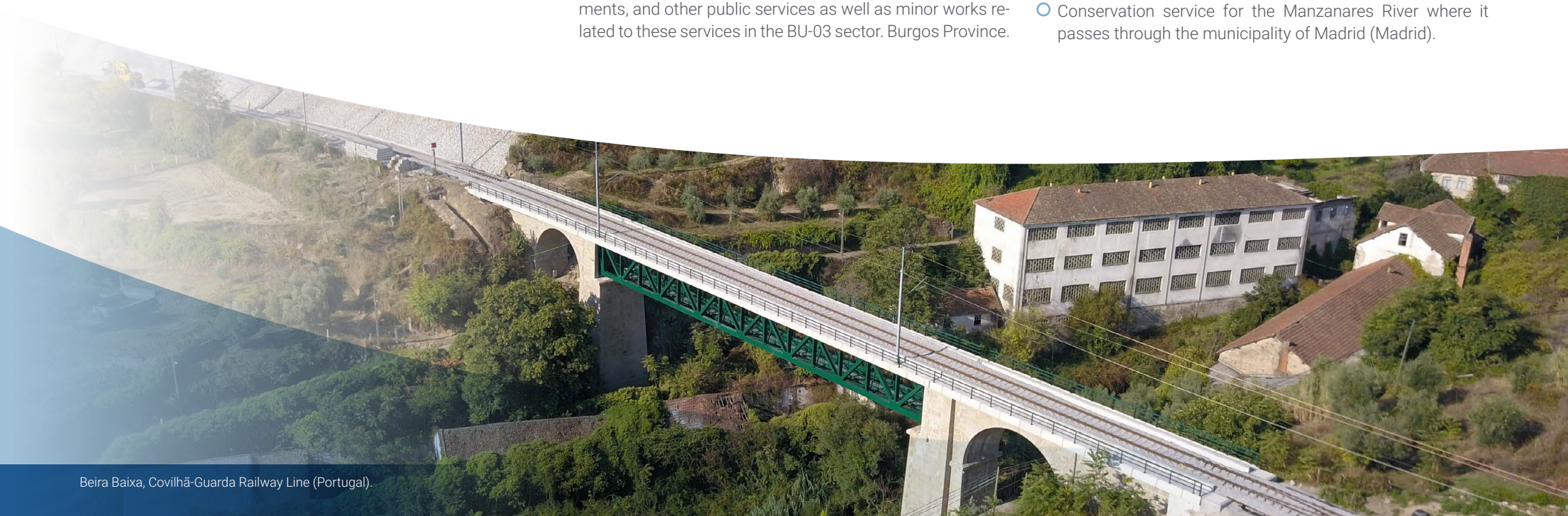
Within this network, the operation and exploitation of more than 20 kilometres of tunnels, including the Somport International Tunnel, between Spain and France, stands out.

Matinsa has started maintenance work on the Barcelona ring roads, the work necessary to ensure normal road and safety conditions, as well as the activities necessary to carry out the programming, monitoring and control of all activities related to their comprehensive maintenance.

In addition, the provision of the service continues in another 17 conservation contracts for different administrations (MITMA, Guipúzcoa Provincial Council, Palencia Provincial Council, SEITT and AUCONSA).

The following **domestic contracts** were obtained in 2022:

- Maintenance and operation of roads, their functional elements, and other public services as well as minor works related to these services in the BU-03 sector. Burgos Province.
- Maintenance award for the Cartagena – Vera tunnels.
- Conservation and maintenance works for the Tajo-Segura canals. Various maintenance works (Murcia, Alicante and Almería).
- Improvements to the state of existing canals in irrigable areas of general interest to the state in the Guadiana Hydrographic Confederation, to promote savings, efficiency and sustainability in the use of water resources.
- Castilla canal maintenance award.
- Pedestrian path between Vistahermosa and the networks (Santa María-Cádiz Port).
- Green corridor and landscaping of unused spaces in Isla Verde Exterior South, Port of Algeciras (Cadiz).
- Conservation service for the Manzanares River where it passes through the municipality of Madrid (Madrid).



Beira Baixa, Covilhã-Guarda Railway Line (Portugal).

Maintenance of roads for city councils

During 2022, the company continued to provide road maintenance services in the city of Huelva, and for roads and signage in the municipality of Telde on the island of Gran Canaria.

Maintenance of transport systems

Maintenance of the Zaragoza and Murcia tramways.

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

Two dam maintenance contracts for the Guadiana Hydrographic Confederation, which began in previous years, have been continued:

- Operation, maintenance and conservation of the Cancho del Fresno, Ruecas, Sierra Brava, Gargáligas, Cubilar, Azud de Ruecas, Alcollarín and Búrdalo dams.
- Operation, maintenance and conservation of dams in zone III of the middle basin of the River Guadiana.

Also with the contract from the Júcar River Authority.

- Services to optimise the functioning, updating, maintenance and joint operation of automatic hydrological data systems and flow volume measurement station control networks for the Júcar River Authority.

Management of emergency and forest fire services

The provision of the fire prevention service for the Provincial Fire Brigade of the Region of Castellón has continued.

Environmental services

- Control of vegetation in the area surrounding the overhead electrical lines in western and southern Madrid for Iberdrola.
- Management of recycling points in National Heritage historical gardens.
- Silvo-pastoral plan for the Riofrío forest in San Ildefonso, (Segovia).
- Conservation of Manzanares River where it passes through the municipality of (Madrid).
- Environmental conservation of La Herrería Forest in the municipality of El Escorial (Málaga) 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.
- Environmental restoration of mountains affected by the forest fire in Cortes de Pallás for the Generalitat Valenciana.
- Maintenance and conservation service for the Castilla canal for the Duero Hydrographic Confederation.



Matinsa conservation of roads.

Prefabricated construction

In 2022, Prefabricados Delta's factories have produced:

- More than **15 kilometres** of concrete pipe with steel jacket.
- **120,000 concrete sleepers** of various types.

The biggest contracts by activity sector were as follows:

Supplies for hydraulic conduits

Projects awarded and in progress in 2022

- Piping for the Tarragona Water Consortium (CAT) in Atmella (Tarragona).
- Execution of the construction project to extend the Llobregat - Anoia line, part of the Regional Catalan Railway Network in Barcelona.
- Irrigation modernisation project in the community of Cuevas del Campo (Granada), (Irrigation Association of Pozo Alcón, Hinojares and Cuevas del Campo). (awarded in 2022 and in progress).

Projects awarded and completed in 2022

- San Gregorio II regulation pool project, in Ontiñena (Huesca).
- Pipeline of Sector XXX-B of the Lasesa Irrigation Association (Huesca).
- Project to bring irrigation to sector XVII of the Payuelos subzone - Central area of the Lower Canal of the irrigable area of Riaño (León).
- Increased regulation capacity for the Odiel siphon tail regulating reservoirs (Huelva).

Projects completed in 2022

- Irrigation modernisation project in the Canal del Páramo Irrigation Community. Sectors IV, VI and Matalobos II Regulating pool (León).
- Actions to improve the intake and transport network of the Llíria Comunidad de Regantes from intake VII of the main channel of the Campo del Turia (Valencia).

Supply for railway contracts

Projects awarded and in progress in 2022

- Supply and transport of sleepers for the renovation of the track on the Arahal – Marchena section.
- Supply and transport of sleepers for the replacement of type A deviations with type P for Marchena, Osuna and Pedrera stations. Utrera - Fuente de Piedra branch line.
- Supply and transport of sleepers for the Mérida bypass and connections. High-Speed line Madrid-Extremadura. Plots 1 and 2.

Projects awarded and completed in 2022

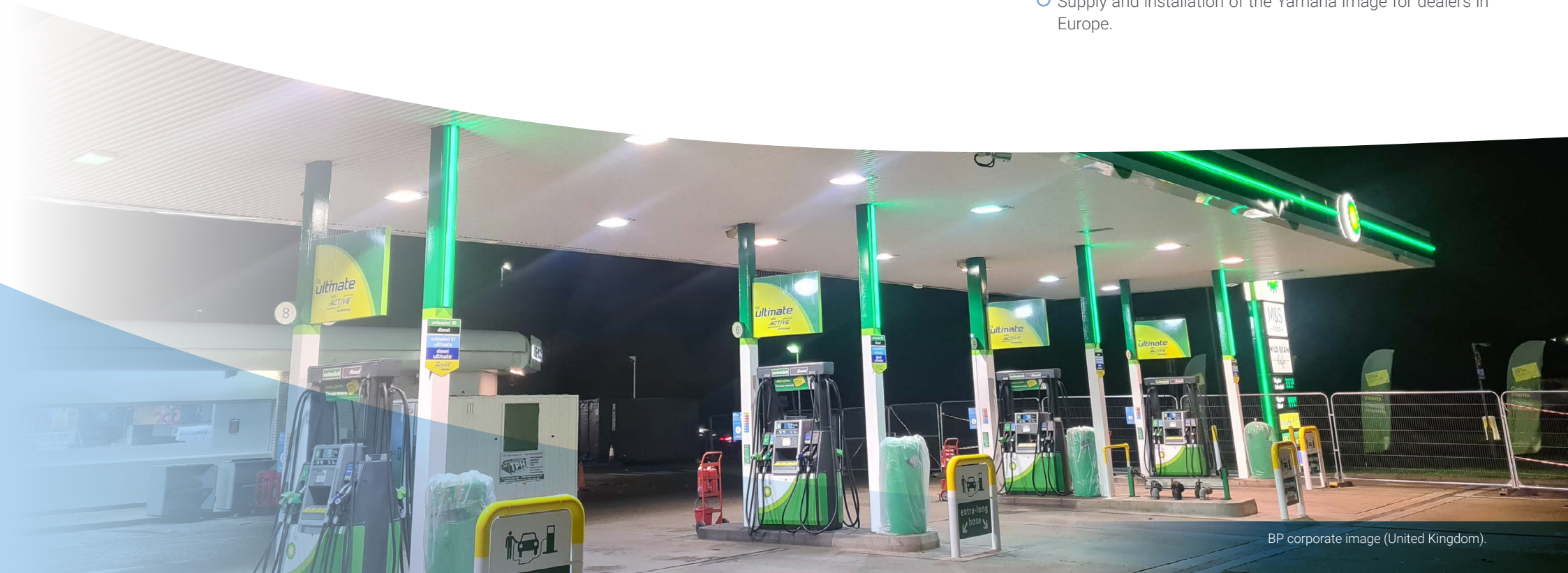
- Supply and transport of sleepers for the complete renewal of infrastructure and track in the Peguerilla - Huelva and Valdelamusa - Huelva sections of the Zafra - Huelva line.



Ready-for-use irrigation channel pipe Prefabricados Delta.

Corporate image

- Implementation of a new corporate image for 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 278 operations in the United Kingdom (323 in Spain, including service station maintenance, and 60 in Portugal). As well as the start of the implementation project in Poland, the Netherlands and Switzerland.
- Design and supply of the corporate image for BP Pulse electric recharging points in the United Kingdom.
- Design, supply and installation of the prototype dealership for the new KIA 2022 external and internal image in San Sebastián de los Reyes (Madrid).
- Award of the contract for the supply and installation of KIA's new external corporate image throughout Spain.
- Award of the contract for the supply and installation of KIA's new internal corporate image (including furniture) throughout Spain.
- Design of BP's new canopy for all its electric charging points, either at BP service stations or at stand-alone charging points.
- Supply and installation of BP's prototype canopy for electric charging points at BP's service station in Kadoelen (the Netherlands).
- Supply and installation of the Yamaha image for dealers in Europe.



BP corporate image (United Kingdom).

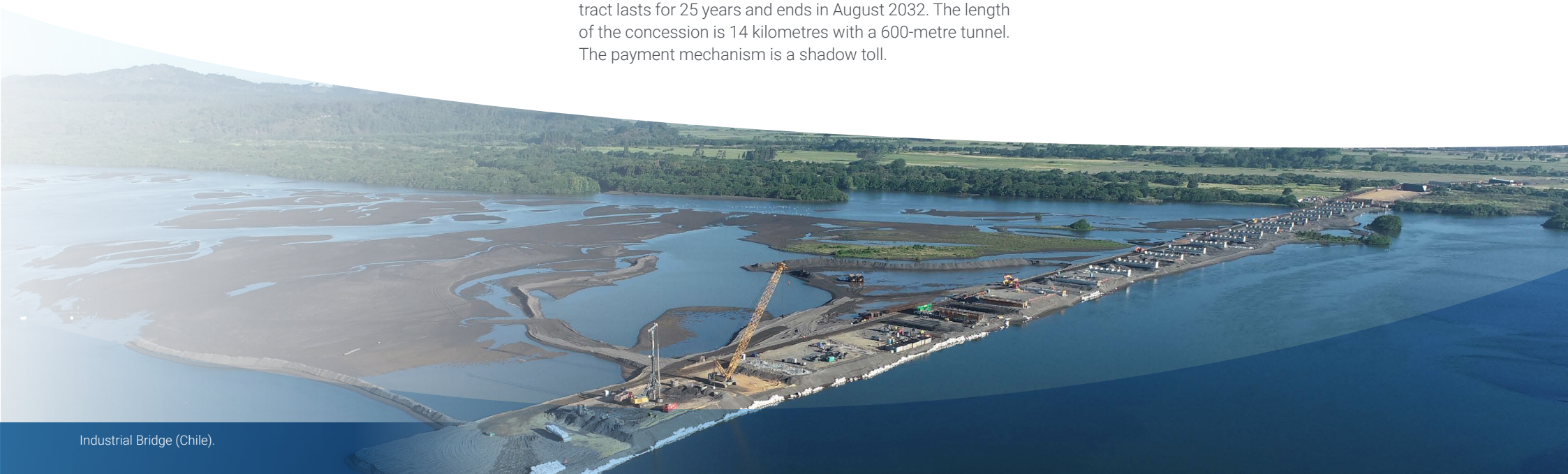
Concessions

In 2022, there were signs that demand was beginning to recover due to the gradual 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 partially recovered. In the former case, data equalled pre-pandemic levels in 2019, and in the latter, had returned to 85%.
- **Road transport**, including Ibiza-San Antonio motorway and Conquense motorway concessions, which have seen volumes of traffic increase by between 11 and 16% reaching the traffic levels recorded in 2019.
- **The leasing of office space and catering facilities,** such as WTCB, where projects for remodelling communal areas of the complex are being finalised with a view to holding the Copa América in the summer of 2024.
- **Construction concessions**, such as the Lima metro or Haren prison (Belgium), where, given the number of workers involved in construction, very significant measures have been taken to avoid infections as much as possible.

Roads

- **Motorway in Cuenca, Spain (100% FCC)**: A 136-kilometre shadow toll concession with a duration of 19 years, ending in December 2026. It is part of the first generation motorway plan promoted by the Ministry of Public Works in 2007.
- **Ibiza - San Antonio motorway, Spain (50% FCC):** the contract lasts for 25 years and ends in August 2032. The length of the concession is 14 kilometres with a 600-metre tunnel. The payment mechanism is a shadow toll.
- **Underwater tunnel in Coatzacoalcos, Mexico (85% FCC):** the concession lasts for 45 years until 2062. The design and delivery of the underwater tunnel is the first construction of this type in Mexico and also the first in Latin America.
- **Mersey Bridge in Liverpool, United Kingdom (25% FCC):** contract for the design, construction, financing, maintenance and operation, on a payment for availability basis. The bridge opened in October 2017 and serves some 80,000 vehicles per day.
- **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.



Industrial Bridge (Chile).

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. In November 2022, the acquisition of the 50% belonging to COMSA was completed.
- **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 2022, a capital increase agreement was adopted for the acquisition of two new tramway units that will 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. 2022 is the seventh year of being open to the public and the service has worked normally.
- **Lima Metro Line 2, Peru (18.25% FCC):** design, financing, construction, electromechanical equipping, systems equipment and provision of rolling stock, operation and maintenance for a period of 35 years until 2049 on a payment for availability basis.

Social

- **World Trade Centre Barcelona, S.A., Spain (24% FCC):** in December 2022, occupancy was 93.2% 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.

Ports

- **Port Torredembarra (17.8% FCC)**: concession of a marina in Torredembarra, which after its completion has been extended for a term of 15 years until December 2037.

FCC has a minority stake in two tramways in Barcelona (Tranvía Metropolità del Besòs and Tranvía Metropolità).



Station E4 Line 2 and 4 of Lima Metro (Peru).

Highlights Infrastructure 2022

January
FCC Construcción becomes the first Spanish construction company to participate in the Target Gender Equality programme.

February
FCC Canada wins the contract for Scarborough Subway Extension Stations, Rail and Systems.

March
FCC Construcción achieves, for the tenth consecutive year, the "Calculate and Reduce" seal from the Carbon Footprint, offset and carbon dioxide absorption projects registry.

April
FCC Construcción is awarded the contract for the Stonehenge A303 motorway (United Kingdom).

May
FCC Construcción wins the contract for the construction of Barcelona prison (Spain).

Convensa wins contracts for:
- Renovation of tracks 3 and 5 and replacement of turnouts at Blanes station (Gerona, Spain).
- Improvement of the Madrid-Seville high-speed railway line infrastructure (Spain).
- Laying of standard gauge tracks between Valencia North and Joaquin Sorolla stations (Valencia, Spain) and contract for the complete renovation of the tracks between Monforte de Lemos and Orense.

June
FCC Construcción achieves a new milestone in the Variante de Pajares project (Spain).

FCC Construcción receives BIM (Building Information Modelling) certificate from AENOR.

FCC Construcción and FCC Industrial begin construction of the new Headquarters of the Civil Guard in Zaragoza (Spain).

July
FCC Construcción completes the North Runway project at Dublin International Airport (Ireland).

Convensa wins the contract for the construction of a section of the high-speed railway near Totana (Murcia, Spain).

FCC Industrial starts preliminary work on the Greengairs incinerator (Scotland, United Kingdom).

FCC Construcción wins the contract for the rehabilitation of the foundations of the Botafoc breakwater, in Ibiza (Balearic Islands, Spain).

August
FCC Construcción's Grangegorman University project wins the ENR Global Best Projects award.

FCC Construcción winner of the 16th edition of the FOPA awards.

The tunnel-boring machine named "Micaela" starts excavation work on the Lima Metro (Peru).

FCC Construcción wins the contracts for:
- Track assembly at the La Sagrera station on the high-speed rail link (Catalonia, Spain).
- Track assembly for goods trains at the Valladolid Railway Complex (Spain).

September
The Sotra Link Consortium closes financing arrangements for the Sotra Connection PPP project.

FCC renews its commitment to the Diversity Charter.

FCC Construcción completes the first section of the Mapocho Rio city park (Chile).

FCC Construcción completes the remodelling project of Madrid's North Junction (Spain).

FCC Industrial starts preliminary work on the construction of an energy from waste (EfW) plant in Scotland (United Kingdom).

FCC Industrial is awarded one of the lots of the contract for the conservation of public street lighting in Madrid (Spain).

FCC Industrial wins the contract for the construction and maintenance of electrical installations for the smart grids of i-DE-Redes Inteligentes (Iberdrola).

October
FCC acquires a 50% stake in the Murcia tramway (Spain).

FCC Construcción's, Parque Mapocho Río project (Chile), wins several awards.

Gerald Desmond Bridge (California, USA) finalist in the IABSE (International Association for Bridge and Structural Engineering) international awards.

FCC Construcción carries out the initial blasting for the Neom Spine Infrastructure Project – Running Tunnels (Mountain Section) Lots 2 and 3 (Saudi Arabia).

Future Valleys Construction, winner of the Wales Valued Partner 2022 awards.

November
FCC Construcción achieves a key milestone in the Major Bridge P·project in Pennsylvania (USA).

FCC Construcción's North Runway project (Ireland) wins the Engineering Endeavour Award 2022.

FCC Construcción wins the contract for the construction of a new paediatric building for the Hospital Universitario Materno-Infantil of Gran Canaria (Canary Islands, Spain).

FCC Construcción takes part in the King Felipe VI business convention in Qatar.

December
FCC Construcción publishes its 2021-2022 Sustainability Report and its Greenhouse Gas Emissions Report for 2021.

FCC Construcción wins the contract for the enlargement of the Naos wharf in Lanzarote (Canary Islands, Spain).

Sustainability and excellence

Sustainability

Aligned with the SDGs

The United Nations 2030 Agenda is a clear and shared path to eradicate poverty and promote sustainable and equal development between 2016-2030. **FCC Construcción has integrated the Sustainable Development Goals (SDGs) into its activity and into its value creation model**.

The material aspects of the organisation and the SDGs have been linked. Likewise, the 2021-2024 Management Objectives for the Management and Sustainability System are associated with the SDGs.

We would like to highlight the commitment of Pablo Colio, CEO of FCC Construcción, to the SDGs, which we understand to be a new, united and responsible approach from which companies can, and should, contribute to the creation of a more sustainable world and the dissemination and training of employees on SDGs with training sessions, courses and awareness campaigns.

Sustainable construction

FCC 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 should provide the community with the knowledge and criteria acquired which is why it **participates and leads multiple forums and national and international technical committees**.

Some of the most relevant organisations with which FCC 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.

On the other hand, FCC Construcción has pioneered SAMCEW its own methodology for evaluating the sustainability of its civil engineering projects – thereby contributing to the adopting measures that increase the sustainability of its works.



Expansion of the A9 motorway (Netherlands).

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.



Remodelling of the Santiago Bernabéu Stadium (Madrid, Spain).

Commitment to climate change

We are aware of the importance of integrating climate change management into our activities. Therefore, in 2010, FCC Construcción became the first construction company in Spain to verify its Greenhouse Gas (GHG) emissions, and has since verified its emissions annually. In addition, since 2012, FCC Construcción has held the AENOR **"Environment CO_2 verified"** carbon footprint certificate.

We were the **first construction company to register their carbon footprint** in the "Carbon Footprint Registry, offset and absorption projects" at the Ministry for Ecological Transition and the Demographic Challenge, which has given us the "calculate and reduce" stamp in recent years.

In 2017, we published a **Strategy to combat climate change** and started to implement the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**) working group at the Financial Stability Board. In 2022, a **Sustainability Strategy** was developed, which includes the Climate Change Strategy, incorporating the measures to attain the zero emissions by 2050 goal.

Years prior, one of FCC Construction's Management Objectives was to extend the verification of the greenhouse gas (GHG) emissions inventory from national to international level, so that 100% of the activity would be verified under Standard ISO 14064-1:2012 in 2020. Therefore, for the second consecutive year, in 2022, AENOR verified the GHG emissions produced in all countries where FCC Construcción was active during the last financial year.

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 received the "Zero Waste" Management System certificate granted by ANOR, and in 2022, FCC Construcción agreed to implement this system for internally selected works. The implementation of this certification in FCC Construcción projects will serve as the basis for developing a methodology that can be applied to the rest of the company's projects with the aim of guaranteeing recovery and avoiding the final deposit of waste in landfills.

Quality

Service excellence

The participation of FCC Construcción in any infrastructure project involves offering **a company with 120 years' experience** in the sector, with great technical ability, and a firm commitment: to efficiently overcoming challenges. This all comes with absolute respect for the environment, while promoting development and innovation through the use of the best construction techniques.

In its work, FCC 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 people**.

In line with its objective of continuous improvement, to get recognition by stakeholders and give greater confidence to its clients, FCC Construcción has its **system certificated for almost 100%** of its business.

Customer satisfaction

FCC Construction's **priority is to meet the needs of its clients**, with the commitment to fulfil their requirements with quality guaranteed. The main objective is excellence in the performance of the work by providing personalised attention and ongoing dedication, always focusing on fulfilling their expectations.

Clients assess FCC Construction's activity every year. In all the surveys combined, the most valued attributes are the **professional abilities of the construction team**, **consideration of customers' instructions** and the **ability to deal with problems and unexpected events** that arise in the project. These ratings remain high, year after year, and confirm our expectations. This year, the site team's professional capacity set a new record score, reaching 9.9 points out of 10, which reflects the high regard that our clients hold our teams in.

These **excellent results** enable us to state that the stringency and quality of FCC Construcción are factors that set us apart from the competition.

Some feedback from our customers in 2022 includes:

"I think that FCC Construcción has been extremely professional in the performance of the work and fully committed to delivering a quality product. I'd have no doubts about working with them again in the future."

"Excellent service and training of the site team."

"Excellent ability to adapt to emergency circumstances, given the nature of the works."

"Excellent professionalism from the whole site team."

"Complicated project and with unforeseen circumstances, perfectly executed by the FCC team assigned to the job."

The average score in the satisfaction surveys undertaken in 2022 is 9.6/10, i.e. outstanding. This rating has increased compared to previous years, which reveals a major improvement in FCC's rating from our customers over time. **They increasingly rate our work more highly.**

Awards in 2022

Follow this link to see the awards received in 2022.

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**.



Puertollano Hospital, Ciudad Real (Spain).

Innovation and 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. Some projects are also carried out in consortium with public administrations, e.g. the BICISENDAS project for "Sustainable, energy self-sufficient, intelligent, decontaminating, integrated and safe bike lanes", for which negotiations are being carried out with several municipalities to implement the pilot for this bike lane.

R&D+i projects at national level

During 2022, work has been done mainly on the following projects:

FCC Construcción:

BICI SENDAS
Carril Bici: sostenible, energéticamente autosuficiente, inteligente, descontaminante, integrado y seguro
Nº de expediente: IDI-20181095
PROGRAMA ESTRATÉGICO CIEN 2018

SAFE
Desarrollo de un sistema autónomo para el fondeo de estructuras para Obras Marítimas
Nº de expediente: RTC-2017- 6603-4
RETOS-COLABORACIÓN 2017

ONLYBIM
Desarrollo de un módulo para el diseño y ejecución de obras no lineales bajo metodología BIM
Nº de expediente: IDE/2019/000381

ROBUST
Desarrollo de un sistema de mapeado en entornos indoor de dimensiones reducidas mediante robots aéreos y sensórica avanzada
Nº de expediente: IDI-20220499
@CDTIoficial

PRACAN
Plataforma robótica activa de identificación, control y seguimiento de agentes cancerígenos en entornos de construcción
Nº de expediente: IDI-20220202
@CDTIoficial

EDIFICTECH
Nueva solución tecnológica 4.0 para el sector de la edificación: Gestión conectada y centralizada para la instalación de fachadas
Nº de expediente: IDI-20221024
@CDTIoficial

Matinsa:

ACUSCOIN
Sistema de emisión acústica para la evaluación de corrosión en infraestructuras de hormigón armado
Nº de expediente: IDI-20191315

SAIM
Sistema Automatizado de Información Marítima
Nº de expediente: IDI - 20211190
@CDTIoficial

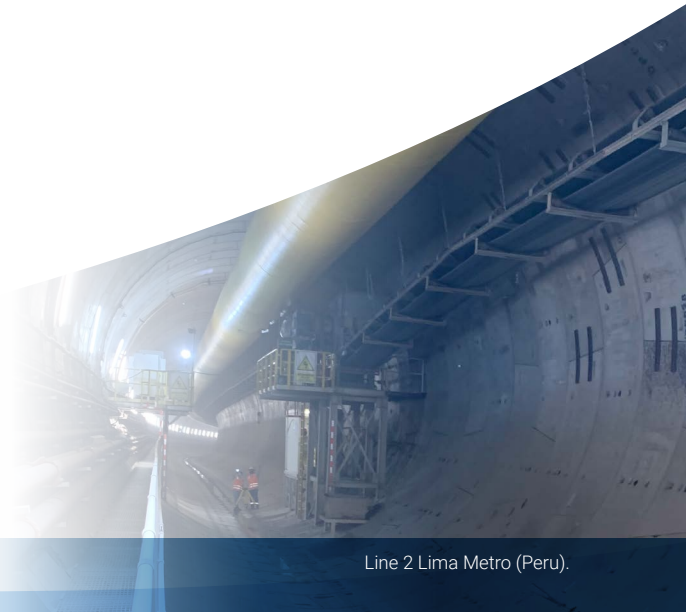
Ecología y gestión de la cotorra argentina (*Myopsitta monachus*) y la cotorra de Kramer (*Psittacula krameri*) en Madrid
Nº de expediente: IND2022/AMB-23645

FCC Industrial:

CYBERSEC
Investigación en Tecnologías Emergentes para lograr Infraestructuras Ciberseguras y resilientes
Nº de expediente: CIEN-20200003

desire
Demostrador de Sistema de Realidad Mixta y Aumentada Multipropósito. Aplicación a Simulador de RPAS.
Nº de expediente: IDI-20210498
@CDTIoficial

ESPADIN
Espacio de datos en la Industria
Nº de expediente: MIG-20221072
@CDTIoficial
Financiado por la Unión Europea NextGenerationEU



Line 2 Lima Metro (Peru).

R&D+i projects at international level

Internationally, FCC Construcción is coordinating the DigiChecks Project, part of the new Horizon Europe programme (2021-2027):

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 2022, the protection was performed in the following processes:

Owners: Matinsa (85%) and CETEC (15%)

Owners: CONVENSA (50%) and FCC Construcción (50%)

DigiChecks

Digital Environment for management of permits and compliance in building and construction

Grant agreement Nº **101058541**

European Commission

Funded by the European Union

PROCEDIMIENTO DE GESTIÓN INTEGRAL DE UNA CUENCA HIDROGRÁFICA

Solicitud Internacional PCT

Registro Copyright Oficina de Propiedad Intelectual de Estados Unidos (USCO)

La presente invención se puede incluir en el campo técnico de la gestión de recursos naturales, en particular, de los recursos hídricos. El objeto de la invención se refiere a un procedimiento de gestión integral de una cuenca hidrográfica, que hace uso de 5 módulos: **Módulo hidrológico**, para simular comportamiento de masas de agua superficiales y realizar predicción de avenidas; **módulo hidrogeológico**, para simular comportamiento de masas de agua subterránea; **módulo de gestión** de recursos hídricos para pronosticar el estado de los embalses a futuro, ante determinados escenarios de aportaciones y desagües; **módulo hidromorfológico**, para caracterizar regímenes de 10 caudales ecológicos en ecosistemas fluviales; **módulo de calidad del agua**, para modelizar comportamiento de fenómenos de transporte de solutos contaminantes; todo ello integrado a través de una única plataforma online con base de datos e interfaz gráfica. **El procedimiento constituye un sistema de ayuda a la toma de decisiones en gestión de una cuenca hidrográfica.**

Titulares: MATINSA (85%) y CETEC (15%)

Método para descarga, transporte e instalación de carril de vía de ferrocarril

La invención se encuadra en el sector técnico del mantenimiento y construcción de infraestructura ferroviaria. Más concretamente en lo relativo a un **método para descarga, transporte e instalación de los carriles desde un tren carrilero y su posicionado en el lugar de instalación**.

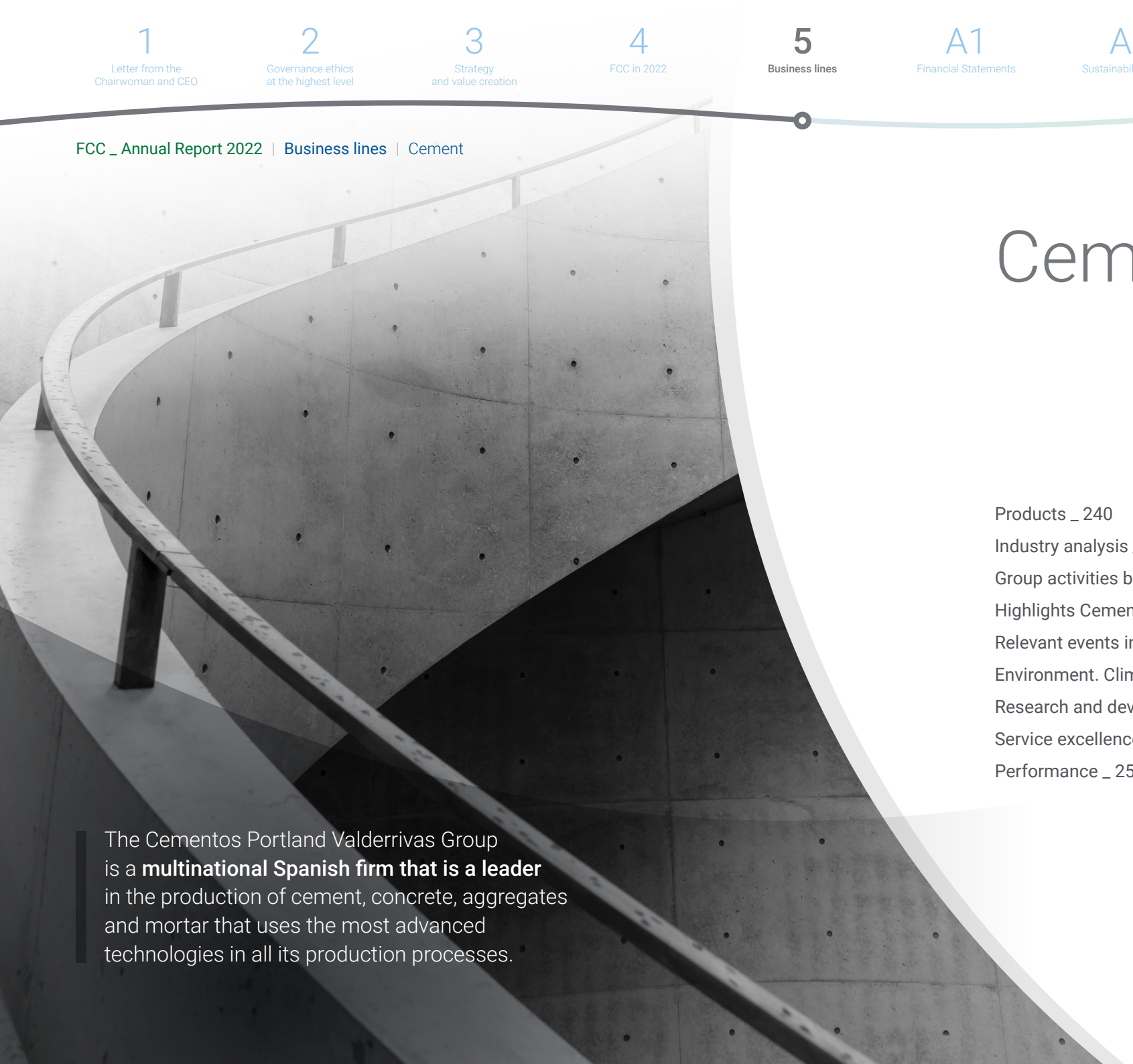
VALIDACIÓN Pat. EUROPEA en:

España, Portugal, Suecia, Noruega, Rumanía, UK, Rep. Checa, Finlandia, Croacia, Lituania, Estonia, Grecia, Letonia, Eslovenia, Italia, Austria, Dinamarca, Francia, Eslovaquia, Suiza y Alemania

Titular: FCC Construcción y CONVENSA



"El Salitre" wastewater treatment plant (Colombia).



Cement

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The Cementos Portland Valderrivas Group is a **multinational Spanish firm that is a leader** in the production of cement, concrete, aggregates and mortar that uses the most advanced technologies in all its production processes.

The Cementos Portland Valderrivas Group (GCPV) is a multinational Spanish firm that is a leader in the production of cement, concrete, aggregates and mortar. Founded in 1903, the Group has been around for 120 years and has evolved in response to the changing needs of society and markets. It employs the most advanced technologies in its production processes to achieve cost efficiency and comply with environmental standards, seeking the commitment to sustainability in all its undertakings.

In relation to manufacturing cement, it has seven strategically located factories in Spain covering cover most of the peninsular including the North, East, Centre and South, and three of the country's large cities (Madrid, Barcelona and Seville). In Tunisia, the company is also a leader in the markets it operates in. It has a cement factory in the African nation, with a capacity of 2 million tonnes, making it the second biggest cement plant in the country. In the United Kingdom, it operates through two import terminals, Dragon Portland and Dragon Alfa. Finally, cement and clinker trading is done from the Netherlands.

Cementos Portland Valderrivas Group uses the **most advanced** technologies to achieve economic optimisation and comply with environmental standards



El Alto cement factory, Morata de Tajuña, Madrid (Spain).

Products

Cement

Portland cement is obtained by mixing, in the correct proportions, raw materials, finely grinding them and heating them until they start to merge, creating clinker. This process is performed in rotary furnaces.

When the clinker cools, it is mixed with a small amount of plaster that regulates the setting process, and after grinding it, Portland cement is obtained, thus rounding off the production process.

The different qualities of cement are obtained by adding materials such as limestone, fly ash, pozzolans, etc. to obtain specific characteristics for their use.

Concrete

Concrete is a calcareous conglomerate generally used as a structural element in construction; it is obtained by mixing materials like cement, aggregates and other additives with water, in the correct proportions, depending on the purpose for which the concrete is to be used and the environmental conditions in the place where it is to be employed.

Mortar

This is a mix of conglomerate, sand and additives used in construction either to hold elements together or on top of a base layer, to cover, waterproof or finish construction works.

Aggregates

Aggregates are defined as mineral materials, inert solids that, at the appropriate grain size and with the appropriate characteristics, and pursuant to regulatory specifications, are used to manufacture resistant artificial products by adding hydraulic conglomerates or bituminous binders.

Its use is varied: concrete, roads, breakwaters, raw materials for industry (cements, filters, micronised, etc.), asphalt binders, etc.

Aggregates are obtained by means of mechanical extraction from sand and gravel, without consolidation, or by blasting and crushing in relation to consolidated rocks.

These materials are transported to plants to be classified, washed and selected.



Bag of cement at Cementos Portland Valderrivas.

Industry analysis

Spain

The general slowdown, worse than expected, was the dominant trend in the global economy for 2022. The world economy is facing serious challenges stemming from three main factors: Russia's invasion of Ukraine, the rising cost of living due to sticky inflation, and China's slowdown. According to IMF (International Monetary Fund) forecasts, growth is projected to slow from 3.2% in 2022 to 2.7% in 2023, and may even fall below 2%. This represents the weakest growth since 2001, excepting the global financial crisis and the acute phase of the COVID-19 pandemic. The invasion of Ukraine continues to destabilise the global economy, causing a severe energy crisis in Europe that drastically increases the cost of living and limits economic activity. The conflict has led to higher gas (more than a fourfold increase in Europe since 2021), electricity and food prices. These rising costs have resulted in the tightening of financial and monetary conditions to tame demand and gradually curb inflation.

The Spanish economy expanded 5.5% year-on-year in 2022, the same level as 2021 and again matching the largest increase since 1973. This growth exceeds expectations and avoids the recession that had been forecast by only two tenths of a percentage point for both the third and fourth quarters, although growth in the second half of the year is at a record low. For 2023, the Bank of Spain forecasts growth of 1.6% with an unemployment rate of 12.7% and inflation of 3.7%. There is still much uncertainty regarding commodity prices. However, the most likely scenario is that they will behave in accordance with futures markets, which, for gas and oil, are on a downward trajectory.

The Spanish economy expanded by **5.5% year-on-year** in 2022



Aggregate stockpiling.

According to the Spanish Association of Construction Companies and Infrastructure Concessionaires (SEOPAN from its acronym in Spanish), in 2022, public procurement has increased 27.9% compared to 2021. This is an increase in investment in nominal terms that is absorbed by the increased construction costs. By type of work, building construction increased 37% and civil works by 22.9%. The sector's employers' association Oficemen (Spain's Association of Cement Makers) points out how this effects cement consumption, which totalled 14.9 million tons in 2022, down 0.8% year-on-year. 2022 began strongly for the sector, but the drop in consumption from May onwards meant that by year end, consumption was extremely similar to 2021. As expected, 2023 has started with negative figures year-on-year, due to 2022's strong start. In the first two months of the year, cement consumption decreased by 2.9% to 2.23 million metric tons compared to 2.29 million metric tons for the same period in 2022. According to Oficemen, cement consumption in 2023 will range between 0% and -3% depending on inflation levels, energy costs, the arrival of European funds, and the execution of public works.

Cementos Portland Valderrivas Group's domestic sales in Spain in 2022 reached 3.1 million tons and exports reached 1.2 million tons in the aggregate of cement and clinker.

Tunisia

In Tunisia in 2022, the domestic market reached 5.5 million tonnes, 7.4% higher than in 2021. 2022 volumes are expected to be maintained in 2023. Tunisia is facing a worrying financial crisis with severe inflation, commodity shortages and high unemployment, especially among the youth. The high level of domestic political instability keeps consumption levels low. In 2022, Cementos Portland Valderrivas Group's domestic sales were 876,000 tonnes, a 7% drop year-on-year. Exports in 2022 reached 502,000 tonnes, an increase of 31% over 2021. Although exports by land to Libya fell 50%, maritime exports to the US A and Italy increased by 252,000 tonnes.

In this context, the Cementos Portland Valderrivas Group will continue to implement its policies to contain expenditure and optimise investment and adapt all organisational structures to the reality of the various markets in which it operates in order to improve cash flow generation.



El Alto cement factory, Morata de Tajuña, Madrid (Spain).

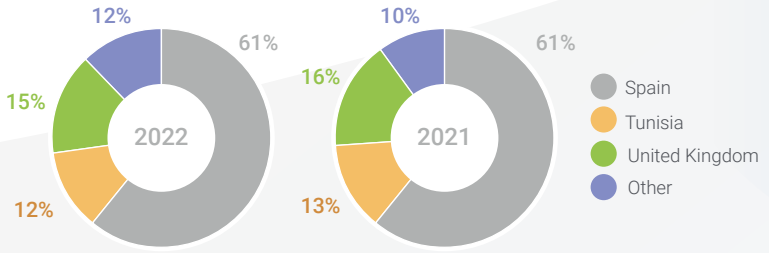
Group activities by country and business line

Group sales

The volume of cement and clinker sold in 2022 reached 5.8 million tonnes, 6% less than in 2021.

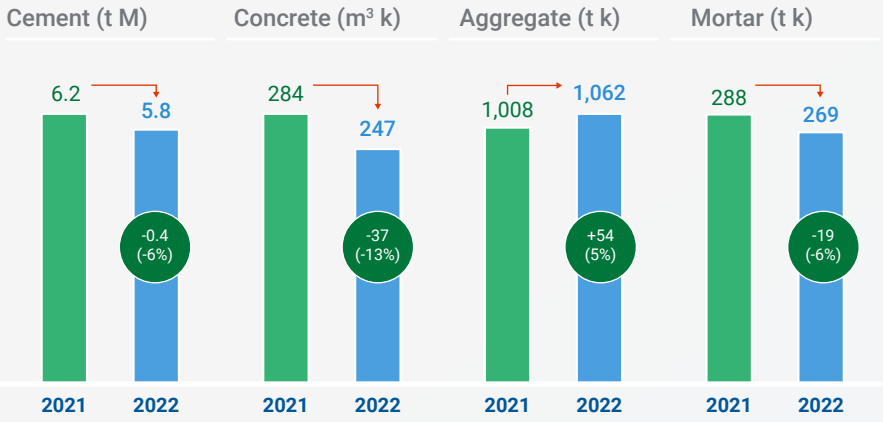
In Spain, 4.3 million tonnes were sold, and 1.4 million were sold in Tunisia.

Distribution of activity by country

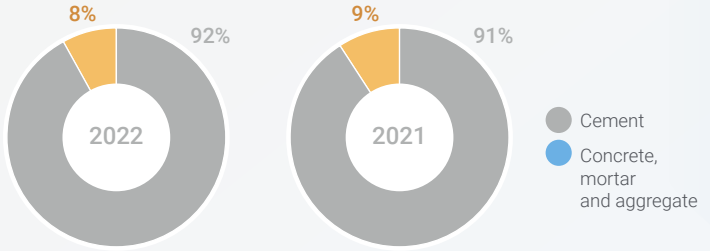


In 2022, international sales accounted for **39.1% of billing**, similar to 2021

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**

Turnover

Turnover in 2022 increased 19% on 2021 to 516.5 million euros.

In Spain, billing increased 18.5% to 411.1 million euros, mainly due to good price performance.

Turnover in Tunisia increased 18.5% to reach 83.8 million euros. In this case, the low demand in the local market has been offset by a strong increase in exports and a favourable evolution of prices.

Gross profit/(loss) from operations

Gross profit/loss from operations (Ebitda) came to 30.3 million euros compared to 76.1 million in 2021, down by 60%. The main reason for the decline was the sharp increase in fuel and power prices in 2022. In addition, no CO_2 allowances were sold in 2022, compared to 7.8 million euros in 2021.

Cash flow

In 2022, net cash flow from operations decreased to -7 million euros, due to the higher value of inventories, higher electricity and fuel costs, and higher customer receivables due to higher selling prices.

The investing cash flow was 24.4 million euros, primarily due to the investments made by the Group for production and environmental improvements in Tunisia and Spain, and for the acquisition of the company Intermonte Investments, S.A.

The average payment term for Spanish companies is 58.6 days.

At 31 December 2022, the net debt with third parties stood at 158.4 million euros.

Highlights Cement 2022

February

Cementos Portland Valderrivas Group receives, at its El Porcal estate in Madrid (Spain), students from the Master's in Conservation Biology at the Complutense University of Madrid to undergo a Biodiversity master class.

March

The Energy Transition and Climate Neutrality Plan from the Mataporquera factory, in Cantabria (Spain), has been included among the 101 best Community Action Business Initiatives #PorElClima 2021.

May

The Ciudad Alcalá Club de Fútbol women's team, sponsored by the Cementos Portland Valderrivas Group, is promoted to the Women's National First Division.

June

The president of the Community of Madrid visits El Porcal estate, a biosphere reserve that Cementos Portland Valderrivas Group has in the Southeast Regional Park of Madrid (Spain).

July

GCPV management and the CCOO (Confederation of Labour Unions), UGT (General Union of Workers) and USO (Workers' Trade Union) trade unions, sign the II Equality Plan; a document mapping out the path towards equal treatment and opportunities between men and women within the Group.

September

The Group renewed, for the fourteenth time at its Alcalá de Guadaíra plant in Seville (Spain), voluntary registration in the European Environmental Management System, EMAS, which certifies compliance with the environmental controls and self-monitoring required by the Integrated Environmental Authorisation of the Regional Government of Andalusia.

The fauna and flora teams from the CAM and the Naumanni Ecologists Association release 20 specimens of brown teal into the wild at the El Porcal farm. This duck is one of the species in critical condition in Spain.

October

Cementos Portland Valderrivas Group holds Safety Week at its production plants with more than 30 activities including workshops and talks.

November

Cementos Portland Valderrivas Group receives, at its Mataporquera factory, over a hundred residents from the municipality of Valdeolea (Cantabria, Spain) to showcase their production processes.

December

Cementos Portland Valderrivas Group expands its presence in Andalusia (Spain) by acquiring Intermonte Investments and its subsidiary Surgyps.

Between April and October, collective bargaining agreements were signed between the employees' legal representatives and management at all the work centres of the companies that make up the Cementos Portland Valderrivas Group.

Relevant events in 2022

In December 2022, the Group completed the acquisition of all the businesses of Intermonte Investments and its subsidiary Surgyps, expanding its presence and distribution points in Andalusia (Spain).

The operation includes a cement grinding plant, two concrete plants in Cadiz (Spain), and a cement terminal in the port of Almeria (Spain).



Alcalá de Guadaíra cement factory, Seville (Spain).

Environment. Climate change action plan



El Porcal lagoons, Rivas-Vaciamadrid, Madrid (Spain).

Cementos Portland Valderrivas Group is aware of the challenges and opportunities emerging in the current environment, where climate change and access to resources, especially raw materials and energy, are at the heart of political and social decision-making.

The Group, as an important player the sector it operates in, has the capacity to contribute to the main aims of achieving a resource-efficient and low-carbon economy. To this end, it has established specific actions developed in the Energy Transition and Climate Neutrality Plans for each of its cement plants in Spain.

To improve the environmental and climate indicators, the following lines of action are implemented:

- **Circular economy and resource optimisation.**
  Increasing material and energy recovery with a greater use of decarbonated raw materials, recoverable waste fuels and biomass, having achieved a percentage of energy substitution in the clinker kilns above 33%. A material recovery of 2.8% was also achieved on a total of more than 8 million tonnes of raw materials used.

  Water consumption was 473,063 cubic metres, of which 38,430 cubic metres corresponded to recycled water.

- **Reduction of greenhouse gas emissions.**
  Decrease of emission factors in the demineralisation of raw materials and in the oxidation of alternative fuels, having used a 20% contribution of biomass fuels. An internal tool has also been developed to calculate the Carbon Footprint of cement plants.

As a commitment to energy efficiency, in 2022, the Group has developed the work and implementation for an Energy Management System, according to the UNE EN 50001 standard, at its cement factories in Spain. It has also continued with the installation projects for solar and/or wind power generation plants, the design of expert systems for the manufacturing process and transition to LED lighting technologies, obtaining energy savings exceeding 1,900 MWh.

Research and development

An "Evaluation of the CO_2 geological storage potential" project began in 2022, in collaboration with the Geological and Mining Institute of Spain and the Oficemen group.

The goal of this project is to develop scenarios for the eventual deployment of CO_2 capture, use and storage (CCUS) technologies in the sector, assessing their potential and associated costs.

This year also saw the completion of the European project that Cementos Portland Valderrivas Group had participated in, "BioRECO2VER-Horizon 2020", which had been extended due to the pandemic, and whose purpose was to obtain alternative processes for the commercial-scale production of certain chemical products in more sustainable fashion from the capture of industrial CO_2 emissions.

During the development of different strategies for isobutene and lactic acid production, milestones were reached,including the increase of productivity in the generation of isobutene or the design of a test bench for the pretreatment of exhaust gases in the cement industry to concentrate CO_2 and eliminate O_2 and impurities.

The technical-economic analysis and replication of the process have been completed. The results are based on the BioRECO2VER virtual plant, which is in turn based on assumptions, results from the metabolic models developed, and the experimental results obtained.

The sustainability assessment of the life cycle analysis was completed and the social acceptance and public perception of CO_2-based products was evaluated. Some points were formulated to implement a good marketing strategy and education campaign for consumer products that include captured CO_2.

Outreach and communication activities continued, two final stakeholder events were organised as a hybrid event and a free online webinar that received widespread attention was held (each with over 200 participants).

Quality laboratory at the cement factory in Olazagutía, Navarre (Spain).

Service excellence

The Group's team is customer-oriented and its main objective is to provide a satisfactory service for all customers. As business practices, we have established personalised service, a dedication to making improvements, high quality targets, and environmental responsibility as principles. Working towards these goals, we have ensured that the Group keep its position as a leader in the markets it operates in. In all these markets, the most important construction firms have made the Cementos Portland Valderrivas Group their trusted partner and at the same time, caring for the distribution work, the Group's products reach anybody in any part of the territory. All efforts are focused on providing quality services while guaranteeing excellent customer support.



Some of **our services** are:

1. Commercial consulting service to focus on each project with the best products.
2. Technical-commercial advice and technical support.
3. After-sales services.
4. Delivery of product at destination.
5. Automatic loading in production centres.
6. 24 hour loading service.
7. Urgent incident resolution.
8. Digital Account Administration Management, through the Digital Management Channel at www.valderrivas.es.
9. Safety assessment service.
10. International sales with customer support and advice.

Aware that service is everything in this business, we have implemented various communications channels with our stakeholders, facilitating access to all necessary information and documentation, and seeking to create long-lasting relationships with high satisfaction levels.

The success of the Cementos Portland Valderrivas Group would not have been possible without its customers. With them, we have achieved our biggest architectural milestones, developing products with progressively higher quality and greater sustainability, enabling the growth and development of advanced societies.



Alcántara Bridge, Cáceres (Spain).

Performance

In 2022, the Group has, as a precautionary measure, kept parts of the preventive, organisational and care measures from the pandemic at all work centres.

The Group's total workforce, as of 31 December 2022, comprised 1,056 employees spread over three continents, an increase of 1.4% year-on-year, mainly due to the addition, on permanent contracts, of recent graduates and unemployed personnel to cover the vacancies left by employees retiring under the Relief Contract.

The Group, its social representatives, and the main labour unions have satisfactorily concluded negotiations for the six Collective Bargaining Agreements regulating labour relations for the different work and production centres in Spain, which will be in force from 2021 to 2024 (both inclusive).

The Second Cementos Portland Valderrivas Group Equality Plan has been negotiated, with identical results, with the main social agents and unions, which expressly includes the organisation's firm commitment in this area and applies to all the Group's employees in Spain, valid until 2024.

Lastly, the Cementos Portland Valderrivas Group moved its corporate head office from the 16th floor of the Torre Realia (The Icon) to the 6th floor of the same building belonging to the FCC Group, providing better infrastructure, means and communications to the employees who regularly provide their services there.



Control Room at the Mataporquera cement factory, Cantabria (Spain).

Equality

In July 2022, Grupo Cementos Portland Valderrivas, S.A. and the trade unions Comisiones Obreras del Habitat (CCOO Habitat), Unión General de Trabajadores Federación de Industria, Construcción y Agro (UGT-FICA) and Unión Sindical Obrera Federación de Industria (USO Fed. Industria) signed the Second Cementos Portland Valderrivas Group Equality Plan.

The Plan establishes commitments such as a 30% increase in the number of female employees, improvements in personal and family reconciliation, strengthened prevention of harassment in the workplace, and measures to help any female employee who may be a victim of gender-based violence.

At Cementos Portland Valderrivas Group, we are aware that promoting an equal work environment and the creation of inclusive business models where equality and diversity of professionals prevail, carrying out actions and programmes to promote equality and labour integration, not only contributes to the well-being of people, but also makes areas such as creativity and productivity more prominent within the organisation.

Health and 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.

In terms of accident rate data, the accident frequency rate resulting in leave in 2022 was 4.60, a 11.88% improvement on the previous year and below the average for the past five years (5.41).

Training

In 2022, 10,544 hours of training were imparted at the Group, of which 55% related to health, safety and well-being actions.



Monjos quarry, Barcelona (Spain).



Real Estate

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The Real Estate Area of the FCC Group, whose parent company is **FCC Inmobiliaria**, is mainly composed of the Realia Group - headed by a listed company with **more than 30 years' experience**, whose corporate object is the development, management and operation of all types of real estate - and Jezzine Uno.

Development of spaces with an integral vision

The Real Estate Area of the FCC Group, whose parent company is FCC Inmobiliaria, is mainly composed of the Realia Group - headed by a listed company with more than 30 years' experience, whose corporate object is the development, management and operation of all types of real estate - and Jezzine Uno S.L.U.

The philosophy that presides over the Real Estate activity is the generation of value, both for customers, through the offer of products and services adapted to new habits and trends, and for shareholders, through the maximisation of profitability.

The professionals who make up the Real Estate team have extensive experience in the sector and bring solid knowledge in all phases of the production process and service provision, combining two types of profiles, the experience of the seniors and the digital knowledge and skills of the new generations. In this way, it is possible to carry out all productive activities with an integral, dynamic and modern vision that identifies each one of them as belonging to a brand.

The commitment to innovation, sustainability, social responsibility and optimising the offering in response to trends in market demand guide the design of the spaces planned, built and managed in striving towards a world that is increasingly respectful of society and of the environment.

FCC's Real Estate Area carries out its activity in three main lines of business, either directly or through its investee companies:

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.



Bôrea Quintablanca. Arroyofresno, Madrid, Spain.

Industry analysis

(Sources consulted for the preparation of this section: Sector analysis, CaixaBank Research 2022 - Colegio de Registradores (College of Registrars) – CBRE "Living" Report – Savills, "Office Pulse" - Asociación Española de Centros y Parques Comerciales (Spanish Association of Shopping Centres and Retail Parks, AECC)).

The main factors influencing the Spanish economy during 2022 were the lifting of the restrictions imposed in response to the pandemic, which favoured the reactivation of international tourism and, on the other hand, the outbreak of war in Ukraine, the escalation of the energy crisis, increasing inflationary pressures and rising interest rates.

In a context of great uncertainty, activity slowed in the second half of the year, affected by the weakening of household spending as purchasing power was hit by the upturn in both inflation and interest rates. However, the Spanish economy came through this turbulent year relatively unscathed, and thanks to its low degree of dependence on Russian gas and its substantial capacity for regasifying LNG, the impact of the crisis was less than in other major European economies.

Furthermore, the savings built up by households during the pandemic and the fiscal and regulatory measures put in place party cushioned the impact of increased energy costs. And so GDP growth for the whole year was 5.5%, although at year-end it was still 0.9% below its pre-pandemic level.

Turning to the real estate sector, demand for housing was surprisingly dynamic in 2022. The first half of the year saw a continuation of the rising trend that had started in 2021, spurred on by several factors such as the shift in preferences linked to the pandemic (working from home, wider spaces, etc.), the "forced" saving during lockdown that was partly channelled into real estate, very low interest rates and the rapid recovery in demand from foreigners.

During the summer we started to see the first signs of cooling as the expansive cycle ran out of steam, with the first interest rate hikes and, above all, the expectation that the ECB (European Central Bank) would continue to increase rates. Some buyers brought forward their housing purchases in order to lock in a favourable fixed rate of interest before rates rose further. The combined effect of all these factors was a very high level of housing purchases. According to the INE (National Statistics Institute), 649,494 residential properties were sold in Spain in 2022, 14.7% more than in the previous year, with used properties, at 532,459 transactions, setting an all-time absolute record. This figure is in contrast with the number of sales transactions for new-build homes, which increased by just 2% to a total of 117,035 as a result of the slowdown in works due to the pandemic, bottlenecks in supply chains and the recent high cost of materials.



Les Masíes II. San Joan Despí, Barcelona (Spain).

The data for foreign demand in 2022 were extraordinary, with more than 90,000 sales in Spain in the four quarters to Q3 2022, which represents 14.1% of the total number of sales and is well in excess of pre-pandemic levels, although in 2023 it may be affected by the economic slowdown in the main countries of origin of buyers of homes in Spain (the United Kingdom, Germany and France).

The number of new-build permits (108,000 homes in the 12 months to September) was far below the net creation of homes (207,000 in the same period), which suggests that the supply of housing is insufficient to meet the structural demand due to population growth.

Rental housing accounted for 47% of the total invested in *"Living"* up until the third quarter of 2022, with €1,772 million, €1,135 million in BtR *(Build to Rent)* and €637 million in PRS *(Private Rented Sector)*, including the biggest ever BtR transaction in Spain so far, for €600 million by Becorp, Barcelona.

According to the CBRE consultancy's *"Living"* report, there are currently 252 million square metres of unused residential built and buildable land available in Spain, which would allow for the construction of about 1.9 million homes that could be sold in the next 30 or so years if all the available buildable land were to be used.

Apart from this, given the lack of serviced development land, investors are concentrating on land in the planning process. We foresee increased interest and an increase in the number of transactions in the next few months, especially in major provincial capitals, for both *Build to Sell* and *Build to Rent* and indeed for other types of Living that will cover the growing demand for accommodation of all types.

Residential renting has great growth potential, which will be supported by forecasts of demand for new-build in excess of supply and attractive returns for investors. This attractiveness of the residential sector is based on three distinct pillars. First is the lack of supply, not just of new-build properties but of quality rental housing n Spain. Secondly, the gradual increase in demand for rented homes, which is set to continue for the next few years. And lastly - and this is what most differentiates the sector - it has demonstrated its ability to offer new solutions suited to the new needs of each stage of life.

As regards the city-centre office market, potential tenants looking to attract and retain talent focused their attention on quality and sustainability in 2022, while refurbishment is taking on increased importance in the new supply planned for 2023.

In 2022, gross contracted office space amounted to 543,000 m² in Madrid, representing an increase of more than 30% relative to 2021, and to 328,400 m² in Barcelona, practically unchanged from 2021.

In the prime area of Madrid, consisting of the CBD and offices outside the CBD but inside the M-30 orbital motorway, gross contracted office space grew by 97% and 25% respectively (117% in total) relative to the previous year, totalling more than 263,000 m² as against 176,159 m² in 2021.

Demand for housing was **surprisingly dynamic**, spurred on by the shift in preferences following the pandemic, saving during lockdown, low interest rates and the recovery in demand from foreigners

The availability rate increased slightly compared with the previous year to stand at 9.75%, although tending downwards within the M-30, to 5.23%, and upwards on the outskirts, where the availability rate is 12.57%. Rentals held steady relative to 2021, with some slight increases in the best buildings of the capital, reaching a theoretical rental of €35.25/m²/month in the prime zone.

The forecast is for the tendency towards polarisation of rentals between quality buildings inside and outside the M-30 to become more marked, with a slight upward trend in prices for the best buildings in the centre, stable prices near the M-30 and a fall in prices outside the M-40 outer ring-road due to the increased vacancy rate in this zone.

In Barcelona, the market proved healthier in 2022, with a greater number of transactions, albeit of smaller volume, 394 as against 350, more contracting in top quality buildings and greater diversification in terms of zones. The zones most in demand and with the biggest increases in 2022 were the traditional business district, which posted growth of 49.7%, with 39.447 m², and the city centre, which posted growth of 4.4%, with 90,700 m² contracted. For its part, 22@, the "innovation district" went from 35% of the total in 2021 to 26% in 2022, although the new business areas as a whole, including the southern zone, and the periphery continue to account respectively for 39% and 21% of office space contracted in Barcelona, in line with the previous year.

The increased supply of available space obliges owners to differentiate more by means of quality and services in order to capture demand. As for availability, the increase in supply, mainly in 22@, with 18.20% of the area available, has pushed the vacancy rate to its current level of 10.1%, although in the CBD it has come down to 4.2% and held steady at 4.8% in the city centre.

The market for investment in offices in Spain reached €2.56 billion in 2022, of which 51% was recorded in Madrid, 37% in Barcelona and 12% in other cities. Of the €1.31 billion transacted in Madrid, 58% concerned assets within the M30 and 40% concerned foreign capital.

In Barcelona, however, most of the capital was foreign, although the proportion fell from 83% in 2021 to 65% in 2022. 64% concerned 22@.

Forecasts for 2023 call for a first half in which activity will come from transactions not completed in 2022, off-market processes, a more prominent role played by local investors and stabilised core product, and a second half with the return of orderly processes and of institutional investment.

Prime office yields in Madrid are at 4%, those in Barcelona at 4.15%, both trending upwards as a result of increased financing costs which in turn reflect the tightening of monetary policy.

The shopping centre and retail park sector in Spain has confirmed its recovery, having sold as much in the first half of 2022 as in the same period of 2019, before the outbreak of the pandemic, according to data of the Asociación Española de Centros y Parques Comerciales (AECC, Spanish Association of Shopping Centres and Retail Parks).

In 2022, investment in retail real estate reached €3,973 million. Without counting the transaction of BBVA and Merlin Properties, the biggest of the year, the volume invested was €1,986 million, which was 85.6% more than in 2021 and 27.6% more than in 2019.

However, the pace of investment slowed in the second half of the year, especially in the last quarter, with a total figure of €407.1 million. By segments, shopping centres and high street properties led investment in 2022, with substantial transactions such as that of Torrecárdenas standing out in the first quarter.

In the fourth quarter of the year prime yields rose by 25 bps in the high street segment and 40 bps in shopping centres. Looking at the full year, prime yields in both segments rose by 75 bps in 2022.

Shopping centres regained pre-pandemic levels in 2022. At the end of the year they were only 2.5% below those of 2019. Footfall too is gradually recovering, thanks to the performance of leisure operators, and is expected to improve further in 2023.

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 CBRE data, 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.

Activity in the Real Estate Area

The Real Estate Area operates in three main lines of business, either directly or through its investee companies:



INVESTMENT PROPERTY

DEVELOPMENT BUSINESS

LAND MANAGEMENT

Torre Realia \ The Icon. Madrid (Spain).


As Cancelas shopping centre. Santiago de Compostela, La Coruña (Spain).


Jardín de Tres Cantos (85 homes). Madrid (Spain).

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).

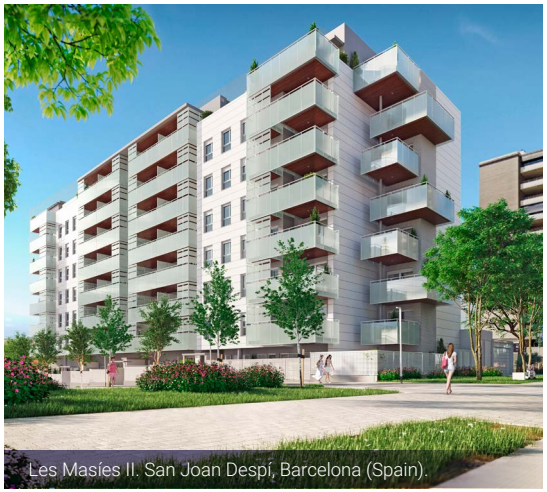
Also, in 2021 Jezzine Uno was integrated into the FCC Group's Real Estate Area, which led to the contribution of a significant volume of rental assets focused on the operation of 405 premises throughout Spain, although with a greater concentration in Catalonia. This concerns a long-term lease, until 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. The BtR activity is currently concentrated in one asset, already in the operating phase, and two assets in the construction phase, located in the municipality of Tres Cantos, Madrid. The three of them together total 280 social housing units.

The two projects under construction, Nao (43 homes) and Provenza (152 homes), will be completed and in operation in the second and third quarters of 2023 respectively, following total investment of €42.9 million.


Bôrea Quintablanca.
Arroyofresno, Madrid (Spain).


Residencial Egeo. Tres Cantos, Madrid (Spain).


Les Masíes II. San Joan Despí, Barcelona (Spain).


Levante Dreams. San Juan de Alicante, Alicante (Spain).

Development Business

Development and sale of real estate products (mainly housing)

In 2022, the marketing of the following developments began:

- **Bôrea Quintablanca - Arroyofresno**: FCC Inmobiliaria is developing 42 single-family and multi-family homes in Arroyo del Fresno with 1, 3 and 4 bedrooms, terrace, garage and store room. The development also has a swimming pool and a children's play area. A winning feature for many will be its proximity to a golf course.
- **Residencial EGEO**: FCC Inmobiliaria is developing 74 new-build homes with 2, 3 and 4 bedrooms, ground floor with garden, in the municipality of Tres Cantos, Madrid Province. 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 with salt chlorination system, padel, and children's play areas.
- **Les Masies II**: FCC Inmobiliaria has launched the Les Masies Phase II development, 61 new-build homes, in the municipality of Sant Joan Despí, Barcelona. The new homes will have 1, 2, 3 or 4 bedrooms, ground floor with terrace, lofts and standard plan, all with spectacular terraces. A unique, modern residence which will have spacious communal zones with swimming pool and landscaped areas.
- **Levante Dreams**: Realia is developing 48 detached homes with 3 or 4 bedrooms porch, garden, terrace and 2/3 garage places included. Levante Dreams is a residential project with spacious, well-kept communal areas including a swimming pool with salt chlorination and a children's playground, located in San Juan de Alicante, Alicante Province.



Tres Cantos, Madrid:

256,643 m^2 of buildable floor area (1,800 homes)

Land management

FCC's Real Estate Area manages more than 2.4 million m^2 of buildable floor area:

- 60% of which is in the provinces of Madrid, Barcelona and Malaga.
- 77% of which is residential.
- 43% of which is serviced development land.

The number of homes that could be built on the land owned by FCC Inmobiliaria or its subsidiaries amounts to 19,000 units, again concentrated in the provinces of Madrid, Barcelona and Malaga.

To ensure the future of real estate activity, it is important to maintain a land portfolio that is balanced geographically and in terms of town planning. By means of land management and town planning, with our own resources, we manage to limit the impact of the cost of land while generating value by means of land management, converting buildable land into serviced development land as a prior step to its commercial development.

Main Milestones 2022 Land Management

During 2022 we sold 37,793 m^2 of buildable land for residential use and 16.335 m^2 for commercial and tertiary use, in 13 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 four purchase transactions for 13.007 m^2 of buildable land for residential use. We would also highlight the offer to award by public auction Reyal Urbis' stake in *Inversiones Inmobiliarias Rústicas y Urbanas* (IIRU by its Spanish acronym), the company that has majority control of the SAU-21 project in El Molar, Madrid, such that Realia would hold 96.68% of IIRU, thus notably improving the ownership structure and consolidating its position in the area, with more than 80% ownership. This bid has been accepted by the insolvency administrator, and in the second quarter of 2023, the court has issued the deed of award.

The main planning milestones attained in 2022, by zones, were as follows:

Central Zone

- **Junta de Compensación del PAU II.2 Montecarmelo, Madrid. FCyC:** dissolution approved by the Municipality and Liquidation of balances as per balance sheet approved by the General Assembly.
- **Junta de Compensación UE1 Arroyo Fresno, Madrid. FCyC:** Return of guarantees by the Municipality of Madrid upon expiry of the two-year warranty period from the date of acceptance of the works.
- **Retamar de la Huerta de Alcorcón, Madrid. Realia:** presentation, in December 2022, for definitive approval, of the Housing Development Plan and the Special Area Plan. Initial approval, in December, of the infrastructure agreement concluded between Canal de Isabel II and Municipality, necessary for the connection of the area to the supply, sanitary and irrigation networks.
- **SG-1 San Gregorio, Zaragoza. Realia:** agreement of the Junta de Compensación for the development of the area by means of the preparation of a feasibility study for the installation of sustainable drainage systems, minimising the environmental impact.

Catalonia

- **Polígono A, Port of Badalona, Barcelona. FCyC:** Start of works on the canal, signing of the agreement with ADIF (the state-owned railway infrastructure manager) and call for tenders for the woks to build a viaduct to raise the railway tracks.
- **Sant Vicenç de Montalt, Barcelona. Realia:** Signing of the agreement with the Municipality allowing the land use classification of the plots to be resolved once the General Plan is definitively approved (initially approved in December 2022).

Andalusia

- **SUNC-01 Los Pacos de Fuengirola, Malaga. 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 (Malaga). FCyC:** The works continue and have already reached 80% execution at December 2022.
- **SUP-T8 Universidad Teatinos, Malaga. Realia:** Award of the development works by the Junta de Compensación (execution term estimated at 12 months).
- **Real de Valdomina, de San Juan de Aznalfarache, Seville. Realia:** Initial approval 28 March 2022 of the Ad Hoc Amendment to the Partial Plan in force for the sector to improve the buildability of the resulting plots.
- **Hato Verde, de Guillena, Seville. Realia:** definitive approval of the document adapting the Plan for the Delimitation of Urban Land of Guillena to the LOUA (Andalusian land use law) (due to the cancellation of the previous PGOU (Genera land use plan) for Guillena).

Levante

- **Nueva Condomina, Murcia. Realia:** Favourable simplified strategic environmental evaluation report on Amendment 3 to Partial Plan ZB-SD-CH7, published in the BORM (Official Murcia Region Gazette) on 1 December 2022.
- **Ronda Norte de Denia, Alicante. Realia:** Public information on the proposed corrections to the General Structural Plan in July 2022 (the Municipality expects to approve the General Structural Plan during 2023).
- **Fuente de San Luis, Valencia. Realia:** Acceptance by the Municipality of the housing development works of the sector on 10 October 2022.

Key figures 2022

Turnover



271
millions of euros

Ebitda (adjusted for provisions)



142,6
millions of euros

Value of investment property



2,978.5
millions of euros

Value of development assets and land



814
millions of euros

Occupancy rate of assets



Tertiary
94%

Residential
100%

Human team



71
people
(December 2022)*

(*) Excluding staff assigned to the concierge's office in rented buildings.

Experience

More than **30 years** In the real estate sector

Scale

280 BtR homes
85 housing units in operation
+ 195 homes under construction

More than **2.4 million m²**
of buildable surface area (18,600 homes)
land in various stages
of development

More than **551,000 m²**
of surface area rented out for use
in the service sector

More than **17,028 homes**
delivered

Implantation

Present in **15 Spanish autonomous** regions

International presence
Romania and Croatia

Significant events

On 23 March, FCC Inmobiliaria, the parent company of the FCC Group's Real Estate Area, gave advance notice to the market of a partial voluntary public offer to acquire **24% of the capital of Metrovacesa, S.A.**, offering €7.20 per share as the final consideration.
On 20 June 2022 the CNMV (National Securities Market Commission) announced that the offer had been accepted by shareholders of 11.47% of the capital of Metrovacesa.

At 31 December 2022, following various acquisitions during the year, a shareholding**of 13.81% had been reached** with an **investment of €133.5 million**.



Highlights Real Estate 2022

March

Pre-marketing and start of work-phase for FCC Inmobiliaria "Residential EGEO" development. 74 homes with 2, 3 and 4 bedrooms in Tres Cantos (Madrid, Spain).

June

Start of marketing of FCC Inmobiliaria's "Bôrea Quintablanca" development. 42 single and multi-family homes with 1, 3 and 4 bedrooms in Arroyo del Fresno (Madrid, Spain).

Start of marketing of FCC Inmobiliaria's "Les Masies II" development. 61 1, 2, 3 and 4-bedroom homes in Sant Joan Despí (Barcelona, Spain).

Opening of the Mercadona store in "La Noria Outlet Shopping", (Murcia, Spain) with a façade designed to fit in completely with the rest of the shopping centre.

July

Start of works on "Bôrea Quintablanca". 42 single- and multi-family homes with 1, 3 and 4-bedrooms in Arroyo del Fresno (Madrid, Spain).

Start of works on the "Les Masies II" development. 61 homes with 1, 2, 3 and 4-bedroom in Sant Joan Despí (Barcelona, Spain).

August

Start of marketing of Realia's "Levante Dreams" development. 48 detached 3 and 4-bedroom homes in San Juan de Alicante (Alicante, Spain).

September

Start of works on Realia's "Levante Dreams" development. 48 single homes with 3 and 4-bedrooms in San Juan de Alicante (Alicante, Spain).

October

Delivery of keys to FCC Inmobiliaria's "Residencial El Bercial" development. 40 homes with 3-bedroom in Getafe (Madrid, Spain).

November

Delivery of keys to FCC Inmobiliaria's "Buenavista Phase IV" development. 30 semi-detached 4-bedroom homes in Tres Cantos (Madrid, Spain).

Delivery of keys to FCC Inmobiliaria's "Bôrea Portablanca Phase I" development. 1, 2, 3 and 4-bedroom homes in Arroyo del Fresno (Madrid, Spain).

December

Delivery of keys to Realia's "Essència Sabadell Phase II" development. 50 homes with 1 and 2-bedroom in Sabadell (Barcelona, Spain).

Service excellence

The Real Estate Area carries out its activity with the philosophy of **offering its customers high quality products and services**, adapted to the 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 professionals who advise customers throughout the decision-making process, show the properties, explain the economic and contractual conditions and facilitate the process of handing over the homes, whether they are for rent or for sale.

Customers can also find out about all the real estate on offer in the Area on its websites www.realia.es and www.fccrealestate.es, where, through their technical data sheets, they can view images and large-scale plans of the products, 360° virtual tours, videos, 3D real-world mock-ups and request virtual appointments with sales representatives. Customers can request information about each property by completing a very simple form and they also have access to online advisers who respond within 24 hours to questions asked.

Valaise, the Group company dedicated to BtR *(Build to Rent)* 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 2022 we receive 535 direct calls, 6,473 contacts by email and 153 direct visits to points of sale, leading to 1,253 first visits, with a ratio of first visits to candidates of 17%, and finally obtaining 138 purchase deposits, giving a deposits to visits ratio of 11%.

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 2022, the company's presence on social networks attracted a remarkable number of followers.

Tenants

The Real Estate Area's philosophy involves offering high quality spaces, keeping them constantly updated with the latest technological innovations and sustainability. It also focuses on providing its tenants with high value-added services that facilitate the development of their businesses and provide a friendly and healthy experience for their occupants.

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 their costs. The Real Estate Area develops building operations with multidisciplinary professional teams (maintenance, legal, architecture, construction, sales, town planning and economic-financial). In the case of shopping centres, management is carried out through 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.

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.



Ferial Plaza shopping centre. Guadalajara (Spain).

Sustainability, innovation and technology

In 2022, the Real Estate Area maintained its commitment to caring for the environment, developing its developments in accordance with the principles of sustainable architecture and implementing sustainability improvement strategies in its rental buildings.

Following the Basic Principles of Environmental Protection, the company applies the 3Rs rule (Reduce, Reuse and Recycle) and maintains a preventive rather than a corrective approach to its projects.

One of the main objectives of the Real Estate Area is to attain the best standards of sustainability for the entire portfolio of properties that it possesses.

Environmental management is articulated in **four lines of work:**

1 _ Energy efficiency

The leased buildings underwent an energy audit in 2020 in compliance with Royal Decree 56/2016 of 12 February, which transposed Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012, regarding energy audits, accreditation of service providers and energy auditors and promotion of energy supply efficiency. In accordance with the law, the company will re-audit the buildings after four years have elapsed since they were last audited.

Throughout 2022 we continued to evaluate consumption and CO_2 emissions and to introduce efficiency measures in the buildings, by replacing obsolete items of equipment with more energy-efficient ones and replacing incandescent light bulbs with halogen or LED bulbs for example. Thanks to policies such as these, in recent years there has been a downward trend in both consumption and the emission of polluting gases.

2 _ Appropriate waste management

The Real Estate Area promotes selective waste collection in its offices and shopping centres, providing tenants with a recycling point in each building. This system allows the recycling of paper, cardboard and toner and the separation of waste considered toxic and hazardous for subsequent collection and delivery to authorised waste managers.

Additionally, we collaborate with different companies and organisations in the collection of waste, depending on the type of material collected, with the aim of optimising the re-use of this waste and generating as little landfill waste as possible.

In construction and rehabilitation activities, the Real Estate Area applies the 3Rs criterion (Reduce, Reuse and Recycle), from the planning of the architectural project to the end of construction, managing waste efficiently though the Waste Management Plan.



3 _ Sustainable construction

The buildings constructed comply with the principles of sustainability: respect for the environment, use of low-impact materials throughout their life cycle and inclusion of energy efficiency and energy and water saving measures. The priority is to improve user comfort by increasing the asset's performance and with the aim of sustainability.

In order to achieve a better energy rating for the homes, a series of constructional and quality improvements are being made to the materials used, so as to save energy and water consumed by the homes, thus minimising the environmental impact and carbon emissions. All residential projects comply with the standards of the Technical Building Code, which since 2020 has established that in new-build projects the energy quality of the project and its closings (partitions joints, etc,) must be efficient.

4 _ Promoting responsible behaviour

The Real Estate Area promotes environmentally responsible conduct, both within the company and among its customers and in the supply chain, adopting the best habits in the use of materials and products, energy management, waste treatment and transport. At the same time, the company promotes recycling in the workplace and the correct use of its buildings, which contributes to sustainability.

In shopping and office spaces, it promotes sustainable behaviour among its users through signage and messages on digital screens.

In retail complexes, maintenance teams inform retailers and store managers of possible measures to be taken to reduce energy consumption, such as time adjustments or insulation improvements.

This is complemented by the constant updating of the procedural manuals, the tenants' manual and the review of protocols for the various services maintaining the buildings with a view to keeping them up-to-date and in force.

The availability of water and energy saving systems in homes is becoming increasingly important and valued, providing environmental, social and economic advantages, not to mention the comfort of the people living in them.

The Real Estate Area is committed to the design and construction of homes that are increasingly sustainable and respectful of their surroundings and the environment. For this reason, we are incorporating flow controls, rainwater reuse mechanisms and consumption control devices at all supply points, both in the homes and in the common areas of the development through the programming of watering and energy consumption.

Water is one of the most necessary and used resources for life, yet it is one of the most wasted, so we must all focus on the rational and efficient use of this resource.

The buildings constructed comply with the **principles of sustainability**: respect for the environment, use of low-impact materials and energy efficiency and energy and water saving measures

In addition, the Real Estate Area uses renewable energy production systems such as aerothermal energy for heating, cooling and DHW (Domestic Hot Water) and low temperature heat and cold distribution systems such as underfloor heating. Home automation is a fundamental aspect in many homes, not only because of the convenience of use (controllable *from smartphones*) but also in view of its environmental factor, since through the installation of these systems energy consumption can be optimised with the consequent savings.

The main advantages of an aerothermal system are the considerable energy savings compared to conventional heating and domestic hot water production systems, large savings with low temperature heating systems such as underfloor heating and renewable energy and the generation of clean energy with low CO_2 emissions.

Commitment to sustainability

Our commitment to sustainability has been evaluated in the Benevívere residential building in Valdemoro, Madrid Province, a development of 98 Passivhaus homes. This international standard demonstrates that the development has attained an optimal level of energy efficiency without compromising air quality in the interior or the comfort of the inhabitants, and all this with very low or zero consumption of energy.

Importance was given to five aspects of construction that are directly linked to efficiency and that the building of the future can have without relying on auxiliary systems to ensure comfort in homes. These aspects are thermal insulation, which surpasses the standards; high performance carpentry for external windows and doors to reduce heat transfer and thus loss of warmth or cool air to the outside; airtight sealing tested *in situ*; checks for thermal bridges that can appear in the thermal envelope; and a ventilation system with heat recovery which translates into less energy for the functioning of the home.

Three of the Real Estate Area's office buildings (Torre Realia Icon (Madrid), Edificio Acanto 22 (Madrid) and Torre Realia BCN (Barcelona)) are BREEAM In-Use certified, parts 1 and 2. This certificate evaluates the building and its operation from the points of view of nine categories involving such varied KPIs as the connection of the building with its environs, the energy and water efficiency, waste management, user comfort, the environmental impact it eaves and its contribution to conserving and increasing biodiversity in the environs.

In Spain there are 1,571 projects certified under the various modalities permitted by BREEAM, more than 600 of them under BREEAM® In-Use.

The first building to obtain certification in 2019 was Torre Realia\The Icon. In 2020, the certificate was obtained for the Acanto 22 building and most of the work was carried out for the BREEAM® certificate for Torre Realia BCN, which was obtained in 2021. These buildings are benchmarks in sustainability and energy savings, as they have been recognised with BREEAM® certification with an "Excellent" level of management, which was attained by only 62 buildings evaluated in this regard.

BREEAM® certification is the international sustainability assessment and certification scheme, operating since 1990 and present in more than 77 countries, which allows the evaluation of the actual performance of a residential or commercial property.

Obtaining and maintaining BREEAM® certification involves an in-depth and continuous analysis of all building operating processes. Based on this analysis, measures to optimise sustainability performance in energy, health and wellness, and materials, waste, pollution and resilience are implemented on an ongoing basis. This standard is not just a declaration of intent as regards our responsibility in terms of sustainability. It aligns us with the decarbonisation objectives agreed by the United Nations and endorsed by the European Union, while at the same time keeping our properties in line with market trends.




Residencial Benevívere. Valdemoro, Madrid (Spain).


Edificio Acanto 22. Madrid (Spain).



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Consolidated balance sheet

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2022 (in thousands of euros)

ASSETS	Notes	31/12/2022		31/12/2021	
NON-CURRENT ASSETS			**9,874,542**		**9,074,069**
Intangible assets	6		**2,342,148**		**2,445,233**
Concessions	6 and 10	1,512,644		1,439,706	
Goodwill		761,683		948,976	
Other intangible fixed and non-current assets		67,821		56,551	
Property, plant and equipment	7		**3,496,804**		**2,862,556**
Land and buildings		1,027,556		987,119	
Plant and other items of property, plant and equipment		2,469,248		1,875,437	
Investment property	8		**2,122,854**		**2,069,187**
Investments accounted for using the equity method	11		**502,629**		**533,842**
Non-current financial assets	13		**910,567**		**604,020**
Deferred tax assets	23		**499,540**		**559,231**
CURRENT ASSETS			**5,407,999**		**5,168,089**
Inventory	14		**1,143,202**		**1,107,262**
Trade and other receivables	15		**2,409,262**		**2,277,734**
Trade receivables for sales and services		2,020,809		1,845,214	
Other loans		301,935		258,165	
Current tax assets	23	86,518		174,355	
Other current financial assets	13		**221,252**		**184,365**
Other current assets	15		**58,745**		**63,203**
Cash and cash equivalents	16		**1,575,538**		**1,535,525**
TOTAL ASSETS			**15,282,541**		**14,242,158**

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

Consolidated balance sheet

FOMENTO DE CONSTRUCCIONES Y CONTRATAS. S.A. AND SUBSIDIARIES at 31 December 2022 (in thousands of euros)

LIABILITIES AND EQUITY	Notes	31/12/2022		31/12/2021	
EQUITY	17		**4,938,993**		**4,440,665**
Equity attributable to the Parent Company			**3,387,882**		**3,007,094**
Shareholders' equity		3,415,724		3,121,227	
Capital		438,345		425,174	
Accumulated earnings and other reserves		2,689,461		2,142,592	
Shares and equity interests		(27,264)		(26,674)	
Profit for the year attributable to the Parent company		315,182		580,135	
Valuation adjustments		(27,842)		(114,133)	
Non-controlling interests			**1,551,111**		**1,433,571**
NON-CURRENT LIABILITIES			**6,046,615**		**5,565,941**
Grants			**202,864**		**192,185**
Non-current provisions	18		**1,141,750**		**1,167,340**
Non-current financial liabilities	19		**4,271,282**		**3,732,997**
Debt instruments and other marketable securities		1,267,584		1,878,804	
Bank borrowings		2,471,818		1,284,368	
Other financial liabilities		531,880		569,825	
Deferred tax liabilities	23		**281,977**		**322,219**
Other non-current liabilities	20		**148,742**		**151,200**
CURRENT LIABILITIES			**4,296,933**		**4,235,552**
Current provisions	18		**148,074**		**147,874**
Current financial liabilities	19		**1,333,125**		**1,820,176**
Debt instruments and other marketable securities		773,163		1,152,739	
Bank borrowings		306,531		458,189	
Other financial liabilities		253,431		209,248	
Trade and other payables	21		**2,815,734**		**2,267,502**
Suppliers		1,232,393		1,072,129	
Other payables		1,559,731		1,167,215	
Current tax liabilities	23	23,610		28,158	
TOTAL EQUITY AND LIABILITIES			**15,282,541**		**14,242,158**

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

Consolidated income statement

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2022 (in thousands of euros)

	Notes	31/12/2022	31/12/2021
Revenue	26	**7,705,687**	**6,659,283**
Self-constructed assets		74,137	53,323
Other operating income	26	288,480	247,999
Changes in finished goods and work in progress inventories		26,656	(13,631)
Procurements	26	(3,004,337)	(2,476,145)
Staff costs	26	(2,238,733)	(2,040,229)
Other operating expenses		(1,540,539)	(1,304,013)
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	(511,989)	(443,936)
Impairment and gains/(losses) on disposal of fixed assets	26	(174,895)	123,577
Other gains/(losses)	26	(13,941)	(4,018)
OPERATING PROFIT/(LOSS)		**610,526**	**802,210**
Financial income	26	45,148	24,819
Financial expenses	26	(164,240)	(135,321)
Other financial profit/(loss)	26	29,605	57,519
FINANCIAL GAINS/(LOSSES)		**(89,487)**	**(52,983)**
Profit/(loss) of entities valued using the equity method	26	29,614	58,233
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**550,653**	**807,460**
Corporate income tax	23	(72,723)	(130,180)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**477,930**	**677,280**
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**477,930**	**677,280**
Profit/(loss) attributable to the Parent		315,182	580,135
Profit attributable to non-controlling interests	17	162,748	97,145
EARNINGS PER SHARE (euros)	17		
Basic		0.73	1.40
Diluted		0.73	1.40

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

Consolidated statements of recognised income and expense

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2022 (in thousands of euros)

	31/12/2022		31/12/2021	
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**477,930**		**677,280**
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period		**2,839**		**7,002**
Actuarial profits and losses (*)		**3,803**		**8,066**
Tax effect		**(964)**		**(1,064)**
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period		**144,801**		**203,643**
Financial assets at fair value with changes in other comprehensive income		**6,147**		**(26)**
Valuation gains/(losses)	6,133		–	
Amounts transferred to the income statement	14		(26)	
Cash flow hedges		**64,330**		**23,086**
Valuation gains/(losses)	60,182		28,841	
Amounts transferred to the income statement	4,148		(5,755)	
Translation differences		**55,424**		**65,569**
Valuation gains/(losses)	55,424		65,569	
Amounts transferred to the income statement	–		–	
Participation in other comprehensive profit recognised by investments in joint ventures and associates		**34,040**		**122,983**
Valuation gains/(losses)	33,629		18,049	
Amounts transferred to the income statement	411		104,934	
Tax effect		**(15,140)**		**(7,969)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**625,570**		**887,925**
Attributable to the Parent		**409,501**		**755,291**
Attributable to non-controlling interests		**216,069**		**132,634**

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

(*) Amounts that under no circumstances will be charged to the statement of profit and loss.

Total statement of changes in the consolidated equity

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2022 (in thousands of euros)

	Share capital	Accumulated earnings and other reserves	Interim dividend	Shares and equity interests	Profit/(loss) for the year attributed to the Parent Company	Other equity instruments	Valuation adjustments	Equity attributable to shareholders of the Parent	Non-controlling interests	Total Equity
Notes	**17.a**	**17.b**		**17.c**			**17.d**	**17**	**17.II**	
Equity as at 31 December 2020	**409,107**	**1,910,738**	**–**	**(18,012)**	**262,179**	**–**	**(275,699)**	**2,288,313**	**620,381**	**2,908,694**
Total income and expenses for the year		**11,364**			**580,135**		**163,792**	**755,291**	**132,634**	**887,925**
Transactions with shareholders or owners	**16,067**	**(25,788)**	**–**	**(8,662)**	**–**	**–**	**–**	**(18,383)**	**(42,530)**	**(60,913)**
Capital increases/(reductions)	16,067	(16,157)						(90)	(437)	(527)
Distribution of dividends		(9,631)						(9,631)	(42,093)	(51,724)
Transactions with treasury shares or equity instruments (net)				(8,662)				(8,662)		(8,662)
Other changes in equity		**246,278**			**(262,179)**		**(2,226)**	**(18,127)**	**723,086**	**704,959**
Equity as at 31 December 2021	**425,174**	**2,142,592**	**–**	**(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**

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

Statement of consolidated cash flows (indirect method)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2022 (in thousands of euros)

	Notes	31/12/2022		31/12/2021	
Profit/(loss) before tax from continuing operations			**550,653**		**807,460**
Adjustments to profit or loss			**668,929**		**203,866**
Amortisation and depreciation	6, 7 and 8	522,201		452,267	
Impairment and gains/(losses) on disposal of fixed assets	6, 7 and 26	174,895		(123,577)	
Other adjustments to profit/(loss) (net)	26	(28,167)		(124,824)	
Changes in working capital	15		**285,270**		**(167,910)**
Other cash flows from operating activities			**40,987**		**(97,170)**
Dividend collections		40,248		38,431	
Collections/(Payment) for income tax		739		(135,601)	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES			**1,545,839**		**746,246**
Payments due to investments			**(1,062,055)**		**(557,923)**
Group companies, associates and business units		(286,413)		(147,897)	
Property, plant and equipment, intangible assets and real estate investments	6, 7 and 8	(622,914)		(387,392)	
Other financial assets		(152,728)		(22,634)	
Proceeds from disposals			**51,512**		**568,619**
Group companies, associates and business units		19,086		478,022	
Property, plant and equipment, intangible assets and real estate investments	6, 7 and 8	20,619		52,224	
Other financial assets		11,807		38,373	
Other cash flows from investing activities			**72,498**		**182,386**
Interest received		29,292		13,050	
Other collections/(payments) from investing activities		43,206		169,336	
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES			**(938,045)**		**193,082**

Statement of consolidated cash flows (indirect method)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES at 31 December 2022 (in thousands of euros)

	Notes	31/12/2022		31/12/2021	
Proceeds from and payments for equity instruments	17		**(39,429)**		**(200,929)**
Issue/(redemption)		(331)		(524)	
(Acquisition)/disposal of own shares		(39,098)		(200,405)	
Proceeds from (payments on) financial liabilities	19		**(333,882)**		**(269,321)**
Issuance		2,341,595		1,125,829	
Repayment and amortisation		(2,675,477)		(1,395,150)	
Dividends paid and payments on equity instruments	5		**(73,177)**		**(63,150)**
Other flows from financing activities			**(120,708)**		**(94,327)**
Interest paid		(123,682)		(99,105)	
Other collections/(payments) from financing activities		2,974		4,778	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES			**(567,196)**		**(627,727)**
EFFECT OF VARIATIONS IN EXCHANGE RATES			**(585)**		**1,815**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			**40,013**		**313,416**
Cash and cash equivalents at the start of the period	16		**1,535,525**		**1,222,109**
Cash and cash equivalents at the end of the period	16		**1,575,538**		**1,535,525**

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2022 consolidated income statements.

Notes to the consolidated financial statements

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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, España
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.** Dedicated to the operation of quarries and mineral deposits, manufacture of cement, lime, gypsum and prefabricated derivatives, and also to the production of concrete and mortar.
- **Concessions.** Mainly includes concession agreements related to the operation of motorways, tunnels and other similar infrastructures and urban tramways.

International activities account for approximately 45% (41% in 2021) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States.

2. Basis of presentation and basis of consolidation of the consolidated income statement

a) Basis of presentation

The accompanying financial statements and the notes thereto that comprise this Report and which make up these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all the implementing provisions and interpretations.

The 2022 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 2021 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 14 June 2022.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as at 31 December 2022 and 2021, 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 2022 and 2021, 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 2022 and 2021.

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 2022

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 2021, 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.

b) Basis of consolidation

Subsidiaries

The consolidation is carried out using the global integration method for the subsidiaries indicated in Annexe I, in which Fomento de Construcciones y Contratas, S.A. exercises control, that is, when it has the power to direct its relevant activities, it is exposed to variable returns as a result of its participation in the investee and has the ability to exercise said power to influence its own returns, directly or through other companies controlled by it.

The value of the participation of non-controlling shareholders in equity is presented under the heading "Non-controlling interests" of the liability side of the accompanying consolidated balance sheet and the participation in the profit/(loss) is presented under the heading "Profit attributed to non-controlling interests" of the accompanying consolidated income statement.

Where appropriate, goodwill is determined in accordance with the provisions of Note 3.b) of this Report.

Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one of more of the FCC Group companies with other companies outside the Group (note 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. Once such an analysis has been carried out, two types of joint agreements are distinguished:

a) Joint operation: When the parties hold rights over the assets and obligations over the liabilities.

b) Joint business: When the parties hold only rights over the net assets.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

The joint operations, mainly in the Construction and Environmental Services activities that mostly take the form of temporary joint ventures and other similar entities, have been integrated in the attached consolidated accounts based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

Annex II lists the business jointly controlled with third parties outside the Group and Annex 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 Annex 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 2022 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 accounting policies applied to the consolidated financial statements of the FCC Group are detailed below:

a) Service Concession Arrangements

Concession contracts involve agreements between a granting public entity and FCC Group companies to provide public services such as water distribution, filtration and sewage treatment, landfill management, motorways and tunnels, etc. by operating the infrastructure. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of this infrastructure. Likewise, a common characteristic is the existence of obligations to acquire or build all the items required to provide the concession service over the contract term.

When the above conditions are met, said concession contracts are registered by the provisions of IFRIC 12 "Service Concession Arrangement". In general, there are two clearly differentiated phases, the first one in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress, with a counterpart in an intangible or financial asset, and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure. In both cases, income is recognised in accordance with the provisions of IFRS 15 "Revenue from contracts with customers" (note 3.s).

An intangible asset is recognised when the demand risk is borne by the concessionaire and a financial asset is recognised when the demand risk is borne by the concession grantor, since the concessionaire has an unconditional contractual right to receive the proceeds of the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

There may be mixed situations in which the demand risk is shared between the concessionaire and the grantor.

For concessions classified as intangible assets, provisions for dismantling, removal or restoration and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the discounting of such provisions are recognised in profit or loss Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs attributable to infrastructure financing are recognised as an expense in the period, capitalising, only in the intangible asset model, those that accrue during the construction phase and until the related infrastructure is put to use.

The amortisation of these intangible assets is carried out according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The Group's most important concession businesses are in the water supply and sanitation business, which depreciates its assets based on water consumption, which, in general, remains constant over time due, on the one hand, to a reduction in water consumption as a result of water saving policies and, on the other hand, to an increase in water consumption as a result of population growth; in the environmental services business, mainly waste recycling and energy recovery plants, which are depreciated on the basis of the tonnes treated; and in the concessions business, mainly toll roads and motorways, which are depreciated on the basis of traffic. The amortisation is completed in the concession period, which is generally between 25 and 50 years.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. In accordance with the amortised cost method, the corresponding income is recognised in profit or loss as revenue based on the effective interest rate resulting from forecasts of the concession's cash flows and payments. Finance expenses arising from the financing of these assets are classified under "Financial expenses" in the consolidated income statement. As stated above, for the provision of maintenance or operating services, income and expenses are allocated to profit/(loss) in accordance with IFRS 15 "Revenue from contracts with customers".

b) Business combinations and goodwill

The assets and liabilities of the companies and subgroups over which control is acquired are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new data.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest, the amount of the non-controlling interests and the fair value at the date on which control over these interests is acquired when control is obtained in stages, and (b) the fair value of identifiable assets and liabilities.

When the difference obtained according to the previous paragraph is a negative amount, a bargain purchase occurs. In these situations, the Group reviews the identification and assessment of the assets and liabilities acquired and if this difference is confirmed, it is recognised as a positive result in the year under "Impairment and gains/(losses) on disposals of fixed assets".

In general, non-controlling interests are valued by the proportional part of the fair value in the assets and liabilities of the acquired company.

If control over a business combination is achieved in stages, the difference between the fair value at the time control over the preceding interest is obtained and the carrying amount of that interest is recognised in profit/(loss).

Once control is obtained over an investee, and until that control is lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is not amortised. However, it is tested for impairment at least at each balance sheet date, in order to recognise it at the lower of its recoverable value, estimated on the basis of expected cash flows, or acquisition cost, less any prior years' impairment losses.The accounting policies used to determine impairment are detailed in section f) of this note.

c) Intangible assets

Except as indicated in the two previous sections of this note regarding the agreements for the concession of services and goodwill, the other intangible assets contained in the accompanying financial statements are valued at their acquisition cost. These intangible assets include investments related to operating contracts and 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.

d) Property, Plant and Equipment

Property, plant and equipment are recorded at their cost price (updated, where appropriate, with various legal provisions prior to the date of transition to IFRS), less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been acquired through business contributions as stated in section b) of this note, they are initially recognised at their fair value on the acquisition date.

The work carried out by the Group for its fixed and non-current assets is valued at production cost.

Conservation and maintenance expenses that do not involve an extension of the useful life or productive capacity of the corresponding assets are charged to the profit/(loss) of the year in which they are incurred.

When the construction and commissioning of fixed and non-current assets require a period of long construction, the interests derived from their financing accrued during said period are activated..

Companies depreciate their fixed and non-current assets following the linear method, distributing the cost thereof between the following years of estimated useful life:

Natural resources and buildings	25-100
Plant, machinery and transport items	5-30
Furniture and tools	7-12
Other fixed and non-current assets	5-10

However, some contracts may have terms shorter than the useful life of the related fixed and non-current assets, in which case they are depreciated over the term of the contract.

The residual value, useful life and depreciation method applied to the Group's PP&E are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment. This review is carried out through an in situ evaluation and technical analysis, taking into account their current conditions and estimating the remaining useful life of each asset, based on their ability to continue providing the functionalities for which they were defined. Subsequently, these internal analyses are compared against third parties outside the Group, such as manufacturers, installers, etc. to ratify them.

The companies periodically assess, at least at the end of each reporting period, whether there is any indication of impairment of an asset or group of assets in order to proceed, where appropriate, as indicated in section f) of this note, to the impairment or reversal of the asset or group of assets in order to adjust its net book value to its value in use, without exceeding in any case the reversals of previous impairment losses.

e) 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

Intangible assets with finite useful lives and property, plant and equipment items are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and results obtained on the disposal of assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or collections on lending operations and corporation 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

All leasing transactions (with certain exceptions due to their small amount or duration) in which the Group acts as lessee give rise to the recognition of an asset for the right of use, which by its nature is mainly recorded as a tangible asset, and a liability for the future payment obligations incurred. This liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made.

A contract contains a lease when the lessor transfers control of an identifiable underlying asset for a certain period of time in exchange for a consideration. An asset is identifiable when it is explicitly specified in the contract or implicitly when it is made available to the customer. However, if the supplier has the right to replace the asset during the period of use, that is, when it has alternative assets and can economically benefit from such substitution, the asset is not considered identifiable and therefore the contract will not contain a lease.

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially If it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

Subsequently, during the term of the lease contract, the right of use is systematically amortised and the financial expenses associated with the affected liability are recorded applying the amortised cost method.

Substantially all of the agreements in which the Group acts as lessor, which are mostly carried out in the Real Estate business, are classified as operating leases, as not substantially all the risks and rewards incidental to ownership of the asset are transferred. The revenue generated by the agreement is recognised on a straight-line basis over the term of the agreement and is included as revenue in the profit and loss account to the extent that it is of an operating nature. Direct costs incurred on entering into a lease agreement are incorporated as an increase in the value of the leased asset and amortised over the lease term on the same basis as income. Contingent payments are recognised as income in the period in which they are earned.

h) Investments accounted for using the equity method

Interests in joint ventures and associates are initially assessed at acquisition cost and subsequently restated to the amount of the interest with the results generated by these companies that are not distributed by way of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These include translation differences and adjustments caused by changes in the fair value of financial derivatives of cash flow hedges acquired by the companies themselves.

They undergo an impairment test as long as there are indications of impairment that may reveal a decrease in the recoverable value below the carrying amount of the investment, using both internal and external sources.

i) Financial assets

Financial assets are initially recorded at fair value, which is generally the same as their acquisition cost, adjusted for the operation costs directly attributable to it, except in the case of financial assets at fair value with changes in profit/(loss) that are attributed to that year's profit/(loss).

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets in order to obtain its contractual cash flows, so it values them according to the amortised cost method, that is, initial cost less principal charges plus accrued income based on its effective interest rate pending collection, adjusted for any recognised impairment loss. The effective interest rate consists of the rate that equals the initial cost of the total cash flows estimated for all the items throughout the remaining life of the investment. As an exception to the above, it should be noted that the Group values certain financial assets at fair value in the following cases:

- Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.
- Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

Financial assets at fair value have been recorded at fair value at the closing date of the financial statements. Fair value is understood as the value by which a financial instrument could be exchanged between informed and experienced parties in a free transaction (independent between third parties).

In the case of financial assets at fair value with changes in the profit/(loss), the profits or losses resulting from the change in fair value are attributed to the net profit/(loss) of the year, while financial assets at fair value with changes in other comprehensive income are attributed to equity, until the asset is disposed of, at which time the profit previously accumulated in equity will be included in that year's profit/(loss).

In assets that are valued at amortised cost, an impairment loss is recorded if, on the closing date of the financial statements, it is determined that credit losses will be incurred throughout their entire life. That is, impairment losses are recorded immediately when there is credit risk. Credit risk is understood as the risk of one of the parties to the financial instrument causing a financial loss to the other party if it breaches an obligation.

Collection rights arising from a service concession arrangement are valued according to the criteria indicated in section a) of this note.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, given that they generally mature within twelve months, adjusted by any expected credit losses over the course of their lives. Accounts receivable with maturities greater than twelve months are valued at their current value.

The Group, based on the short-term cash flow needs, transfers credit from customers to financial entities. The amount of 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). The net realisable value is determined mainly on the basis of end-market references, by calculating the residual value of the land on the existing market value in the locality in which they are located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their assessment.

The goods received through credit collection in exchange for work executed or to be executed are valued at the lowest amount from between the amount that was registered for the credit corresponding to the goods received, or the cost of production or net realisable value.

k) Foreign currency

k.1) Translation differences

Converting the financial statements of foreign companies denominated in currencies other than the euro into euros has generally been carried out at the closing rate, except for:

- Capital and reserves, which were converted at historical exchange rates.
- The income statement items of foreign 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

Grants are recognised according to their nature.

m.1) Capital grants

Capital grants are those that involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.

m.2) Operating subsidies

Operating grants are those other than those defined above that do not relate directly to an asset or group of assets. Operating income is considered the amount received at the time of its concession, except if it is granted to finance specific expenses, in which case its allocation to profit/(loss) will be made as those expenses accrue.

n) Provisions

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events for which the companies consider it probable that there will be an outflow of funds to settle them on maturity.

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration 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 2022 no liabilities of a substantial amount have been recognised for this item.

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the normal operating cycle of the activity giving rise to the provision.

o) Financial liabilities

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These financial liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

p) Financial derivatives and hedge accounting

A financial derivative is a financial instrument or another type of contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable that may not be financial.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

– Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally under equity, and are taken to income when the hedged item materialises.

– Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in income by offsetting changes in the fair value of the hedged item.

– Hedges of a net investment in a foreign operation: this type of hedges are aimed at covering foreign currency risk and are treated as cash flow hedges.

IFRS 9 "Financial Instruments" states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

The qualitative requirements that must be met are as follows:

– Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.

– Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.

– The effectiveness requirements must be met. This means that there is a financial relationship between the hedged item and the hedging instrument such that both generally move in opposite directions upon the occurrence of the hedged risk. Credit risk must not have a dominant effect on the changes in the value of the hedged items and the hedging ratio must be equivalent to the percentage of the exposure to the covered risk.

The hedge is considered to be fully effective provided that the qualitative effectiveness test shows that it complies with those criteria. If not, the hedge would cease to be treated as a hedge and the hedge relationship would cease, recognising the derivative at its fair value through changes in profit or loss.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future deviations relating to the hedge.

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (note 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.

  A distinction must be made between the designated portion and the non-designated portion of cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS:

  • The treatment of the designated portion will be similar to that indicated for IRSs.

  • The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive income when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect results for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

The value is calculated using defined methods and techniques based on observable market inputs, such as:

- The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.
- The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swamps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 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

Revenue is recognised when the control of the good or service is transferred to the customer, in general, only when there is approval from the customer applying a homogeneous method to contracts of a similar nature. Revenue is valued at the expected amount of the consideration that is to be received that can be estimated reliably and that is not expected to be reversed in the future. After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

As regards variable consideration, only one income is recognised for the value, and it is highly probable that it will not suffer significant reversion when the uncertainty about it is subsequently resolved. Also, in the case that the contracts include price revision clauses, the income that represents the best estimate of the amount to be charged in the future and under the same probability criteria mentioned for the variable consideration is recorded.

In general, the Group has not identified significant financial components in its contracts with customers. The financial component is only separated from the consideration to be received and the corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than twelve months.

In the construction activity, performance obligations are paid over time, so revenue is recognised using a product-based method, i.e. that is in-line with the degree of progress criterion. Only income that is protected by a main contract signed with the property and in modifications thereto approved by it is recognised. If the modification is approved without the amount being fixed, the income is only estimated as a variable consideration when the criteria of probability and significant non-reversal mentioned above are met. Budgeted losses are recognised as profit/(loss) for the year.

Meanwhile, in this activity the costs are recognised in accounts according to their accrual. The costs for obtaining the contract, mainly related to the study and preparation of the project, are not activated as they cannot be considered as incremental, since they are incurred regardless of whether the contract is finally obtained or not. Two main costs for fulfilling the contract can be distinguished: engineering and study costs and those related to general and specific facilities (mainly accessory facilities such as concrete plants, auxiliary works or building booths necessary to provide the services). The main contracts in which the aforementioned expenses are incurred are of the design and construction type, in which the remuneration to be received for the work to be carried out in engineering and studies and those of the benefit is identified by separate work units of construction services. Therefore, in general, the expenses derived from engineering and studies are not activated and are recognised in accordance with their accrual as services are rendered. Costs related to the general and specific facilities are recorded as expenses according to the degree of progress when a separate works unit with its corresponding remuneration is identified in the contract, and assets are only activated within the heading when the contract does not identify them separately, and profit/(loss) is charged together with the rest of the contract costs using the aforementioned degree of progress.

In the service provision activities, which are mainly carried out in the Environmental Services, End-to-end Water Management and Real Estate segments when the Group acts as lessor under lease agreements, income and expenses are recognised on an accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises. These are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

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 net turnover, since the value of this financial asset includes both construction and maintenance and upkeep services, which from an operational point of view are identical to those represented by the intangible model and, consequently, it is considered that since both models are related to the company’s operating activity, the true and fair view is better represented by including the income derived from the financial asset as belonging to operations (note 3. a).

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 company.

For the purposes of preparing the consolidated statements of cash flows, the "cash and cash equivalents" have been considered as cash and on-demand bank deposits, as well as those short-term, highly liquid investments, which are easily convertible into specific amounts of cash, subject to an insignificant risk of changes in their value.

v) Use of estimates

In preparing these 2022 and 2021 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.

x) Non-current assets and related liabilities held for sale

Assets and liabilities whose book value is recovered through a sale transaction and not through continued use are classified as non-current assets held for sale and liabilities related to non-current assets held for sale. This condition is considered fulfilled only when the sale is highly probable and the asset is available for immediate sale in its current state and it is estimated that it will be completed within a period of one year from the classification date.

Non-current assets and related liabilities classified as held for sale are valued at the lower of their book value and fair value less expected selling costs.

4. Changes in the scope of consolidation

The main changes experienced in the scope of consolidation in 2022 are the following:

a) Business combinations

– 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 million euros. This acquisition has taken 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 does 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 have been 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 has 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 has been 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 has been recorded in the accompanying cash flow statement under "Payments for investments".

The composition of the balance sheets for business combinations is detailed below:

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**
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 have 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, revenues and profit/(loss) they would have contributed would have been 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	–

These initial estimates are provisional, in particular the investments made in the last month of the year. The Group has a period of one year from the control date to adjust them should more relevant and comprehensive information be obtained at a later date.

The following business combinations were carried out in 2021:

– In October 2021, FCyC, S.A. acquired a stake in Realia Business, S.A., representing 13.12% of the share capital, in addition to the 37.40% previously held. The aforementioned shareholding was acquired from Control Empresarial de Capitales, S.A. de C.V. (note 30) for an amount of €83,941 thousand, which was recorded under the heading "Payments for investments" in the accompanying cash flow statement. As a result of the aforementioned transaction, the FCC Group gained control of the aforementioned company, recording a positive operating profit of €241,701 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 €58,158 thousand was recorded under "Profit/(loss) of entities valued using the equity method" as a result of the fair value of the stake held by the aforementioned company prior to the takeover (note 26).

– Additionally, Jezzine Uno, S.L.U., a commercial property rental company, was incorporated in October 2021 (note 30). This transaction was carried out by means of a non-cash capital increase in FCyC, S.a., fully subscribed by Soinmob Inmobiliaria Española, S.A., a subsidiary of Control Empresarial de Capitales, S.A. de C.V. Consequently, Soinmob Inmobiliaria Española. S.A. now holds 19.97% of the share capital of FCyC, S.L. (note 17).

– On 31 December 2021, the Environment division acquired 100% of Premier Waste Services, Llc. in the United States for €30,019 thousand. The amount paid 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 2021 is detailed below:

2021	Grupo Realia Business	Jezzine Uno, S.L.U.	Premier Waste Services, Llc.
Non-current assets	**1,651,725**	**608,859**	**30,350**
Intangible assets	77	–	21,614
Property, plant and equipment	2,102	2	8,736
Investment property	1,470,575	600,404	–
Investments accounted for using the equity method	59,941	–	–
Non-current financial assets	9,526	5,263	–
Deferred tax assets	109,504	3,190	–
Current assets	**465,916**	**13,215**	**1,200**
Inventory	334,828	–	–
Trade and other receivables	16,668	305	980
Other current financial assets	21,060	–	–
Other current assets	4,796	–	132
Cash and cash equivalents	88,564	12,910	88
Total assets	**2,117,641**	**622,074**	**31,550**
Equity	**1,359,256**	**212,696**	**30,019**
Non-current liabilities	**711,928**	**381,251**	**–**
Grants	–	–	–
Non-current provisions	12,019	–	–
Non-current financial liabilities	515,937	320,950	–
Deferred tax liabilities	183,972	60,301	–
Other non-current liabilities	–	–	–
Current liabilities	**46,457**	**28,127**	**1,531**
Current provisions	293	–	–
Current financial liabilities	5,312	18,310	–
Trade and other payables	40,852	9,817	1,531
Total equity and liabilities	**2,117,641**	**622,074**	**31,550**

As a result of the aforementioned business combinations, the fair value of the assets acquired was determined. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2021	Grupo Realia Business	Jezzine Uno, S.L.U.	Premier Waste Services, Llc.
Investment property	–	241,205	–
Inventory	28,000	–	–
Total assignments to assets	**28,000**	**241,205**	**–**
Non-current liabilities (deferred tax liabilities)	7,000	60,301	–
Total assignments to liabilities	**7,000**	**60,301**	**–**
Total net assignments	**21,000**	**180,904**	**–**

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2021	Grupo Realia Business	Jezzine Uno, S.L.U.	Premier Waste Services, Llc.
Acquisition value	83,941	212,696	30,019
Fair value Minority interests acquired	547,445	–	–
Fair value previous interest	236,602	–	–
- Fair value of net assets	(1,109,689)	(212,696)	(8,405)
Goodwill	**(241,701)**	**–**	**21,614**

The above business combinations have contributed the following revenues and results to the accompanying consolidated income statement:

2021	Grupo Realia Business	Jezzine Uno, S.L.U.	Premier Waste Services, Llc.
Revenue	**39,899**	**6,284**	**–**
Other income	3,005	350	–
Operating profit/(loss)	**27,659**	**6,176**	**–**
Profit/(loss) before tax from continuing operations	**26,081**	**5,450**	**–**
Profit attributable to the parent company	**7,632**	**3,272**	**–**
Non-controlling interests	**13,011**	**816**	**–**

If the above companies had been consolidated since 1 January 2021, the ordinary income and profit/(loss) they would have contributed would be as follows:

2021	Grupo Realia Business	Jezzine Uno, S.L.U.	Premier Waste Services, Llc.
Revenue	**161,815**	**37,743**	**16,066**
Other income	18,260	2,291	1,292
Operating profit/(loss)	**67,676**	**28,292**	**1,848**
Profit/(loss) before tax from continuing operations	**93,512**	**25,169**	**1,517**
Profit attributable to the parent company	**23,581**	**15,107**	**1,475**
Non-controlling interests	**47,843**	**3,770**	**–**

b) Other changes in scope

In relation to 2021, in March and April, the sale to Vauban Infrastructure Partners, a non-Group company, of the FCC Group's entire interest in three concessions located in Spain was completed for €377,138 thousand, which was recognised under "Proceeds from disposals of investments in Group companies, associates and business units". Specifically, 51% of the Cedinsa group, a controlled company that manages the concession of four motorways in Catalonia, and 49% of Concessió Estacions Aeroport L9, S.A. (consolidated by the equity method), concessionaire of section 1 of line 9 of the Barcelona metro and 29% in Urbs Iudex et Causidicus, SA (consolidated by the equity method), which operates the Ciudad de la Justicia (City of Justice), also in Barcelona, were sold. This transaction gave rise to a pre-tax profit before tax of €39,256 thousand for the FCC Group, which includes the allocation to income of value adjustments for a sum of -€93,029 thousand.

In April 2021, the Group agreed to the sale of FM Green Power Investments, S.L. and its subsidiaries to Plenium Partners, S.L., which were previously consolidated using the equity method, for the sum of 98,000 thousand euros. The Group received the sum of 93,000 thousand euros in July 2021 and 5,000 thousand euros at the start of 2022.

On 21 December 2021, tHe Realia Group, through its subsidiary Realia Patrimonio, S.L.U., acquired an additional 37.11% stake in Hermanos Revilla, S.A. for €189,061 thousand, recognised in the accompanying cash flow statement under "Proceeds and payments for equity instruments". With this acquisition, the Realia Group's direct and indirect shareholding in the aforementioned company increased to 87.76%. Since prior to the acquisition, the Group already had control of both investees, the difference between the purchase price and the book value of the minority interests acquired generated a decrease in reserves of €2,946 thousand (note 17).

5. Distribution of profit

Fomento de Construcciones y Contratas, S.A. distributed a scrip dividend in 2022 and 2021, resulting in a cash outflow of €10,783 thousand (€9,631 thousand in 2021) and the delivery of 14,871,347 shares (16,067,018 shares in 2021) (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 at 31 December 2022 and 2021:

	2022	2021
Shareholders of Fomento de Construcciones y Contratas, S.A.	10,783	9,631
Other non-controlling shareholders of other companies	62,394	53,519
	73,177	**63,150**

"Other non-controlling shareholders of other companies" includes the payment of dividends to the non-controlling shareholder of FCC Aqualia, S.A. for the sum of 14,944 thousand euros at 31 December 2022 (29,400 thousand euros at 31 December 2021).

6. Intangible assets

The breakdown of net intangible assets at 31 December 2022 and 2021 is as follows:

	Cost	Accumulated amortisation	Impairment	Net Value
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**
2021				
Concessions (Note 10)	2,718,925	(1,224,776)	(54,443)	1,439,706
Goodwill	1,922,704	–	(973,728)	948,976
Other intangible assets	**378,188**	**(305,143)**	**(16,494)**	**56,551**
	5,019,817	**(1,529,919)**	**(1,044,665)**	**2,445,233**

a) Concessions

The changes in this heading of the consolidated balance sheet in 2022 and 2021 were as follows:

	Concessions	Accumulated amortisation	Impairment	Net Value
Balance at 31.12.20	**2,549,048**	**(1,115,658)**	**(55,230)**	**1,378,160**
Additions or allocations	60,984	(109,918)	(144)	(49,078)
Derecognitions, disposals or reductions	(11,314)	6,715	1,052	(3,547)
Translation differences	29,597	(4,875)	2	24,724
Change in scope, transfers and other changes	90,610	(1,040)	(123)	89,447
Balance at 31.12.21	**2,718,925**	**(1,224,776)**	**(54,443)**	**1,439,706**
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	55	136,953
Balance at 31.12.22	**2,908,310**	**(1,343,901)**	**(51,765)**	**1,512,644**

This heading includes the intangible assets corresponding to the service concession arrangements (Note 10).

The most significant entries in 2022 within the Environmental Services segment relate to projects in progress carried out by Ecoparque Mancomunidad del Este S.A. for €2,858 thousand (€23,763 thousand in 2021) and FCC Medio Ambiente, S.A. for €6,445 thousand (€17,878 thousand in 2021) and, within the Integral Water Management segment, to Acque di Caltanisseta, S.P.A. for €6,445 thousand (€17,878 thousand in 2021). for €6,445 thousand (€17,878 thousand in 2021) and, within the End-to-end Water Management segment, Acque di Caltanisseta, S.P.A. for €10,112 thousand (€5,846 thousand in 2021) and FCC Aqualia, S.A. for €10,139 thousand (€7,350 thousand in 2021).

"Changes in scope, transfers and other movements" in the service concession agreements in 2022 include the incorporation of the intangible assets corresponding to Concesionaria Tranvía de Murcia, S.A. following its takeover, which amounted to 72,804 thousand euros (note 4), and 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) in FCC Aqualia, S.A. for the sum of 36,125 thousand euros (76,306 thousand euros in 2021).

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.

During 2022, interest amounting to 1,129 thousand euros was capitalised (no interest was capitalised in 2021) and the total interest capitalised came to 61,238 thousand euros (40,806 thousand euros in 2021). This change can mainly be attributed to the incorporation of the intangible assets corresponding to Concesionaria Tranvía de Murcia, S.A. following its takeover, amounting to 20,473 thousand euros of accumulated capitalised interest.

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2022 and 2021 was as follows:

	2022	2021
FCC Environment Group (UK)	294,994	310,586
Cementos Portland Valderrivas, S.A.	143,098	339,386
FCC Environment Group (CEE)	136,793	136,793
FCC Aqualia, S.A.	82,764	82,764
Houston Waste Solutions, Llc.	23,671	–
FCC Ámbito, S.A.	23,311	23,311
Premier Waste Services, Llc.	22,951	21,614
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Cementos Alfa, S.A	–	3,712
Other	8,270	4,979
	761,683	**948,976**

The movements of goodwill in the attached consolidated balance sheet in 2022 and 2021 were as follows:

Balance at 31.12.20		**1,007,015**
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	20,296	
Premier Waste Services, Llc.	21,614	
Other	51	41,961
Impairment losses:		
Cementos Portland Valderrivas Group (note 26)	(100,000)	(100,000)
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**

"Changes in the scope of consolidation, translation differences and other movements" during 2022 mainly concerned the impairment of goodwill corresponding to the Cementos Portland Valderrivas Group for the sum of 200,000 thousand euros, corresponding to Corporación Uniland for the sum of 196,288 thousand of euros (100,000 thousand euros in 2021) and Cementos Alfa, S.A. for the sum of 3,712 thousand euros, the acquisition of the US firm Houston Waste Services, Llc., in the Environmental Services segment, for the sum of 23,671 thousand euros and the effect of the appreciation of the pound sterling against the euro (appreciation of the pound in 2021).

The impairment analysis policies applied by the Group to its goodwill are described in Note 3.b). Based on the methods used and on the estimates, projections and assessments available to Group management, no impairment losses in addition to the impairment referred to in the preceding paragraph have been identified.

The estimates made and the sensitivity analysis of the most significant goodwill impairment tests are discussed below.

It should be noted that in preparing the impairment tests, cash flows have been estimated on the basis of Group management's best estimates and that upward or downward variations in the key assumptions considered, both in the discount rate and operating margins, among other factors, may affect the recoverable amount of the cash-generating unit considered.

Cementos Portland Valderrivas

Composed of two separately identifiable goodwill items recorded in the individual books of Cementos Portland Valderrivas, S.A.:

- one arising from the merger by absorption of the parent company of the Corporación Uniland Group and some of its subsidiaries for an amount of €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) Uniland Corporation

The shareholding in Uniland was acquired in several stages between 2006 and 2013, until 100% of the shareholding was acquired for a total amount of €1,898,973 thousand.

An impairment of goodwill associated with the above purchases amounting to €239,026 thousand was recorded in 2011 as a result of the sharp market contraction in the cement sector, which was not expected to recover in the short to medium term. An additional impairment of €187,191 thousand was recognised in 2016 and in 2019 the impairment test was updated to take into account the slower growth in cement consumption, largely as a result of the slowdown in the real estate market, whereby future forecasts were adjusted to take into account uncertain demand scenarios and an additional impairment of €70,011 thousand was recognised.

During 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 impact 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 income statement.

The general slowdown is the main trend seen by the world economy in 2022. The invasion of Ukraine has triggered a serious energy crisis in Europe, causing an increase in gas prices (which have multiplied by more than four times since 2021) as well as electricity and food prices. This inflation has resulted in the tightening of financial and monetary conditions to control demand and gradually curb inflation. These increases have been passed on as supply chain disruptions on the one hand, and on the other hand are the main source of inflationary pressures that have been passed on to virtually all products and services.

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 10.55% has been used to evaluate goodwill from flows in Spain, and 28.60% for flows from Tunisia. The discount rates used in 2021 were 8.20% and 21.85% 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 2022, 14.9 million tons of cement was consumed in 2022, down by 0.8% compared to the final figures for 2021. Furthermore, total exports (cement and clinker) amounted to 5.6 million tons (6.75 million in 2021 according to updated data). For 2023, the year is expected to start on a negative note, at between 0% and -3% in relation to the evolution of consumption in Spain.

In 2022, the average electricity prices followed an upward trend, increasing by 49.7% compared to the average for 2021. The price of CO2 remained at similar levels as seen in 2021, when it reached an all-time high, with an annual average in the region of the 81 euros/right.

In this context, in 2022 the Group has updated the flows of its "Business Plan" for the period 2023-2032 which serves as the basis for the calculation of the impairment tests in which the evolution of the cost of electricity, fuels and CO2 are of significant importance.

For the Spanish market, the residual value assumed in the flow projections is calculated based on consumption considered sustainable, which is around 20-25 million tonnes, with no growth in perpetuity. The main inputs used for the determination of this consumption range are consistent with historical and forecast 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 projections over the past five years.

In Tunisia in 2022, the internal market stood at 5.5 million tons, 7.4% down on 2021. For 2023, it is estimated that the volume seen in 2022 will remain. Inflation and political instability have curtailed consumption 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 cash flow estimates made with these inflation assumptions, the increase in costs associated with the greater environmental pressures that impact on the allowance allocation policy and its price and the increase in the discount rate considered, have resulted in the need to set aside this aforementioned impairment in goodwill for the sum of 196,288 thousand euros.

The main variables used in the test are listed below:

- Discounted flow period for Uniland Spain and Tunisia: 2023 to 2032
- Discount rate before taxes: 10.55% (Spain) and 28.60% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 37.9%
- Compound annual growth rate Cement Market Spain (without CO2), terminal value for business year 2022:
  - Turnover domestic market: 4.4%
  - Export market turnover: -13.5%
  - Gross Operating Profit: 7.5%
- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over business year 2022:
  - Turnover domestic market: 7.1%
  - Export market turnover: 0.3%
  - Gross Operating Profit: 8.2%

The result of this test is sensitive to variations in the key assumptions; a 10% increase in projected flows would result in a buffer on the already impaired value of approximately €37,678 thousand and a 10% decrease would result in an additional impairment of around €37,678 thousand. Furthermore, a 10% increase in the discount rate considered would result in an additional impairment of around €29,696 thousand and a 10% decrease in the already impaired value of approximately €35,965 thousand.

However, the Parent Company's management considers that the impairment recorded has adjusted the value of goodwill to its fair value according to the best estimates available at year-end.

2) Alcalá de 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: 2023 to 2032
- Discount rate before taxes: 10.87%
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 44.9%
- Recoverable amount allowance over book value: €11,350 thousand
- Compound annual growth rate (without CO2), terminal value over business year 2022:
  - Total turnover: 3.5%
  - Gross Operating Profit: 13.7%

The Cementos Atlántico goodwill test can take a pre-tax discount rate of up to approximately 11.71%. Meanwhile, it would support an annual drop in cash flows of approximately 7% 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 main assumptions used envisage an expected increase in revenue looking forwards in the range of approximately 1.2 to 3% for the 2023 to 2031 period, except for growth of 14% in 2025 as a result of the commissioning of the Lostock energy recovery plant, currently under construction, and a decrease in 2032, the last year considered and used as a basis for calculating the value of perpetual income. The landfill sector is where the decrease in sales is taking place, following the expected market evolution, compensated by the diversification of activities. The gross operating margin as a percentage of sales will move from 16.3% in 2023 and decrease to around 12.5% in the last two years. The pre-tax discount rate used was 10.86% 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 33.9% 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 206,846 thousand euros, supporting an increase of 1,300 basis points without incurring impairment. A 10% decrease in the current value of cash flows would reduce the excess to 174,997 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 166,053 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 main hypotheses used suggest higher growth in revenue, of approximately 4.7% to 6.7% in the first years on account of new opportunities, before stabilising at around 3% in 2026 and 2027. These markets are mostly mature with limited growth expectations. In turn, the gross operating margin stands at around 16% for the entire period under consideration.

The pre-tax discount rate used was 12.26% and a growth rate of 0% was employed as part of the calculation of perpetual income, which accounts for 82.9% 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 139,615 thousand euros. A 10% decrease in the present value of cash flows would bring this excess down to 92,907 thousand euros.

c) Other intangible fixed and non-current assets

The changes in this heading of the consolidated balance sheet in 2022 and 2021 were as follows:

	Other intangible assets	Accumulated Amortisation	Impairment	Net value
Balance at 31.12.20	**360,060**	**(292,217)**	**(15,158)**	**52,685**
Additions or allocations	12,142	(11,187)	(1,384)	(429)
Derecognitions, disposals or reductions	(3,237)	2,985	70	(182)
Translation differences	2,031	(992)	(23)	1,016
Change in scope, transfers and other changes	7,192	(3,732)	1	3,461
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**

"Release, removals and transfers" includes 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 2022 and 2021 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
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**
2021				
Land and buildings	**1,661,173**	**(572,202)**	**(101,852)**	**987,119**
Land and natural resources	694,516	(172,501)	(87,045)	434,970
Buildings for own use	966,657	(399,701)	(14,807)	552,149
Plant and other items of property, plant and equipment	**8,185,089**	**(5,653,086)**	**(656,566)**	**1,875,437**
Plant	4,997,778	(3,438,120)	(618,330)	941,328
Machinery and vehicles	2,320,002	(1,674,652)	(34,568)	610,782
Advances and PP&E under construction	92,561	–	–	92,561
Other PP&E	774,748	(540,314)	(3,668)	230,766
	9,846,262	**(6,225,288)**	**(758,418)**	**2,862,556**

The movements in the various fixed and non-current assets headings in 2022 and 2021 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 31.12.20	**683,055**	**933,900**	**1,616,955**	**4,721,372**	**2,215,724**	**109,411**	**748,649**	**7,795,156**	**(5,930,502)**	**(671,410)**
Additions or allocations	4,930	48,216	53,146	31,783	154,912	77,196	54,451	318,342	(333,705)	(51,405)
Derecognitions, disposals or reductions	(993)	(35,409)	(36,402)	(19,043)	(117,319)	(465)	(40,121)	(176,948)	175,889	4,487
Translation differences	2,734	7,998	10,732	205,173	34,805	786	5,347	246,111	(144,145)	(39,843)
Change in scope, transfers and other changes	4,790	11,952	16,742	58,493	31,880	(94,367)	6,422	2,428	7,175	(247)
Balance at 31.12.21	**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)**

Significant "Additions" in 2022 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 €90,391 thousand (€36,983 thousand in 2021), in FCC Medio-ambiente, S.A. (Spain) for a total of 160,731 thousand euros (98,249 thousand euros in 2021), at the FCC Environment group (UK) for a total of 34,957 thousand euros (32,838 thousand euros in 2021), and at FCC Environment CEE (Central Europe) for a total of 64,681 thousand euros (43,848 thousand euros in 2021). 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 26,272 thousand euros (22,406 thousand euros in 2021), in SmVak (Czech Republic) for the sum of 30,440 thousand euros (28,453 thousand euros in 2021) and in the Georgia Global Utilities Group (Georgia), acquired in February 2022 (note 4), for the sum of 36,837 thousand euros as well as in construction activity, mainly in FCC Construcción, S.A. for the sum of 32,787 thousand euros (23,190 thousand euros in 2021).

"Changes in the scope of consolidation, transfers and other movements" for 2022 include 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).

During 2021, land and natural assets (quarries) of the Cement business impaired by 36,011 thousand euros (note 26) as a result of the expected shortening of their useful lives.

"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 2022 and 2021 and the total interest capitalised at source as at 31 December 2022 amounts to 6,383 thousand euros (6,383 thousand euros in 2021).

As at 31 December 2022, in property, plant and equipment, €7,719 thousand (€8,331 thousand as at 31 December 2021) has been charged as income from capital grants.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At year-end, the Parent estimates that there is no hedging deficit related to said risks.

The gross amount of fully depreciated property, plant and equipment which is nevertheless used in the production activity because it is in a good usable status amounts to 3,631,488 thousand at 31 December 2022 (3,023,954 thousand euros at 31 December 2021).

The property, plant and equipment net of depreciation on the attached consolidated balance sheet located outside the Spanish territory amount to 1,984,050 thousand euros at 31 December 2022 (1,473,477 thousand euros at 31 December 2021).

Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2022, 734,000 thousand euros (790,359 thousand euros at 31 December 2021) are subject to ownership restrictions according to the following detail:

	Cost	Accumulated amortisation	Impairment	Net value
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**
2021				
Buildings, plants and equipment	1,419,292	(686,066)	(4,364)	728,862
Other property, plant and equipment	163,012	(101,515)	–	61,497
	1,582,304	**(787,581)**	**(4,364)**	**790,359**

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 2022 amounted to 173,305 thousands euros (24,510 thousand euros at 31 December 2021).

	2022	2021
Land and natural resources	–	–
Buildings for own use	–	–
Plant	–	–
Machinery and vehicles	138,338	22,075
In-progress property, plant and equipment and advances	610	–
Other PP&E	34,357	2,435
	173,305	**24,510**

8. Investment property

As stated in note 3.e), investment property is measured at fair value based on the assessments made by an independent expert.

In the case of the assessments corresponding to the Realia Business Group, the methodology for determining the fair value of the investment property is based on the RICS principles, which basically use discounted cash flows as the valuation method, which consists of capitalising the net rents of each property and discounting the future flows, applying market discount rates, over a ten-year time horizon and a residual value calculated by capitalising the estimated rent at the end of the projected period at an estimated yield. The properties were assessed on an individual basis, taking into account each of the agreements in force at year-end and their duration. For buildings with vacant areas, these have been assessed on the basis of estimated future rents, discounting a marketing period.

The key variables in this method are the determination of the net income, the duration of the lease agreements, the time period over which the leases are discounted, the approximation of value at the end of each period and the target internal rate of return used to discount the cash flows.

The key variables used in the assessments using the discounted cash flow method are:

- Current gross income: contractual income of the agreements outstanding at the date of the assessment, without taking into account bonuses, grace periods and expenses not passed on.
- Current net income: the revenue generated by each property at the date of the assessment, net of allowances and deficiencies and taking into account the non-chargeable expenses in accordance with the agreements and for vacant spaces.
- Estimated revenue for vacant space and/or new leases over the years of the cash flow.
- Exit Yield: required rate of return at the end of the assessment period on the sale of the asset. At the end of the discount period it is necessary to determine an exit value of the property. At that point it is not possible to reapply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the rent being generated by the property at the time of sale, provided that the cash flow projection assumes a stabilised rent that can be capitalised in perpetuity.
- IRR: interest rate or rate of return offered by an investment, the value of the discount rate that makes the NPV equal to zero, for a given investment project.
- ERV: Market return on the asset at the assessment date.

In the case of the investment property of Jezzine Uno, S.L.U., given the characteristics of the agreement, which includes a period of assured rental income until 2037, when the lessee has the option to repurchase at fair value, the assessment method used was the discounted cash flow method. Discounted cash flow ("DFC") is a method generally accepted by valuation experts from both a theoretical and practical point of view as the method that best incorporates all factors affecting the value of a business into the valuation result, considering the company as a real investment project.

This methodology considers the results of the operating activity and also the investment and working capital policy to calculate the future cash flow generation capabilities of the assets linked to the business, which are discounted to the assessment date to obtain the present value of the business.

The sum of the following two components has been considered for the determination of the fair value:

- Estimated cash flows over the life of the agreement until its completion in 2037: The calculation is based on the amount of rents expected to be obtained, including the expenses chargeable to the lessee under the agreement (property tax, community charges and other fees), less the operating costs incurred for the management of the properties and the corresponding operating taxes. The cash flows obtained are discounted in line with expected inflation.

– Divestment value: An exit value of the property has been estimated at the end of the lease term. At that point it is not possible to re-apply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the expected market rent that the properties could be generating at the time of sale and which can be capitalised in perpetuity. The market rent in 2037 has been determined on the basis of an analysis of the possible market rent of the premises, assuming that the market rent will vary annually until 2037 in line with expected annual inflation rates in the future. For the purpose of determining the net capitalisable income in perpetuity, the total amount of asset-related expenses expected in 2037 (no longer chargeable in the context of a market sale) has been deducted. It has also been assumed that minor investments will be necessary to adapt the assets for their sale on the market, estimating the marketing costs that would be incurred in their sale. The corresponding tax effect has been deducted from the amount of capital gain thus obtained.

The key variables used in the above assessment are as follows:

– Amount of net rents during the lease agreement calculated as explained above.

– Discount rate: The WACC has been calculated taking as components those corresponding to the market in which it operates and its debt structure.

– Exit yield: Required rate of return at the end of the lease agreement on the sale of the assets.

The fair value of investment property amounted to 2,122,854 thousand euros at 31 December 2022 (2,069,187 thousand euros at 31 December 2021).

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:

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(46,385)	(34,789)	(47,305)	(35,479)
Decrease of 25 basis points	51,095	38,321	52,515	39,386

In addition, the sensitivity analysis of a 10% change in the ERV (market rent of the asset at the assessment date) would be as follows:

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
10% increase	110,725	83,044	113,315	84,986
10% decrease	(112,175)	(84,131)	(111,470)	(83,603)

Finally, the sensitivity analysis of a quarter point change in the IRR would be as follows:

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(28,970)	(21,728)	(26,610)	(19,958)
Decrease of 25 basis points	26,730	20,048	27,460	20,595

In the case of Jezzine Uno, S.L.U.'s investment property, a sensitivity analysis of the main variables affecting its assessment is provided below.

The impact of a change in the discount rate used to determine the present value of both the contract rents and their divestment value is as follows:

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(12,490)	(9,368)	(13,044)	(9,783)
Decrease of 25 basis points	12,866	9,650	13,487	10,116

The impact of a change in the exit yield is as follows::

	2022		2021	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(4,525)	(3,394)	(5,535)	(4,151)
Decrease of 25 basis points	4,817	3,613	5,904	4,428

The movements in the various investment property items in 2022 and 2021 were as follows:

Balance 31.12.20	**–**
Additions	4,836
Derecognitions, disposals or reductions	(23,260)
Change in fair value	16,628
Change in scope, transfers and other changes	2,070,983
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**

Significant "Additions" in 2022 included the capitalisation of constructions in progress for rental housing by the Realia Business, S.A. Group for the sum of 21,599 thousand euros.

"Changes in the scope of consolidation, transfers and other movements" in 2021, include the real estate assets incorporated due to the takeover of Realia Business, S.A., amounting to €1,470,575 thousand, and Jezzine Uno, S.L.U., a company dedicated to the rental of commercial properties, amounting to €600,404 thousand (note 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.

In 2022, there were commitments to acquire investment property for the sum of 11,549 thousand euros. At year-end 2021, the Group had no firm commitments to acquire or construct any 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 right-of-use assets amounted to 401,459 thousand euros at 31 December 2022 (449,783 thousand euros at 31 December 2021). The carrying amount, additions and write-downs during the business years 2022 and 2021 are detailed below by underlying asset class:

	Cost	Accumulated amortisation	Impairment	Net value	Additions	Amortisation charge
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)**
2021						
Land and buildings	**449,574**	**(101,577)**	**(602)**	**347,395**	**42,182**	**(38,283)**
Land and natural resources	53,759	(8,662)	(602)	44,495	4,800	(3,563)
Buildings for own use	395,815	(92,915)	–	302,900	37,382	(34,720)
Plant and other items of property, plant and equipment	**173,634**	**(71,246)**	**–**	**102,388**	**20,430**	**(37,996)**
Plant	5,674	(3,095)	–	2,579	74	(1,072)
Machinery and vehicles	133,451	(53,746)	–	79,705	16,017	(29,746)
Other PP&E	34,509	(14,405)	–	20,104	4,339	(7,178)
	623,208	**(172,823)**	**(602)**	**449,783**	**62,612**	**(76,279)**

Lease liabilities recognised amount to €425,395 thousand at 31 December 2022 (€432,851 thousand at 31 December 2021), of which €78,970 thousand (€64,870 thousand at 31 December 2021) 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 €12,315 thousand at 31 December 2022 (€12,905 thousand at 31 December 2021). Lease payments made during the year amount to €80,525 thousand at 31 December 2022 (31 December 2021: €109,301 thousand) and are recognised under "Receivables and (payments) on financial liability instruments" and "Interest payments" in the accompanying consolidated cash flow statement. Details of non-current lease liabilities by maturity are shown below:

	2024	2025	2026	2027	2028 and beyond	Total
2022						
Liabilities for non-current leases	59,920	31,717	26,984	33,126	194,678	346,425

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 2022 and 2021:

	2022	2021
Low value assets	3,571	1,048
Leases with term less than 12 months	92,308	61,738
	95,879	**62,786**

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 €133,713 thousand (€25,126 thousand at 31 December 2021), as follows:

	2022	2021
Revenue from leases	111,461	21,887
Revenue from common pass-through expenses	22,252	3,239
	133,713	**25,126**

The increase in 2022 compared to 2021 can mainly be attributed to the fact that the previous year, only income from leases obtained by the Realia subgroup and by Jezzine Uno, S.L.U. during the last two months of the period following its takeover by part of the group were included.

Leased assets are mainly recorded under investment property in the accompanying consolidated balance sheet. The typology of investment property is as follows:

	2022	2021
Offices and commercial premises	1,509,154	1,468,782
Banking entities	611,140	600,405
Plots and other investment property	2,560	-
	2,122,854	**2,069,187**

In addition, the Group leases tangible fixed assets, mainly machinery in the construction business, the carrying amount of which is not material.

At 31 December 2022, the Group has contracted minimum lease payments of 875,278 thousand euros (890,048 thousand euros at 31 December 2021) 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:

	2022	2021
Less than a year	109,289	103,699
Between two and five years	289,737	279,398
After five years	476,252	506,951
	875,278	**890,048**

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 2022 and 2021.

	Intangible assets (Note 6)	Financial assets (Note 13)	Joint concessionary businesses	Associated concessionary companies	Total investment
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**
2021					
Water services	1,795,300	230,771	28,679	44,627	2,099,377
Environment	533,995	235,057	9,752	9,515	788,319
Transport infrastructure and other	389,630	-	54,674	31,684	475,988
TOTAL	**2,718,925**	**465,828**	**93,105**	**85,826**	**3,363,684**
Accumulated	(1,224,775)	-	-	-	(1,224,775)
Impairment	(54,444)	-	-	-	(54,444)
	1,439,706	**465,828**	**93,105**	**85,826**	**2,084,465**

The main change between the two years under "Transport infrastructure and Others" mainly relates to the takeover of Sociedad Concesionaria Tranvía de Murcia (note 4), which includes the sum of 72,574 thousand euros as intangible assets and 142,144 thousand euros as financial 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 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
Environment	**387,316**	**218,118**		
Buckinghamshire plant (United Kingdom)	126,763	8,851	Buckinghamshire County Council	Fixed amount plus variable amount per ton
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**		

	Net book value as at 31 December 2021			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Water services	**791,535**	**230,771**		
Jerez de la Frontera (Cádiz, Spain)	66,397	–	City Council of Jerez de la Frontera.	User based on consumption
Caltanissetta (Italy)	46,734	–	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jeddah desalination plant (Saudi Arabia)	43,955	–	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Lleida (Spain)	32,779	–	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	32,049	–	Santander City Council	User based on consumption
Vigo (Pontevedra, Spain)	28,503	–	Vigo City Council	User based on consumption
Adeje (Tenerife, Spain)	27,571	–	Adeje City Council	User based on consumption
Badajoz (Spain)	24,178	–	Badajoz City Council	User based on consumption
Acueducto Realito (Mexico)	23,735	57,810	State Water Commission (Mexico)	Mixed model
Oviedo (Asturias, Spain)	20,207	–	Oviedo City Council	User based on consumption
Mostaganem Desalination Plant (Algeria)	–	141,974	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant, Mexico	–	24,469	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	445,427	6,518		
Transport infrastructure and other	**250,383**	**–**		
Coatzacoalcos submerged tunnel (Mexico)	203,179	–	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	47,204	–	Ministry for Economic Development	Shadow toll
Environment	**397,788**	**235,057**		
Buckinghamshire plant (United Kingdom)	139,599	9,403	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Loeches Plant (Alcalá de Henares, Spain)	112,481	–	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	49,130	–	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Edinburgh Plant (United Kingdom)	22,852	94,931	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Granada plant (Granada, Spain)	21,039	–	Provincial council of Granada	According to tons treated
Houston recycling plant (United States)	20,440	–	City of Houston	According to tons treated
Gipuzkoa II plant	–	29,443	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	–	29,701	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	–	20,103	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	–	19,811	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	–	16,938	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32,247	14,727		
FCC Group Total	**1,439,706**	**465,828**		

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 185,785 thousand euros at 31 December 2022 (176,283 thousand euros at 31 December 2021).

Finally, it is worth mentioning that the recoverable value of the main concession assets has been re-estimated in 2022. As a result of the analysis carried out, no impairment was shown to be necessary given that a substantial part of the concession assets are related to the water and environment businesses, activities that have generally been considered as "core" in the different jurisdictions, being particularly resilient to the impacts of the pandemic. In addition, a significant portion of the concessional asset portfolio corresponds to agreements not subject to demand risk, which significantly reduces the risk of impairment.

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:

	2022	2021
Joint ventures	**158,648**	**209,991**
Investment value	55,487	72,283
Loans	103,161	137,708
Associates	**343,981**	**323,851**
Investment value	165,768	133,030
Loans	178,213	190,821
	502,629	**533,842**

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 2022 and 2021 by items are as follows:

	Balance at 31.12.2021	Profit for the year (Note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2022
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**

	Balance at 31.12.2020	Profit for the year (Note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2021
Sociedad Concesionaria Tranvía de Murcia, S.A.	43,222	1,856	–	–	–	–	1,195	46,273
As Cancelas Siglo XXI, S.L.	–	535	–	–	–	36,719	9,700	46,954
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	11,977	1,617	–	–	–	991	2	14,587
Zabalgarbi, S.A.	16,060	3,024	(3,000)	(2,250)	–	–	–	13,834
Mercia Waste Management Ltd.	11,782	4,712	(8,696)	–	–	916	–	8,714
Atlas Gestión Medioambiental, S.A.	9,808	1,186	(2,365)	–	–	(2)	–	8,627
Ibisan Sociedad Concesionaria, S.A.	8,204	1,889	(2,454)	808	–	(46)	–	8,401
Ecoparc del Besós, S.A.	7,803	2,192	(2,813)	207	–	–	–	7,389
Construcciones Olabarri, S.L.	5,735	86	–	–	–	(1)	–	5,820
Empresa Municipal de Aguas de Benalmádena, S.A.	4,760	285	(180)	–	–	(92)	(789)	3,984
Aguas de Langreo, S.L.	4,260	(29)	–	–	–	(25)	(365)	3,841
FM Green Power Investments, S.L.	16,462	17,672	–	7,289	–	(41,423)	–	–
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	–	(1,136)	–	–	–	22,124	(20,988)	–
Other	41,864	1,574	(2,395)	–	–	(7,335)	7,858	41,566
Total joint ventures	**181,937**	**35,463**	**(21,903)**	**6,054**	**–**	**11,826**	**(3,387)**	**209,990**

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 having acquired an additional stake of 50% (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 2022 and 2021.

	2022	2021
Non-current assets	355,530	302,127
Current assets	180,421	161,114
Non-current liabilities	316,645	320,000
Current liabilities	158,715	133,354
Results		
Revenue	207,861	230,669
Operating profit/(loss)	51,391	49,773
Profit before tax	41,841	42,469
Profit attributable to the Parent Company	31,132	35,464

The main activities carried out by the joint ventures are the operation of concessions, such as motorways, concessions related to the end-to-end water cycle, urban sanitation activities, tunnels and passenger transport and the rental of real estate assets.

The difference between the two years can mainly be attributed to the change in the consolidation method of Sociedad Concesionaria Tranvía de Murcia, S.A. and Reciclaje de Componentes Electrónicos S.A.; following the takeover of both companies, they are now fully consolidated (note 4).

In relation to joint ventures with third parties outside the FCC Group, guarantees amounting to €7,564 thousand (€7,564 thousand in 2021) 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 2022 and 2021 by items are as follows:

	Balance at 31.12,2021	Profit for the year (Note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12,2022
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**

	Balance at 31.12,2020	Profit for the year (Note 26.g)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12,2021
FCC Group PFI Holdings	82,777	(609)	–	–	8,584	1,591	29,152	121,495
Grupo Realia Business	278,104	10,716	–	901	–	(289,721)	–	–
Metro de Lima Línea 2, S.A.	26,215	3,143	–	–	–	2,326	–	31,684
Future Valleys Project Co. Limited	24,134	(3,395)	–	5,423	–	(98)	4,909	30,973
Giant Cement Holding	9,973	3,132	–	4,453	–	769	–	18,327
Aguas del Puerto Empresa Municipal, S.A.	13,229	(371)	–	–	–	386	(1,296)	11,948
World Trade Center Barcelona, S.A. de S.M.E.	10,137	443	(676)	–	–	–	–	9,904
Suministro de Agua de Querétaro, S.A. de C.V.	9,135	1,465	(1,561)	–	–	286	–	9,325
Tirme Group	6,782	3,902	(2,528)	–	–	–	–	8,156
Lázaro Echevarría, S.A.	8,065	(21)	–	–	–	(85)	–	7,959
Aigües del Segarra Garrigues, S.A.	7,182	269	–	–	–	22	–	7,473
FCC Environment Group (CEE)	6,309	2,421	(1,485)	(16)	–	(81)	–	7,148
Codeur, S.A.	6,560	13	(181)	–	–	111	–	6,503
Hormigones y Áridos del Pirineo Aragonés, S.A.	5,940	193	(43)	–	–	–	–	6,090
Gestión Integral de Residuos Sólidos, S.A.	5,298	33	–	–	–	–	–	5,331
Aigües del Vendrell	5,307	(19)	–	–	–	(19)	(1)	5,268
Cafig Constructores, S.A. de C.V.	3,518	2,838	(2,079)	–	–	220	–	4,497
Other	32,184	604	(753)	–	–	401	(666)	31,770
Total associates	**540,849**	**24,757**	**(9,306)**	**10,761**	**8,584**	**(283,892)**	**32,098**	**323,851**

The assets, liabilities, turnover and profit/(loss) for 2022 and 2021 are presented below, in proportion to the shareholding in the capital of each associate.

	2022	2021
Non-current assets	660,762	568,152
Current assets	265,136	270,297
Non-current liabilities	556,167	519,558
Current liabilities	189,345	171,514
Revenue	401,879	375,865
Operating profit/(loss)	13,104	45,090
Profit before tax	2,426	33,625
Profit attributable to the Parent Company	991	24,757

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 2022 and 2021.

	2022	2021
Non-current assets	203,796	204,452
Current assets	1,459,053	1,246,213
Non-current liabilities	46,847	55,787
Current liabilities	1,572,217	1,344,532
Results		
Revenue	1,013,815	1,063,186
Gross operating profit/(loss)	143,772	108,883
Net operating profit/(loss)	111,086	69,161

Agreements managed through joint ventures, joint ventures and other similar entities imply joint and several liability for the activity carried out by the participating partners.

In relation to contracts managed jointly with third parties outside the Group, guarantees totalling €1,914,575 thousand (€1,429,454 thousand in 2021) 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 2022 and 2021 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
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**
2021					
Equity instruments	–	33,701	–	–	33,701
Derivatives	–	–	621	92	713
Collection rights concession arrangements	421,883	–	–	–	421,883
Deposits and guarantees	73,781	–	–	–	73,781
Other financial assets	73,570	372	–	–	73,942
	569,234	**34,073**	**621**	**92**	**604,020**

The year-on-year increase under "Collection rights under concession agreements" can mainly be attributed to the inclusion of the balance of Sociedad Concesionaria Tranvía de Murcia, S.A., which at 31 December contributed 129,472 thousand euros following the takeover (note 4).

The main change in the table above comes in the form of the purchase of Metrovacesa, following the takeover bid and subsequent acquisitions on the stock market, with the fair value of the investment at 31 December 2022 standing at 133,471 thousand euros, representing a 13.81% interest. The fair value was calculated using the stock market price on the last trading day for the year. The investment was booked as a financial asset at fair value charged to reserves as the Group does not wield significant influence over the company's Board of Directors. In turn, the increase in hedging derivatives reflects the impact of the rise in interest rates on the fair value, mainly of variable interest rate to fixed rate swaps.

The breakdown of the "Equity instruments" heading at 31 December 2022 and 2021 is detailed below:

	% Effective ownership	Fair value
2022		
Participations equal to or greater than 5%:		
Metrovacesa, S.A.	13.81%	133,471
Shariket Miyeh Djinet, S.p.a	13.01%	10,167
Cafasso N.V.	15.00%	2,744
Vertederos de Residuos, S.A.	16.03%	10,639
Consorcio Traza, S.A.	16.60%	3,628
Other		1,792
Participations below 5%:		
Other		518
		162,959
2021		
Participations equal to or greater than 5%:		
Shariket Miyeh Djinet, S.p.a	13.01%	10,167
Cafasso N.V.	15.00%	8,777
Vertederos de Residuos, S.A.	16.03%	8,764
Consorcio Traza, S.A.	16.60%	3,628
Other		1,869
Participations below 5%:		
Other		496
		33,701

The expected maturities of "Deposits and guarantees", "Receivables under concession agreements" and "Other financial assets" are as follows:

	2024	2025	2026	2027	2028 and beyond	Total
Deposits and guarantees	4,635	866	1,857	1,432	66,479	75,269
Collection rights concession agreement (notes 3.a) and 10)	45,336	45,697	45,836	46,129	368,457	551,455
Non-commercial loans and other financial assets	9,028	8,687	15,356	8,769	33,343	75,183
	58,999	**55,250**	**63,049**	**56,330**	**468,279**	**701,907**

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 2022 and 2021 is as follows:

	Financial assets at amortised cost	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
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**
2021				
Derivatives	–	–	73	73
Collection rights concession arrangements	43,945	–	–	43,945
Deposits and guarantees	63,173	–	–	63,173
Other financial assets	77,174	–	–	77,174
	184,292	**–**	**73**	**184,365**

Other financial assets mainly include current loans granted and other accounts receivable from joint ventures and associates for the sum of 49,037 thousand euros (23,892 thousand euros in 2021), current loans to third parties for the sum of 33,525 thousand euros (29,276 thousand euros in 2021) anddeposits in credit institutions for the sum of 8,838 thousand euros (16,654 thousand euros in 2021).

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 2022 and 2021 was as follows:

	2022	2021
Real Estate	763,867	804,423
Raw materials and other supplies	275,387	216,302
Construction	102,435	79,924
Cement	90,961	80,534
Integrated Water Management	28,104	20,469
Environmental Services	52,618	34,013
Real Estate	8	6
Concessions	191	192
Corporation	1,070	1,164
Finished goods	20,917	16,729
Advances	83,031	69,808
	1,143,202	**1,107,262**

"Real Estate" includes plots for property development, mostly for residential use and property developments in the course of production, for which there are sales commitments for a final delivery value to customers of 119,610 thousand euros (105,518 thousand euros in 2021). 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 2022 and 2021 is as follows:

	Cost	Impairment	Net value
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**
2021			
Land and plots	730,234	(103,079)	627,155
Short-cycle property developments in progress	44,181	(800)	43,381
Long-cycle property developments in progress	143,819	(62,537)	81,282
Finished property developments	61,694	(9,089)	52,605
Total	**979,928**	**(175,505)**	**804,423**

The movements in the various items under the heading "Real Estate" in the business years 2022 and 2021 were as follows:

	Land and plots	Short-cycle property developments in progress	Long-cycle property developments in progress	Finished property developments	Impairment
Balance at 31.12.20	**466,330**	**38,074**	**82,323**	**40,701**	**(174,795)**
Additions or allocations	17,771	40,779	3,686	–	(6,955)
Derecognitions, disposals or reductions	(38,243)	(25,592)	–	(33,503)	6,963
Translation differences	2	–	–	–	(2)
Change in scope, transfers and other changes	284,374	(9,080)	57,810	54,496	(716)
Balance at 31.12.21	**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)**

In 2021, "Changes in scope, transfers and other movements" mainly includes the incorporation of the Realia Business Group, following its takeover, amounting to 334,317 thousand euros (note 4).

A breakdown of the main real estate products is shown below:

	2022	2021
Estates and promotions Tres Cantos (Madrid)	179,472	190,411
Estates and promotions Arroyo Fresno (Madrid)	73,231	68,407
Estates and Promotions El Molar (Madrid)	53,064	53,060
Estates and promotions Badalona (Barcelona)	44,739	38,207
Estates and promotions Sant Joan Despí (Barcelona)	35,356	43,180
Estates and Promotions Esencia Sabadell (Barcelona)	20,400	12,040
Estates and Promotions Las Glorias (Barcelona)	17,668	9,320
Estates and Promotions San Gregorio (Zaragoza)	13,800	13,800
Estates and Promotions Arroyo Encomienda (Valladolid)	12,823	12,230
Estates and Promotions Ensanche Vallecas (Madrid)	11,997	25,136
Estates and Promotions Nueva Condomina Golf (Murcia)	11,642	11,610
Estates and Promotions Marítimo (Valencia)	10,847	10,850
Estates and Promotions Valdebebas (Madrid)	10,110	9,910
Estates and Developments Torres del Mar (Las Palmas)	10,080	9,330
Estates and Developments Alcorcón	9,354	–
Other properties and developments	249,284	296,932
	763,867	**804,423**

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 were carried out following the criteria employed by RICS (Royal Institution of Chartered Surveyors). 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 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 2022, the total accumulated balance of impairment of property inventories amounts to 179,451 thousand euros (175,505 thousand euros in 2021).

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 2022 and 2021:

	2022	2021
Progress billings receivable and trade receivables for sales	1,160,660	1,046,885
Completed output pending certification	747,603	676,371
Warranty retainers	53,342	67,133
Production billed to associated and jointly controlled companies	59,204	54,825
Trade receivables for sales and services	2,020,809	1,845,214
Advances received for orders (Note 21)	(647,029)	(357,807)
Total trade receivables for sales and services	**1,373,780**	**1,487,407**

The total shown corresponds to the net balance of debtors, after taking into account adjustments for bad debt risk amounting to 248,794 thousand euros (212,501 thousand euros at 31 December 2021) and deducting the item for advances received for orders shown under "Trade and other payables" on the liabilities side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

The loans for commercial operations in default are as follows:

	2022	2021
Construction	41,179	58,238
Environmental Services	238,529	266,083
Water	135,486	115,391
Corporation	45	46
Total	**415,239**	**439,758**

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 receivable and sales receivables" mainly includes the amount of certifications issued to customers for work performed in the Construction segment amounting to 242,859 thousand euros (239,180 thousand euros at 31 December 2021) and services rendered by the other segments amounting to 917,801 thousand euros (807,705 thousand euros at 31 December 2021), pending collection at the consolidated balance sheet date. In general, there are no disputes in relation to the above.

The difference between the amount of production recorded at inception for each of the works and contracts in progress, assessed according to the criteria set out in note 3.s), and the amount certified up to the date of the consolidated financial statements is recorded as "Production executed pending certification".

"Completed production pending certification" includes completed work pending certification corresponding to the construction agreements carried out by the Group amounting to 333,215 thousand euros (342,375 thousand euros at 31 December 2021). 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 286,954 thousand euros (313,075 thousand at 31 December 2021), i.e. production recognised according to the degree of progress arising from differences between the time at which the production of the work, covered by the contract signed with the customer and approved by the latter, is executed and the time at which the latter proceeds to its certification.

In addition, the heading "Production executed pending certification" includes services rendered mainly in the Environment and Water activities which are invoiced more frequently than monthly, basically corresponding to work carried out in the normal course of business amounting to 325,510 thousand euros (249,179 thousand euros at 31 December 2021).

b) Other receivables

The breakdown of the "Other receivables" at 31 December 2022 and 2021 was as follows:

	2022	2021
Public Administrations - VAT receivable (Note 23)	103,972	88,648
Public Administrations - Other taxes payable (Note 23)	63,762	61,581
Other loans	131,930	106,264
Advances and credits to staff	2,271	1,672
Total other receivables	**301,935**	**258,165**

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 2022 and 2021.

The breakdown by currency of the cash and cash equivalents position is as follows for the business years 2022 and 2021:

	2022	2021
Euro	590,950	1,041,926
Pound sterling	245,211	214,423
United States dollar	276,303	74,134
Saudi riyal	199,037	25,901
Romanian leu	21,734	49,960
Czech koruna	20,797	30,318
Algerian dinar	14,845	22,730
Georgian lari	12,635	–
Other European currencies	29,722	3,157
Latin America (various currencies)	132,109	42,746
Other	32,195	30,230
Total	**1,575,538**	**1,535,525**

Under certain financing agreements, especially project finance, there is an obligation to hold minimum amounts as security for obligations under such agreements amounting to 242 million euros (317.1 million euros in 2021).

17. Equity

The accompanying Statement of Changes in Total Equity at 31 December 2022 and 2021 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 2022 approved the distribution of a flexible dividend (scrip dividend) for a maximum value of 170,069,454.40 thousand 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.

On 11 July 2022, the public deed to increase the Company's paid-up capital with a charge to voluntary reserves was registered at the Barcelona Mercantile Registry.

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 relation to 2021, the Ordinary General Shareholders' Meeting held on 29 June 2021, agreed to the distribution of a scrip dividend for the maximum value of 163,642,647.20 euros. Shareholders received the corresponding allocation rights and were able to choose between three options: the sale of rights to FCC for EUR 0.40, 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 25 old shares. Shareholders who chose this option also received a compensatory cash dividend of 0,416 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.

On 20 July 2021, the negotiation period for the allocation rights ended, with the holders of 98.18% of rights opting to receive new shares. As such, 16,067,018 new shares corresponding to 3.93% 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 9,631 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 comes to 1,961thousand euros.

In October 2021, FCyC, S.A. acquired a stake representing 13.12% of the share capital of Realia Business, S.A. (note 4) in which it previously held significant influence with 37.40%. This transaction enabled the FCC Group to take control of the Realia subgroup, which led to an amount of €797,010 thousand being recorded under "Non-controlling interests" in the accompanying consolidated balance sheet.

Additionally, in October 2021, Jezzine Uno, S.L.U. joined the FCC Group through a non-monetary capital increase in FCyC, S.A., fully subscribed by Soinmob (note 4), meaning that the latter now holds 19.97% of FCyC, S.A.'s capital stock. Consequently, an amount of €226,200 thousand was recorded under "Non-controlling interests".

On 21 December 2021, the Realia Group, through its subsidiary Realia Patrimonio, S.L.U., acquired an additional 37.11% stake in Hermanos Revilla, S.A. (note 4). With this acquisition, the Realia Group's direct and indirect shareholding in the aforementioned company increased to 87.76%. Since prior to the acquisition, the FCC Group already had control of both investees, the difference between the purchase price and the book value of the minority interests acquired generated a decrease in reserves of 2,946 thousand euros.

In March and April 2021, the sale of the 51% interest that the Group held in the Cedinsa subgroup (note 4), previously fully consolidated, was completed, 49% in Concessió Estacions Aeroport L9, S.A. and 29% in Urbs Iudex et Causidicus, S.A. As a result of these transactions, there was a decrease in non-controlling interests for the sum of 117,804 thousand euros in addition to pre-tax profit of 39,256 thousand euros, including the allocation of the valuation adjustments for the sum amount of (93,029) thousand euros to profit and loss.

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 438,344,983 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, 65.76%. 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 11.26% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4.56% of the capital. Esther Koplowitz Romero de Juseu also holds 143,548 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 2022 and 2021 is as follows:

	2022	2021
Reserves of the Parent	1,899,802	1,667,259
Consolidation reserves	789,659	475,333
	2,689,461	**2,142,592**

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 2022 and 2021 is as follows:

	2022	2021
Share premium	1,673,477	1,673,477
Legal reserve	85,035	81,821
Reserve for redeemed capital	7,734	6,034
Voluntary reserves and losses from previous years	133,556	(94,073)
	1,899,802	**1,667,259**

Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

The Board of Directors of Fomento de Construcciones y Contratas, S.A. has decided to propose, as part of the distribution of profits for 2022, the constitution of the legal reserve up to 20% of the capital of the Parent Company for an additional amount of 2,634 thousand euros.

Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002, 2008 and 2022 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 2022 and 2021 is as follows:

	2022	2021
Environment	438,822	259,873
Water	218,512	172,730
Construction	60,696	37,670
Cement	38,456	42,441
Real Estate	197,546	(31,376)
Concessions	(15,891)	119,538
Corporation	(148,482)	(125,543)
	789,659	**475,333**

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 2020	**(18,012)**
Acquisitions	(8,662)
Balance at 31 December 2021	**(26,674)**
Acquisitions	(18,500)
Accumulated	17,910
Balance at 31 December 2022	**(27,264)**

	2022		2021	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	2,741,524	(27,264)	2,410,758	(26,674)
TOTAL	**2,741,524**	**(27,264)**	**2,410,758**	**(26,674)**

As at 31 December 2022, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.63% of the capital stock (0.57% as at 31 December 2021).

d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2022 and 2021 was as follows:

	2022	2021
Changes in the fair value of financial instruments	63,271	(722)
Translation differences	(91,113)	(113,411)
	(27,842)	**(114,133)**

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 2022 and 2021 is as follows:

	2022		2021	
Financial assets at fair value with changes in other comprehensive income		**13,049**		**7,730**
Vertederos de Residuos, S.A.	9,532		7,657	
Metrovacesa, S.A.	3,408		–	
Other	109		73	
Financial derivatives		**50,222**		**(8,452)**
Future Valleys Project Co. Limited	32,776		5,402	
FCC Group - PFI Holdings	–		(5,391)	
Green Recovery Group	10,756		(1,937)	
Grupo Realia Business	4,590		52	
Other	2,100		(6,578)	
		63,271		**(722)**

The increase in "Financial derivatives" is mainly due to the increase in the fair value of variable to fixed rate swaps on account of the rise in interest rates that took place in 2022 (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 2022 and 2021 is as follows:

	2022		2021	
Pound sterling				
FCC Environment Group (UK)	(44,520)		(26,650)	
Green Recovery Group	(53,934)		(68,399)	
Dragon Alfa Cement Limited	(3,084)		(3,084)	
Other	(18,935)	(120,473)	(3,450)	(101,583)
US dollar				
FCC Environmental Services (USA) Llc.	9,269		160	
FCC Group Construcción de América	5,756		7,197	
Giant Cement Holding, Inc.	(303)		(1,567)	
Other	11,639	26,361	2,430	8,220
Georgian lari				
Georgia Global Utilities Group	39,536	39,536	–	–
Egyptian pound				
Orasqualia Devel. Waste T.P. S.A.E.	(8,477)		(5,874)	
Egypt Environmental Services, S.A.E.	(7,105)		(5,522)	
Other	(851)	(16,433)	(591)	(11,987)
Tunisian dinar				
Societé des Ciments d'Enfidha	(26,842)		(25,927)	
Other	(45)	(26,887)	(808)	(26,735)
Other Currencies				
Other	6,783	6,783	18,674	18,674
		(91,113)		**(113,411)**

The change in the year is mainly due to the depreciation of the euro against the US dollar and the strong appreciation against the pound sterling.

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:

	2022	2021
United Kingdom	470,424	482,023
United States of America	268,675	53,077
Georgia	225,189	–
Algeria	175,107	171,624
Mexico	145,712	127,348
Czech Republic	95,585	78,180
Other	301,439	242,635
	1,682,131	**1,154,887**

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 €0.73 in 2022 (€1.40 in 2021).

	2022	2021
Profit/(loss)		
Profit/(loss) attributed to the Parent	315,182	580,135
Outstanding shares		
Weighted average shares	429,496,657	414,184,156
Earnings per share (in euros)	**0.73**	**1.40**

As at 31 December 2022 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 2022 and 2021 is as follows:

	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**
2021				
FCyC Group (note 4)	11,132	835,054	14,455	860,641
FCC Aqualia Group	71,050	331,065	69,988	472,103
Green Recovery Group	5	75,699	(1,972)	73,732
Cementos Portland Valderrivas Group	1,196	15,824	1,100	18,120
Other	6,197	(10,796)	13,574	8,975
	89,580	**1,246,846**	**97,145**	**1,433,571**

18. Non-current and current provisions

The detail of the provisions at 31 December 2022 and 2021 is as follows:

	2022	2021
Non-current	**1,141,750**	**1,167,340**
Liabilities for long-term employee benefits	15,588	16,831
Dismantling, removal and restoration of fixed assets	108,804	110,001
Environmental actions	312,794	290,115
Litigation	53,906	67,705
Contractual and legal guarantees and obligations	77,191	82,613
Actions to improve or expand the capacity of concessions	268,179	246,983
Other provisions for risks and expenses	305,288	353,092
Current	**148,074**	**147,874**
Close-outs and losses on construction contracts	125,075	128,271
Other provisions	22,999	19,603

The changes in the provisions heading in 2022 and 2021 were as follows:

	Non-current provisions	Current provisions
Balance at 31/12/2020	**1,064,384**	**195,152**
Asset withdrawal or dismantling expenses	15,117	–
Change of obligations for employee benefits for actuarial profits and losses	(7.851)	–
Actions to improve or expand the capacity of concessions	85,509	–
Endowments/(Reversals)	103,170	(43,617)
Applications (payments)	(130,728)	(10,448)
Change of scope, conversion differences and other movements	37,739	6,787
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**

The item "Provisions (reversals)" includes provisions for environmental measures amounting to 52,392 thousand (37,422 thousand euros at 31 December 2021), and also provisions for future replacement or major repairs to concessions amounting to 10,636 thousand euros (15,270 thousand euros at 31 December 2021). It also includes the reversal of provisions for litigation in relation to Construction activity works for the sum of 3,194 thousand euros (allocation of 29,724 thousand euros as at December 2021), as well as 16,492 thousand euros for the reversal of provisions for liabilities in the Water activity (1,961 thousand euros as at December 2021). Furthermore, 2022 includes the reversal of 17,889 thousand euros set aside for the 2015-2017 tax inspection certificate (note 23).

The item "Applications (payments)" includes €13,098 thousand (€38,946 thousand at 31 December 2021) for the application of provisions for risks and expenses related to construction work in the Construction business. Also included are payments of 22,018 thousand euros (22,369 thousand euros at 31 December 2021), and 16,576 thousand euros (11,819 thousand euros at 31 December 2021) 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, €35,697 thousand (€19,767 thousand at 31 December 2021) and €11,201 thousand (€9,690 thousand at 31 December 2021) 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 2022, 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	5,433	10,155	15,588
Dismantling, removal and restoration of fixed assets	71,948	36,856	108,804
Environmental actions	60,502	252,292	312,794
Litigation	44,128	9,778	53,906
Contractual and legal guarantees and obligations	54,351	22,840	77,191
Actions to improve or expand the capacity of concessions	131,467	136,712	268,179
Other provisions for risks and expenses	168,083	137,205	305,288
	535,912	**605,838**	**1,141,750**

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 2022, 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 litigation

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 amount of Other provisions for risks and expenses covers various risks arising from the Group's activity, which in the normal course of business is exposed to claims mainly due to construction defects or discrepancies in services rendered amounting to €132,145 thousand (€164,238 thousand at December 2021), and also to tax and fiscal claims amounting to €15,000 thousand (€29,641 thousand at December 2021). 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 €18,667 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 €45,591 thousand (December 2021: €37,788 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, 2022 saw no significant changes in terms of the amount reported in the Group's 2021 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.

Nine years after the bankruptcy of both companies and having definitively closed the criminal proceedings, won proceedings brought by bondholders and settled a backdating action, two proceedings brought by the insolvency administrators against Fomento de Construcciones y Contratas, S.A. and FCC Construcción S.A. are still pending, in addition to other proceedings against auditors, former directors and banks involved in the acquisition of bonds issued by AH in 2010, 2011 and 2012 and admitted to trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of €290 million.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. As at 31 December 2022, the provision for this item amounted to 18,667 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 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.

– 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..

– 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 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
2022			
FCC Aqualia, S.A.	650,009	9,691	659,700
FCC Servicios Medio Ambiente Holding, S.A.U.	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**
2021			
FCC Aqualia, S.A.	650,598	714,925	1,365,523
FCC Servicios Medio Ambiente Holding, S.A.U.	1,096,168	181,600	1,277,768
Severomoravské Vodovody a Kanalizace Ostrava, A.S.	–	219,605	219,605
Fomento de Construcciones y Contratas, S.A.	–	30,000	30,000
Green Recovery Group	132,038	6,609	138,647
	1,878,804	**1,152,739**	**3,031,543**

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 for 700 million euros, with an annual remuneration of 1,413% and due in 2022, and the second for 650 million euros, with an annual remuneration of 2,629% and due in 2027.

The bond maturing on 8 June 2022 for the sum of €700 million was repaid early on 19 April 2022 as part of the refinancing process of FCC Aqualia, S.A. undertaken in 2022, as explained later in this note.

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, SA.
- Pledge on 100% of the shareholdings of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses, S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech, S.L.
- Pledge on 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. These ratings were ratified by Fitch on 10 March 2022 as BBB and by S&P on 20 January 2022 as BBB⁻.

The balance at 31 December 2022 shown for this item amounts to €659,700 thousand (€1,365,523 thousand in 2021), including €9,691 thousand for accrued and unpaid interest (€15,301 thousand in 2021).

As at 31 December 2022, the 600 million euro bond was listed at 91,259%.

– On 4 December 2019, FCC Servicios Medioambiente Holding S.A.U., successfully completed two simple bond issues. One in the amount of €600 million with an annual remuneration of 0,815% and maturing in 2023, which is why it was reclassified as current in 2022, and the second in the amount of €500 million with an annual remuneration of 1,661% and maturing in 2026.

Both issues have the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

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 1 December 2022, with a stable outlook (BBB⁻), together with that of the bond's issuer, the parent company, FCC Servicios Medio Ambiente Holding.

Both issues have an opinion by an independent institution, CICERO Shades of Green, stating that the governance procedures of the Company were rated as "Good" and the Bond issues were rated as "Light Green" issues. On the second anniversary of the issuance, November 2021, the certification body DNV GL confirmed that more than 93% of the total funds raised were already applied to eligible and environmentally sustainable projects in line with the requirements of these issues.

The balance at 31 December 2022 shown for this item amounts to €1,098,656 thousand (€1,097,267 thousand in 2021), including €1,210 thousand for accrued and unpaid interest (€1,100 thousand in 2021).

At 31 December 2022, the 600 million euro bond was listed at 97,155% and the 500 million euros bond was listed at 88,493%.

Likewise, in July 2020 FCC Servicios Medioambiente Holding S.A.U. registered a promissory note programme (Euro Commercial Paper Programme [ECP]), renewed annually, on the Irish stock market (Euronext Dublin) in the amount of 400 million euros, at a fixed interest rate and maximum maturity one year, 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 2022 the outstanding amount was €133,500 thousand distributed with an average maturity of 6.2 months (€180,500 thousand at 31 December 2021).

– Since November 2018, Fomento de Construcciones y Contratas, S.A. has had a Euro Commercial Paper Programme (ECP) registered on the Irish stock exchange (Euronext Dublin) for an amount of €600 million at December 2022, at a fixed interest rate and with a maximum maturity of one year, which allows it to issue notes with maturities of between 1 and 364 days from the issue date, in order to meet the financial needs of the Group's parent company.

  At 31 December 2022 the outstanding amount was €23,200 thousand (€30,000 thousand at 31 December 2021), maturing in an average of 2.9 months.

– The company Severomoravské Vodovody a Kanalizace Ostrava, A.S. (Smvak) issued a local bond in July 2015 to repay another one issued in 2005, with its main characteristics being a fixed rate, a term of 7 years and for an amount of 5,400,000 thousand CZK, with a coupon of 2,625% and with an investment grade rating from the Fitch rating agency.

  This bond, maturing on 22 July 2022 was repaid in advance using funds provided by the parent company, Aqualia Czech, on 12 May 2022 as part of the refinancing process performed by FCC Aqualia, S.A. in 2022, as explained later in this note.

– In the context of the Azincourt refinancing process carried out in June 2018, FCC Medio Ambiente Reino Unido issued debt in the total amount of 145,000 thousand pounds sterling in two institutional tranches, both structured through the issuance of Private Placement bonds.

  One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4,145%, both due on 17 June 2038. 5,223 thousand pounds were repaid in 2022.

  The guarantees of this issue are detailed in section b).2. of this note.

  The balance at 31 December 2022 shown for this item amounts to 125,691 thousand euros (138,647 thousand euros in 2021).

b) Non-current and current bank borrowings

The breakdown at 31 December 2022 and 2021 is as follows:

	Non-current	Current	Total
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**
2021			
Credits and loans	–	200,322	200,322
Debts without recourse to the parent	965,765	230,871	1,196,636
Debts with limited recourse for project financing:	318,603	26,996	345,599
FCC Medio Ambiente Reino Unido, S.A.U.	180,659	11,572	192,231
Aquajerez, S.L.	48,574	4,839	53,413
Other	89,370	10,585	99,955
	1,284,368	**458,189**	**1,742,557**

The previous table shows three different Debt groups:

1. Credits and loans

At 31 December 2022, 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 €425 million (€400 million at 31 December 2021) with various financial institutions. At 31 December 2022, the balance drawn down from these loans was €154.6 million (€200 million at 31 December 2021).

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 €491.6 and €316 million 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 million, with partial maturities and final maturity in April 2024.

  On 27 April 2020, it entered into a non-extinguishing modifying novation of the aforementioned loan, extending the maturity until 27 April 2025 and renegotiating a reduction in the margin applicable to the reference rate for the calculation of interest and ratifying the current guarantees. As a consequence of this novation, the applicable interest rate is Euribor plus a variable margin based on the Loan to Value ratio.

  In addition, the aforementioned company entered into an interest rate swap agreement (IRS) for 70% of the outstanding balance of the loan to reduce the risk of interest rate fluctuations and their impact on cash flows associated with the hedged financing (note 22).

  This financing requires compliance with a series of financial ratios until maturity. At 31 December 2022, the Company is in compliance with the covenants.

  At 31 December 2022, the outstanding balance of this loan stood at €453.0 million (€465.2 million at 31 December 2021), with accrued interest amounting to €2.3 million (€1 million as at 31 December 2021).

  In turn, Hermanos Revilla, S.A. is consolidated within the Realia group, with the former, as at 31 December 2022 having been granted credit facilities and loans with a limit of €61 million (€68 million in 2021), of which, as was the case in 2021, €46 million have already been drawn down. The maturity of the bilateral loans will occur during 2023 and 2024.

  The financing of the company Jezzine Uno S.L.U. corresponds to a loan agreement signed on 19 October 2021, amounting to €335 million, with partial maturities and final maturity on 19 October 2026. The interest rate applicable to this loan is a fixed market rate.

  At 31 December 2022, the outstanding balance of this loan stood at €316.5 million (€335 million at 31 December 2021), with accrued interest amounting to €0.8 million (€0.8 million as at 31 December 2021).

- In the Water Area, the total value of debt in this section came to €1,101.4 million. 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, maturing in three years and with the possibility of an extension for one further year.

  The majority of these funds have been allocated to the repayment of the bond and bond issues maturing in 2022, as reflected in the Debt instruments and other loans section; as well as the early cancellation of the bond that the Georgia Global Utilities Group had on the date of the takeover by FCC Aqualia, S.A. (note 4), for the sum of $154.6 million.

  At 31 December 2022, the loan had been fully drawn down.

- In the Cement area, the total value of debts with credit institutions came to €163.6 million as at 31 December 2022.

  This balance is mainly made up of a subordinated financing agreement pertaining to Cementos Portland Valderrivas, S.A. for the original amount of 80 million euros, maturing on 29 January 2023. On 20 October 2022, a new agreement was entered into approving the extension of the loan's maturity to 20 October 2025 and the change of the interest rate from a fixed rate to a variable 6-month Euribor plus a spread market.

At 31 December 2022 and 2021, the outstanding balance of this loan is €70.4 million.

Cementos Portland Valderrivas, S.A. has also arranged two bilateral financing transactions for the sum of €25 million and €50 million, maturing in June 2026 and July 2024 respectively. Both loans are fully drawn down at 31 December 2022 and bear interest at Euribor plus a market spread.

Furthermore, in October and November 2022, two credit facilities were taken out for a total amount of €25 million, of which, at 31 December 2022, €11.3 million had been drawn down.

- 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.

  At 31 December 2022, FCC Medio Ambiente S.A.U. had credit facilities in place for the amount of €130 million, with €48.6 million drawn down as at 31 December 2022 (€115 million remaining as at 31 December 2021).

  The FCC Environment CEE Group has arranged €19.7 million in credit facilities, of which €0.6 million had been drawn down as at 31 December 2022 (€0.4 million drawn from the €22.2 million arranged at 31 December 2021).

3. Debts with limited recourse for project financing

These include all financing secured solely by the project itself and its cash-generating capabilities, which will support the entire debt service payment, and which, under no circumstances, will be guaranteed by the parent company Fomento de Construcciones y Contratas, S.A. or any other FCC Group company.

- FCC Medio Ambiente Reino Unido. The FCC Environment (UK) Group currently has a revolving credit facility of £30 million undrawn at 31 December 2022 and maturing in December 2023.

  In 2018, FCC Energy Ltd, whose assets are the Eastcroft and Allington incinerators, issued £207.4 million of debt. This debt has a 20-year term (final maturity on 17 June 2038) and three different tranches, two institutional for an initial total amount of 145 million pounds sterling described in section a) of this note, and a commercial tranche of 62.4 million pounds sterling. The interest rate of the commercial tranche is a variable rate hedged with an exchange of interest that makes it fixed plus an upward margin of up to 2.75% during the life of the project. 2.24 million pounds were repaid from commercial tranche in 2022.

  The FCC Energy Ltd financing, being project finance, includes the standard guarantees for this type of financing, such as the pledge of the company's shares and the rest of its assets, which include the companies that operate the two waste incineration plants.

  Additionally, in October 2016 FCC Environment Developments Ltd. signed a £142 million agreement to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC), Midlothian, located on the outskirts of Edinburgh. The plant initially had two syndicated loans, a 75.71 million pound loan maturing in August 2042 and a 36.9 million pound loan maturing in May 2020. The margins on the loan maturing in 2042 range from 3% to 3.5%. Write-downs during 2022 amounting to £2.6 million have been made. At the end of 2022 the outstanding debt to be repaid is 67.6 million pounds sterling.

  As a result of the foregoing, at 31 December 2022, of the total bank borrowings of FCC Medio Ambiente Reino Unido, S.L.U., relate to FCC Energy Ltd. and €54.1 million (€59.7 million at 31 December 2021) relate to FCC E&M&M (Edimburgo), participada de la sociedad FCC Environment Developments Ltd., 75.4 millones de euros (82.6 millones a 31 de diciembre de 2021); (Edinburgh), an investee of FCC Environment Developments Ltd,; the remaining debt with limited recourse for project financing, up to a total amount of €173.1 million, 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 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.

- The financing of Aquajerez, S.L. was signed in 2016 and amounted to €40 million, for a term of 15 years with half-yearly repayments from January 2017. During 2019, FCC Aqualia, S.A., which already held 51% of this company, acquired the remaining 49% and proceeded to extend the initial loan to €65 million. At 31 December 2022 the amount of this debt is €49.1 million (53.4 million in 2021)..
- "Rest of Debts with limited recourse for project financing" includes companies with project financing from the Water areas: Aquos El Realito, SA de CV with €41.0 million and Servicios Medioambientales, Gipuzkoa Ingurumena Bi, S.A. with €22.3 million.

As at 31 December 2022 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2023.

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 2022 and 2021 is as follows:

	Euros	US dollars	Pounds Sterling	Other	Total
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**
2021					
Credits and loans	200,076	246	–		200,322
Debt without recourse to the parent	1,191,109	–	–	5,527	1,196,636
Debts with limited recourse for project financing	91,472	–	192,231	61,896	345,599
	1,482,657	**246**	**192,231**	**67,423**	**1,742,557**

The credits and loans in US dollars finance assets in the Services Area; those contracted in pounds sterling correspond to the financing of assets of FCC Environment UK; and those in Other currencies, in 2022, correspond to the financing of Aquos El Realito, S.A. de C.V. in Mexican pesos amounting to €41,047 thousand and Qatarat Saquia Desalination in Saudi riyals for the sum of €11,472 thousand.

c) Other non-current financial liabilities

	2022	2021
Non-current		
Lease debt (Note 9)	346,425	367,981
Third party financial debts outside the group	96,418	99,940
Derivative financial liabilities (Note 22)	1,446	19,640
Deposits and guarantees received	68,788	65,082
Other concepts	18,803	17,182
	531,880	**569,825**

"Third party financial debts outside the group" includes the put option on the non-controlling interest in the GGU Group for the sum of €54,269 thousand (note 4).

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps (note 22).

d) Other current financial liabilities

	2022	2021
Current		
Lease debt (Note 9)	78,970	64,870
Interim dividend payable	7,496	8,182
Third party financial debts outside the group	25,660	23,740
Suppliers of fixed and non-current assets and bills payable	79,697	50,817
Debts with associated companies and joint ventures	6,049	5,274
Derivative financial liabilities (Note 22)	15	2,386
Deposits and guarantees received	55,004	53,845
Other concepts	540	134
	253,431	**209,248**

"Guarantees and deposits received" includes the advance payment received for the agreement to sell the shareholding in Concesionaria Túnel de Coatzacoalcos, S.A. for 48,396 thousand euros in both years, owned by a company linked to the majority shareholder of the Parent Company. The sale is subject to conditions precedent, not fulfilled at the date of formulation of these consolidated annual accounts.

e) Schedule of expected due dates

The schedule of expected due date of debts with credit institutions, obligations and loans and other non-current financial liabilities, is as follows:

	2024	2025	2026	2027	2028 and beyond	Total
2022						
Debt instruments and other marketable securities	6,768	7,270	505,367	657,831	90,348	1,267,584
Non-current bank borrowings	174,546	1,639,898	318,139	41,459	297,776	2,471,818
Other financial liabilities	76,837	96,771	30,086	34,150	294,036	531,880
	258,151	**1,743,939**	**853,592**	**733,440**	**682,160**	**4,271,282**

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 2022	Cash flows from financing activities	Exchange differences	Change in fair value	Change in the perim-eter 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

			Without an impact on cash flows				
	Balance at 1 January 2021	Cash flows from financing activities	Exchange differences	Change in fair value	Change in the perim-eter and changes in consolidation method	Other changes	Balance at 31 December 2021
Non-current	**3,977,288**	**(113,779)**	**40,077**	**(21,148)**	**836,828**	**(986,269)**	**3,732,997**
Debt instruments and other marketable securities	2,780,935	1,020	15,417	–	–	(918,568)	1,878,804
Bank borrowings	607,599	(108,135)	16,086	–	811,563	(42,745)	1,284,368
Other financial liabilities	588,754	(6,664)	8,574	(21,148)	25,265	(24,956)	569,825
Current	**874,443**	**(249,389)**	**14,093**	**80**	**26,967**	**1,153,982**	**1,820,176**
Debt instruments and other marketable securities	449,346	(273,637)	5,686	–	–	971,344	1,152,739
Bank borrowings	212,421	138,355	1,311	–	18,437	87,665	458,189
Other financial liabilities	212,676	(114,106)	7,096	80	8,530	94,972	209,248

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 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 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).

In 2021, "Changes in the scope of consolidation and changes in the consolidation method" included the amount contributed by the Realia Business Group for €521,169 thousand as a result of being fully consolidated following its takeover in 2021 and €339,251 thousand contributed by the company Jezzine Uno, S.L.U. as a result of its entry into the scope of consolidation on the same date (note 4) are noteworthy.

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 112,588 thousand euros at 31 December 2022 (122,790 thousand euros at 31 December 2021).

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 2022 and 2021 is as follows:

	2022	2021
Suppliers	1,232,393	1,072,129
Current tax liabilities (Note 23)	23,610	28,158
Other payables to Public Administrations (Note 23)	353,372	322,006
Customer advances (Note 15)	647,029	357,807
Remuneration payable	84,485	76,518
Other payables	474,845	410,884
	2,815,734	**2,267,502**

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 2022 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the provisions of section 5 of article 228 of the current Consolidated Text of the Public Sector Contract Law (CTPSCL) apply to the works and supplies derived from contracts signed by the Group with the different Public Administrations.

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the usual payment periods to suppliers were maintained in 2022 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 €40,026 thousand at 31 December 2022 (€42,795 thousand at 31 December 2021), with a drawn down balance of €17,909 thousand at 31 December 2022 (€11,999 thousand at 31 December 2021). 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.

	2022	2021
	Days	**Days**
Average payment period to suppliers	84	96
Ratio of paid operations/transactions	84	92
Ratio of operations/transactions pending payment	86	108
	Amount	**Amount**
Total payments pending	448,829	486,798
	Amount	**Amount**
Total payments made	2,176,218	1,788,644
Total payments made in a period less than the maximum established in the late-payment regulations	815,302	579,471
Ratio (%)	37	32
	Number	**Number**
Total number of invoices paid during the period	618,224	616,860
Number of invoices paid in a period less than the maximum established in the late-payment regulations	212,744	213,374
Ratio (%)	34	35

The Group is 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.

The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied.

During business year 2021, an international reform, known as the "IBOR reform", was implemented, which envisages the replacement of certain benchmark interbank offered rates (IBORs) with alternative, almost risk-free rates.

The IBOR reform is an aspect of continuous monitoring for the FCC Group, as the indices affected by it are references in the Group's financing agreements and derivative financial instruments.

Euribor-linked financial instruments are not exposed to uncertainty at 31 December 2022.

For the rest of the IBOR indices affected by the reform, their publication ceased on 31 December 2021 (except in the case of Libor-dollar, for which the cessation of publication for most of the index maturities has been delayed to June 2023), so that the main market players (regulators, central banks, banks, institutions, etc.) are working on defining the equivalences between these indices and the new near risk-free benchmarks (Risk Free Rate benchmarks, hereafter "RFRs").

In the particular case of the FCC Group, the exposure to IBOR indices affected by the aforementioned reform focuses on its financing and derivatives referenced to LIBOR - GBP (pound sterling), so this reform has not had a significant impact on the Group's financial position or results. However, in view of the uncertainty in the transition period, the Group has identified the transactions affected, in particular the Libor-GBP indexed financial debt and the accompanying hedging derivatives.

The Group has made adjustments to the financing agreements and hedging derivatives affected by the transition.

At 31 December 2022 the FCC Group has contracted hedging transactions with derivative instruments in its fully consolidated companies for an aggregate notional amount of €645,059 thousand (€697,981 thousand at 31 December 2021), 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 31.12.22	Notional 31.12.21	Appreciation at 31.12.22	Appreciation at 31.12.21	Due date
Companies fully consolidated								
FCC Medio Ambiente S.A.U.	IRS	EF	57%	6,083	7,164	(11)	(468)	02/04/2º24
	IRS	EF	22%	3,205	3,340	91	(40)	02/04/2024
	Option	EF	57%	6,083	7,164	–	55	02/04/2024
RE3 Ltd.	IRS	EF	82%	15,687	18,439	(204)	(2,751)	30/09/2029
FCC Energy Ltd.	IRS	EF	100%	8,914	9,838	1,450	(499)	17/06/2038
	IRS	EF	100%	55,680	61,431	9,046	(3,190)	17/06/2038
FCC Wrexham PFI Ltd.	IRS	EF	95%	15,429	17,265	(658)	(3,855)	30/09/2032
FCC Wrexham PFI (Phase II) Ltd.	IRS	EF	50%	6,263	7,173	473	(550)	30/09/2032
	IRS	EF	50%	6,263	7,173	469	(553)	30/09/2032
FCC (E&M) Ltd.	IRS	EF	50%	38,449	42,125	8,356	(1,312)	06/05/2042
	IRS	EF	50%	38,449	42,125	8,282	(1,389)	06/05/2042
Integraciones Ambientales de Cantabria, S.A.	IRS	EF	75%	–	1,575	–	(36)	31/12/2022
Aquajerez	IRS	EF	70%	19,340	21,083	1,905	(541)	15/07/2031
	IRS	EF	30%	15,243	16,684	1,771	(87)	15/07/2031
Gipuzkoa Ingurumena	IRS	EF	38%	8,493	8,946	974	(560)	30/06/2034
	IRS	EF	38%	8,493	8,946	1,012	(551)	30/06/2034
Qatarat	IRS	EF	100%	8,448	10,219	(419)	(454)	07/06/2026
	IRS	EF	100%	2,753	3,886	(165)	(96)	28/11/2024
Aquos El Realito S.A. de C.V	IRS	EF	100%	33,576	32,458	988	(420)	22/01/2025
Realia	IRS	EF	21%	102,234	106,905	3,423	(1,401)	27/04/2024
	IRS	EF	21%	102,234	106,905	3,423	(1,401)	27/04/2024
	IRS	EF	13%	61,374	64,178	2,057	(841)	27/04/2024
	IRS	EF	9%	45,047	47,105	1,499	(619)	27/04/2024
	IRS	EF	6%	30,059	31,432	1,008	(412)	27/04/2024
Total FCC Environment CEE GMBH	FX	EF	100%	7,260	14,422	99	125	22/11/2023
Total full consolidation				**645,059**	**697,981**	**44,869**	**(21,846)**	

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2022 and broken down in the previous table:

	2023	2024	2025	2026	2027 and beyond
Companies fully consolidated	59,351	360,265	43,822	16,576	165,045

At 31 December 2022, the total notional amount of hedges of companies consolidated using the equity method came to €61,862 thousand (31 December 2021: €40,506 thousand) and their fair value is €32,542 thousand (€2,842 thousand at 31 December 2021).

The following table provides a reconciliation of the change in the valuation of the derivatives, differentiating hedging from speculative and 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 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
Speculative	–	–	–	–	–	–	–

	Balance at 1 January 2021	Profit/(loss) from valuation of reserves	Profit/(loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2021
2021							
Hedging	(38,192)	28,841	–	(5,755)	–	(6,740)	(21,846)
Speculative	(208)	–	622	–	–	(414)	–

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 FCC Group is subject to the Corporation Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. Likewise, part of the subsidiaries that carry out the Water, Real Estate (with regard to the Realia subgroup), Environmental Services in the United Kingdom and FCC Environment Group in Austria, are also taxed in their own consolidated tax group.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The Tax Administration filed a claim against the Group for a total amount (instalment and late payment interest) equal to 111 million euros. FCC has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The Group, in accordance with the opinion of its legal advisors, considers it probable that the amounts already paid under such recovery procedure will be returned. Within the framework of this procedure, the Tax Administration has recognised a negative tax base in favour of the FCC Group that has generated an activated tax credit for the amount of €63.2 million.

During 2022, the tax authorities completed the corporate income tax audits of the tax group headed by FCC, S.A., business year 2015 to 2017, the VAT corresponding to the period from June 2016 to December 2017 of FCC, S.A., FCC Construcción, FCC Aqualia, FCC Industrial e Infraestructuras Energéticas and Cementos Portland Valderrivas, and also the withholdings/receipts on account for employment income and professional income corresponding to the period from June 2016 to December 2017 for FCC, S.A., FCC Construcción and FCC Aqualia, and for the period from January to December 2017 for Cementos Portland Valderrivas. The Tax Administration issued several certifications in relation to Corporate Income Tax, VAT and withholdings/payments on account for work income, for a range of interpretative issues, which have been partly appealed before the economic-administrative courts. The value of the tax debts in question has not had a significant impact on the income statement or on the equity of the Group.

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 €449,009 thousand (€418,642 thousand at 31 December 2021).

The Group Management has evaluated the recoverability of deferred tax assets by estimating future tax bases, concluding that there is no doubt surrounding their payment.

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted. Based on profit projections, it is estimated that there will be sufficient positive taxable income to substantially absorb both the tax losses recognised in the balance sheet and the deferred tax assets over an estimated period of around twelve years.

The estimated accounting profit for the year for the tax group headed by Fomento de Construcciones y Contratas, S.A. is based on the Strategic Plan prepared by the Group for the period 2023-2025. Turnover growth of 7.7% in 2023, 6.3% in 2024 and 4.1% in 2025 is assumed. In turn, the projected Ebitda margin is 13% for 2023 and 2024 and 13.5% for 2025. 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 2022. 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 2037 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 2022, deferred tax assets and liabilities were offset in the amount of 297,428 thousand euros (224,506 thousand euros at 31 December 2021).

The following table shows the breakdown of the main deferred tax assets and liabilities:

	2022				2021			
ASSETS	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Provisions and impairments	102,049	5,859	44,997	152,905	106,844	4,709	43,071	154,624
Tax loss carryforwards	360,343	65,682	22,984	449,009	329,197	72,619	16,826	418,642
Non-deductible financial expense	6,844	26,746	–	33,590	6,141	29,926	4,623	40,690
Pension plans	746	–	1,025	1,771	818	–	917	1,735
Amortisation/depreciation differences	10,164	474	12,263	22,901	11,058	548	13,668	25,274
Other	104,194	564	32,034	136,792	110,739	1,384	30,648	142,771
Total	**584,340**	**99,325**	**113,303**	**796,968**	**564,797**	**109,186**	**109,753**	**783,736**

	2022				2021			
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)	52,263	8,017	84,217	144,497	53,513	12,604	78,046	144,163
Investment property at fair value (IAS 40)	63,339	172,210	–	235,549	–	79,213	145,336	224,549
Accelerated amortisation/depreciation	1,636	4,408	115,678	121,722	2,288	–	108,266	110,554
Profit/(loss) of Joint Ventures	15,004	–	2,251	17,255	13,091	–	4,217	17,308
Tax impairment of goodwill		–	–	–	2	–	–	2
Finance leases	4,288	–	2,371	6,659	5,270	–	2,503	7,773
Other	30,293	5,066	18,364	53,723	18,935	1,770	21,670	42,375
Total	**166,823**	**189,701**	**222,881**	**579,405**	**93,099**	**93,587**	**360,038**	**546,724**

Below are the expected maturity dates of the deferred taxes:

	2023	2024	2025	2026	2027 and beyond	Total
Assets	85,980	56,934	37,984	66,139	549,931	796,968
Liabilities	57,513	26,140	26,140	26,140	443,472	579,405

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 194 million euros. The estimated maturity of non-activated NTBs is shown below:

Maturity time frame	Tax credits (millions of euros)
From 2023 to 2027	45.6
From 2028 to 2032	12.7
From 2033 onwards	4.3
No maturity	131.4
	194.0

Furthermore, as at 31 December 2022, the Group has non-capitalised tax credits corresponding to tax deductions credited and pending application for the total sum of €12.7 million (€20.4 million at 31 December 2021).

b) Public administrations

The breakdown at 31 December 2022 and 2021 of the current assets and liabilities included under the "Public administrations" heading is as follows:

Current assets

	2022	2021
Value Added Tax receivable (Note 15)	103,972	88,648
Current tax	86,518	174,355
Other tax items (Note 15)	63,762	61,581
	254,252	**324,584**

Current liabilities

	2022	2021
Value Added Tax payable (Note 21)	118,431	83,175
Current tax (Note 21)	23,610	28,158
Social Security payable and other tax items (note 21)	234,941	238,831
Deferrals	84	84
	377,066	**350,248**

c) Corporate income tax expense

The corporation tax expense incurred in the year amounted to 72,723 thousand euros (130,180 thousand euros in 2021), as detailed in the accompanying consolidated income statement. Below is the reconciliation between expense and accrued tax payment:

	2022			2021		
Consolidated accounting profit for the year before taxes from continuing activities			**550,653**			**807,460**
	Additions	**Reductions**		**Additions**	**Reductions**	
Permanent differences	255,457	(151,663)	103,794	167,434	(497,846)	(330,412)
Adjusted consolidated accounting profit on continuing activities			**654,447**			**477,048**
Temporary differences						
– Arising in the year	106,830	(135,235)	(28,405)	84,601	(97,173)	(12,572)
– Arising in prior years	120,882	(306,627)	(185,745)	145,623	(211,951)	(66,328)
Consolidated tax base of continuing activities (taxable profit)			**440,297**			**398,148**

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 2023, so the final settlement may vary as explained in note 3.q) of these notes to the consolidated financial statements.

In 2022, permanent differences, as increases, include the amount of the impairment recorded in the Uniland goodwill (note 6) amounting to €196,288 thousand. 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).

In 2021, permanent differences include, as decreases, the positive result arising from the business combination whereby control of Realia Business, S.A. is taken over in the amount of €241,701 thousand and also the positive results from the disposals mentioned in note 4. Additionally, as an increase, the amount of the impairment recognised in the goodwill of Uniland (note 6) in the amount of €100,000 thousand is included.

Below is the reconciliation of the expense for corporation tax:

	2022	2021
Adjusted consolidated accounting profit on continuing activities	654,447	477,048
Corporate income tax	(145,967)	(115,308)
Tax credits and tax relief	4,683	1,683
Adjustments for tax rate change	53	(15,599)
Other adjustments	68,508	(956)
Corporate income tax	**(72,723)**	**(130,180)**

The value of Other adjustments in 2022 mainly includes 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, 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.

Tax rate change adjustments in 2021 include a negative amount of €14,739 thousand in the UK as a result of the change in tax rate from 19% to 25%.

The main components of the corporate income tax, distinguishing between the current tax, i.e, tax corresponding to the current year and the deferred tax, the latter understood as the impact on profit/(loss) of the origination or reversal of temporary differences that affect the amount of deferred tax assets or liabilities recognised in the balance sheet, is as follows:

	2022	2021
Current tax	(65,756)	(83,726)
Deferred taxes	(6,967)	(46,454)
Corporate income tax	(72,723)	(130,180)

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.

The company had previously taken out insurance and paid a premium to settle contingencies related to the death, permanent employment disability, retirement bonuses and other items for certain executive directors and officers of Fomento de Construcciones y Contratas, S.A. In 2022 and 2021, no further contributions have been made as premiums and the value of returns came to 3,151 thousand euros in 2022 (zero in 2021) in relation to this insurance (Note 30).

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 2022 a premium of €1,483 thousand was paid over (€1,751 thousand in 2021).

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 (the same amount in 2021).

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 2022 the benefits undertaken with their employees, after deducting the assets used to meet these benefits. The actuarial value of the accrued obligations comes to €40,876 thousand (€70,353 thousand at 31 December 2021), while the fair value of the affected assets stands at €45,678 thousand (€73,815 thousand at 31 December 2021). The net difference represents an asset balance of €4,802 thousand euros (€3,462 thousand euros at 31 December 2021), which is not recognised in the accompanying consolidated balance sheet as the company is not entitled to repayments or reductions in future contributions. The "Staff expenses" heading of the accompanying consolidated income statement includes a cost of 336 thousand euros (470 thousand euros as at 31 December 2021) for the net difference between the cost of services and returns on assets affected by the plan. The average actuarial rate used was 4.95% (1.8% in 2021).

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

2022:

Actual performance of the current value of the obligation

	Grupo FCC Environment (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

	Grupo FCC Environment (UK)
Net balance obligations less affected assets at the end of the year	(4,802)

2021:

Actual performance of the current value of the obligation

	FCC Environment Group (UK)
Balances of obligations at the beginning of the year	**70,758**
Cost of services for the current year	252
Interest costs	1,083
Contributions of the participants	18
Actuarial profits/losses	(4,887)
Exchange differences	4,947
Benefits paid during the year	(1,818)
Cost of past services	–
Settlements	–
Balance obligations at end of year	**70,353**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)
Affected active balances at the beginning of the year	**62,478**
Expected return on assets	962
Actuarial profits/losses	6,024
Exchange differences	4,368
Contributions made by the employer	1,879
Contributions made by the participant	18
Benefits paid	(1,914)
Settlements	–
Balance of affected assets at the end of the year	**73,815**

Reconciliation of the actual performance of the obligation less the affected assets

	FCC Environment Group (UK)
Net balance obligations less affected assets at the end of the year	(3,462)

25. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2022, 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 4,697,135 thousand euros (3,952,987 thousand euros at 31 December 2021).

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. This ruling affects various companies and associations in the waste sector, including FCC and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, notification was received of the decisions handed down by the Spanish National Appellate Court, upholding the administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, both FCC Group investees, against the CNMV ruling imposing various penalties 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 July 2019, the proposal for resolution was issued in relation to various FCC Group companies. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014, initially estimated at 82 million dollars, which might not be justified and, may, therefore be illegal. The application of the procedures contained in the FCC Group's set of compliance rules made it possible to identify the facts, and the company proceeded to bring them to the attention of the public prosecutors' offices in Spain and Panama, to which it has been providing since then the maximum collaboration for the clarification of the facts within the framework of the "zero tolerance" principle against corruption that permeates the entire FCC Compliance System.

In the context of this cooperation, on 29 October 2019, the National Court's Central Court of Instruction No. 2 resolved to investigate FCC Construcción, S.A. and two of its subsidiary companies, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the context of Preliminary Measures 34/2017. The case is still in the investigation period, without us being able to determine at this time what type of charges could be filed, if any. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

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 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).

Additionally, the 2018 agreement for the sale of the 49% FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent proceedings. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco S.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the Parent Company of the Group for the amount of 806,479 thousand euros. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The 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 "Net turnover", including interest income from the concession financial model collection rights under IFRIC 12 amounting to €37,754 thousand at 31 December 2022 (€36,374 thousand euros at 31 December 2021), 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 net turnover.

Operating income from performance obligations met or partially met in previous years was recognised in 2022 for 10,244 thousand euros (32,943 thousand euros at 31 December 2021), mainly in the Construction segment.

During 2022, €533,829 thousand (at 31 December 2021: €309,111 thousand) 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 2022 and 2021 is as follows:

	2022	2021
Income from sundry services	107,554	81,297
CO_2 emission allowances (note 26)	–	7,766
Reimbursement from insurance compensation	2,796	4,129
Grants related to income	38,449	34,497
Other income	139,681	120,310
	288,480	**247,999**

"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 2022, 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 €40,154,255 thousand (€30,088,815 thousand at year-end 2021) 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	2,483,541	5,530,077	5,241,907	**13,255,525**
Construction	2,390,652	3,950,594	244,735	**6,585,981**
Integrated Water Management	1,460,305	7,075,020	11,777,424	**20,312,749**
	6,334,498	**16,555,691**	**17,264,066**	**40,154,255**

b) Supplies

The breakdown of the balance of supplies and other external expenses as at 31 December 2022 and 2021 is as follows:

	2022	2021
Subcontracting and work performed by other companies	1,541,727	1,442,802
Purchases and procurements	1,462,610	1,033,343
	3,004,337	**2,476,145**

c) Staff costs

Below is a breakdown of staff expenses for 2022 and 2021:

	2022	2021
Wages and salaries	1,687,937	1,541,542
Social security contributions	491,304	447,639
Other staff costs	59,492	51,048
	2,238,733	**2,040,229**

Information on the number of employees and their distribution by functional level and gender is provided in the Statement of Non-Financial Information which forms part of the Management Report accompanying these consolidated financial statements.

d) Impairment and gains/(losses) on disposal of fixed assets

The breakdown of the balance of the Impairment and gains/(losses) on disposal of fixed assets in the years 2022 and 2021 is as follows:

	2022	2021
Profit/(loss) from takeover of Realia Business, S.A. (Note 4)	–	241,701
Impairment of the commercial fund (note 6)	(200,000)	(100,000)
Changes in fair value of investment property (note 8)	22,294	16,628
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)	(8,515)	(49,304)
Profit/(loss) from disposals of other PP&E and intangible assets	4,527	4,622
Other concepts	1,255	9,930
	(174,895)	**123,577**

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., a positive 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).
- a positive result due to the change in the fair value of investment property amounting to €22,294 thousand as a result of the assessment carried out by independent experts of the Realia Group's investment property (note 8).

In turn, in 2021 should be made of the following:

- as a result of the takeover of Realia Business, S.A. following the acquisition in October 2021 of an additional 13.12% stake by FCyC S.L., a positive operating profit of €241,701 thousand was recognised as the consideration paid was lower than the fair value of the assets acquired (note 4).
- the impairment of goodwill of Corporación Uniland for an amount of €100,000 thousand (note 7) and the impairment of quarries in the Cement business as a result of the expected reduction in their useful life for an amount of €36,011 (note 7).
- a positive result due to the change in the fair value of investment property amounting to €16,628 thousand as a result of the assessment carried out by independent experts of the Realia Group's investment property (note 8).
- A pre-tax gain of €9,643 thousand from the sale of 51% of the Cedinsa Group, included under "Other items" (note 4).

The amount of this item is included in the accompanying consolidated cash flow statement under "Impairment and gains/(losses) on disposal of fixed assets" in the consolidated statement of cash flows.

e) Financial income and financial expenses

The breakdown of the financial income, according to the assets that generate said income, in 2022 and 2021 is as follows:

	2022	2021
Financial assets at fair value with changes in other comprehensive income	3,422	1,447
Financial assets at amortised cost	24,923	18,218
Other financial income	16,803	5,154
	45,148	**24,819**

The increase in "Other financial income" can mainly be attributed to financial income from the remunerated accounts of the Georgian Water and Power Company, which forms part of the Georgia Global Utilities Group in the End-to-End Water Management activity, following its take-over in February 2022 for the sum of €1,306 thousand, late-payment interest for tax refunds (municipal capital gains) received by Realia Business, S.A. in Real Estate activity, for the sum of €2,654 thousand, and the interest received from short-term surplus cash placements pertaining to the company FCC Environment CEE for the sum of €2,765 thousand, as part of the Environmental Services segment.

The breakdown of financial expenses in 2022 and 2021 is as follows:

	2022	2021
Debt instruments and other marketable securities	52,345	52,775
Credits and loans	44,557	25,975
Debts with limited recourse for project financing	11,030	15,862
Creditors from leases	12,315	12,905
Financial update of provisions and other liabilities	32,174	19,347
Other financial expenses	11,818	8,457
	164,240	**135,321**

The increase in financial expenses in 2022 can mainly be traced to Jezzine Uno, S.L.U. and Realia Business, S.A., which contributed €4,220 thousand and €14,627 thousand respectively at 31 December 2022, equivalent to twelve months, while at 31 December 2021 they contributed just €726 thousand and €2,215 thousand, corresponding to just the two months following the takeover of both companies in October 2021.

f) Other financial profit/(loss)

The breakdown of other financial expenses in 2022 and 2021 is as follows:

	2022	2021
Change in fair value of current financial instruments	4,946	6,553
Exchange differences	26,060	24,482
Impairment and profits/losses on disposal of financial Instruments	(1,401)	26,484
	29,605	**57,519**

In 2022, profit of €2,441 thousand was included under "Change in fair value of current financial instruments" (€5,440 thousand in 2021) for the contingent collection arising from the sale, without the loss of control, in 2018 of 49% of FCC Aqualia, S.A. (note 25).

In addition, in 2021, €15,999 thousand of the gain from the disposal of the stake in Nalanda Global, S.A. was included in "Impairment and gains/losses on disposal of financial instruments".

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

g) Profit/(loss) of entities valued using the equity method

The breakdown for this heading is as follows:

	2022		2021	
Profits/(losses) for the year (Note 11)		32,123		60,220
Joint ventures	31,132		35,463	
Associates	991		24,757	
Profit/(loss) on disposals and other		(2,509)		(1,987)
		29,614		**58,233**

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.

During 2021, "Gains/losses on disposals and other" included those from the following transactions:

- sale of 49% of the companies Concessió Estacions Aeroport L9, S.A. and 29% of Urbs Iudex et Causidicus, S.A., which gave the FCC Group a pre-tax profit of €17,617 thousand (note 4).
- sale to Plenium Partners, S.L. of FM Green Power Investments, S.L. and its investees, which gave rise to a pre-tax gain of €39,464 thousand (note 4).
- The acquisition of control of the Realia Business Group, indicated in section d) of this note, which gave rise to a negative result of €58,158 thousand as a result of the fair value of the stake held by the Group prior to the acquisition of control (note 4).

h) Profit attributable to non-controlling interests

At 31 December 2022 the result attributable to minority interests amounts to €162,748 thousand (€97,145 thousand at 31 December 2021), mainly due to the amount corresponding to the 49% held by the minority shareholder of the Aqualia subgroup, a segment that contributes an amount of €87,349 thousand at 31 December 2022 (€69,988 thousand at 31 December 2021) (note 27).

Following the incorporation of Jezzine Uno, S.L. as part of a non-monetary capital increase in FCyC, S.A. in October 2021, subscribed by Soinmob Inmobiliaria Española, S.A., the company came to have 19.97% interest in the capital of FCyC, S.A., the parent company of the Real Estate business, a segment that contributed an amount of €48,450 thousand at 31 December 2022 (€14,455 thousand at 31 December 2021) (note 4).

Furthermore, at 31 December 2022, the activity of the Environmental Services business contributed the sum of €26,177 thousand (€6,805 thousand at 31 December 2021) (note 27).

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 2022 and 2021:

- 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.

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 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**

2021	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	*6,659,283*	*3,244,944*	*1,169,450*	*1,659,593*	*433,755*	*147,928*	*54,975*	*66,402*	*(117,764)*
External customers	*6,659,283*	*3,238,334*	*1,167,521*	*1,615,172*	*427,365*	*149,148*	*54,975*	*6,768*	–
From transactions with other segments	–	*6,610*	*1,929*	*44,421*	*6,390*	*(1,220)*	–	*59,634*	*(117,764)*
Other income	301,322	76,137	73,385	113,605	17,629	4,961	13,947	41,225	(39,567)
External customers	*301,322*	*74,918*	*72,076*	*114,191*	*17,435*	*4,923*	*13,947*	*3,832*	
From transactions with other segments	–	*1,219*	*1,309*	*(586)*	*194*	*38*	–	*37,393*	*(39,567)*
Gastos de explotación	(5,834,018)	(2,786,012)	(943,924)	(1,670,620)	(375,315)	(112,848)	(31,728)	(72,224)	158,653
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(443,936)	(234,064)	(121,021)	(30,898)	(31,422)	(55)	(7,835)	(18,822)	181
Other operating income/(losses)	119,559	(15,613)	3,428	(578)	(134,987)	258,327	8,982	–	–
Operating profit/(loss)	**802,210**	**285,392**	**181,318**	**71,102**	**(90,340)**	**298,313**	**38,341**	**16,581**	**1,503**
Percentage of revenue	12.05%	8.79%	15.50%	4.28%	(20.83%)	201.66%	69.74%	24.97%	(1.28%)
Financial income	24,819	6,534	36,927	3,497	741	146	6,009	42,338	(71,373)
Financial expenses	(135,321)	(68,887)	(49,212)	(2,575)	(6,059)	(3,079)	(13,745)	(35,116)	43,352
Other financial profit/(loss)	57,519	4,337	(332)	34,787	304	74	12,773	167,890	(162,314)
Profit/(loss) of companies accounted for using the equity method	58,233	18,922	2,815	1,966	3,905	(46,006)	25,958	53,973	(3,300)
Profit/(loss) before tax from continuing operations	**807,460**	**246,298**	**171,516**	**108,777**	**(91,449)**	**249,448**	**69,336**	**245,666**	**(192,132)**
Corporate income tax	(130,180)	(66,041)	(42,860)	(27,406)	613	(12,822)	(7,839)	26,550	(375)
Profit/(loss) for the year from continuing operations	**677,280**	**180,257**	**128,656**	**81,371**	**(90,836)**	**236,626**	**61,497**	**272,216**	**(192,507)**
Consolidated profit for the year	**677,280**	**180,257**	**128,656**	**81,371**	**(90,836)**	**236,626**	**61,497**	**272,216**	**(192,507)**
Non-controlling interests	97,145	6,805	69,987	1,352	1,101	14,456	3,444	–	
Profit attributable to the Parent Company	**580,135**	**173,452**	**58,669**	**80,019**	**(91,937)**	**222,170**	**58,053**	**272,216**	**(192,507)**

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 "Net turnover", 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.

Balance sheet by segments

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)**
Inventory	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	202,865	4,265	37,291	–	610	–	160,700	–	(1)
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	281,976	130,032	65,835	30,938	65,583	160,039	–	467	(170,918)
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)**

2021	TotalGrupo	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	**9,074,069**	**2,988,252**	**2,595,915**	**614,852**	**933,400**	**2,169,896**	**403,192**	**3,717,710**	**(4,349,148)**
Intangible assets	2,445,233	928,593	889,339	77,933	347,885	69	251,164	6,590	(56,340)
Additions	*73,127*	*48,109*	*23,165*	*46*	*29*	–	–	*1,778*	–
Property, plant and equipment	2,862,556	1,567,870	489,862	142,099	482,968	2,344	58	197,930	(20,575)
Additions	*368,094*	*240,204*	*65,939*	*45,104*	*15,442*	*10*	*28*	*1,367*	–
Investment property	2,069,187	–	–	–	–	2,069,187	–	–	–
Additions	*4,836*	–	–	–	–	*4,836*	–	–	–
Investments accounted for using the equity method	533,842	199,099	67,966	39,850	42,012	48,126	127,234	9,307	248
Non-current financial assets	604,020	234,742	1,117,636	4,690	3,840	14,940	15,585	3,392,058	(4,179,471)
Deferred tax assets	559,231	57,948	31,112	350,280	56,695	35,230	9,151	111,825	(93,010)
Current assets	**5,168,089**	**1,410,000**	**1,107,069**	**1,719,351**	**212,344**	**910,279**	**56,819**	**461,787**	**(709,560)**
Inventory	1,107,262	38,007	34,218	144,874	93,252	796,635	202	1,240	(1,166)
Trade and other receivables	2,277,734	888,935	387,845	773,992	83,755	16,620	6,881	165,663	(45,957)
Other current financial assets	184,365	66,942	78,684	446,915	12,740	25,272	291	215,958	(662,437)
Other current assets	63,203	35,687	4,399	17,548	1,022	4,310	86	151	–
Cash and cash equivalents	1,535,525	380,429	601,923	336,022	21,575	67,442	49,359	78,775	–
Total assets	**14,242,158**	**4,398,252**	**3,702,984**	**2,334,203**	**1,145,744**	**3,080,175**	**460,011**	**4,179,497**	**(5,058,708)**

2021	TotalGrupo	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
LIABILITIES									
Equity	**4,440,665**	**689,679**	**810,664**	**900,839**	**789,434**	**1,780,671**	**136,049**	**2,388,847**	**(3,055,518)**
Non-current liabilities	**5,565,941**	**2,784,715**	**1,162,409**	**292,139**	**248,348**	**1,027,295**	**265,147**	**1,079,484**	**(1,293,596)**
Grants	192,185	4,882	38,719	–	89	–	148,495	–	–
Non-current provisions	1,167,340	520,563	198,499	214,953	22,250	25,312	39,791	145,972	–
Non-current financial liabilities	3,732,997	1,993,949	868,744	60,097	158,961	837,678	76,846	933,129	(1,196,407)
Deferred tax liabilities	322,219	117,701	52,867	17,089	67,048	164,305	15	383	(97,189)
Other non-current liabilities	151,200	147,620	3,580	–	–	–	–	–	–
Current liabilities	**4,235,552**	**923,858**	**1,729,911**	**1,141,225**	**107,962**	**272,209**	**58,815**	**711,166**	**(709,594)**
Current provisions	147,874	5,177	13,961	118,978	4,897	1,798	1,366	1,697	–
Current financial liabilities	1,820,176	306,990	1,189,076	21,117	21,104	185,273	50,483	686,687	(640,554)
Trade and other payables	2,267,502	608,153	526,874	1,001,130	81,961	85,138	6,966	26,082	(68,802)
Internal relations	–	3,538	–	–	–	–	–	(3,300)	(238)
Total liabilities	**14,242,158**	**4,398,252**	**3,702,984**	**2,334,203**	**1,145,744**	**3,080,175**	**460,011**	**4,179,497**	**(5,058,708)**

Cash flows by segment

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
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)**	**–**
2021									
Operating activities	746,246	440,012	95,239	(42,577)	70,476	94,419	25,474	85,662	(22,459)
From investing activities	193,082	(282,058)	(12,205)	(285,750)	(17,464)	51,648	378,873	(14,050)	374,088
Financing activities	(627,727)	(112,296)	30,010	334,153	(47,575)	(80,634)	(400,445)	692	(351,632)
Other cash flows	1,815	10,846	2,759	8,101	373	–	(20,263)	(1)	–
Cash flows for the year	**313,416**	**56,504**	**115,803**	**13,927**	**5,810**	**65,433**	**(16,361)**	**72,303**	**(3)**

b) Activities and investments by geographic markets

EThe Group performs approximately 45% of its activity abroad (41% in 2021).

The net turnover realised abroad by the Group companies for the business years 2022 and 2021 is distributed among the following markets:

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2022									
United Kingdom	1,048,589	794,945	–	178,292	78,158	–	–	–	(2,806)
Czech Republic	385,321	264,954	120,364	3	–	–	–	–	–
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	362,090	–	131,098	162,048	69,382	–	–	–	(438)
	3,434,510	**1,665,952**	**461,755**	**1,096,798**	**201,929**	**–**	**2,955**	**8,535**	**(3,414)**
2021									
United Kingdom	855,745	708,332	–	79,626	67,787	–	–	–	–
Czech Republic	346,605	235,784	110,815	6	–	–	–	–	–
Rest of Europe and Others	811,555	351,759	83,670	339,667	30,197	–	–	6,381	(119)
USA and Canada	117,145	111,852	–	1,709	3,584	–	–	–	–
Latin America	258,609	–	48,433	207,594	281	–	2,306	–	(5)
Middle East, Africa and Australia	325,804	–	112,363	145,784	69,001	–	–	–	(1,344)
	2,715,463	**1,407,727**	**355,281**	**774,386**	**170,850**	**–**	**2,306**	**6,381**	**(1,468)**

The following items included in the accompanying financial statements are shown below by geographical areas:

	Total Group	Spain	United Kingdom	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
2022								
ASSETS								
Intangible assets	2,342,148	1,214,779	453,521	2,236	254,017	80,321	295,082	42,192
Property, plant and equipment	3,496,804	1,512,754	556,861	342,537	354,623	241,111	34,249	454,669
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
2021								
ASSETS								
Intangible assets	2,445,233	1,352,303	487,559	2,336	250,436	46,543	262,101	43,955
Property, plant and equipment	2,862,556	1,389,079	624,145	323,186	320,259	160,345	11,646	33,896
Investment property	2,069,187	2,069,187	–	–	–	–	–	–
Deferred tax assets	559,231	520,752	5,717	4,874	16,261	–	9,551	2,076

c) Personnel

The average number of people employed in 2022 and 2021 by business areas is as follows:

	2022	2021
Environmental Services	42,996	41,206
End-to-End Water Management	12,168	9,935
Construction	6,480	7,134
Cement	1,060	1,041
Real Estate	103	33
Concessions	58	33
Sociedad	365	360
	63,230	**59,742**

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 2022, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,645,627 thousand euros (2,496,463 thousand euros at 31 December 2021). Environmental provisions, mainly for landfill sealing and closing costs, amount to 476,679 thousand euros (452,963 thousand euros as at 31 December 2021).

The activities carried out by Aqualia are directly linked to the protection of the environment, as the guiding thread of its actions, in collaboration with the different Public Administrations, is the efficient management of the end-to-end water cycle and the search for guarantees for the availability of water resources that allow for the sustainable growth of the populations where it provides its services. One of FCC Aqualia's fundamental objectives is continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.

Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes.

At year-end the Cementos Portland Valderrivas Group has investments related to environmental activities recorded under intangible assets and property, plant and equipment for a total amount of €137,960 thousand (€137,742 thousand in 2021), with accumulated amortisation of €108,756 thousand (€103,775 thousand in 2021). In 2022, it also incurred expenses of €2,562 thousand (€2,380 thousand in 2021) to ensure the protection and improvement of the environment, which were recognised under "Other operating expenses" in the accompanying consolidated income statement.

For the cement activity, the Group receives free CO_2 emission rights in accordance with the corresponding national allocation plans. In this regard, it should be noted that in 2022 emission allowances equivalent to 2,685 thousand tonnes per year (2,710 thousand tonnes per year in 2021) have been received, corresponding to the companies Cementos Portland Valderrivas, S.A. and Cementos Alfa, S.A.

During 2022, no greenhouse gas rights were sold. "Operating income" in the accompanying consolidated income statement includes income from the sale of greenhouse gas emission allowances in 2021 amounting to €7,766 thousand.

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 2022 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. Elsewhere, in July 2020, FCC Servicios Medioambiente Holding S.A.U. registered, and has since renewed each year, a promissory note programme (Euro Commercial Paper Program [ECP]) the Irish stock market for the amount of 400 million euros; while Fomento de Construcciones y Contratas, S.A. has registered a promissory note programme (Euro Commercial Paper Program [ECP]) on the same market since November 2018 for the sum of 600 million euros. In 2022, 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 2022:

	CONSOLIDATED (thousands of euros)							
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe non-euro	Latin America	Other	TOTAL
Gross debt	4,433,972	88,343	318,264	(68)	58,949	57,590	25,410	4,982,460
Financial assets	(675,021)	(285,041)	(263,050)	(49,043)	(69,230)	(172,210)	(276,146)	(1,789,741)
Total consolidated net indebtedness	3,758,951	(196,698)	55,214	(49,111)	(10,281)	(114,620)	(250,736)	3,192,719
% Net Debt of the total	117.7%	(6.2%)	1.7%	(1.5%)	(0.3%)	(3.6%)	(7.9%)	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 37.5% is denominated in euros, 17.5% is denominated in US dollars, 15.6% in sterling and 12.6% 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	2,838	47,042
US Dollar	(1,465)	26,868
Georgian lari	3,139	22,519
Algerian dinar	1,562	17,511
Czech koruna	3,070	9,559
Total	**9,144**	**123,499**

	-10%	
	Profit and Loss	Equity
Pound sterling	(2,838)	(47,042)
US Dollar	1,465	(26,868)
Georgian lari	(3,139)	(22,519)
Algerian dinar	(1,562)	(17,511)
Czech koruna	(3,070)	(9,559)
Total	**(9,144)**	**(123,499)**

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 61.8% 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	4,982,460	8,641	1,761,308	165,710	1,947,659	104,836	813,297	181,009
Fixed-rate headings and financing at 31.12.22	(3,079,361)	(2,113)	(1,661,241)	(1,796)	(711,286)	–	(679,725)	(23,200)
Total variable rate debt	**1,903,099**	**6,528**	**100,067**	**163,914**	**1,236,373**	**104,836**	**133,572**	**157,809**
Ratio: Variable rate debt / Gross External Debt at 31.12.22	**38.2%**	**75.5%**	**5.7%**	**98.9%**	**63.5%**	**100.0%**	**16.4%**	**87.2%**

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		
	+50 pp	+75 pp	+100 pp
Impact on profit or loss	9,515	14,273	19,031

d) Solvency risk

At 31 December 2021, the net financial indebtedness of the Environmental Services Group contained in the accompanying balance sheet amounted to €3,192,719 thousand as shown in the following table (€3,225,709 at 31 December 2021):

	2022	2021
Bank borrowings	2,778,349	1,742,556
Debt instruments and other loans	2,040,747	3,031,543
Other interest-bearing financial debt	163,364	171,427
Current financial assets	(214,203)	(184,292)
Treasury and cash equivalents	(1,575,538)	(1,535,525)
Net interest-bearing debt	**3,192,719**	**3,225,709**
Net debts with limited recourse	**3,869,904**	**3,551,740**
Net indebtedness with recourse	**(677,185)**	**(326,031)**

Net Debt with limited recourse increased year-on-year on account of the joint effect of the increase in debt following the acquisition of the previously uncontrolled 50% stake in the Murcia Tramway concession in Spain (notes 4 and 19), together with the decrease in cash in the Water area compared to 31 December 2021.

e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The Group's capabilities to obtain financing depend on many factors, many of which are beyond its control, such as general economic conditions, the availability of funds at financial institutions, the depth and availability of capital markets and the monetary policy of the markets in which it operates. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to perform the Group's activities.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve 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 31December 2022, the Group's schedule of maturities of external gross debt was as follows:

2023	2024	2025	2026 and beyond	TOTAL
1,123,504	211,899	1,715,818	1,931,239	4,982,460

A significant part of the gross financial debt, amounting to €4,792,813 thousand, has no recourse to the parent company, of note being the debt of the End-to-end Water Management segment amounting to €1,947,660 thousand, and of the Environmental Services segment amounting to €1,761,309 thousand at 31 December 2022.

At 31 December 2022, the Group had working capital of €1,111,066 thousand (€932,537 thousand at 31 December 2021).

In order to manage liquidity risk, at 31 December 2022, the Group had 433.4 million euros in undrawn bilateral financing lines, and 1,411,731 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	214,203	32,711	12,668	13,408	155,416

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	163,807	138,459	–	25,348

f) Concentration risk

This is risk arising from the concentration of lending transactions with common characteristics, and it is distributed as follows:

- Funding sources: In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.
- Markets/geography (domestic, foreign): The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.
- Products: The Group uses various financial products: loans, credit facilities, obligations, syndicated loans, assignments and discounting, etc.
- Currency: The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2022 the weight of the external activity has been 45% 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 clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as at 31 December 2022 as shown in the following table:

	2022	2021
Financial credits granted (note 13)	1,060,903	945,708
Trade and other receivables (note 15)	2,409,262	2,277,734
Derivative financial assets (note 22)	46,330	180
Cash and cash equivalents (Note 16)	1,575,538	1,535,525
Guarantees granted (Note 25)	4,697,135	3,952,987
TOTAL	**9,789,168**	**8,712,134**

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial credits or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and 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

In general, the financial derivatives contracted by the Group are treated for accounting purposes in accordance with the accounting hedging regulations set out in these financial statements. The main financial risk hedged by the Group through derivative instruments relates to changes in the floating interest rates to which the financing of Group companies is linked. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing three bullish scenarios of the basic interest rate curve of the Euro, coming in at around 2.65% in the medium/long term as at 31 December 2022, assuming an increase of 50 bp, 75 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.

	+50 pp	+75 pp	+100pp
Impact on Equity:			
Full consolidation	7,071	10,498	13,856
Equity method	3,568	5,233	6,822

h) Brexit risk

Exposure to Brexit is mitigated by the natural hedge of keeping assets and liabilities in the same currency. At the close of these consolidated financial statements, the Group's activities in the country were not affected by Brexit.

The Group's activity in the United Kingdom is primarily concentrated in the Environmental Services business area, mainly through its shareholding in the FCC Environment UK subgroup, which engages in the treatment, disposal and collection of waste, and also in the management of waste recovery and incineration plants. In addition, although to a lesser extent, the FCC Group maintains a presence in the country by exporting cement and carrying out construction projects. At the end of the current year, the FCC Group has recorded €1,048,589 thousand in turnover (€855,745 thousand in 2021) (note 27) and holds assets totalling €1,698,711 thousand (€1,765,509 thousand in 2021) in the United Kingdom.

The net investment held in pounds sterling amounts to €470,424 thousand at year-end 2022 (€482,023 thousand 2021) (note 17.d). A sensitivity analysis is provided below showing the potential impact on the Group's results and equity in the event that the exchange rate of the pound sterling against the euro were to increase or decrease by 10%:

	Profit and loss	Equity
+ 10%	2,838	47,042
- 10%	(2,838)	(47,042)

The gross financial debt held in pounds sterling at 31 December 2022 amounts to €318.3 million (€358.3 million in 2021) and is concentrated in the aforementioned FCC Environment UK subgroup, comprising various loans and project finance bonds at fixed or variable rates hedged with hedging derivatives that transform it into a fixed rate at a weighted average rate of 4.5%, so there is no interest rate risk in the cash flows arising from the debt denominated in pounds sterling.

i) COVID-19 risk

The COVID-19 pandemic had a series of impacts on the accompanying consolidated financial statements both in operational and liquidity terms, which has also led to an update of the main estimates that affect the half-yearly financial statements.

In operational terms, the impact of the COVID-19 crisis on the Group was limited given that the Water and Environment segments, which represent the most substantial part of the Group's revenues and results, include activities that the various national authorities have considered as essential without relevant interruptions in activity or loss of profitability in most of the assets. In relation to the other activities, such as Construction, which has a smaller weight in the Group's total activity, the pandemic led to the temporary interruption of part of the portfolio of construction contracts in progress, and also, where appropriate, to some inefficiencies in the supply chain, circumstances which inevitably had an impact on project costs and delivery times. Measures were taken to bring costs in line with the new activity levels and as of today all activity has resumed, so no material unprovisioned impairments are expected. The Cement Area shows a similar evolution in relation to COVID-19 risk, although it has been adversely affected by the rise in energy prices.

In this regard, as shown in the accompanying consolidated income statement, the Group maintains a positive "Profit from operations" of €610,526 thousand (€802,210 thousand in 2021), which represents 7.9% of turnover (12.0% in 2021). "Cash flows from operating activities" amounted to €1,545,839 thousand (€746,246 thousand in 2021), as can be seen in the accompanying consolidated cash flow statement.

In the light of the status created by the COVID-19 crisis, the Group has carried out an analysis of the main estimates affecting the accompanying consolidated financial statements:

- Goodwill: The Group has updated the various impairment tests for goodwill recognised. Although the goodwill corresponding to Corporación Uniland's cash-generating unit has been impaired, this impairment did not arise from the impact of COVID-19 (note 6).
- Investment property: Following the acquisition of control of the Realia Business Group and the company Jezzine Uno, S.L.U., in 2021, the FCC Group included €2,069,187 thousand of investment property in its accompanying consolidated balance sheet, which is measured at fair value at the end of the period, with no decrease in fair value (notes 3 and 8).
- Rest of fixed assets. The recoverable value of the main fixed and non-current assets that could show signs of impairment has been reviewed, in particular, those associated with the concession businesses (Notes 6 and 7), with there being no significant impairment.

- Financial instruments: The recoverable value of the main financial instruments has been reviewed, with special attention paid to investments accounted for using the equity method (Note 11).
- Furthermore, with regard to trade sales ledgers, no significant non-payment problems were identified. There are no unimpaired doubtful material trade receivables. The collection periods are in line with previous years.
- Deferred tax assets: The assumptions (both in operational and tax terms) regarding the recoverability of these assets, contemplated in December 2021, have been updated, with the result that under the same criteria used on that date, the impact of COVID-19 does not involve a reversal of the assets for deferred tax or a significant modification of recovery periods.
- Provisions: The level of provisions (Note 18) is considered suitable to cover all risks considered probable.
- Real Estate inventory assessment: The heading "Inventories" includes real estate assets with a net book value of €763,865 thousand at year-end 2022 (€804,423 thousand at the end of the previous year). In this regard, during the year the fair value estimates of some of the main real estate inventories were updated by independent third parties and there were no significant impairment losses (note 14).
- Recognition of income in construction contracts: The Group reassessed its forecast results in the Construction segment at conservative ranges in the light of current circumstances. In this sense, provisions make it possible to cover the risks associated with average scenarios, in the context of current uncertainty. In any case, it should be noted that the Group has not registered unapproved income derived from cost overruns, delays or claims on third parties as a result of the situation caused by COVID-19, which has caused, in many geographic regions, inefficiencies and delays, with the consequent impact in terms of profitability.

In view of the above, considering the limited impact, the measures undertaken to secure the assets as well as the existing liquidity buffers, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continuity.

j) 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. The most significant impact has been seen in the Cement Area, the most energy-intensive activity, slashing its operating margins despite the fact that in recent months, the sale price of cement has partly included the aforementioned increase in the cost of energy. The remaining activities have been affected for the same reason although to a lesser extent as they are not as intensive when it comes to energy consumption.

In light of the foregoing, the Group has reviewed the assumptions used to assess signs of impairment of its main non-financial assets, considering factors including but not limited to the increase in reference interest rates, placing particular emphasis on goodwill. As a result, it has determined that it is appropriate only to deteriorate the goodwill corresponding to the Uniland CGU (Note 9.a), weighed down by the decrease in its margins as a result of factors including but not limited to the indirect effects mentioned in the previous paragraph (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.

k) 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 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 2022. 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 2022 and 2021, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2022	2021
Fixed remuneration	650	525
Other payments	1,914	1,933
	2,564	**2,458**

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 5,793 thousand euros (1,908 thousand euros in 2021).

The bulk of the increase in comparison with the previous year resulted from the settlement of an insurance policy payable to a senior executive.

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

2021	
Marcos Bada Gutiérrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel A. Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

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
	REALIA BUSINESS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHIEF EXECUTIVE OFFICER
	REALIA BUSINESS, S.A.	CHIEF EXECUTIVE OFFICER
JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AQUALIA, S.A.	DIRECTOR
	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
ALVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	CHAIRMAN
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.U.	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 2022, 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 133,495 thousand euros (140,983 thousand euros in 2021) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 18,501 thousand euros (31,194 thousand euros in 2021) 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 and investees by other parties related to the controlling shareholder, as follows:

Buyer	Seller	2022	2021
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	926	1,193
	FCC Medio Ambiente,S.A.	174	162
	Servicios Especiales de Limpieza,S.A.	508	496
	Fedemes,S.L.	24	13
	Fomento de Construcciones y Contratas,S.A.	2	–
Realia Business, S.A.	FCC Industrial e Infraestructuras Energéticas S.A.U.	–	2
	FCC Construcción, S.A.	6,326	12,001
	Fomento de Construcciones y Contratas,S.A.	163	142
	Fedemes,S.L.	130	101
	Residencial Turo del Mar,C.B.	9	–
	Jezzine Uno,S.L.U.	1	–
FCyC, S.A.	Aridos de Melo,S.L.	–	296
	FCC Construcción, S.A.	30,170	21,383
	FCC Ambito,S.A.	4	–
	FCC Medio Ambiente,S.A.	–	9
	Fomento de Construcciones y Contratas,S.A.	50	54
	Fedemes,S.L.	130	112
	Realia Business, S.A.	3,560	2,371
Hermanos Revilla,S.A.	Servicios Especiales de Limpieza,S.A.	134	–
	Fedemes,S.L.	25	–
Jezzine Uno S.L.U.	Realia Business, S.A.	95	15
	Fedemes,S.L.	6	–
AS Cancelas Siglo XXI,S.L	FCyC, S.A.	1,990	453
FCC Construcción, S.A.	FCyC, S.A.	–	2
Cementos Portland Valderrivas,S.A.	Realia Patrimonio, S.L.U.	429	90
Fomento de Construcciones y Contratas,S.A.	Realia Patrimonio, S.L.U.	10	11
Fedemes,S.L.	Realia Patrimonio, S.L.U.	5	–
		44,871	**38,906**

In addition, the following balance sheet balances are maintained:

Receivables	Payable	2022	2021
Realia Patrimonio, S.L.U.	Cementos Portland Valderrivas,S.A.	132	140
	Fomento de Construcciones y Contratas,S.A.	27	24
	FCC Industrial e Infraestructuras Energéticas S.A.U.	377	349
	FCC Medio Ambiente,S.A.	75	50
	Servicios Especiales de Limpieza,S.A.	273	309
	Fedemes,S.L.	48	1
Realia Business, S.A.	Fedemes,S.L.	13	38
	Fomento de Construcciones y Contratas,S.A.	70,122	120,000
	FCC Construcción, S.A.	4,629	3,386
	FCC Industrial e Infraestructuras Energéticas S.A.U.	52	27
	FCyC, S.A.	211	–
FCyC, S.A.	Asesoria financiera y de gestión,S.A.	257	21
	Fomento de Construcciones y Contratas,S.A.	118,474	32,258
	FCC Construcción, S.A.	3,316	4,857
	FCC Industrial e Infraestructuras Energéticas S.A.U.	7	–
	Costa Verde Habitat,S.L.	2,340	169
	Jezzine Uno,S.L.U.	17,618	–
	Realia Business, S.A.	1,437	1,423
	Fedemes,S.L.	13	–
Fomento de Construcciones y Contratas,S.A.	Realia Patrimonio, S.L.U.	2,409	2,664
	Realia Business, S.A.	49	44
	FCyC, S.A.	32,649	23,017
Residencial Turo del Mar,C.B.	Realia Business, S.A.	2	3
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza,S.A.	38	–
	Fedemes,S.L.	3	–
Jezzine Uno,S.L.U.	FCyC, S.A.	3,044	–
	Realia Business, S.A.	28	36
AS Cancelas Siglo XXI,S.L.	Realia Business, S.A.	8319	52
FCC Industrial e Infraestructuras Energéticas S.A.U.	Realia Patrimonio, S.L.U.	47	–
	Realia Business, S.A.	13	30
FCC Construcción, S.A.	FCyC, S.A.	105	–
	Realia Business, S.A.	459	–
Fedemes,S.L.	Realia Patrimonio, S.L.U.	186	–
Vela Borovica Koncern D.O.O.	FCyC, S.A.	126	126
Realia Business, S.A.	Residencial Turo del Mar,C.B.	291	80
		267,189	**189,104**

- Agreement for the provision of services between Fomento de Construcciones y Contratas, S.A. and Vilafulder Corporate Group, S.L.U. for a total annual amount of €338 thousand.
- Agreement for the provision of services between Cementos Portland Valderrivas, S.A. and Gerardo Kuri Kaufmann for €175 thousand.
- Agreement for the provision of services between Realia Business, S.A. and Gerardo Kuri Kaufmann for €175 thousand.
- 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 70,405 thousand euros (70,085 thousand euros in 2021). 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 1,630 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 15,662 thousand euros (13,446 thousand euros in 2021).

– Contracts entered into between Realia Business, S.A. and FCyC, S.A., the purpose of which is the management and marketing, respectively, of residential real estate developments, on plots 18 in Sant Joan Despí, Phase II and plots RU18 and RC-2B in Tres Cantos, Madrid.

– Contract for the reinforcement of air conditioning in the office building at Calle Acanto 22 in Madrid, between FCC Industrial and Infraestructuras Energéticas, S.A.U., and Realia Patrimonio, S.L.U., for the sum of €33 thousand.

– Contract for the services provided by FCyC, S.A. to Realia Business, S.A. (legal and administrative assistance, technical and legal assistance in the United Kingdom) for the sum of 349 thousand euros.

– Contract for the services provided by Realia Business, S.A. to FCyC, S.A. (Technical assistance in the acquisition, management and development of Realia land in Spain, management of Valaise real estate and territorial representation in Catalonia) for the sum of €334 thousand.

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 2022 and 2021 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:

	2022			2021		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	3.880	705	4.585	3.375	613	3.988
Other assurance services	333	241	574	336	1.037	1.373
Total Audit and Related Services	**4,213**	**946**	**5,159**	**3,711**	**1,650**	**5,361**
Tax advisory services	–	1.354	1.354	4	1.545	1.549
Other services	–	1.894	1.894	5	1.011	1.016
Total professional services	**–**	**3.248**	**3.248**	**9**	**2.556**	**2.565**
TOTAL	**4.213**	**4.194**	**8.407**	**3.720**	**4.206**	**7.926**

32. Events after the closing date

There have been no significant events between the end of the year and the date of preparation of these financial statements.

Annex I Subsidiaries

Company	Address/Registered office	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	51.00	Moore
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	100.00	
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza	60.00	Vaciero Auditores
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.63	Ernst & Young
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Egypt Environmental Services, S.A.E.	Egypt	100.00	Ernst & Young
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	66.60	Capital Auditors
Energyloop, S.A.		55.00	Ernst & Young
Enviropower Investments Limited	United Kingdom	100.00	Ernst & Young
FCC Ámbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
FCC Environment Portugal, S.A.	Portugal	100.00	Ernst & Young
FCC Environment Services (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Environmental Services CA	USA	100.00	
FCC Environmental Services Florida Llc.	USA	100.00	
FCC Environmental Services Nebraska Llc.	USA	100.00	
FCC Environmental Services Texas Llc.	USA	100.00	
FCC Environmental Services (USA) Llc.	USA	100.00	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	100.00	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	100.00	Atenea
FCC Equal CEE Baleares, S.L.U.		100.00	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Equal CEE Canarias, S.L.U.		100.00	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	100.00	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
FCC Medioambiente Internacional, S.L.U.	Av. Camino de Santiago, 40 – Madrid	100.00	
FCC Servicios Medio Ambiente Holding, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	100.00	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	95.00	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	80.00	Vaciero Auditores
Gipuzkoa Ingurumena Bi, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	92.00	Ernst & Young
Golrib, Soluções de Valorização de Residuos Lda.	Portugal	55.00	Ernst & Young
Houston Waste Services, LLC	USA	100.00	
Houston Waste Solutions, LLC	USA	100.00	
Industria Reciclaje de RAEES, S.L.	Crta. Santander, KM 61.50 - Osorno la Mayor (Palencia)	98.54	
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	90.00	Ernst & Young
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	90.00	Ernst & Young
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	100.00	Ernst & Young
Premier Waste Services, LLC.	USA	100.00	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	100.00	KPMG
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	80.00	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	60.00	Capital Auditors
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	65.91	Vaciero Auditores
Telford & Wrekin Services Limited	United Kingdom	100.00	Ernst & Young
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	75.00	Capital Auditors
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	80.00	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Biscay)	100.00	Vaciero Auditores
FCC Group - CEE			
Agadax s.r.o.	Czech Republic	100.00	
ASMJ s.r.o.	Czech Republic	51.00	
FCC .A.S.A. Hódmezövásárhely Köztisztasági Kft.	Hungary	61.83	Ernst & Young
FCC Abfall Service Betriebs GmbH	Austria	100.00	
FCC Austria Abfall Service AG	Austria	100.00	Ernst & Young
FCC BEC s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Bratislava s.r.o.	Slovakia	100.00	
FCC Centrum Nonprofit Kft.	Hungary	100.00	Ernst & Young
FCC Česká Republika s.r.o.	Czech Republic	100.00	Ernst & Young
FCC České Budějovice s.r.o.	Czech Republic	75.00	Ernst & Young
FCC Dačice s.r.o.	Czech Republic	60.00	Ernst & Young
FCC Eko d.o.o.	Serbia	100.00	Ernst & Young
FCC EKO Polska sp. z.o.o.	Poland	100.00	Ernst & Young
FCC Eko-Radomsko sp. z.o.o.	Poland	100.00	
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	100.00	
FCC Environment CEE GmbH	Austria	100.00	Ernst & Young
FCC Environment Romania S.R.L.	Rumania	100.00	Ernst & Young
FCC Freistadt Abfall Service GmbH	Austria	100.00	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC HP s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	100.00	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Inerta Engineering & Consulting GmbH	Austria	100.00	
FCC Kikinda d.o.o.	Serbia	80.00	Ernst & Young
FCC Liberec s.r.o.	Czech Republic	55.00	Ernst & Young
FCC Litovel s.r.o.	Czech Republic	49.00	
FCC Lublienec sp. z.o.o.	Poland	61.97	
FCC Magyarország Kft	Hungary	100.00	Ernst & Young
FCC Mostviertel Abfall Service GmbH	Austria	100.00	
FCC Neratovice s.r.o.	Czech Republic	100.00	
FCC Neunkirchen Abfall Service GmbH	Austria	100.00	
FCC Podhale sp. z.o.o.	Poland	100.00	Ernst & Young
FCC Prostějov s.r.o.	Czech Republic	75.00	Ernst & Young
FCC Regios a.s.	Czech Republic	99.99	Ernst & Young
FCC Slovensko s.r.o.	Slovakia	100.00	Ernst & Young
FCC Tarnobrzeg.sp. z.o.o.	Poland	59.72	Ernst & Young
FCC Textil2Use GmbH	Austria	100.00	
FCC Trnava s.r.o.	Slovakia	50.00	Ernst & Young
FCC Únanov s.r.o.	Czech Republic	66.00	
FCC Vrbak d.o.o.	Serbia	51.00	
FCC Wiener Neustadt Abfall Service GmbH	Austria	100.00	
FCC Žabčice s.r.o.	Czech Republic	80.00	Ernst & Young
FCC Zabovresky s.r.o.	Czech Republic	89.00	
FCC Zisterdorf Abfall Service GmbH	Austria	100.00	Ernst & Young
FCC Znojmo s.r.o.	Czech Republic	49.66	Ernst & Young
FCC Zohor.s.r.o.	Slovakia	85.00	Ernst & Young
FCC Śląsk Sp. z o.o.	Poland	80.00	Ernst & Young
Obsed a.s.	Czech Republic	100.00	
Quail spol. s.r.o.	Czech Republic	100.00	Ernst & Young
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	60.00	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Environment Group (UK)			
3C Holding Limited	United Kingdom	100.00	Ernst & Young
3C Waste Limited	United Kingdom	100.00	Ernst & Young
Allington O & M Services Limited	United Kingdom	100.00	Ernst & Young
Allington Waste Company Limited	United Kingdom	100.00	Ernst & Young
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Ernst & Young
Anti-Waste Limited	United Kingdom	100.00	Ernst & Young
Arnold Waste Disposal Limited	United Kingdom	100.00	Ernst & Young
BDR Property Limited	United Kingdom	80.00	Ernst & Young
BDR Waste Disposal Limited	United Kingdom	100.00	Ernst & Young
Darrington Quarries Limited	United Kingdom	100.00	Ernst & Young
Derbyshire Waste Limited	United Kingdom	100.00	Ernst & Young
East Waste Limited	United Kingdom	100.00	Ernst & Young
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Ernst & Young
FCC Environment (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Environment Limited	United Kingdom	100.00	Ernst & Young
FCC Environment Lostock Limited	United Kingdom	100.00	
FCC Environmental Services Limited	United Kingdom	100.00	
FCC Recycling (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Waste Services (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Ernst & Young
Finstop Limited	United Kingdom	100.00	
Focsa Services (UK) Limited	United Kingdom	100.00	
Hykeham O&M Services Limited	United Kingdom	100.00	Ernst & Young
Integrated Waste Management Limited	United Kingdom	100.00	Ernst & Young
Landfill Management Limited	United Kingdom	100.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Lincwaste Limited	United Kingdom	100.00	Ernst & Young
Norfolk Waste Limited	United Kingdom	100.00	Ernst & Young
Pennine Waste Management Limited	United Kingdom	100.00	Ernst & Young
RE3 Holding Limited	United Kingdom	100.00	Ernst & Young
RE3 Limited	United Kingdom	100.00	Ernst & Young
T Shooter Limited	United Kingdom	100.00	
Waste Recovery Limited	United Kingdom	100.00	
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Ernst & Young
Wastenotts O & M Services Limited	United Kingdom	100.00	Ernst & Young
Welbeck Waste Management Limited	United Kingdom	100.00	Ernst & Young
WRG (Midlands) Limited	United Kingdom	100.00	Ernst & Young
WRG (Northern) Limited	United Kingdom	100.00	Ernst & Young
WRG Acquisitions 2 Limited	United Kingdom	100.00	Ernst & Young
WRG Environmental Limited	United Kingdom	100.00	Ernst & Young
WRG Waste Services Limited	United Kingdom	100.00	
FCC Group - PFI Holdings			
FCC Lostock Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC PFI Holdings Limited	United Kingdom	100.00	Ernst & Young
Green Recovery Group			
FCC (E&M) Holdings Ltd.	United Kingdom	51.00	Ernst & Young
FCC (E&M) Ltd.	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire Holdings Limited	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire Limited	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire (Support Services) Limited	United Kingdom	51.00	Ernst & Young
FCC Energy Holdings Ltd	United Kingdom	51.00	Ernst & Young
FCC Energy Limited	United Kingdom	51.00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Environment (Lincolnshire) Ltd.	United Kingdom	51.00	Ernst & Young
FCC Environment Developments Ltd.	United Kingdom	51.00	Ernst & Young
Green Energy Finance Solutions Ltd	United Kingdom	51.00	Ernst & Young
Green Recovery Projects Ltd	United Kingdom	51.00	Ernst & Young
Kent Energy Limited	United Kingdom	51.00	Ernst & Young
Kent Enviropower Limited	United Kingdom	51.00	Ernst & Young
Wastenotts (Reclamation) Limited	United Kingdom	51.00	Ernst & Young
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	Deloitte
Aguas de Aracataca, S.A.S.	Colombia	48.45	Deloitte
Aguas del Sur del Atlántico, S.A. E.S.P.	Colombia	25.50	Deloitte
Aguas de la Península, S.A. E.S.P.	Colombia	51.00	Deloitte
Aguas de la Sabana, S.A. E.S.P.	Colombia	40.70	
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 (Seville)	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	Deloitte
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, S.A. de C.V.	Mexico	51.00	

Company	Address/Registered office	% Effective ownership	Auditor
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	51.00	
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	51.00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51.00	CMC Audit s.r.o.
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	51.00	
Aqualia Infraestructuras Pristina Llc.	Kosovo	51.00	
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Ernst & Young
Aqualia Latinoamérica, S.A.	Colombia	51.00	Ernst & Young
Aqualia Mace Contracting, Operation & General Maintenance Llc.	United Arab Emirates	26.01	Deloitte
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 Villa del Rosario, S.A.	Colombia	51.00	Ernst & Young
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	
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	30.60	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	51.00	Ernst & Young
Depurplan 11, S.A.	Madre Rafols, 2 – Zaragoza	51.00	Capital Auditors
Ecosistema de Morelos S.A. de C.V.	Mexico	51.00	CTS Consultores
Empresa Gestora de Aguas Linenses, S.L.	Federico Salmón, 13 – Madrid	51.00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	35.70	
Entemanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	49.47	Ernst & Young
FCC Aqualia, S.A.	Av. Camino de Santiago, 40 – Madrid	51.00	Ernst & Young
FCC Aqualia América, S.A.Unipersonal	Uruguay, 11 – Vigo (Pontevedra)	51.00	
FCC Aqualia U.S.A. Corp	USA	51.00	Berkowitz Pollack Brant

Company	Address/Registered office	% Effective ownership	Auditor
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	
H.A.A. & CO. Integrated Services	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
Naunet, S.A.S.	Colombia	51.00	Deloitte
Qatarat Saquia Desalination	Saudi Arabia	26.01	Ernst & Young
Saur Colombia, S.A.S.	Colombia	51.00	
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	
Societè des Eaux de Fin d'Oise, S.A.S.	France	51.00	SNR Audit
South Cluster SPV Llc	Saudi Arabia	22.95	
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	
GGU Group			
Aqualia Georgia Llc.	Georgia	51.00	
Gardabani Sewage Treatment Plant Llc.	Georgia	40.80	
Georgia Global Utilities JSC	Georgia	40.80	Ernst & Young
Georgian Energy Trading Company Llc.	Georgia	40.80	
Georgian Engineering and Management	Georgia	40.80	
Georgian Water and Power Llc.	Georgia	40.80	Ernst & Young
Rustavi Water Llc.	Georgia	40.80	Ernst & Young
Saguramo Energy Llc.	Georgia	40.80	

Company	Address/Registered office	% Effective ownership	Auditor
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego	Portugal	100.00	
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	Ernst & Young
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60.00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85.60	Ernst & Young
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100.00	Ernst & Young
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100.00	
Edificadora MSG, S.A. (Panamá)	Panama	100.00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100.00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100.00	
FCC Américas, S.A. de C.V.	Mexico	50.00	
FCC Américas Panamá, S.A.	Panama	50.00	Ernst & Young
FCC Colombia, S.A.S.	Colombia	100.00	ASTAF Auditores y Consultores
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100.00	Ernst & Young
FCC Construcción América, S.A.	Costa Rica	100.00	Ernst & Young
FCC Construcción Chile, SPA	Chile	100.00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100.00	Ernst & Young
FCC Construcción de México, S.A. de C.V.	Mexico	100.00	Ernst & Young
FCC Construcción Perú, S.A.C.	Perú	100.00	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Constructii Romania, S.A.	Rumania	100.00	
FCC Construction Australia Pty Ltd	Australia	100.00	
FCC Construction Inc.	USA	100.00	
FCC Construction International B.V.	Netherlands	100.00	
FCC Construction Ireland DAC	Ireland	100.00	Mazars
FCC Construction Northern Ireland Limited	United Kingdom	100.00	Mazars
FCC Construçoes do Brasil Ltda.	Brazil	100.00	
FCC Edificadora CR, S.A.	Costa Rica	100.00	
FCC Electromechanical Llc.	Saudi Arabia	100.00	Ernst & Young
FCC Elliott Construction DAC	Ireland	100.00	Mazars
FCC Industrial de Panamá, S.A.	Panama	100.00	
FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young
FCC Industrial Perú, S.A.	Perú	100.00	
FCC Industrial UK Limited	United Kingdom	100.00	Mazars
FCC Inmobilien Holding GmbH	Germany	100.00	
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100.00	Ernst & Young
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100.00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100.00	
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100.00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100.00	Ernst & Young
Meco Santa Fe Limited	Belize	100.00	
Megaplás, S.A. Unipersonal	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100.00	Ernst & Young
Megaplás Italia, S.p.A.	Italy	100.00	Collegio Sindicale
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	
Prefabricados Delta, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Servicios Dos Reis, S.A. de C.V.	Mexico	100.00	

Company	Address/Registered office	% Effective ownership	Auditor
CEMENT			
Áridos de Navarra, S.A.	Estella, 6, Pamplona (Navarre)	65.67	
Canteras de Alaiz, S.A.	Dormilatería, 72 – Pamplona (Navarre)	69.67	Ernst & Young
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87.62	Ernst & Young
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 – Pamplona (Navarre)	99.51	Ernst & Young
Dragon Alfa Cement Limited	United Kingdom	87.62	Ernst & Young
Dragon Portland Limited	United Kingdom	99.51	Ernst & Young
Intermonte Investments, S.A.	Plaza de Castilla, 216. Torre Realia	99.51	
Prebesec Mallorca, S.A.	Conradors (P.I. Marratxi) - Marratxi (Balearic Islands)	67.98	
Société des Ciments d'Enfidha	Tunisia	87.43	Ernst & Young
Surgyps, S.A.	Plaza de Castilla, 216. Torre Realia	99.51	
Tratamiento Escombros Almoguera S.L.	Plaza de Castilla, 216. Torre Realia	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
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	
PPP Infraestructure Investments B.V.	Netherlands	100.00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	100.00	Deloitte
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100.00	
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	
Jezzine Uno, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	80.03	Crowe

Company	Address/Registered office	% Effective ownership	Auditor
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	42.81	
Hermanos Revilla, S.A.	Av. Camino de Santiago, 40 – Madrid	14.03	Ernst & Young
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Av. Camino de Santiago, 40 – Madrid	28.55	
Planigesa, S.A.	Av. Camino de Santiago, 40 – Madrid	32.53	
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	42.81	Ernst & Young
Realia Contesti, S.R.L.	Rumania	42.81	
Realia Patrimonio, S.L.U.	Av. Camino de Santiago, 40 – Madrid	42.81	Ernst & Young
Servicios Índice, S.A.	Av. Camino de Santiago, 40 – Madrid	38.70	
Valaise, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	42.81	
Vela Borovica Koncern d.o.o.	Croatia	80.03	
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100.00	
Cemark - Mobiliario Urbano e Publicidade, S.A.	Portugal	100.00	Ernst & Young
FCC Midco, S.A.	Luxembourg	100.00	
FCC Topco, S.A.R.L.	Luxembourg	100.00	
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100.00	Baker & Tilly
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young

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 2022	Net book value of the portfolio 2021	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	7,547	8,627	50.00	Ernst & Young
Ecoparc del Besós, S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	8,398	7,389	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	113	121	50.00	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	1,742	1,319	33.34	Audinfor
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	308	326	50.00	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga)	299	305	50.00	Audinfor
Fisersa Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	217	179	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	430	372	50.00	Capital Auditors
Ingeniería Urbana, S.A.	Calle I esquina calle 3, P.I. Pla de la Vallonga – Alicante	4,251	4,209	35.00	Baker & Tilly
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	916	619	50.00	
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(3,312)	(2,660)	50.00	Hispanobelga Economistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	209	614	50.00	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	–	3,129	50.00	KPMG
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	1,915	3,191	51.00	
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	982	1,037	33.33	Castellà Auditors Consultors, S.L.P.
Zabalgarbi, S.A.	Camino Artigabidea, 10 – Bilbao (Biscay)	15,988	13,834	30.00	KPMG
FCC Environment Group (UK)	United Kingdom	19,131	10,261	100.00	
Beacon Waste Limited	United Kingdom	–	–	50.00	Ernst & Young
Mercia Waste Management Ltd.	United Kingdom	–	–	50.00	Ernst & Young
Severn Waste Services Limited	United Kingdom	–	–	50.00	Ernst & Young

Company	Address/Registered office	Net book value of the portfolio 2022	Net book value of the portfolio 2021	% Effective ownership	Auditor
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 – Langreo (Asturias)	829	853	24.99	Capital Auditors
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	531	308	25.50	Capital Auditors
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciutadans, 11 – Gerona	162	162	13.71	
Compañía de Servicios Medioambientales do Atlántico, S.A.	Estrada de Cedeira Km. 1 – Narón (La Coruña)	296	299	24.99	Kreston Iberaudit
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,996)	(2,995)	12.50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1,393	1,596	25.50	Audinfor
Girona, S.A.	Travesía del Carril, 2 – Gerona	1,614	1,650	17.14	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	1,160	1,045	25.25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(67)	(100)	25.50	KPMG
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	10,856	14,552	22.95	Deloitte
Orasqualia for Operation and Maintenance S.A.E.	Egypt	1,306	1,153	25.50	Deloitte
CONSTRUCTION					
ACS FCC Canada Inc.	Canada	(393)	–	50.00	
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	126	115	50.00	
Altos del Javier, S.A.	Panama	–	–	50.00	
Consorcio Tramo Dos S.A. DE C.V.	Mexico	–	–	50.00	Deloitte
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	5,969	5,820	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	1,641	1,479	51.00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.	Mexico	(9,474)	(9,006)	40.00	Deloitte
Constructores del Zapotillo, S.A. de C.V.	Mexico	1,722	1,446	50.00	Grant Thornton SC
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	–	–	50.00	
Elaboración de Cajones Pretensados, S.L.	Av. Camino de Santiago, 40 – Madrid	–	2	50.00	
OHL Co Canada & FCC Canada Ltd. Partnership	Canada	(70,929)	(71,126)	50.00	

Company	Address/Registered office	Net book value of the portfolio 2022	Net book value of the portfolio 2021	% Effective ownership	Auditor
Onexpress Transportation Partners INC.	Canada	220	–	25.00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	–	–	50.00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	119	124	51.00	
CEMENT					
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229,5 – Subirats (Barcelona)	2,292	1,750	49.64	Ernst & Young
CONCESSIONS					
Ibisan Sociedad Concesionaria, S.A	Av. Isidor Macabich, s / n. Sant Rafel de Sa Creu (Balearic Islands)	10,925	8,401	50.00	Deloitte
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	–	24,427	50.00	Deloitte
REAL ESTATE					
Grupo Realia					
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	38,622	37,254	21.40	Ernst & Young
MDM-Teide, S.A.	Panama	365	172	40.02	
Teide-MDM Quadrat, S.A.	Panama	64	30	40.02	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)		**55,487**	**72,283**		

Annex III Associates (consolidated using the equity method)

Company	Address/Registered office	Net book value of the portfolio 2022	Net book value of the portfolio 2021	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1,347	1,203	32.17	Menéndez Auditores
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	22	13	12.00	CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	606	608	33.00	
Betearte, S.A.	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Biscay)	413	144	33.33	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5,342	5,331	49.00	Grupo de Auditores Públicos
Giref Generación Renovable, S.L.	Pedro Lafayo, 6 - Ibiza	1	1	20.00	
FCC Group - CEE		**7,004**	**7,148**		
ASTV s.r.o.	Czech Republic	–	–	49.00	
FCC + NHSZ Környezetvédelmi HKft	Hungary	–	–	50.00	Interauditor
FCC Hlohovec s.r.o.	Slovakia	–	–	50.00	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	49.00	
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	49.00	
Killer GmbH	Austria	–	–	50.00	
Killer GmbH & Co KG	Austria	–	–	50.00	Rittmann
Recopap s.r.o.	Slovakia	–	–	50.00	
Tev-Akva Kft.	Hungary	–	–	8.67	Lázár Enikő
FCC Group – PFI Holdings	**United Kingdom**	**32,687**	**32,333**		
CI III Lostock Efw Limited	United Kingdom	–	–	40.00	Deloitte
Lostock Power Limited	United Kingdom	–	–	40.00	Deloitte
Lostock Sustainable Energy Plant Limited	United Kingdom	–	–	40.00	Deloitte
Tirme Group		**9,714**	**8,156**	**20.00**	
Circulare, S.L.U.	Cr. de Sóller Km. 8.2 – Palma de Mallorca (Balearic Islands)	–	–	20.00	
Mac Insular, S.L.	P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Balearic Islands)	–	–	14.00	Deloitte

Company	Address/Registered office	Net book value of the portfolio 2022	Net book value of the portfolio 2021	% Effective ownership	Auditor
Mac Insular Segunda, S.L.	Cr. de Sóller Km. 8.2 – Palma de Mallorca (Balearic Islands)	–	–	15.00	
Tirme, S.A.	Ctra. Soller Km. 8.2 Camino de Son Reus – Palma de Mallorca (Balearic Islands)	–	–	20.00	Deloitte
Sogecar, S.A.	Polígono Torrelarragoiti – Zamudio (Biscay)	–	475	30.00	
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	65	24	24.48	Vaciero Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17– Denia (Alicante)	341	427	16.83	Kreston Iberaudit
Aguas de Guadix, S.A.	Plaza Constitución, 1– Guadix (Granada)	245	419	20.40	Deloitte
Aguas de Priego, S.L.	Plaza Constitución, 3 – Priego de Córdoba (Córdoba)	–	(66)	24.99	
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3,965	3,924	24.98	Capital Auditors
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Gerona)	24	51	8.40	Acordia ACR, S.L
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	–	–	0.52	Deloitte
Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	287	471	24.99	Gm Auditors SL
Codeur, S.A.	Mayor, 22 – Vera (Almería)	6,024	6,503	14.32	Deloitte
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	832	1,203	25.50	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,396)	(5,396)	12.50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	322	255	24.99	Capital Auditors
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	83	81	24.99	Vaciero Auditores
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	18	35	24.99	Vaciero Auditores
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	165	163	24.99	Kreston Iberaudit
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	136	290	24.99	Vaciero Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaen)	94	108	24.99	Vaciero Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 - Ibiza (Balearic Islands)	95	101	20.40	
Omán Sustainable Water Services SAOC	Oman	1,588	1,220	24.99	Deloitte
Operadora El Realito, S.A. de C.V.	Mexico	343	279	7.65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A.de C.V.	Mexico	1	1	12.50	
Proveïments d'Aigua, S.A.	Astúries, 13 - Gerona	644	637	7.71	GPM Auditors Associats

Company	Address/Registered office	Net book value of the portfolio 2022	Net book value of the portfolio 2021	% Effective ownership	Auditor
Sera Q A Duitama E.S.P., S.A.	Colombia	4	6	15.61	
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	11,728	9,325	25.51	Deloitte
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2,302	2,239	50.00	Deloitte
Agriwater, S.L.U.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	136	–	25.20	
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	7,036	7,473	24.68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	3,560	4,497	45.00	Deloitte
Construcciones y Pavimentos, S.A.	Panama	5	4	50.00	
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	–	(5)	24.50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	–	(1,681)	50.00	Ernst & Young
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	–	(68)	50.00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	1,379	1,096	14.28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	7	6	25.00	
Efi Túneles Necaxa, S.A. de C.V.	Mexico	255	406	45.00	
Euroconcretos de Nicaragua, S.A.	Nicaragua	–	–	40.00	
FCC Tarrio TX-1 Construçao Ltda	Brazil	–	–	70.00	
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42.50	Deloitte
N6 (Construction) Limited	Ireland	(38,413)	(38,413)	42.50	Deloitte
OHL-FCC GP Canada Inc.	Canada	–	–	50.00	
Prestadora de Servicios Acueducto El Realito, S.A.de C.V.	Mexico	1	1	24.50	
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25.00	
Roadbridge FCC JV Limited	Ireland	–	212	50.00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	2	3	14.28	Deloitte
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	26	34	14.28	Deloitte

Company	Address/Registered office	Net book value of the portfolio 2022	Net book value of the portfolio 2021	% Effective ownership	Auditor
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	540	479	34.40	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	(281)	(312)	49.75	
Giant Group		**13,451**	**18,327**		
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	Deloitte
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)	446	283	49.75	
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	782	820	62.19	KPMG
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	396	432	49.75	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	911	870	49.75	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 1 - Valtierra (Navarra)	2,419	2,390	39.80	
Hormigones Galizano, S.A.	Ctra. Nacional, 634 - Ambrosero - Barcena de Cicero (Cantabria)	–	158	43.80	
Hormigones Reinares, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	985	899	49.75	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 Km. 516.5- Sabiñánigo (Huesca)	6,112	6,090	49.75	

Company	Address/Registered office	Net book value of the portfolio 2022	Net book value of the portfolio 2021	% Effective ownership	Auditor
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarra)	8,011	7,959	27.87	KPMG
Navarra de Transportes, S.A.	C/Circunvalación Inguraketa s/n - Olazagutia (Navarra)	679	607	33.17	KPMG
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	94	108	33.17	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	1,040	1,092	33.10	
Terminal Cimentier de Gabes-Gie	Tunisia	34	34	29.14	
Vescem-LID, S.L.	Valencia, 245 - Barcelona	29	27	24.83	
CONCESSIONS					
Future Valleys Project Co Limited	United Kingdom	29,688	1,944	42.50	Grant Thornton SC
Future Valley Hold Co Limited	United Kingdom	–	–	42.50	Grant Thornton SC
Metro de Lima Línea 2, S.A.	Perú	37,310	31,684	18.25	Ernst & Young
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	10,399	9,904	24.01	Ernst & Young
REAL ESTATE					
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)	955	970	16.01	
OTHER ACTIVITIES					
Sigenera, S.L.	Av. Linares Rivas, 1 – La Coruña	–	260	50.00	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)		**165,768**	**133,030**		

Annex IV Changes in the scope of consolidation

ADDITIONS	
Company	**Address/Registered office**
GLOBAL CONSOLIDATION	
Agadax s.r.o.	Czech Republic
Aguas de Albania, S.A. E.S.P.	Colombia
Aguas de Aracataca, S.A.S.	Colombia
Aguas del Sur del Atlántico, S.A. E.S.P.	Colombia
Aguas de la Península, S.A. E.S.P.	Colombia
Aguas de la Sabana, S.A. E.S.P.	Colombia
Aquamag, S.A.S. E.S.P.	Colombia
Aqualia Colombia, S.A.S.	Colombia
Aqualia Flandes S.A.S. E.S.P.	Colombia
Aqualia Georgia Llc.	Georgia
Compagnie Armoricaine Des Eaux	France
Energyloop, S.A.	Spain
FCC Environmental Services CA	USA
FCC Equal CEE Canarias, S.L.U.	Spain
FCC Medioambiente Internacional, S.L.U.	Av. Camino de Santiago, 40 – Madrid
FCC Real Estate (UK) Limited	United Kingdom
Gardabani Sewage Treatment Plant Llc.	Georgia
Genesis Lodos, S.L.	Avda. Kansas City, 9 - Seville
Georgia Global Utilities JSC	Georgia

ADDITIONS	
Company	**Address/Registered office**
Georgian Energy Trading Company Llc.	Georgia
Georgian Engineering and Management	Georgia
Georgian Water and Power Llc.	Georgia
Houston Waste Services, LLC	USA
Houston Waste Solutions, LLC	USA
Industria Reciclaje de RAEES, S.L.	Crta. Santander, KM 61.50 - Osorno la Mayor (Palencia)
Intermonte Investments, S.A.	Plaza de Castilla, 216. Torre Realia
Naunet, S.A.S.	Colombia
Rustavi Water Llc.	Georgia
Saguramo Energy Llc.	Georgia
Saur Colombia, S.A.S.	Colombia
South Cluster SPV Llc	Saudi Arabia
Surgyps, S.A.	Plaza de Castilla, 216. Torre Realia
PROPORTIONAL	
A.I.E. Dipòsit de Runes Olèrdola	C/ Nàpols, 222 Planta Baja (Barcelona)
JOINT VENTURES	
Onexpress Transportation Partners INC.	Canada
ASSOCIATES	
Agriwater, S.L.U.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)

DERECOGNITIONS	
Company	**Address/Registered office**
GLOBAL CONSOLIDATION	
Aguas de Alcázar Empresa Mixta, S.A. (5)	Rondilla Cruz Verde, 1 – Alcázar de San Juan (Ciudad Real)
Aparcamientos Concertados, S.A. (2)	Av. Aiguera, 1 – Benidorm (Alicante)
Aqualia New Europe B.V. (3)	Netherlands
Castellana de Servicios, S.A. (2)	Federico Salmón, 13 – Madrid
Concesionaria Atención Primaria, S.A. (1)	Gremi de Sabaters, 21 (Loc. A. 15.2) - Palma de Mallorca (Balearic Islands)
Europea de Tratamiento de Residuos I ndustriales, S.A. (4)	Federico Salmón, 13 – Madrid
FCC Américas Colombia, S.A.S. (1)	Colombia
FCC Uhy s.r.o. (3)	Czech Republic
Fomento de Construcciones Colombianas, S.A.S. (1)	Colombia
Guzmán Energy O&M, S.L. (5)	Av. Camino de Santiago, 40 – Madrid
Manipulación y Recuperación MAREPA, S.A. (4)	Av. San Martín de Valdeiglesias, 22 – Alcorcón (Madrid)
Ramalho Rosa Cobetar Sociedade de Construçoes, S.A. (3)	Portugal
Select Beton, S.A. (3)	Tunisia
Servicios de Levante, S.A. (3)	Camino Pla de Museros, s/n – Almazora (Castellón)
PROPORTIONAL	
A.I.E. Costa Brava Abastament Aqualia-Sorea (1)	Sector Carlit S/N. Empuria Brava (Girona)
Abastament en Alta Costa Brava Empresa Mixta, S.A. (1)	Pz. Josep Pla Casadevall, 4 3º 1ª. Girona
Empresa Mixta d'Aigües de la Costa Brava, S.A. (1)	Pz. Josep Pla Casadevall, 4. Girona

DERECOGNITIONS	
Company	**Address/Registered office**
ASSOCIATES	
Aguas de Priego, S.L. (5)	Plaza Constitución, 3 – Priego de Córdoba (Córdoba)
Hormigones Galizano, S.A. (6)	Ctra. Nacional, 634 - Ambrosero - Barcena de Cicero (Cantabria)
Sigenera, S.L. (1)	Av. Linares Rivas, 1 – La Coruña
Sogecar, S.A. (5)	Polígono Torrelarragoiti – Zamudio (Biscay)
Terminal Polivalente de Huelva, S.A. (1)	La Marina, 29. Huelva

(1) Derecognition by liquidation
(2) Derecognition by merger with FCC Environment
(3) Derecognition by merger
(4) Derecognition by merger with Environment
(5) Derecognition by disposal
(6) Derecognition by absorption with Hormigones Castro

CHANGES IN THE SCOPE OF CONSOLIDATION		
Company	**Change in the consolidation method (current method)**	**Change in the consolidation method (previous method)**
Reciclado de Componentes Electrónicos, S.A.	Global	Equity method
Sociedad Concesionaria Tranvía de Murcia, S.A.	Global	Equity method

Annex V Temporary joint ventures, economic interest groups and other enterprises managed jointly with non-Group third parties

	Proportional integration at 31 December 2022
ENVIRONMENTAL SERVICES	
A Coruña Limpieza JV	70.00
Airport VI Joint Venture	50.00
Agarbi JV	60.00
Agarbi Bi JV	60.00
Agarbi Interiores JV	60.00
Aizmendi JV	60.00
Alcantarillado Melilla JV	50.00
Alumbrado Tias JV	67.00
Arazuri 2016 JV	50.00
Arazuri 2020 JV	50.00
Arcos JV	51.00
Artigas JV	60.00
ARUCAS II JV	70.00
Baix Ebre-Montsià JV	60.00
Berango JV	60.00
Bilboko Saneamendu JV	50.00
Bilboko Saneamendu Bi JV	50.00
Bilketa 2017 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

	Proportional integration at 31 December 2022
Carma JV	50.00
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 Montoliu JV	50.00
CTR – Vallès JV	20.00
Ctr. de l'alt Empordà JV	45.00
CTR Valladolid JV	80.00
Cua JV	50.00
Donostiako Garbiketa JV	70.00
Dos Aguas JV	35.00
Ecogondomar JV	70.00
Ecoparque Cáceres JV	50.00
Ecourense JV	50.00
Eco-Tri JV	50.00
Energ. Energ. JV JV Puerto del Rosario JV	60.00
Elche JV	50.00
Electrificación SAC JV	50.00
Energía Solar Onda JV	25.00

	Proportional integration at 31 December 2022
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
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
Icat Lote 7 JV	50.00
Icat Lote 11 JV	50.00
Icat Lote 15 JV	50.00
Bilbao Interiors JV	80.00
Bilbao Interiors II JV	70.00
Jardineras 2019 JV	60.00
Jardines Boadilla JV	70.00

	Proportional integration at 31 December 2022
Jardines Pto del Rosario JV	78.00
Jardines UJI JV	50.00
Jard. Universitat Jaume I JV	50.00
Jerez JV	80.00
Jundiz II JV	51.00
Kimaketak Hiru JV	50.00
Kimeketak Bi JV	50.00
la Lloma del Birlet JV	80.00
Lagunas II JV	33.34
Lagunas de Arganda JV	50.00
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
LV Zumarraga JV	60.00
Mant. Edificios Valencia JV	55.00
Manteniment Lot 12 JV	75.00

	Proportional integration at 31 December 2022
Mantenimiento Reg Cornellà JV	60.00
Mantenimiento Breña Alta JV	50.00
Melilla JV	50.00
Mnto. Mediterranea FCC JV	50.00
Mnto. Edifici Mossos Esquadra	70.00
Muérdago JV	60.00
Muskiz JV	60.00
Neteja Illes Balears JV	50.00
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 Estabilizac. Tudela JV	55.00
Planta Materia Orgánica JV	40.00
Planta Rsi Tudela JV	60.00
Planta Transferencia FTV 2 JV	70.00
Planta Tr. Fuerteventura JV	70.00
Planta Tratamiento Valladolid JV	90.00
Playas Gipuzkoa III JV	55.00
Poniente Almeriense JV	50.00
Portmany JV	50.00
JV PTMR	50.00
Puerto II JV	70.00

	Proportional integration at 31 December 2022
Puerto de Pto del Rosario JV	70.00
RBU Els Ports JV	50.00
RBU Villa-Real JV	47.00
Recollida Segrià JV	60.00
Reg Cornellà JV	60.00
Residuos 3 Zonas Navarra JV	60.00
Reutiliza JV	70.00
RSU Bilbao II JV	60.00
RSU Chipiona JV	50.00
RSU Inca JV	80.00
RSU LV S. Bme. Tirajana 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
Sanejament Granollers JV	80.00
San Miguel-Anaka JV	50.00
SAV – FCC Tratamientos JV	35.00
Seguretat Urbicsa JV	60.00
Selectiva Urola Kosta II 2017 JV	60.00

	Proportional integration at 31 December 2022
Selectiva las Palmas JV	55.00
Selectiva Sanlucar JV	50.00
Selectiva San Marcos II JV	63.00
Selectiva Urola Kosta JV	60.00
Son Espases JV	50.00
Tolosako Garbiketa JV	40.00
Tolosako Garbiketa 2020 JV	40.00
Tolosaldea RSU 2018 JV	60.00
Transp. y Elim. MSW JV	33.33
Transporte RSU JV	33.33
Txingudiko Garbiketa JV	73.00
Uribe Kosta JV	60.00
Urola Erdia JV	60.00
Urretxu Garbiketa JV	60.00
Urretxu y Zumarraga JV	65.00
Vertedero Gardelegui III JV	70.00
Vertresa JV	10.00
Vidrio Melilla JV	50.00
Vigo Recicla JV	70.00
Vilomara II JV	33.33
Zamora Limpia JV	30.00
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

	Proportional integration at 31 December 2022
AQUALIA	
A.I.E. Sorea Aqualia	37.50
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	51.00
Empresa Mixta de Aguas y Servicios, S.A.	41.25
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	75.00
Consortium O&M Alamein	65.00
Abastecimiento Picadas Almoguera JV	95.00
Abu Rawash Construccion JV	50.00
UTE Agua Santo Domingo	70.00
Aguas Alcalá JV	50.00
UTE Aguas del Doramás	50.00
JV Alkhorayef-FCC Aqualia	51.00
Expansion SWDP Melilla JV	50.00
UTE Badajoz Zona Este	50.00
UTE Badajoz Zona Oeste	50.00
UTE Calle Cruz	80.00
UTE Cap Djinet	50.00
UTE Cons. Gestor Ptar Salitre	30.00
UTE Costa Tropical	51.00
UTE Costa Tropical II	51.00
UTE Costa Tropical III	51.00
Depuración Poniente Almeriense JV	75.00
Depuradoras Lote 1 JV	95.00
Edar A Guarda 2013 JV	50.00
Edar A Guarda 2022 JV	50.00
Edar Baeza JV	50.00
Edar Galindo JV	50.00

	Proportional integration at 31 December 2022
Edar Gijón JV	60.00
UTE Edar Tablada	50.00
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
Idam San Antoni JV	50.00
Idam Sant Antoni II JV	50.00
SWDP Santa Eulalia JV	50.00
Idam Santa Eulalia II JV	50.00
Idam Santa Eulalia III JV	50.00
UTE Idga Saneca	70.00
Infilco JV	50.00
UTE Louro	65.00
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
UTE SCC Sice	50.00
SEAFSA Lanzarote JV	60.00
Sollano-Zalla JV	50.00
JV TSE Riad	51.00
UTE Zafra	65.00

	Proportional integration at 31 December 2022
CONSTRUCTION	
ACE Caet XXI Construçoes	50.00
Consorcio Cobra – FCC Industrial	43.00
Consorcio FCC Construcción-Ferrovial Agroman Ltda.	50.00
Consorcio FCC Meco y Santa Fe de Costa Rica y Nicaragua, S.A.	100.00
Fast Consortium Limited LLC	35.92
Lúcios & RRC, ACE	50.00
ACP du Port de la Condamine	45.00
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 A	49.50
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 B	49.50
Asoc. FCC Azvi Straco S. Atel-Micasasa	55.00
Asocierea FCC-Astaldi-Convensa, Tronson 3	50.50
Associate FCC Azvi S. Sighisoara - Atel	55.00
Atraque Ribera Fondo CS Ute	50.00
Bridging Pennsylvania Constructors JV	50.00
CJV-UJV	35.92
Consorcio Antioquía al Mar	40.00
Consorcio Centenario de Panamá Sociedad Accidental	50.00
Consorcio Chicago II	60.00
Consorcio CJV Constructor Metro Lima	25.50
Consorcio Epc Metro Lima	18.25
Consorcio FCC-FI	50.00
Consorcio FCC – Corredor de las Playas	51.00
Consorcio FCC – Corredor de las Playas II	51.00
Consorcio FCC-JJC (Puerto Callao)	50.00
Consorcio Ica – FCC – Meco Pac-4	43.00
Consorcio Línea 2	40.00

	Proportional integration at 31 December 2022
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.	28.43
FCC - GMK - CCN CE3	45.00
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
RokFCC JV	80.00
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	16.16
Webuild – FCC JV (Basarab)	50.00
2nd Phase Sphinx Dam JV	35.00
Accesos a La Estación de La Sagrera JV	37.50

	Proportional integration at 31 December 2022
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 Suarez Airport JV	50.00
Aeropuerto de Castellón 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
Ampliación Hospital Marina Baixa JV	60.00
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 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

	Proportional integration at 31 December 2022
Barcience JV	50.00
Belltall JV	40.00
Bergara Antzuola JV	71.50
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
Cáceres Plasencia 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
Castuera JV	33.34
Catlántico JV	25.00
Cecoex JV	20.00
Cedillo I and II JV	99.00
Centro Salud Tui JV	50.00
Chuac JV	50.00
Cierre Anillo Insular Tfe JV	85.00
Circuito JV	70.00
Circunvalación Lucentum JV	50.00

	Proportional integration at 31 December 2022
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
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
Desarrollo Puerto de Avilés Fase I JV	80.00
Dique Este JV	35.00
Dique Torres JV	27.00
Districte Administratiu Lot 2 JV	99.99
Donostialdea 2018 JV	60.00
Duplicacion Calzada N-338 JV	60.00
Duplicación R-3 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

	Proportional integration at 31 December 2022
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
Fuente de Cantos JV	50.00
FV Tallers Zona Franca JV	50.00
Galibos Monforte JV	50.00
UTE Galindo-Beurko	60.00
Gc – 1 Puerto de Rico – Mogán JV	40.00
Girona Norte 2014 JV	70.00
Guadalmez - Córdoba JV	25.00
Guadarrama 3 JV	33.33
Guadarrama 4 JV	33.33
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
Instalaciones Madrid Este JV	46.25
Instalaciones Metro Málaga JV	54.00
Instalaciones Urbanas Este JV	50.00
Juan Grande JV	50.00
Línea 2 JV	50.00

	Proportional integration at 31 December 2022
Línea 9 JV	33.00
Lote 1 Centro JV	50.00
Lot 2 Pmi Bcn JV	80.00
Lot 3 Pmi Bcn JV	80.00
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
Manteniment Rondes 2022 JV	50.00
Mantenimiento Júcar 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
Medinaceli JV	22.40
Mej. Viarios Leganés 2022 JV	50.00
Metro Línea 12 JV	95.00
Metro Madrid JV	70.00
Miv Centro JV	19.00
Miv Centro 2021-2022 JV	22.50
Miv Sur JV	29.50
Miv Sur Lot 6 JV	25.00
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

	Proportional integration at 31 December 2022
Muelle de la Química JV	70.00
Muelle Poniente Norte de Pto Palma JV	75.00
Muelles Comerciales JV	60.00
Murcia JV	40.00
Navalmoral JV	55.00
Nave Frío Cilsa JV	50.00
Nuevo Estadio Vcf JV	49.00
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
Pabellón Reyno de Navarra JV	50.00
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
Presa Enciso JV	50.00
Presas Itoiz JV	33.00
Prim Barrio San Anton – Elche JV	80.00
Proser – Geocontrol JV	60.00
Proser – Geocontrol II JV	62.00
Psir Castro Urdiales JV	50.00

	Proportional integration at 31 December 2022
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
Radiales JV	35.00
Red Arterial Palencia Fase I JV	80.00
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
Sica JV	60.00
Sica II JV	50.00
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

	Proportional integration at 31 December 2022
Tecsacon 2017 JV	20.00
TF-5 2ª FASE JV	70.00
Torquemada JV	50.00
Torre Don Jimeno JV	50.00
Totana - Totana JV	70.00
Tramvia Lot 4 JV	50.00
Tratamientos Selvícolas 2020 JV	50.00
TS Villena JV	88.00
Túnel Aeroport JV	49.00
Túnel Aeroport II JV	49.00
Túnel Atocha Chamartín JV	40.00
Túnel C.E.L.A. JV	50.00
Túnel de Pajares 1 JV	50.00
Túnel Fira JV	49.00
Tunnel La Aldea JV	50.00
Túneles Bolaños JV	47.50
Túneles de Guadarrama JV	33.33
Túneles de Sorbes JV	67.00
Ue 1 Arroyo del Fresno JV	50.00
Ue 2 Arroyo del Fresno JV	50.00
Unquera – Pendueles 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

	Proportional integration at 31 December 2022
Vía Pajares JV	50.00
Viaducto Quisi JV	65.00
Vigo-Das Maceiras JV	50.00
Vilariño (Via izquierda) JV	90.00
Yeltes JV	75.00
Yesa JV	33.33
CEMENT	
A.I.E. Dipòsit de Runes Olèrdola	60.00
G.R.C.S.A. - AUSA- OLERDOLA JV	60.00
CONCESSIONS	
Mel 9 JV	49.00
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 2022

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1. Status of the entity

1.1. Status of the entity: Organisational structure and decision-making process in management

The Group's organisational structure is based on a first level consisting of Areas, which are divided into two main groups: operational and functional.

The operating Areas include all those activities related to the productive line. The following operating areas exist within the Group, as discussed in more detail in note 1 of the Notes to the consolidated financial statements, and also in section 2.2 of the Non-Financial Information Statement:

i. **Environmental Services.**

ii. **End-to-end Water Management.**

iii. **Construction.**

iv. **Cement Business.**

v. **Concessions.**

vi. **Real Estate.**

Each of these operating Areas are headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

1) **Administration and Finance:** the Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

The Administration area directs the administrative management of the Group, and has, among others, the following functions in relation to the Information and Internal Control Systems:

i. **General accounting.**

ii. **Accounting standardisation.**

iii. **Consolidation.**

iv. **Tax advice.**

v. **Tax procedures.**

vi. **Tax compliance.**

vii. **Administrative procedures.**

2) **Internal Audit and Risk Management:** Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

3) **General Secretary:** reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of the Group, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its primary function is to support the Board of Directors in its oversight tasks, by periodically reviewing the process of preparing financial and economic information, its internal controls and the independence of the external auditor, as well as conflicts of interest and transactions with related parties.
- **Appointments and Remuneration Committee:** provides support to the Board of Directors regarding proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the Directors and senior managers' remuneration policy and that Directors perform their duties.
- **Managing Committee:** Each of the business units has a Managing Committee with similar duties.

Further information on the duties of the Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.1 of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

The Group is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 44,6% of its turnover generated in international markets, mainly Europe (30%), Latin America (6.2%), the United States (3.4%), the Middle East (2.9%) and North Africa (1.8%).

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.

At the national level, the Group provides environmental services in more than 3,500 municipalities and organisations in all the Autonomous Communities, serving a population of more than 31 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 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 90% of the activity is carried out with public clients.

Moreover, international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy, with a growing 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 4.3 million inhabitants, 1,400 municipalities and more than 51,500 private customers. The range of services provided and the geographical dispersion is very diverse and balanced, including municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow collection, recycling, building cleaning, soil decontamination work, etc. This broad diversification ensures great business stability in a market with major barriers to entry and the possibility of providing an integrated service to many customers.

Internationally, there has been strong growth in the USA, where the year-on-year growth in sales in 2022 stood at 121%. FCC now ranks among the Top 15 companies in the sector in the USA, with expectations of being in the Top 10 in the next two years. FCC Environmental Services already serves more than 10 million citizens, is the largest recycler in Texas, and has an important presence in Florida in cities as important as Orlando, Tampa, Palm Beach, Daytona Beach, Lakeland and Wellington as well as significant operations in both the Midwest and the West Coast. Growth continues to be exponential and the company now employs more than 1,800 people. During 2022, work has begun under four new contracts in Florida and California, with an additional backlog of more than €1 billion contracted.

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 2022, this activity represented almost 5% of the area's income.

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.

There is a broad commitment to climate change, materialised for example in the issuance of green bonds to finance the operation and acquisition of assets developed by the area.

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 2022, the market in Spain represents 65% of revenue. On a like-for-like basis, water consumption has grown in Spain as a whole in 2022 by 0.8%, which reflects the lifting of COVID-19 restrictions, with the amount invoiced increasing by 4% compared to 2021. 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.

In the public sphere, following the effects of the pandemic seen in previous years, the level of bidding for concessions for the end-to-end management of water services, operation and maintenance as well as hydraulic infrastructure concessions, has returned to normal.

The international market reached a turnover of 35%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

In 2022, an 80% interest in Georgian Global Utilities (GGU) was acquired; this company owns and operates the end-to-end water cycle service infrastructures in Tbilisi, the country's capital, as well as in two other nearby towns, Mtskheta and Rustavi. In total, the company serves a population of 1.4 million residents.

FCC Aqualia seeks to maintain its competitive position in those end-to-end water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with end-to-end cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in end-to-end water cycle management for business opportunities in countries with a stable political and social balance.

Construction

The Construction Area focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity. 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 2022, 55.8% of total revenues will come from abroad, including the execution of major infrastructure projects such as lines 4, 5 and 6 of the Riyadh Metro (Saudi Arabia), Tren Maya (Mexico), A-465 (United Kingdom), Lima Metro (Peru), Industrial Bridge (Chile), Toyo Tunnel (Colombia), Sotra Link (Norway), A-9 Badhoevedorp-Holendrecht motorway (Netherlands), and the Gurasada-Simeria railway line (Romania) - Sectors 2a, 2b and 3.

In 2022, the award of the following construction contracts abroad is worth particular mention: NEOM Running Tunnels (Saudi Arabia), the RV.555 Sotrasambandet "Sotra Connection" highway (Norway), the rehabilitation of 53 km of the Cluj Napoca – Episcopia Bihor railway (Romania), the modernisation of the railway line between Caransebes-Timisoara-Arad lot 4 (Romania), the Regional Express Rail On-Corridor in Ontario (Canada), Scarborough Subway Extension (Canada), the construction and rehabilitation of 9 bridges in Pennsylvania (USA) and the "Melbourne Airport Rail Maribyrnong River Bridge" in Australia, which represents the first project in this country for FCC Construcción.

As regards Spain, worth particular mention are the awards of the Murcia-Almería High-Speed Mediterranean Corridor platform, Totana-Totana section (Murcia), the construction of the new Puertollano Hospital (Ciudad Real) and the expansion and refurbishment (Phase I) of the Cabueñes University Hospital (Gijón, Asturias).

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 2022. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2022, 39% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, 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. During 2022, it has consolidated its position as a relevant area of the Group, following the corporate transactions described below.

Following the corporate transactions performed at the end of 2021, as described in Note 4 of the financial statements, the Group has an 80.03% interest in the parent company of the FCyC, S.A. In turn, FCyC, S.A. holds an 53.49% interest in Realia Business and a 100% interest in Jezzine Uno, S.L.U. whose corporate purpose is the rental of 405 office buildings to Caixabank distributed across Spain as part of a lease framework agreement that ends in 2037. These operations have increased the size of FCC Inmobiliaria with the following objectives:

- Consolidating a solid and large real estate group, with greater management efficiency derived from operational and financial synergies that enable it to take advantage of growth opportunities in the sector.
- Diversifying FCC Inmobiliaria's risk and geographic opportunities by extending its activity to new areas of operations in which it was not already present.
- Significantly increasing the contribution of Realia's and Jezzine's recurring rental property activity to FCC Inmobiliaria as a whole, whose asset assessments at December 2022 accounted for more than 72% of the area's total.

Furthermore, it should be noted that in May 2022, FCC Inmobiliaria made a bid for the acquisition of 24% of the shares in Metrovacesa S.A., thus taking its interest in the company's share capital to 11.47%. Subsequently, it increased its interest to 13.81% by the end of the year. Metrovacesa is a Spanish real-estate developer, whose main activity is the development and sale of residential properties. Its activities are performed in the main Spanish cities (including but not limited to Madrid, Barcelona, Malaga or Valencia), as well as smaller cities with high potential.

FCC Inmobiliaria considers that the acquisition of a significant interest, although a non-controlling interest, in Metrovacesa, enhances the solidity of the real-estate area, thus benefitting from its cash-flow generation capacity.

2. Business performance and results

2.1. Operating performance

2.1.1. Significant Events

FCC Construcción grows its international portfolio to over €4,700 million

FCC Construcción has grown its global portfolio (+65% year-on-year), both nationally and internationally, which came in at over €4,700 million at year-end, with the following awards worth particular mention:

- Last June a consortium, the contract to build the first tunnels for high-speed and freight railways in Saudi Arabia, as well as the 28-kilometre-long subways in the new city of Neom for €775.2 million, with FCC Construcción leading the consortium.
- In Norway and as part of a consortium with other firms in which the company holds a 35% stake, the design and construction of the Sotra Link project. This project involves the construction of the RV 555 motorway, which will link the island of Sotra with the city of Bergen. This project forms part of the PPP Sotra Connection, the largest road infrastructure contract in Norway, with an overall budget of more than €1,230 million, to be implemented as part of a public-private collaboration model. At 31 December, the amount included in the backlog came to €450.6 million.
- Two railway contracts in Romania for the combined amount of €580 million: the design and construction of the rehabilitation of section 3 Poieni-Alesd and the modernisation of the Caransebes-Timisoara-Arad route.
- An amendment to the construction contract for the Maya Train was signed in Mexico to adjust the performance period and add a further €250 million to the value of the contract.

- In Canada:
  - In March, the consortium in which FCC Construcción holds a 50% interest was the first bidder for the construction of a suburban railway line in Toronto (RER-3). The contract includes the design, construction, operation and maintenance of a commuter rail network in the metropolitan area. The project has a total budget of more than €4 billion, though notably the award and contract performance phase will be progressive based on the agreement reached between the parties. At 31 December, the amount included in the backlog was €160 million.
  - In November, FCC was awarded 50% of the Stations, Trains and Systems (SRS) contract for the Scarborough Subway extension project, a town located in the eastern part of Toronto, for the amount total of approximately €1,800 million. At 31 December, the amount included in the backlog was €121 million.
- In December, the company was awarded, as part of a consortium, the Major Bridge P3 project in Pennsylvania, USA, consisting of the design, construction, financing and maintenance of six bridges as well as the highway that connects them and the associated infrastructure. The total value of the contract comes in at €1,500 million and at year-end, works for the sum of €123.5 million had been consigned in the backlog.

FCC Medio Ambiente increases its presence in the USA, in waste collection and treatment, with contracts in place worth more than €1,000 million

The subsidiary of FCC Medio Ambiente that provides integrated urban waste management and recycling services in the United States has been awarded several contracts:

- In April, the renovation and operation of a municipal solid waste treatment environmental complex in Placer County (California), involving a portfolio of some $1.5 billion for a 10-year term and two possible five-year extensions. At 31 December, the registered backlog came to €595 million.
- In May, it won the tender for the residential collection of municipal solid waste (MSW) in the city of Port Saint Lucie, Florida. The contract, which started in September, involves a backlog of more than €281 million for a term of seven years, extendable for three additional years.
- Staying in the same state, the company was awarded the contract for the collection of MSW in the city of Palm Coast and Lake County, for the combined amount of €146 million and collection from the remaining public schools in Hillsborough County for the coming 3 years.

In December, a new acquisition was also made in the North American market following the buy-out of Houston Waste Solutions (HWS), one of the largest commercial MSW companies in the Houston metropolitan area. HWS also owns and operates a construction and demolition waste transfer centre in the city. The company serves more than 3,000 customers, with a fleet of 40 lorries, employing 70 people.

FCC Medio Ambiente maintains its leadership position in Spain, with new contracts worth more than €2,300 million

In Spain, FCC Medio Ambiente increased the size of its portfolio by more than 30%, as a result of several awards and renewals: in Zaragoza for urban waste collection and street cleaning in the capital, for more than €627 million over the next 10 years; in Madrid, the MSW contract for the West zone worth €446 million; in Vigo for waste management and street cleaning for the next 10 years, extendable to 12, for €380 million; renewal of the street cleaning and waste collection contract with the renovation and operation of the light packaging sorting plant in Salamanca, with a backlog of more than €236 million over the next 12 years; the award of the street cleaning and MSW contract (as part of a joint venture) in Alicante for the next 8 years worth €196 million; renewal of the urban sanitation contract in Gerona for 8 years for €107 million; extension for 8 years of the Badajoz City Council contract for street cleaning and waste collection, for €94 million; in Mijas the awarding of the street cleaning and MSW service for 10 years for €80 million and in Granollers (as part of a joint venture), waste collection and street cleaning services for the next 10 years worth €47 million.

Also in relation to treatment, in March the joint venture in which FCC Medio Ambiente holds a 29% interest was awarded the contract for the management of the waste complex on the island of Tenerife, for an attributable amount of €107.7 million and with a contract term of 15 years, extendable for a further four years.

FCC Aqualia awarded new contracts in Saudi Arabia and expands its international end-to-end water cycle management platform

FCC Aqualia has been awarded two new management, operation and maintenance (O&M) contracts in Saudi Arabia for the Southern Cluster and Northern Cluster in the months of February and September, respectively. The contracts (two of the six awarded in which the country has been divided) are for 7 years; the total population served will come to eight million people and the combined associated backlog amounts to €196 million.

In July, FCC Aqualia acquired 100% of the assets of Saur Colombia SAS, including six concessionary companies responsible for the production and distribution of drinking water and sewage in eleven towns across three regions on the northern coast of Colombia. Together, the various acquisitions undertaken in relation to the country's water cycle management amounted to €24 million.

In February, FCC Aqualia purchased 80% of the water business owned by Georgia Global Utilities JSC (GGU), the owner and operator of the water cycle infrastructures in Tbilisi, Mtskheta and Rustavi, Georgia, with an incorporated income backlog of €3,589 million at year-end.

FCC Concesiones acquires 100% of the Murcia tram for €48.5 million

In November, FCC Concesiones completed the buy-out of the remaining 50% of Sociedad Concesionaria Tranvía de Murcia for €48.5 million. The company manages the only line in the city for a period of 40 years, providing regular transport under a municipal concession. Its "V"-shaped structure is 18 kilometres long and connects the northern area of Murcia (universities, department stores and residential areas) to the city centre.

The Real Estate area steps up its development potential acquiring a share in Metrovacesa

On 24 April, the head of the Group's real estate area, FCC Inmobiliaria, launched a partial takeover bid for 24% of the capital in Metrovacesa; following this transaction, and based on the results published by the stock market regulator on 21 June, this saw the company's share in Metrovacesa come to 11.47%. Subsequently, last December, Metrovacesa distributed a scrip dividend, after which and based on the most recent notification sent to the National Securities Market Commission, FCC Inmobiliaria's holding amounts to 14.3%.

2.1.2. Executive Summary

KEY FIGURES *(Million euros)*

	Dec. 22	Dec. 21	Chg. (%)
Revenue	7,705.7	6,659.3	15.7%
Gross Operating Profit (Ebitda)	1,311.4	1,126.6	16.4%
Ebitda Margin	17.0%	16.9%	0.1 p.p
Net Operating Profit (Ebit)	610.5	802.2	-23.9%
Ebit Margin	7.9%	12.0%	-4.1 p.p
Income attributable to the parent company	315.2	580.1	-45.7%
Equity	4,939.0	4,440.7	11.2%
Net financial debt	3,192.7	3,225.7	-1.0%
Backlog	40,273.8	30,196.9	33.4%

This year, the FCC Group saw its revenue increase to €7,705.7 million, 15.7% up on 2021. The positive performance seen in all business activities is worth particular note, with double-digit increases. Particularly impressive was the growth in the Real Estate area, thanks to the wider perimeter of consolidation following the corporate transactions undertaken at the end of 2021.

Gross operating income (Ebitda) increased by 16.4% to €1,311.4 million. This is attributable to the combination of the increase in revenues and sustained operating margins in many activities, including the increases seen in the Water and Real Estate areas on account of the various acquisitions made, while the Cement area saw its revenue drop due to the higher costs of energy incurred as part of its operations. All in all, the gross operating margin stood at 17%, slightly up on last year.

In turn, Ebit came to €610.5 million, down on account of the aforementioned increase in Ebitda; this year, the figure included the reduction in the book value of goodwill in the Cement area for the sum of €200 million, attributable to the aforementioned adverse circumstances affecting its operating expenses. This contrasts with the positive net contribution of several items in 2021 under this heading, coming to a total combined value of €127.9 million, including the adjustment of the market value of several rental assets in the Real Estate area following their inclusion in the global consolidation perimeter.

Attributable net income reached €315.2 million, 45.7% down year-on-year. This change is attributable, in addition to the aforementioned performance of Ebit, the joint effect of a €56.5 million drop in Earnings from companies under the equity accounting method and Other financial profit/(loss), which, spread across several headings, include the 2021 impact of the sale of minority holdings in different companies, mainly concessions and energy.

Net financial debt ended the year at €3,192.7 million, slightly down compared to the end of 2021. This stable performance was achieved at the same time as significant investments were made in the year (with net payments of €1,010.6 million), in addition to the incorporation of the operating debt of various companies acquired on to the balance sheet, including GGU (owner and operator of the end-to-end water cycle in the Georgian capital) in the Water area and the Murcia tram in Concessions, with combined financial debt coming to €289.1 million.

Equity, standing at €4,939 million, grew by 11.2% compared to the figure recognised at the end of 2021, largely attributable to the contribution of consolidated profit for the year.

The FCC Group's income backlog stood at €40,273.8 million at year-end, maintaining the sustained growth seen throughout the year and generating an increase of 33.4%, with a notable increase in all business areas, with particular mention doing to the volume of contracts in the Water area and the 65.4% variation seen in Construction.

2.1.3. Summary by Business Area

(Million Euros)

Area	Dec. 22	Dec. 21	Chg. (%)	% of 22 total	% of 21 total
REVENUE BY BUSINESS AREA					
Environment	3,641.1	3,244.9	12.2%	47.3%	48.7%
Water	1,323.2	1,169.5	13.1%	17.2%	17.6%
Construction	1,966.9	1,659.6	18.5%	25.5%	24.9%
Cement	516.5	433.8	19.1%	6.7%	6.5%
Real Estate*	270.8	147.9	83.1%	3.5%	2.2%
Corporate serv. and others	(12.8)	3.6	n/a	-0.2%	0.1%
Total	**7,705.7**	**6,659.3**	**15.7%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	4,271.2	3,943.8	8.3%	55.4%	59.2%
United Kingdom	1,048.4	855.6	22.5%	13.6%	12.8%
Rest of Europe and Others	879.7	811.5	8.4%	11.4%	12.2%
America	760.3	376.0	102.2%	9.9%	5.6%
Czech Republic	385.4	346.6	11.2%	5.0%	5.2%
Middle East & Africa	360.7	325.8	10.7%	4.7%	4.9%
Total	**7,705.7**	**6,659.3**	**15.7%**	**100.0%**	**100.0%**
EBITDA**					
Environment	593.1	535.1	10.8%	45.2%	47.5%
Water	350.2	298.9	17.2%	26.7%	26.5%
Construction	122.8	102.6	19.7%	9.4%	9.1%
Cement	30.3	76.1	-60.2%	2.3%	6.8%
Real Estate*	142.6	40.0	n/a	10.9%	3.6%
Corporate serv. and others	72.4	73.9	-2.0%	5.5%	6.6%
Total	**1,311.4**	**1,126.6**	**16.4%**	**100.0%**	**100.0%**

(Million Euros)

Area	Dec. 22	Dec. 21	Chg. (%)	% of 22 total	% of 21 total
OPERATING PROFIT/(LOSS)					
Environment	304.7	285.4	6.8%	49.9%	35.6%
Water	203.8	181.3	12.4%	33.4%	22.6%
Construction	89.4	71.1	25.7%	14.6%	8.9%
Cement	(203.3)	(90.3)	125.1%	-33.3%	-11.3%
Real Estate*	165.7	298.3	-44.5%	27.1%	37.2%
Corporate serv. and others	50.2	56.4	-11.0%	8.2%	7.0%
Total	**610.5**	**802.2**	**-23.9%**	**100.0%**	**100.0%**
NET FINANCIAL DEBT					
Corporate					
With recourse	(840.1)	(326.0)	157.7%	-26.3%	-10.1%
Without recourse	87.1	0.5	n/a	2.7%	0.0%
Areas					
Environment	1,227.6	1,289.7	-4.8%	38.5%	40.0%
Water	1,642.8	1,247.6	31.7%	51.5%	38.7%
Cement	157.6	124.4	26.7%	4.9%	3.9%
Real Estate*	917.7	889.7	3.1%	28.7%	27.6%
Total	**3,192.7**	**3,225.7**	**-1.0%**	**100.0%**	**100.0%**
BACKLOG**					
Environment	13,255.5	10,746.4	23.3%	32.9%	35.6%
Water	20,312.7	15,361.1	32.2%	50.4%	50.9%
Construction	6,586.0	3,981.3	65.4%	16.4%	13.2%
Real Estate*	119.6	108.1	10.6%	0.3%	0.4%
Total	**40,273.8**	**30,196.9**	**33.4%**	**100.0%**	**100.0%**

* **Real Estate presents its consolidated key figures for both business years separately.**

2.1.4. Income Statement

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Revenue	**7,705.7**	**6,659.3**	**15.7%**
Gross Operating Profit (Ebitda)	**1,311.4**	**1,126.6**	**16.4%**
Ebitda Margin	*17.0%*	*16.9%*	*0.1 p.p*
Provision for amortisation of fixed and non-current assets	(519.7)	(452.3)	14.9%
Other operating income	**(181.1)**	**127.9**	**n/a**
Net Operating Profit (Ebit)	610.5	802.2	-23.9%
Ebit margin	*7.9%*	*12.0%*	*-4.1 p.p*
Financial income	(119.1)	(110.5)	7.8%
Other financial profit/(loss)	29.6	57.5	-48.5%
P/L of companies accounted for by the equity method	29.6	58.2	-49.1%
Profit/(loss) before tax from continuing activities	**550.7**	**807.5**	**-31.8%**
Company tax on profits	(72.7)	(130.2)	-44.2%
Income from continuing operations	**477.9**	**677.3**	**-29.4%**
Net Income	**477.9**	**677.3**	**-29.4%**
Non-controlling interests	(162.7)	(97.1)	67.6%
Income attributable to the parent company	**315.2**	**580.1**	**-45.7%**

2.1.4.1. Revenue

Consolidated revenue grew to €7,705.7 million, up by 15.7% year-on-year. This performance was maintained throughout the year as a result of the combination of sustained organic growth in all business areas, enhanced by the contribution to the perimeter of the acquisitions made in the Real Estate and Water areas.

By the different business areas:

Environment recorded an increase of 12.2%, thanks to the general expansion in its various operating platforms, mainly due to the combination of the entry into service of new treatment contracts and street cleaning activity in Spain and collection and treatment in the USA, together with the increase in revenues in Central Europe and the UK, especially linked to waste treatment and recovery activities.

The revenue recognised by the Water area grew by 13.1%, on account of several factors, including the contribution of the end-to-end cycle management operations acquired in Georgia combined with the recovery in consumption across all geographies in the main water cycle management activity, mitigating the lower-than-expected contribution of Technology and Networks activities as a number of one-off international projects came to an end.

In Construction, revenue experienced growth of 18.5% compared to 2021, with a notable increase in Mexico, the UK and the Netherlands, although this was dragged down to some extent by completed or advanced projects, especially in Spain and Belgium.

The Real Estate area, for which figures have been presented separately since the fourth quarter of last year, enjoyed a significant increase in revenue to €270.8 million, up by 83.1% year-on-year, thanks both to the inclusion of Realia and Jezzine in the global consolidation perimeter in November 2021 and the increase in income during this period from both development activity and, to a lesser extent, from rental property.

Finally, in the Cement area, revenue enjoyed double-digit growth of 19.1% during the period, largely due to the increase in sales in Spain and exports.

Revenue breakdown by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	4,271.2	3,943.8	8.3%
United Kingdom	1,048.4	855.6	22.5%
Rest of Europe and Others	879.7	811.5	8.4%
America	760.3	376.0	102.2%
Czech Republic	385.4	346.6	11.2%
Middle East & Africa	360.7	325.8	10.7%
Total	**7,705.7**	**6,659.3**	**15.7%**

Geographically, Spain reduced its relative contribution, down to 55.4% of the Group's total revenue, on €4,271.2 million, although this represented a year-on-year increase of 8.3%. With regards to the different areas of activity, the Environmental area's revenues rose by 7.5% due to the increase in all main activities of the waste management chain, especially collection and street cleaning. The Water area's revenues rose by 5.8%, due to a progressive recovery in the non-domestic volumes invoiced in end-to-end cycle concessions and water network actions linked to concessions. The contribution of the Construction area dropped by 1.7%, with a slowdown in expected project development. In the Cement area, revenue progressively increased to 19.7%, with an expansion attributable to higher sales prices. The Real Estate activity, which is concentrated entirely in Spain, has seen its revenues increase substantially (by €122.9 million), due both to the aforementioned integration of the Realia and Jezzine groups within its parent company, FCC Inmobiliaria, and to its increased property development activity this year. Lastly, it is worth mentioning that the Concessions area (included in the Corporate Services and Others heading, after completing the sale of some of its most significant concessions in the first quarter of 2021 and acquiring control of the Murcia tram in November) contributed €41 million in revenue this year, compared to €55 million last year.

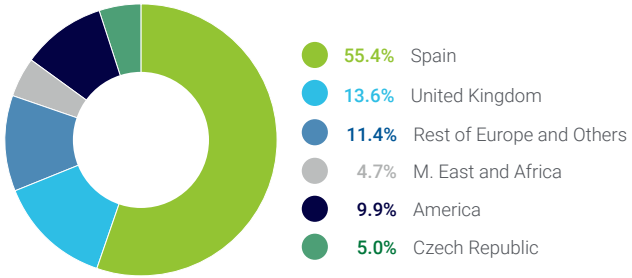
Moreover, revenue in the United Kingdom were up by 22.5% to €1,048.4 million, largely due to the recovery of the municipal waste treatment plant and recovery activity in the Environment area combined with an increase in concession activity in the Construction area.

In the EU, the Czech Republic registered an increase of 11.2% to €385.4 million, with a larger increase in waste management services in the Environment area and a more moderate increase in the end-to-end water cycle activity in the Water area. In turn, the Rest of Europe and Others, accounting for €879.7 million, saw growth of 8.4%, largely attributable to higher revenues linked to the end-to-end water cycle activity in Georgia. The level of activity registered by the Construction area slowed down, with the awarding of new contracts and the development of those in progress failing to fully offset the completion of and progress with other projects (in the case of Belgium).

Revenue in America, both in Latin America and the US, increased significantly by 102.2%, to €760.3 million, largely attributable to the increase in the execution of civil works projects in the Construction area, especially in Mexico, as well as the continued expansion of Environment in the collection and treatment of municipal waste in the USA.

Lastly, in the Middle East and Africa, activity recovered over the course of the year, with 10.7% growth, amounting to €360.7 million, largely as a result of the increase in activity as part of contracts under management in Water and the higher contribution of Construction in Saudi Arabia.

% Revenue by geographical area



2.1.4.2. Gross Operating Profit (Ebitda)

The Gross Operating Profit for the year amounted to €1,311.4 million, an increase of 16.4% compared to the previous year. This amount represents a 17% margin over income, similar to the 16.9% achieved in 2021, but with some significant key components: In a positive sense (i) the increase generated by the increase in revenues in the Environment and Construction areas together with Water, reinforced by higher operating profitability (ii) the contribution of rental activity in the Real Estate area, with an additional contribution of €82.4 million this year. On the negative side, (iii) the impact of higher energy costs, particularly noteworthy in the Cement area, which, combined with the fact that no emission rights were sold this year, saw a reduction in its Ebitda of €45.8 million as well as (iv) variations in the consolidation perimeter of various transport concession assets, on account of the sale executed in the first quarter of 2021 and the buy-out undertaken in the fourth quarter of 2022, which resulted in a drop in the net contribution of €5.9 million this year.

By business area, the most noteworthy developments have been:

The Environment area recorded €593.1 million, a 10.8% increase, in line with the revenues distributed across all activities of the value chain. The operating margin came in at 16.3%, similar to the 16.5% seen the previous year, with a balanced increase in the different types of services and by geographical area, notably in the USA.

The Water area came in at €350.2 million, up by 17.2% year-on-year, thanks to the increased contribution of concessions and services activities, in particular following the acquisition made in Georgia, which, combined with the impact of higher non-domestic volume and tariffs in the main activity, offset the increase in energy costs. The margin therefore grew to 26.5% compared to 25.6% in 2021.

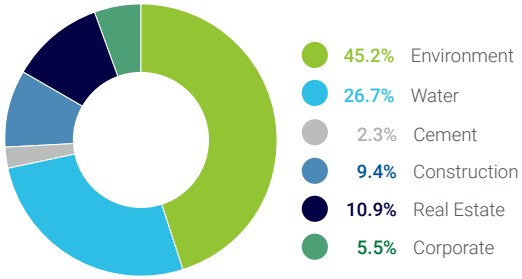
The Construction area recorded €122.8 million, up by 19.7% compared to 2021, improving the scheduling of projects by readjusting the margin anticipated in certain international contracts. This saw the operating margin maintained at 6.2%, similar to the figure recorded the previous year.

In Cement, Ebitda came to €30.3 million, a significant drop compared to the €76.1 million registered the previous year; this can mainly be attributed to the aforementioned impact of higher energy costs combined with the fact that no income was generated on the sale of CO_2 (compared to €7.8 million in 2021).

The Real Estate area saw notable progress, recording €142.6 million, compared to €40 million the previous year, largely due to the consolidation of the Jezzine and Realia rental property activity in November 2021 (an increase in the combined contribution of rental assets of €82.4 million this year) together, albeit to a lesser extent, with the higher contribution made by the development and sale of land.

Corporate Services and Others include the infrastructure concession activity, to which the activity of the Cedinsa subgroup contributed until the end of the first quarter of 2021 and to which 100% of the Murcia tram concession now contributes following the buy-out of the remaining 50%; this is why the contribution of this activity dropped from €37.2 million in 2021 to €31.1 million this year

% Ebitda by Business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to consolidated operating profit of 71.9% for the year as a whole. When adding in the recurring activity of real estate rental assets and concessions, this percentage contribution increases to 80.5% of the total.

2.1.4.3. Net Operating Profit (Ebit)

Net operating profit amounted to €610.5 million, 23.9% down on the previous year. This result reflects, in addition to the changes in gross operating profit, two other key factors in Other Operating Income/(Losses), namely: (i) This year, a €200 million adjustment was made to the value of goodwill in the Cement area, reflecting the impact of higher energy costs and (ii) in the opposite direction, in 2021, there was a net positive impact of €105.7 million, attributable to the accounting result generated by the global consolidation of Realia, raising the previously recorded level of the value of its rental real estate assets, of €241.7 million combined with the negative accounting impact of €136 million generated when adjusting the value of tangible fixed assets and goodwill in the Cement area.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Earnings before tax from continuing activities came in at €550.7 million, 31.8% down on the €807.5 million generated in 2021. This result can largely be attributed to the performance operations, accompanied by a drop in Other profit/(loss) and the contribution of investees.

Thus, the performance was as follows for the various components.

2.1.4.4.1. Financial income

The net financial profit/(loss) recognised came to -€119.1 million, compared to -€110.5 million the previous year, an increase of 7.8, reflecting both the limited effect of the increase in the average cost of financing and, to a greater extent, the average balance of financial debt this year compared to last one; this is largely attributable to the aforementioned expansion of the perimeter of Real Estate activities in the fourth quarter of 2021.

2.1.4.4.2. Other financial profit/(loss)

This heading includes an amount of €29.6 million in 2022, compared to €57.5 million last year. The positive contribution can be attributed to exchange rate of certain currencies compared to the euro, while the reduction compared to 2021 is on account of the €26.6 million contribution of profit generated on the disposal of several investees in the Concessions and Construction areas the previous year.

2.1.4.4.3. Profits/(losses) of companies accounted for by the equity method

The contribution made by investee companies came to €29.6 million, €28.6 million down on the previous year. This drop was attributable to a combination of factors, including: (i) the €52.7 million profit from the sale of most of the energy assets in which the Group has an interest, which includes both the gain up to the time of sale and the gain on disposal, (ii) the €17.6 million effect of the closing of the sale of the Ceal 9 and Urbicsa transport concessions and (iii) the -€45.9 million losses generated by Realia in the Real Estate area, which, to a large extent, includes its change of consolidation from the equity method to the full consolidation method following the completion of the takeover in November 2021.

2.1.4.5. Income attributable to the parent company

This year, this figure stood at €315.2 million, 45.7% down year-on-year, mainly due to the aforementioned adjustments in the Cement area and the decrease in the contribution of Other financial profit/(loss) and companies accounted for using the equity method, which included the previous year's non-recurring elements described above. Furthermore, corporate income tax includes the sum of €89.6 million this year following the activation of tax loss carryforwards that it is estimated will be offset in the future.

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. 22	Dec. 21	Chg. (%)
Revenue	**7,306.0**	**6,475.4**	**12.8%**
Gross Operating Profit (Ebitda)	**1,098.6**	**1,066.1**	**3.0%**
Ebitda Margin	*15.0%*	*16.5%*	*-1.4 p.p*
Net Operating Profit (Ebit)	**449.1**	**775.9**	**-42.1%**
Ebit margin	*6.1%*	*12.0%*	*-5.8 p.p*
Income attributable to the parent company	**315.2**	**580.1**	**-45.7%**

2.1.5. Balance Sheet

(Million euros)

	Dec. 22	Dec. 21	Chg. (€M)
Intangible fixed and non-current assets	2,342.1	2,445.2	(103.1)
Property, plant and equipment	3,496.8	2,862.5	634.3
Real Estate investments	2,122.9	2,069.2	53.7
Investments accounted for using the equity method	502.6	533.8	(31.2)
Non-current financial assets	910.6	604.0	306.6
Deferred tax assets and other non-current assets	499.5	559.2	(59.7)
Non-current assets	**9,874.5**	**9,074.1**	**800.4**
Inventory	1,143.2	1,107.3	35.9
Trade and other receivables	2,468.0	2,340.9	127.1
Other current financial assets	221.3	184.4	36.9
Cash and cash equivalents	1,575.5	1,535.5	40.0
Current assets	**5,408.0**	**5,168.1**	**239.9**
TOTAL ASSETS	**15,282.5**	**14,242.2**	**1,040.3**
Equity attributable to shareholders of the parent company	3,387.9	3,007.1	380.8
Non-controlling interests	1,551.1	1,433.6	117.5
Equity	**4,939.0**	**4,440.7**	**498.3**
Subsidies	202.9	192.2	10.7
Non-current provisions	1,141.7	1,167.3	(25.6)
Long-term financial debt	3,860.7	3,294.3	566.4
Other non-current financial liabilities	410.6	438.7	(28.1)
Deferred tax liabilities and other non-current liabilities	430.7	473.4	(42.7)
Non-current liabilities	**6,046.6**	**5,565.9**	**480.7**
Current provisions	148.1	147.9	0.2
Short-term financial debt	1,121.8	1,651.2	(529.4)
Other current financial liabilities	211.3	169.0	42.3
Trade and other payables	2,815.7	2,267.5	548.2
Current liabilities	**4,296.9**	**4,235.6**	**61.3**
TOTAL LIABILITIES	**15,282.5**	**14,242.2**	**1,040.3**

2.1.5.1. Property, plant and equipment and investment property

Property, plant and equipment and real estate investments at year-end jointly came to €5,619.7 million, up by €688 million year-on-year. This increase is mainly attributable to the inclusion of the end-to-end water cycle management assets corresponding to GGU in Georgia and, to a lesser extent, investments in the Environment area.

2.1.5.2. Investments accounted for using the equity method

Investments accounted for using the equity method amounted to €502.6 million at the end of the year, with the following breakdown of the most significant investments:

1) €194.9 million for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) €118.3 million for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
3) €72.8 million for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) €42.7 million from the subsidiaries of the parent company in the Cement area.
5) €40 million from investee companies in the Real Estate area.
6) €33.9 million in investees in the Construction area located abroad.

The reduction of this heading is mainly due to the change in the consolidation method of the Tranvía de Murcia, that after taking its control has been consolidated globally in this year (note 4).

2.1.5.3. Non-current financial assets

Non-current financial assets increased by €306.6 million to €910.6 million; this increase can be attributed to the investment made in a non-controlling interest in a development company by the Real Estate area in June, meaning that at year-end, the breakdown of the value of the investment in equity of the most relevant investees was as follows:

1) €133.5 million in companies in the Real Estate area.
2) €20.9 million in Water and Environment companies.
3) €8.6 million in other holdings.

This heading also includes, but is not limited to, the increase in collection rights from concession agreements, located mainly in the Environment and Water areas combined with the inclusion of Murcia Tram concession activity in the consolidation perimeter.

2.1.5.4. Cash and cash equivalents

The balance of Cash and cash equivalents came to €1,575.5 million, €40 million up year-on-year, mainly on account of the strong performance of working capital and despite the higher payments made in relation to investments.

This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled €790.8 million.
2) In the perimeter without recourse, cash and equivalents amounted to €784.7 million.

2.1.5.5. Equity

Equity at year-end came to €4,939 million, up by €498.3 million on year-end 2021. This increase was mainly due to the contribution of €477.9 million in net attributable profit during the period.

2.1.5.6. Financial Debt

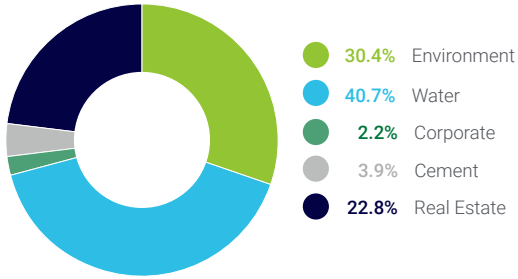
(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Bank borrowings	2,778.4	1,742.6	1,035.8
Debt instruments and other loans	2,040.8	3,031.5	(990.7)
Finance lease payables	24.9	37.3	(12.4)
Other financial liabilities	138.4	134.1	4.3
Gross Financial Debt	**4,982.5**	**4,945.5**	**37.0**
Cash and other current financial assets	(1,789.8)	(1,719.8)	(70.0)
Net Financial Debt	**3,192.7**	**3,225.7**	**(33.0)**
Net financial debt with recourse	(677.2)	(326.0)	(351.2)
Net financial debt without recourse	3,869.9	3,551.7	318.2

At year-end, the Group's gross financial debt remained almost the same as in December of the previous year, at €4,982.5 million. It is worth mentioning that 77.5% have a long-term maturity, for the sum of €3,860.7 million, divided between bank debt and capital market debt. The remainder of this indebtedness, 22.5%, matures in the short term, with the main balance of this corresponding to a bond from the Environment area maturing next December and the remainder to bilateral facilities and commercial paper issued on the Irish Stock Exchange by the Group's parent company and the Environment area's parent company.

In turn, the balance of net financial debt decreased by €33 million year-on-year, to €3,192.7 million. This has been achieved despite (i) the impact of the acquisition and incorporation into the balance sheet of the operating debt of GGU (owner and operator of the end-to-end water cycle in the Georgian capital) into the Water area in February, (ii) the investment made as part of the acquisition of a non-controlling financial interest by the Real Estate area and (iii) the acquisition of the remaining 50% in the Murcia Tram concession in Spain. The determining factor that allowed the financial debt balance to be contained during the year was the generation of the operating cash flow, supported by the performance of working capital, especially in the Construction area.

Breakdown of Net Financial Debt by Business Area



As is standard as part of the Group's financial policy, almost all of the net financial debt is without recourse and is mostly located in the Water Utilities and Environment areas and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position with recourse of €677.2 million at the end of last December.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area accounts for an amount of €1,642.8 million, which mainly includes the financing of a corporate bond for its parent company with a balance of €658 million, maturing in 2027, and a long-term syndicated loan for €1,100 million taken out last June; (ii) the Environment area accounts for €1,227.6 million, of which the majority corresponds to bonds issued in 2019 by the parent company of the area, a further €116.3 million to activity in the United Kingdom and €34.2 million to activity in the USA. (iii) the Real Estate area accounts for €754.8 million in relation to rental property activity; (iv) the Cement area accounts for €157.6 million and (v) concessions activity accounts for €87.1 million.

2.1.5.7. Other current and non-current financial liabilities

Other current and non-current financial liabilities comes to €621.9 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 €400.5 million. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

2.1.6. Cash Flow

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Gross Operating Profit (Ebitda)	**1,311.4**	**1,126.6**	**16.4%**
(Increase)/decrease in working capital	285.3	(167.9)	n/a
Corporation tax (paid)/received	0.7	(135.6)	n/a
Other operating cash flow	(51.6)	(76.9)	-32.9%
Operating cash flow	**1,545.8**	**746.2**	**107.2%**
Investment payments	(1,062.1)	(557.9)	90.4%
Divestment receipts	51.5	568.6	-90.9%
Other investment cash flows	72.6	182.4	-60.2%
Investment cash flow	**(938.0)**	**193.1**	**n/a**
Interest paid	(123.7)	(99.1)	24.8%
(Payment)/receipt of financial liabilities	(333.9)	(269.3)	24.0%
Other financing cash flow	(109.6)	(259.3)	-57.7%
Financing cash flow	**(567.2)**	**(627.7)**	**-9.6%**
Exchange differences, change in consolidation scope, etc.	(0.6)	1.8	n/a
Increase/(decrease) in cash and cash equivalents	**40.0**	**313.4**	**-87.2%**

2.1.6.1. Operating cash flow

The operating cash flow generated this year came to €1,545.8 million, €799.6 million up on the previous year, on account of the increase in operating resources generated, as well as the impressive performance of working capital. With this in mind, current operating capital generated funds of €285.3 million, concentrated in the Construction area, which compares favourably with the application of €167.9 million the previous year.

Collections/(payment) of corporation tax includes an inflow of €0.7 million compared to the outflow of €135.6 million in the previous year, attributable to the corporation tax generated on the sale of several transport concessions for the amount of €33 million while in 2022, tax refunds corresponding to 2020 and 2021 were obtained.

The heading other operating cash flow includes an outflow of €51.6 million compared to €76.9 million the previous business year, due to the reduced application of provisions mainly in the different areas.

2.1.6.2. Investment cash flow

The investment cash flow represents an application of €938 million, a significant change from the generation of €193.1 million the previous year.

Payment for Investments increased by €504.2 million, coming to a total of €1,062.1 million. By business areas, Environment contributed the highest payments, amounting to €428.1 million, with the year-on-year increase attributable to the higher investments in Spain and the US, both as part of renewed contracts and new awards and acquisitions. In the Water area, payments for investments rose to €370.6 million, with the acquisition of GGU, the company responsible for managing of the end-to-end water cycle in Georgia, serving as the main component, for the sum of €159 million, as well as other new investments in concessions in Colombia and hydraulic assets in Spain.

To this end, the investment of €138 million corresponding to the acquisition of a non-controlling in a property development firm in the Real Estate area last June is worth particular mention, as is the acquisition of the remaining 50% stake in the Murcia Tram for the sum of €48.5 million.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Environment	(407.5)	(291.8)	(115.7)
Water	(362.9)	(86.8)	(276.1)
Construction	(21.4)	0.5	(21.9)
Cement	(22.2)	(10.9)	(11.3)
Real Estate	(154.4)	(64.9)	(89.5)
Corporate serv., etc. & adjustments	(42.2)	464.6	(506.8)
Net investments (Payments - Collections)	**(1,010.6)**	**10.7**	**(1,021.3)**

In turn, Other investment flows includes an inflow of €72.6 million during the year compared to €182.4 million the previous year; this includes, but is not limited to, the collection of interest for the sum of €29.3 million and the receipt of cash and equivalents following the inclusion of acquired companies in the consolidation perimeter during the year with GGU in the Water area worth particular mention, for a total of €15.9 million.

2.1.6.3. Financing cash flow

The consolidated financing cash flow generated represents an application of €567.2 million compared to €627.7 million in the previous year. The interest payment item shows an outflow of €123.7 million, mainly concentrated in the Water and Environment areas and to a lesser extent, the Real Estate area.

Proceeds from/(payments on) financial liabilities entails the application of the financing flow of €333.9 million during this period, concentrated in the refinancing process undertaken in the Water area during the second quarter of the year.

Furthermore, Other financing flows entails an outflow of €109.6 million, €149.7 million less than last year, which included investments in the Real Estate area. This mainly includes the payment of dividends to shareholders of the parent company and the series of minority shareholders of the consolidated Group for a total amount of €73.2 million.

2.1.6.4 Change in cash and cash equivalents

As a result of the development of the different components of the cash flow, FCC Group's cash position closed with an increase of €40 million, reaching a balance of €1,575.5 million.

2.1.7. Analysis by business area

2.1.7.1. Environment

The Environment area contributed 45.2% of the Group's Ebitda in the 2022 business year. Around 79.5% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20.5% corresponded to other types of urban environmental activities, such as the conservation of green areas and/or beaches.

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, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activity in the US involves both in the collection and comprehensive recovery of municipal waste, serving more than 8 million residents.

2.1.7.1.1. Earnings

(Million euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	3,641.1	3,244.9	12.2%
Waste collection and street cleaning	*1,765.0*	*1,550.0*	*13.9%*
Waste processing	*1,130.1*	*1,067.5*	*5.9%*
Other services	*746.0*	*627.4*	*18.9%*
Ebitda	593.1	535.1	10.8%
Ebitda Margin	16.3%	16.5%	-0.2 p.p
Ebit	304.7	285.4	6.8%
Ebit margin	8.4%	8.8%	-0.4 p.p

Revenues in the Environment area were up 12.2% year-on-year to reach €3,641.1 million. Waste collection and street cleaning activity billed €1,765 million, recording growth of 13.9% on account of the entry into operation of new contracts, especially in Spain and the USA, as well as for the strong performance seen in Central Europe. Waste treatment activity was up 5.9% to €1,130.1 million, due to the higher contribution of recovery plants in the UK and the increase in activity in Central Europe, alongside the activity of a new plant in the USA. Other services and similar grew by 18.9% to €746 million.

Breakdown of revenue by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	1,975.2	1,837.2	7.5%
United Kingdom	794.9	708.3	12.2%
Central Europe	592.2	550.7	7.5%
United States and other	278.8	148.7	87.5%
Total	**3,641.1**	**3,244.9**	**12.2%**

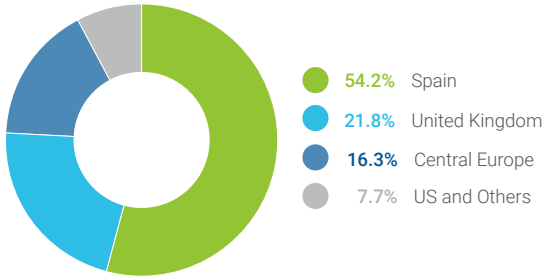
By geographical area, revenues in Spain increased by 7.5% year-on-year to €1,975.2 million on account of the high volumes of contracts for street cleaning and collection activities combined with the increase in volume of operations performed in other types of services.

In the United Kingdom, revenue increased by 12.2% to €794.9 million, mainly on account of the higher contribution by recovery plants, supported by the increase in the price of energy.

In Central Europe, revenue increased by 7.5% to €592.2 million on account of the increase in contribution by all activities, in particular waste collection and the sale of by-products in the Czech Republic, as well as treatment in Austria.

Last but not least, revenue in the United States and other markets increased by an impressive 87.5% to €278.8 million on account of the entry into operation of new residential collection contracts as well as the increase in contribution by other existing contracts, combined with the contribution of the new contract for the renovation and operation of the municipal solid waste treatment plant in Placer County (California).

Breakdown of revenue by geographical area



Ebitda increased by 10.8% to €593.1 million on account of the developments described above for revenue, combined with the increase in the price of energy that has resulted in the recovery activity contributing more in the United Kingdom and Austria and offset by the increase in energy costs linked the collection activities. With this in mind, the operating margin remained at similar levels to the previous year.

Ebit increased by 6.8% year-on-year to €304.7 million thanks to the performance of the different components mentioned in the Ebitda and an increase in the allocation of amortisations made.

Breakdown of backlog by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	8,224.1	6,300.6	30.5%
International	5,031.4	4,445.8	13.2%
Total	**13,255.5**	**10,746.4**	**23.3%**

At year-end, the backlog increased by 23.3% compared to 2021 to €13,255.5 million. In Spain, it increased by 30.5%, where the urban sanitation and street cleaning contracts in Zaragoza and the urban collection and sanitation contract in Madrid are worth particular mention. Looking further afield, the backlog amounted to €5,031.4 million internationally, 13.2% up on December the previous year, mainly on account of new contracts in the USA like the integrated management and recycling contract in Placer County (California) or residential collection contract in Port Saint Lucie (Florida).

2.1.7.1.2. Financial Debt

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Net Financial Debt	1,227.6	1,289.7	(62.1)

Net financial debt fell by €62.1 million compared to December 2021 to €1,227.6 million. The main component of this heading are green loans, for a combined amount of €1,100 million. The remainder corresponds to commercial paper and the financing of a project involving waste treatment and recycling plants, mainly in the United Kingdom.

2.1.7.2. Water

The Water area contributed 26.7% of FCC Group's Ebitda in the period. 91.6% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 8.4% 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 ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 1,100 municipalities. 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 the remainder of the EU, its presence in Italy, Portugal and France is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of processing plants. Overall, the Water area provides supply and/or sanitation services to more than 30 million inhabitants.

2.1.7.2.1. Earnings

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	1,323.2	1,169.5	13.1%
Concessions and services	*1,212.2*	*1,053.3*	*15.1%*
Technology and networks	*111.0*	*116.2*	*-4.5%*
Ebitda	350.2	298.9	17.2%
Ebitda Margin	*26.5%*	*25.6%*	*0.9 p.p*
Ebit	203.8	181.3	12.4%
Ebit margin	*15.4%*	*15.5%*	*-0.1 p.p*

Revenue increased by 13.1% to €1,323.2 million on account of the increase in full-cycle property and concession activity, mainly thanks to the contribution to the perimeter of Georgia Global Utilities (GGU) in Georgia since last February and the increase in non-domestic consumption. At the other end of the scale, Technology and Networks activity contracted by 4.5% following the completion of a number of one-off international projects, in particular in the Middle East and Africa, which was offset by growth in Spain.

Breakdown of revenue by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	861.4	814.2	5.8%
Central and Eastern Europe	190.0	113.6	67.3%
Middle East, Africa and Other	131.1	112.4	16.6%
Rest of Europe (France, Portugal and Italy)	92.3	80.8	14.2%
Latin America	48.4	48.5	-0.2%
Total	**1,323.2**	**1,169.5**	**13.1%**

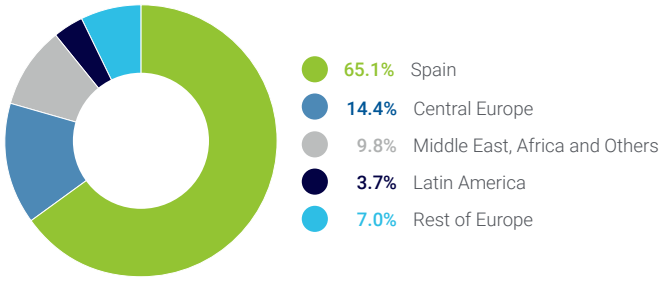
By geographical area, revenues in Spain increased by 5.8% to €861.4 million. This growth came both in concession activity, following the growth in m^3 billed in the non-domestic market combined with a tariff increase, which offset the reduction in domestic consumption, and thanks to the strong performance of Technology and Networks activity, supported by the increase in activity performed through investment plans associated with concession contracts.

Looking abroad, Central and Eastern Europe registered the strongest growth, by an outstanding 67.3% to €190 million. The biggest contribution came in end-to-end cycle activity on account of the aforementioned acquisition of GGU. The Czech Republic also experienced growth following the tariff update and the favourable performance of the Czech koruna (4.4% in the reappraisal period). In the Rest of Europe, revenue increased by 14.2% to €92.3 million on account of a new concession contract secured in France and the increase in volume of infrastructure actions at the Aque di Caltanissetta concession in Sicily.

In the Middle East, Africa and Others, revenue increased by 16.6% to €131.1 million on account of the increase in concession activity due to new contracts in Qatar and Saudi Arabia, as well as the increase in contribution of the Abu Rawash wastewater treatment plant in Egypt. In contrast, Technology and Networks activity decreased on account of the decrease in contribution from contracts that have come to an end or that are coming to an end.

Finally, in Latin America, revenue remained practically the same as last year, at €48.4 million. Concession activity in Colombia increased and offset the reduction of activity seen in Technology and Networks, both in Mexico and in Colombia itself, in projects that are already at very advanced stages.

Breakdown of revenue by geographical area



Ebitda increased by 17.2% to €350.2 million on account of the increase in operating profitability of GGU and, to a lesser extent, the decrease in the contribution by Technology and Networks activities. This largely offset the increase in the cost of electricity. With this in mind, the operating margin rose to 26.5% during the year.

Net operating profit (Ebit) was up by 12.4% compared to December last year, totalling €203.8 million on account of the performance of gross operating profit, as discussed previously. The increase in amortisation expense is worth particular note on account of the increase in volume of owned operating assets.

Breakdown of backlog by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	7,049.2	7,149.6	-1.4%
International	13,263.5	8,211.5	61.5%
Total	**20,312.7**	**15,361.1**	**32.2%**

The backlog at year-end came to €20,312.7 million, 32.2% up on December 2021. This increase is mainly attributable to the international area, which grew by a remarkable 61.5% to €13,263.5 million following the incorporation of GGU, as well as other smaller growth in Colombia and Saudi Arabia.

2.1.7.2.2 . Financial Debt

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Net Financial Debt	1,642.8	1,247.6	395.2

Net financial debt increased by €395.2 million at year-end to €1,642.8 million, on account in the increase in payments in relation to growth investments and the incorporation of the operating debt of acquired companies, in particular the amounts related to the incorporation of GGU.

2.1.7.3. Construction

The Construction area contributed 9.4% of the FCC Group's Ebitda at the end of the business year. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 15 countries. Special mention should go to participation in major works like railways, tunnels, motorways and football stadiums that constituted a major part of the activity.

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	1,966.9	1,659.6	18.5%
Ebitda	122.8	102.6	19.7%
Ebitda Margin	*6.2%*	*6.2%*	*0.1 p.p*
Ebit	89.4	71.1	25.7%
Ebit margin	*4.5%*	*4.3%*	*0.3 p.p*

Revenue in the area was up by 18.5% to €1,966.9 million, largely due to the strong pace of project performance in Latin America and several European countries, offsetting the lower activity levels in Spain.

Breakdown of revenue by geographical area

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Spain	870.1	885.2	-1.7%
Rest of Europe and Others	501.7	419.2	19.7%
America	434.3	209.4	107.4%
Middle East and Africa	160.8	145.8	10.3%
Total	**1,966.9**	**1,659.6**	**18.5%**

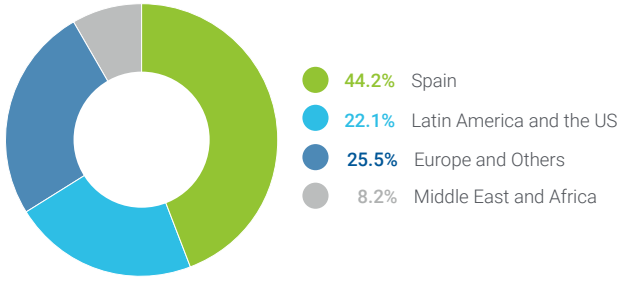
By geographical area, revenue in Spain contracted by 1.7%, to €870.1 million, despite the strong progress made with the remodelling of the Santiago Bernabéu football stadium.

In contrast, in the Rest of Europe and other markets, revenue grew by 19.7% year-on-year, coming to €501.7 million, mainly on account of the development of the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which offset the decrease in the contribution of other works, such as the Haren prison in Belgium, which came to an end.

In America, revenue grew significantly to €434.3 million, 107.4% up on the previous year, largely on account of the higher contribution of the Mayan Train project in Mexico combined with the sustained progress with works including the Toyo Tunnel in Colombia, the Lima Metro in Peru and the start of the RER-3 in Toronto (Canada).

The Middle East and Africa contributed to the increase in area's revenue, up by 10.3%, to €160.8 million. Progress with the Riyadh Metro is worth particular note, with its completion having been extended until April 2024, following an additional contract awarded to FCC Construcción worth more than €200 million; also responsible for the increase in activity in the future is the recent significant award of a railway tunnel in the Neom region, in the northwest of the country.

Breakdown of revenue by geographical area



Gross operating profit increased by 19.7% to €122.8 million compared to €102.6 million the previous year. This increase can be attributed to the evolution of income mentioned previously combined with upward adjustments in the degree of progress of certain international projects. As a result, the operating margin for the period increased by 6.2% year-on-year.

In turn, net operating profit totalled €89.4 million, compared to €71.1 million for the previous year, thanks to the performance of gross operating earnings, as mentioned previously.

Breakdown of backlog by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	1,817.3	1,368.0	32.8%
International	4,768.7	2,613.3	82.5%
Total	**6,586.0**	**3,981.3**	**65.4%**

The revenue backlog increased significantly at the end of December to €6,586 million, a significant increase of 65.4%; it did so in a general manner, although more markedly at an international level, mainly on account of the new contracts signed, including for the Neom Tunnel in Saudi Arabia, the Sotra bridge in Norway, the new railway contracts in Romania and the initial phase of the RER-3 project in Canada, as well as the increase in scope of the Riyadh Metro in Saudi Arabia and the Maya Train in Mexico.

Breakdown of the Backlog by Activity Segment *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Civil engineering works	5,569.7	3,301.6	68.7%
Building	503.9	426.3	18.2%
Industrial Projects	512.4	253.4	102.2%
Total	**6,586.0**	**3,981.3**	**65.4%**

By activity type, civil engineering continues to dominate, accounting for 84.6% of the total, concentrated in large public contracts in certain key and selective markets in Europe, America and the Middle East.

2.1.7.4. Cement

The Cement area contributed 2.3% of the FCC Group's Ebitda in the business year. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which operates a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	516.5	433.8	19.1%
Cement	*476.6*	*393.2*	*21.2%*
Other	*39.9*	*40.6*	*-1.7%*
Ebitda	30.3	76.1	-60.2%
Ebitda Margin	*5.9%*	*17.5%*	*-11.7 p.p*
Ebit	(203.3)	(90.3)	125.1%
Ebit margin	*-39.4%*	*-20.8%*	*-18.5 p.p*

Income in the area grew by 19.1%, coming to €516.5 million on account of the substantial increase in prices seen in the Spanish and Tunisian markets, although to a lesser extent; this helped to offset the decrease in volumes invoiced in both countries, combined with the strong performance of exports in both markets.

Breakdown of revenue by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	314.6	262.9	19.7%
Tunisia	62.6	57.8	8.3%
Miscellaneous (exports)	139.3	113.1	23.2%
Total	**516.5**	**433.8**	**19.1%**

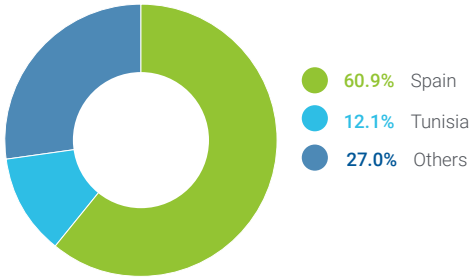
By geographical areas, in Spain, revenue increased by 19.7% to €314.6 million on account of the significant increase in prices, concentrated in the first half of the year; this offset the drop in volume invoiced.

In the local market in Tunisia, revenue grew by 8.3% to €62.6 million, due, as in the case of Spain, but more moderately so, to the increase in prices, helping to absorb the drop in demand.

Elsewhere, income from exports grew by 23.2% to €139.3 million on account of the strong performance of the prices of remittances sent to other European countries combined with an increase in shipments made from Tunisia.

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Breakdown of revenue by geographical area



In turn, gross operating profit/(loss) decreased to €30.3 million compared to €76.1 million the previous year. This decrease, in Spain, was caused by the significant increase in the price of electricity and fuel, which tempered towards the end of the year. In Tunisia, this was also due to the increase in the cost of both supplies, although the impact was more evident in the second half of the year. Furthermore, in 2022, no CO_2 rights were sold, compared to the €7.8 million sold the previous year.

Net operating profit/(loss) stood at -€203.3 million, mainly due to a €200 million adjustment to the value of various property, plant and equipment assets and goodwill, in order to reflect their estimated future cash generation capacity.

2.1.7.4.2. Financial Debt

(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Net financial debt	157.6	124.4	33.2

Net financial debt, in its entirety without recourse to the parent company of the Group, increased by €33.2 million compared to December the previous year, with a balance of €157.6 million at year-end as a result of the absorption of cash from operations and investments during the period, testament to a situation affected by very high energy costs.

2.1.7.5. Real Estate

The Real Estate area contributed 10.9% 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, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

2.1.7.5.1. Earnings

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	270.8	147.9	83.1%
Equity	106.7	17.2	N/A
Development and land	164.1	130.7	25.6%
Ebitda	142.6	40.0	N/A
Ebitda Margin	52.7%	27.0%	25.6 p.p
Ebit	165.7	298.3	-44.5%
Ebit margin	61.2%	201.7%	-140.5 p.p

The area's revenue came to €270.8 million at the end of the year, which represents significant growth year on year, due in large part to the aforementioned inclusion in the global consolidation perimeter of the Realia Group and Jezzine at the end of 2021, as well as the organic growth of rental income and increase in property development activity.

In Equity, revenue amounted to €106.7 million, compared to its low contribution the previous year, having included the contribution of Jezzine and the rental activity of the Realia Group during the year. Its income came mainly from the rental of Jezzine's branches for banking use and the income generated in the operation of Realia's offices and department stores. The average occupancy level was 94.3%, very similar to the previous year, with a leasable surface area that was equally very stable, coming in at over 550,000 m^2.

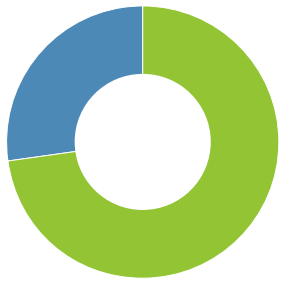
Residential Development and Land activity grew by 25.6%, to €164.1 million, on account of the increase attributable to the aforementioned consolidation of the Realia Group combined with an increase in the delivery rate of sold developments. In turn, land sales generated €35.9 million, up by 6.9% year-on-year. At year-end, the value of homes sold pending delivery came to €119.6 million, with growth of 11.7% compared to those pending delivery in December the previous year.

Similarly, Ebitda performed better this year, with a figure of €142.6 million, mainly on account of the contribution of the new Equity activity, with a much higher operating margin than property development. Thus, the operating margin stood at 52.7% for the period.

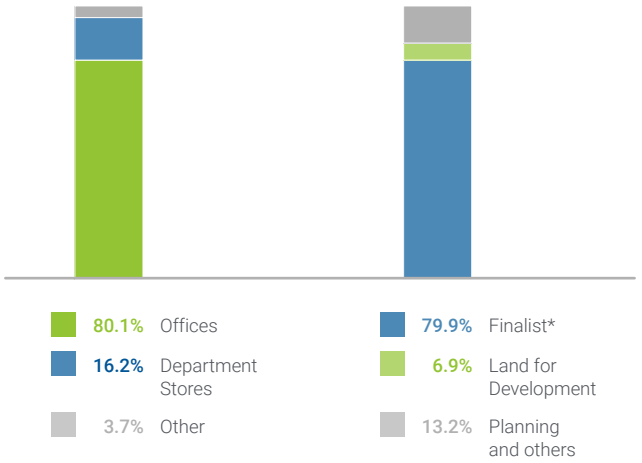
In turn, Ebit dropped to €165.7 million compared to €298.3 million in 2021, including the impact on accounts of €241.7 million following the increase in the registered value of Realia's rental assets to their fair market value at the time of their inclusion in global consolidation. This heading also includes the variation in the estimated fair value of rental property assets for the sum of €22.3 million during the year compared to €16.6 million in 2021.

Below, details are provided of the market valuation of the real estate assets in this area, which came to €2,978.5 million at 31 December 2022 (2.1% up year-on-year). The majority of this corresponds to rental assets, which account for 73% of the total, on €2,171.7 million, while Residential Development assets, which include land in the different stages of development as well as developments for sale, both in progress and finished, account for 27% of the total, on €806.8 million.

GAV per Activity



Equity



Residential Development

*Includes products in progress and finished products

2.1.7.5.2. Financial Debt

(Million Euros)

	Dic. 22	Dic. 21	Var. (Mn€)
Net financial debt	917.7	889.7	28.0

The balance of net financial debt at year-end stood at €917.7 million, up by €28 million compared to December the previous year. This amount includes the aforementioned purchase of a non-controlling interest in Metrovacesa. Most of the debt in the area can be attributed to equity subsidiaries, without recourse to the parent company of the FCC Group, accounting for a combined amount of €754.8 million at year-end, with the remainder corresponding to various interests acquired in subsidiaries and investees.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 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	%/Total
2022				
Environment	35,663	8,184	43,847	68%
Water Management	6,771	5,902	12,673	20%
Construction	3,872	2,787	6,659	10%
Cement	835	230	1,065	2%
Real Estate	101	0	101	0%
Central Services and Others	384	70	454	1%
TOTAL	**47,626**	**17,173**	**64,799**	**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 the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U. registered a promissory note programme which it renewed annually for an amount of up to €400 million; it also has financing facilities in the form of credit facilities.

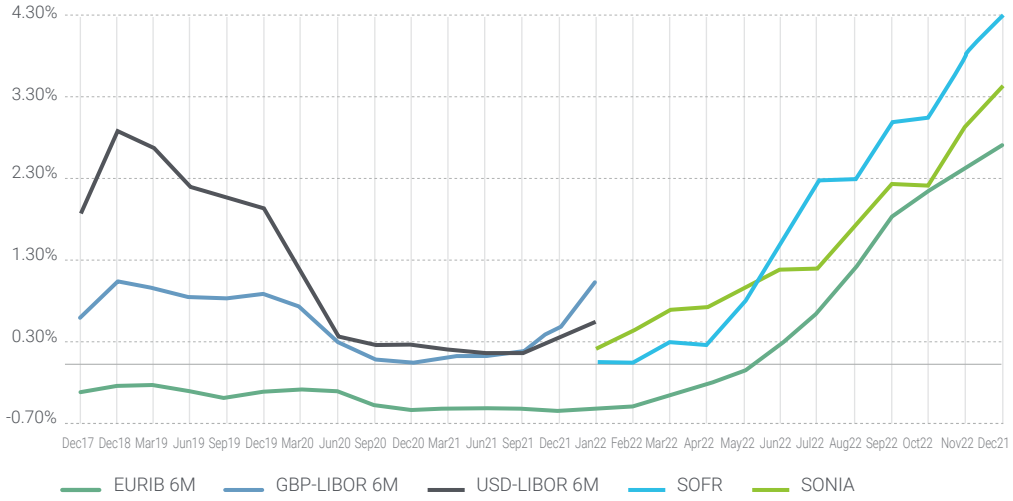
In addition, in 2021 Cementos Portland Valderrivas S.A. voluntarily repaid in advance all of its syndicated financing for a total of €115.5 million and arranged new bilateral financing facilities (Note 19 to the consolidated financial statements).

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 essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the 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 7.4 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 7.4 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 5.2 and 7 of the Non-Financial Information Statement.

5. Acquisition and disposal of own shares

On 15 June 2022, the company reported that the Board of Directors, at its meeting held on 14 June 2022, approved a temporary stock buy-back programme, valid for one year. This programme is aimed at reducing FCC's share capital through the redemption of its own stock and it has the following characteristics: the maximum number of shares to be acquired under the Programme is 2 million and the maximum investment of the Programme was €25 million. At 31 December 2022, the number of shares acquired under this programme came to 1,016,141.

As a result, the treasury stock position at 31 December 2022 amounted to 2,741,524 shares, equivalent to 0.625% of the capital stock.

Furthermore, pursuant to the resolution of the General Shareholders' Meeting held on 14 June 2022, the redemption of 1.7 million treasury shares was performed on 20 July, thus bringing the total number of capital stock, at the reporting date, to 438,344,983 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

There have been no significant events between the end of the year and the date of preparation of these financial statements.

7. Outlook

The outlook for the performance of the Group's main business areas in 2023 is given below.

Environmental Services Area

In the countries where the Environmental Services Area operates, the sector is undergoing a process of transformation, mainly due to the environmental requirements of each country derived from the European Directives (new opportunities based on the ambitious objectives set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

Moderate growth is expected in Spain based on the start-up of new contracts already awarded. In 2023, the new state tax on waste comes into force, which will entail an increase in the activities performed by treatment plants. The contract renewal rate, which currently stands at over 90%, is expected to be maintained.

No significant changes are expected in the structure of the domestic market, the aim being focused on gradually replacing the linear production model with circular models.

Europe

In Portugal, highlights included business opportunities related to soil decontamination activities and, to a lesser extent, new urban sanitation contracts. Consideration shall be given to any growth opportunities (including inorganic growth), especially if they can add value to the Group.

In the United Kingdom, in the environment area, despite leaving the EU, the country not only shares the EU's circular economy objectives and recycling targets, but aims to be more ambitious in terms of household waste recycling rates and the portion of waste to landfill, as well as being more aggressive in the timing of implementation. Since the launch of the Resource and Waste Strategy in 2018, the new "Environmental Law" was passed in 2021, which covers key aspects in environmental policy such as Extended Producer Responsibility ("EPR"), which will see producers cover 100% of the cost of the disposal of these products, starting with plastic packaging, the "Deposit Return Scheme" ("DRS"): payment for reusable packaging (single-use beverage containers), new fees for single-use plastics and the principle of consistency in collection systems. Taking the nature of the sector into consideration, strongly conditioned by environmental legislation, FCC will continue to pay close attention to legislative developments and its performance in these aspects, which will affect the future strategy in the field of waste recycling and the treatment thereof. Our division in the United Kingdom also continues to pursue its energy production strategy through waste treatment and disposal.

In Central Europe, greater emphasis will be placed on increasing energy efficiency as part of treatment processes, cost reduction and rate adjustments with customers. As a protection measure against rising energy prices, the EU has also set a ceiling on the sale price of electricity and gas, which will limit the margins generated at the Zistersdorf incinerator (Austria). The reduction in recycling prices (in particular paper and metals) seen towards the end of 2022 is expected to continue into 2023 until they return to the levels seen before the pandemic. Furthermore, an increase in rates is expected in practically all commercial activities on account of contractual flexibility (short duration for industrial clients) or the price clauses included in municipal contracts..

USA

When it comes to the USA, FCC has also 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 a European 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 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.

In December 2022, the Group's second acquisition in the US market was completed with the purchase of Houston Waste Solutions in Houston (Texas). HWS is one of the main commercial waste collection operators in the Houston metropolitan area, further enhancing the Group's significant growth in the commercial collection market, which already accounted for 20% of US revenue in 2022, in addition to providing significant synergies to the Group's recycling plant in the Texan city. Sales are expected to continue to experience significant growth in 2023.

Water

The outlook for 2023 is for the level of activity seen in 2022 to remain, having overcome the drop in consumption caused by the COVID pandemic. This situation will be reinforced by the new contracts incorporated into the perimeter during 2022, as well as the improvement in results, reinforced by the continuation of cost optimisation actions. We expect electricity tariffs to return to normal, meaning it is likely that they will be reduced.

In **Spain**, we were awarded new contracts in 2022, as well as renewals and extensions of contracts already in place across a total of 354 towns and cities, with a contracted backlog of more than €873 million. The contract renewal loyalty rate remains at very high levels (above 90%) in the municipalities in which it operates. In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

By 2023, **concessions** in Spain in the area of end-to-end water cycle service concessions are expected to maintain renewal rates similar to 2022, i.e. above 90%. In terms of new procurement, several contracts, currently operated by competitors, are expected to be tendered out. In addition, major water treatment works are expected to be tendered in Madrid. We also believe that a significant part of the managed municipalities will adjust their tariffs to reflect the increase in the CPI in 2022. Furthermore, during the first half of the year, subsidies for the 1st phase of the Strategic Projects for the Economic Recovery and Transformation for the digitisation of water for the urban and in the 2nd semester will be awarded, with the 2nd phase sent out to tender; we hope one of our bids will be successful.

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 is expected to continue on the Caltanisseta concession (Sicily), with the improvement and modernisation of the remote control and reading services of the facilities for more than 90,000 customers, as well as continuing with the conditioning of the general supply network.

In **France**, activity will be stepped up in the search for and selection of 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).

In **Georgia**, the results generated in 2022 are expected to be reproduced and the groundwork will be laid for the definition of a Master Infrastructure Plan, with a special emphasis being placed on the volume of investments to be made during the new regulatory period running from 2024 to 2026.

In **Saudi Arabia**, the management projects for the two clusters awarded to Aqualia from the six tendered by the National Water Company in 2022 will begin. In addition, the operation of the Jizan desalination plant will be consolidated and the operating agreement for three mobile desalination plants will begin along the Saudi coast.

In **Egypt**, following the completion of the start-up phase, the operation and maintenance phase of the Abu Rawash wastewater treatment plant, the largest in Africa, will continue. This phase is due to last three years.

In Latin America, the 20-year operating period of the Guaymas SWDP began in mid-2022 **(Sonora, Mexico)**. During 2023, the contract for the Comprehensive Improvement of Management Procedures (MIG) in Los Cabos (Baja California Sur) will begin and the operation of the El Realito aqueduct will continue. Furthermore, work will end at the Salitre WWTP **(Colombia)**. 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 within the Bogotá river decontamination programme in Colombia. New opportunities in end-to-end water cycle management will also be explored in Colombia.

In **Peru**, the preparation of private initiatives declared relevant in favour of Aqualia will continue, with 5 BOT purification contracts expected to be sent out to tender. From these five private initiatives, three entered the structuring phase in 2022; the pre-investment studies has been completed for one, deemed feasible; while the other is in the formulation phase.

Finally, in the USA, the search for and achievement of a first project is a priority objective. This is intended to create a launchpad for Aqualia's business in the country.

Construction

FCC continues to focus on the international market in countries and markets with a stable presence, and on the execution of projects with secured financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking the foregoing into consideration as well as the 65% growth in the order backlog in 2022, thanks to new long-term civil works contracts entered into, it is estimated that, in 2023, the turnover generated in Spain will improve on the figure recorded in 2022. In the foreign market, turnover in 2023 is estimated to improve on the figure recorded in 2022, on account of the development of large infrastructure works secured between 2020 and 2022 as well as the contribution of the markets in America (United States, Canada, Mexico, Chile, Peru, Colombia), the Middle East (Saudi Arabia) and Europe (Norway, the Netherlands, the United Kingdom and Romania).

Cement

In Spain, and based on the estimates of the Association of National Construction Companies and Infrastructure Concession Holders (SEOPAN), official tenders organised in 2022 exceeded those organised in 2021 by 27.9%. However, this increase in investment in nominal terms has been absorbed by the increase in construction costs. In turn, new construction permits dropped by 4% and are expected to fall by 6% in 2023. Looking to 2023, according to the draft general state budget, there is expected to be an increase in investment of 14% in public works, which, again, is likely to be largely offset by increased construction costs. Investment by local authorities and regional governments compared 2022 is expected to contract due to a possible slowdown after the election period. As a result, public investment will fall by 5% compared to 2022. According to data taken from the sector's employers' association, OFICEMEN, these effects are reflected in cement consumption, which stood at 14.9 Mt in 2022, down by 0.8% compared to 2021. For 2023, it is estimated that this figure will stand at 14.3 Mt.

In Tunisia, the domestic market stood at 5.5 million tonnes in 2021, down by 7.4% on 2021. For 2023, a volume similar to 2022 is expected to be seen. Tunisia is currently facing a challenging economic situation. Political instability is containing consumption to a minimum. In 2022, the national sales of the Cementos Portland Valderrivas Group came to 876 thousand tonnes, down by 7% on 2021, which partly offsets exports, which stood at 502 thousand tonnes, up by 31% on 2021, although exports over land to Libya fell by 50%, while maritime exports to the USA and Italy increased by 252 thousand tonnes.

In this context, Cementos Portland Valderrivas will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

Real Estate

FCC Inmobiliaria's actions for 2023 are focused on the development of its three business lines exclusively in Spain:

Office and shopping centre rentals

In the property area and in relation to service-sector assets (mainly offices and shopping centres), the backlog of which is prominent, management must be optimised to satisfy the new requirements of tenants.

In 2023, this will focus on supporting property subsidiaries to adapt their buildings and their businesses to the new trends in relation to the efficiency and sustainability of the office and shopping centre market and to adapt the commercial relationship with tenants, adapting the contracts to market requirements, such as the flexibility of spaces, duration, etc.

Real Estate Development

Over the course of 2023, development activity will remain at similar levels to 2022, 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

Throughout 2023, the marketing and operation of two new Build to Rent (BTR) projects will begin, with 195 subsidised housing units (VPPL-VPPB) for rent in Tres Cantos (Madrid); the investment in these projects stands at approximately €43 million, of which €9.9 million euros remains outstanding. It will be possible to acquire or develop new land for the purposes of residential rentals, provided that the uncertainties generated by the future State Law on the Right to Housing are cleared up. The operation of the BTR in relation to the 85-home residential building in Tres Cantos (Madrid) will continue. At 31 December 2022 100% of the homes in this building were rented.

8. R&D+I activities

The FCC Group's R&D&I activities in 2022 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 2022 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**
VALOMASK	**RECYGAS**
LANDFILL BIOFUEL	**SEALING OF MINING DEPOSITS**

In addition, new ones have been launched during 2022, which are summarised below:

- **RSUHOM:** Consists of the development of new construction products by recovering slag from the incineration of municipal solid waste. The main aim of the project is to reduce the environmental impact generated by the disposal of slag in landfills from the incineration of MSW to a minimum, through its recovery and integration as: aggregates for the production of concrete, mortar and precast concrete.
- **ECO2D4.0:** Seeks to develop comprehensive, final solutions by using priority waste from the Basque Country and an ecosystem for the operational and environmental monitoring of road infrastructures. The ultimate aim of the project is to research and develop digitised ECO-highways products, analysing the technical and market feasibility of reusing the main waste streams.

- **MINETHIC:** Consists of promoting the recovery and reuse of strategic mineral resources for the ecological transition. The general aim is to investigate new sources of unconventional industrial and urban mining raw materials for the Ecological Transition, covering the entire value chain: pre-treatments to concentrate materials of interest and eliminate interference, separation, recovery and purification treatments and the validation of the recovered materials in final applications (permanent magnets, cathodes, catalysts, etc.). New technologies are due to be investigated that facilitate the recovery reuse of MPC from mineral resources, by-products and waste streams, as well as the integration of digital technologies, promoting a sustainable, efficient and local supply of MPC.
- **ECLOSION:** Consists of the development of new materials, technologies and processes for the generation, storage, transport and integration of renewable hydrogen and biomethane from waste.

In the field of specialised machinery for waste collection activities there is a new project:

- **8 m^3 IRRIGATION AND WASHING TANK ON 2-m WIDE PURE ELECTRIC CHASSIS:** consists of the development of a new tank made from aluminium, for the irrigation and washing of streets using jet washers and front-mounted cones, upper pole and double rear reel measuring 2 metres in width (one of a kind on the market), on a pure electric chassis with state-of-the-art European-made ion battery lithium, also measuring two metres in width and MAM of 18 tonnes ("registerable" for 19 tonnes).

There is another new project in Industrial Waste activity:

- **PV4INK:** Consists of recovering materials obtained from the treatment of photovoltaic panels by developing nanoparticle-based conductive inks. The aim is to study and develop technologies that allow the different value elements present in PV modules to be harnessed. In this case, the proposal will be structured around the recovery of the Ag contained in the PV modules to obtain solutions with a high content of this metal, as a potential secondary raw material for use in the electronics sector (conductive inks).

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 2022 are listed below:

- **H2020 SCALIBUR:** The project, led by the Itene technology centre, involved 21 partners from 10 countries to implement waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focussed on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to promote the circular economy.

  As part of this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), testing improvements in thickening and dual digestion across two stages that facilitate sanitation. Simplified sludge stabilisation technologies have also been developed, without concrete structures for small treatment plants. The project has facilitated initial innovation activities at SmVaK in the Czech Republic, with prototypes at WWTP Karviná to convert organic matter into by-products such as fertilisers and bioenerg.
- **RIS3 RECARBÓN:** Financed by the Asturian agency IDEPA with FEDER funds from the RIS3 programme and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), as part of this project, Aqualia has validated pollutant adsorption methods with regenerated activated carbon and bio-char, developed by INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre). These sustainable and affordable adsorbents have been tested for biogas cleaning in the WWTPs of Chiclana, Lleida and Jerez, and also in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

The bio-char has been tested in innovative micro-pollutant adsorption units with the results having been verified applying new advanced analysis methods developed by Aqualia's accredited laboratory in Oviedo. Furthermore, new sensors for real-time monitoring have been validated at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI WATER – MARADENTRO:** The project "Managed Aquifer Recharge: ADrEssiNg The Risks Of regenerated water" was led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, involving partners in France, Italy and Sweden to optimise soil as a tertiary risk management unit.

  A 400 m^2 infiltration system has been constructed at the Medina del Campo WWTP for advanced risk management of treated water, facilitating its reuse in aquifer recharge, compared to conventional tertiary treatment. Scientific institutes have developed system design and simulation tools to optimise the operation and reduce the costs of emerging pollutant removal.

- **UE MSCA - REWATERGY:** In addition to technological development, this latest project focusses on scientific training as part of the H2020 Marie Sklodowska Curie programme organised by European academic networks. In the network led by Rey Juan Carlos University, Aqualia participated as an industrial partner hosting two PhD researchers undertaking their practical work at the company's purification plants:

  – methods for the adsorption of ammonium from wastewater and its conversion into hydrogen were developed at the Lérida WWTP, in cooperation with the University of Cambridge,

  – photo-disinfection and electro-disinfection processes were assessed at the Jerez WWTP to eliminate micro-pollutants from drinking water or wastewater, with support from the University of Ulster

- **LIFE ULISES:** Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support Aqualia as coordinator to transform conventional WWTPs into "bio-fertiliser and energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pre-treatment with the PUSH reactor has been implemented at the WWTP in El Bobar, Almeria, operated by Aqualia. These reactors have also been successfully evaluated in Portugal, first at two WWTPs operated by Aguas de Algarve, and later at the Cartaxo WWTP, operated by Aqualia.

  To improve the energy balance in Almería, bio-methane is used for the purposes of vehicle fuel with an ABAD BioEnergy refining system and a dispenser. As part of fertiliser production strategies, struvite precipitation, enzymatic hydrolysis and solar disinfection techniques using a Fresnel lens have been developed.

- **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 wastewater treatment process. Led by Aqualia, the AIMEN and CENTA technology centres and the University of Aarhus (DK) 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.

  The Talavera WWTP, managed by Aqualia, operates the demonstration platform for 16 technologies, comparing different systems (wetlands, algae, reactors with biofilms or granular sludge). Simultaneously, the wetlands are also tested at CENTA in Seville, to quantify the climate effect and compare different pre-treatment options (Push, Imhoff).

- **BBI B-FERST:** Fertiberia leads the project to develop new biofertilisers from urban wastewater and by-products from agri-food industries as leader with the participation of Aqualia and ten partners from six different countries. The potential of raw materials recovered from municipal waste and effluents in the production of fertilisers in three countries (Spain, Italy and Czech Republic) is analysed. A struvite precipitation system is also operated at the Jerez WWTP, managed by Aqualia, to incorporate the phosphorus recovered in a new Fertiberia bio-fertiliser demonstration plant in Huelva.

  Checks have been performed to verify the conditions under which samples of Aquavite® comply with the limits set out in Law 2019/1009 on fertiliser products, in P2O5 content (16%) and in the presence of pathogens, testing the disinfectant effect of an infrared thermal dryer. This by-product is being used for the recovery of land in Ávila after a forest fire, and agri-food sludge is characterised, as well as waste from the Coosur WWTP (Jaén) operated by Aqualia to incorporate these into Fertiberia's formulations.

- **BBI DEEP PURPLE:** Led by Aqualia and supported by thirteen partners from six countries, the project implements on a demonstration scale a new bio-refinery model, which integrates purple phototrophic bacteria (PPB) in anaerobic carrousel-type systems. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

At WWTPs managed by Aqualia, an initial prototype of the photobioreactor has been optimised at the Toledo-Estiviel WWTP, with a demonstration reactor that is ten times bigger having been built at the Linares WWTP. At the same time, demonstration activities are being prepared at the Badajoz WWTP and at SmVaK in the Czech Republic.

- **H2020 ULTIMATE:**In the Smart Water Economy call, Aqualia participates in two of the five selected consortia, grouped into the CIRSEau cluster, with each one receiving up to €15 million of EU support. In Ultimate, the Dutch technology centre KWR coordinates 27 partners implementing nine innovative demonstrations of synergies between water utilities and industries.

  At the Mahou WWTP in Lérida, Aqualia has set up a fluidised anaerobic reactor (FBBR/Elsar) is being installed on an industrial scale, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Studies are ongoing in relation to the co-digestion of residual yeast and support for AITASA in Tarragona, where Aqualia has built a new treatment plant for industrial effluents, which could later be used to supply ultrapure water to the factories at the petrochemical industrial complex.

- **H2020 REWAISE:** Aqualia is leading the project as part of the EU's Smart Water Economy programme with the largest business participation, coordinating water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) from the twenty-four entities that make up the consortium. Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in "Living Labs" including Aqualia's operations in Asturias, Badajoz, Canary Islands, Denia, Salamanca or Vigo.

  Rewaise reinforces Aqualia's strategic lines of technological development, such as the sustainable desalination and reuse of new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of the operation and control of processes and networks to optimise service efficiency and water quality. At the Balaídos industrial hub, an AnMBR reactor has been installed to recover resources from urban effluents from the Citroën/Stellantis factory.

- **H2020 SEA4VALUE:** As part of this project, 100% financed by EU funds, the EureCat technology centre coordinates fourteen partners from seven countries to recover resources from brine concentrated in seawater desalination plants (SWDP). Currently at a basic scientific level, at least eight innovative technological solutions are being developed 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 purity that allows their exploitation on the market.

  As part of this project, the Aqualia Desalination Innovation Centre in Denia has been reinforced and a new testing platform has been implemented in Tenerife to analyse the technical and economic impact of more sustainable desalination methods as well as new solutions for the recovery of brines. With pilot units at different SWDPs operated by Aqualia, work is being done on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimising the remineralisation of permeate with micronised calcite, reducing CO_2 consumption, turbidity and the size of the installations.

- **H2020 NICE:** The Nice project generates scientific knowledge on nature based solutions (NBS), such as wetlands or green walls for the purification and recovery of resources from urban wastewater. Led by the CETIM technology centre with 14 partners across 9 countries, these solutions aimed at sustainable cities will be implemented in a dozen sites, including Aqualia facilities in Algeciras, Benalmádena, Madrid, Talavera or Vigo. The pilots integrate developments from SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **LIFE PHOENIX:** The Aqualia-led project, supported by the technology centres CETIM and CIESOL, optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). In order to assess various effluents, from Aguas de Portugal, the Almeria Provincial Council and the Guadalquivir River Basin Federation, several mobile plants are being built, combining physical-chemical treatment of 50 m^3/h with advanced filtration of 30 m^3/h, to be combined with various ultra- and nanofiltration membrane refining skids.

In addition, Newland's European subsidiary Entech is testing with O3 ozone and UV ultraviolet modules, which enable advanced oxidation and disinfection. A sensor from the Dutch SME MicroLan is also being tested for online microbiological measurements and the continuous monitoring of the quality of reused water, responding to the risk control required under the new EU standard.

- **LIFE ZERO WASTE WATER:** As part of a collaboration between Aqualia, as the leader, and Canal Isabel II, the project has installed a combined treatment unit at the Valdebebas WWTP for Urban Waste Water (UWWW) and the Organic Fraction of Solid Urban Waste (FORSU). For the purposes of purification with a neutral carbon footprint, an AnMBR anaerobic reactor is supplied with 50 m^3/d , producing biogas, followed by the ELAN process in the water line to remove nitrogen while consuming a low volume of energy. The assessment will assess the management of FORSU, using the sewerage system to transport the mixture of organic matter in a single stream.

  In addition to the Universities of Valencia (co-holder of the AnMBR patent) and Santiago (co-holder of the ELAN patent) the Portuguese SME Simbiente is participating to develop an advanced management system, combined with on-line monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems)..

- **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 Aqualia-led project boasts the participation of the ITG technological centre (Fundación Instituto Tecnológico de Galicia) and public operator VCS (Vand Center Syd AS) in Odense (Denmark). As part of Aqualia's operations in Moaña (Pontevedra), sensors (speeds, flows, levels, etc.) will be installed across the sewerage network to monitor and model its behaviour, with a view to developing a flexible flow management model.

  A 500 m^3 aerobic granular reactor is also being built at the Moaña WWTP to treat up to 2,000 m^3/d of wastewater. Compared to conventional activated sludge, this advanced biofilm system multiplies the biological treatment capabilities several times over, improving the WWTP's ability to adapt to charge variation and limiting the space requirements for its implementation. The environmental impact of the risk management process is also significantly reduced by reducing energy needs and avoiding greenhouse gas emissions.

- **LIFE INFUSION:** After completing the Life Methamorphosis project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) asked to extend the operation of the pilots to prepare the designs for several new plants to recover resources from municipal solid waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system is optimised with Aqualia, AnMBR and ELAN technologies, with the addition of an ammonium stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to assess the options for implementing the lixiviate management solutions in their plants.

- **EFLUENT-EX:** Financed using RIS3 regional specialisation ERDF funds, the autonomous community of Extremadura is committed to a Circular Green Economy and supports the production of clean energy using organic and agro-industrial waste. As part of the E-fluent-EX project, Aqualia investigates different technologies to convert WWTPs into bio-factories and renewable energy sources, promoting sustainable mobility using green biofuels.

  At the Badajoz WWTP managed by Aqualia, solar solutions have been installed to heat the digesters, using photovoltaic panels and a solar drying and sanitisation system with a Fresnel lens. Digestion is also optimised using agro-industrial co-substrates, assessing the inventories and characteristics of waste generated by wineries, fruit processing, tomato, cheese making and agro-livestock facilities, with a view to maximising the production of biomethane and hydrogen. In relation to the products of digestion, an innovative biogas upgrading technology is being developed using Ionic Liquid-Based Materials (ILs) for the adsorption and deodorisation of CO_2 in a continuous and controlled manner. Solid waste is transformed into carbonaceous materials (biochar) applying different thermal processes: hydro-carbonisation, pyrolysis and activation.

- **ECLOSIÓN:** the main aim is to create new materials, technologies and processes for the generation, storage and transport of renewable and autochthonous 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.

The Aqualia-led consortium is made up of eight companies, including FCC Medio Ambiente, CADE, Ghenova, ARIEMA, H2B2, Idecal and MindCaps and will undertake research at four development centres, the Valladolid Waste Treatment Plant, managed by FCC Medio Ambiente; and the treatment plants in Salamanca, Lleida and Jerez de la Frontera, managed by Aqualia. The project aims to research bio-electrochemical processes for the generation of renewable gases, thermochemical treatment with supercritical gasification and new separation and storage processes for the gas mixtures produced to generate high-quality pure gases.

- **ZEPPELIN:** 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, refineries, etc.). The aim is to improve the efficiency of how this energy vector is produced, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and hydrogen storage.

  Applying new models for obtaining green hydrogen complementary to electrolysis with renewable energies, decarbonisation is fomented under the principles of the circular economy and digitisation. The consortium, led by Aqualia, includes seven key companies in the hydrogen value chain, such as Repsol, the leading hydrogen producer and consumer in Spain; Naturgy, Redexis and Reganosa, as gas distributors; and other technological partners such as Norvento, Perseo and Técnicas Reunidas. The companies collaborate with nine research organisations (including CETIM, CIEMAT, EnergyLab, CIDAUT, and IMDEA-Energia) to implement several innovative hydrogen production pilots at the Algeciras WWTP, managed by Aqualia, capable of supplying major hydrogen consumers in the area such as Acerinox, Viesgo, Air Liquide, Linde, as well as port companies.

- **CHEERS:** a development project focussed on a zero waste biorefinery, coordinated by Mahou San Miguel, a Spanish beer manufacturer, in collaboration with 10 partners across 5 European countries, including Aqualia/Hidrotec, the Ainia technology centre and the University of Valladolid. Inspired by the biodiversity of nature (insect and microbe platforms), the aim is to reuse underutilised or waste secondary streams such as bagasse, wastewater, CO_2 and CH4 from the brewing industry for their conversion into five innovative bioproducts that are competitive on the market: insect protein, disinfectant, microbial protein, ectoin and caproic acid. As well as validating new sustainable transformation bioprocesses at a demonstration scale, the aim is to achieve a 50% reduction in the carbon footprint of each value chain.

- **D4RUNOFF** Data driven hybrid nature based solutions for preventing and managing diffuse urban runoff) develops tools to quantify, avoid and manage diffuse pollution created by urban runoff waters. Led by public water company Vand Center Syd (VCS) in Odense (Denmark), it brings together 12 partners across 5 countries, including Aqualia/Hidrotec, the Technological Institute of Galicia (ITG), the University of Cantabria and Catalan SME Mitiga, a specialist in risk control software.

  The work programme includes the development of new analytical methodologies by Hidrotec, the online measurement of indicators of micro-pollutants and bioplastics, and the implementation of preventive strategies to reduce diffuse contamination employing multicriteria analysis and Artificial Intelligence. The Nature Based Solutions (NBS), will be validated at three sites, in Odense (Denmark), Santander (Spain) and Pontedera (Italy), replicating those in Algeciras (Spain), Ostrava (Chequai) and Cairo (Egypt).

- **NINFA:** (TakiNg actIoN to prevent and mitigate pollution of ground wAter) develops ways of monitoring and protecting groundwater, starting with the measurement, modelling and treatment of different pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, microplastics 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 the risks of multiple disturbance factors, employing predictive methodologies to increase resilience and implement treatment and mitigation solutions.

  The project is being coordinated by the Leitat Technology Centre and brings together 9 other partners across 6 countries. Aqualia participates through its Hidrotec laboratories, in cooperation with the municipality of Los Alcázares (Murcia) located on the shores of the Mar Menor. Collaboration between Aqualia France and the Mines-Télécom Atlantique Institutes in Brittany (Brest, Rennes and Nantes).

Furthermore, in 2022 two new patents were requested, while news of four proposals submitted in previous years remained pending.

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 2022 work was undertaken as part of 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.

In relation to the National Projects undertaken during 2022, the development of the following projects is worth particular note:

- **BICISENDAS:** within the CDTI's CIEN 2018 programme, the aim of which is to *develop a sustainable, energy self-sufficient, intelligent, cleaner, integrated and safe cycle lane.*
- **ONLYBIM:** part of the regional programme of IDEPA of the Principality of Asturias whose objective is the development of a module for the design and execution of non-linear works under BIM methodology.
- **ACUSCOIN/ECO:** developed by MATINSA and approved by CDTI, the aim of which is to research an acoustic emission system for assessing corrosion in reinforced concrete infrastructures.
- **DESIRE:** developed by FCC Industrial and Infraestructuras Energéticas approved by CDTI, its objective is to develop a prototype of a basic RPAS simulator that, with the use of the software developed and the prototype of mixed reality glasses and the tracking system, complements the information presented to the RPAS pilot and the camera operator.
- **CYBERSEC:** developed by FCC Industrial and Infraestructuras Energéticas and approved by CDTI of the CIEN programme, this project entails research into various technologies, techniques, tools, methodologies and knowledge aimed at developing technological solutions for securing against cyber-attacks in highly critical connected environments, such as Industry 4.0, smart cities or critical infrastructures.
- **SAIM:** developed by MATINSA and approved by CDTI, aiming to develop a new technological solution to aid environmental management of coastal areas that allows the ecological characterisation of the environment automatically and in real time using information from a new sensorised data collection system, a new satellite information processing algorithm and a new computational simulation model.
- **ECOLOGÍA COTORRAS:** developed by MATINSA and submitted to 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.

- **PRACAN:** presentado a proyectos de Cooperación de CDTI y cuyo objetivo es el desarrollo de una plataforma robótica de identificación, control y seguimiento de agentes cancerígenos en entornos de construcción. Esta plataforma estará basada en un conjunto de nodos móviles, uno terrestre y otro aéreo, con la capacidad de identificar/estimar agentes cancerígenos, concretamente amianto y sílice cristalina respirable (SCR) y un sistema de toma de decisiones y configuración de alarmas para los técnicos de prevención de riesgos laborales (PRL) que activará protocolos de actuación y recomendaciones
- **ROBUST:** presentado a proyectos de Cooperación del CDTI y cuyo objetivo es el desarrollo de un sistema de mapeo georreferenciado y seguimiento automatizado para entornos confinados, fundamentalmente túneles y zanjas. Para ello, se pretende utilizar una nueva tecnología de monitorización que requerirá el desarrollo y despliegue de robots aéreos autónomos (drones), así como el diseño y desarrollo de sistemas de control y algoritmos para la comunicación con los robots.
- **EDIFICTECH:** proyecto colaborativo presentado en CDTI que desarrolla una nueva solución tecnológica 4.0 para el sector de la edificación basada en la gestión conectada y centralizada para la instalación de fachadas

Las actuaciones de I+D+i están contempladas de manera expresa dentro del Sistema de Gestión y Sostenibilidad en el procedimiento PR/FCC-730. La Empresa tiene el Certificado del Sistema de Gestión I+D+i: Requisitos del Sistema de Gestión I+D+i de acuerdo a la norma UNE 166002:2021 emitido por AENOR, Asociación Española para la Normalización y la Certificación. También MATINSA y FCC Industrial e Infraestructuras Energéticas cuentan con el certificado del Sistema de Gestión de la I+D+i, según UNE 166002:2021.

Cement

In 2022, 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, began.

The aim of this project is to develop scenarios for the potential deployment of CO_2 capture, use and storage technologies (CAUC) in the sector, evaluating their possibilities and associated costs.

Furthermore, the European **BIORECO2VER** project as part of the HORIZON 2020 programme came to an end; the Cementos Portland Valderrivas Group had participated in this project, which had been extended due to the impact of the COVID-19 pandemic and whose aim was to obtain alternative processes for the more sustainable commercial-scale production of certain chemical products based on the capture of industrial CO_2 emissions.

As part of the development of different strategies for the production of isobutene and lactic acid, milestones were achieved including increased productivity in the generation of isobutene or the definition of a test bench for the pre-treatment of exhaust gases in the cement industry with a view to concentrating CO_2 and eliminating O2 and impurities.

Work has now been completed on the technical-economic analysis and the replication of the process. The results are structured around the virtual **BIORECO2VER** plant, which, in turn, is based on hypotheses, the output of the metabolic models developed and the experimental results obtained.

The life cycle analysis sustainability assessment has been completed and the social acceptance and public perception of CO_2-based products has been subject to evaluation. A number of points were drawn up to implement a good marketing strategy and an education campaign for consumer products that include captured CO_2.

Outreach and communication activities continued and two final stakeholder events were organised in the form of a hybrid event and a free online webinar, at which attendance was high (each receiving more than 200 attendees).

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. 2022	Jan. – Dec. 2021
Closing price (€)	8.82	10.68
Change in the period	(20.4%)	31.9%
High (€)	11.02	11.00
Low (€)	7.58	7.91
Average daily trading (no. of shares)	51,109	69,303
Average daily trading (million euros)	0.5	0.7
Capitalisation at end of period (million euros)	3,866	4,711
No. of shares circulating at 30 June	438,344,983	425,173,636

Prices adjusted for 2021 and 2022 scrip dividends

9.2. Dividends

The Company's Board of Directors, at its meeting held on 14 June 2022, agreed to implement the agreement on the distribution of the scrip dividend adopted at FCC's General Shareholders' Meeting on 14 June 2022, in item 4 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. The holders of 97.94% of the free allocation rights opted to receive new shares, a very similar percentage to the previous years, in recognition for their confidence in management and the Group's value creation potential. Therefore, the paid-up capital increase was for 14,871,347 shares, bringing the total number of shares of capital stock to 440,044,983 shares on 12 July.

Subsequently, pursuant to the resolution adopted at the General Shareholders' Meeting held on 14 June 2022, the redemption of 1.7 million treasury shares was completed on 20 July, thus taking the share capital, on the reporting date, to 438,344,983 shares (see Acquisition and Disposal of own shares) (Note 17 to the consolidated financial statements).

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. 2022	Dec. 2021
Operating profit/(loss)	**610.5**	**802.2**
Amortisation of fixed assets and allocation of grants for non-financial and other assets	512.1	443.9
Impairment and gains/(losses) on disposal of fixed and non-current assets	174.9	-123.5
Other gains/(losses)	13.9	4.0
Ebitda	**1,311.4**	**1,126.6**

Ebit

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

Backlog

The FCC Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction areas because these businesses are characterised by medium and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to 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.

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.

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.

Voluntary turnover rate

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

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

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=1&nif=A-28037224

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, 2022

Building a better working world

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Fomento de Construcciones y Contratas, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2022, 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, 2022 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of goodwill of Corporación Uniland

Description

As explained in note 6 to the accompanying consolidated financial statements, "Goodwill" in the consolidated balance sheet as at 31 December 2022 included the goodwill arising from the cash-generating unit Corporación Uniland (CGU), in the Cement business, with a carrying amount of 29,593 thousand euros. Impairment of goodwill amounting to 196,288 thousand euros was recognized in 2022.

Group management tests goodwill for impairment at least at the end of each reporting period and recognises and impairment at the lower of recoverable amount, estimated on the basis of the present value of the expected future cash flows from the CGU to which it is allocated, and carrying amount.

The determination of recoverable amount requires Group management to make complex estimates using judgements to make the assumptions underlying those estimates.

Given the significance of the amount involved and the inherent complexity of the estimation process in determining the recoverable amount of goodwill, we determined this to be a key audit matter.

Disclosures on the measurement standards applied and key assumptions for determining the impairment of goodwill are provided in notes 3.b and 6.b to the consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Group management to determine the recoverable amount of goodwill and assessing the design and implementation of the relevant controls in place in that process.
- Reviewing the model used by Group management to determine recoverable amount with the involvement of our valuation specialists and paying particular attention to the model's mathematical coherence and the reasonableness of the cash flow projections, discount rates and long-term growth rates. In conducting our review, we interviewed the persons in charge of preparing the model and used reliable external sources and other available information to cross-check the data used.
- Reviewing, retrospectively, the estimates made in previous periods to identify potential biases in the assumptions used by Group management.
- Reviewing the sensitivity analyses performed by Group management of the estimates made in determining recoverable amount to changes in the key assumptions made.
- Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

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Recoverability of the deferred tax assets of the Spain Tax Group

Description

As explained in note 23 to the accompanying consolidated financial statements, at 31 December 2022 the Group recognised deferred tax assets on the consolidated balance sheet for the Spain Tax Group amounting to 584,340 thousand euros.

According to the accounting policy described in note 3.q to the accompanying consolidated financial statements, the Group recognises deferred tax assets except in cases where there are reasonable doubts about their future recovery.

The assessment made to determine the recoverable amount of these assets requires Group management to make complex judgements regarding the estimates of the future taxable profit of the companies comprising the Spain Tax Group based on financial projections and business plans considering applicable tax laws and accounting standards.

Given the complexity inherent in management's projections of business performance to estimate future taxable profits of the companies comprising the Spain Tax Group and the significance of the amounts involved, we determined this to be a key audit matter.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Group management to assess the recoverability of deferred tax assets and assessing the design and implementation of the relevant controls in place in that process.
- Assessing the reasonableness of the key assumptions used by Group management to estimate the period for recovering deferred tax assets, focusing on the economic, financial and tax assumptions used to estimate the future taxable profits of the Spain Tax Group based on budgets, business performance and historical experience.
- Assessing, with the involvement of our tax specialists, the key assumptions made by Group management regarding applicable tax laws.
- Assessing the sensitivity of the results to reasonably possible changes in those assumptions.
- Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

Recognition of revenue from long-term contracts in the Construction business area

Description

As explained in note 3.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.

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Given the significance of the amounts involved since this affects a large portion of total "Revenue" and the measurement of completed work pending certification recognised under "Trade and other receivables", which amounted to 333,215 thousand euros at 31 December 2022, and the complexity required to make these estimates, which requires Group management to make judgements in determining the assumptions used, which means changes in those assumptions could give rise to material differences in the amount of revenue recognised, we determined this to be a key audit matter.

Information on the applicable measurement standards and the disclosures for revenue are provided in notes 3.s and 26 to the accompanying consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Group management to recognise revenue, assessing the design and implementation of the relevant controls in place in that process, and verifying the operating effectiveness of those controls for the main components of the Group that have this type of contract.
- Selecting a sample of projects from the Group's main components with this type of contract, for which we obtained the related contracts to read and understand the most important clauses and their implications, and, e.g. budgets, internal assessments of revenue recognition, certifications, follow-up presentations on the execution of projects and amounts received.
- Assessing for these contracts the reasonableness of Group management's assumptions through meetings with technical staff and project managers, and analysing the reasons for deviations between originally planned and actual costs and their impact on estimated project margins.
- Assessing the reasonableness of estimates of completed work pending certification recognised as revenue at year-end, checking the status of negotiations of the main customer contracts, and reviewing the reasonableness of documents supporting the probability of recovery.
- Assessing the reasonableness of Group management's approach for recognising and measuring contract modifications and claims submitted, covering especially the estimate of amounts expected to be recovered and the probability of success.
- Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

Measurement of Investment properties and Inventories

Description

At 31 December 2022, the Group recognised an amount of 2,122,854 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 763,867 thousand euros under "Inventory" relating to land, developments in progress and other properties held for sale or inclusion in a real estate development.

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Group management determines the fair value of investment properties on a half-yearly basis by reference to appraisals performed by independent experts to reflect current market conditions at year-end. It also determines whether an item of inventory is impaired by engaging independent experts to estimate the fair value of the main assets included in inventories.

Given the significance of the amounts involved and the complexity of the process used to identify indications of impairment and measure investment properties and inventories to determine recoverable amount for the purpose of assessing potential impairment, which requires Group management and independent experts to make significant estimates in applying judgements to determine the assumptions used (in particular, assumptions underlying estimated rents, discount rates and exit yields used for investment properties and, development, construction and marketing costs for inventories, and the periods used to estimate future cash flows from investment properties), we determined this to be a key audit matter.

Information on the measurement standards for investment properties and inventories is provided in note 3.j to the consolidated financial statements. Information on the approaches and main assumptions used in the valuations and sensitivity analyses is provided in notes 8 and 14 to the consolidated financial statements.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Group management to determine whether there are indications of impairment and to determine the recoverable amount of items of "Investment properties" and "Inventories", and assessing the design and implementation of the relevant controls in place in that process.
- Reviewing the appraisal models used by independent experts to determine recoverable amounts, with the involvement of our valuation specialists, covering especially, for a sample of the appraisals performed, the model's mathematical coherence, and assessing the reasonableness of the rents used and/or the peers used, the discount rates and exit yields for investment properties, and the development, construction and marketing costs and periods used to estimate the future cash flows associated with land held in inventories, and analysing the sensitivity analyses performed by independent experts, including the performance of valuation testing procedures, where necessary.
- Reviewing, for a sample of appraisals by independent experts, whether the rents used in the valuations take into account lease contracts in force.
- Reviewing the disclosures made in the notes to the consolidated financial statements in conformity with the applicable regulatory financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2022 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

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Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the 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 2022 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.
- 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.

Building a better working world

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 2022 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 2022 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.

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 23, 2023.

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 24, 2023

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Fomento de Construcciones y Contratas, S.A.

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Balance sheet at year-end 2022

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022 (in thousands of euros)

ASSETS	31/12/2022		31/12/2021	
NON-CURRENT ASSETS		**3,606,009**		**3,583,670**
Intangible assets (Note 5)		**5,496**		**7,705**
Property, plant and equipment (Note 6)		**26,762**		**27,962**
Land and buildings	11,718		11,765	
Other intangible assets	15,044		16,197	
Long-term investments in Group companies and associates (Notes 9.a and 18.b)		**3,418,265**		**3,474,792**
Equity instruments	3,002,856		3,080,151	
Loans to companies	415,409		394,641	
Long-term financial investments (Note 8.a)		20,414		22,943
Deferred tax assets (Note 15)		135,072		50,268
CURRENT ASSETS		**302,527**		**446,774**
Trade receivables and other accounts receivable		**88,848**		**170,428**
Trade receivables for sales and services (Note 17)	8,042		808	
Customer receivables, Group companies and associates (Note 18.b)	26,186		23,631	
Receivables from the public administrations (Note 15.a)	54,023		145,224	
Other receivables	597		765	
Short-term investments in Group companies and associates (Notes 9.b and 18.b)		**199,452**		**208,413**
Short-term financial investments (Note 8.b)		**3,644**		**6,173**
Cash and other cash equivalents		**10,583**		**61,760**
TOTAL ASSETS		**3,908,536**		**4,030,444**

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2022.

Balance sheet at year-end 2022

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022 (in thousands of euros)

EQUITY AND LIABILITIES	31/12/2022		31/12/2021	
EQUITY (Note 10)		**2,356,749**		**2,340,256**
Shareholders' equity		**2,356,749**		**2,340,256**
Capital		**438,345**		**425,174**
Share premium		**1,673,477**		**1,673,477**
Reserves		**2,619,098**		**2,386,556**
Shares and equity interests		**(27,264)**		**(26,674)**
Prior years' losses		**(2,392,774)**		**(2,392,774)**
Profit for the year		**45,867**		**274,497**
NON-CURRENT LIABILITIES		**917,811**		**944,876**
Long-term provisions (Note 11)		**110,896**		**137,997**
Non-current payables (Note 12)		**29**		**29**
Long-term payables to Group companies and associates (Note 9.c)		**806,479**		**806,479**
Deferred tax liabilities (Note 15)		**407**		**371**
CURRENT LIABILITIES		**633,976**		**745,312**
Short-term provisions		**2,069**		**1,698**
Current payables (Note 12)		**180,117**		**230,563**
Debt instruments and other marketable securities	23,200		30,000	
Bank borrowings	155,837		200,076	
Other financial liabilities	1,080		487	
Short-term payables to Group companies and associates (Notes 9.d and 18.b)		**413,058**		**488,048**
Trade and other payables		**38,732**		**25,003**
Suppliers	2,861		1,659	
Suppliers, Group companies and associates (Note 18.b)	11,964		3,115	
Other payables to public administrations (Note 15.b)	2,924		1,059	
Other payables	20,983		19,170	
TOTAL EQUITY AND LIABILITIES		**3,908,536**		**4,030,444**

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2022.

Income statements corresponding to the business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022 (in thousands of euros)

	31/12/2022	31/12/2021
CONTINUING OPERATIONS		
Revenue (Note 17)	**115,020**	**130,605**
Trade receivables for sales and services	84,479	59,697
Income from interests in Group companies and associates (Note 18.a)	15,822	57,535
Financial income from marketable securities and other financial instruments in Group companies and associates (Notes 17 and 18.a)	14,719	13,373
Other operating income	**37,239**	**33,710**
Staff expenses (Note 17)	**(28,631)**	**(23,032)**
Other operating expenses (Note 17)	**(75,328)**	**(51,020)**
Depreciation and amortisation Notes 5 and 6)	**(5,891)**	**(5,651)**
Provision surpluses (Note 11)	**5,920**	**1,596**
OPERATING PROFIT	**48,329**	**86,208**
Financial income (Note 17)	**168**	**182**
Interests in equity instruments in third parties	34	34
From marketable securities and other financial instruments of third parties	134	148
Financial expenses	**(38,218)**	**(35,367)**
Payables to Group companies and associates (Note 18.a)	(34,830)	(33,144)
On payables to third parties	(3,388)	(2,223)
Change in fair value of financial instruments (Note 17)	**2,441**	**5,440**
Exchange differences	**(3,571)**	**1,946**
Impairment losses and gains/(losses) on disposal of financial instruments (Nota 9)	(68,321)	186,548
FINANCIAL PROFIT/(LOSS)	**(107,501)**	**158,749**
PROFIT BEFORE TAX	**(59,172)**	**244,957**
INCOME TAX (Note 15)	**105,039**	**29,540**
PROFIT FOR THE BUSINESS YEAR FROM CONTINUING OPERATIONS	**45,867**	**274,497**
PROFIT FOR THE YEAR	**45,867**	**274,497**

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2022.

Statement of changes in net equity for business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022 (in thousands of euros)

A) Statement of recognised income and expense

	31/12/2022	31/12/2021
Profit per income statement	45,867	274,497
Income and expenses recognised directly in equity	-	-
Write-offs to income statement	-	-
TOTAL RECOGNISED INCOME AND EXPENSE	45,867	274,497

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2022.

Statement of changes in net equity for business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022 (in thousands of euros)

B) Statement of changes in equity

	Capital stock (Notes 3 and 10.a)	Share premium (Note 10.b)	Reserves (Notes 3 and 10.c)	Own shares (Note 10.d)	Prior years' losses	Profit/(loss) for the year (Note 3)	Equity
Equity at 31 December 2020	**409,107**	**1,673,477**	**2,161,520**	**(18,012)**	**(2,392,774)**	**250,824**	**2,084,142**
Total recognised income and expense						**274,497**	**274,497**
Transactions with partners or owners	**16,067**		**(25,788)**	**(8,662)**			**(18,383)**
Capital increases	16,067		(16,157)				(90)
Distribution of dividends			(9,631)				(9,631)
Transactions with shares or equity interests (net)				(8,662)			(8,662)
Other changes in net equity			**250,824**			**(250,824)**	
Equity at 31 December 2021	**425,174**	**1,673,477**	**2,386,556**	**(26,674)**	**(2,392,774)**	**274,497**	**2,340,256**
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**

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the financial statements for the 2022 business year. In particular, note 10 "Net equity" contains further details on this statement.

Cash flow statement for the business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022 (in thousands of euros)

	31/12/2022		31/12/2021	
Profit for the year before tax		**(59,172)**		**244,957**
Adjustments to profit/(loss)		**76,921**		**(225,745)**
Depreciation and amortisation (Notes 5 and 6)	5,891		5,651	
Impairment loss allowances (Note 9)	67,954		(182,255)	
Changes in provisions (Note 11)	(5,508)		(1,549)	
Profit/(loss) from de-recognitions and non-current asset disposals	(123)		–	
Gains from cancellations and disposal of financial instruments (Note 9)	69		(4,484)	
Financial income (Note 17)	(30,709)		(71,090)	
Financial expenses	38,218		35,368	
Exchange differences	3,571		(1,946)	
Change in fair value of financial instruments	(2,442)		(5,440)	
Changes in working capital		**6,494**		**(7,062)**
Trade and other receivables	(9,075)		(5,176)	
Trade and other payables	15,542		(1,736)	
Miscellaneous current assets and liabilities	27		(150)	
Other cash flows from operating activities		**31,702**		**49,446**
Interest paid	(37,742)		(35,178)	
Interest and dividend collections	19,004		59,028	
Corporation tax refunded/(paid) (Note 15.h)	50,440		25,596	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**55,945**		**61,596**
Payments on investments		**(138,324)**		**(260,364)**
Group companies and associates (Note 9)	(133,709)		(256,086)	
Intangible fixed and non-current asset, property, plant and equipment and other assets (Notes 5 and 6)	(4,615)		(4,278)	
Proceeds from divestments		**136,008**		**230,154**
Group companies and associates (Note 9)	134,054		223,698	
Intangible fixed and non-current asset, property, plant and equipment and other assets (Notes 5, 6 and 17)	1,954		6,456	

Cash flow statement for the business year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022 (in thousands of euros)

	31/12/2022	31/12/2021
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	**(2,316)**	**(30,210)**
Proceeds and (payments) from equity instruments (Note 10)	**(18,589)**	**(8,754)**
Proceeds from (payments on) financial liabilities (Note 12)	**(73,697)**	**40,169**
Issuance of:		
Debt instruments and other marketable securities	279,000	398,000
Bank borrowings	154,564	330,877
Payables to Group companies and associates	18,264	337,095
Repayment and amortisation of:		
Debt instruments and other marketable securities	(285,800)	(670,300)
Bank borrowings	(200,000)	(331,672)
Payables to Group companies and associates	(39,725)	(22,141)
Other payables	–	(1,690)
Dividend payments (Note 10)	**(10,783)**	**(9,631)**
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	**(103,069)**	**21,784**
Effect of changes in exchange rates	**(1,737)**	**363**
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS	**(51,177)**	**53,533**
Cash and cash equivalents at the start of the period	**61,760**	**8,227**
Cash and cash equivalents at the end of the period	**10,583**	**61,760**

Notes 1 to 21 and the attached annexes I to III form an integral part of the financial statements and, together with these, make up the annual accounts for 2022.

Notes to the financial statements at 2022 year-end

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022

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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 to 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. The 2021 financial statements were approved by the shareholders at the Annual General Meeting held on 14 June 2022.

The financial statements are expressed in thousands of euros.

Joint ventures and similar entities

The balance sheets, income statements, statements of changes in equity and cash flow statements of the joint ventures in which the company participates were incorporated by the proportional consolidation method, based on the shareholding of each joint venture.

The joint ventures were included through adjustments to unify the accounting period and the valuation methods, together with the reconciliations and reclassifications required and the appropriate eliminations, both of the asset and liability balances and of the reciprocal revenue and expenses. In the notes to the financial statements, the corresponding amounts are broken down when they are significant.

The balance sheet and income statement include the balance sheet aggregates at the shareholding in the joint ventures shown below:

	2022	2021
Revenue	138	57
Operating profit	73	161
Non-current assets	28	30
Current assets	417	294
Non-current liabilities	5	6
Current liabilities	423	151

The joint ventures and percentage holdings are listed in Appendix II.

Grouping of epigraphs

Certain balance sheet, income statement and cash flow statement epigraphs have been grouped together so that they may be more easily understood; in any event, all significant information is broken down separately in the corresponding notes to the financial statements.

Going concern

At 31 December 2022, the Company had negative working capital of 331,449 thousand euros, mainly as a result of the following debts: (i) with its subsidiaries for 413,058 thousand euros and (ii) relating to bank financing (loans, credit facilities and promissory notes) for 179,037 thousand euros (Note 12). Despite this, the directors of Fomento de Construcciones y Contratas, S.A. prepare these financial statements on a going concern basis as there are no doubts as to the ability of the Group of companies, of which the Company is the parent, to continue to generate funds from its operations (consolidated operating profit of 610,526 thousand euros and cash position of 1,575,538 thousand euros). This is in addition to the ability to finance itself in the event of working capital requirements, as it has a promissory note issue programme (ECP) for the sum of 600,000 thousand euros, maturing in a maximum of one year, of which only the aforementioned 23,200 thousand euros (Note 12.a) have been drawn. This is further bolstered by the confidence deriving from the renewal of loans granted for 150,000 thousand euros and bank credit facilities granted amounting to 275,000 thousand euros, of which 270,436 thousand euros were available as at 31 December (Note 12.b). The Company also has the capital and financial support of its equity holders.

Consolidated financial statements

Fomento de Construcciones y Contratas, S.A. is the head of a group of companies forming FCC Group, so its directors are obliged to prepare separate consolidated financial statements. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS-EU), as set forth in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and all enacting provisions and interpretations. The 2022 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 2021, prepared on 23 February 2022, were approved by the General Shareholders' Meeting held on 14 June 2022 and deposited in the Mercantile Registry of Barcelona.

The main figures of the consolidated financial statements of Fomento de Construcciones y Contratas, S.A., prepared in accordance with International Financial Reporting Standards (IFRS) are as follows:

	2022	2021
Total assets	15,282,541	14,242,158
Equity attributable to the Parent	3,387,882	3,007,094
Revenue	7,705,687	6,659,283
Profit attributable to the Parent	315,182	580,135

Restatements

No restatements were made in the current financial statements.

3. Distribution of profit

The Board of Directors of Fomento de Construcciones y Contratas, S.A. decided to make the mandatory allocation of profit to the legal reserve in the amount of 2,634 thousand euros, allocating the remaining profit for 2022 of 43,233 thousand euros to retained earnings; accordingly, it was not proposed to distribute or apply this profit to any other account.

In 2021, the Company made a profit of 274,497 thousand euros, broken down as follows: 3,213 thousand euros to the legal reserve and 271,284 thousand euros to voluntary reserves. After the preparation of these financial statement, the Ordinary General Shareholders' Meeting approved the distribution of a scrip dividend with an impact on voluntary reserves of 25,745 thousand euros (note 10).

4. Recognition and measurement standards

The main recognition and measurement bases used by the company in the preparation of the 2022 financial statements, in accordance with the Spanish General Chart of Accounts, were as follows:

a) Intangible assets

a.1) Concession arrangements

Concession arrangements are recognised pursuant to Order EHA/3362/2010, approving the rules for adapting the Spanish General Chart of Accounts to public infrastructure concessionary companies.

The Company has assets classified as concession agreements corresponding to assets from contracts operated jointly through temporary joint ventures, all of which are intangible assets under the intangible asset model, given that the demand risk is assumed by the concessionary company and this company does not have an unconditional entitlement to receive anything from the granting authority.

a.2) Other intangible assets

The remaining intangible assets, basically software applications, are recognised at their acquisition or production cost And, subsequently, at cost less any accumulated amortisation and any accumulated impairment losses. At year-end, no signs of losses in value were identified in any of the company's intangible assets related with this epigraph.

Maintenance costs are recognised in the income statement for the period in which they are incurred.

Generally, intangible assets are amortised over their useful lives on a straight-line basis.

b) Property, plant and equipment

Items of property, plant and equipment are measured initially at acquisition or production cost when the company has performed in-house work on its non-current assets, and are subsequently carried net of accumulated depreciation and any impairment losses. Upkeep and maintenance costs relating to property, plant and equipment are taken to the statement of profit and loss in the business year in which they are incurred. However, the costs of improvements leading to increased capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

For property, plant and equipment that necessarily takes a period of more than twelve months to get ready for their intended use, the capitalised costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general purpose borrowings directly attributable to the acquisition or manufacturing of the assets.

The company's in-house work on property, plant and equipment is recorded at the accumulated cost resulting from external costs, in-house costs determined on the basis of the in-house consumption of materials, direct labour costs and general manufacturing overheads.

The Company depreciates essentially all of its property, plant and equipment on a straight-line basis, using annual rates based on the years of estimated useful life of the assets, as follows:

	Years of estimated useful life
Buildings and other constructions	25 – 50
Technical installations and machinery	5 – 15
Other installations, tools and furniture	8 – 12
Other property, plant and equipment	4 – 10

c) Impairment of intangible assets and property, plant and equipment

All of the company's intangible assets and property, plant and equipment have a finite useful life and it therefore performs impairment tests to estimate the possible existence of losses that cause their recoverable amount to fall below their carrying amount.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. To calculate the recoverable amount of assets subject to impairment tests, the present value of the net cash flows originating from the associated cash-generating units (CGUs) is estimated, and a pre-tax discount rate is used to discount cash flows; this discount rate includes the current market assessments of the time value of money and the risks specific to each cash-generating unit.

Where an impairment loss on the assets is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, up to the limit of the carrying amount that would have been determined had no impairment loss been recognised in prior business years. The reversal of an impairment loss is recognised as income in the income statement.

d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased asset to the lessee. Other leases are classified as operating leases. 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 such arrangements, using the same method as applied for recognition of lease income.

Any collection or payment that may arise when an operating lease is concluded is treated as a collection or prepayment that is allocated to profit or loss over the leasing term as the benefits of the leased asset are transferred or received.

e) Financial instruments

e.1) Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

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: those financial assets that, not being equity instruments or derivatives, have no commercial origin and whose collections are of a determined or determinable amount, which come from loan or credit operations granted by the Company.

   Financial assets classified in this category are initially measured at their fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration given, plus the transaction costs that are directly attributable.

   However, loans for commercial operations maturing in no more than one year and that do not have an explicit contractual interest rate, as well as loans to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, are measured at their nominal value when the effect of not updating the cash flows is not significant.

   For subsequent measurement, the amortised cost method is used. Accrued interest is recorded in the income statement (financial income), applying the effective interest rate method.

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 charged to the income statement.

3. **Financial assets at cost:** includes investments in Group companies, associates and jointly controlled entities. Group companies are considered to be those over which the Company has control, while associates are those in which the Company exercises a significant influence. Jointly controlled entities include companies over which joint control is exercised with one or more partners through an agreement.

   The investments included in this category are initially measured at cost, which is equal to the fair value of the consideration given plus the transaction costs that are directly attributable to them.

   The subsequent measurement is also at cost less the accumulated amount of the valuation corrections for impairment. These adjustments are calculated as the difference between their book value and the recoverable amount, understood as the greater of their fair value minus selling costs and the present value of the future cash flows resulting from the investment. Unless better evidence of the recoverable amount is available, the estimated loss for impairment is calculated based on the investee's equity, consolidated where appropriate, corrected for any unrealised gains at the measurement date, including any goodwill.

At least at the end of each reporting period, the company books the related impairment loss allowances for financial assets that are not carried at fair value when there is objective evidence of impairment if this value is lower than its carrying amount, in which case, the impairment is recognised in the income statement. In particular, the company calculates impairment loss allowances for trade and other receivables by carrying out a case-by-case analysis of the insolvency risk of each account receivable.

The Company derecognises financial assets when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership have been transferred.

e.2) Financial liabilities

All financial liabilities held by the Company are classified in the category of financial liabilities at amortised cost.

Financial liabilities are those payables and accounts payable that the Company has and that have resulted from the purchase of goods and services as a result of the Company's trade transactions, or those that, without having a commercial origin, cannot be considered as financial instruments.

Financial liabilities classified in this category are initially measured at their fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration given, adjusted by the transaction costs that are directly attributable.

Accounts payable are initially measured at the fair value of the consideration received. These financial liabilities are subsequently measured at amortised cost.

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than twelve months from the balance sheet date are classified as current liabilities and those maturing within more than twelve months as non-current liabilities.

The Company derecognises financial liabilities when the obligations giving rise to them are extinguished.

e.3) Equity instruments

An equity instrument represents a residual interest in the company's equity after deducting all of its liabilities from its assets, and the securities issued are recognised in equity at the amount received, after deducting the issue charges, net of taxes.

Own shares acquired by the company during the business year are recognised at the value of the consideration paid and are deducted directly from equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the income statement.

f) Foreign currency transactions

The Company's functional currency is the euro. Consequently, transactions in other currencies are considered to be denominated in foreign currency and are translated at the exchange rates prevailing at the transaction date.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euros at the closing exchange rate. Profits or losses are directly recorded in the income statement in the business year in which occur.

g) Corporation tax

The expense for corporation tax is calculated on the basis of profit before tax, increased or decreased, as appropriate, by the permanent differences between taxable profit and accounting profit. The corresponding tax rate based on the applicable legislation is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit and taxable profit for corporation tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the business years in which they will foreseeably be reversed, without performing financial discounting at any time.

The Company 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) Provisions and contingencies

LThe company recognises provisions on the liability side of the accompanying balance sheet for present obligations arising from past events for which the company considers it probable that there will be an outflow of funds to settle them on maturity

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions are classified as current or non-current in the accompanying balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the average cycle of the activity giving rise to the provision.

Contingent liabilities resulting from possible obligations that might arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the company are not recognised in the financial statements, as the probability that such obligation will have to be met is remote.

j) Capital assets of an environmental nature

Environmental assets are assets that are used on a lasting basis in the Company's activities, the main purpose of which is to minimise environmental impact and to protect and improve the environment, including the reduction or elimination of future pollution.

The Company, due to its nature and activity, (Note 1) does not have a significant environmental impact.

k) Pension and similar obligations

The Company has not established any pension plans to supplement the social security pension plans. Under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the company outsources its commitments to its employees in this area.

Contributions made by the company are recognised under "Staff expenses" in the income statement.

l) Use of estimates

In the preparation of these financial statements, estimates were made by the company's directors to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The recoverability of deferred tax assets (Notes 4.g and 15).
- The recoverability of investments in Group companies and associates, and loans and receivables with these, as well as financial assets with third parties (notes 4.e, 8 and 9).
- The measurement of possible impairment losses on certain assets (notes 4.c, 5 and 6).
- The useful life of property, plant and equipment and intangible assets (notes 4.a and 4.b).
- The calculation of certain provisions (Notes 4.i and 11).

Although these estimates were drawn up on the basis of the best information available as at 31 December 2022, future events may require adjustments in coming years, where appropriate to be made in advance.

m) Related party transactions

The Company carries out all transactions with related parties at arm's length.

Note 18 "Related party transactions and balances" to these financial statements details the main transactions with the company's significant shareholders, its directors and senior executives, and between Group companies or entities.

n) Cash flow statement

The following terms are used in the statement of cash flows with the meanings specified:

- Cash flows: cash entries and withdrawals and their equivalents.
- Cash flows from operating activities: payments and collections from the company's principal revenue–producing activities and other activities that are not classified as investing or financing activities.
- Cash flows used in investing activities: payments and collections resulting from purchases and divestments of non–current assets.
- Cash flows from financing activities: payments and collections from the placement and settlement of financial liabilities, equity instruments and dividends.

5. Intangible assets

Changes in this heading in the accompanying balance sheet in 2022 and 2021 were as follows:

	Concession agreements	Software	Other intangible assets	Accumulated amortisation	Total
Balance at 31.12.20	**53**	**51,515**	**11**	**(44,381)**	**7,198**
Receipts or endowments	—	1,777	1,122	(2,392)	507
Release, removals and transfers	—	—	(7)	7	—
Balance at 31.12.21	**53**	**53,292**	**1,126**	**(46,766)**	**7,705**
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**

The balance for "Software applications" relates mainly to implementation, development and improvement costs for the corporate information system, and costs related to information technology infrastructure.

The detail of intangible assets and of the related accumulated amortisation at 31 December 2022 and 2021 is as follows:

	Cost	Accumulated amortisation	Net
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**
2021			
Concession agreements	53	(24)	29
Software	53,292	(46,739)	6,553
Other intangible fixed and non-current assets	1,126	(3)	1,123
	54,471	**(46,766)**	**7,705**

With regard to net intangible assets, only 28 thousand euros (30 thousand euros at 31 December 2021) 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 43,121 thousand euros (40,773 thousand euros at 31 December 2021). The amount corresponding to joint ventures was insignificant.

At 31 December 2022, 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 2022 and 2021 were as follows:

		Other intangible assets				
	Land and buildings	Plant and other items of property, plant and equipment	Advances and PP&E under construction	Accumulated amortisation	Impairment	Total
Balance at 31.12.20	**17,843**	**34,401**	**133**	**(17,040)**	**(5,088)**	**30,249**
Receipts or endowments	—	639	326	(3,252)	—	(2,287)
Release, removals and transfers	—	(6)	—	6	—	—
Transfers	—	60	(60)	—	—	—
Balance at 31.12.21	**17,843**	**35,094**	**399**	**(20,286)**	**(5,088)**	**27,962**
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**

The detail of property, plant and equipment and of the related accumulated depreciation at 31 December 2022 and 2021 is as follows:

	Cost	Accumulated amortisation	Impairment	Net
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**
2021				
Land and buildings	17,843	(990)	(5,088)	11,765
Plant and other items of property, plant and equipment	35,094	(19,296)	—	15,798
Advances and PP&E under construction	399	—	—	399
	53,336	**(20,286)**	**(5,088)**	**27,962**

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:

	2022	2021
Land	10,500	10,500
Buildings	1,218	1,265
	11,718	**11,765**

At the end of the 2022 and 2021 business years there are no significant assets from contracts operated jointly through joint ventures.

In the 2022 and 2021 business years, the company had not capitalised any finance costs under "Property, plant and equipment". It did not have any significant commitments to acquire property, plant and equipment. It also has no assets subject to significant ownership restrictions.

Most of the items of property, plant and equipment, at the closing date, are used in the various production processes. Part of said property, plant and equipment, however is fully depreciated, amounting to 3,942 thousand euros (3,446 thousand euros at 31 December 2021).

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 2022 business year for operating lease expenses totalled 10,721 thousand euros (10,743 thousand euros at 31 December 2021).

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 110,552 thousand euros (138,639 thousand euros in 2021). Details, by maturity, of the non-cancellable future minimum payments at 31 December 2022 and 2021 were as follows:

	2022	2021
Up to one year	10,224	10,786
Between one and five years	39,921	41,570
After five years	60,407	86,283
	110,552	**138,639**

As the lessor, when it is the holder of the lease arrangements, the company invoices FCC Group investees based on the use they make of such arrangements, recognising such revenue as operating income.

8. Current and non-current financial assets

a) Long-term financial investments

The balance of "Non-current financial assets" at 2022 and 2021 year-end is as follows:

	Equity instruments	Loans to third parties	Other financial assets	Total
2022				
Financial assets at amortised cost	—	1,488	18,845	20,333
Financial assets at fair value through changes in equity	81	—	—	81
	81	**1,488**	**18,845**	**20,414**
2021				
Financial assets at amortised cost	—	1,488	21,349	22,837
Financial assets at fair value through changes in equity	106	—	—	106
	106	**1,488**	**21,349**	**22,943**

Financial assets at amortised cost

The detail by maturity of this category of financial assets is as follow:

2024	2025	2025	2027	2028 and beyond	Total
—	—	—	—	20,333	20,333

The most significant amount recognised was for the 15,062 thousand euros deposit (17,555 thousand euros at 31 December 2021), in relation to the sale of Global Vía Infraestructuras, S.A., formalised in the 2016 business year, the maturity of which was "2028 and beyond" in view of its indeterminate nature, since it was tied to the release of the collateral provided by the aforementioned company to third parties to meet financial commitments. This heading also includes guarantees and deposits for legal or contractual obligations in the development of the company's activities.

Financial assets at fair value through changes in equity

Virtually all of this corresponds to a 17.80% holding in the company Port Torredembarra S.A. for a value of 81 thousand euros (106 thousand euros at 31 December 2021).

b) Short-term financial investments

The balance of "Current financial assets" at 2022 and 2021 year-end is as follows:

	Other financial assets
2022	
Financial assets at amortised cost	1,203
Financial assets at fair value movements in the profit and loss statement	2,441
	3,644
2021	
Financial assets at amortised cost	6,173
	6,173

In 2022, the balance of this heading includes 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 17). In 2021, this included the amount receivable pending for the sale of the investee company FM Green Power, SL for 5,000 thousand euros and which is detailed in Note 9.a to these Financial Statements. The rest corresponds to guarantees and deposits for legal or contractual obligations.

9. Investments and payables to Group companies and associates

a) Non-current investments in Group companies and associates

The detail of the non-current investments in Group companies and associates at 31 December 2022 and 2021 is as follows:

	Cost	Accumulated impairment	Total
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
Loans to associates	—	—	—
	4,508,505	**(1,090,240)**	**3,418,265**
2021			
Equity instruments in Group companies	4,059,952	(984,427)	3,075,525
Equity instruments of associates	4,744	(118)	4,626
Loans to Group companies	432,203	(37,586)	394,617
Loans to associates	24	—	24
	4,496,923	**(1,022,131)**	**3,474,792**

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 31.12.20	**4,129,025**	**261,834**	**416,868**	**24**	**(1,491,972)**	**3,315,779**
Receipts or endowments	2,667	—	13,383	—	(88,205)	(72,155)
Disposals and reversals	(71,740)	(257,090)	(15,508)	—	558,046	213,708
Transfers	—	—	17,460	—	—	17,460
Balance at 31.12.21	**4,059,952**	**4,744**	**432,203**	**24**	**(1,022,131)**	**3,474,792**
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**

Equity instruments in Group companies

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 following significant changes occurred in the 2021 business year:

- Acquisition of stakes in Cementos Portland Valderrivas, S.A. from third parties for an amount of 2,667 thousand euros.
- Retirement due to liquidation of the 100%–owned company Per Gestora, S.L.U. with a net value of the investment of 91 thousand euros (gross value of 71,553 thousand euros with an accumulated impairment of 71,462 thousand euros).

– Derecognition due to liquidation of the 100%–owned company Bvefdomintaena Beteiligungsverwaltung GmbH with a portfolio value of 185 thousand euros totally impaired. In addition, the liquidation also involved the cancellation of a current loan to the aforementioned company for 11,562 thousand euros, also fully impaired.

– Decrease in the stake in the investee company FCyC, S.A. from 100% to 80.03%, without any impact on portfolio value. In October 2021, the aforementioned company carried out a non-monetary capital increase, fully subscribed by Soinmob, a subsidiary of Control Empresarial de Capitales, S.A. de C.V. Consequently, Soinmob became the owner of 19.97% of the share capital of FCyC, S.A.

The details, by company, of the "Investments in Group companies and associates" headings for 2022 and 2021 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 2022 and 2021, 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

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".

In 2021, the most significant movement was the sale of 49% of the company FM Green Power, Investments, S.L. and its group of companies to Plenium Partners, S.L. The aforementioned stake had a net value of 16,463 thousand euros at 31 December 2020 (gross value of 257,090 thousand euros with accumulated impairment of 240,627 thousand euros). Fomento de Construcciones y Contratas, SA received a total of 93,000 thousand euros and a current asset of 5,000 thousand euros for the amount pending collection as at 31 December 2021, which was paid on 31 May 2022 (Note 8 .b). The divestment was divided into several processes (i) settlement of the dividend pending collection at 31 December 2020 for 26,410 thousand euros, (ii) distribution of dividends against reserves and profit for the year of 26,075 thousand euros (iii) sale of the FM stake Green Power Investments, S.L. for a total of 45,515 thousand euros. The impact on the 2021 income statement is reflected in two headings: 26,075 thousand euros included under the heading "Income from holdings in Group companies and associates" and 29,052 thousand euros under the heading "Impairment and gains on disposal of equity instruments".

Long-term loans to Group companies

The most significant balances were as follows:

	2022	2021
FCC Servicios Medio Ambiente Holding, S.A.U.	370,515	359,687
FCC Versia, S.A.U.	45,000	45,000
FCC Concesiones e Infraestructuras, S.L.	28,473	27,481
Rest	61	35
GROSS TOTAL	**444,049**	**432,203**
Impairment:		
FCC Versia, S.A.U.	(28,640)	(37,586)
NET TOTAL	**415,409**	**394,617**

The following are noteworthy with regard to the balance at 31 December 2022:

– Subordinated loans granted to FCC Servicios Medio Ambiente Holding, S.A.U. for a total of 345,203 thousand euros, whose final maturity is 2034, without partial repayments and at a fixed interest rate of 2.5% per year that will be capitalised. Any amount, whether interest or principal, to be collected by the lender will be subordinated to the full repayment of the bonds issued by the borrower. At year-end, the final balance, including capitalised interest, was 370,515 thousand euros. The interest accrued in the current year amounts to 9,082 thousand euros (8,860 thousand euros at 31 December 2021).

– Participative loan of 45,000 thousand euros to FCC Versia, S.A.U. The initial maturity, 31 January 2018, could be tacitly extended for successive additional two-year periods, provided that neither of the parties stated their wish to terminate it at least two months in advance Since neither of the parties did this, its current maturity date is 31 January 2024. It is therefore classified under non-current assets in the balance sheet. The fixed interest rate is 1%. The interest rate also has a variable part calculated based on indicators of the borrower's profitability. The total maximum interest rate (fixed + variable) has a ceiling and will not exceed 10%. At year-end, interest of 450 thousand euros had accrued (the same as at 31 December 2021). This loan suffered impairment of 28,640 thousand euros at 31 December 2022 (37,586 thousand euros at 31 December 2021).

– Loan granted to FCC Concesiones de Infraestructuras, S.A.U. for an amount of 20,568 thousand pounds sterling (23,190 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. At 31 December 2022, the aforementioned interest amounted to 5,283 thousand euros, of which 2,534 thousand euros had been generated in the current year.

Impairment

The following significant changes occurred in the 2022 business year:

– Impairment of the holding in Cementos Portland Valderrivas, S.A. of 192,666 thousand euros essentially resulting from a reduction in equity as a result of impairment to the goodwill of Uniland (85,174 thousand euros in 2021, also mainly for the same reason).

– Reversal of the impairment of the investment in FCC Construcción, S.A. for the sum of 116,105 thousand euros, mainly on account of the improvement in the ordinary results of its activity. In 2021, 245,687 thousands of euros were reversed due to factors including but not limited to the gains generated on the sale of Cedinsa Group.

Concerning 2021, in addition to the impairment mentioned in the above paragraph, the following is worth noting:

– Reversal of the accumulated impairment of Per Gestora, S.L.U. for an amount of 71,462 thousand euros, due to the liquidation of the company (see section on Equity instruments of Group companies in this same note).

– Reversal of the impairment of FM Green Power Investments, S.L., in the amount of 240,627 thousand euros, due to the sale of the aforementioned company (see section on Equity instruments of associates in this same note).

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:

	2022	2021
FCyC, S.A.	119,267	32,258
Realia Business, S.A.	70,080	120,000
FCC Environmental Services Texas, LLC	4,231	—
FCC Servicios Medio Ambiente Holding S.A.U.	2,921	21,592
Fedemes, S.L.U.	437	21,054
Cementos Portland Valderrivas, S.A.	—	11,980
Resto	2,516	1,529
	199,452	**208,413**

In 2022, the granting of a loan to the FCyC, S.A. Group company for an amount of 126,500 thousand euros, with annual maturity and an interest rate tied to Euribor plus a spread, with the potential for repayment in instalments, was worth particular mention. At year-end, the outstanding balance of the aforementioned loan amounted to 118,208 thousand euros.

In relation to 2021, the granting of a loan to the Realia Business, S.A. Group company for an amount of 120,000 thousand euros, with annual maturity and an interest rate tied to Euribor plus a spread, also with the potential for repayment in instalments, was worth particular mention. In 2022, repayments were made against the aforementioned loan for the sum of 50,000 thousand euros, bringing the outstanding balance at the end of the financial year to 70,000 thousand euros.

c) Non-current payables to Group companies and associates

The balance at 31 December 2022 (same as at 31 December 2021) corresponds in its entirety to the loan that FCC Aqualia, S.A. has granted to the Company, in accordance with the following conditions:

- Loan amount: 806,479 thousand euros
- Maturity: 28 September 2048.
- Interest periods: annual periods, except the final period which will end on 28 September 2048.
- Interest rate: 3.55%.
- Payment of annual interest when the borrower and its subsidiary companies, excluding the FCC Aqualia subgroup, hold "available cash" at 30 September which is not less than the amount of the accrued interest. Any unpaid matured interest will be capitalised and accrue interest, as regulated in article 317 of the Code of Commerce.
- Collateral: the guarantees mentioned in note 16 continued to be granted.

The aforementioned loan has accrued interest of 29,028 thousand euros in the business year (same amount as at 31 December 2021).

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:

	2022	2021
Asesoría Financiera y de Gestión, S.A.U.	300,570	305,519
FCC Construcción, S.A.	30,122	87,110
FCyC, S.A.	25,697	23,017
Fedemes, S.L.U.	22,108	43,861
Cementos Portland Valderrivas, S.A.	11,370	10,518
Rest	23,191	18,023
	413,058	**488,048**

The most significant amount in both years was the amount corresponding to Asesoría Financiera y de Gestión, S.A. for the sum of 300,570 thousand euros (305,519 thousand euros as at 31 December 2021). 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. Equity

The Ordinary General Shareholders' Meeting held on 14 June 2022 adopted resolutions including but not limited to the following:

1. 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 14 June 2022, following the General Shareholders' Meeting, the Board of Directors of Fomento de Construcciones y Contratas, S.A. resolved to execute the scrip dividend distribution resolution adopted by the Shareholders' Meeting, the most significant characteristics of which are described below:

- Maximum value of the scrip dividend: 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 of the free-of-charge allocation rights on 4 July 2022, holders of 416,397,716 (97.94%) rights opted to receive new shares, while shareholders holding 8,775,898 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 14,871,347 shares, corresponding to 3.50% 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 10,783 thousand euros.
- On 11 July 2022, 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 29 June 2021, a decision was taken to distribute a scrip dividend, with the following characteristics:

- Maximum value of the scrip dividend: 163,642,647.20 euros, equivalent to 0.40 euros per share.
- Shareholders received the corresponding allocation rights and could choose between three options: receiving the new shares released, transferring their rights in the market or selling their rights to the company for the guaranteed price of 0.40 euros per share.
- The number of free allotment rights required to receive a new share was set at 25. Shareholders who chose this option also received a compensatory cash dividend of 0.416 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.
- At the end of the trading period for the free allocation rights, on 20 July 2021, holders of 401,675,483 (98.18%) rights had chosen to receive new shares, while shareholders holding 7,431,135 rights had opted to accept the Company's offer to acquire their rights at the guaranteed price. Accordingly, the final number of bonus shares with a par value of 1 euro issued was 16,067,018 shares, corresponding to 3.93% 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 9,631 thousand euros.

The following table shows the effect of distribution of the scrip dividend on the equity of Fomento de Construcciones y Contratas, S.A., in both business years:

	2022	2021
Capital stock increase	14,871	16,067
Share capital	**14,871**	**16,067**
Capital stock increase	(14,871)	(16,067)
Costs, net of tax	(91)	(90)
Acquisition rights at guaranteed price	(3,510)	(2,972)
Compensatory dividend	(7,273)	(6,659)
Voluntary reserves	**(25,745)**	**(25,788)**
Change in equity	**(10,874)**	**(9,721)**

2. Reduction of share capital through the redemption of treasury stock

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 1,700,000.00 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.

a) Capital

The capital of Fomento de Construcciones y Contratas, S,A. at 31 December 2022 comprises 438,344,983 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, 65.76%. 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 11.26% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 4.56% of the capital. Esther Koplowitz Romero de Juseu also holds 143,548 direct shares in Fomento de Construcciones y Contratas, S.A.

b) Share premium

The Spanish Limited Liability Companies Law, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

c) Reserves

The detail of this heading in 2022 and 2021 is as follows:

	2022	2021
Legal reserve	85,035	81,821
Other reserves	2,534,063	2,304,735
	2,619,098	**2,386,556**

In accordance with the Spanish Limited Liability Companies Law, as amended, 10% of net profit for each business year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the capital stock. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of capital stock and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

Noteworthy under "Other reserves" were restricted reserves amounting to 7,734 thousand euros, equivalent to the nominal value of the own shares redeemed in the 2002, 2008 and 2022 business years which, pursuant to article 335.c of the Spanish Limited Liability Companies Law, is restricted, except with the same requirements as for the capital reduction.

d) Own shares

Movements in the "Own shares" heading in the 2022 and 2021 business years were as follows:

Balance at 31 December 2020	**(18,012)**
Sales	–
Acquisitions	(8,662)
Balance at 31 December 2021	**(26,674)**
Sales	–
Accumulated	17,910
Acquisitions	(18,500)
Balance at 31 December 2022	**(27,264)**

Details of own shares at 31 December 2022 and 2021 were as follows:

2022		2021	
Number of shares	Amount	Number of shares	Amount
2,741,524	(27,264)	2,410,758	(26,674)

At 31 December 2022, the company's treasury shares represented 0.63% of the capital stock (0.57% at 31 December 2021).

11. Long-term provisions

The changes in the business year were as follows:

	Liabilities and contingencies	Contractual and legal guarantees and obligations	Self-insurance reserve	Total
Balance at 31.12.20	**99,510**	**19,155**	**19,184**	**137,849**
Provisions	2,930	2,561	113	5,604
Applications/reversals	(5,317)	–	(139)	(5,456)
Balance at 31.12.21	**97,123**	**21,716**	**19,158**	**137,997**
Provisions	–	–	118	118
Applications/reversals	(19,788)	(2,494)	(4,937)	(27,219)
Balance at 31.12.22	**77,335**	**19,222**	**14,339**	**110,896**

Provision for third-party liability

This item includes the risks arising for the company in the performance of its activities that are not included in other categories. These include the risks arising from international expansion, as well as tax risks. 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 15.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 all of the balance corresponds to the financial commitments granted to the buyers of Global Via Infraestructuras, S.A., formalised in 2016 (Note 8.a).

Self-insurance reserves

his heading includes provisions to cover actions as the insurer itself.

Other information

In relation to the winding up of the Alpine Group, 2022 saw no significant changes in terms of the amount reported in the Group's 2021 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.

Nine years after the bankruptcy of both companies and having definitively closed the criminal proceedings, won proceedings brought by bondholders and settled a backdating action, two proceedings brought by the insolvency administrators against Fomento de Construcciones y Contratas, S.A. and FCC Construcción S.A. are still pending, in addition to other proceedings against auditors, former directors and banks involved in the acquisition of bonds issued by AH in 2010, 2011 and 2012 and admitted to trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of €290 million.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. As at 31 December 2022, the provision for this item amounted to 18,667 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.

– 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.

– 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.

12. Non-current and current payables

The balance of "Non-current payables" and "Current payables" was as follows:

	Long-term	Short-term
2022		
Debt instruments and other marketable securities	—	23,200
Bank borrowings	—	155,837
Other financial liabilities	29	1,080
	29	**180,117**
2021		
Debt instruments and other marketable securities	—	30,000
Bank borrowings	—	200,076
Other financial liabilities	29	487
	29	**230,563**

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 2022, at a fixed interest rate and with a maximum maturity of one year, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet general financial needs.

At 31 December 2022, the outstanding balance is 23,200 thousand euros (30,000 thousand euros at 31 December 2021), with variable maturities of up to a maximum of 4 months.

b) Current bank borrowings

At 31 December 2022, this heading mainly includes:

1. Loan for a total of 150,000 thousand euros, with annual maturity and interest rates tied to Euribor plus a market spread.
2. Financing facilities in the form of credit policies and bilateral loans, with a maximum limit of 275,000 thousand euros with different financial entities. As at 31 December 2022, 4,564 thousand euros had been drawn down, leaving 270,436 thousand euros available. They also have annual maturity and interest rates tied to Euribor plus a market spread.

13. Trade payables

In relation to the Spanish Accounting and Audit Institute (ICAC) Resolution dated 29 January 2016, enacted in compliance with the Second Final Provision of Law 31/2014, of 3 December, which amends the Third Additional Provision of Law 15/2010, of 5 July, stipulating measures to combat late payment in commercial transactions, the following table provides information on the average payment period to suppliers for commercial transactions arranged since the date of entry into force of Law 31/2014, i.e. 24 December 2014.

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.

	2022	2021
	Days	Days
Average payment period to suppliers	59	57
Ratio of paid operations/transactions	58	56
Ratio of operations/transactions pending payment	64	65
	Amount	Amount
Total payments pending	6,878	7,016
Total payments made	61,623	56,206
Total payments made in a period less than the maximum established in the late-payment regulations	24,765	31,041
Ratio (%)	40%	55%
Total number of invoices paid during the period	5,668	5,449
Number of invoices paid in a period less than the maximum established in the late-payment regulations	2,450	2,664
Ratio (%)	43%	49%

14. Information on the nature and level of risk of financial instruments

The concept of financial risk refers to changes in the financial instruments arranged by Fomento de Construcciones y Contratas, S.A., as a result of political, market and other factors and their impact on the financial statements. The risk management philosophy of the company and of FCC Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial risk management and control criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the company's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

a) Capital risk

To manage capital, the main objective of the company and of FCC Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The essential base considered by the 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. Elsewhere, in July 2020, FCC Servicios Medioambiente Holding S.A.U. registered, and has since renewed each year, a promissory note programme (Euro Commercial Paper Program [ECP]) the Irish stock market for the amount of 400 million euros; while Fomento de Construcciones y Contratas, S.A. has registered a promissory note programme (Euro Commercial Paper Program [ECP]) on the same market since November 2018 for the sum of 600 million euros. In 2022 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 ratio 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 FCC Group are exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the company and of FCC Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

The table below summarises the effect on the Company's income statement of increases in the interest rate curve with regard to gross debt:

	+25 bp	+50 bp	+70 bp	+100 bp
Impact on profit or loss	1,332	2,663	3,995	5,326

d) Solvency risk

The following table shows the development of the net financial indebtedness shown in the accompanying balance sheet.

	2022	2021
Bank borrowings (note 12)	155,837	200,076
Debt instruments and other marketable securities (Note 12)	23,200	30,000
Financial payables to Group and associated companies (notes 9.c and 9.d)	1,183,275	1,202,824
Financial loans with Group and associated companies (note 9.b)	(194,756)	(192,392)
Other current financial assets (note 8.b)	(3,644)	(6,173)
Treasury and cash equivalents	(10,583)	(61,760)
	1,153,329	**1,172,575**

e) Liquidity risk

Fomento de Construcciones y Contratas, S.A. performs its business in industrial sectors requiring a high level of financing, having so far obtained adequate financing for its operations. However, the company cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The ability of the Company and the FCC Group to obtain financing depends on many factors, a lot of which are beyond their control, such as general economic conditions, the availability of funds at financial institutions, the depth and availability of the capital markets and the monetary policy of the markets in which they operate. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to develop the company's activities

Historically, the FCC Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew loan arrangements depends on various factors, many of which are outside the control of FCC Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent FCC Group's capacity to renew its financing. Accordingly, the FCC Group cannot guarantee its ability to renew its financing on economically attractive terms. The inability to renew such loans or to ensure 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 clients, the Group does not accept engagements that do not have an assigned budget and financial approval. Offers that exceed a certain payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various managing committees.

With regard to credit ratings, the Company and the FCC Group apply its best judgement to impair financial assets on which it expects to incur credit losses over their entire lives. The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

h) COVID-19 risk

The COVID-19 pandemic has had a series of impacts on the financial statements of the Company and the FCC Group, both in terms of operations and liquidity, which has also led to the updating of the main estimates affecting them.

In operational terms, the impact of the COVID-19 crisis on the FCC Group has been limited, given that the Water and Environment areas, which represent the most substantial part of the Group's revenues and earnings, include activities that the various national authorities have considered essential without significant interruptions in activity or loss of profitability for most of the assets. In relation to the other activities, such as Construction, which has a smaller weight in the Group's total activity, the pandemic has led to the temporary interruption of part of the portfolio of construction contracts in progress, and also, where appropriate, to some inefficiencies in the supply chain, circumstances which inevitably have an impact on project costs and delivery times. Measures have been adopted to adapt costs to the new levels of activity and, to date, practically all activity has resumed, so no significant unprovisioned impairment is expected- For its part, the Cement Area presents a similar evolution in relation to the COVID-19 risk, although it has been affected by the increase in energy prices.

The Company and the FCC Group, in light of the situation created by the COVID-19 crisis, have carried out an analysis of the main estimates affecting the individual and consolidated financial statements. In relation to the estimates affecting the individual financial statements (Note 4.l), the notes to these financial statements detail the effects in terms of impairments and provisions that the COVID-19 crisis has caused on the financial information for the 2022 business year.

Taking into account the limited impact, the measures to secure the assets undertaken as well as the existing liquidity gaps, these individual financial statements have been prepared on a going concern basis, since the continuity of the company is not in doubt.

i) Risks generated by the Russian invasion of Ukraine

The FCC 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. The most significant impact has been seen in the Cement Area, the most energy-intensive activity, slashing its operating margins despite the fact that in recent months, the sale price of cement has partly included the aforementioned increase in the cost of energy. The remaining activities have been affected for the same reason although to a lesser extent as they are not as intensive when it comes to energy consumption.

In light of the foregoing, the Group has reviewed the assumptions used to assess signs of impairment of its main non-financial assets, considering factors including but not limited to the increase in reference interest rates, placing particular emphasis on goodwill. As a result, it has determined that it is appropriate to deteriorate the goodwill corresponding to the Uniland CGU (Note 9.a), weighed down by the decrease in its margins as a result of factors including but not limited to the indirect effects mentioned in the previous paragraph. 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 ability to obtain financing.

Therefore, the aforementioned 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.

j) Climate change risks

The performance of the activities carried out by the FCC Group may be impacted by adverse weather conditions, such as floods or other natural disasters and in some cases, by the decrease in temperature that may hinder, or even prevent in extreme cases, the performance of their activities, such as the case of intense frosts in the Construction business.

The Company and its group of companies take all the appropriate measures to adapt to the effects of climate change and mitigate its possible effects on their activity and fixed assets, committing to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and by the very nature of some of the activities it carries out, it promotes the circular economy. In order to attain these objectives, specific policies are implemented in the activities carried out:

- The Construction area has an Integrated Policy to analyse environmental incidents, the involvement of the interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works, emphasising the mitigation of the generation of waste, the consumption of resources, the generation of noise and vibrations, promoting the use of sustainable and reusable materials and the sustainable use of water. It has environmental certifications in several of the countries in which it operates, as well as environmental certification according to ISO 14001 at the centres located in Spain at some of its main investees.

– The very nature of the Environmental Services Area aims to protect and conserve the environment and contribute to the circular economy by treating waste as a resource, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. As for policies aimed at optimising energy consumption, Spain has an Energy Management System certified in accordance with the ISO 50001 standard and projects for the use of landfill gas to generate electricity and hot water.

– In 2021, the Water Area was the first company in the sector to certify the Strategy for the Contribution of the Sustainable Development Goals, by AENOR. 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.

As a result of the foregoing, these individual financial statements were prepared under the going concern principle, since there are no doubts regarding the continuity of the Company and its group of companies.

15. Deferred taxes and tax matters

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

	2022	2021
Non-current		
Deferred tax assets	135,072	50,268
	135,072	**50,268**
Current		
Current tax assets	53,743	144,230
Other receivables from the public administrations	280	994
	54,023	**145,224**

The breakdown of the "Deferred tax assets" heading is as follows:

	2022	2021
Tax loss carryforwards and activated deductions (Note 15.e)	96,221	44,523
Non-deductible provisions	26,178	4,257
Rest	12,673	1,488
	135,072	**50,268**

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 2023-2025 period. Turnover growth of 7.7% in 2023, 6.3% in 2024 and 4.1% in 2025 is assumed. In turn, the projected Ebitda margin is 13% for 2023 and 2024 and 13.5% for 2025. 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. Based on these expectations, the Company has decided to recognise all tax credits not activated in previous years in its financial statements, which includes tax loss carryforwards and deductions pending application, as well as temporary differences, in essence due to the limitation on the deductibility of financial expenses from previous years and provisions whose deductibility will be defined in subsequent years. 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

	2022	2021
Non-current		
Deferred tax liabilities	407	371
	407	**371**
Current		
Other government/public administration credits/loans:		
Withholdings	2,119	301
VAT and other indirect taxes	472	420
Social Security bodies	333	338
	2,924	**1,059**

a.3) Changes in deferred tax assets and liabilities

Movements in deferred tax assets and liabilities in the 2022 and 2021 business years were as follows:

	Deferred tax assets	Deferred tax liabilities
Taxable temporary differences		
Balance at 31.12.20	**54,670**	**385**
Originating in previous business years	(3,653)	–
Other adjustments	(749)	(14)
Balance at 31.12.21	**50,268**	**371**
Arising in the year (Note 15.b)	365	–
Arising in prior years (Note 15.b)	(25,285)	36
Activation of tax credits (note 15.a)	100,523	–
Other adjustments	9,201	–
Total balance at 31.12.22	**135,072**	**407**

"Other adjustments" basically include the differences, positive or negative, between the estimate of the tax made at the closing of the accounts and the subsequent settlement of the tax at the payment date.

b) Reconciliation of accounting profit and taxable income

The reconciliation between accounting profit and taxable profit for corporation tax purposes is as follows:

	2022			2021		
Accounting profit/ (loss) for the business year before tax			**(59,172)**			**244,957**
	Additions	**Reduc-tions**		**Additions**	**Reduc-tions**	
Permanent differences	193,372	(142,433)	50,939	89,278	(458,591)	(369,313)
Adjusted accounting profit/(loss)			**(8,233)**			**(124,356)**
Temporary differences						
– Arising in the year (Note 15.a)	1,459	–	1,459	–	–	–
– Arising in prior years (Note 15.a)	–	(101,139)	(101,139)	–	(14,613)	(14,613)
Tax base (taxable profit/(loss)			**(107,913)**			**(138,969)**

Looking at the above table, the following is worth note:

– The permanent differences corresponding to both years. which basically arise from:

- Impairment on investments of the Tax Group 18/89 and at the remaining investees (Note 9).
- The exemption to avoid the double taxation of dividends. Corporate Income Tax Law 27/2014, of 27 November, eliminated the tax credit for the double taxation of dividends, substituting it with the aforementioned exemption.

- In 2021 specifically, due to temporary differences treated as permanent. They correspond to temporary differences from previous years that are not capitalised as deferred tax assets and that reverse in the year, basically due to the non-deductibility of financial expenses.

– The temporary differences corresponding to 2022 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 (Note 15.a).

c) Reconciliation of accounting profit to the corporation tax expense

The reconciliation of accounting profit to the corporation tax expense was as follows:

	2022	2021
Adjusted accounting profit/(loss)	(8,233)	(124,356)
Corporation tax charge	2,058	31,089
Activation of tax credits (note 15.a)	100,523	–
Other adjustments	2,458	(1,549)
Corporation tax expense/(income)	**105,039**	**29,540**

d) Breakdown of the corporation tax expense

The breakdown of Corporate Income Tax expense was as follows:

	2022	2021
Current tax	20,271	33,928
Deferred tax (Note 15.a)	84,768	(4,388)
Total tax (expense)/income	**105,039**	**29,540**

e) Tax loss carryforwards and unused tax credits

At year-end, the company had tax loss carryforwards from prior years pending offset amounting to 313,729 thousand euros, as a member of Tax Group 18/89, detailed as follows, by year:

	Amount
2013	194,584
2014	44,908
2016	48,675
2019	16,855
2020	8,707
Total	**313,729**

The company also has unused tax credits pending application from previous years amounting to 12,247 thousand euros. The breakdown is as follows:

Deductions	Amount	Application deadline
R+D+I Activities	6,162	18 years
Reinvestment	4,688	15 years
Creation of employment	742	15 years
Internal double taxation relief	583	Indefinite
Rest	72	–
	12,247	

The Company has capitalised all the tax bases pending compensation and deductions pending application (Note 15.a).

f) Financial years pending verification and inspection actions

Fomento de Construcciones y Contratas, S.A. has all the business years not yet statute-barred open for review by the tax authorities for the taxes applicable to them.

During 2022, the tax authorities completed their Corporate Income Tax audit on the tax group headed by In June 2022, the tax authorities notified the start of corporate income tax audits of the tax group headed by Fomento de Construcciones y Contratas, S.A. for 2015 to 2017, the VAT corresponding to the period from June 2016 to December 2017 of Fomento de Construcciones y Contratas, S.A., FCC Construcción, S.A., FCC Aqualia, S.A., FCC Industrial e Infraestructuras Energéticas, S.A. and Cementos Portland Valderrivas, S.A., as well as withholdings/payments on account for employment income and income from professional services for the period from June 2016 to December 2017 of Fomento de Construcciones y Contratas, S.A., FCC Construcción, S.A. and FCC Aqualia, S.A. and for the period from January to December 2017 for Cementos Portland Valderrivas, S.A. The Tax Administration issued several certifications in relation to Corporate Income Tax, VAT and withholdings/payments on account for work income, for a range of interpretative issues, which have been partly appealed before the economic-administrative courts. The value of the tax debts in question has not had a significant impact on the income statement or on the equity of the Company and of the FCC Group.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU, of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and FCC Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The tax authorities made a payment for a total amount of 111 million euros (instalment and interest) to Fomento de Construcciones y Contratas, Parent of the FCC Group. The company has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The legal advisors of Fomento de Construcciones y Contratas, S.A. consider it likely that the amounts already paid in this recovery procedure will be returned. Within the framework of this procedure, the Tax Administration recognised a negative tax base in favour of the FCC Group, which has generated a tax credit capitalised in the amount of 63.2 million euros (49 million euros at the Company) .

In relation to the rest of the business years and taxes open for review, as a result of the criteria that the tax authorities may adopt in the interpretation of the tax regulations, the outcome of the inspections currently under way, or those that may be performed in the future for the years open for review, could generate contingent tax liabilities whose amount cannot currently be quantified objectively. However, Group management considers that the liabilities resulting from this situation would not have a significant effect on the Group's equity.

g) Other tax information

The following table includes the details of the "Corporation tax refunded/(paid)" heading in the statement of cash flows for the 2022 and 2021 business years.

	2022	2021
Prior years' corporation tax	149,127	39,737
Prepayments	(52,811)	(115,251)
Collections from/payments to Group companies for prior years' corporation tax charge and corporation tax prepayments in the year	(45,224)	101,175
Withholdings and other	(652)	(65)
	50,440	**25,596**

16. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2022, Fomento de Construcciones y Contratas, S.A. provided guarantees visà-vis public bodies and private clients, mainly to secure the proper performance of the services under contracts in the United States of America, for 12,649 thousand euros (21,362 thousand euros at 31 December 2021). Also, the Company had provided securities and guarantees to third parties with respect to certain Group companies, totalling 18,032 thousand euros (32,314 thousand euros at 31 December 2021), essentially companies belonging to the Environmental Services division. 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 11 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. This ruling affects various companies and associations in the waste sector, including FCC and other companies that also belong to FCC Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, notification was received of the decisions handed down by the Spanish National Appellate Court, upholding the administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and BETEARTE, both FCC Group investees, against the CNMV ruling imposing various penalties 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 July 2019, the proposal for resolution was issued in relation to various FCC Group companies. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised.

As a result of an internal investigation in May 2019 in application of its compliance policy and regulations, the Group has become aware of the existence of payments between 2010 and 2014, initially estimated at 82 million dollars, which might not be justified and, may, therefore be illegal. These acts were uncovered as a result of application of the procedures in the FCC Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the "zero tolerance" anti-corruption principle that permeates FCC's entire Compliance System.

In the context of this cooperation, on 29 October 2019, the National Court's Central Court of Instruction No. 2 resolved to investigate FCC Construcción, S.A. and two of its subsidiary companies, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the context of Preliminary Measures 34/2017. The case is still in the investigation period, without us being able to determine at this time what type of charges could be filed, if any. These actions may therefore have a financial impact, although we do not have the information needed to qualify this impact.

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.

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 are pledged to secure certain Group obligations to FCC Aqualia, primarily the repayment of the 806,479 thousand euro loan that the latter extended to Fomento de Construcciones y Contratas, S.A. Note 9.c). At the date of authorisation for issue of these financial statements, the 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.

17. Revenue 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, this included 25,437 thousand euros corresponding to an environmental services contract located in the United States, awarded to Fomento de Construcciones y Contratas, S.A. at the end of 2021. Subsequently, an authorisation process was launched with the local authorities in the USA for the transfer of said contract to the US subsidiary FCC Environmental Services Florida, Llc.; this process was successfully completed in November 2022. As a result, no further billing is expected at Fomento de Construcciones y Contratas, S.A. for this concept in 2023. "Trade receivables for sales and services" on the accompanying attached balance sheet includes 7,906 thousand euros related to 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:

	2022	2021
Wages and salaries	22,331	19,261
Employee welfare costs	6,300	3,771
	28,631	**23,032**

In 2022, this includes staff expenses corresponding to the aforementioned environmental service contracts for 4,518 thousand euros.

The detail of "Other operating expenses" is as follows:

	2022	2021
External services related to information technologies	18,903	17,665
Leases	10,721	10,743
Royalties	8,232	8,503
Independent professional services	3,968	2,580
Repairs and preservation	1,804	468
Insurance premiums	1,377	400
Banking and similar services	160	399
Supplies and procurements	9,802	40
Other services	20,359	10,222
	75,328	**51,020**

Also in this case, in 2022, 20,857 thousand euros were included corresponding to the aforementioned environmental services contracts.

"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:

	2022	2021
FCC Servicios Medio Ambiente Holding, S.A.U.	9,082	8,860
FCC Concesiones e Infraestructuras, S.L.	2,534	3,116
FCyC, S.A.	1,530	137
Realia Business, S.A.	1,124	40
Resto	449	1,219
	14,719	**13,373**

Lastly, in the 2022 business year, 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. 5,440 thousand euros at 31 December 2021). The sale agreement of 49% of the aforementioned company, formalised in 2018, included a contingent price clause. It should be noted, in both years, that the conditions established for its collection have been met.

18. Transactions and balances with related parties

a) Transactions with related parties

Details of transactions with related parties in 2022 and 2021 are as follows:

	(wholly owned) Group Companies	Joint ventures	Associates	Total
2022				
Provision of services	93,954	147	—	94,101
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
2021				
Provision of services	91,737	228	—	91,965
Receipt of services	9,970	—	—	9,970
Dividends	30,316	26,075	1,144	57,535
Financial expenses	33,144	—	—	33,144
Financial income	13,373	—	—	13,373

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
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
2021				
Current financial assets (Note 9)	208,413	—	—	208,413
Non-current financial assets (Note 9)	3,470,166	—	4,626	3,474,792
Current payables (Note 9)	488,046	2	—	488,048
Non-current payables (Note 9)	806,479	—	—	806,479
Trade receivables	23,583	48	—	23,631
Trade payables	3,115	—	—	3,115

The details of trade receivables from and trade payables to Group companies and associates are as follows:

	2022		2021	
Company	Receivables	Payable	Receivables	Payable
FCC Medio Ambiente, S.A.	10,723	119	8,978	537
FCC Environmental Services Florida Llc.	7,713	9,330	5,763	1,123
FCC Aqualia, S.A.	3,437	169	3,170	47
FCC Construcción, S.A.	1,703	–	2,434	3
Hidrotec Tecnología del Agua, S.L.U.	1,340	–	1,273	1
FCC Environmental Services (USA) Llc.	–	1,750	–	1,131
Rest	1,270	596	2,013	273
	26,186	**11,964**	**23,631**	**3,115**

c) Transactions with directors of the Company and senior executives of the Group

The directors of Fomento de Construcciones y Contratas, S.A. accrued the following amounts at the company, in thousands of euros:

	2022	2021
Fixed remuneration	650	525
Other payments	1,090	1,173
	1,740	**1,698**

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 5,793 thousand euros (1,908 thousand euros in the 2021 business years).

2022-2021	
Marcos Bada Gutierrez	General manager of Internal Audit
Felipe B. García Pérez	General Secretary
Miguel Ángel Martínez Parra	Managing Director of Administration and Finance
Félix Parra Mediavilla	Managing Director of FCC Aqualia

The bulk of the increase in comparison with the previous year resulted from the settlement of an insurance policy payable to a senior executive.

The company had previously taken out insurance and paid a premium to settle contingencies related to the death, permanent employment disability, retirement bonuses and other items for certain executive directors and officers of Fomento de Construcciones y Contratas, S.A. In 2022 and 2021, no further contributions have been made as premiums and the value of returns came to 3,151 thousand euros in 2022 (zero in 2021) in relation to this insurance.

Under Article 38.5 of the Articles of Association, the Company has taken out a third-party liability insurance policy covering directors and executives. This is a collective policy covering all the Group's executives, with a premium of 1,483 thousand euros being paid in 2022.

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
	REALIA BUSINESS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHIEF EXECUTIVE OFFICER
	REALIA BUSINESS, S.A.	CHIEF EXECUTIVE OFFICER
JUAN RODRÍGUEZ TORRES	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AQUALIA, S.A.	DIRECTOR
	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
ALVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	DIRECTOR AND CHAIRMAN OF THE BOARD OF DIRECTORS
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.	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.U.	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

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:

Buying party	Selling party	2022	2021
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas, S.A.U.	926	1,193
	FCC Medio Ambiente, S.A.	174	162
	Servicios Especiales de Limpieza, S.A.	508	496
	Fedemes, S.L.	24	13
	Fomento de Construcciones y Contratas, S.A.	2	–
Realia Business, S.A.	FCC Industrial e Infraestructuras Energéticas, S.A.U.	–	2
	FCC Construcción, S.A.	6,326	12,001
	Fomento de Construcciones y Contratas, S.A.	163	142
	Fedemes, S.L.	130	101
	Residencial Turo del Mar,C.B.	9	
	Jezzine Uno, S.L.U.	1	–
FCYC, S.A.	Aridos de Melo, S.L.	–	296
	FCC Construcción, S.A.	30,170	21,383
	FCC Ámbito, S.A.	4	–
	FCC Medio Ambiente, S.A.	–	9
	Fomento de Construcciones y Contratas, S.A.	50	54
	Fedemes, S.L.	130	112
	Realia Business, S.A.	3,560	2,371

Buying party	Selling party	2022	2021
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza, S.A.	134	–
	Fedemes, S.L.	25	–
Jezzine Uno, S.L.U.	Realia Business, S.A.	95	15
	Fedemes, S.L.	6	–
AS Cancelas Siglo XXI, S.L.	FCYC, S.A.	1,990	453
FCC Construcción, S.A.	FCYC, S.A.	–	2
Cementos Portland Valderrivas, S.A.	Realia Patrimonio, S.L.U.	429	90
Fomento de Construcciones y Contratas, S.A.	Realia Patrimonio, S.L.U.	10	11
Fedemes, S.L.	Realia Patrimonio, S.L.U.	5	–
		44,871	**38,906**

In addition, the following balance sheet balances are maintained:

Receivables	Payable	2022	2021
Realia Patrimonio, S.L.U.	Cementos Portland Valderrivas, S.A.	132	140
	Fomento de Construcciones y Contratas, S.A.	27	24
	FCC Industrial e Infraestructuras Energéticas, S.A.U.	377	349
	FCC Medio Ambiente, S.A.	75	50
	Servicios Especiales de Limpieza, S.A.	273	309
	Fedemes, S.L.	48	1
Realia Business, S.A.	Fedemes, S.L.	13	38
	Fomento de Construcciones y Contratas, S.A.	70,122	120,000
	FCC Construcción, S.A.	4,629	3,386
	FCC Industrial e Infraestructuras Energéticas, S.A.U.	52	27
	FCYC, S.A.	211	–

Receivables	Payable	2022	2021
FCYC, S.A.	Asesoría Financiera y de Gestión, S.A.	257	21
	Fomento de Construcciones y Contratas, S.A.	118,474	32,258
	FCC Construcción, S.A.	3,316	4,857
	FCC Industrial e Infraestructuras Energéticas. S.A.U.	7	–
	Costa Verde Habitat, S.L.	2	169
	Jezzine Uno, S.L.U.	17,618	–
	Realia Business, S.A.	1,437	1,423
	Fedemes, S.L.	13	–
Fomento de Construcciones y Contratas, S.A.	Realia Patrimonio, S.L.U.	2,409	2,664
	Realia Business, S.A.	49	44
	FCYC, S.A.	32,649	23,017
Residencial Turo del Mar, C.B.	Realia Business, S.A.	2	3
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza, S.A.	38	–
	Fedemes, S.L.	3	–
Jezzine Uno, S.L.U.	FCYC, S.A.	3,044	–
	Realia Business, S.A.	28	36
AS Cancelas Siglo XXI, S.L.	Realia Business, S.A.	8319	52
FCC Industrial e Infraestructuras Energéticas, S.A.U.	Realia Patrimonio, S.L.U.	47	–
	Realia Business, S.A.	13	30
FCC Construcción, S.A.	FCYC, S.A.	105	–
	Realia Business, S.A.	459	–
Fedemes, S.L.	Realia Patrimonio, S.L.U.	186	–
Vela Borovica Koncern D.O.O.	FCYC, S.A.	126	126
Realia Business, S.A.	Residencial Turo del Mar, C.B.	291	80
		264,851	**189,104**

– Service provision agreement between Fomento de Construcciones y Contratas, S.A. with Vilafulder Corporate Group, S.L.U. for a total annual amount of 338 thousand euros.

– Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 175 thousand euros.

– Agreement for the provision of services between Realia Business, S.A. and Gerardo Kuri Kaufmann for €175 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 70,405 thousand euros (70,085 thousand euros in 2021). 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 1,630 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 15,662 thousand euros (13,446 thousand euros in 2021).

– Contracts entered into between Realia Business, S.A. and FCyC, S.A., the purpose of which is the management and marketing, respectively, of residential real estate developments, on plots 18 in Sant Joan Despí, Phase II and plots RU18 and RC-2B in Tres Cantos, Madrid.

– Contract for the reinforcement of air conditioning in the office building at Calle Acanto 22 in Madrid, between FCC Industrial and Infraestructuras Energéticas, S.A.U., and Realia Patrimonio, S.L.U., for the sum of 33 thousand euros.

– Contract for the services provided by FCyC, S.A. to Realia Business, S.A. (legal and administrative assistance, technical and legal assistance in the United Kingdom) for the sum of 349 thousand euros.

– Contract for the services provided by Realia Business, S.A. to FCyC, S.A. (Technical assistance in the acquisition, management and development of Realia land in Spain, management of Valaise real estate and territorial representation in Catalonia) for the sum of 334 thousand euros.

Furthermore, other transactions are carried out under market conditions, mainly telephone and internet access services, with parties related to the majority shareholder for a non-significant amount.

f) Mechanisms established to detect, determine and resolve possible conflicts of interests between the parent and/or its Group and its directors, executives or significant shareholders

FCC Group has established specific mechanisms to determine and resolve any possible conflicts of interest between the Group companies and their directors, executives and significant shareholders, as indicated in article 20 and thereafter of the Board of Directors' Rules.

19. Environmental information

As indicated in Note 1 to these financial statements, Fomento de Construcciones y Contratas, S.A. is the parent of FCC Group, which carries out diverse activities that, due to their characteristics, specifically focus on controlling environmental impact. These aspects are described in detail in the "Corporate Social Responsibility" document published annually by the Group through various channels, including the www.fcc.es website. Readers are advised to refer to this information as the best representation of this Note.

20. Other information

a) Personnel

The average number of people employed by the company in 2022 and 2021 was as follows:

	2022	2021
Directors and managers	57	59
Supervisors	37	36
Technicians	139	131
Clerical Staff	46	48
Sundry trades	3	3
	282	**277**

The table below details the average number of people with a disability of 33% or more in 2022 and 2021, pursuant to Royal Decree 602/2016, of 2 December, which introduced new disclosure requirements for companies' financial statements:

	2022	2021
Technicians	2	2
Clerical Staff	3	2
Sundry trades	2	1
	7	**5**

The numbers of employees, directors and senior executives at the company at 31 December 2022 and 2021, broken down by gender, were as follows:

2022	Men	Women	Total
Directors	9	4	13
Senior executives	4	–	4
Directors and managers	38	15	53
Supervisors	23	15	38
Technicians	67	71	138
Clerical Staff	16	30	46
Sundry trades	2	1	3
	159	**136**	**295**

2021	Men	Women	Total
Directors	10	4	14
Senior executives	4	–	4
Directors and managers	38	15	53
Supervisors	22	13	35
Technicians	67	70	137
Clerical Staff	16	30	46
Sundry trades	1	1	2
	158	**133**	**291**

The average number of employees, directors and senior executives of the company, distributed by men and women, was as shown below in the 2022 and 2021 business years:

	2022	2021
Men	159	158
Women	137	132
	296	**290**

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 2022 and 2021, are as follows:

	2022			2021		
	Principle auditor	Other auditors	Total	Principle auditor	Other auditors	Total
Audit services	306	–	306	285	–	285
Other assurance services	23	–	23	22	2	24
Total audit and related services	329	0	329	307	2	309
Tax advisory services	–	67	67	–	113	113
Other services	–	582	582	–	128	128
Total professional services	–	649	649	–	241	241
TOTAL	**329**	**649**	**978**	**307**	**243**	**550**

21. Subsequent events

As of the date of preparation of these financial statements, no matters of a nature that could modify them or be the subject of additional information to that included in them had been disclosed.

Annex I Group Companies at 31 December 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
Asesoría Financiera y de Gestión, S.A.U. Federico Salmón, 13 - Madrid -Holding company-	14,010	__	100	__	6,842	12,785	__	266	5,45
Cementos Portland Valderrivas, S.A. Dormilatería, 72 – Pamplona -Cement-	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 Medio Ambiente 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 I Group Companies at 31 December 2021

Company	Book value		Holding %	Dividends received	Capital	Reserves	Other net equity line items	2021 profit/loss	
	Assets	Impairment						Operating profit or loss	Continuing operations
Asesoría Financiera y de Gestión, S.A.U. Federico Salmón, 13 - Madrid -Holding company-	14,010	__	100	__	6,842	8,919	__	223	3,867
Cementos Portland Valderrivas, S.A. Dormilatería, 72 – Pamplona -Cement-	1,019,536	250,151	99.49	__	233,955	359,834	4,666	(57,314)	(23,476)
Egypt Environment Services SAE El Cairo – Egipto -Urban sanitation-	7,760	5,814	dta. 97.00 indt. 3.00	__					
FCC Aqualia, S.A. Federico Salmón, 13 – Madrid -Water management-	91,115	__	dta. 41.00 indt. 10.00	24,600	145,000	376,344	7,742	75,912	74,889
FCC Concesiones de Infraestructuras, S.L.U. Avenida Camino de Santiago, 40 – Madrid -Concessions-	62	__	100	__	3	1,429	__	784	680
FCC Construcción, S.A. Balmes, 36 – Barcelona -Construction-	1,752,075	665,838	100	__	220,000	319,197	__	75,534	245,926
FCC Servicios Medio Ambiente Holding, S.A.U. Federico Salmón,13 - Madrid -Environmental Services-	300,964	__	100	__	10,000	209,926	__	(362)	20,062
FCC TopCo S.à.r.l 48, Boulevard Grande-Duchesse Charlotte Luxembourg -Holding company-	22,263	__	100	5,696	50	16,431	__	(21)	5,830
FCC Versia, S.A.U. Avenida Camino de Santiago, 40 – Madrid -Management company-	62,624	62,624	100	120	(37,330)	__	(10)	(376)	
FCyC, S.A. Federico Salmón, 13 – Madrid -Real Estate-	777,761	__	80.03	__	55,745	874,126	__	23,188	17,085
Fedemes, S.L.U. Federico Salmón, 13 – Madrid -Real Estate-	11,782	__	100	__	10,301	12,942	__	1,783	1,355
TOTAL	**4,059,952**	**984,427**		**30,296**					

Annex II Joint ventures

	Holding %
ALCANTARILLADO MADRID LOTE D	0.01
AQUALIA-FCC-VIGO	0.01
BOMBEO ZONA SUR	1.00
CENTRO DEPORTIVO GRANADILLA DE ABONA	1.00
CONSERVACION GETAFE	1.00
EDAR REINOSA	1.00
FCC SANEAMIENTO LOTE D	100,00
LOTE 4 CULEBRO A	1.00
MANCOMUNIDAD DE ORBIGO	1.00
REDONDELA	0.01
SANTOMERA	0.01

Annex III Associates and jointly controlled entities

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 (Mexico) -Water management-	4,367	–	dir. 24.00 indt. 2.00	387	18,196	23,584	(7,916)	10,741	5,639
TOTAL		**4,367**	–	**387**					

At 31 December 2021

Company	Book value		Holding %	Dividends received	Capital	Reserves	Other net equity line items	2021 profit/loss	
	Assets	Impairment						Operating profit or loss	Continuing operations
Sigenera, S.L. Avenida Linares Rivas, 1 bajo – La Coruña -Management Company -	377	118	50	–	433	328	–	(322)	
Suministros de Agua de Queretaro S.A. de C.V. Santiago de Queretaro (Mexico) -Water management-	4,367	–	dta. 24.00 indt. 2.00	1,144	49,696	25,639	(11,999)	9,512	5,861
TOTAL	**4,744**	**118**		**1,144**					

Management Report

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. at 31 December 2022

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1. Status of the entity

Fomento de Construcciones y Contratas, S.A. is the Parent Company of the FCC Group and holds direct or indirect ownership of the interests in the Group's business and activity areas. Therefore, to provide information on the economic, financial, social and environmental events that occurred during the year and place them in their proper context, the FCC Group's Consolidated Management Report, which includes the consolidated Statement of Non-Financial Information, is reproduced below. The company's non-financial information can be found in the aforementioned report.

1.1. Status of the entity: Organisational structure and decision-making process in management

The Group's organisational structure is based on a first level consisting of Areas, which are divided into two main groups: operational and functional.

The operating Areas include all those activities related to the productive line. The following operating areas exist within the Group, as discussed in more detail in note 1 of the Notes to the consolidated financial statements, and also in section 2.2 of the Non-Financial Information Statement:

i. **Environmental Services.**

ii. **End-to-end Water Management.**

iii. **Construction.**

iv. **Cement Business.**

v. **Concessions**

vi. **Real Estate**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

1) **Administration and Finance:** the Administration and Finance Division comprises the Administration, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

   The Administration area directs the administrative management of the Group, and has, among others, the following functions in relation to the Information and Internal Control Systems:

   i. **General accounting.**

   ii. **Accounting standardisation.**

   iii. **Consolidation.**

   iv. **Tax advice.**

   v. **Tax procedures.**

   vi. **Tax compliance.**

   vii. **Administrative procedures**

2) **Internal Audit and Risk Management:** Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

3) **General Secretary**: reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of the Group, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

   It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

The structure of the main decision-making bodies is set out below:

- **Board of Directors:** is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.
- **Audit And Control Committee:** its primary function is to support the Board of Directors in its oversight tasks, by periodically reviewing the process of preparing financial and economic information, its internal controls and the independence of the external auditor, as well as conflicts of interest and transactions with related parties.
- **Appointments and Remuneration Committee:** provides support to the Board of Directors regarding proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the Directors and senior managers' remuneration policy and that Directors perform their duties.
- **Managing Committee:** Each of the business units has a Managing Committee with similar duties.

Further information on the duties of the Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 2.1 of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

The Group is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 44,6% of its turnover generated in international markets, mainly Europe (30%), Latin America (6.2%), the United States (3.4%), the Middle East (2.9%) and North Africa (1.8%).

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.

At the national level, the Group provides environmental services in more than 3,500 municipalities and organisations in all the Autonomous Communities, serving a population of more than 31 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 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 90% of the activity is carried out with public clients.

Moreover, international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy, with a growing 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 4.3 million inhabitants, 1,400 municipalities and more than 51,500 private customers. The range of services provided and the geographical dispersion is very diverse and balanced, including municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow collection, recycling, building cleaning, soil decontamination work, etc. This broad diversification ensures great business stability in a market with major barriers to entry and the possibility of providing an integrated service to many customers.

Internationally, there has been strong growth in the USA, where the year-on-year growth in sales in 2022 stood at 121%. FCC now ranks among the Top 15 companies in the sector in the USA, with expectations of being in the Top 10 in the next two years. FCC Environmental Services already serves more than 10 million citizens, is the largest recycler in Texas, and has an important presence in Florida in cities as important as Orlando, Tampa, Palm Beach, Daytona Beach, Lakeland and Wellington as well as significant operations in both the Midwest and the West Coast. Growth continues to be exponential and the company now employs more than 1,800 people. During 2022, work has begun under four new contracts in Florida and California, with an additional backlog of more than €1 billion contracted.

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 2022, this activity represented almost 5% of the area's income.

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.

There is a broad commitment to climate change, materialised for example in the issuance of green bonds to finance the operation and acquisition of assets developed by the are.

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 2022, the market in Spain represents 65% of revenue. On a like-for-like basis, water consumption has grown in Spain as a whole in 2022 by 0.8%, which reflects the lifting of COVID-19 restrictions, with the amount invoiced increasing by 4% compared to 2021. 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.

In the public sphere, following the effects of the pandemic seen in previous years, the level of bidding for concessions for the end-to-end management of water services, operation and maintenance as well as hydraulic infrastructure concessions, has returned to normal.

The international market reached a turnover of 35%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

In 2022, an 80% interest in Georgian Global Utilities (GGU) was acquired; this company owns and operates the end-to-end water cycle service infrastructures in Tbilisi, the country's capital, as well as in two other nearby towns, Mtskheta and Rustavi. In total, the company serves a population of 1.4 million residents.

FCC Aqualia seeks to maintain its competitive position in those end-to-end water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with end-to-end cycle management, while the study of possibilities in others (such as the USA) will continue. In addition, FCC Aqualia will use its extensive experience in end-to-end water cycle management for business opportunities in countries with a stable political and social balance.

Construction

The Construction Area focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity. 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 2022, 55.8% of total revenues will come from abroad, including the execution of major infrastructure projects such as lines 4, 5 and 6 of the Riyadh Metro (Saudi Arabia), Tren Maya (Mexico), A-465 (United Kingdom), Lima Metro (Peru), Industrial Bridge (Chile), Toyo Tunnel (Colombia), Sotra Link (Norway), A-9 Badhoevedorp-Holendrecht motorway (Netherlands), and the Gurasada-Simeria railway line (Romania) - Sectors 2a, 2b and 3.

In 2022, the award of the following construction contracts abroad is worth particular mention: NEOM Running Tunnels (Saudi Arabia), the RV.555 Sotrasambandet "Sotra Connection" highway (Norway), the rehabilitation of 53 km of the Cluj Napoca – Episcopia Bihor railway (Romania), the modernisation of the railway line between Caransebes-Timisoara-Arad lot 4 (Romania), the Regional Express Rail On-Corridor in Ontario (Canada), Scarborough Subway Extension (Canada), the construction and rehabilitation of 9 bridges in Pennsylvania (USA) and the "Melbourne Airport Rail Maribyrnong River Bridge" in Australia, which represents the first project in this country for FCC Construcción.

As regards Spain, worth particular mention are the awards of the Murcia-Almería High-Speed Mediterranean Corridor platform, Totana-Totana section (Murcia), the construction of the new Puertollano Hospital (Ciudad Real) and the expansion and refurbishment (Phase I) of the Cabueñes University Hospital (Gijón, Asturias).

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 2022. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2022, 39% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, 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. During 2022, it has consolidated its position as a relevant area of the Group, following the corporate transactions described below.

Following the corporate transactions performed at the end of 2021, as described in Note 4 of the financial statements, the Group has an 80.03% interest in the parent company of the FCyC, S.A. In turn, FCyC, S.A. holds an 53.49% interest in Realia Business and a 100% interest in Jezzine Uno, S.L.U. whose corporate purpose is the rental of 405 office buildings to Caixabank distributed across Spain as part of a lease framework agreement that ends in 2037. These operations have increased the size of FCC Inmobiliaria with the following objectives:

- Consolidating a solid and large real estate group, with greater management efficiency derived from operational and financial synergies that enable it to take advantage of growth opportunities in the sector.
- Diversifying FCC Inmobiliaria's risk and geographic opportunities by extending its activity to new areas of operations in which it was not already present.
- Significantly increasing the contribution of Realia's and Jezzine's recurring rental property activity to FCC Inmobiliaria as a whole, whose asset assessments at December 2022 accounted for more than 72% of the area's total.

Furthermore, it should be noted that in May 2022, FCC Inmobiliaria made a bid for the acquisition of 24% of the shares in Metrovacesa S.A., thus taking its interest in the company's share capital to 11.47%. Subsequently, it increased its interest to 13.81% by the end of the year. Metrovacesa is a Spanish real-estate developer, whose main activity is the development and sale of residential properties. Its activities are performed in the main Spanish cities (including but not limited to Madrid, Barcelona, Malaga or Valencia), as well as smaller cities with high potential.

FCC Inmobiliaria considers that the acquisition of a significant interest, although a non-controlling interest, in Metrovacesa, enhances the solidity of the real-estate area, thus benefitting from its cash-flow generation capacity.

2. Business performance and results

2.1. Operating performance

2.1.1. Significant events

FCC Construcción grows its international portfolio to over €4,700 million

FCC Construcción has grown its global portfolio (+65% year-on-year), both nationally and internationally, which came in at over €4,700 million at year-end, with the following awards worth particular mention:

- Last June a consortium, the contract to build the first tunnels for high-speed and freight railways in Saudi Arabia, as well as the 28-kilometre-long subways in the new city of Neom for €775.2 million, with FCC Construcción leading the consortium.
- In Norway and as part of a consortium with other firms in which the company holds a 35% stake, the design and construction of the Sotra Link project. This project involves the construction of the RV 555 motorway, which will link the island of Sotra with the city of Bergen. This project forms part of the PPP Sotra Connection, the largest road infrastructure contract in Norway, with an overall budget of more than €1,230 million, to be implemented as part of a public-private collaboration model. At 31 December, the amount included in the backlog came to €450.6 million.
- Two railway contracts in Romania for the combined amount of €580 million: the design and construction of the rehabilitation of section 3 Poieni-Alesd and the modernisation of the Caransebes-Timisoara-Arad route.
- An amendment to the construction contract for the Maya Train was signed in Mexico to adjust the performance period and add a further €250 million to the value of the contract.
- In Canada:
  - In March, the consortium in which FCC Construcción holds a 50% interest was the first bidder for the construction of a suburban railway line in Toronto (RER-3). The contract includes the design, construction, operation and maintenance of a commuter rail network in the metropolitan area. The project has a total budget of more than €4 billion, though notably the award and contract performance phase will be progressive based on the agreement reached between the parties. At 31 December, the amount included in the backlog was €160 million.
  - In November, FCC was awarded 50% of the Stations, Trains and Systems (SRS) contract for the Scarborough Subway extension project, a town located in the eastern part of Toronto, for the amount total of approximately €1,800 million. At 31 December, the amount included in the backlog was €121 million.
- In December, the company was awarded, as part of a consortium, the Major Bridge P3 project in Pennsylvania, USA, consisting of the design, construction, financing and maintenance of six bridges as well as the highway that connects them and the associated infrastructure. The total value of the contract comes in at €1,500 million and at year-end, works for the sum of €123.5 million had been consigned in the backlog.

FCC Medio Ambiente increases its presence in the USA, in waste collection and treatment, with contracts in place worth more than €1,000 million

The subsidiary of FCC Medio Ambiente that provides integrated urban waste management and recycling services in the United States has been awarded several contracts:

- In April, the renovation and operation of a municipal solid waste treatment environmental complex in Placer County (California), involving a portfolio of some $1.5 billion for a 10-year term and two possible five-year extensions. At 31 December, the registered backlog came to €595 million.
- In May, it won the tender for the residential collection of municipal solid waste (MSW) in the city of Port Saint Lucie, Florida. The contract, which started in September, involves a backlog of more than €281 million for a term of seven years, extendable for three additional years.
- Staying in the same state, the company was awarded the contract for the collection of MSW in the city of Palm Coast and Lake County, for the combined amount of €146 million and collection from the remaining public schools in Hillsborough County for the coming 3 years.

In December, a new acquisition was also made in the North American market following the buy-out of Houston Waste Solutions (HWS), one of the largest commercial MSW companies in the Houston metropolitan area. HWS also owns and operates a construction and demolition waste transfer centre in the city. The company serves more than 3,000 customers, with a fleet of 40 lorries, employing 70 people.

FCC Medio Ambiente maintains its leadership position in Spain, with new contracts worth more than €2,300 million

In Spain, FCC Medio Ambiente increased the size of its portfolio by more than 30%, as a result of several awards and renewals: in Zaragoza for urban waste collection and street cleaning in the capital, for more than €627 million over the next 10 years; in Madrid, the MSW contract for the West zone worth €446 million; in Vigo for waste management and street cleaning for the next 10 years, extendable to 12, for €380 million; renewal of the street cleaning and waste collection contract with the renovation and operation of the light packaging sorting plant in Salamanca, with a backlog of more than €236 million over the next 12 years; the award of the street cleaning and MSW contract (as part of a joint venture) in Alicante for the next 8 years worth €196 million; renewal of the urban sanitation contract in Gerona for 8 years for €107 million; extension for 8 years of the Badajoz City Council contract for street cleaning and waste collection, for €94 million; in Mijas the awarding of the street cleaning and MSW service for 10 years for €80 million and in Granollers (as part of a joint venture), waste collection and street cleaning services for the next 10 years worth €47 million.

Also in relation to treatment, in March the joint venture in which FCC Medio Ambiente holds a 29% interest was awarded the contract for the management of the waste complex on the island of Tenerife, for an attributable amount of €107.7 million and with a contract term of 15 years, extendable for a further four years.

FCC Aqualia awarded new contracts in Saudi Arabia and expands its international end-to-end water cycle management platform

FCC Aqualia has been awarded two new management, operation and maintenance (MOM) contracts in Saudi Arabia for the Southern Cluster and Northern Cluster in the months of February and September, respectively. The contracts (two of the six awarded in which the country has been divided) are for 7 years; the total population served will come to eight million people and the combined associated backlog amounts to €196 million.

In July, FCC Aqualia acquired 100% of the assets of Saur Colombia SAS, including six concessionary companies responsible for the production and distribution of drinking water and sewage in eleven towns across three regions on the northern coast of Colombia. Together, the various acquisitions undertaken in relation to the country's water cycle management amounted to €24 million.

In February, FCC Aqualia purchased 80% of the water business owned by Georgia Global Utilities JSC (GGU), the owner and operator of the water cycle infrastructures in Tbilisi, Mtskheta and Rustavi, Georgia, with an incorporated income backlog of €3,589 million at year-end.

FCC Concesiones acquires 100% of the Murcia tram for €48.5 million

In November, FCC Concesiones completed the buy-out of the remaining 50% of Sociedad Concesionaria Tranvía de Murcia for €48.5 million. The company manages the only line in the city for a period of 40 years, providing regular transport under a municipal concession. Its "V"-shaped structure is 18 kilometres long and connects the northern area of Murcia (universities, department stores and residential areas) to the city centre.

The Real Estate area steps up its development potential acquiring a share in Metrovacesa

On 24 April, the head of the Group's real estate area, FCC Inmobiliaria, launched a partial takeover bid for 24% of the capital in Metrovacesa; following this transaction, and based on the results published by the stock market regulator on 21 June, this saw the company's share in Metrovacesa come to 11.47%. Subsequently, last December, Metrovacesa distributed a scrip dividend, after which and based on the most recent notification sent to the National Securities Market Commission, FCC Inmobiliaria's holding amounts to 14.3%.

2.1.2. Executive Summary

PRINCIPALES MAGNITUDES *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Revenue	7,705.7	6,659.3	15.7%
Gross Operating Profit (Ebitda)	1,311.4	1,126.6	16.4%
Ebitda Margin	17.0%	16.9%	0.1 p,p
Net Operating Profit (Ebit)	610.5	802.2	-23.9%
Ebit Margin	7.9%	12.0%	-4.1 p,p
Income attributable to the parent company	315.2	580.1	-45.7%
Equity	4,939.0	4,440.7	11.2%
Net financial debt	3,192.7	3,225.7	-1.0%
Backlog	40,273.8	30,196.9	33.4%

This year, the FCC Group saw its revenue increase to €7,705.7 million, 15.7% up on 2021. The positive performance seen in all business activities is worth particular note, with double-digit increases. Particularly impressive was the growth in the Real Estate area, thanks to the wider perimeter of consolidation following the corporate transactions undertaken at the end of 2021.

Gross operating income (Ebitda) increased by 16.4% to €1,311.4 million. This is attributable to the combination of the increase in revenues and sustained operating margins in many activities, including the increases seen in the Water and Real Estate areas on account of the various acquisitions made, while the Cement area saw its revenue drop due to the higher costs of energy incurred as part of its operations. All in all, the gross operating margin stood at 17%, slightly up on last year.

In turn, Ebit came to €610.5 million, down on account of the aforementioned increase in Ebitda; this year, the figure included the reduction in the book value of goodwill in the Cement area for the sum of €200 million, attributable to the aforementioned adverse circumstances affecting its operating expenses. This contrasts with the positive net contribution of several items in 2021 under this heading, coming to a total combined value of €127.9 million, including the adjustment of the market value of several rental assets in the Real Estate area following their inclusion in the global consolidation perimeter.

Attributable net income reached €315.2 million, 45.7% down year-on-year. This change is attributable, in addition to the aforementioned performance of Ebit, the joint effect of a €56.5 million drop in Earnings from companies under the equity accounting method and Other financial profit/(loss), which, spread across several headings, include the 2021 impact of the sale of minority holdings in different companies, mainly concessions and energy.

Net financial debt ended the year at €3,192.7 million, slightly down compared to the end of 2021. This stable performance was achieved at the same time as significant investments were made in the year (with net payments of €1,010.6 million), in addition to the incorporation of the operating debt of various companies acquired on to the balance sheet, including GGU (owner and operator of the end-to-end water cycle in the Georgian capital) in the Water area and the Murcia tram in Concessions, with combined financial debt coming to €289.1 million.

Equity, standing at €4,939 million, grew by 11.2% compared to the figure recognised at the end of 2021, largely attributable to the contribution of consolidated profit for the year.

The FCC Group's income backlog stood at €40,273.8 million at year-end, maintaining the sustained growth seen throughout the year and generating an increase of 33.4%, with a notable increase in all business areas, with particular mention doing to the volume of contracts in the Water area and the 65.4% variation seen in Construction.

2.1.3. Summary by Business Area

(Million Euros)

Area	Dec. 22	Dec. 21	Chg. (%)	% of 22 total	% of 21 total
REVENUE BY BUSINESS AREA					
Environment	3,641.1	3,244.9	12.2%	47.3%	48.7%
Water	1,323.2	1,169.5	13.1%	17.2%	17.6%
Construction	1,966.9	1,659.6	18.5%	25.5%	24.9%
Cement	516.5	433.8	19.1%	6.7%	6.5%
Real Estate*	270.8	147.9	83.1%	3.5%	2.2%
Corporate serv. and others	(12.8)	3.6	n/a	-0.2%	0.1%
Total	**7,705.7**	**6,659.3**	**15.7%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	4,271.2	3,943.8	8.3%	55.4%	59.2%
United Kingdom	1,048.4	855.6	22.5%	13.6%	12.8%
Rest of Europe and Others	879.7	811.5	8.4%	11.4%	12.2%
America	760.3	376.0	102.2%	9.9%	5.6%
Czech Republic	385.4	346.6	11.2%	5.0%	5.2%
Middle East & Africa	360.7	325.8	10.7%	4.7%	4.9%
Total	**7,705.7**	**6,659.3**	**15.7%**	**100.0%**	**100.0%**
EBITDA**					
Environment	593.1	535.1	10.8%	45.2%	47.5%
Water	350.2	298.9	17.2%	26.7%	26.5%
Construction	122.8	102.6	19.7%	9.4%	9.1%
Cement	30.3	76.1	-60.2%	2.3%	6.8%
Real Estate*	142.6	40.0	n/a	10.9%	3.6%
Corporate serv. and others	72.4	73.9	-2.0%	5.5%	6.6%
Total	**1,311.4**	**1,126.6**	**16.4%**	**100.0%**	**100.0%**

(Million Euros)

Area	Dec. 22	Dec. 21	Chg. (%)	% of 22 total	% of 21 total
OPERATING PROFIT/(LOSS)					
Environment	304.7	285.4	6.8%	49.9%	35.6%
Water	203.8	181.3	12.4%	33.4%	22.6%
Construction	89.4	71.1	25.7%	14.6%	8.9%
Cement	(203.3)	(90.3)	125.1%	-33.3%	-11.3%
Real Estate*	165.7	298.3	-44.5%	27.1%	37.2%
Corporate serv. and others	50.2	56.4	-11.0%	8.2%	7.0%
Total	**610.5**	**802.2**	**-23.9%**	**100.0%**	**100.0%**
NET FINANCIAL DEBT**					
Corporate					
With recourse	(840.1)	(326.0)	157.7%	-26.3%	-10.1%
Without recourse	87.1	0.5	n/a	2.7%	0.0%
Areas					
Environment	1,227.6	1,289.7	-4.8%	38.5%	40.0%
Water	1,642.8	1,247.6	31.7%	51.5%	38.7%
Cement	157.6	124.4	26.7%	4.9%	3.9%
Real Estate*	917.7	889.7	3.1%	28.7%	27.6%
Total	**3,192.7**	**3,225.7**	**-1.0%**	**100.0%**	**100.0%**
BACKLOG**					
Environment	13,255.5	10,746.4	23.3%	32.9%	35.6%
Water	20,312.7	15,361.1	32.2%	50.4%	50.9%
Construction	6,586.0	3,981.3	65.4%	16.4%	13.2%
Real Estate*	119.6	108.1	10.6%	0.3%	0.4%
Total	**40,273.8**	**30,196.9**	**33.4%**	**100.0%**	**100.0%**

* **Real Estate presents its consolidated key figures for both business years separately.**

** See definition of calculation in section 10, according to the requirements of the ESMA regulation (2015/1415en).

2.1.4. Income Statement

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Revenue	**7,705.7**	**6,659.3**	**15.7%**
Gross Operating Profit (Ebitda)	**1,311.4**	**1,126.6**	**16.4%**
Ebitda Margin	*17.0%*	*16.9%*	*0.1 p.p*
Provision for amortisation of fixed and non-current assets	(519.7)	(452.3)	14.9%
Other operating income	(181.1)	127.9	n/a
Net Operating Profit (Ebit)	**610.5**	**802.2**	**-23.9%**
Ebit margin	*7.9%*	*12.0%*	*-4.1 p.p*
Financial income	(119.1)	(110.5)	7.8%
Other financial profit/(loss)	29.6	57.5	-48.5%
P/L of companies accounted for by the equity method	29.6	58.2	-49.1%
Profit/(loss) before tax from continuing activities	550.7	807.5	-31.8%
Company tax on profits	(72.7)	(130.2)	-44.2%
Income from continuing operations	**477.9**	**677.3**	**-29.4%**
Net Income	**477.9**	**677.3**	**-29.4%**
Non-controlling interests	(162.7)	(97.1)	67.6%
Income attributable to the parent company	**315.2**	**580.1**	**-45.7%**

2.1.4.1. Revenue

Consolidated revenue grew to €7,705.7 million, up by 15.7% year-on-year. This performance was maintained throughout the year as a result of the combination of sustained organic growth in all business areas, enhanced by the contribution to the perimeter of the acquisitions made in the Real Estate and Water areas.

By the different business areas:

Environment recorded an increase of 12.2%, thanks to the general expansion in its various operating platforms, mainly due to the combination of the entry into service of new treatment contracts and street cleaning activity in Spain and collection and treatment in the USA, together with the increase in revenues in Central Europe and the UK, especially linked to waste treatment and recovery activities.

The revenue recognised by the Water area grew by 13.1%, on account of several factors, including the contribution of the end-to-end cycle management operations acquired in Georgia combined with the recovery in consumption across all geographies in the main water cycle management activity, mitigating the lower-than-expected contribution of Technology and Networks activities as a number of one-off international projects came to an end.

In Construction, revenue experienced growth of 18.5% compared to 2021, with a notable increase in Mexico, the UK and the Netherlands, although this was dragged down to some extent by completed or advanced projects, especially in Spain and Belgium.

The Real Estate area, for which figures have been presented separately since the fourth quarter of last year, enjoyed a significant increase in revenue to €270.8 million, up by 83.1% year-on-year, thanks both to the inclusion of Realia and Jezzine in the global consolidation perimeter in November 2021 and the increase in income during this period from both development activity and, to a lesser extent, from rental property.

Finally, in the Cement area, revenue enjoyed double-digit growth of 19.1% during the period, largely due to the increase in sales in Spain and exports.

Revenue breakdown by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	4,271.2	3,943.8	8.3%
United Kingdom	1,048.4	855.6	22.5%
Rest of Europe and Others	879.7	811.5	8.4%
America	760.3	376.0	102.2%
Czech Republic	385.4	346.6	11.2%
Middle East & Africa	360.7	325.8	10.7%
Total	**7,705.7**	**6,659.3**	**15.7%**

Geographically, Spain reduced its relative contribution, down to 55.4% of the Group's total revenue, on €4,271.2 million, although this represented a year-on-year increase of 8.3%. With regards to the different areas of activity, the Environmental area's revenues rose by 7.5% due to the increase in all main activities of the waste management chain, especially collection and street cleaning. The Water area's revenues rose by 5.8%, due to a progressive recovery in the non-domestic volumes invoiced in end-to-end cycle concessions and water network actions linked to concessions. The contribution of the Construction area dropped by 1.7%, with a slowdown in expected project development. In the Cement area, revenue progressively increased to 19.7%, with an expansion attributable to higher sales prices. The Real Estate activity, which is concentrated entirely in Spain, has seen its revenues increase substantially (by €122.9 million), due both to the aforementioned integration of the Realia and Jezzine groups within its parent company, FCC Inmobiliaria, and to its increased property development activity this year. Lastly, it is worth mentioning that the Concessions area (included in the Corporate Services and Others heading, after completing the sale of some of its most significant concessions in the first quarter of 2021 and acquiring control of the Murcia tram in November) contributed €41 million in revenue this year, compared to €55 million last year.

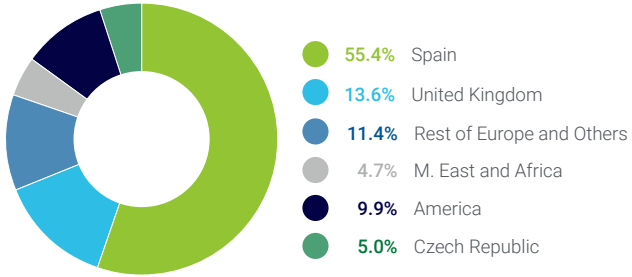
Moreover, revenue in the United Kingdom were up by 22.5% to €1,048.4 million, largely due to the recovery of the municipal waste treatment plant and recovery activity in the Environment area combined with an increase in concession activity in the Construction area.

In the EU, the Czech Republic registered an increase of 11.2% to €385.4 million, with a larger increase in waste management services in the Environment area and a more moderate increase in the end-to-end water cycle activity in the Water area. In turn, the Rest of Europe and Others, accounting for €879.7 million, saw growth of 8.4%, largely attributable to higher revenues linked to the end-to-end water cycle activity in Georgia. The level of activity registered by the Construction area slowed down, with the awarding of new contracts and the development of those in progress failing to fully offset the completion of and progress with other projects (in the case of Belgium).

Revenue in America, both in Latin America and the US, increased significantly by 102.2%, to €760.3 million, largely attributable to the increase in the execution of civil works projects in the Construction area, especially in Mexico, as well as the continued expansion of Environment in the collection and treatment of municipal waste in the USA.

Lastly, in the Middle East and Africa, activity recovered over the course of the year, with 10.7% growth, amounting to €360.7 million, largely as a result of the increase in activity as part of contracts under management in Water and the higher contribution of Construction in Saudi Arabia.

% Revenue by geographical area



2.1.4.2. Gross Operating Profit (Ebitda)

The Gross Operating Profit for the year amounted to €1,311.4 million, an increase of 16.4% compared to the previous year. This amount represents a 17% margin over income, similar to the 16.9% achieved in 2021, but with some significant key components: In a positive sense (i) the increase generated by the increase in revenues in the Environment and Construction areas together with Water, reinforced by higher operating profitability (ii) the contribution of rental activity in the Real Estate area, with an additional contribution of €82.4 million this year. On the negative side, (iii) the impact of higher energy costs, particularly noteworthy in the Cement area, which, combined with the fact that no emission rights were sold this year, saw a reduction in its Ebitda of €45.8 million as well as (iv) variations in the consolidation perimeter of various transport concession assets, on account of the sale executed in the first quarter of 2021 and the buy-out undertaken in the fourth quarter of 2022, which resulted in a drop in the net contribution of €5.9 million this year.

By business area, the most noteworthy developments have been:

The Environment area recorded €593.1 million, a 10.8% increase, in line with the revenues distributed across all activities of the value chain. The operating margin came in at 16.3%, similar to the 16.5% seen the previous year, with a balanced increase in the different types of services and by geographical area, notably in the USA.

The Water area came in at €350.2 million, up by 17.2% year-on-year, thanks to the increased contribution of concessions and services activities, in particular following the acquisition made in Georgia, which, combined with the impact of higher non-domestic volume and tariffs in the main activity, offset the increase in energy costs. The margin therefore grew to 26.5% compared to 25.6% in 2021.

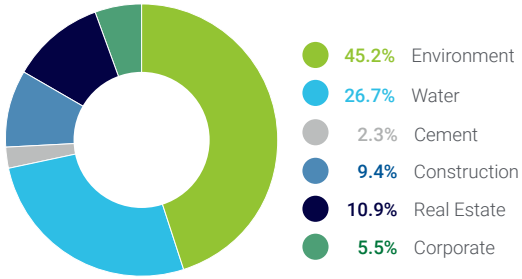
The Construction area recorded €122.8 million, up by 19.7% compared to 2021, improving the scheduling of projects by readjusting the margin anticipated in certain international contracts. This saw the operating margin maintained at 6.2%, similar to the figure recorded the previous year.

In Cement, Ebitda came to €30.3 million, a significant drop compared to the €76.1 million registered the previous year; this can mainly be attributed to the aforementioned impact of higher energy costs combined with the fact that no income was generated on the sale of CO_2 (compared to €7.8 million in 2021).

The Real Estate area saw notable progress, recording €142.6 million, compared to €40 million the previous year, largely due to the consolidation of the Jezzine and Realia rental property activity in November 2021 (an increase in the combined contribution of rental assets of €82.4 million this year) together, albeit to a lesser extent, with the higher contribution made by the development and sale of land.

Corporate Services and Others include the infrastructure concession activity, to which the activity of the Cedinsa subgroup contributed until the end of the first quarter of 2021 and to which 100% of the Murcia tram concession now contributes following the buy-out of the remaining 50%; this is why the contribution of this activity dropped from €37.2 million in 2021 to €31.1 million this year.

% Ebitda by Business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to consolidated operating profit of 71.9% for the year as a whole. When adding in the recurring activity of real estate rental assets and concessions, this percentage contribution increases to 80.5% of the total.

2.1.4.3. Net Operating Profit (Ebit)

Net operating profit amounted to €610.5 million, 23.9% down on the previous year. This result reflects, in addition to the changes in gross operating profit, two other key factors in Other Operating Income/(Losses), namely: (i) This year, a €200 million adjustment was made to the value of goodwill in the Cement area, reflecting the impact of higher energy costs and (ii) in the opposite direction, in 2021, there was a net positive impact of €105.7 million, attributable to the accounting result generated by the global consolidation of Realia, raising the previously recorded level of the value of its rental real estate assets, of €241.7 million combined with the negative accounting impact of €136 million generated when adjusting the value of tangible fixed assets and goodwill in the Cement area.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Earnings before tax from continuing activities came in at €550.7 million, 31.8% down on the €807.5 million generated in 2021. This result can largely be attributed to the performance operations, accompanied by a drop in Other profit/(loss) and the contribution of investees.

Thus, the performance was as follows for the various components:

2.1.4.4.1. Financial income

The net financial profit/(loss) recognised came to -€119.1 million, compared to -€110.5 million the previous year, an increase of 7.8, reflecting both the limited effect of the increase in the average cost of financing and, to a greater extent, the average balance of financial debt this year compared to last one; this is largely attributable to the aforementioned expansion of the perimeter of Real Estate activities in the fourth quarter of 2021.

2.1.4.4.2. Other financial profit/(loss)

This heading includes an amount of €29.6 million in 2022, compared to €57.5 million last year. The positive contribution can be attributed to exchange rate of certain currencies compared to the euro, while the reduction compared to 2021 is on account of the €26.6 million contribution of profit generated on the disposal of several investees in the Concessions and Construction areas the previous year.

2.1.4.4.3. Profits/(losses) of companies accounted for by the equity method

The contribution made by investee companies came to €29.6 million, €28.6 million down on the previous year. This drop was attributable to a combination of factors, including: (i) the €52.7 million profit from the sale of most of the energy assets in which the Group has an interest, which includes both the gain up to the time of sale and the gain on disposal, (ii) the €17.6 million effect of the closing of the sale of the Ceal 9 and Urbicsa transport concessions and (iii) the -€45.9 million losses generated by Realia in the Real Estate area, which, to a large extent, includes its change of consolidation from the equity method to the full consolidation method following the completion of the takeover in November 2021.

2.1.4.5. Income attributable to the parent company

This year, this figure stood at €315.2 million, 45.7% down year-on-year, mainly due to the aforementioned adjustments in the Cement area and the decrease in the contribution of Other financial profit/(loss) and companies accounted for using the equity method, which included the previous year's non-recurring elements described above. Furthermore, corporate income tax includes the sum of €89.6 million this year following the activation of tax loss carryforwards that it is estimated will be offset in the future.

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. 22	Dec. 21	Chg. (%)
Revenue	**7,306.0**	**6,475.4**	**12.8%**
Gross Operating Profit (Ebitda)	**1,098.6**	**1,066.1**	**3,0%**
Ebitda Margin	*15,0%*	*16,5%*	*-1,4 p.p*
Net Operating Profit (Ebit)	**449.1**	**775.9**	**-42,1%**
Ebit margin	*6,1%*	*12,0%*	*-5,8 p.p*
Income attributable to the parent company	**315.2**	**580.1**	**-45,7%**

2.1.5. Balance Sheet

(Million euros)

	Dec. 22	Dec. 21	Chg. (€M)
Intangible fixed and non-current assets	2,342.1	2,445.2	(103.1)
Property, plant and equipment	3,496.8	2,862.5	634.3
Real Estate investments	2,122.9	2,069.2	53.7
Investments accounted for using the equity method	502.6	533.8	(31.2)
Non-current financial assets	910.6	604.0	306.6
Deferred tax assets and other non-current assets	499.5	559.2	(59.7)
Non-current assets	**9,874.5**	**9,074.1**	**800.4**
Inventory	1,143.2	1,107.3	35.9
Trade and other receivables	2,468.0	2,340.9	127.1
Other current financial assets	221.3	184.4	36.9
Cash and cash equivalents	1,575.5	1,535.5	40.0
Current assets	**5,408.0**	**5,168.1**	**239.9**
TOTAL ASSETS	**15,282.5**	**14,242.2**	**1,040.3**
Equity attributable to shareholders of the parent company	3,387.9	3,007.1	380.8
Non-controlling interests	1,551.1	1,433.6	117.5
Equity	**4,939.0**	**4,440.7**	**498.3**
Subsidies	202.9	192.2	10.7
Non-current provisions	1,141.7	1,167.3	(25.6)
Long-term financial debt	3,860.7	3,294.3	566.4
Other non-current financial liabilities	410.6	438.7	(28.1)
Deferred tax liabilities and other non-current liabilities	430.7	473.4	(42.7)
Non-current liabilities	**6,046.6**	**5,565.9**	**480.7**
Current provisions	148.1	147.9	0.2
Short-term financial debt	1,121.8	1,651.2	(529.4)
Other current financial liabilities	211.3	169.0	42.3
Trade and other payables	2,815.7	2,267.5	548.2
Current liabilities	**4,296.9**	**4,235.6**	**61.3**
TOTAL LIABILITIES	**15,282.5**	**14,242.2**	**1,040.3**

2.1.5.1. Property, plant and equipment and investment property

Property, plant and equipment and real estate investments at year-end jointly came to €5,619.7 million, up by €688 million year-on-year. This increase is mainly attributable to the inclusion of the end-to-end water cycle management assets corresponding to GGU in Georgia and, to a lesser extent, investments in the Environment area.

2.1.5.2. Investments accounted for using the equity method

Investments accounted for using the equity method amounted to €502.6 million at the end of the year, with the following breakdown of the most significant investments:

1) €194.9 million for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) €118.3 million for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
3) €72.8 million for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) €42.7 million from the subsidiaries of the parent company in the Cement area.
5) €40 million from investee companies in the Real Estate area.
6) €33.9 million in investees in the Construction area located abroad

The reduction of this heading is mainly due to the change in the consolidation method of the Tranvía de Murcia, that after taking its control has been consolidated globally in this year (note 4).

2.1.5.3. Non-current financial assets

Non-current financial assets increased by €306.6 million to €910.6 million; this increase can be attributed to the investment made in a non-controlling interest in a development company by the Real Estate area in June, meaning that at year-end, the breakdown of the value of the investment in equity of the most relevant investees was as follows:

€133.5 million in companies in the Real Estate area.

€20.9 million in Water and Environment companies.

€8.6 million in other holdings.

This heading also includes, but is not limited to, the increase in collection rights from concession agreements, located mainly in the Environment and Water areas combined with the inclusion of Murcia Tram concession activity in the consolidation perimeter.

2.1.5.4. Cash and cash equivalents

The balance of Cash and cash equivalents came to €1,575.5 million, €40 million up year-on-year, mainly on account of the strong performance of working capital and despite the higher payments made in relation to investments.

This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled €790.8 million.

2) In the perimeter without recourse, cash and equivalents amounted to €784.7 million.

2.1.5.5. Equity

Equity at year-end came to €4,939 million, up by €498.3 million on year-end 2021. This increase was mainly due to the contribution of €477.9 million in net attributable profit during the period.

2.1.5.6. Financial Debt

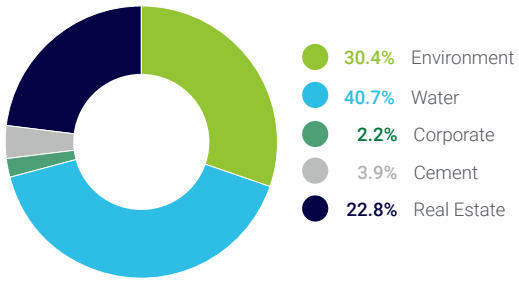
(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Bank borrowings	2,778.4	1,742.6	1,035.8
Debt instruments and other loans	2,040.8	3,031.5	(990.7)
Finance lease payables	24.9	37.3	(12.4)
Other financial liabilities	138.4	134.1	4.3
Gross Financial Debt	**4,982.5**	**4,945.5**	**37.0**
Cash and other current financial assets	(1,789.8)	(1,719.8)	(70.0)
Net Financial Debt	**3,192.7**	**3,225.7**	**(33.0)**
Net financial debt with recourse	(677.2)	(326.0)	(351.2)
Net financial debt without recourse	3,869.9	3,551.7	318.2

At year-end, the Group's gross financial debt remained almost the same as in December of the previous year, at €4,982.5 million. It is worth mentioning that 77.5% have a long-term maturity, for the sum of €3,860.7 million, divided between bank debt and capital market debt. The remainder of this indebtedness, 22.5%, matures in the short term, with the main balance of this corresponding to a bond from the Environment area maturing next December and the remainder to bilateral facilities and commercial paper issued on the Irish Stock Exchange by the Group's parent company and the Environment area's parent company.

In turn, the balance of net financial debt decreased by €33 million year-on-year, to €3,192.7 million. This has been achieved despite (i) the impact of the acquisition and incorporation into the balance sheet of the operating debt of GGU (owner and operator of the end-to-end water cycle in the Georgian capital) into the Water area in February, (ii) the investment made as part of the acquisition of a non-controlling financial interest by the Real Estate area and (iii) the acquisition of the remaining 50% in the Murcia Tram concession in Spain. The determining factor that allowed the financial debt balance to be contained during the year was the generation of the operating cash flow, supported by the performance of working capital, especially in the Construction area.

Breakdown of Net Financial Debt by Business Area



As is standard as part of the Group's financial policy, almost all of the net financial debt is without recourse and is mostly located in the Water Utilities and Environment areas and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position with recourse of €677.2 million at the end of last December.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area accounts for an amount of €1,642.8 million, which mainly includes the financing of a corporate bond for its parent company with a balance of €658 million, maturing in 2027, and a long-term syndicated loan for €1,100 million taken out last June; (ii) the Environment area accounts for €1,227.6 million, of which the majority corresponds to bonds issued in 2019 by the parent company of the area, a further €116.3 million to activity in the United Kingdom and €34.2 million to activity in the USA. (iii) the Real Estate area accounts for €754.8 million in relation to rental property activity; (iv) the Cement area accounts for €157.6 million and (v) concessions activity accounts for €87.1 million

2.1.5.7. Other current and non-current financial liabilities

Other current and non-current financial liabilities comes to €621.9 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 €400.5 million. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

2.1.6. Cash Flow

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Gross Operating Profit (Ebitda)	**1,311.4**	**1,126.6**	**16.4%**
(Increase)/decrease in working capital	285.3	(167.9)	n/a
Corporation tax (paid)/received	0.7	(135.6)	n/a
Other operating cash flow	(51.6)	(76.9)	-32.9%
Operating cash flow	**1,545.8**	**746.2**	**107.2%**
Investment payments	(1,062.1)	(557.9)	90.4%
Divestment receipts	51.5	568.6	-90.9%
Other investment cash flows	72.6	182.4	-60.2%
Investment cash flow	**(938.0)**	**193.1**	**n/a**
Interest paid	(123.7)	(99.1)	24.8%
(Payment)/receipt of financial liabilities	(333.9)	(269.3)	24.0%
Other financing cash flow	(109.6)	(259.3)	-57.7%
Financing cash flow	**(567.2)**	**(627.7)**	**-9.6%**
Exchange differences, change in consolidation scope, etc.	**(0.6)**	**1.8**	**n/a**
Increase/(decrease) in cash and cash equivalents	**40.0**	**313.4**	**-87.2%**

2.1.6.1. Operating cash flow

The operating cash flow generated this year came to €1,545.8 million, €799.6 million up on the previous year, on account of the increase in operating resources generated, as well as the impressive performance of working capital. With this in mind, current operating capital generated funds of €285.3 million, concentrated in the Construction area, which compares favourably with the application of €167.9 million the previous year.

Collections/(payment) of corporation tax includes an inflow of €0.7 million compared to the outflow of €135.6 million in the previous year, attributable to the corporation tax generated on the sale of several transport concessions for the amount of €33 million while in 2022, tax refunds corresponding to 2020 and 2021 were obtained.

The heading other operating cash flow includes an outflow of €51.6 million compared to €76.9 million the previous business year, due to the reduced application of provisions mainly in the different areas.

2.1.6.2. Investment cash flow

The investment cash flow represents an application of €938 million, a significant change from the generation of €193.1 million the previous year.

Payment for Investments increased by €504.2 million, coming to a total of €1,062.1 million. By business areas, Environment contributed the highest payments, amounting to €428.1 million, with the year-on-year increase attributable to the higher investments in Spain and the US, both as part of renewed contracts and new awards and acquisitions. In the Water area, payments for investments rose to €370.6 million, with the acquisition of GGU, the company responsible for managing of the end-to-end water cycle in Georgia, serving as the main component, for the sum of €159 million, as well as other new investments in concessions in Colombia and hydraulic assets in Spain.

To this end, the investment of €138 million corresponding to the acquisition of a non-controlling in a property development firm in the Real Estate area last June is worth particular mention, as is the acquisition of the remaining 50% stake in the Murcia Tram for the sum of €48.5 million.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Environment	(407.5)	(291.8)	(115.7)
Water	(362.9)	(86.8)	(276.1)
Construction	(21.4)	0.5	(21.9)
Cement	(22.2)	(10.9)	(11.3)
Real Estate	(154.4)	(64.9)	(89.5)
Corporate serv., etc. & adjustments	(42.2)	464.6	(506.8)
Net investments (Payments - Collections)	**(1,010.6)**	**10.7**	**(1,021.3)**

In turn, Other investment flows includes an inflow of €72.6 million during the year compared to €182.4 million the previous year; this includes, but is not limited to, the collection of interest for the sum of €29.3 million and the receipt of cash and equivalents following the inclusion of acquired companies in the consolidation perimeter during the year with GGU in the Water area worth particular mention, for a total of €15.9 million.

2.1.6.3. Financing cash flow

The consolidated financing cash flow generated represents an application of €567.2 million compared to €627.7 million in the previous year. The interest payment item shows an outflow of €123.7 million, mainly concentrated in the Water and Environment areas and to a lesser extent, the Real Estate area.

Proceeds from/(payments on) financial liabilities entails the application of the financing flow of €333.9 million during this period, concentrated in the refinancing process undertaken in the Water area during the second quarter of the year.

Furthermore, Other financing flows entails an outflow of €109.6 million, €149.7 million less than last year, which included investments in the Real Estate area. This mainly includes the payment of dividends to shareholders of the parent company and the series of minority shareholders of the consolidated Group for a total amount of €73.2 million.

2.1.6.4 Change in cash and cash equivalents

As a result of the development of the different components of the cash flow, FCC Group's cash position closed with an increase of €40 million, reaching a balance of €1,575.5 million.

2.1.7. Analysis by business area

2.1.7.1. Environment

The Environment area contributed 45.2% of the Group's EBITDA in the 2022 business year. Around 79.5% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20.5% corresponded to other types of urban environmental activities, such as the conservation of green areas and/or beaches.

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, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activity in the US involves both in the collection and comprehensive recovery of municipal waste, serving more than 8 million residents.

2.1.7.1.1. Earnings

(Million euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	3,641.1	3,244.9	12.2%
Waste collection and street cleaning	*1,765.0*	*1,550.0*	*13.9%*
Waste processing	*1,130.1*	*1,067.5*	*5.9%*
Other services	*746.0*	*627.4*	*18.9%*
Ebitda	593.1	535.1	10.8%
Ebitda Margin	*16.3%*	*16.5%*	*-0.2 p.p*
Ebit	304.7	285.4	6.8%
Ebit margin	*8.4%*	*8.8%*	*-0.4 p.p*

Revenues in the Environment area were up 12.2% year-on-year to reach €3,641.1 million. Waste collection and street cleaning activity billed €1,765 million, recording growth of 13.9% on account of the entry into operation of new contracts, especially in Spain and the USA, as well as for the strong performance seen in Central Europe. Waste treatment activity was up 5.9% to €1,130.1 million, due to the higher contribution of recovery plants in the UK and the increase in activity in Central Europe, alongside the activity of a new plant in the USA. Other services and similar grew by 18.9% to €746 million.

Breakdown of revenue by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	1,975.2	1,837.2	7.5%
United Kingdom	794.9	708.3	12.2%
Central Europe	592.2	550.7	7.5%
United States and other	278.8	148.7	87.5%
Total	**3,641.1**	**3,244.9**	**12.2%**

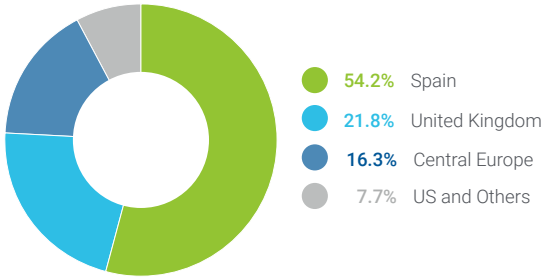
By geographical area, revenues in Spain increased by 7.5% year-on-year to €1,975.2 million on account of the high volumes of contracts for street cleaning and collection activities combined with the increase in volume of operations performed in other types of services.

In the United Kingdom, revenue increased by 12.2% to €794.9 million, mainly on account of the higher contribution by recovery plants, supported by the increase in the price of energy.

In Central Europe, revenue increased by 7.5% to €592.2 million on account of the increase in contribution by all activities, in particular waste collection and the sale of by-products in the Czech Republic, as well as treatment in Austria.

Last but not least, revenue in the United States and other markets increased by an impressive 87.5% to €278.8 million on account of the entry into operation of new residential collection contracts as well as the increase in contribution by other existing contracts, combined with the contribution of the new contract for the renovation and operation of the municipal solid waste treatment plant in Placer County (California).

Breakdown of revenue by geographical area



Ebitda increased by 10.8% to €593.1 million on account of the developments described above for revenue, combined with the increase in the price of energy that has resulted in the recovery activity contributing more in the United Kingdom and Austria and offset by the increase in energy costs linked the collection activities. With this in mind, the operating margin remained at similar levels to the previous year.

Ebit increased by 6.8% year-on-year to €304.7 million thanks to the performance of the different components mentioned in the Ebitda and an increase in the allocation of amortisations made.

Breakdown of backlog by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	8,224.1	6,300.6	30.5%
International	5,031.4	4,445.8	13.2%
Total	**13,255.5**	**10,746.4**	**23.3%**

At year-end, the backlog increased by 23.3% compared to 2021 to €13,255.5 million. In Spain, it increased by 30.5%, where the urban sanitation and street cleaning contracts in Zaragoza and the urban collection and sanitation contract in Madrid are worth particular mention. Looking further afield, the backlog amounted to €5,031.4 million internationally, 13.2% up on December the previous year, mainly on account of new contracts in the USA like the integrated management and recycling contract in Placer County (California) or residential collection contract in Port Saint Lucie (Florida).

2.1.7.1.2. Financial Debt

(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Net Financial Debt	1,227.6	1,289.7	(62.1)

Net financial debt fell by €62.1 million compared to December 2021 to €1,227.6 million. The main component of this heading are green loans, for a combined amount of €1,100 million. The remainder corresponds to commercial paper and the financing of a project involving waste treatment and recycling plants, mainly in the United Kingdom.

2.1.7.2. Water

The Water area contributed 26.7% of FCC Group's Ebitda in the period. 91.6% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 8.4% 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 ancillary works for operations.

In Spain the area serves over 13 million inhabitants in more than 1,100 municipalities. 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 the remainder of the EU, its presence in Italy, Portugal and France is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of processing plants. Overall, the Water area provides supply and/or sanitation services to more than 30 million inhabitants.

2.1.7.2.1. Earnings

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	1,323.2	1,169.5	13.1%
Concessions and services	*1,212.2*	*1,053.3*	*15.1%*
Technology and networks	*111.0*	*116.2*	*-4.5%*
Ebitda	350.2	298.9	17.2%
Ebitda Margin	*26.5%*	*25.6%*	*0.9 p.p*
Ebit	203.8	181.3	12.4%
Ebit margin	*15.4%*	*15.5%*	*-0.1 p.p*

Revenue increased by 13.1% to €1,323.2 million on account of the increase in full-cycle property and concession activity, mainly thanks to the contribution to the perimeter of Georgia Global Utilities (GGU) in Georgia since last February and the increase in non-domestic consumption. At the other end of the scale, Technology and Networks activity contracted by 4.5% following the completion of a number of one-off international projects, in particular in the Middle East and Africa, which was offset by growth in Spain.

Breakdown of backlog by geographical area

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Spain	861.4	814.2	5.8%
Central and Eastern Europe	190.0	113.6	67.3%
Middle East, Africa and Other	131.1	112.4	16.6%
Rest of Europe (France, Portugal and Italy)	92.3	80.8	14.2%
Latin America	48.4	48.5	-0.2%
Total	**1,323.2**	**1,169.5**	**13.1%**

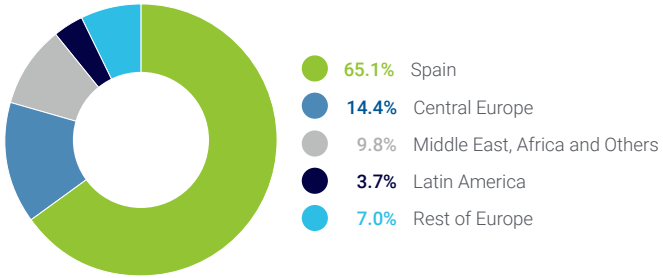
By geographical area, revenues in Spain increased by 5.8% to €861.4 million. This growth came both in concession activity, following the growth in m^3 billed in the non-domestic market combined with a tariff increase, which offset the reduction in domestic consumption, and thanks to the strong performance of Technology and Networks activity, supported by the increase in activity performed through investment plans associated with concession contracts.

Looking abroad, Central and Eastern Europe registered the strongest growth, by an outstanding 67.3% to €190 million. The biggest contribution came in end-to-end cycle activity on account of the aforementioned acquisition of GGU. The Czech Republic also experienced growth following the tariff update and the favourable performance of the Czech koruna (4.4% in the reappraisal period). In the Rest of Europe, revenue increased by 14.2% to €92.3 million on account of a new concession contract secured in France and the increase in volume of infrastructure actions at the Aque di Caltanissetta concession in Sicily.

In the Middle East, Africa and Others, revenue increased by 16.6% to €131.1 million on account of the increase in concession activity due to new contracts in Qatar and Saudi Arabia, as well as the increase in contribution of the Abu Rawash wastewater treatment plant in Egypt. In contrast, Technology and Networks activity decreased on account of the decrease in contribution from contracts that have come to an end or that are coming to an end.

Finally, in Latin America, revenue remained practically the same as last year, at €48.4 million. Concession activity in Colombia increased and offset the reduction of activity seen in Technology and Networks, both in Mexico and in Colombia itself, in projects that are already at very advanced stages.

Breakdown of revenue by geographical area



Ebitda increased by 17.2% to €350.2 million on account of the increase in operating profitability of GGU and, to a lesser extent, the decrease in the contribution by Technology and Networks activities. This largely offset the increase in the cost of electricity. With this in mind, the operating margin rose to 26.5% during the year.

Net operating profit (Ebit) was up by 12.4% compared to December last year, totalling €203.8 million on account of the performance of gross operating profit, as discussed previously. The increase in amortisation expense is worth particular note on account of the increase in volume of owned operating assets.

Breakdown of backlog by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	7,049.2	7,149.6	-1.4%
International	13,263.5	8,211.5	61.5%
Total	**20,312.7**	**15,361.1**	**32.2%**

The backlog at year-end came to €20,312.7 million, 32.2% up on December 2021. This increase is mainly attributable to the international area, which grew by a remarkable 61.5% to €13,263.5 million following the incorporation of GGU, as well as other smaller growth in Colombia and Saudi Arabia.

2.1.7.2.2. Financial Debt

(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Net Financial Debt	1,642.8	1,247.6	395.2

Net financial debt increased by €395.2 million at year-end to €1,642.8 million, on account in the increase in payments in relation to growth investments and the incorporation of the operating debt of acquired companies, in particular the amounts related to the incorporation of GGU.

2.1.7.3. Construction

The Construction area contributed 9.4% of the FCC Group's Ebitda at the end of the business year. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 15 countries. Special mention should go to participation in major works like railways, tunnels, motorways and football stadiums that constituted a major part of the activity.

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	1,966.9	1,659.6	18.5%
Ebitda	122.8	102.6	19.7%
Ebitda Margin	*6.2%*	*6.2%*	*0.1 p.p*
Ebit	89.4	71.1	25.7%
Ebit margin	*4.5%*	*4.3%*	*0.3 p.p*

Revenue in the area was up by 18.5% to €1,966.9 million, largely due to the strong pace of project performance in Latin America and several European countries, offsetting the lower activity levels in Spain.

Breakdown of revenue by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	870.1	885.2	-1.7%
Rest of Europe and Others	501.7	419.2	19.7%
America	434.3	209.4	107.4%
Middle East and Africa	160.8	145.8	10.3%
Total	**1,966.9**	**1,659.6**	**18.5%**

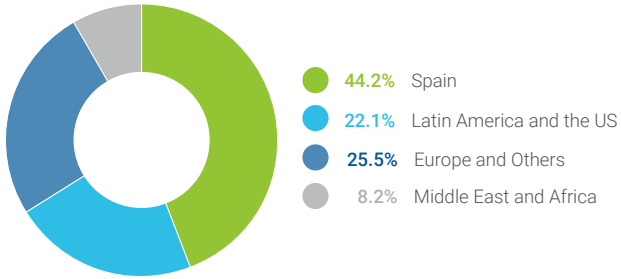
By geographical area, revenue in Spain contracted by 1.7%, to €870.1 million, despite the strong progress made with the remodelling of the Santiago Bernabéu football stadium.

In contrast, in the Rest of Europe and other markets, revenue grew by 19.7% year-on-year, coming to €501.7 million, mainly on account of the development of the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which offset the decrease in the contribution of other works, such as the Haren prison in Belgium, which came to an end.

In America, revenue grew significantly to €434.3 million, 107.4% up on the previous year, largely on account of the higher contribution of the Mayan Train project in Mexico combined with the sustained progress with works including the Toyo Tunnel in Colombia, the Lima Metro in Peru and the start of the RER-3 in Toronto (Canada).

The Middle East and Africa contributed to the increase in area's revenue, up by 10.3%, to €160.8 million. Progress with the Riyadh Metro is worth particular note, with its completion having been extended until April 2024, following an additional contract awarded to FCC Construcción worth more than €200 million; also responsible for the increase in activity in the future is the recent significant award of a railway tunnel in the Neom region, in the northwest of the country.

Breakdown of revenue by geographical area



Gross operating profit increased by 19.7% to €122.8 million compared to €102.6 million the previous year. This increase can be attributed to the evolution of income mentioned previously combined with upward adjustments in the degree of progress of certain international projects. As a result, the operating margin for the period increased by 6.2% year-on-year.

In turn, net operating profit totalled €89.4 million, compared to €71.1 million for the previous year, thanks to the performance of gross operating earnings, as mentioned previously.

Breakdown of backlog by geographical area *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Spain	1,817.3	1,368.0	32.8%
International	4,768.7	2,613.3	82.5%
Total	**6,586.0**	**3,981.3**	**65.4%**

The revenue backlog increased significantly at the end of December to €6,586 million, a significant increase of 65.4%; it did so in a general manner, although more markedly at an international level, mainly on account of the new contracts signed, including for the Neom Tunnel in Saudi Arabia, the Sotra bridge in Norway, the new railway contracts in Romania and the initial phase of the RER-3 project in Canada, as well as the increase in scope of the Riyadh Metro in Saudi Arabia and the Maya Train in Mexico.

Breakdown of the Backlog by Activity Segment *(Million Euros)*

	Dec. 22	Dec. 21	Chg. (%)
Civil engineering works	5,569.7	3,301.6	68.7%
Building	503.9	426.3	18.2%
Industrial Projects	512.4	253.4	102.2%
Total	**6,586.0**	**3,981.3**	**65.4%**

By activity type, civil engineering continues to dominate, accounting for 84.6% of the total, concentrated in large public contracts in certain key and selective markets in Europe, America and the Middle East.

2.1.7.4. Cement

The Cement area contributed 2.3% of the FCC Group's Ebitda in the business year. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which operates a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	516.5	433.8	19.1%
Cement	*476.6*	*393.2*	*21.2%*
Other	*39.9*	*40.6*	*-1.7%*
Ebitda	30.3	76.1	-60.2%
Ebitda Margin	*5.9%*	*17.5%*	*-11.7 p.p*
Ebit	(203.3)	(90.3)	125.1%
Ebit margin	*-39.4%*	*-20.8%*	*-18.5 p.p*

Income in the area grew by 19.1%, coming to €516.5 million on account of the substantial increase in prices seen in the Spanish and Tunisian markets, although to a lesser extent; this helped to offset the decrease in volumes invoiced in both countries, combined with the strong performance of exports in both markets.

Breakdown of revenue by geographical area *(Million Euros)*

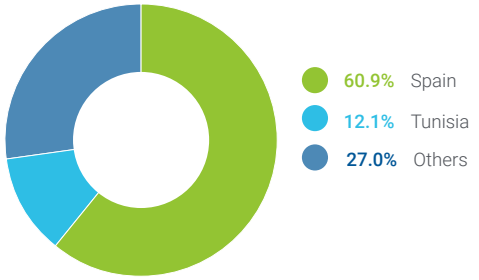
	Dec. 22	Dec. 21	Chg. (%)
Spain	314.6	262.9	19.7%
Tunisia	62.6	57.8	8.3%
Miscellaneous (exports)	139.3	113.1	23.2%
Total	**516.5**	**433.8**	**19.1%**

By geographical areas, in Spain, revenue increased by 19.7% to €314.6 million on account of the significant increase in prices, concentrated in the first half of the year; this offset the drop in volume invoiced.

In the local market in Tunisia, revenue grew by 8.3% to €62.6 million, due, as in the case of Spain, but more moderately so, to the increase in prices, helping to absorb the drop in demand.

Elsewhere, income from exports grew by 23.2% to €139.3 million on account of the strong performance of the prices of remittances sent to other European countries combined with an increase in shipments made from Tunisia.

Breakdown of revenue by geographical area



In turn, gross operating profit/(loss) decreased to €30.3 million compared to €76.1 million the previous year. This decrease, in Spain, was caused by the significant increase in the price of electricity and fuel, which tempered towards the end of the year. In Tunisia, this was also due to the increase in the cost of both supplies, although the impact was more evident in the second half of the year. Furthermore, in 2022, no CO_2 rights were sold, compared to the €7.8 million sold the previous year.

Net operating profit/(loss) stood at -€203.3 million, mainly due to a €200 million adjustment to the value of various property, plant and equipment assets and goodwill, in order to reflect their estimated future cash generation capacity.

2.1.7.4.2. Financial Debt

(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Net financial debt	157.6	124.4	33.2

Net financial debt, in its entirety without recourse to the parent company of the Group, increased by €33.2 million compared to December the previous year, with a balance of €157.6 million at year-end as a result of the absorption of cash from operations and investments during the period, testament to a situation affected by very high energy costs.

2.1.7.5. Real Estate

The Real Estate area contributed 10.9% 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, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

2.1.7.5.1. Earnings

(Million Euros)

	Dec. 22	Dec. 21	Chg. (%)
Turnover	270.8	147.9	83.1%
Equity	*106.7*	*17.2*	*N/A*
Development and land	*164.1*	*130.7*	*25.6%*
Ebitda	142.6	40.0	N/A
Ebitda Margin	*52.7%*	*27.0%*	*25.6 p.p*
Ebit	165.7	298.3	-44.5%
Ebit margin	*61.2%*	*201.7%*	*-140.5 p.p*

The area's revenue came to €270.8 million at the end of the year, which represents significant growth year on year, due in large part to the aforementioned inclusion in the global consolidation perimeter of the Realia Group and Jezzine at the end of 2021, as well as the organic growth of rental income and increase in property development activity.

In Equity, revenue amounted to €106.7 million, compared to its low contribution the previous year, having included the contribution of Jezzine and the rental activity of the Realia Group during the year. Its income came mainly from the rental of Jezzine's branches for banking use and the income generated in the operation of Realia's offices and department stores. The average occupancy level was 94.3%, very similar to the previous year, with a leasable surface area that was equally very stable, coming in at over 550,000 m^2.

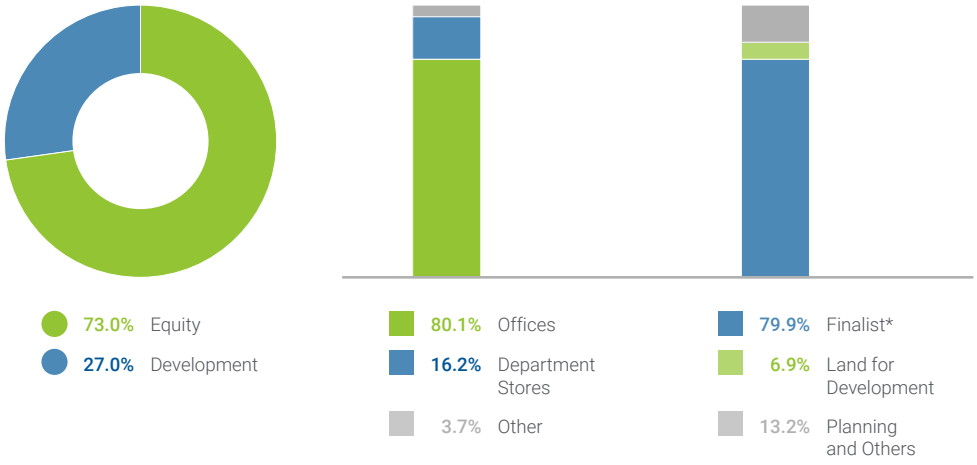
Residential Development and Land activity grew by 25.6%, to €164.1 million, on account of the increase attributable to the aforementioned consolidation of the Realia Group combined with an increase in the delivery rate of sold developments. In turn, land sales generated €35.9 million, up by 6.9% year-on-year. At year-end, the value of homes sold pending delivery came to €119.6 million, with growth of 11.7% compared to those pending delivery in December the previous year.

Similarly, Ebitda performed better this year, with a figure of €142.6 million, mainly on account of the contribution of the new Equity activity, with a much higher operating margin than property development. Thus, the operating margin stood at 52.7% for the period.

In turn, Ebit dropped to €165.7 million compared to €298.3 million in 2021, including the impact on accounts of €241.7 million following the increase in the registered value of Realia's rental assets to their fair market value at the time of their inclusion in global consolidation. This heading also includes the variation in the estimated fair value of rental property assets for the sum of €22.3 million during the year compared to €16.6 million in 2021.

Below, details are provided of the market valuation of the real estate assets in this area, which came to €2,978.5 million at 31 December 2022 (2.1% up year-on-year). The majority of this corresponds to rental assets, which account for 73% of the total, on €2,171.7 million, while Residential Development assets, which include land in the different stages of development as well as developments for sale, both in progress and finished, account for 27% of the total, on €806.8 million.

GAV per Activity | **Equity** | **Residential Development**



*Includes products in progress and finished products

2.1.7.5.2. Financial Debt

(Million Euros)

	Dec. 22	Dec. 21	Chg. (€M)
Net financial debt	917.7	889.7	28.0

The balance of net financial debt at year-end stood at €917.7 million, up by €28 million compared to December the previous year. This amount includes the aforementioned purchase of a non-controlling interest in Metrovacesa. Most of the debt in the area can be attributed to equity subsidiaries, without recourse to the parent company of the FCC Group, accounting for a combined amount of €754.8 million at year-end, with the remainder corresponding to various interests acquired in subsidiaries and investees.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 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:

	2022			
AREAS	SPAIN	ABROAD	TOTAL	%/Total
Environment	35,663	8,184	43,847	68%
Water Management	6,771	5,902	12,673	20%
Construction	3,872	2,787	6,659	10%
Cement	835	230	1,065	2%
Real Estate	101	0	101	0%
Central Services and Others	384	70	454	1%
TOTAL	**47,626**	**17,173**	**64,799**	**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 the 2019 business year, two simple bonds were issued by FCC Servicios Medioambiente Holding, S.A.U. for an amount of 1,100 million euros; FCC Aqualia, S.A. had previously done the same in 2017.

In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities and bilateral loans. In 2020, FCC Servicios Medioambiente Holding, S.A.U. registered a promissory note programme which it renewed annually for an amount of up to €400 million; it also has financing facilities in the form of credit facilities.

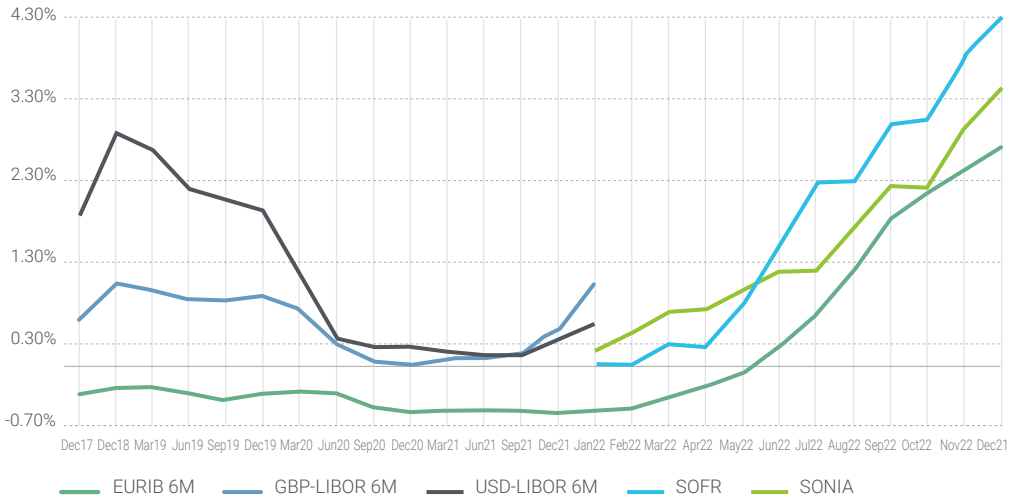
In addition, in 2021 Cementos Portland Valderrivas S.A. voluntarily repaid in advance all of its syndicated financing for a total of €115.5 million and arranged new bilateral financing facilities (Note 19 to the consolidated financial statements).

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.



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 essentially based on the integration of a risk-opportunity vision and the assignment of responsibilities that, together with the segregation of duties, enable the follow-up and control of risks, consolidating a suitable control environment.

The activities included in the FCC Group's Risk Management Model include the 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 7.4 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 7.4 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 5.2 and 7 of the Non-Financial Information Statement.

5. Acquisition and disposal of own shares

On 15 June 2022, the company reported that the Board of Directors, at its meeting held on 14 June 2022, approved a temporary stock buy-back programme, valid for one year. This programme is aimed at reducing FCC's share capital through the redemption of its own stock and it has the following characteristics: the maximum number of shares to be acquired under the Programme is 2 million and the maximum investment of the Programme was €25 million. At 31 December 2022, the number of shares acquired under this programme came to 1,016,141.

As a result, the treasury stock position at 31 December 2022 amounted to 2,741,524 shares, equivalent to 0.625% of the capital stock.

Furthermore, pursuant to the resolution of the General Shareholders' Meeting held on 14 June 2022, the redemption of 1.7 million treasury shares was performed on 20 July, thus bringing the total number of capital stock, at the reporting date, to 438,344,983 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

There have been no significant events between the end of the year and the date of preparation of these financial statements.

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.

Moderate growth is expected in Spain based on the start-up of new contracts already awarded. In 2023, the new state tax on waste comes into force, which will entail an increase in the activities performed by treatment plants. The contract renewal rate, which currently stands at over 90%, is expected to be maintained.

No significant changes are expected in the structure of the domestic market, the aim being focused on gradually replacing the linear production model with circular models.

Europe

In Portugal, highlights included business opportunities related to soil decontamination activities and, to a lesser extent, new urban sanitation contracts. Consideration shall be given to any growth opportunities (including inorganic growth), especially if they can add value to the Group.

In the United Kingdom, in the environment area, despite leaving the EU, the country not only shares the EU's circular economy objectives and recycling targets, but aims to be more ambitious in terms of household waste recycling rates and the portion of waste to landfill, as well as being more aggressive in the timing of implementation. Since the launch of the Resource and Waste Strategy in 2018, the new "Environmental Law" was passed in 2021, which covers key aspects in environmental policy such as Extended Producer Responsibility ("EPR"), which will see producers cover 100% of the cost of the disposal of these products, starting with plastic packaging, the "Deposit Return Scheme" ("DRS"): payment for reusable packaging (single-use beverage containers), new fees for single-use plastics and the principle of consistency in collection systems. Taking the nature of the sector into consideration, strongly conditioned by environmental legislation, FCC will continue to pay close attention to legislative developments and its performance in these aspects, which will affect the future strategy in the field of waste recycling and the treatment thereof. Our division in the United Kingdom also continues to pursue its energy production strategy through waste treatment and disposal.

In Central Europe, greater emphasis will be placed on increasing energy efficiency as part of treatment processes, cost reduction and rate adjustments with customers. As a protection measure against rising energy prices, the EU has also set a ceiling on the sale price of electricity and gas, which will limit the margins generated at the Zistersdorf incinerator (Austria). The reduction in recycling prices (in particular paper and metals) seen towards the end of 2022 is expected to continue into 2023 until they return to the levels seen before the pandemic. Furthermore, an increase in rates is expected in practically all commercial activities on account of contractual flexibility (short duration for industrial clients) or the price clauses included in municipal contracts.

USA

When it comes to the USA, FCC has also 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 a European 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 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.

In December 2022, the Group's second acquisition in the US market was completed with the purchase of Houston Waste Solutions in Houston (Texas). HWS is one of the main commercial waste collection operators in the Houston metropolitan area, further enhancing the Group's significant growth in the commercial collection market, which already accounted for 20% of US revenue in 2022, in addition to providing significant synergies to the Group's recycling plant in the Texan city. Sales are expected to continue to experience significant growth in 2023.

Water

The outlook for 2023 is for the level of activity seen in 2022 to remain, having overcome the drop in consumption caused by the COVID pandemic. This situation will be reinforced by the new contracts incorporated into the perimeter during 2022, as well as the improvement in results, reinforced by the continuation of cost optimisation actions. We expect electricity tariffs to return to normal, meaning it is likely that they will be reduced.

In **Spain**, we were awarded new contracts in 2022, as well as renewals and extensions of contracts already in place across a total of 354 towns and cities, with a contracted backlog of more than €873 million. The contract renewal loyalty rate remains at very high levels (above 90%) in the municipalities in which it operates. In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management).

By 2023, **concessions** in Spain in the area of end-to-end water cycle service concessions are expected to maintain renewal rates similar to 2022, i.e. above 90%. In terms of new procurement, several contracts, currently operated by competitors, are expected to be tendered out. In addition, major water treatment works are expected to be tendered in Madrid. We also believe that a significant part of the managed municipalities will adjust their tariffs to reflect the increase in the CPI in 2022. Furthermore, during the first half of the year, subsidies for the 1st phase of the Strategic Projects for the Economic Recovery and Transformation for the digitisation of water for the urban and in the 2nd semester will be awarded, with the 2nd phase sent out to tender; we hope one of our bids will be successful.

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 is expected to continue on the Caltanisseta concession (Sicily), with the improvement and modernisation of the remote control and reading services of the facilities for more than 90,000 customers, as well as continuing with the conditioning of the general supply network.

In **France**, activity will be stepped up in the search for and selection of 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).

In **Georgia**, the results generated in 2022 are expected to be reproduced and the groundwork will be laid for the definition of a **Master Infrastructure Plan**, with a special emphasis being placed on the volume of investments to be made during the new regulatory period running from 2024 to 2026.

In **Saudi Arabia**, the management projects for the two clusters awarded to Aqualia from the six tendered by the National Water Company in 2022 will begin. In addition, the operation of the Jizan desalination plant will be consolidated and the operating agreement for three mobile desalination plants will begin along the Saudi coast.

In **Egypt**, following the completion of the start-up phase, the operation and maintenance phase of the Abu Rawash wastewater treatment plant, the largest in Africa, will continue. This phase is due to last three years.

In Latin America, the 20-year operating period of the Guaymas SWDP began in mid-2022 **(Sonora, Mexico)**. During 2023, the contract for the Comprehensive Improvement of Management Procedures (MIG) in Los Cabos (Baja California Sur) will begin and the operation of the El Realito aqueduct will continue. Furthermore, work will end at the Salitre WWTP **(Colombia)**. 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 within the Bogotá river decontamination programme in Colombia. New opportunities in end-to-end water cycle management will also be explored in Colombia.

In **Peru**, the preparation of private initiatives declared relevant in favour of Aqualia will continue, with 5 BOT purification contracts expected to be sent out to tender. From these five private initiatives, three entered the structuring phase in 2022; the pre-investment studies has been completed for one, deemed feasible; while the other is in the formulation phase.

Finally, in the **USA**, the search for and achievement of a first project is a priority objective. This is intended to create a launchpad for Aqualia's business in the country.

Construction

FCC continues to focus on the international market in countries and markets with a stable presence, and on the execution of projects with secured financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.

Taking the foregoing into consideration as well as the 65% growth in the order backlog in 2022, thanks to new long-term civil works contracts entered into, it is estimated that, in 2023, the turnover generated in Spain will improve on the figure recorded in 2022. In the foreign market, turnover in 2023 is estimated to improve on the figure recorded in 2022, on account of the development of large infrastructure works secured between 2020 and 2022 as well as the contribution of the markets in America (United States, Canada, Mexico, Chile, Peru, Colombia), the Middle East (Saudi Arabia) and Europe (Norway, the Netherlands, the United Kingdom and Romania).

Cement

In Spain, and based on the estimates of the Association of National Construction Companies and Infrastructure Concession Holders (SEOPAN), official tenders organised in 2022 exceeded those organised in 2021 by 27.9%. However, this increase in investment in nominal terms has been absorbed by the increase in construction costs. In turn, new construction permits dropped by 4% and are expected to fall by 6% in 2023. Looking to 2023, according to the draft general state budget, there is expected to be an increase in investment of 14% in public works, which, again, is likely to be largely offset by increased construction costs. Investment by local authorities and regional governments compared 2022 is expected to contract due to a possible slowdown after the election period. As a result, public investment will fall by 5% compared to 2022. According to data taken from the sector's employers' association, OFICEMEN, these effects are reflected in cement consumption, which stood at 14.9 Mt in 2022, down by 0.8% compared to 2021. For 2023, it is estimated that this figure will stand at 14.3 Mt.

In Tunisia, the domestic market stood at 5.5 million tonnes in 2021, down by 7.4% on 2021. For 2023, a volume similar to 2022 is expected to be seen. Tunisia is currently facing a challenging economic situation. Political instability is containing consumption to a minimum. In 2022, the national sales of the Cementos Portland Valderrivas Group came to 876 thousand tonnes, down by 7% on 2021, which partly offsets exports, which stood at 502 thousand tonnes, up by 31% on 2021, although exports over land to Libya fell by 50%, while maritime exports to the USA and Italy increased by 252 thousand tonnes.

In this context, Cementos Portland Valderrivas will continue to develop its cost containment and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources.

Real Estate

FCC Inmobiliaria's actions for 2023 are focused on the development of its three business lines exclusively in Spain:

Office and shopping centre rentals

In the property area and in relation to service-sector assets (mainly offices and shopping centres), the backlog of which is prominent, management must be optimised to satisfy the new requirements of tenants.

In 2023, this will focus on supporting property subsidiaries to adapt their buildings and their businesses to the new trends in relation to the efficiency and sustainability of the office and shopping centre market and to adapt the commercial relationship with tenants, adapting the contracts to market requirements, such as the flexibility of spaces, duration, etc.

Real Estate Development

Over the course of 2023, development activity will remain at similar levels to 2022, 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

Throughout 2023, the marketing and operation of two new Build to Rent (BTR) projects will begin, with 195 subsidised housing units (VPPL-VPPB) for rent in Tres Cantos (Madrid); the investment in these projects stands at approximately €43 million, of which €9.9 million euros remains outstanding. It will be possible to acquire or develop new land for the purposes of residential rentals, provided that the uncertainties generated by the future State Law on the Right to Housing are cleared up. The operation of the BTR in relation to the 85-home residential building in Tres Cantos (Madrid) will continue. At 31 December 2022 100% of the homes in this building were rented.

8. R&D+I activities

The FCC Group's R&D&I activities in 2022 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 2022 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**
VALOMASK	**RECYGAS**
LANDFILL BIOFUEL	**SEALING OF MINING DEPOSITS**

In addition, new ones have been launched during 2022, which are summarised below:

- **RSUHOM:** Consists of the development of new construction products by recovering slag from the incineration of municipal solid waste. The main aim of the project is to reduce the environmental impact generated by the disposal of slag in landfills from the incineration of MSW to a minimum, through its recovery and integration as: aggregates for the production of concrete, mortar and precast concrete.
- **ECO2D4.0:** Seeks to develop comprehensive, final solutions by using priority waste from the Basque Country and an ecosystem for the operational and environmental monitoring of road infrastructures. The ultimate aim of the project is to research and develop digitised ECO-highways products, analysing the technical and market feasibility of reusing the main waste streams.

- **MINETHIC:** Consists of promoting the recovery and reuse of strategic mineral resources for the ecological transition. The general aim is to investigate new sources of unconventional industrial and urban mining raw materials for the Ecological Transition, covering the entire value chain: pre-treatments to concentrate materials of interest and eliminate interference, separation, recovery and purification treatments and the validation of the recovered materials in final applications (permanent magnets, cathodes, catalysts, etc.). New technologies are due to be investigated that facilitate the recovery reuse of MPC from mineral resources, by-products and waste streams, as well as the integration of digital technologies, promoting a sustainable, efficient and local supply of MPC.
- **ECLOSION:** Consists of the development of new materials, technologies and processes for the generation, storage, transport and integration of renewable hydrogen and biomethane from waste.

In the field of specialised machinery for waste collection activities there is a new project::

- **8 m^3 IRRIGATION AND WASHING TANK ON 2-m WIDE PURE ELECTRIC CHASSIS:** consists of the development of a new tank made from aluminium, for the irrigation and washing of streets using jet washers and front-mounted cones, upper pole and double rear reel measuring 2 metres in width (one of a kind on the market), on a pure electric chassis with state-of-the-art European-made ion battery lithium, also measuring two metres in width and MAM of 18 tonnes ("registerable" for 19 tonnes).

There is another new project in Industrial Waste activity:

- **PV4INK:** Consists of recovering materials obtained from the treatment of photovoltaic panels by developing nanoparticle-based conductive inks. The aim is to study and develop technologies that allow the different value elements present in PV modules to be harnessed. In this case, the proposal will be structured around the recovery of the Ag contained in the PV modules to obtain solutions with a high content of this metal, as a potential secondary raw material for use in the electronics sector (conductive inks).

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 2022 are listed below:

- **H2020 SCALIBUR:** The project, led by the Itene technology centre, involved 21 partners from 10 countries to implement waste reduction and recovery on a European scale. With the participation of FCC Medio Ambiente, the project focussed on improvements to waste processing plants in Madrid, Lund (Sweden) and Rome (Italy) to promote the circular economy.

  As part of this framework, Aqualia has implemented new sludge treatments at the Estiviel WWTP (Toledo), testing improvements in thickening and dual digestion across two stages that facilitate sanitation. Simplified sludge stabilisation technologies have also been developed, without concrete structures for small treatment plants. The project has facilitated initial innovation activities at SmVaK in the Czech Republic, with prototypes at WWTP Karviná to convert organic matter into by-products such as fertilisers and bioenergy.
- **RIS3 RECARBÓN:** Financed by the Asturian agency IDEPA with FEDER funds from the RIS3 programme and led by the engineering company INGEMAS in Gijón with two local SMEs (Biesca and InCo), as part of this project, Aqualia has validated pollutant adsorption methods with regenerated activated carbon and bio-char, developed by INCAR (Institute of Carbon Science and Technology) of the CSIC and the CTIC (Information and Communication Technology Centre). These sustainable and affordable adsorbents have been tested for biogas cleaning in the WWTPs of Chiclana, Lleida and Jerez, and also in the deodorisation of the Luarca and San Claudio WWTPs in Oviedo.

The bio-char has been tested in innovative micro-pollutant adsorption units with the results having been verified applying new advanced analysis methods developed by Aqualia's accredited laboratory in Oviedo. Furthermore, new sensors for real-time monitoring have been validated at the El Grado WWTP and the Cabornio DWTP in Oviedo.

- **JPI WATER – MARADENTRO:** The project "Managed Aquifer Recharge: ADrEssiNg The Risks Of regenerated water" was led by the Institute of Environmental Assessment and Water Research in the European Horizon 2020 ERA-NETs Cofund WaterWorks 2018 programme, involving partners in France, Italy and Sweden to optimise soil as a tertiary risk management unit.

  A 400 m^2 infiltration system has been constructed at the Medina del Campo WWTP for advanced risk management of treated water, facilitating its reuse in aquifer recharge, compared to conventional tertiary treatment. Scientific institutes have developed system design and simulation tools to optimise the operation and reduce the costs of emerging pollutant removal.

- **UE MSCA - REWATERGY:** In addition to technological development, this latest project focusses on scientific training as part of the H2020 Marie Sklodowska Curie programme organised by European academic networks. In the network led by Rey Juan Carlos University, Aqualia participated as an industrial partner hosting two PhD researchers undertaking their practical work at the company's purification plants:

  – methods for the adsorption of ammonium from wastewater and its conversion into hydrogen were developed at the Lérida WWTP, in cooperation with the University of Cambridge,

  – photo-disinfection and electro-disinfection processes were assessed at the Jerez WWTP to eliminate micro-pollutants from drinking water or wastewater, with support from the University of Ulster

- **LIFE ULISES:** Three technology centres, CENTA, EnergyLab and CieSol of the University of Almeria, support Aqualia as coordinator to transform conventional WWTPs into "bio-fertiliser and energy production factories", achieving energy self-sufficiency and eliminating their carbon footprint. Anaerobic pre-treatment with the PUSH reactor has been implemented at the WWTP in El Bobar, Almeria, operated by Aqualia. These reactors have also been successfully evaluated in Portugal, first at two WWTPs operated by Aguas de Algarve, and later at the Cartaxo WWTP, operated by Aqualia.

To improve the energy balance in Almería, bio-methane is used for the purposes of vehicle fuel with an ABAD BioEnergy refining system and a dispenser. As part of fertiliser production strategies, struvite precipitation, enzymatic hydrolysis and solar disinfection techniques using a Fresnel lens have been developed.

- **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 wastewater treatment process. Led by Aqualia, the AIMEN and CENTA technology centres and the University of Aarhus (DK) 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.

  The Talavera WWTP, managed by Aqualia, operates the demonstration platform for 16 technologies, comparing different systems (wetlands, algae, reactors with biofilms or granular sludge). Simultaneously, the wetlands are also tested at CENTA in Seville, to quantify the climate effect and compare different pre-treatment options (Push, Imhoff).

- **BBI B-FERST:** Fertiberia leads the project to develop new biofertilisers from urban wastewater and by-products from agri-food industries as leader with the participation of Aqualia and ten partners from six different countries. The potential of raw materials recovered from municipal waste and effluents in the production of fertilisers in three countries (Spain, Italy and Czech Republic) is analysed. A struvite precipitation system is also operated at the Jerez WWTP, managed by Aqualia, to incorporate the phosphorus recovered in a new Fertiberia bio-fertiliser demonstration plant in Huelva.

  Checks have been performed to verify the conditions under which samples of Aquavite® comply with the limits set out in Law 2019/1009 on fertiliser products, in P2O5 content (16%) and in the presence of pathogens, testing the disinfectant effect of an infrared thermal dryer. This by-product is being used for the recovery of land in Ávila after a forest fire, and agri-food sludge is characterised, as well as waste from the Coosur WWTP (Jaén) operated by Aqualia to incorporate these into Fertiberia's formulations.

- **BBI DEEP PURPLE:** Led by Aqualia and supported by thirteen partners from six countries, the project implements on a demonstration scale a new bio-refinery model, which integrates purple phototrophic bacteria (PPB) in anaerobic carrousel-type systems. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

At WWTPs managed by Aqualia, an initial prototype of the photobioreactor has been optimised at the Toledo-Estiviel WWTP, with a demonstration reactor that is ten times bigger having been built at the Linares WWTP. At the same time, demonstration activities are being prepared at the Badajoz WWTP and at SmVaK in the Czech Republic.

- **H2020 ULTIMATE:** In the Smart Water Economy call, Aqualia participates in two of the five selected consortia, grouped into the CIRSEau cluster, with each one receiving up to €15 million of EU support. In Ultimate, the Dutch technology centre KWR coordinates 27 partners implementing nine innovative demonstrations of synergies between water utilities and industries.

  At the Mahou WWTP in Lérida, Aqualia has set up a fluidised anaerobic reactor (FBBR/Elsar) is being installed on an industrial scale, which will later be compared to an AnMBR to recover biomethane and feed a fuel cell. Studies are ongoing in relation to the co-digestion of residual yeast and support for AITASA in Tarragona, where Aqualia has built a new treatment plant for industrial effluents, which could later be used to supply ultrapure water to the factories at the petrochemical industrial complex.

- **H2020 REWAISE:** Aqualia is leading the project as part of the EU's Smart Water Economy programme with the largest business participation, coordinating water companies from the UK (Severn Trent), Sweden (Vasyd) and Poland (AquaNet) from the twenty-four entities that make up the consortium. Together with 7 SMEs and several universities in Croatia, Italy, Poland, Czech Republic, Sweden, and UK, new circular economy and digital management solutions are implemented in "Living Labs" including Aqualia's operations in Asturias, Badajoz, Canary Islands, Denia, Salamanca or Vigo.

  Rewaise reinforces Aqualia's strategic lines of technological development, such as the sustainable desalination and reuse of new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products, and the simulation of the operation and control of processes and networks to optimise service efficiency and water quality. At the Balaídos industrial hub, an AnMBR reactor has been installed to recover resources from urban effluents from the Citroën/Stellantis factory

H2020 SEA4VALUE: As part of this project, 100% financed by EU funds, the EureCat technology centre coordinates fourteen partners from seven countries to recover resources from brine concentrated in seawater desalination plants (SWDP). Currently at a basic scientific level, at least eight innovative technological solutions are being developed 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 purity that allows their exploitation on the market.

As part of this project, the Aqualia Desalination Innovation Centre in Denia has been reinforced and a new testing platform has been implemented in Tenerife to analyse the technical and economic impact of more sustainable desalination methods as well as new solutions for the recovery of brines. With pilot units at different SWDPs operated by Aqualia, work is being done on the solar concentration of brine, selective precipitation of magnesium, obtaining chlorine dioxide, and optimising the remineralisation of permeate with micronised calcite, reducing CO2 consumption, turbidity and the size of the installations.

- **H2020 NICE:** The Nice project generates scientific knowledge on nature based solutions (NBS), such as wetlands or green walls for the purification and recovery of resources from urban wastewater. Led by the CETIM technology centre with 14 partners across 9 countries, these solutions aimed at sustainable cities will be implemented in a dozen sites, including Aqualia facilities in Algeciras, Benalmádena, Madrid, Talavera or Vigo. The pilots integrate developments from SMEs and universities in Denmark, France, Italy and Sweden, and include actions with partners in Colombia and Egypt.

- **LIFE PHOENIX:** The Aqualia-led project, supported by the technology centres CETIM and CIESOL, optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse (EU 2020/741). In order to assess various effluents, from Aguas de Portugal, the Almeria Provincial Council and the Guadalquivir River Basin Federation, several mobile plants are being built, combining physical-chemical treatment of 50 m^3/h with advanced filtration of 30 m^3/h, to be combined with various ultra- and nanofiltration membrane refining skids.

In addition, Newland's European subsidiary Entech is testing with O3 ozone and UV ultraviolet modules, which enable advanced oxidation and disinfection. A sensor from the Dutch SME MicroLan is also being tested for online microbiological measurements and the continuous monitoring of the quality of reused water, responding to the risk control required under the new EU standard.

- **LIFE ZERO WASTE WATER:** As part of a collaboration between Aqualia, as the leader, and Canal Isabel II, the project has installed a combined treatment unit at the Valdebebas WWTP for Urban Waste Water (UWWW) and the Organic Fraction of Solid Urban Waste (FORSU). For the purposes of purification with a neutral carbon footprint, an AnMBR anaerobic reactor is supplied with 50 m^3/d , producing biogas, followed by the ELAN process in the water line to remove nitrogen while consuming a low volume of energy. The assessment will assess the management of FORSU, using the sewerage system to transport the mixture of organic matter in a single stream.

  In addition to the Universities of Valencia (co-holder of the AnMBR patent) and Santiago (co-holder of the ELAN patent) the Portuguese SME Simbiente is participating to develop an advanced management system, combined with on-line monitoring of microbiological quality by the Austrian SME VWS (Vienna Water Systems).

- **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 Aqualia-led project boasts the participation of the ITG technological centre (Fundación Instituto Tecnológico de Galicia) and public operator VCS (Vand Center Syd AS) in Odense (Denmark). As part of Aqualia's operations in Moaña (Pontevedra), sensors (speeds, flows, levels, etc.) will be installed across the sewerage network to monitor and model its behaviour, with a view to developing a flexible flow management model.

  A 500 m^3 aerobic granular reactor is also being built at the Moaña WWTP to treat up to 2,000 m^3/d of wastewater. Compared to conventional activated sludge, this advanced biofilm system multiplies the biological treatment capabilities several times over, improving the WWTP's ability to adapt to charge variation and limiting the space requirements for its implementation. The environmental impact of the risk management process is also significantly reduced by reducing energy needs and avoiding greenhouse gas emissions.

- **LIFE INFUSION:** After completing the Life Methamorphosis project at Ecoparc 2, the Barcelona Metropolitan Area (AMB) asked to extend the operation of the pilots to prepare the designs for several new plants to recover resources from municipal solid waste. Together with the EureCat technology centre and the operator of Ecoparc2, EBESA, the leachate digestion system is optimised with Aqualia, AnMBR and ELAN technologies, with the addition of an ammonium stripping system from the Belgian SME Detricon. Two waste management entities, Cogersa in Asturias and AMIU in the region of Genoa/Italy are also participating to assess the options for implementing the lixiviate management solutions in their plants.

- **EFLUENT-EX:** Financed using RIS3 regional specialisation ERDF funds, the autonomous community of Extremadura is committed to a Circular Green Economy and supports the production of clean energy using organic and agro-industrial waste. As part of the E-fluent-EX project, Aqualia investigates different technologies to convert WWTPs into bio-factories and renewable energy sources, promoting sustainable mobility using green biofuels.

  At the Badajoz WWTP managed by Aqualia, solar solutions have been installed to heat the digesters, using photovoltaic panels and a solar drying and sanitisation system with a Fresnel lens. Digestion is also optimised using agro-industrial co-substrates, assessing the inventories and characteristics of waste generated by wineries, fruit processing, tomato, cheese making and agro-livestock facilities, with a view to maximising the production of biomethane and hydrogen. In relation to the products of digestion, an innovative biogas upgrading technology is being developed using Ionic Liquid-Based Materials (ILs) for the adsorption and deodorisation of CO_2 in a continuous and controlled manner. Solid waste is transformed into carbonaceous materials (biochar) applying different thermal processes: hydro-carbonisation, pyrolysis and activation.

- **ECLOSION:** the main aim is to create new materials, technologies and processes for the generation, storage and transport of renewable and autochthonous 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.

The Aqualia-led consortium is made up of eight companies, including FCC Medio Ambiente, CADE, Ghenova, ARIEMA, H2B2, Idecal and MindCaps and will undertake research at four development centres, the Valladolid Waste Treatment Plant, managed by FCC Medio Ambiente; and the treatment plants in Salamanca, Lleida and Jerez de la Frontera, managed by Aqualia. The project aims to research bio-electrochemical processes for the generation of renewable gases, thermochemical treatment with supercritical gasification and new separation and storage processes for the gas mixtures produced to generate high-quality pure gases.

- **ZEPPELIN:** 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, refineries, etc.). The aim is to improve the efficiency of how this energy vector is produced, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and hydrogen storage.

  Applying new models for obtaining green hydrogen complementary to electrolysis with renewable energies, decarbonisation is fomented under the principles of the circular economy and digitisation. The consortium, led by Aqualia, includes seven key companies in the hydrogen value chain, such as Repsol, the leading hydrogen producer and consumer in Spain; Naturgy, Redexis and Reganosa, as gas distributors; and other technological partners such as Norvento, Perseo and Técnicas Reunidas. The companies collaborate with nine research organisations (including CETIM, CIEMAT, EnergyLab, CIDAUT, and IMDEA-Energia) to implement several innovative hydrogen production pilots at the Algeciras WWTP, managed by Aqualia, capable of supplying major hydrogen consumers in the area such as Acerinox, Viesgo, Air Liquide, Linde, as well as port companies

- **CHEERS:** a development project focussed on a zero waste biorefinery, coordinated by Mahou San Miguel, a Spanish beer manufacturer, in collaboration with 10 partners across 5 European countries, including Aqualia/Hidrotec, the Ainia technology centre and the University of Valladolid. Inspired by the biodiversity of nature (insect and microbe platforms), the aim is to reuse underutilised or waste secondary streams such as bagasse, wastewater, CO_2 and CH4 from the brewing industry for their conversion into five innovative bioproducts that are competitive on the market: insect protein, disinfectant, microbial protein, ectoin and caproic acid. As well as validating new sustainable transformation bioprocesses at a demonstration scale, the aim is to achieve a 50% reduction in the carbon footprint of each value chain.

- **D4RUNOFF** (Data driven hybrid nature based solutions for preventing and managing diffuse urban runoff) develops tools to quantify, avoid and manage diffuse pollution created by urban runoff waters. Led by public water company Vand Center Syd (VCS) in Odense (Denmark), it brings together 12 partners across 5 countries, including Aqualia/Hidrotec, the Technological Institute of Galicia (ITG), the University of Cantabria and Catalan SME Mitiga, a specialist in risk control software.

  The work programme includes the development of new analytical methodologies by Hidrotec, the online measurement of indicators of micro-pollutants and bioplastics, and the implementation of preventive strategies to reduce diffuse contamination employing multicriteria analysis and Artificial Intelligence. The Nature Based Solutions (NBS), will be validated at three sites, in Odense (Denmark), Santander (Spain) and Pontedera (Italy), replicating those in Algeciras (Spain), Ostrava (Chequai) and Cairo (Egypt).

- **NINFA:** (TakiNg actIoN to prevent and mitigate pollution of ground wAter) develops ways of monitoring and protecting groundwater, starting with the measurement, modelling and treatment of different pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, microplastics 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 the risks of multiple disturbance factors, employing predictive methodologies to increase resilience and implement treatment and mitigation solutions.

  The project is being coordinated by the Leitat Technology Centre and brings together 9 other partners across 6 countries. Aqualia participates through its Hidrotec laboratories, in cooperation with the municipality of Los Alcázares (Murcia) located on the shores of the Mar Menor. Collaboration between Aqualia France and the Mines-Télécom Atlantique Institutes in Brittany (Brest, Rennes and Nantes).

  Furthermore, in 2022 two new patents were requested, while news of four proposals submitted in previous years remained pending.

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 2022 work was undertaken as part of 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.

In relation to the National Projects undertaken during 2022, the development of the following projects is worth particular note:

- **BICISENDAS:** within the CDTI's CIEN 2018 programme, the aim of which is to develop a sustainable, energy self-sufficient, intelligent, cleaner, integrated and safe cycle lane.
- **ONLYBIM:** dpart of the regional programme of IDEPA of the Principality of Asturias whose objective is the development of a module for the design and execution of non-linear works under BIM methodology.
- **ACUSCOIN/ECO:** developed by MATINSA and approved by CDTI, the aim of which is to research an acoustic emission system for assessing corrosion in reinforced concrete infrastructures.
- **DESIRE:** developed by FCC Industrial and Infraestructuras Energéticas approved by CDTI, its objective is to develop a prototype of a basic RPAS simulator that, with the use of the software developed and the prototype of mixed reality glasses and the tracking system, complements the information presented to the RPAS pilot and the camera operator.
- **CYBERSEC:** developed by FCC Industrial and Infraestructuras Energéticas and approved by CDTI of the CIEN programme, this project entails research into various technologies, techniques, tools, methodologies and knowledge aimed at developing technological solutions for securing against cyber-attacks in highly critical connected environments, such as Industry 4.0, smart cities or critical infrastructures.
- **SAIM:** developed by MATINSA and approved by CDTI, aiming to develop a new technological solution to aid environmental management of coastal areas that allows the ecological characterisation of the environment automatically and in real time using information from a new sensorised data collection system, a new satellite information processing algorithm and a new computational simulation model.
- **ECOLOGÍA COTORRAS:** developed by MATINSA and submitted to 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.

- **PRACAN:** submitted to 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.
- **EDIFICTECH:** collaborative project submitted to CDTI that is developing a new 4.0 technological solution for the construction sector employing connected and centralised management for the installation of facades.

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 2022, 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, began.

The aim of this project is to develop scenarios for the potential deployment of CO_2 capture, use and storage technologies (CAUC) in the sector, evaluating their possibilities and associated costs.

Furthermore, the European **BIORECO2VER** project as part of the HORIZON 2020 programme came to an end; the Cementos Portland Valderrivas Group had participated in this project, which had been extended due to the impact of the COVID-19 pandemic and whose aim was to obtain alternative processes for the more sustainable commercial-scale production of certain chemical products based on the capture of industrial CO_2 emissions.

As part of the development of different strategies for the production of isobutene and lactic acid, milestones were achieved including increased productivity in the generation of isobutene or the definition of a test bench for the pre-treatment of exhaust gases in the cement industry with a view to concentrating CO_2 and eliminating O2 and impurities.

Work has now been completed on the technical-economic analysis and the replication of the process. The results are structured around the virtual **BIORECO2VER** plant, which, in turn, is based on hypotheses, the output of the metabolic models developed and the experimental results obtained.

The life cycle analysis sustainability assessment has been completed and the social acceptance and public perception of CO_2-based products has been subject to evaluation. A number of points were drawn up to implement a good marketing strategy and an education campaign for consumer products that include captured CO_2.

Outreach and communication activities continued and two final stakeholder events were organised in the form of a hybrid event and a free online webinar, at which attendance was high (each receiving more than 200 attendees).

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. 2022	Jan. – Dec. 2021
Closing price (€)	8.82	10.68
Change in the period	*(20.4%)*	*31.9%*
High (€)	11.02	11.00
Low (€)	7.58	7.91
Average daily trading (no. of shares)	51,109	69,303
Average daily trading (million euros)	0.5	0.7
Capitalisation at end of period (million euros)	3,866	4,711
No. of shares circulating at 30 June	438,344,983	425,173,636

Prices adjusted for 2021 and 2022 scrip dividends

9.2. Dividends

The Company's Board of Directors, at its meeting held on 14 June 2022, agreed to implement the agreement on the distribution of the scrip dividend adopted at FCC's General Shareholders' Meeting on 14 June 2022, in item 4 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. The holders of 97.94% of the free allocation rights opted to receive new shares, a very similar percentage to the previous years, in recognition for their confidence in management and the Group's value creation potential. Therefore, the paid-up capital increase was for 14,871,347 shares, bringing the total number of shares of capital stock to 440,044,983 shares on 12 July.

Subsequently, pursuant to the resolution adopted at the General Shareholders' Meeting held on 14 June 2022, the redemption of 1.7 million treasury shares was completed on 20 July, thus taking the share capital, on the reporting date, to 438,344,983 shares (see Acquisition and Disposal of own shares) (Note 17 to the consolidated financial statements).

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. 2022	Dec. 2021
Operating profit/(loss)	610,5	802.2
Amortisation of fixed assets and allocation of grants for non-financial and other assets	512,1	443.9
Impairment and gains/(losses) on disposal of fixed and non-current assets	174,9	-123.5
Other gains/(losses)	13,9	4.0
Ebitda	**1.311,4**	**1,126.6**

Ebit

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

Backlog

The FCC Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction areas because these businesses are characterised by medium and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to 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.

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.

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.

Voluntary turnover rate

Ratio of voluntary departures during the year to staff. Both voluntary departures and leaves of absence are considered to be low.

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

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

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, 2022

Building a better working world

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Building a better working world

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, 2022, 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, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of investments in Group companies and associates

Description

At 31 December 2022, 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 3,002,856 thousand euros and 415,409 thousand euros, respectively, and under "Short-term investments in Group companies and associates", mainly loans with group companies and associates amounting to 199,452 thousand euros.

Company management assesses, at least at the end of each reporting period, whether there are indications of impairment and writes down these investments whenever there is objective evidence that the carrying amount of the investment is no longer recoverable, recognising an impairment loss for the amount of the difference between carrying amount and recoverable amount.

Since the determination of the recoverable amount of these investments requires Company management to make estimates using significant judgement, and because of the significance of the amounts involved, we determined this to be a key audit matter.

Disclosures on the measurement standards applied to determine impairment losses on investments in group companies and associates are provided in notes 4.e and 4.l to the accompanying financial statements.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Company management to determine whether there are indications of impairment and to determine the recoverable amount of the investments in group companies and associates and assessing the design and implementation of the relevant controls in place in that process.
- Evaluating the analysis by Company management of indications of impairment of investments in group companies and associates and the information used to determine the recoverable amounts of the investments.
- Reviewing the disclosures made in the notes to the financial statements in conformity with the applicable regulatory financial reporting framework.

Recoverability of deferred tax assets

Description

As explained in note 15 to the accompanying financial statements, the Company recognised deferred tax assets at 31 December 2022 amounting to 135,072 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.

The assessment made to determine the recoverable amount of these assets requires Company management to make complex judgements regarding the estimates of the future taxable profit based on financial projections and business plans of the tax group of which the Company is the head, considering applicable tax laws and accounting standards.

Given the complexity inherent in management's projections of business performance to estimate future taxable profits of the Company and the rest of the companies comprising the Tax Group and the significance of the amounts involved, we determined this to be a key audit matter.

Our response

In relation to this matter, our audit procedures included:

- Understanding the process designed by Company management to assess the recoverability of deferred tax assets and the design and implementation of the relevant controls in place in that process.
- Assessing the reasonableness of the key assumptions used by Company management to estimate the period for recovering deferred tax assets, focusing on the economic, financial and tax assumptions used to estimate the future taxable profits of the Tax Group based on budgets, business performance and historical experience.
- Assessing, with the involvement of our tax specialists, the key assumptions made by Company management regarding applicable tax laws.
- Assessing the sensitivity of the results to reasonably possible changes in those assumptions.
- Reviewing the disclosures made in the notes to the financial statements in conformity with the applicable regulatory financial reporting framework.

Other information: management report

Other information refers exclusively to the 2022 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.

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 2022 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the Audit and Control Committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit and Control Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Control Committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Control Committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Control Committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of Fomento de Construcciones y Contratas, S.A. for the 2022 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 2022 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 23, 2023.

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 24, 2023

A member firm of Ernst & Young Global Limited



A2 Sustainability Report

Including the Non-Financial Reporting Statement in compliance with the Spanish Non-Financial Reporting and Diversity Act (Law 11/2018)

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Letter from the CEO

I speak on behalf of everyone at the FCC Group in welcoming you to our Sustainability Report.

Here we present a balance of FCC's activity in 2022, covering projects and activities that we lead, the main events or milestones in the field of sustainability and the progress made on paths that were already mapped out in advance.

The content of this document incorporates the company's consolidated Non-Financial

Reporting Statement (NFS) and has been generated based on a thorough materiality analysis and in compliance with the standards of the Global Reporting Initiative (GRI) international reporting framework.

This report reflects how 2022 has been, to say the least, a complex and challenging year and, like all challenges, it has taught us many lessons. For the third year running, we faced a number of socio-economic consequences stemming from the COVID-19 pandemic. This was further exacerbated by geopolitical tensions between Russia and Ukraine, leading to the first armed conflict in the heart of Europe in decades, aggravating the already simmering food, energy, humanitarian, and refugee crises. All this in the context of an expanding climate emergency, hastened by this time of crisis and affecting the entire world.

The gravity and magnitude of the challenges lying ahead of us demand unprecedented structural changes in organisations. With so many unknowns in the current context, it has therefore become essential to ensure that decision-making is effective, bold and, above all, collaborative. This last point deserves particular attention since we must all work together to achieve the right approach and solutions. We are firmly convinced that this will be the case, because if there is one thing we have learned in recent years, it is that crises can bring with them great opportunities for change and even growth.

This vision inspired everyone in the FCC Group to come up with our own response, transforming the future from the present. This contribution can only be achieved on the basis of our century-old and, above all, shared corporate culture, which is based on the pillars of transparency, integrity, and professionalism. Not to mention the unwavering support for this task from our controlling shareholder and, by extension, the FCC Group Board of Directors.

We thus remained a leading catalyst in cities throughout 2022, transforming them into greener spaces that allow us to live on a cleaner, more sustainable planet. We have therefore closely monitored all stages of the end-to-end water cycle, optimising resources and applying the principles of the circular economy. In turn, we developed infrastructures capable of interconnecting people, generated the associated materials needed to do so, and moved into the world of property management.



Pablo Colio Abril
CEO of the FCC Group

Certainly, 2022 proved to be a key year for FCC, as our performance was exceptionally strong, boosting our invoicing by 16%, with a turnover of €7,705.7 million. We owe this performance to our commitment to transformation as a cross-cutting pillar of our business, aimed at improving and maximising technical, operational, and financial efficiency. In short, this year we have once again demonstrated the success of a pioneering strategy that, by focusing on responsible growth coupled with profitability, can achieve highly satisfactory results.

We also increased our workforce versus the previous year by 8.82%. We currently are over 60,000 strong, with a shared mission, vision, and values in almost 40 countries where we operate. We have increased the number of permanent contracts and offered a total of 600,297 hours of training to our employees.

Our commitment to the environment has led to very positive results in this area. More specifically, at FCC we have successfully reduced our carbon emissions to 7,134,203 tonnes, despite the growth in invoicing. We also managed 9,229,289 tonnes of waste and spent €83,037,437 on environmental risk prevention.

Some of the most noteworthy actions carried out this year include the Board's reformulation of our Sustainability Policy, which replaces the former Social Responsibility Policy approved at the time and involves updating the commitments assumed by FCC in this area.

This reformulation reflects our distinctive forward-looking approach since we embarked on this sustainability journey, maintaining our commitment to the United Nations Global Compact initiative and its Ten Principles and contributing to the 2030 Agenda and the Sustainable Development Goals.

We know that we must always remain aligned with stringent ESG (environmental, social and governance) requirements and anticipate new regulations and the high expectations of our stakeholders to lead the transformation. That is our goal; that is how we have always done it and that is how we will continue to do it for the foreseeable future.

We have also invested a considerable amount of resources in RD&I (Research, Development, and Innovation) projects, as we strive to scale up the efficiency of our processes, moving towards inclusive and sustainable industrialisation. It is therefore crucial to underline the importance of the projects led by our business areas, especially those focused on the development of new technologies for obtaining green hydrogen. These projects will give a strong impetus towards meeting the objectives set out in the Hydrogen Roadmap within the National Strategic Energy and Climate Framework.

FCC is committed to working throughout 2023 with a view to equipping the Group with a new strategic sustainability framework, thus responding to the demands of various stakeholders such as analysts, financial markets, and the European regulator, which has also been very active in recent years with the new requirements in terms of environmental taxonomy and corporate due diligence in sustainability and human rights matters.

Likewise, I want to take this opportunity to thank investors, shareholders, strategic partners, and clients for their support and trust in our project. Because of you, we continue to thrive year after year.

In this regard, I believe it is essential to make a special mention of the hard work done every day by all the professionals working in the Group. Our company's most valuable driving force and greatest talent are the very people who work at FCC, and we share a vision and purpose that has become more meaningful and purposeful as the years have gone by. I therefore offer them my sincere congratulations and thank them personally for their involvement and unconditional commitment.

Before concluding, I would like to convey a message of courage and hope. Our time is now. The tide has now turned for change, for action and engagement, for partnerships and innovation.

Where there is a will, there is always a way to go cooperatively. We will continue to reinvent ourselves, without losing our distinctive essence. Ultimately, we will keep moving towards a future that began no more and no less than 120 years ago.

Thank you very much.

Pablo Colio Abril
CEO of the FCC Group

Meaningful growth

Figures and results

The FCC Group has a consolidated track record, characterised by its adaptation to changing times and the improvement of the products and services it provides, improving the wellbeing of the communities where it operates. This progress over time has resulted in a balanced and integrated business model, combining specialisation in **environmental services**, **end-to-end water cycle management**, **cement business**, **construction**, and r**eal estate** activities.

Likewise, in line with its desire for constant improvement, FCC has progressively aligned its business strategy with ESG (Environment, Social and Governance) criteria, paying special attention to the UN's 2030 Agenda and the Sustainable Development Goals (SDGs) established therein.

All this is bolstered by a conscious and integral governance structure, charged with setting the organisation's objectives, promoting effective communication among the members of the organisation, and fostering a cross-cutting corporate culture.

The result of the combination of competitiveness and responsible management, as can be seen throughout this chapter, is a combination of different kinds of milestones and awards.



FCC and its figures worldwide

General figures

39 countries
where the FCC Group operates

64,799 people
make up the FCC Group

€7,705.69 Million
turnover

16%
more turnover

€550,653,490
profit before tax

Environmental figures

83%
of its activity certified according to environmental quality standards

€83,037,437
dedicated to preventing environmental risks

687,675 GJ
of self-produced renewable energy

28%
of electricity consumption from renewable sources

9,229,289 t
of waste managed

4%
materials of renewable origin used

Social figures

10.15%
Increase in contributions to non-profit organisations

€2,303,888
for associations

€2,238,463
for sponsorship

€1,154,818
for non-profit organisations and foundations

Governance figures

31%
of women on the Board of Directors

16.2%
of women in leadership positions

Over 4,800 employees
received Anti-corruption training

495 suppliers
assessed in the area of Compliance

Economic value generated and distributed (thousands of euros)

Economic value generated	**8,039,315**
Turnover	7,705,687
From renewable sources	333,628
Economic value distributed	**8,119,129**
Operating costs	4,518,220
Employees	2,238,733
Capital suppliers	134,635
Taxes	72,723
Community	1,154,818
Economic value retained	**-79,814**

A specialised group

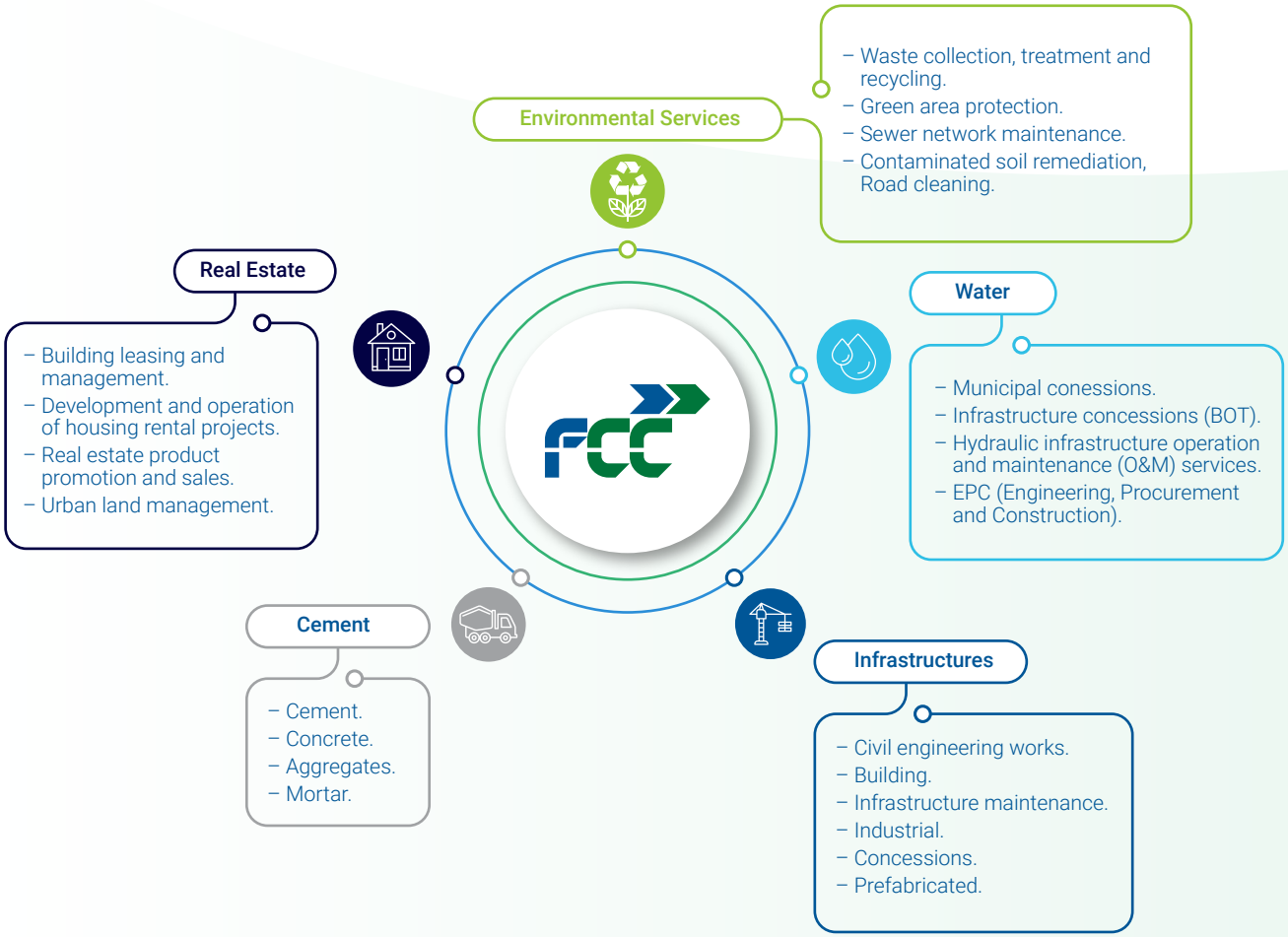
The FCC Group was created in 1992 following the merger of Construcciones y Contratas and Fomento de Obras y Construcciones, founded in 1944 and 1900, respectively. FCC is thus heir to the experience of a business group that can trace over a century of history.

The Group's main objective is to improve the lives of citizens, and to this end it has developed an extensive range of services, always committed to a diversified business model in which profitability and sustainability are perfectly compatible.

This commitment to sustainability, together with the principles of transparency, honesty, and integrity, are the foundations that enable FCC to build relationships of trust with its stakeholders and are reflected in the corporate culture shared by all its members. In this regard, **the FCC Group's commitment to contributing to the achievement of the 2030 Agenda and the Sustainable Development Goals** that comprise it is also noteworthy.

In a journey spanning **over 120 years**, FCC has managed to consolidate its position as one of the leading citizen services groups, establishing itself as an international benchmark in the environmental services, integrated water management, infrastructure, cement, and real estate management sectors.

Below is a presentation of each of the **business lines** that form part of the FCC Group, setting out the services they provide, as well as their main contributions to the Sustainable Development Goals (SDGs):



Environmental Services

The FCC Group's Environmental Services area has been providing municipal services to the public and carrying out integrated waste management for over 110 years. Committed to sustainability as a lever for the development, progress and transformation of cities, this business provides urban sanitation services throughout Spain and in other countries in Europe and America, through its business structure, made up of **FCC Medio Ambiente Iberia**; specifically, FCC Medio Ambiente España, FCC Environment Portugal and Ámbito (Industrial Waste), **FCC Environment UK** (United Kingdom), **FCC Environment CEE** (Central and Eastern Europe) and **FCC Environmental Services** (United States).

This global approach has given the Environmental Services area a solid leadership role, positioning it at the forefront in Spain, in seventh place in its sector at global level, managing **24 million tonnes of waste** throughout its history through its more than 700 waste management facilities. The Environmental Services area thus covers **over 5,000 municipalities**, employs a team of **over 40,000 people** and provides services to **over 60 million citizens**.



Activities

Provision of municipal services

Conservation of green areas; street cleaning; 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 fountains; integrated energy management; maintenance of street furniture and playground equipment and event management.

Key contributions to the SDGs

- **3 GOOD HEALTH AND WELL-BEING**: Ensure working conditions and occupational health and wellbeing, reducing accident rates to 50% and illness absenteeism to 25% by 2050.
- **7 AFFORDABLE AND CLEAN ENERGY**: Contribute to the production of renewable energies by installing photovoltaic panels. Furthermore, to promote energy efficiency, this business area has an ISO 50001 certified Energy Management System.
- **8 DECENT WORK AND ECONOMIC GROWTH**: Support the socio-economic progress of the environments in which it operates, through the generation of stable and quality employment, as well as through the retention of its professionals and the management of diversity, with special emphasis on generational diversity.
- **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**: Invest in innovation, implementing solutions in services, in systems for relations with citizens or other stakeholders, to improve environmental performance. Annual RD&I expenditure is planned to increase with the aim of reaching a minimum of 1% by 2050.
- **10 REDUCED INEQUALITIES**: Promote equal opportunities by developing measures aimed at promoting female talent or identifying under-represented profiles. The goal is to achieve gender balance by 2050.
- **11 SUSTAINABLE CITIES AND COMMUNITIES**: Promote sustainable urban development, through the progressive greening of the fleet or through new electric prototypes.
- **12 RESPONSIBLE CONSUMPTION AND PRODUCTION**: Optimise resource consumption and invest in technologies to implement the principles of the Circular Economy, through the establishment of a specific roadmap, with the aim of limiting waste to landfill to 10% by 2035.
- **13 CLIMATE ACTION**: Measure, control and reduce its carbon footprint, establishing measures such as the degasification of landfills, the promotion of electric mobility or the optimisation and improvement of processes and services. The aim is to achieve carbon neutrality by 2050.
- **17 PARTNERSHIPS FOR THE GOALS**: Commit to public-private collaboration and openness to the third sector, through the creation of strategic alliances that allow for the exchange of knowledge, technical capacity, technology, and resources, as well as cooperation with entities dedicated to the care of disadvantaged groups.

Water

Aqualia handles the end-to-end water cycle management, from drinking water supply to wastewater treatment. It is the fourth largest water utility in Europe in terms of population served and among the top ten worldwide. It is thus positioning itself as a benchmark in this sector, committed to technology and innovation at the service of the social benefit of the communities where it operates.

It currently operates in **17 countries**, has **827 wastewater treatment plants** and **26 water desalination plants**. Together with its excellent quality laboratories, efficient production processes and the commitment of its **more than 10,000 partners**, the company provides services to **over 43 million users**, purifies **over 660 million cubic metres** of water to make it drinkable and manages **over 80,000 kilometres of networks**.



Activities

Municipal concessions

Ensure access to water through the management of public services (catchment, treatment, potabilization, distribution, sanitation, and distribution.

BOT concessions

Design, construction, financing and long-term operation of infrastructure, treatment plants or facilities through BOT (Build, Operate, Transfer) contracts.

Water infrastructures

Operation, maintenance, and exploitation services for hydraulic infrastructures, allowing for the continuous availability of quality water.

EPC contracts

The EPC (Engineering, Procurement and Construction) model refers to the development of design and construction projects, without involving the operation of the infrastructure.

Key contributions to the SDGs

- **3 GOOD HEALTH AND WELL-BEING**: Maintain healthy conditions for people by preventing infections and the spread of disease. To this end, over one million quality analyses are performed annually, and the appropriate cleaning protocols are established in its more than 2,900 drinking water tanks.
- **6 CLEAN WATER AND SANITATION**: Provide citizens with access to quality water, while improving the efficiency of water resources. The contribution to this objective is related to the area's activity, which specialises in water management.
- **7 AFFORDABLE AND CLEAN ENERGY**: Promote the use of renewable energies by installing photovoltaic panels, generating electricity from hydro turbines, generating electricity from biogas, or using biogas for heating.
- **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**: Implement various innovation projects to optimise the use of water resources. In this regard, the area also collaborates in different initiatives, including the European Union's LIFE and Horizon programmes.
- **11 SUSTAINABLE CITIES AND COMMUNITIES**: Increase the number of cities and towns that promote the efficient use of water resources, through a constant search for improved process efficiency and optimisation of water resources.
- **12 RESPONSIBLE CONSUMPTION AND PRODUCTION**: Incorporate desalination, collection, purification, and re-use of water into the management of the end-to-end water cycle, thus promoting sustainable consumption and production.
- **13 CLIMATE ACTION**: Contribute to mitigating and adapting to climate change through specific actions, such as calculating the individual carbon footprint per country or the transformation of its vehicle fleet, as established in its Strategic Plan.
- **15 LIFE ON LAND**: Encourage, in line with its Strategic Plan, the protection and recovery of ecosystems through the identification of protected areas and the development of initiatives with the environments to promote biodiversity.
- **17 PARTNERSHIPS FOR THE GOALS**: Generate strategic alliances between institutions, organisations, and companies, including the StepByWater Alliance, with the aim of developing solutions to preserve water, reduce water pollution and optimise water management.

Infrastructures

The Infrastructures area of the FCC Group is one of the leading construction companies in Europe and the world, with over 120 years of experience in this type of services. Its activity covers all areas of engineering and construction, and it is a benchmark in the execution of civil and

building works.

With a stable presence in Europe, America, Australia and the Middle East, the Infrastructures area has developed, throughout its history, projects equivalent to **8,500 kilometres** of roads, **700 kilometres** of tunnels, **over 1,600 bridges or viaducts**, more than **100,000 homes**, more than **2,600 kilometres** of railways, **48 dams**, and more than **four million square metres** of airport runways, etc. Thus, the Infrastructures area contributes to improving the services available to citizens by undertaking large-scale projects.



Services provided

Civil engineering works

Development of bridges, roads, tunnels, subways, railway, airport, maritime and hydraulic infrastructures, subways, and sewage treatment plants.

Industrial construction

Construction and maintenance of infrastructures, electromechanical installations, electrical distribution networks, prefabricated construction, etc.

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.

Key contributions to the SDGs

- **6 CLEAN WATER AND SANITATION**: Build infrastructure that promotes access to sanitation and water supply services, such as reservoirs or dams.
- **7 AFFORDABLE AND CLEAN ENERGY**: Develop different energy-efficient construction projects that reduce energy consumption and increase the production of energy from renewable sources.
- **8 DECENT WORK AND ECONOMIC GROWTH**: Strengthen the response to occupational risks through various tools and directly generate jobs needed for project implementation and indirectly generate economic growth through the hiring of local material suppliers and subcontractors.
- **9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**: Develop innovative projects that enable the construction and development of more sustainable infrastructures. The infrastructure area participates in numerous RD&I projects, making significant investments each year.
- **11 SUSTAINABLE CITIES AND COMMUNITIES**: Contribute to value creation in the communities where it carries out its projects, by improving access to basic services, building, and maintaining infrastructures and facilities, and maintaining and operating roads.
- **12 RESPONSIBLE CONSUMPTION AND PRODUCTION**: Apply circular economy principles and best practices by reusing your own waste generated on your construction sites to reduce the volume of materials required versus the initial planning.
- **13 CLIMATE ACTION**: Reduce the negative environmental impact, aiming to achieve carbon neutrality by 2050. The Infrastructure area has also developed a Climate Change Strategy, developing both mitigation and adaptation measures.
- **17 PARTNERSHIPS FOR THE GOALS**: Encourage and promote the constitution of strategic alliances in the public, public-private and civil society spheres, having developed, implemented, and certified, in a pioneering manner in the sector, a Collaborative Work Relationship Management System, in accordance with ISO 44001.

Cement

The Cement area, made up of the Cementos Portland Valderrivas Group (GCPV), has over 100 years of experience in the production of cement and its by-products: aggregates, concrete, and mortar. It excels in applying technologies in all its production processes that enable the efficiency of resources and the preservation of the environment, in order to be able to fulfil its commitments to sustainability.

Innovation and continuous improvement are key factors in the Cement area, which has enabled it to hold a leading position in the Spanish market, and to position itself as a benchmark in Tunisia and the United Kingdom. Through its **eight cement**, **five mortar**, and **eight concrete factories** and **six terminals** in Spain, Tunisia and the UK, the area relies on its **more than 1,000 employees** to continue developing responsible products to build the cities of the future.



Processed materials

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 to man and is unalterable under the most adverse conditions.

Aggregates
Raw material required for the manufacture of other derived and construction products.

Mortar
A mixture of cement and sand, it is used as a binder for bonding bricks or blocks, and also to embellish finishes.

Key contributions to the SDGs

- Generate a positive impact on employment and the development of the communities in which this business area installs its factories, by hiring a high percentage of its workforce from local sources. Cementos Portland also applies local contracting criteria for external auxiliary industry and services.
- Develop RD&I projects for manufacturing construction products coming from alternative and environmentally friendly sources, while promoting digital transformation.
- Deliver products essential for the development of cities and populations with a lower environmental impact, through research into the manufacture of new low-carbon cements.
- Using alternative fuels with a high amount of biomass, as well as encouraging the efficient use of natural resources by substituting them with industrial by-products.
- Constant updating of the company's facilities, using more efficient technologies that optimise their energy performance. The area also collaborates with different projects in the search for solutions to reduce CO_2 emissions.
- Promotion of strategic alliances, through collaborations with third-sector entities. In this regard, special mention should be made of the "Plan Familia" project, carried out by Cementos Portland, together with the Adecco Foundation.

Real Estate

FCC Real Estate and the Realia Group constitute the Real Estate area of the FCC Group, whose purpose is to develop, manage and operate all types of real estate. Building on a consolidated track record, mostly in Spain, this area has three main business lines: property activity, promotion activity and urban management.

The Real Estate area has 36 buildings for tertiary use (offices, shopping centres and others), equivalent to over **400,000 m²**, in addition to **85 dwellings in operation** and **195 under development** for residential activity. The residential promotion business has a land portfolio of **6,939,410 m² gross surface area** and an estimated buildable area of **over 1,700,000 m²** in its different urban development stages.



Services provided

Property Business

Development and operation of projects aimed at the rental of housing, in addition to the leasing and management of office buildings, commercial premises and shopping centres.

Promotion business

Promotion and sale of real estate products (mainly housing).

Urban management

Urban land management at different stages of development.

Key contributions to the SDGs

- Promoting more sustainable habits and raising awareness through the installation of flow controls, rainwater re-use mechanisms and consumption control devices at all supply points, both in homes and in the communal areas of housing developments.
- Fostering energy supply efficiency, through energy audits of leased buildings and through investments aimed at improving the occupant experience and reducing energy consumption.
- Contributing to socio-economic progress and employment by hiring people from the communities where we operate.
- Compliance with the principles of sustainable construction, through the use of low-impact materials throughout their life cycle, and efficient building design, so as to minimise environmental impact.
- Reducing greenhouse gas emissions and adapting homes to the possible consequences of climate change, through the installation of solutions based on home automation and aerothermal systems.

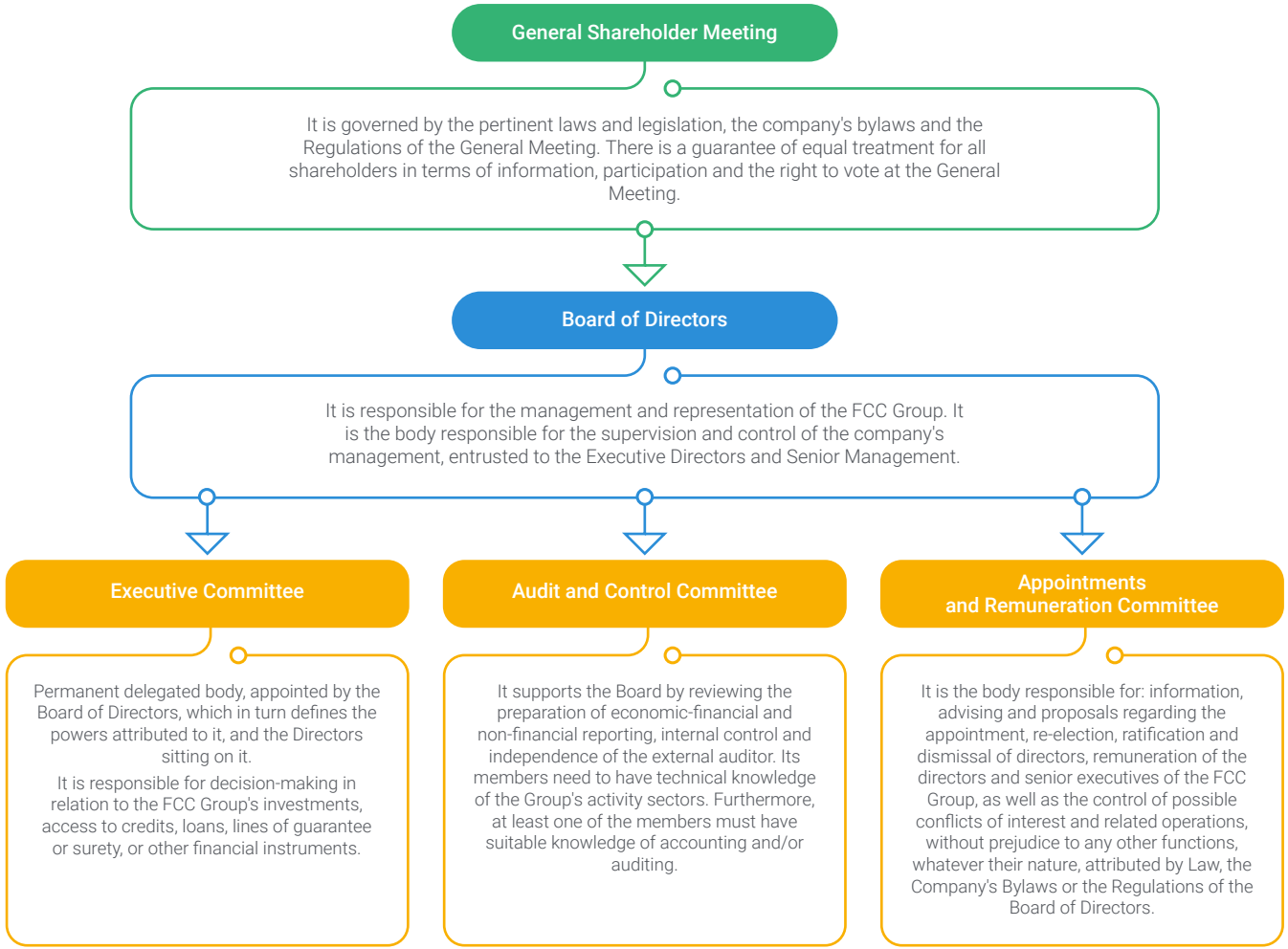
Governance structure

The FCC Group's governance comprises five core entities, designed to ensure efficient strategic decision-making within the company. In this regard, the **General Shareholder Meeting** is the highest decision-making body of the company in matters within its competence, which are established in the Regulations of the General Shareholder Meeting of FCC.

The General Shareholder Meeting delegates the supervision of the day-to-day management of the company to the **Board of Directors**. The Board has the highest powers and authority to manage, direct, administer and represent the company and to fulfil its corporate purpose.

In turn, three committees serve to support the Board of Directors for more effective and transparent management and supervision: the **Executive Committee**, the **Audit and Control Committee** and the **Appointments and Remuneration Committee**.

The following diagram depicts the components constituting the governance structure of the FCC Group and their main functions.



The following figure specifies the composition of the highest governance body and its committees:

Nature of the post

- Executive
- Proprietary
- Independent

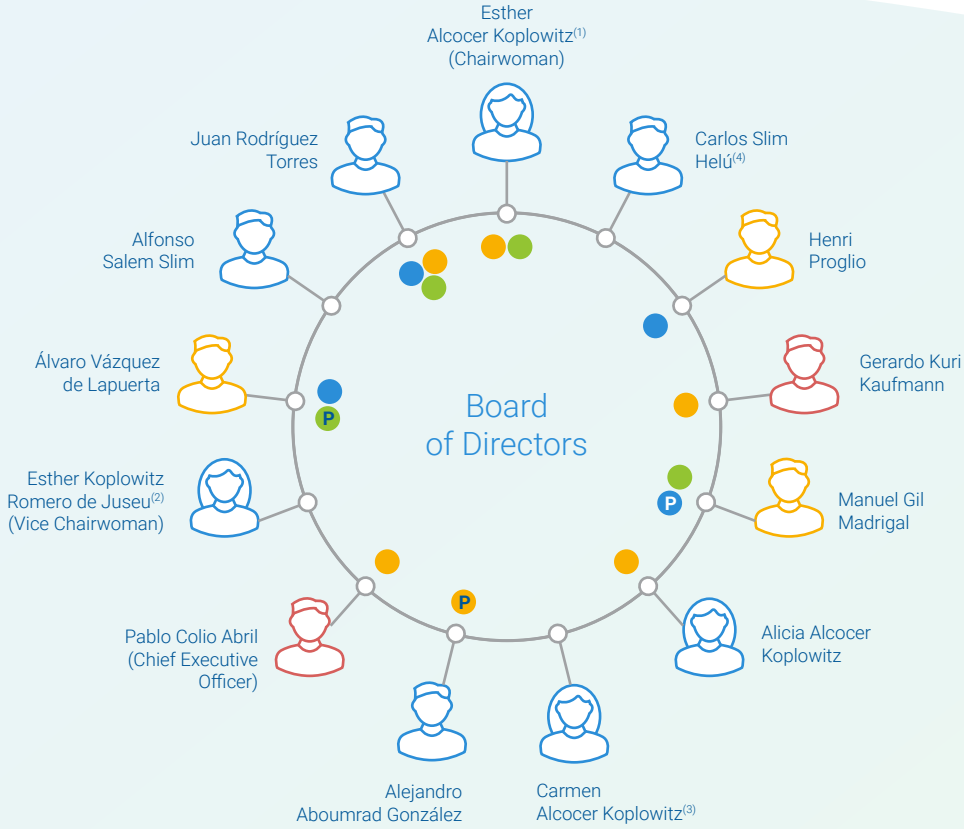
Committee Type

- Audit and Control Committee
- Appointments and Remuneration Committee
- Executive Committee
- P Chairman

Representing

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

(*) Director Antonio Gómez García resigned for personal reasons on 24 March 2022.

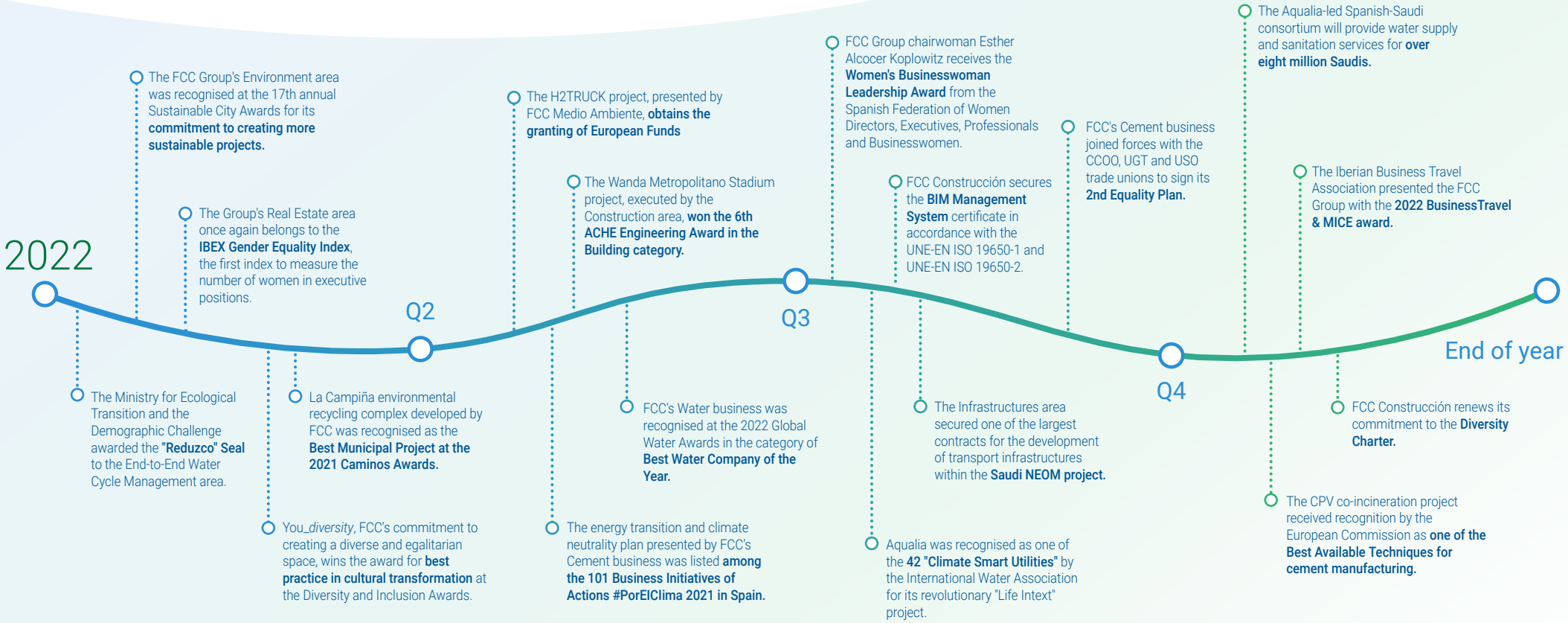


For further information on the dates of the first appointment, age, and profile of each of the 13 directors on the Board of Directors of the FCC Group at the close of financial year 2022,

please refer to the **Group's Annual Corporate Governance Report** (ACGR), available at the following link: ACGR.

Milestones, awards, and recognitions

Throughout 2022, the FCC Group continued its efforts to improve its environmental, social and governance (ESG) performance, and its efforts were recognised, as shown by the following milestones, awards, and recognitions:



Sustainability in motion

ESG Strategy

Having analysed the new challenges and dynamics on a global scale that play a leading role in the scenarios in which FCC operates, this company has decided to give its own response and be an active part of the change, aligning the business model with sustainable development.

The Group has designed its own **ESG approach** to achieve this purpose, spearheaded by the Sustainability Policy and developed in its strategic lines and objectives. It also highlights FCC's commitment to promoting **sustainable innovation** and **constant dialogue with its stakeholders**.

Dynamic environment

In the wake of the major impact of the COVID-19 pandemic, the year 2022 was shaped by a constantly changing environment, with events such as the conflict in Ukraine, the energy and food crisis, and climate disasters, all of which marked the global instability of the period.

Sustainable business management will make the difference for companies in the coming years. We are in a time of transition towards an economic and social model based on environmental, social and governance criteria that will enable us to face the challenges presented by the current changing context.

The global landscape is facing new challenges, such as technological development, climate change, growing inequalities and increasingly demanding regulatory changes. With its accumulated experience, the FCC Group is aware that the continuity of its activity depends both on knowing how to identify the challenges presented by a world in constant change, and to act with agility when facing them.

ESG challenges

Climate change and its consequences

Climate change is the greatest environmental challenge, with social and economic consequences, facing society as a whole today, as the *World Economic Forum's 2023 Global Risks Report* has once again made clear. Its effects today are mainly in the form of water and climate-related disasters, which have occurred on all continents during the year 2022. Examples of this are extreme heat waves in many countries, including China, India, England, and Uruguay, as well as droughts in East Africa.

Climate change also directly impinges on terrestrial, coastal, marine, and freshwater ecosystems, and the services they provide. Together with factors such as population growth, this is accelerating other problems such as the scarcity of water resources, with the UN warning that, by 2030, global demand for freshwater will outstrip supply by 40%.(1)

Furthermore, according to the Sixth Assessment Report, published by the IPCC (Intergovernmental Panel on Climate Change), greenhouse gas emissions have led to a 1.1ºC increase in global temperature versus pre-industrial periods. In this regard, it is clear that the emission reduction measures implemented so far are insufficient to curb global warming and meet the goal of limiting the rise in temperatures to 1.5ºC.

Key facts

- The CO_2 concentration in the atmosphere hit a record high of **421 ppm** in 2022.(2)
- The global temperature has increased by **1.1°C** versus pre-industrial levels.(3)
- Limiting global warming to 1.5°C entails a maximum global emission of about **500 billion tCO_2e** by 2050, with a total of 2,500 tCO_2e already emitted since 18503.(3)



(1) Official United Nations website

(2) Mauna Loa Observatory. US National Oceanic and Atmospheric Administration (NOAA).

(3) IPCC AR6.

Transition to a circular and sustainable economy

Currently, the linear economic model, based on extraction, production, consumption, and waste of raw materials, has proven to be unsustainable in the long term. The progressive depletion of natural resources is making it critical to decouple economic growth from the use of these resources, and to transition to circular systems of production and consumption.

These circular economy models can also play an important role in tackling challenges such as climate change, resource scarcity and waste management, biodiversity loss and the management of pollutants.

Aware that the application of circular economy principles promotes sustainable business and industrial development, increasing innovation and competitiveness, this transformation has become part of major national and international policies. Proof of this is its inclusion in the EU's Green Pact, which includes an Action Plan for the Circular Economy, focusing on waste prevention and management and aiming for EU growth, competitiveness, and global leadership in this field.



Key facts

- Through its application to key industrial materials, the circular economy would reduce emissions by **40%** (equivalent to **3.7 billion tCO_2e**) by 2050[4], and material use by **28%**.[5]
- Buildings account for over **30%** of Europe's carbon footprint and well over **40%** of Europe's primary energy consumption[6]. Construction and demolition waste (C&DW) also accounts for the largest waste stream in the EU: **839 million tonnes annually**.[7]
- Of the more than **2.1 billion tonnes** of global municipal waste generated each year, at least **33%** is not managed in an environmentally safe way.[8]
- Global waste is expected to grow to **3.4 billion tonnes** by 2050.[8]

(4) *Completing the Picture. How the circular economy tackles climate change. Ellen MacArthur Foundation.*

(5) *Circularity Gap Report 2022. Circle Economy*

(6) *The reference document for the Construction sector. European Commission.*

(7) *Circular Buildings and Infrastructure. European Circular Economy Stakeholder Platform (ECESP).*

(8) *What a Waste 2.0. A Global Snapshot of Solid Waste Management to 2050. World Bank.*

Safeguarding biodiversity and ecosystems

The growing threat posed by the dangerous deterioration of nature and the loss of biodiversity due to human activities is beginning to be at the forefront of global agendas.

The UN Conference on Biological Diversity (COP15) held last December in Canada resulted in the adoption of the *Kunming-Montreal* Global Biodiversity Framework (GBF), which aims to address biodiversity loss, restore ecosystems and protect the rights of Indigenous Peoples.



Lagoons of El Porcal, Rivas-Vaciamadrid, Madrid (Spain).

Key facts

- Since 1990, roughly **420 million hectares** of forest have been lost through conversion to other land uses. Agricultural expansion is still the primary force behind deforestation, forest degradation and forest biodiversity loss.
- Climate change-induced temperature increases may threaten up to one in six species globally.(9)
- The global food system represents a major cause of biodiversity loss, as agriculture alone is the identified cause of more than **85%** of the **28,000 species threatened with extinction**.(9)
- Plastics contaminating the sea have increased tenfold since 1980, affecting at least **267 animal species**, including 86% of sea turtles, 44% of seabirds and 43% of marine mammals.(9)

(9) *5 key drivers of the nature crisis. UN Environment Programme (UNEP).*

Tackling inequalities

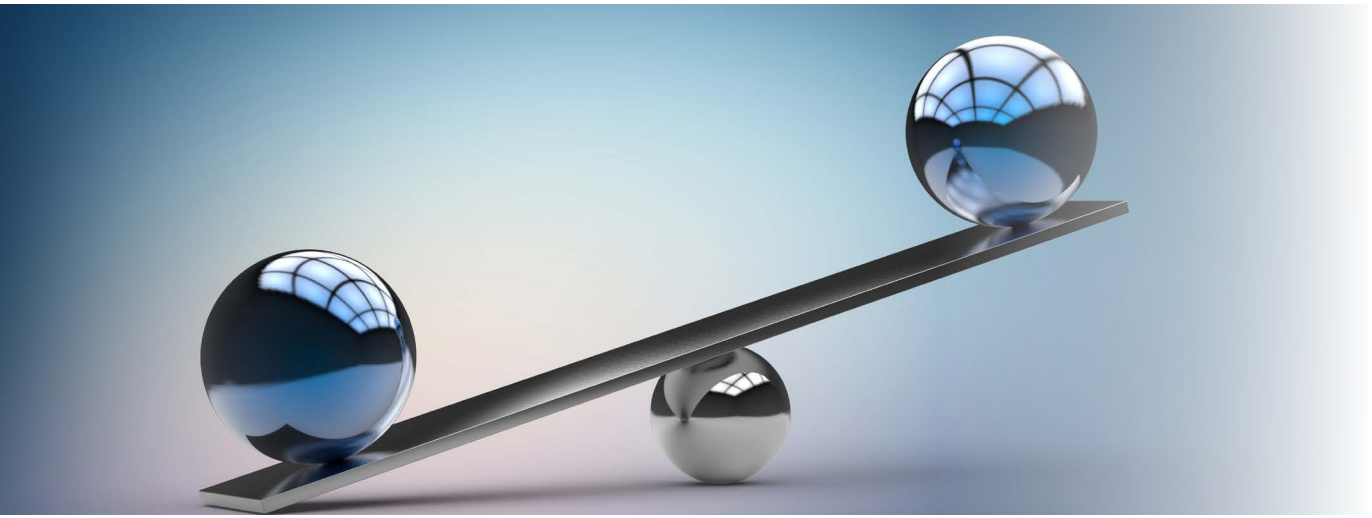
The increase in social, economic and gender inequality, as a consequence of the various global crises that have taken place in recent years, has become a matter of concern and must therefore be addressed by the main social agents, including business.

The knock-on effects of social and economic gaps escalate for the most vulnerable people and the most fragile states. This translates into increased poverty, hunger, violent protests, and political instability, which can jeopardise the gains made by middle-income households and democratic states.

Continuous technological advances can also be a factor of inequality and divergence for countries that do not have access to them, and for all economies, as a result of misinformation and unmanageable job rotation.

Key facts

- Compared to pre-pandemic data, **50 million more people** are expected to live in extreme poverty by 2030.[10]
- COVID-19 has pushed an estimated **88 to 115 million people** into extreme poverty.[11]
- In 2020, for the first time since its inception, the United Nations Development Programme (UNDP) Index recorded a **decline in human development indicators**.
- The 2022 gender gap narrowed by **68.1%**. At the current pace, it would take **132 years** to achieve full parity between women and men.[12]



[10] *The Global Risks Report 2022. World Economic Forum.*
[11] *Poverty and Shared Prosperity 2022. World Bank.*
[12] *Global Gender Gap Report 2022. World Economic Forum.*

Supply chain due diligence

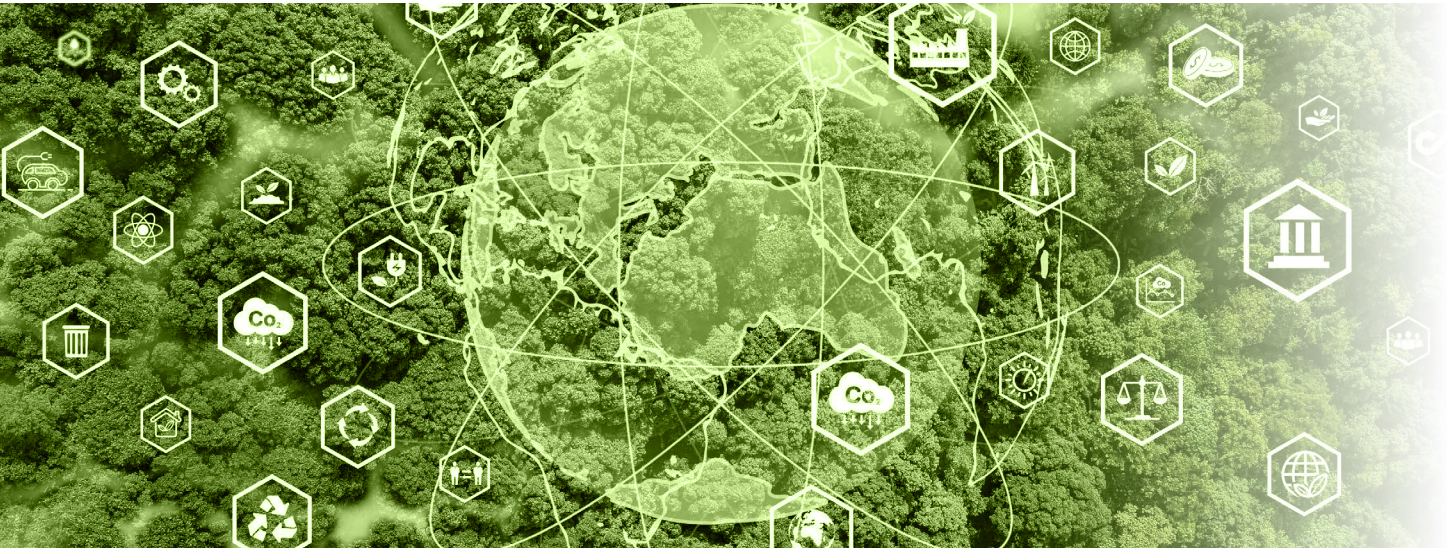
The global paradigm shift in the aftermath of the COVID-19 pandemic, followed by the consequences of the conflict in Ukraine, and the resulting energy crisis, have triggered a global re-examination of a myriad of issues, including supply chains.

The vulnerability of supply chains to potential social, economic, and political crises clearly reveals the need to bolster their resilience and reduce their dependency, ensuring their sustainability and adapting to the dynamic environment in which we live.

Companies are increasingly aware that sustainability in the supply chain goes beyond economic costs and also encompasses the health and safety of workers, the respect of their human rights, and the management of environmental impact.

Key facts

- Mckinsey reports that supply chain disruptions (climate events as one of the highest risk elements) will result in losses equivalent to **40%** of the average company's profit over the next decade.(13)
- For every direct tonne of CO_2 (Scope 1) released by an average company, its value chain is generating another **four tonnes**.(14)
- The value chain accounts for **80%** of global trade and **17 million jobs** worldwide, thus **60%** of the world's business. (15)



(13) *Risk, resilience, and rebalancing in global value chains. Mckinsey.*

(14) *La era del stewardship. Incrementando la presión en la custodia ESG. Forética.*

(15) *Jobs in global value chains. World Bank Group.*

Innovation and technology

Technological innovation and digitalisation have an essential role in overcoming global challenges, both in terms of economic growth and in terms of environmental preservation and social progress. New technologies and Big Data maximise the potential of companies, boosting both margins and efficiency. They are also key to accelerating the transformation of economies and social models.

More specifically, Information and Communication Technologies (ICT) and Big Data constitute a unique opportunity to mitigate and control the environmental and social impacts of demographic growth and population concentration in cities.

Technological advances in Artificial Intelligence (AI), quantum computing and biotechnology, among others, are also key to mitigating the effects of major emerging crises, such as health, food, and climate related ones.

Key facts

- The global economy could be worth **$14 trillion** by 2030 through the contribution of the IoT industry.(16)
- Digital solutions that positively impact the Sustainable Development Goals could generate annual revenues of **€2.1 trillion**.(17)
- Statista estimates that global investment in Smart Cities projects will exceed **$1.12 billion** by 2025.



(16) *IoT Guidelines for Sustainability. World Economic Forum.*
(17) *Uniting to Deliver Technology for the Global Goals. 2030Vision.*

Regulatory wave in sustainability

In recent years, international governments and public administrations have become increasingly interested in fostering sustainable practices in the business world. ESG management is thus evolving from a voluntary aspect to a legal requirement.

In this context, the European Union is globally leading a structural change, promoting numerous regulatory initiatives with important consequences for the ESG management in business. These initiatives not only require greater transparency on the part of companies, but also involve the corporate implementation of international best practices in sustainability.

The following are some of the main regulatory initiatives in the European Union:

Corporate Sustainability Reporting Directive (CSRD): It seeks to bring sustainability reporting in line with financial reporting, thus ensuring that the public has access to reliable and comparable data.

Proposed corporate sustainability due diligence Directive: Its main purpose is to prevent, mitigate and remedy actual and potential adverse effects of the companies' own operations, the operations of their subsidiaries and the operations of their business partners on human rights and the environment.

EU Taxonomy Climate Delegated Act: It complements and further develops the Taxonomy Regulation, establishing the technical selection criteria for economic activities that can make a substantial contribution to climate change mitigation and adaptation.

Whistleblower Directive: This is a common framework for protecting workers, with a view to giving them the capacity to report irregularities detected in the companies in which they offer their services, safeguarding their rights and freedoms. The application of the provisions set out in this directive will be for companies with more than 50 employees.

Directive on improving the gender balance among directors of listed companies: At least 40% of the non-executive directors of listed companies should be members of the under-represented gender.

FCC's response to the challenges

Throughout its century-long history, the FCC Group has adapted to the world's most important social, economic, and environmental changes. Resilience to a dynamic environment is a necessary condition for business survival.

The FCC Group therefore coordinates a cross-cutting response to the various ESG challenges outlined above, committed to innovation and ethical management and integrity in all its businesses, shared with the members of its value chain.

Resilience to a dynamic environment is a necessary condition for business survival

Climate change and its consequences

FCC Group response:

The FCC Group nurtures the creation of innovative solutions that reduce its environmental impact and promote and facilitate its clients' transition to a **low-carbon economy**. Proof of this are the projects related to the substitution of fossil fuels and the promotion of alternative energies.

In addition, the Group has its own **2050 climate change strategy**, through which FCC aims to mitigate and, at the same time, adapt to climate change, based on certain lines of action. In turn, the issue of climate change is raised to the highest level, as the Sustainability Policy establishes that the Board of Directors of FCC is the maximum responsible and guarantor of climate change management in the Group.

Transition to a circular and sustainable economy

FCC Group response:

Application of principles based on the transition towards a circular and sustainable economy in the management models of the different business areas. These principles are embodied in investment, awareness-raising and development of projects and technologies for **reusing and recovering waste and optimising the consumption of resources**. FCC also works in various European Union programmes to promote the principles of the circular economy.

The FCC Group's commitment to the transition towards a sustainable, environmentally friendly, and more economical circular model is evidenced by the adhesion of several of its business areas to the **Pact for a Circular Economy**, as well as by its participation in research projects that facilitate the transition to a circular model.

Safeguarding biodiversity and ecosystems

FCC Group response:

The FCC Group is keenly aware of the importance of conserving natural capital, especially given the diversity of the activities of its different business areas. Therefore, the policies and strategies of each of its businesses incorporate biodiversity conservation.

A clear example of FCC's commitment to protecting biodiversity is its membership of the **Spanish Business and Biodiversity Initiative** (IEEB) and the **Biodiversity Pact**.

In addition, it carries out environmental awareness projects, collaborating with groups dedicated to the conservation of the environment for the restoration of natural and urban ecosystems.

Tackling inequalities

FCC Group response:

The Group strives towards the reduction of inequalities, economic progress and **social development** through various programmes that guarantee and promote the evolution of the services it provides to the community, as well as access to basic supplies. Social **partnerships** are also implemented with foundations and non-profit organisations, and **equal opportunities** are promoted throughout the company's staff.

As a token and recognition of its good practices in diversity awareness and sensitisation, FCC has received the Award for best practice in cultural transformation in diversity and inclusion for its **you_*diversity*** project. It has also renewed its commitment to the Spanish Diversity Charter for the period 2021-2023, another example of its responsibility towards social inclusion and corporate equality.

Innovation and technology

FCC Group response:

The FCC Group seeks to provide and design citizen services that promote sustainable and innovative development.

It is clear to the company that investment and research in new technology innovation is key to meeting the major sustainability challenges facing today's cities.

Technological innovation in the business areas is promoted through investment in **RD&I projects** in order to be able to offer innovative and sustainable responses and solutions.

All of this, with the desire to promote a business culture oriented towards technological updating, research, and the generation of ideas.

Regulatory wave in sustainability

FCC Group response:

Transparency, regulatory compliance, and due diligence are the hallmarks of FCC Group management. Specifically, the Group has implemented a **Compliance Model** to ensure that all members of the Group are aligned with the ethical and integrity principles set out in the Code of Ethics and Conduct.

The **Code of Ethics and Conduct** is the pillar of the culture, values and principles that govern the behaviour of the FCC Group and all its collaborators. It is based on the observance of integrated conduct, unifying, and including a common commitment to due diligence. This commitment extends to employees, partners, and the Group's entire supply chain.

In addition, the Group has the appropriate mechanisms in place to supervise and monitor the internal and external regulations applicable to its various spheres, activities, and business areas, in order to ensure compliance.

Supply chain due diligence

FCC Group response:

The company continues its efforts to implement and include ethical, social, and environmental issues in its procurement processes and services provided. The Group therefore has a **Procurement Manual** based on the principles of transparency, competitiveness, and objectivity in order to ensure stable and lasting commercial relations. It also has a **supplier certification** procedure that ensures the extension of the scope of social and environmental criteria to its value chain.

Finally, suppliers and contractors adhere to compliance with the Code of Ethics and Conduct, the FCC Group's Anti-Corruption Policy and the ten principles of the United Nations Global Compact, as well as respect for fundamental human and labour rights in the **General Conditions of Contract**.

ESG approach

The FCC Group's commitment to sustainability is based on aligning its business model and its way of acting with a responsible approach in the environmental, social and governance dimensions.

The Group has designed a sustainability model to promote this management in a cross-cutting manner. Based on its corporate culture, it is supported by a **Sustainability Policy**, which establishes FCC's commitments in this area and is developed through its **2025 ESG Framework** and in the **business master plans**. In addition, it is essential to specify that the ESG model is based on its governance structure.

Corporate culture

The FCC Group has a solid and consolidated corporate culture, built up jointly by its members throughout over 120 years of history. This corporate culture, shaped by the mission, vision and values set out below, expresses the Group's identity and reinforces the commitment of each and every one of the people who form part of FCC to responsible performance.

MISSION

Efficiently and sustainably design, implement and manage environmental services, integrated water management and the construction of major infrastructure works to improve the lives of citizens.

VISION

Serve as an international benchmark Group in Citizen Services, offering global and innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the quality of life of citizens and to the sustainable progress of society.

VALUES

- ***Results-driven:*** Our actions are aimed at improvement and the achievement of goals, with a view to making the FCC Group a benchmark in profitability and competitiveness.
- ***Honesty and respect:*** We want to be acknowledged for being honest and trustworthy, deserving of the trust of our employees, customers, and suppliers as reliable and long-term partners.
- ***Rigour and professionalism:*** We work with exemplariness and vocation to serve our customers, developing the capabilities of our teams to search for efficient and innovative solutions.
- ***Loyalty and commitment***: We encourage diversity, promote professional development, and acknowledge merit and creativity as drivers of productivity and progress.
- ***Wellbeing and community development***: We are aware of the value that our services bring to society, and we are committed to the protection of the natural environment, development, and wellbeing of communities.

Sustainability Policy

Approved on 26 April 2022 by FCC's Board of Directors, the Group's Sustainability Policy reformulates the former Social Responsibility Policy, effective since 2016.

Based on the values shared by everyone in the Group, FCC's Sustainability Policy establishes the main priorities to promote sustainable development in the environmental, social and governance dimensions:

Sustainability Priorities

Preservation and protection of the environment

As a citizen services company, the FCC Group is committed to being part of the solution in terms of global warming mitigation and adaptation, water supply and sanitation, waste management and preservation of biodiversity.

Positive social impact and development

Building on management that places people at the centre of its core business, the FCC Group incorporates social action into its business strategy, contributing to social, cultural, economic, and labour development and wellbeing, fostering job creation, and improving the quality of life of the people and communities in which it operates.

Good governance, exemplary performance

The FCC Group is committed to Good Governance, aligning its guidelines with the main recommendations, especially those that include sustainability among the competencies of the Board of Directors. Likewise, the Group works with its own standards of ethical behaviour, reinforced by its Code of Ethics and Conduct, and strengthened by a system of control and supervision, so that FCC is a benchmark of exemplary performance.

The Sustainability Policy also sets out the FCC Group's commitments versus dialogue with its various stakeholders. The Group is mindful of how its stakeholders enable it to mobilise and exchange knowledge and resources and make the development of FCC's activity possible. The Group seeks to strengthen the involvement and generation of relationships of trust with them, maintaining various channels of communication, channels of dialogue and participation.

Finally, the Sustainability Policy establishes that the FCC Group's sustainability actions are directed by the company's highest governing bodies, and defines their responsibilities:

Board of Directors and Audit and Control Committee

The Board of Directors of FCC supervises compliance with the Sustainability Policy through the Audit and Control Committee. This Committee approves, monitors, and assesses the FCC Group's sustainability strategy and practices at least once a year.

The FCC Group also notifies its progress annually through its sustainability report, which is made available to the General Shareholder Meeting.

FCC Group's Sustainability Committee

Consisting of the different business areas of the FCC Group and corporate units linked to sustainability, this body is responsible for implementing the Sustainability Policy, through a periodic master plan.

FCC's Sustainability Policy establishes the main priorities to promote **sustainable development** in the **environmental, social and governance dimensions**

Sustainability Committee of the business areas

These committees develop, implement, and oversee compliance with the Group's Sustainability Policy in each business unit, as well as the deployment of the corresponding master plans within their areas.

Compliance and Sustainability Management

Integrated in the General Secretary's Office, this management undertakes functions that include, but are not limited to, the systems for monitoring results relating to the FCC Group's sustainability practices, the identification of the risks associated with this matter, and is responsible for coordinating the Group's Sustainability Committee.

2025 ESG Framework

Under "We're building a better future together", in 2021 the FCC Group developed its 2025 ESG Framework, which sets out the roadmap for the coming years, integrating environmental, social and governance criteria into the business model.

Structured around four cornerstones, this Plan sets out the Group's strategic lines and objectives to address the impacts and opportunities arising from its activity, and thus contribute to addressing the priorities defined in the Sustainability Policy.

The 2025 ESG Framework also constitutes a guiding reference for the development of the ESG master plans of the different businesses, in which specific initiatives are established in accordance with the specific characteristics of their activity.

The contents of the 2025 ESG Framework are summarised below:

E Environmental

Climate action

Bolster the FCC Group's leadership with sustainable production and financing models, moving towards a low-carbon economy.

Circular economy

Boosting the transition by promoting the efficient management of resources and waste and increasing the lifetime of materials.

Responsible use of water resources

Reduce water stress, promoting the effective management of the resource in its natural and treatment cycles, adopting efficiency and conservation measures.

Protecting biodiversity

Promote the conservation of biodiversity, contributing to the maintenance of natural capital and supporting the recovery of ecosystems.

S Social

Human rights

Progress in the integration of the principles of protection, respect, and remediation of Human Rights in the Group's operations and in its value chain.

Social action

Contribute development in communities where the Group operates, through social investment, the consolidation of a network of committed entities and participation in the Third Sector.

Human capital

Develop and empower human capital by creating an environment in which to develop their skills and create opportunities for personal and professional growth.

Health and wellbeing

Place physical and mental wellbeing at the centre, offering a comprehensive response to workers' healthcare.

Diversity and equality

Foster a culture of respect, tolerance, and equity, in which all people are sensitised and involved, by developing inclusive workplaces.

G Governance

Ethics, integrity, and compliance

Maintain a Compliance Model that guarantees ethical behaviour and integrity, favouring the credibility and trust of stakeholders.

ESG risk management

Minimise the impact of non-financial risks on the company's results.

Value chain

Encourage all actors in the value chain to integrate sustainability commitments aligned with those of the Group.

T Transversal

Innovation

Generate synergies of knowledge and development of RD&I projects, providing solutions based on innovation, technology, and digitalisation.

Communication

Strengthen and update sustainability communication, involving the company's staff and stakeholders.

Partnerships

Forge unions and partnerships to mobilise and exchange knowledge, technical capacity, technology, and resources, joining efforts to contribute to the 2030 Agenda.

Business Sustainability Strategy

The FCC Group's different business areas reinforce their commitment to fostering a corporate culture based on the promotion of sustainable development, through the implementation of individual master plans, according to the singularity of each business.

The FCC Group's different business areas foster a corporate culture based on the promotion of **sustainable development**

FCC Medio Ambiente 2050 Sustainability Strategy

FCC Medio Ambiente Iberia integrates sustainability into its organisation through its 2050 Sustainability Strategy, being a company aligned with the SDGs, which puts sustainability at the service of citizens.

This Strategy establishes the guidelines that will mark the development of the organisation over the next thirty years, combining the know-how of more than 110 years of activity with the development of innovative technologies.

Based on four strategic axes, Environment, Social, Excellence and Governance, with specific objectives in each of them, it will mark FCC Medio Ambiente's actions in sustainable management over the next few years.

Aqualia 2021-2023 Strategic Sustainability Plan

Aqualia's Strategic Sustainability Plan is the driving force to guarantee a public service of sustainable water management that ensures the wellbeing of people and communities, and their universal right of access to water. This Plan was defined on the basis of Aqualia's materiality assessment and a SWOT analysis, resulting in seven strategic lines, with their corresponding projects, actions and indicators, and the identification of their main SDGs contributions.

The strategic lines identified in this Plan, which guide Aqualia's ESG efforts, are as follows:

- 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.

FCC Construcción 2022-2026 Sustainability Strategy

Throughout 2022, the FCC Group's Infrastructure area has been working on its new Sustainability Strategy, which was approved in early 2023.

This Strategy sets the ambition, through major objectives for 2050, and the roadmap for FCC Construcción, supported by intermediate objectives that will enable it to improve its responsible performance.

Based on an extensive analysis of regulations and sector trends, FCC Construcción's Sustainability Strategy is made up of a total of 35 strategic lines and more than 100 specific actions, grouped into 14 strategic axes that will enable the company to continue to be a benchmark in terms of sustainability for the construction sector.

Materiality analysis

With a view to identifying the most relevant ESG (environmental, social and governance) issues for each FCC Group business line, the materiality analysis conducted in 2021 has undergone its annual update. Based on this, the study has been aligned with the changes included in the new basic reporting standards of GRI Standards 1, 2 and 3.

The main objective of the update of the study was to identify the material issues of the FCC Group and its different business lines, those that represent the most significant impacts of the company on its stakeholders. The company is thus able to prioritise its ESG efforts on the aspects that its stakeholders consider significant. The phases comprising the materiality analysis update are:

1. **ESG impact identification.** The ESG impacts of each business on stakeholders have been identified based on a study of the context of the different activities carried out by each of them. Additionally, in identifying actual and potential, positive and negative impacts, the available GRI Sectoral Standards have been considered and the OECD Due Diligence Guidance for Responsible Business Conduct has been assessed.
2. **Impact assessment.** Once identified, impacts were assessed, involving the managements of the various businesses in the FCC Group. The importance assigned to each impact is based on two different variables: magnitude (effect of the impact, considering its scale, scope, or extent and, if negative, whether it is irremediable) and probability (measuring the frequency with which each impact could occur). An analysis was also conducted on the contribution of the FCC Group's ESG Framework to the different impacts analysed.
3. **Impact grouping.** The identified impacts were subsequently grouped into ESG issues, as defined in the previous materiality study, and aligned with not only the main sustainability reporting frameworks but also the requirements of the Spanish Non-Financial Reporting and Diversity Act (Law 11/2018). Accordingly, a total of 15 non-financial issues were identified as common across all Group businesses.
4. **Stakeholder consultation.** As in 2021, the FCC Group directly consulted its stakeholders (clients, employees, and suppliers) from the various business lines, obtaining the relevance of each analysed issue. In addition, through the analysis of various relevant sources, the shareholder perspective is included in the study.
5. **Identification of material issues.** The final step involved identifying the material issues. At this stage, the results of phase two have been integrated with the assessment carried out in phase 4, jointly reflecting the assessments of the management and the various stakeholders. Following this analysis, the different issues have been classified into three tiers, according to their priority for the Group:

   a. Material or first tier.
   b. Relevant or second tier.
   c. Non-material or third tier.

Finally, in order to define the FCC Group's materiality matrix, the results of the different businesses have been consolidated, weighted by their turnover. The matters that the FCC Group is required to disclose in this report are those included in the first or second tier.



The **results** of the materiality analysis for each FCC Group **business line** are specified below for all matters considered in the materiality analysis:

In order to define the **material and relevant issues at the FCC Group level**, the results of the different businesses have been consolidated, weighted by their turnover in 2022. For reporting purposes, the issues on which the FCC Group must report in this document are considered to be those included in the first or second tier, whose main associated impacts are specified in the following table:

The results of the materiality study show a few issues that are material across all the Group's business lines. Particularly noteworthy is the prominence of "Climate change and energy consumption" in the environmental dimension, "Employment and career development" in the social dimension, and "Integrity of conduct" and "Promotion of innovation" as company governance issues. It is also important to highlight that, in line with the study of previous years, "Circular economy" and "Safety, health, and wellbeing" remain of great importance for the FCC Group.

Materiality results by business line

Issue	Environment	Water	Infrastructures	Cement	Real Estate
Climate change and energy consumption	●	○	●	●	●
Water management	○	●			
Circular economy	○	●	○	○	○
Pollution reduction		●			
Biodiversity					○
Employment and career development	●	○	●	●	●
Safety, health, and wellbeing	○	●	○	○	○
Equality and diversity	○		○	○	○
Human Rights		○	○	○	
Relationship with local communities					
Solidarity action	○		○	○	○
Subcontracting and suppliers	●		●	●	●
Integrity of conduct	●	○	●	●	●
Promotion of innovation	●	○	●	●	●
Cybersecurity and data protection		●			

● First tier issues (Material)
○ Second tier issues (Relevant)

FCC Group material issues

Issue	Classification	Main related impacts
Environmental Dimension		
Climate change and energy consumption	●	Impacts related to mitigating or contributing to climate change as a result of the company's activities.
Circular economy	○	Positive impacts derived from recycling, re-use and recovery of resources, and negative impacts related to the company's contribution to the depletion of natural resources.
Water management	○	Impacts resulting in a possible increase in water stress as a consequence of water consumption and company activities.
Social Dimension		
Employment and career development	●	Impacts related to employability, improvement of employees' skills and their professional development.
Subcontracting and suppliers	●	Impacts related to sourcing from suppliers and contractors and promoting sustainable practices with stakeholders.
Safety, health and wellbeing	○	Impacts related to the health and safety of employees and the difficulty of reconciling work and family life.
Equality and diversity	○	Promotion of gender equality and diversity, as well as the promotion of employment among people with disabilities.
Solidarity action	○	Contribution to local development and climate change mitigation through solidarity actions and awareness-raising initiatives.
Governance Dimension		
Integrity of conduct	●	Promotion of responsible conduct and integrity within the company to avoid possible corruption and bribery or loss of public funds.
Promotion of innovation	●	Potential impacts from innovation and technological development through international collaborations, sectoral partnerships, or direct investment in RD&I.

Stakeholder dialogue

The stakeholders of FCC fuel the company's progress and the normal course of its operations. The Group is therefore committed to maintaining a **relationship of trust and transparency** with them, establishing a constant dialogue that allows it to understand their expectations and needs, and to respond to their concerns.

According to the commitment established in the Sustainability Policy, the FCC Group pursues this purpose through the following channels of communication, avenues of dialogue and participation with its stakeholders, which allow it to relate to them in a transparent, honest, truthful, and consistent manner:

Regarding the digital channels used, the FCC Group also has a presence on the following **social media** channels, with the aim of maintaining more agile communication: Facebook, Twitter, YouTube, Instagram, and LinkedIn. There is also a **contact form** on its website and a **directory of headquarters and offices** with their corresponding addresses, together with telephone numbers and information on the main departments.

There is also a **dedicated Sustainability mailbox** on the corporate website, through which the company can be contacted directly to address any concerns on this matter.

The FCC Group and each of its business lines publish **Sustainability Reports** periodically to report on their environmental, social and governance performance, and disclose information related to these issues on their respective corporate websites.

Stakeholders	Dialogue and communication channel
Shareholders and investors	○ Corporate and business areas websites for economic performance content. ○ Presentations to the Board of Directors and Committees. ○ General Shareholder Meeting. ○ Shareholder Services Office. ○ Roadshows with investors to get to know the company better. ○ Questionnaires and interviews with agencies for company valuation and performance.
Customers	○ Satisfaction surveys. ○ Contact person role. ○ Business line-specific dialogue channels.
Employees	○ FCC ONE - Corporate Intranet. ○ Whistleblowing channel. ○ FCC Te escucha (FCC is listening) – FCC APP tool. ○ FCC360 – FCC APP tool. ○ Periodic calls for information of interest. Dissemination and awareness-raising campaigns. ○ Employee portal. ○ Somos FCC (We are FCC) – Quarterly online magazine. ○ FCC News in poster format translated into 13 languages. ○ Worker Committee meetings.

Stakeholders	Dialogue and communication channel
Suppliers and contractors	○ Information and awareness-raising sessions. ○ NALANDA platform for supplier accreditation. ○ Obligation to adhere to the FCC Code of Ethics and Conduct and the Anti-Corruption Policy. Full commitment to implementing the ten principles of the UN Global Compact.
Partners	○ Communication channels with other entities. ○ Partnership agreements, sponsorships, and donations. Partnerships. ○ Business forums. ○ Publications and presentations. ○ *Due diligence* procedures.
Public administrations and regulators	○ Voluntary participation in sectoral self-regulatory initiatives and legislative developments.
Communities	○ Depending on the FCC Group's business lines, as responsible for dialogue with their local communities.

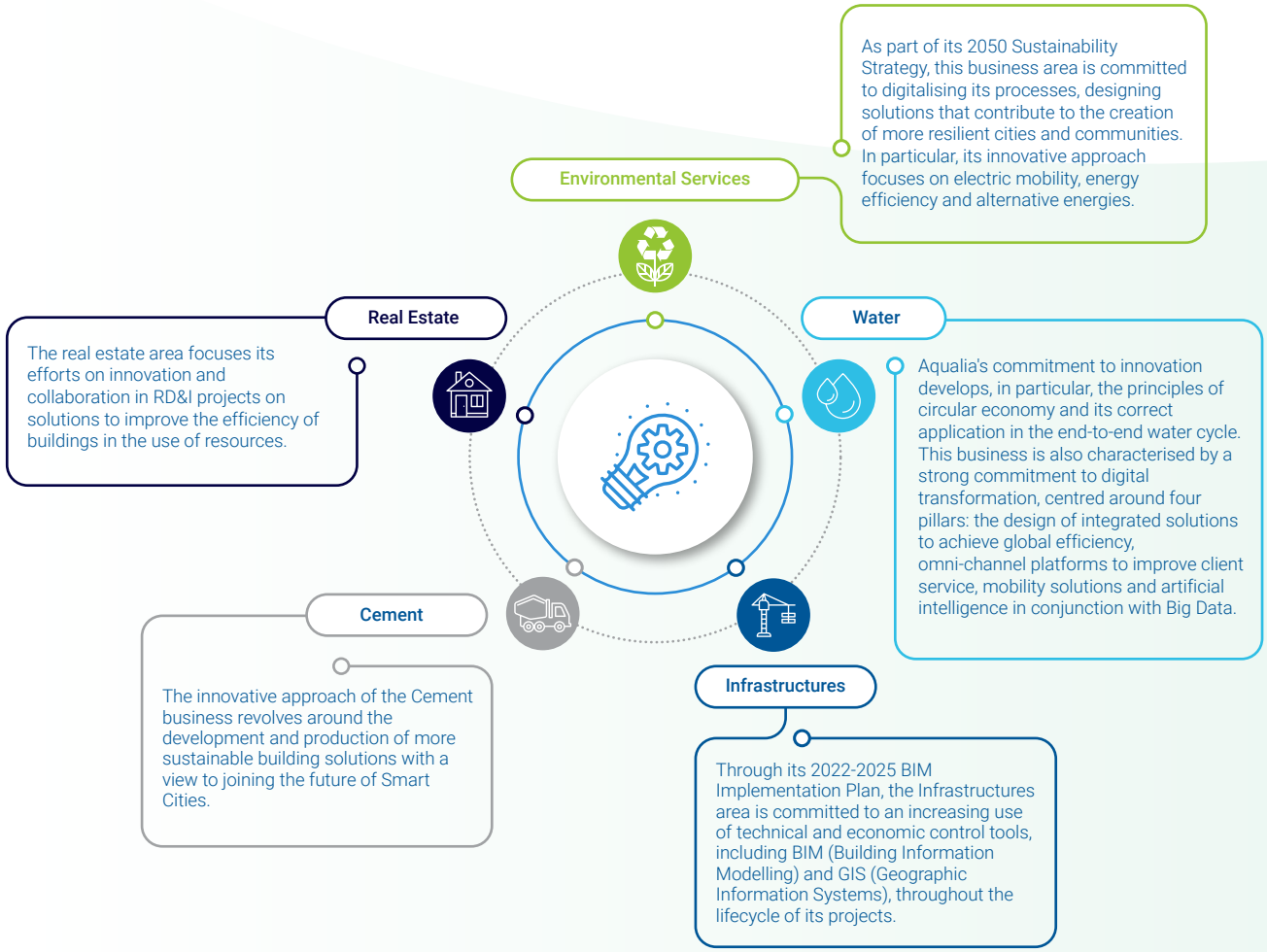
Innovating to move forward

FCC is committed to innovation as a driver of change and as a method for evolving and transforming the business. Across the board, the Group is committed to creating innovative solutions to address key ESG challenges and contribute to sustainable development. For this reason, **FCC allocates significant economic and human resources each year to RD&I projects**, which enable it to improve the products and services it provides and generate a positive impact for society as a whole.

Specifically, in the area of innovation, the Group focuses its efforts on the following lines of work:

- Sustainable urban development
- Design of new sustainable products
- Process optimisation
- Application of ICT for better data and controls

Building on the above areas of action, each FCC Group business area has its own RD&I focus, developing a specific approach according to the characteristics of its sector and its specific needs.



FCC also runs the **Digital Innovation Lab**, an in-house innovation laboratory. This is a global space for developing ideas and sharing expertise to generate knowledge synergies, driving innovation, the application of technology and digitalisation. It thus seeks to improve business processes, understand today's challenges, and develop the necessary skills to anticipate future developments in this area.

The Group is also a permanent member of various national and international **working groups** in different areas that promote research into environmental sustainability.



Prominent innovation projects

The FCC Group, through its various business lines, continued to design, develop, and execute various RD&I projects in 2022, as shown below:

Environmental Services

VISION Platform

As part of the provision of urban services in Vigo, FCC Medio Ambiente has continued expanding its VISION platform. This proprietary platform harnesses **ICT**s to increase the efficiency, coordination, and agility of service delivery. This **tool** integrates all aspects of FCC Medio Ambiente's management in a single environment, thus simplifying real-time data collection.

H2TRUCK Project

This project aims to manufacture a heavy-duty chassis-platform with **100% electric propulsion**, powered by a hybrid hydrogen cell and lithium-ion battery system. Developed by a consortium led by FCC Medio Ambiente, this project has been subsidised within the framework of the Recovery, Transformation and Resilience Plan for Spain, financed by the European Union.

Water

SABANA Project

Within the EU's H2020 programme, the circular economy initiative SABANA, led by Aqualia, seeks to obtain high added value bioproducts through the **cultivation of microalgae**. Through microalgae cultivation, this developed concept aims to provide a sustainable solution for wastewater treatment in small towns, reducing energy consumption and without producing waste. Its application was extended to new facilities during 2022.

Aqualia Live Project

The Water area has developed a **modular and integrated platform** called "Aqualia Live" as part of its digitalisation strategy, with the aim of managing water more efficiently and reducing the water footprint. Specifically, Aqualia Live provides integrated information on networks, installations, telemetry, as well as external sources, such as meteorological information, for real-time monitoring of drinking water networks.

Infrastructures

ROBUST Project

The Infrastructures area is currently developing the RD&I project, ROBUST, dedicated to developing a **georeferenced mapping and automated tracking system** for confined environments. This project will improve the speed and efficiency of accurate representations of the interior of inaccessible or high-risk environments for workers, where operation, maintenance or inspection tasks must be carried out.

DigiChecks Project

The European RD&I project DigiChecks, led by FCC Construcción and financed by the Horizon Europe Programme, seeks to develop a digital environment, through innovative technologies such as Blockchain and BIM, to facilitate **permit management and compliance control** in construction projects.

Cement

BioREC02Ver-Horizonte 2020 Project

The Cement area continues its work as a leading partner in the "BioREC02Ver-Horizon 2020" project. This initiative targets alternative and more sustainable processes based on the **capture of industrial $C0_2$ emissions**, with a view to minimising the use of fossil resources in the production of certain chemical products, including isobutene and lactic acid. Tests were conducted by technology partners LTU and Enobraq, who used the emission gases provided by Cementos Portland Valderrivas for the development of the assessments.

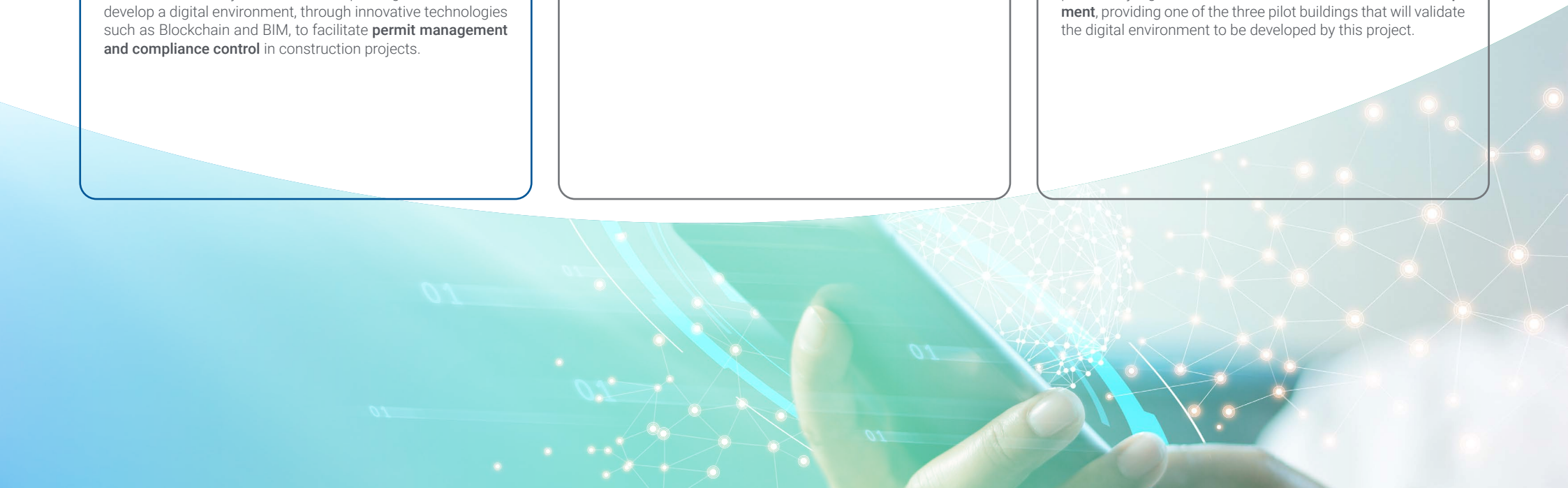
Real Estate

Torre Realia BCN water treatment system

The Real Estate area installed an innovative system for the treatment and disinfection of water in the **cooling towers**. This GEODESIC-developed system treats and disinfects the water, eliminating the use of chemical products and saving more than 60% of the purge water.

DigiChecks Project

Similar to FCC Construcción, the Real Estate area is one of the thirteen European entities working on the DigiChecks innovation project in the construction sector. This business area is particularly significant, as it contributes to **residential development**, providing one of the three pilot buildings that will validate the digital environment to be developed by this project.



Contribution to environmental challenges

Environmental performance

Reflecting the diversity of the Group's operations, each business line must analyse, identify, and manage the specific environmental impacts of its corresponding sector. Accordingly, and based on the monitoring of their processes and the assessment of the environmental performance of their activity, each line has **identified the significant environmental aspects**, which are set out below. There are no additional aspects in the Real Estate area other than transversal aspects, which are shared by all FCC Group businesses.

After identifying the significant environmental aspects, the different FCC Group areas **implement procedures**, adapted to their specific characteristics, which allow them **to reduce the repercussion of their operations on the environment**, thus applying the precautionary principle. The specific measures taken are described in this chapter.

Identified environmental aspects

Cross-cutting issues

- Resource consumption (raw materials, fuel, electricity, water, etc.).
- Greenhouse gas (GHG) emissions.
- Generation of hazardous and non-hazardous waste.

Environmental Services

- Noise pollution (facilities, vehicles, machinery, etc.).
- Emission of particulate and gaseous pollutants (NOx y SO_2).
- Production of discharges (leachate, wash water, rainwater, sewage, etc.).
- Emission of atmospheric pollutants (combustion, fermentation, particulate matter, odours).

Water

- Consumption of reagents.
- Emission of particulate and gaseous pollutants (NOx y SO_2).

Infrastructures

- Noise pollution, vibrations and light pollution.
- Emission of particulate and gaseous pollutants (NOx y SO_2).
- Generation of discharges.
- Territorial occupation.

Cement

- Extraction of natural resources in quarries to obtain raw materials.
- Emission of particulate and gaseous pollutants (NOx y SO_2).
- Noise pollution.
- Generation of discharges.

Environmental management

The FCC Group is aware of the potential impact that its activities may have on the environment and thus not only adopts measures to minimise the repercussions of its operations on nature, but also implements preventive and mitigating actions.

Each business has therefore established **environmental management systems** that, based on the identification of the risks associated with its actions and the recording of the results of its decisions, make it possible to determine the best practices for mitigating negative impacts. In this regard, it is crucial to specify that these management systems are verified and accredited according to internationally recognised standards.

Environmental commitment, management systems and certifications

Following the approval of the **Sustainability Policy** in April 2022, the FCC Group further bolstered its commitment to conservation and environmental protection, as explained in chapter 2. More specifically, this Policy sets out the Group's **main lines of action** in environmental matters:

- Foster **climate action** in the FCC Group, facilitating the transition to a low-carbon economy and promoting efficient and responsible energy consumption.
- Advocate the application of the principles of the **circular economy**, making efficient use of resources, recovering waste, and increasing the useful life of materials.
- Reduce water stress in areas where it operates, through the responsible use, consumption, and management of **water resources**.
- Support the maintenance of **natural capital**, contributing to the conservation of biodiversity and the recovery of ecosystems.

The company is thus once again demonstrating the importance of preserving the environment for FCC, a responsibility that has been formalised since 2009 in the Group's **Environmental Policy**. This document, which applies to all business areas, establishes the fundamental principles that guide FCC's actions in environmental matters, which are set out below:

Fundamental principles in environmental matters



Setting of targets to spur continuous improvement.



Encourage the application of new technologies and synergies between the Group's areas.



Tracking and control of operations through environmental indicators.



Integrate environmental considerations into the planning of activities and procurement of materials and equipment.



Combating climate change, preventing pollution, and protecting the environment.



Involvement of employees and stakeholders through knowledge and application of environmental principles.

Each business line, with the exception of Real Estate, has its own environmental policies, due to the specific characteristics of each sector and its corresponding activities. Based on the general principles of the Group's Environmental Policy, they serve as the basis for the establishment of environmental management systems for each area, adapted to their context and operations.

The establishment of environmental management systems that enable compliance with the aforementioned commitments is a key aspect of the company. Implementing and certifying these systems in accordance with international reference standards is therefore a priority for FCC. This is evidenced by **83% of the Group's activity holding environmental certifications** in 2022, maintaining similar levels to previous years.

The **main environmental certifications** held by the different business areas, as well as by the company's headquarters, are specified below:

Area-specific environmental policies

Environmental Services

The Environmental Services area has various environmental policies, adapted to the activity and legal requirements of each geographical area. These include the company's commitments to improving energy efficiency, protecting the environment, and preventing pollution. Likewise, FCC Medio Ambiente's Environmental Policy is especially committed to the incorporation of technologies and RD&I that reduce the negative environmental impact and provide competitive advantages.

Water

The Water area has formalised an Integrated Policy, covering the company's commitments in environmental, energy and quality matters. It encompasses the comprehensive management of water as a resource, the proper administration of quality control laboratories, waterworks concessions and the development of treatment plants, with continuous improvement being the cross-cutting objective of all these principles.

Infrastructures

The Infrastructures area has an Environmental Policy whose objectives include respect for the environment, the application of continuous improvement processes that avoid environmental incidents both in works and in fixed centres, the prevention of pollution and the conservation of ecosystems.

Cement

In 2022, following the implementation of the Energy Management System in accordance with UNE-EN-ISO 50001 standard in all cement factories operating in Spain, the Cement area has approved a new Environmental and Energy Policy. It includes commitments to reduce emissions and wastewater discharges, to reduce waste through its recovery, and to restore any negative impacts caused by extractive activities.

Certification	Environment	Water	Infrastructures	Cement	Real Estate	Offices
ISO 14001:2015	✓	✓	✓	✓		
ISO 50001:2018	✓	✓		✓		✓
EMAS	✓			✓		
ISO 14064-1: 2019		✓	✓			
Zero Waste Certification			✓			✓
A-LAB accreditation		✓				
PAS100	✓					
BREEAM Certification					✓	

Percentage of activity covered by environmental certifications (ISO 14001)



Resources dedicated to environmental risk prevention

Compliance with the Group's environmental commitments and improving the efficiency of its operations entail significant annual investments by FCC companies. The Group engaged **over 230 employees** in 2022, and allocated a total of **€83 million**, including the following items:



Monetary resources dedicated to environmental risk prevention (€)

	2020	2021	2022
Annual investment in renewal of the vehicle fleet and more energy-efficient machinery (hybrid or renewable)	24,205,539	48,109,001	62,664,921
Annual investment in energy efficiency measures	616,148	291,655	824,608
Investment in R&D projects related to environmental improvement/ reduction of environmental impact	3,253,461	4,562,047	5,917,941
Annual environmental certification costs (ISO 14001, ISO 50001, EMAS, etc.)	305,022	282,943	388,953
Environmental consulting expenses	6,890,808	6,423,089	7,098,636
Other expenditure and investment for the protection and improvement of the environment.	8,472,594	4,170,134	6,142,377
Total	**43,743,573**	**63,838,869**	**83,037,437**

The above results show the Group's commitment to renewing its fleet of vehicles and machinery, with the aim of improving its energy efficiency. In 2022, this commitment has materialised especially in the Infrastructures area and in the Polish subsidiary of the Environmental Services business.

The Group also has guarantees to repair damage in the event of accidental contamination. FCC therefore holds an **environmental civil liability policy**, with coverage of up to €60 million, in the event of a claim and accidental pollution, in addition to 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 the two aforementioned policies offer global coverage at Group level, some businesses have additional coverage, as is the case of the Cement business and some divisions of FCC Environment CEE.



A commitment to climate

In recent years, the importance of climate change on the international agenda has been growing, positioning it as one of the priority issues to be addressed.

The FCC Group Sustainability Policy considers that its role, as a civil services utility, must be to form part of the **solution in the fight against climate change**. The Group therefore strives to be a leader in climate action, fostering the transition to a **low-carbon economy**, and promoting **efficient and responsible energy consumption**.

In addition to the information expressed in this document, the FCC Group provides annual and voluntary reporting on the risks and opportunities derived from climate change to the **Carbon Disclosure Project (CDP)** initiative.

Climate action

The industries in which it operates expose the Group to a variety of climate change impacts that it must manage and integrate into its business model. The **climate-related risks and opportunities** that could have a significant impact on the Group are therefore identified and assessed through the Risk Management Model and are set out below:

Transition risks

Compliance with international climate change commitments will bring about transformations that will have an impact on companies.

- **More stringent emissions regulation**

  The new requirements on emissions, and the ones aimed at increasing renewable energies and improving energy efficiency, entail the replacement and upgrading of equipment and machinery.

- **Building energy certification requirements**

  Initiatives to promote the renovation and decarbonisation of buildings involve investing in training for professionals in new certifications and new equipment, as well as the search for innovative solutions and projects.

- **Waste-to-energy legislation**

  New initiatives to regulate the energy market may hinder or slow down the implementation of EfW (Energy from Waste) installations in some countries.

Physical risks

Climate change directly impacts through a variety of events, including changes in rainfall patterns or extreme weather variability.

- **Extreme weather events**

  Continued exposure to extreme and adverse weather conditions (floods, sea level rise, etc.) can have a significant impact on buildings and infrastructure and adapting them to improve their resilience to these events.

- **Increased water stress**

  Changes in rainfall patterns may pose significant challenges to providing people with access to water resources, to which the Group will need to be able to offer solutions.

- **Enhanced company positioning**

  FCC's image could be improved by the recognition of the measures implemented to combat climate change and the integration of the principles of the circular economy in the Group, leading to an increase in demand and access to new markets.

- **Innovative response to challenges**

  Carrying out RD&I projects aimed at generating solutions to the challenges of improving energy efficiency or waste management can lead to access to new markets.

- **Infrastructures for a more sustainable transport**

  Promoting more sustainable modes of transport, such as rail or bicycles, can generate new business opportunities, as infrastructure needs to be created or adapted.

- **Solutions for adapting to climate change**

  The need to adapt to the physical consequences of climate change (by improving the resilience of buildings and infrastructure or ensuring access to basic supplies) and FCC's ability to offer solutions to these challenges can generate higher revenues for the Group.

Procedure for identifying, assessing, and prioritising physical climate risks

In line with the FCC Group's commitment to the fight against climate change, during 2022 it has worked to establish a specific methodology for identifying and assessing the physical climate risks of its activities in order to determine their degree of importance or materiality. A specific procedure has therefore been developed and applies to all FCC Group companies in all geographies.

This methodology includes the selection of climate scenarios, the identification of physical climate risks based on the activities carried out by the Group's companies and possible climate hazards, the characterisation of these hazards 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.

The procedure was applied in the first phase during 2022 to Group activities identified as aligned with the EU Taxonomy to ensure compliance with the requirements set out in Commission Delegated Regulation (EU) 2021/2139. Throughout 2023, the scope of the procedure will be extended to the rest of the FCC Group's activities.

Climate change strategy

FCC launched its **2050 Climate Change Strategy** in late 2019, setting out the Group's direction for making progress on this issue. Incorporating the vision of the different business lines, this document sets out the Group's roadmap and long-term objectives, with the aim of reducing the carbon footprint and providing solutions for adaptation to climate change.

Every Group business line is now in the process of redefining its quantitative targets and metrics with a view to reducing its greenhouse gas (GHG) emissions. The Cement business differs in that, due to the characteristics of its activity, most of its emissions are linked to the level of production.

These objectives are achieved by defining specific strategic lines of action for each FCC Group business area, grouped into **five common pillars**:



Monitoring

As a starting point for the definition of the other pillars, targets are set to improve GHG emissions quantification.



Reduction

Reduction targets and measures to achieve them are proposed. Efforts are also made to offer products and services with a lower environmental impact.



Adaptation

The Group and its clients are exposed to the impacts of climate change, so actions are defined to manage the risks and opportunities arising from climate change.



Innovation

The Group must develop new innovation capabilities in order to reduce its environmental impact, to increase its resilience to the consequences of climate change, and to be able to offer solutions to its clients.



Communication

The Group aims to be accountable for how it contributes to climate change mitigation and adaptation by promoting transparency. The Group also aims to position itself as an ally of its clients, offering comprehensive solutions for climate change adaptation.

More specifically, the Group's business areas have proposed the following **main measures to mitigate and adapt to climate change**:

Some of the Group's business lines are also taking on more ambitious climate change commitments. In particular, the **Infrastructure area** and **FCC Medio Ambiente Iberia** are committed to becoming **carbon neutral by 2050**. These two areas have developed their own sector-specific climate change strategies to meet these objectives, implementing initiatives and actions to reduce their greenhouse gas emissions and adapt to the consequences of climate change.



Remodeling of the Santiago Bernabéu Stadium, Madrid (Spain).

Main measures to mitigate and adapt to climate change

Environmental Services

- Commitment to a 100% electric vehicle fleet.
- Promoting 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.

Water

- Reduction of unregistered water volumes.
- Improving the efficiency of water distribution networks.
- Installing and operating equipment for generating renewable energies.
- Transforming the vehicle fleet.
- Development of innovative solutions to combat climate change.

Infrastructures

- On-site awareness-raising actions.
- Fostering low-emission mobility.
- 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.

Cement

- 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.

Real Estate

- Replacing air-conditioning equipment with units that use refrigerant gases with lower global warming potential.
- Installation of aerothermal systems instead of natural gas boilers in developments.

Carbon footprint

In line with previous years, the FCC Group follows the criteria defined in the *GHG Protocol* to calculate its annual carbon footprint. Furthermore, in order to obtain more accurate data, each of the Group's business lines has developed its own calculation methodologies, endorsed by the Spanish Climate Change Office, which take into account the characteristics of each sector.

Reflecting the businesses' efforts to reduce emissions, the Environment, Water and Infrastructure areas secured the **"Calculo y Reduzco"** emissions calculation and reduction seal, corresponding to the years 2020 and 2021, within the framework of the initiative of the Footprint Registry, compensation and absorption projects, developed by the Ministry for Ecological Transition and the Demographic Challenge of the Government of Spain. The Environmental Services area has also registered in this initiative **projects to offset emissions** through reforestation.

GHG emissions (tCO_2e)

	2020	2021	2022
Direct GHG Emissions (Scope 1)	6,359,764	6,624,839	6,504,153
Indirect GHG Emissions (Scope 2)	604,073	549,838	630,050
Total	**6,963,837**	**7,174,677**	**7,134,203**

FCC Construcción, further improving its GHG reporting

In line with its 2017-2020 target, in which it undertook to extend the verification of its GHG emissions inventory to the international level under the ISO 14064-1 Standard, FCC's Infrastructure area has published its greenhouse gas report for 2021.

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.

FCC Medio Ambiente, offsetting its CO_2e emissions

For the second year running, FCC Medio Ambiente received the "Compenso" seal, awarded by the Spanish Government.

For the second year running in 2022, as part of its commitment to reducing its carbon footprint, FCC Medio Ambiente received the "Compenso" seal, as part of the "Carbon footprint registration, offsetting and CO₂ absorption projects" process of the Ministry for Ecological Transition and the Demographic Challenge. This third scope completes the "Calculo-Reduzco" seal, secured in this and previous years.

More specifically, this area secured the "Calculo, Reduzco y Compenso" emissions calculation, reduction, and compensation seal for scopes 1+2 and 3, achieving a 2.94% reduction in the average emission intensity in the three-year period (2019-2021). FCC Medio Ambiente was able to achieve these results by focusing on crucial aspects in tackling climate change, including the sustainability of its fleet of vehicles, improvements in waste treatment facilities and the generation of renewable energy.

Energy consumption and efficiency

The bulk of the activity's carbon footprint comes from energy consumption, both direct (mainly associated with fuels and refrigerant gases) and indirect (mainly related to electricity). Accordingly, as part of its climate commitment, FCC monitors its energy consumption and develops measures to improve the Group's energy efficiency.

Throughout 2022, the Group's **total energy consumption** stood at **49,265,210 GJ**, and its evolution is shown in the table below:

Total energy consumption by type (GJ)[18]

	2020	2021	2022
Direct energy consumption	36,915,975	39,436,906	42,300,070
Indirect energy consumption	6,187,970	6,525,681	6,965,140
Total	**43,103,945**	**45,962,587**	**49,265,210**

[18] The 2021 data were restated due to revised figures provided by the Environmental Services subsidiaries in Serbia and Hungary.

These figures illustrate the implementation of a series of measures aimed at achieving greater **energy efficiency** in its own management, as the increase in energy consumption in the FCC Group has been less than the increase in turnover corresponding to the financial year 2022. Some of the actions carried out by the different businesses that make up the Group are highlighted below:

Measures aimed at achieving greater energy efficiency

Environmental Services

- Development of more energy-efficient machinery.
- Installation of software for more accurate monitoring of energy consumption from public lighting contracts.
- LED lighting installation.
- Industrial waste treatment process optimisation.
- Worker training in efficient driving techniques.

Water

- Energy reviews according to ISO 50001.
- Pump energy efficiency calculation.
- Improved energy monitoring.

Infrastructures

- 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

- Continuous process optimisation.
- Implementation and improvement of furnace and mill driving systems.
- Equipment overhauls.
- Installation of presence sensors and LED lighting.

Real Estate

- 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.

The FCC Group has also been committed for years to increasing the consumption of energy from **renewable sources**. The following chart illustrates the Group's commitment to obtaining energy from renewable sources. In this regard, in 2022 the work of the Water area stands out, highlighted in the following use case.

Total energy consumption by origin (GJ)[18]

	2020	2021	2022
From NON-renewable sources	31,497,210	32,933,408	35,238,646
From renewable sources	11,606,736	13,029,179	14,026,565
Total	**43,103,946**	**45,962,587**	**49,265,210**

[18] The 2021 data were restated due to revised figures provided by the Environmental Services subsidiaries in Serbia and Hungary.



Installation of photovoltaic panels at the Lleida Wastewater Treatment Plant (Spain).

The Water area is committed to renewable energy production

The Water area advanced in its goal of achieving full self-sufficiency as a result of its unwavering commitment to renewable energies.

Aqualia installed 705 solar panels on the roofs of its buildings and extensions annexed to the Lleida wastewater treatment plant, with a power capacity of 355kWp. It has thus managed to increase its energy self-sufficiency by up to 50%.

Improvements are also being made in secondary treatment, through specific measures such as the implementation of control systems to favour biological processes or the replacement of diffusers to increase energy efficiency.

Further actions are also underway to improve the efficiency of sludge treatment and thus increase biogas production.

Circular model

Transitioning to a circular economy model will help accelerate sustainable development and address some of the most relevant ESG challenges we face, such as climate change and resource scarcity. The FCC Group seeks to lead this change by promoting, through the activities of its business areas, the application of the **principles of circularity** in other industries and sectors.

FCC's activities also have a direct impact on its own operations as a result of the depletion of natural resources. The commitment to a circular economy model is therefore a clear response to this challenge, allowing to simultaneously make **efficient use** of waste and t**urn waste into resources**.

Commitment to the circular economy

The FCC Group is aware of the benefits of the circular economy and invests in projects and technologies focused on the re-use and recovery of waste generated and is committed to integrating the principles of circularity in the operations of each of its business lines. In this regard, it is noteworthy that the Environmental Services, Water, and Infrastructures areas have signed up to the **Pact for a Circular Economy**, demonstrating their commitment to the transition to a new, more sustainable, and environmentally friendly economic model.

As a civil services utility, the FCC Group strives to be a relevant player in the change, contributing transversally to the application of a circular economy model, through the following actions:

Actions to contribute to the circular economy

Environmental Services

- Reducing 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 optimum quality from waste and convert it into new products.

Water

- Sludge recovery for agricultural use, composting and biofertilizers.
- Recovery and re-use of elements used in the various treatments of the end-to-end water cycle (brackish water, purification, etc.).
- Energy generation in urban water cycle management.
- Obtaining value-added products in the treatment processes.
- Civil outreach promoting responsible water consumption.
- Supply chain agreements for the re-use of resources.

Infrastructures

- Re-use of inert materials, effluents, and wastewater, thus obviating their transfer to a landfill.
- Use of recoverable elements such as demountable walls, portable sewage treatment plants and recycled materials (aggregates or irrigation water).
- Use of quarried material that fails to meet specifications in restoration works.
- Development of innovation to promote new sustainable and reusable materials.

Cement

- Energy and material recovery from waste, and the use of alternative fuel sources (sludge, plant biomass, etc.).
- Use of secondary raw materials (ash, construction waste, sludge, etc.), thus preventing the extraction of mineral resources.

Real Estate

- Assistance to tenants for the proper management of waste generated in the buildings.
- Re-use of items and furniture in offices and leased premises.

Contribution from the Environmental Services area

Particularly noteworthy is the role of the Environmental Services area, which generates a significant impact through its **waste management activities**, including waste collection, recycling, and recovery. This area treats urban and industrial waste, thus promoting circularity.

The Environmental Services area is committed to optimising the recovery and recycling of waste, increasing efficiency in the recovery of valuable materials at its facilities, which has led to a reduction in landfill deposits.

The Environment area's **waste management figures** for the treatment centres are shown below, reflecting the scale of their impact:

Waste admitted at FCC centres (T)

	2020	2021	2022
Municipal waste	7,123,021	6,531,097	7,354,145
Hazardous industrial waste	667,166	935,499	1,104,128
Non-hazardous industrial waste	9,699,244	11,231,551	10,553,382
Total	**17,489,432**	**18,698,147**	**19,011,655**



Waste management (T)

	2020	2021	2022
Municipal waste	6,058,676	6,300,021	6,188,310
Hazardous industrial waste	453,365	334,845	438,563
Non-hazardous industrial waste	2,470,360	2,418,049	2,583,763
Other waste (hazardous and non-hazardous)	5,529	7,218	18,654
Total	**8,897,930**	**9,060,133**	**9,229,289**

Hazardous waste treatment (T)

	2020	2021	2022
Recovery	278,641	247,265	346,299
Stabilisation/Landfill	510,275	300,469	304,008
Transferred to end manager	37,368	103,273	103,003
Other destinations	20,923	71,312	31,400
Total	**847,206**	**722,319**	**784,710**

Non-hazardous waste treatment (T)

	2020	2021	2022
Recovery	3,729,815	3,510,515	4,282,855
Controlled landfill disposal/stabilisation	9,895,784	9,732,697	9,387,478
Transferred to end manager	2,644,518	2,585,101	3,286,035
Other destinations	42,971	73,624	50,155
Total	**16,313,089**	**15,901,937**	**17,006,523**

In addition to waste management and treatment, the Environment area promotes innovation, with the aim of converting waste into resources. The area aims to optimise its processes and find new solutions to promote the circular economy through the following **lines of research**:

Biomethane production

Through various projects funded under the **EU's LIFE programme**, the Environmental Services area is working to convert waste management centres into **green gas production centres**. The "LIFE LANDFILL BIOFUEL" and "LIFE INFUSION" projects seek to enrich and treat landfill gas and liquid fractions to produce biofuel for vehicles.

Spearheading a circular economy for plastics

A strategic objective of FCC Medio Ambiente involves preventing the disposal of plastics present in urban waste in landfill sites. This is the main objective of the **"LIFE PLASMIX"** project, which **energetically recovers plastic waste** from the remainder fraction (waste remaining after separation of recyclable waste). The resulting recycled plastic can be used as raw material, thus reducing the purchase of virgin material.

Compost bio-optimisation

The **"INSECTUM"** project of the CIEN programme run by the Industrial Technological Development Centre was designed to recover urban biowaste and agri-food by-products through **insect-based bioconversion**, thus turning them into useful products for various sectors.

Generation of new by-products and biomaterials

The Environmental Services area promotes the **revaluation and recovery of waste, effluents, and gases from landfills** through several projects ("SCALIBUR", "B-FERST", "DEEP PURPLE", "RECYGAS" and "VALOMASK") with a view to transforming them into biofuels or bioproducts for the chemical and agricultural industries.

Industrial waste revaluation

This line of research includes projects that promote the development of **self-sufficient and decontaminating bicycle lanes** produced with sustainable materials ("Bicisendas"); projects that incorporate various wastes for the formation of granular layers, with the aim of effectively **sealing metallic mining waste deposits**; or finally, the **recovery of metals** present in photovoltaic panels (such as silver), for their subsequent application in the electronics sector ("PV4INKS").

Efficient resource consumption

Raw materials and resources are consumed to carry out some of the Group's activities, including certain activities in the Infrastructures and Cement areas. FCC is therefore committed to a **responsible and sustainable use of resources**, and to **adapting production processes** to promote the use of waste or alternative raw materials. Accordingly, the different business areas have developed the following measures:

Measures for an efficient consumption of resources

Environmental Services

- Consumption of recycled materials instead of raw materials.
- Use of recovered waste.

Water

- Development of protocols that guarantee the efficient consumption of reagents used in End-to-End Water Cycle Management, in accordance with established regulations.

Cement

- Promotion of the use of alternative raw materials and fuels, through the valorisation of materials obtained from by-products and waste from other industries (fly ash, blast furnace slag, foundry sands, etc.).

Infrastructures

- Continuous monitoring of the resources and materials used to optimise their consumption.
- Use of reusable materials or materials with a high degree of recyclability.
- Use of recycled materials.
- Actions to raise awareness and sensitise staff.
- Re-use of waste generated in the activity (soils, stones, rubble, etc.).
- Request for materials with returnable packaging and their re-use.

Real Estate

- Introduction of Ecolabel cleaning products in BREEAM-certified buildings.



Torre Realia BCN, in Barcelona (Spain), a building committed to sustainability and the environment.

Materials used (T)[19]

	2020	2021	2022
Raw materials (metals, minerals, wood, etc.)	41,396,446	55,156,900	18,190,859
Auxiliary materials (lubricants and reagents)	96,849	132,395	95,128
Semi-finished products	3,726,276	4,026,757	1,860,823
Container and packaging material (paper, cardboard, plastics)	8,671	9,600	53,355
Total	**45,228,242**	**59,326,193**	**20,200,166**

The preceding data were restated for 2021 following a data revision by the Infrastructures area. The decrease in the use of raw materials and semi-finished products was mainly due to the reduction in the consumption of works in the Infrastructures area. Additionally, the increase in the consumption of packaging material was due to the increase in street cleaning contracts in the Environmental Services business.

[19] The 2021 data were restated to reflect the revision of the figures provided by the Infrastructures area.

Waste production and management

The Group is mindful of the importance of **responsible waste management**, and applies measures and good practices for its reduction, use and subsequent reincorporation into the production process. This management varies according to the particularities of each of the business lines, and the different types of waste resulting from the activities carried out, as indicated below:

Main generated waste types	Implemented measures

Environmental Services

Main generated waste types	Implemented measures
○ Resulting from processing and composting domestic waste, wood waste, leachate, etc. ○ Waste generated as a result of vehicle fleet maintenance.	○ Acquisition of vehicles made with easily recoverable elements. ○ Waste segregation and disposal measures. ○ Establishment of waste minimisation plans. ○ Valorisation of compost for energy recovery processes or for agricultural purposes.

Water

Main generated waste types	Implemented measures
○ Sludge extracted from the wastewater treatment process.	○ Re-use of sludge and slurry for compost and organic amendment production. ○ Control of the characteristics and flow rates of wastewater entering the treatment plant.

Main generated waste types	Implemented measures

Infrastructures

Main generated waste types	Implemented measures
○ Effluents and waste from the construction activity itself ○ Generation of debris in demolition operations.	○ Promotion of the System of Good Practices for the correct segregation of waste and the recovery of construction rubble and debris. ○ Re-use of inert materials such as soil, clean rubble, and topsoil, as well as management of excavation surpluses. ○ Request for returnable packaging from the supplier.

Cement

Main generated waste types	Implemented measures
○ Arising from facility maintenance activities (laboratory, cleaning, execution of works or other ancillary activities). ○ Part of the final product is stored and sold in sacks, generating packaging waste for the user.	○ Re-use of waste from the production process, avoiding landfill disposal. ○ Segregation and subsequent recovery of waste for its use as raw material. ○ Staff awareness-raising campaigns.

Real Estate

Main generated waste types	Implemented measures
○ Produced by the activities of the tenants of the properties.	○ Processing of waste management according to its nature, through contracts signed with authorised waste managers.

In any case, all FCC Group activities are supported by authorised managers, who establish the most appropriate procedures for the final treatment of waste, in accordance with current legislation. The table below illustrates the increase in non-hazardous waste equivalent to the increase in turnover, while hazardous waste has decreased during this period.

Generated waste (T)

	2020	2021	2022
Generated hazardous waste	91,671	276,094	211,330
Generated non-hazardous waste	1,044,675	2,230,599	2,658,318
Total	**2,323,266**	**2,506,693**	**2,869,648**

Waste intended and not intended for disposal (T)

	Intended for disposal	Not intended for disposal	Not typified
Hazardous waste	104,043	107,285	2
Non-hazardous wastes	1,286,632	1,371,683	3
Total	**1,390,675**	**1,478,968**	**5**



Environmental Recycling Complex "La Campiña", in Loeches, Madrid (Spain).

First comprehensive recycling environmental complex to be built in the Community of Madrid

This novel recycling complex of 60 hectares in the municipality of Loeches, La Campiña, as it has been named, has as its main objective to avoid the annual emission of 90,000 tonnes of CO_2 and to meet the challenging European Union targets for recycling and reduction of landfill waste.

The project serves over 735,000 residents in the 31 municipalities east of Madrid and distinguishes itself throughout Europe by being capable of managing 270,000 tonnes of waste per year, with automated lines, optical separators, and robots with artificial vision, thus removing the need for manual separation.

This has streamlined management of five treatment lines consisting of packaging, domestic and vegetable waste, as well as furniture and household items, making this recycling complex the first to fully comply with the Regional Waste Management Plan and secure four ISO certifications (14001, 50001, 9001 and 45001) in a single year. This is not only an achievement, but also the most innovative waste recovery centre on the continent.

Water resources

Water is a fundamental resource, and its scarcity has a direct impact on people's quality of life. In this regard, climate change directly affects the availability of this resource in many geographical areas, through the alteration of rainfall patterns, increasing the risk of drought and extending situations of water stress.

For this reason, the different areas of the FCC Group promote the **efficient use of water resources** and aim to provide solutions **to reduce water stress** everywhere it operates.

End-to-end water resources management

The Group's main impact on water resources stems from the Water area, which specialises in end-to-end water resource management.

Through its activity, the business guarantees the optimisation of public and private water resources, comprehensively managing and controlling all the phases that make up the end-to-end water cycle, as described below:



Wastewater Treatment Plant El Salitre, Bogotá (Colombia).

Water abstraction
Aqualia collects water from different sources: seawater, saline wells, springs, etc.

Desalination
Water desalination processes are carried out at the facilities in order to maximise the use of water resources and find solutions to water scarcity.

Collection
Water discharges generated by buildings and runoff water resulting from rainfall reach the treatment facilities through the sewerage network. They are managed by the Water area for re-use or discharge into the natural environment after treatment.

Re-use
The treated water is re-used for irrigation of parks, cleaning, or recovery of environmental flows.

Irrigation
The area collaborates with the Irrigation Communities and other entities in the agricultural sector, maintaining and managing irrigation infrastructures that guarantee the availability of water in optimal conditions.

Drinking water treatment
Depending on its origin and quality, different technologies are applied in drinking water treatment plants, providing drinking water of optimum quality.

Distribution
Aqualia provides drinking water for consumption to the population, through different pipelines linked to the header tanks, which go from the municipalities to the buildings.

Treatment
The optimal design and proper management of wastewater treatment plants allows for the cleaning of wastewater, improving its physical and sanitary characteristics.

Industry
Aqualia provides all types of water solutions for the industrial sector and its processes. To this end, it designs, builds, and operates installations, offering an appropriate service to each client, both with turnkey installations and by supplying equipment, accompanied by the necessary technical assistance.

The main figures related to Aqualia's integrated water management are shown in the table below. The data for 2022 are notably higher than 2021 values, reflecting the international expansion of the FCC Group's Water division:

In addition, the Water area excels in its strong commitment to innovation, participating in numerous **RD&I projects** that enable it to improve the efficiency of its operations. Some examples of these projects are:

Natural capital: input (m³)

	2020	2021	2022
Volume of water	908,281,618	995,313,590	1,590,377,560
Drinking water produced	643,416,868	769,080,428	1,287,185,226
Treated water	665,830,462	656,867,498	835,276,327
Raw water purchased	201,161,827	208,151,866	220,994,447
Total water consumed in potabilization and desalination processes	174,980,591	178,795,022	223,408,922
Volume of water distributed	666,335,239	643,732,387	1,215,790,587

Re-use of water leaving WWTPs (m³)

	2020	2021	2022
Total volume of water treated in WWTP	682,243,654	723,762,128	835,276,327
Volume of water re-used	56,400,000	45,937,030	80,862,569
% total re-used	**8.3%**	**6.3%**	**9.7%**

RD&I projects

H2020 NICE Project

The EU-funded NICE project is jointly run by an international consortium, with the participation of the Water area. This project focuses on nature-based solutions to promote **circular urban water loops** worldwide. NICE will thus analyse, test, implement, compare, and monitor solutions to mitigate water pollution with a view to creating a circular urban water system.

LIFE Reseau Project

Aqualia is one of the main partners in the LIFE Reseau project, which seeks to **reduce by up to 100% the discharge of untreated stormwater overflows (SWOs) in heavy precipitation areas**. To do this, it will develop and validate a novel solution for retrofitting and upgrading conventional activated sludge (CAS) Wastewater Treatment Plants (WWTP) and combined sewer networks (CSN).

REWAISE Project

REWAISE, an innovative project led by Aqualia, is part of the European Union's Horizon programme, and aims to create a new **intelligent aquatic ecosystem**. A digital infrastructure will be developed for this purpose, based on nine "living labs" distributed throughout Europe. These pilots will demonstrate the full-scale functioning of innovative operational technologies and new management methods to help ensure a sustainable water supply for European society.

Water consumption

In addition to Aqualia, the rest of the FCC Group's businesses require the use of water for the normal development of their activity. The following figure specifies the main activities in which there is a greater interaction with water, as well as the measures implemented to manage it.

The **data on water abstraction** at FCC are broken down below, excluding the data corresponding to self-consumption in the Water area, as this is a residual consumption compared to the quantities of water managed, and which are shown in the previous subsection.

Activities	Implemented measures
Environmental Services	
○ Cleaning and maintenance of gardens and green areas. ○ Street sweeping service.	○ Encouragement of the use of alternative sources to the network (reclaimed water, rainwater, etc.).
Infrastructures	
○ Watering of roads to prevent dust generation and emission. ○ Maintenance and cleaning of machinery. ○ Application in certain construction techniques, such as gunning.	○ Re-use of effluents and wastewater. ○ Consumption control. ○ Awareness-raising campaigns for site personnel. ○ Installation of efficient taps.
Cement	
○ Gas and facilities cooling. ○ Consumption of drinking water, irrigation of gardens and catering areas.	○ Improvement of the water networks of the facilities to prevent losses. ○ In-depth consumption control.
Real Estate	
○ Human consumption. ○ Garden irrigation. ○ Air conditioning.	○ Daily measurement of consumption and control of possible leaks. ○ Replacement of cooling towers. ○ Development of a recycling greywater for sanitary use pilot test in residential buildings.

Water abstraction (m^3)[20]

	2020	2021	2022
Municipal water supply or by other water companies	9,521,108	9,927,550	9,516,766
Surface waters (wetlands, rivers, lakes, and other water streams)	850,832	1,001,832	642,429
Sea water	-	-	-
Brackish waters	-	-	-
Groundwater	1,952,512	1,139,239	1,320,878
Rainwater captured and stored by the organisation	218,934	295,928	30,163
Water recycled or re-used	1,996,106	2,042,356	2,151,556
Other water resulting from extraction, processing, or uses of raw materials	-	-	-
Total	**14,539,493**	**14,406,904**	**13,661,792**

Of the previous information, the 2021 values for surface water and rainwater have been restated as a result of the revision of the data by the Infrastructures area. The reduction of rainwater collection in 2022 stems from the elimination of this type of consumption in contracts in the Environmental Services area. On the other hand, the decrease in surface water use results primarily from an improvement in FCC Environment UK's internal reporting.

[20] The 2021 data were restated to reflect the revision of the figures provided by the Infrastructures area.

Management of additional environmental impacts

Protecting biodiversity

Contributing to the maintenance of natural capital is another priority defined in FCC's Sustainability Policy. The Group thus strives to foster the **conservation of biodiversity** and to support the **recovery of affected ecosystems**.

This commitment to protecting biodiversity is reflected in the Group's adherence to the **Biodiversity Pact** of the Spanish Business and Biodiversity Initiative (IEEB), which it has been a member of since 2013. FCC also collaborates with **nature protection associations** in different initiatives, and conserves areas of incalculable ecological value such as Las Lagunas de Medina del Campo, El Porcal in Madrid, and the CEAAN Coto de la Isleta in El Puerto de Santa María (Cádiz).

FCC Group activities are very diverse in nature. Consequently, the impacts on biodiversity and measures taken to protect it vary from business to business. Some examples are:

Environmental Services

The area generates positive impacts on urban environments through its maintenance and upkeep of parks and gardens, and beach cleaning activities.

On the other hand, the treatment and disposal of waste can affect biodiversity, which is mitigated by revegetation of landfills with native species. Accordingly, natural barriers are formed to stabilise the waste mass and reduce odour nuisance.

Infrastructures

Where their activity may affect biodiversity, the area tries to mitigate the impacts through various measures, such as: physical demarcation of sensitive areas, preferential use of existing roads before opening new ways, and final restoration of affected areas.

It also carries out other actions to protect ecosystems, such as the physical protection of specimens, the transplanting of plant species, the relocation of nests or animal species, the creation of wildlife refuges or the planning of the work according to the life cycles of the species. In addition to these measures, some projects require specific biodiversity plans.

Water

All contracts included in the management system include information on installations with a potential damage on biodiversity. Moreover, any accident with a potential impact is monitored and recorded.

Cement

The main impact of this area is through the extraction of natural resources in quarries. Restoration measures in exploited areas are undertaken to mitigate the impact on the landscape, including the repair of the soil morphology and revegetation with autochthonous species.

In addition, the Cement area establishes various agreements with nature protection associations, working together with them to promote biodiversity in the quarries.

Real Estate

The location of the properties is in urban areas, so the impact on the biodiversity of this business area is limited. The BREEAM certification process for heritage buildings, however, includes the development of an Environmental and Biodiversity Management Plan for each building. In them, different measures are implemented for the conservation of native species, such as the installation of nests.

The following table specifies the Group's main biodiversity conservation or restoration indicators:

With respect to 2021, both the measures to protect sensitive areas and to **restore affected spaces** have been increased, mainly as a result of the forestry maintenance work carried out in La Herrería and Riofrío forests by Matinsa, a Group's company dedicated to the maintenance of large infrastructures.

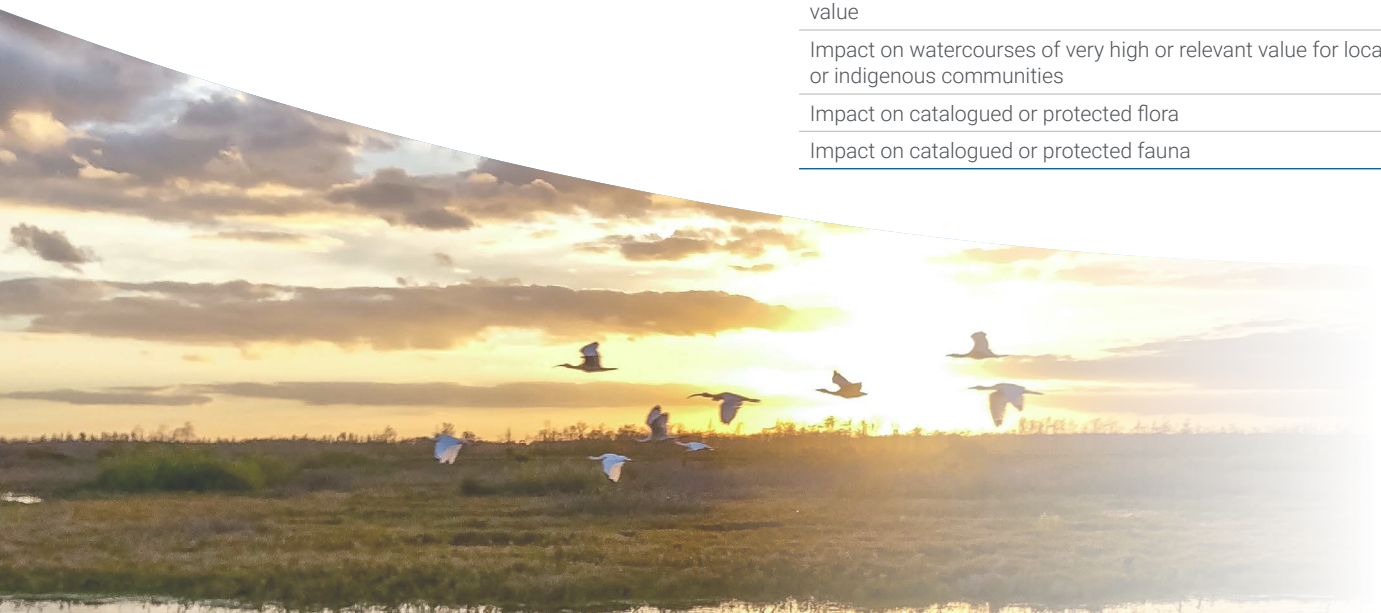
In relation to the Group's impact on sensitive areas, the number of facilities and the surface in hectares located in areas with some type of **biodiversity protection** status are shown below:

Measures taken to preserve or restore biodiversity (ha)

	2020	2021	2022
Protected sensitive areas	1,142	1,237	1,854
Restored affected areas	700	940	1,364

Protected sensitive areas and affected sites

	2021		2022	
	Number of facilities	Surface area (ha)	Number of facilities	Surface area (ha)
Location in protected natural sites or highly valuable for biodiversity	155	938	243	503,474
Location where the landscape is catalogued as relevant	9	954	9	946
Impact on natural watercourses in protected sites	2	10	1	3
Impact on natural watercourses in areas of high biodiversity value	7	850	8	851
Impact on watercourses of very high or relevant value for local or indigenous communities	9	857	10	850
Impact on catalogued or protected flora	10	1,445	13	2,060
Impact on catalogued or protected fauna	11	1,355	14	1,970



There was a significant increase over the previous year in the number of locations in protected natural areas, as a result of the integration by Servicios Medio Ambiente Iberia of work centres associated with Protected Natural Spaces.



Vallcarca quarry, Barcelona (Spain).

Bonelli's eagles at the Vallcarca quarry in Sitges, Barcelona.

Mining restoration experts chose the Vallcarca quarry as an example of a balance between exploitation and biodiversity.

The Vallcarca quarry covers 202.29 hectares and is located in the Garraf Natural Park (Barcelona). Among the fauna in the area, the Bonelli's eagle is undoubtedly the most prominent specie in the quarry.

The most recent developments in mine restoration techniques involve the reuse of organic waste to form "technosoils". This technique is used to recreate reliefs like the originals, which are then covered with topsoil and replanted with native species.

One proof of this is the pair of Bonelli's eagles living there, which successfully breed every year, increasing the number of specimens of this species. Geologists, mining engineers and biologists of the quarry have been working for three decades to ensure that the pair continues to nest on the slopes of the southern face. They can be seen daily, living in harmony with the industrial activity.

Pollution reduction

In keeping with its environmental commitment, FCC strives to limit the impact of its activities on the environment. The Group therefore identifies potential sources of pollution and establishes measures to reduce their impact, while always considering compliance with the legal requirements established in the different countries in which it operates.

Air pollution (NOx, SOx, particulates)

Environmental Services

Main sources

- Waste management activities
- Use of the vehicle fleet.

Implemented measures

- Monitoring and traceability of biodegradable material sent to landfill.
- Dynamic route optimisation depending on the level of waste in the containers using sensors.
- Use of hydrogen vehicles.
- Reduction of km travelled on routes using spatial calculation programmes.

Water

Main sources

- Wastewater treatment plants
- Use of the vehicle fleet.

Implemented measures

- Compliance with legal requirements on atmospheric emissions.
- Design, in the different contracts, of environmental risk sheets, stipulating the preventive measures to be taken.
- A target has been set for 2030 to renew the fleet of passenger cars and light-duty vehicles with low-emission vehicles.

Infrastructures

Main sources

- Earthmoving or demolition activities.
- Movement of vehicles and machinery.

Implemented measures

- Spraying of water on roads to reduce particulate emissions.
- Speed monitoring of vehicles on site.
- Use of more modern machinery.

Cement

Main sources

- Use of clinker kilns in cement production.
- Use of machinery and vehicles.

Implemented measures

- Implementation of selective non-catalytic reduction techniques for NOx emission reduction.
- Installation of burners with associated low NOx emissions.
- Fuel metering control.
- Installation of sleeves and electrostatics to reduce concentrations in piped sources.
- Installation of 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.

Implemented measures

- Regular controls using analytical tests, monitoring compliance with the pertinent legislation in force.
- Installation of aerothermal systems instead of natural gas boilers in developments.





Control room of the cement factory in Mataporquera, Cantabria (Spain)

Spills and discharges

Environmental Services

Main sources

- Leachate generation.
- Discharges of wastewater resulting from carrying out the activity.

Implemented measures

- 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 leachate.
- Installation of rainwater collection and diversion systems to prevent rainwater from coming into contact with waste.
- On-site treatment of leachate or, if unavoidable, transfer to authorised external waste managers.
- Installation of water and/or oil interceptors for spill prevention.

Water

Main sources

- Water discharges inherent to carrying out the activity.

Implemented measures

- Analytical control of discharges with in-house and external laboratories.
- Establishment of emergency plans to respond to accidental spills and/or discharges.

Infrastructures

Main sources

- Process wastewater generation.

Implemented measures

- Water quality monitoring.
- Installation of treatment plants.
- Implementation of a gutter washing area on site.
- Installation of decanting systems to remove suspended solids.
- Neutralisation of water pH with acids or CO_2.

Cement

Main sources

- Discharge of rainwater and sanitary sewage.
- Generation of leachate from stored material.

Implemented measures

- Installation of purification systems in quarries and factories to guarantee the quality of the discharge.
- Implementation of closed circuits for wastewater reuse.
- Storage of waste under roof, on concreted surfaces, and with retention bins.
- Compliance with regulatory inspections of tanks for hazardous substances, such as fuels.

Atmospheric emissions (T)[21]

	2020	2021	2022
NOx	11,801	10,395	10,269
SOx	1,218	1,237	1,501
Persistent organic pollutants (POPs)	–	–	44
Volatile Organic Compounds (VOCs)	306	256	320
Particulates (MP)	1,443	618	438
HCl	62	55	59
HF	2	3	2
Other emissions	–	–	265

Significant spills[22]

	2020	2021	2022
Total number of significant spills (No.)	18	33	28
Total volume of significant spills (m³)	23	54	21

Water discharges by destination (m³)

	2020	2021	2022
Surface water	1,954,567	1,144,552	1,436,279
Groundwater	75,832	9,080	78,225
Sea water	62,170	45,865	76,518
Third-party water (total): municipal network and treatment plants	1,481,451	2,962,241	1,932,895
Third-party water transferred for use by other organisations	–	–	15,673
Total	**3,574,020**	**4,161,737**	**3,539,590**

On the discharge data for 2021, the figures corresponding to third-party water were reclassified, as a result of the revision of the information.

Concerning to **noise pollution**, some of the Group's areas may generate noise or vibration nuisance in the environment. In this regard, waste collection operations, especially during the night, carried out by Environmental Services, the activities carried out in quarries by the Cement area or the execution of works by the Infrastructures business are particularly noteworthy. In all these cases, appropriate preventive measures are established, such as the acoustic insulation of machinery, the installation of anti-noise barriers or mobile screens, or the training and awareness-raising of personnel.

Additionally, measures have been taken to prevent **light pollution**, such as the installation of motion sensors to connect outdoor lighting and to consider the orientation and location of the lamps.



FCC Environmental Services 100% electric truck in Omaha (Nebraska, USA).

(21) The 2021 data were restated to reflect the revision of the figures provided by FCC Medio Ambiente Iberia.

(22) The volume of spills produced by the Water business is not included, as this data is not available, apart from the information referring to the water cycle management process.

People who work for people

Talent at FCC

The FCC Group has kept working to improve and develop policies with two objectives in 2022: firstly, **to have the best human resources** and, secondly, **to promote social commitments** to its teams and from them to society.

In this regard, issues such as the improvement of talent management, the promotion of diversity and equality, and the promotion of people's health and wellbeing continue to be the main pillars of the people management line of work. This is reflected in the Sustainability Policy, approved in April 2022.

The best teams

Promoting initiatives that enable staff **professional development**, means that foster their **continuous training**, generation of **diverse teams**, care for their **wellbeing** and adequate **compensation** are fundamental components of the FCC Group's quest to achieve the best teams and professionals.



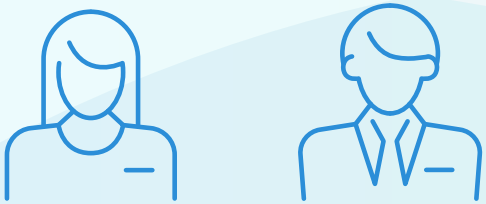
People at FCC

The FCC Group has a workforce of **64,799 people**, with a noteworthy **8.82% increase in the staff** in 2022 compared to the previous year. They are distributed as follows by gender and business area:

FCC also operates in **39 countries.** They are distributed by geographic area as follows:

More than **64,000 people** work in the FCC Group, in **39 countries**

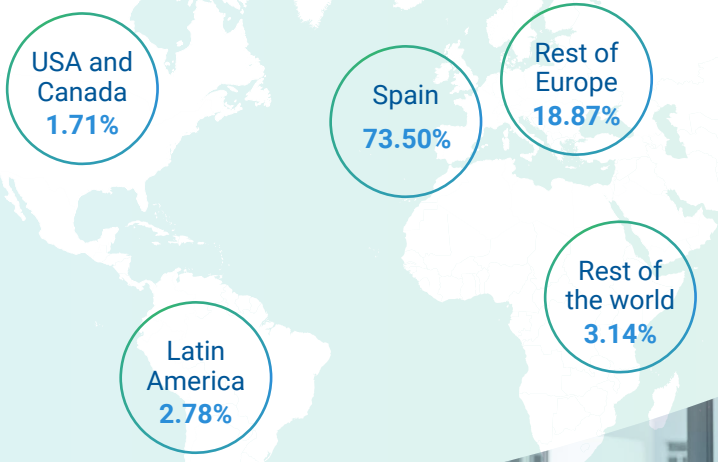
Workforce by gender



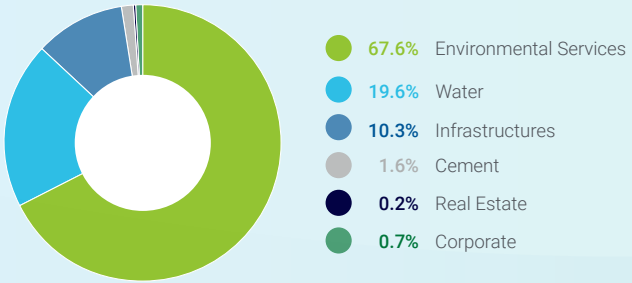
Women **22.7%**

Men **77.3%**

Workforce by geographic area



Workforce by business

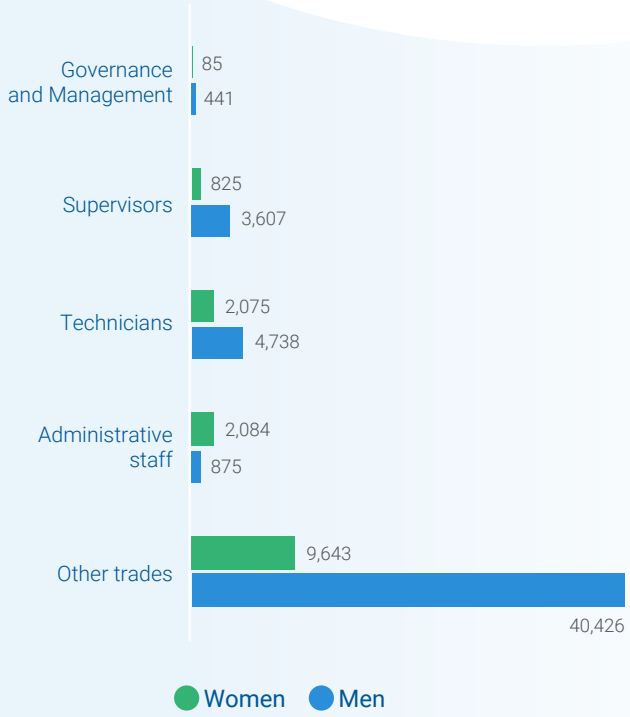




Organisational structure

The distribution by gender and functional level at the close of 2022 is shown below, highlighting that, in general, the number of women has increased at practically all levels compared to the previous year:

Distribution by gender and functional level



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, **53,827** employees have **permanent contracts** and **10,972** have **temporary contracts**, with the number of permanent contracts increasing by 21.35% compared to the previous year.

On average, 50,488 workers had permanent contracts and 12,742 had temporary contracts in 2022.

It is also important to note that the number of new hires has increased in 2022 compared to the previous year:

The number of **permanent contracts** has increased by **21.35%** compared to the previous year

	2021			2022		
	Men	Women	Total	Men	Women	Total
Governance and Management	22	9	31	14	3	17
Supervisors	246	44	290	282	68	350
Technicians	709	307	1,016	780	360	1,140
Administrative staff	104	362	466	123	309	432
Other trades	8,465	2,566	11,031	10,032	2,876	12,908
Total	**9,546**	**3,288**	**12,834**	**11,231**	**3,616**	**14,847**

Training and development

Training and development for all employees constitute one of the essential pillars of talent management and are key to addressing the needs and requirements that arise from the challenges to be faced in the development of the 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.

The following initiatives are particularly noteworthy within the framework of the above-mentioned plans:

Intricately linked to training, the FCC Group has specific programmes to promote the **development of talent and create opportunities for personal and professional growth**. These training programmes, together with the project to improve the **FCC Campus e-learning platform**, 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:

Campus FCC

Initiatives

- Training linked to the Compliance model, reflecting its consolidation in the Group.
- Digitalisation and cybersecurity, as essential focuses in the digital area.
- Reflection and awareness-raising on issues related to Diversity and Equality, and Sustainability as essential commitments of the Group.
- Health and wellbeing workshops.
- Development of competencies and skills necessary for interpersonal relations and people management (Individual and Team Coaching, etc.).

Training programmes

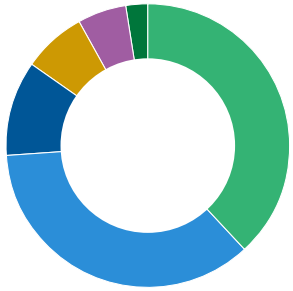
- The 5th Edition of the International Programme for Young Talents in the Infrastructures area, with a training that aims to promote the development of recent graduates to subsequently facilitate the filling of positions in international projects, with seven young talents participating in the programme in 2022.
- Executive skills development programmes for management and leadership levels, and development programmes for operation and service managers in the Environmental Services area.
- Training in the Leadership Model of the Water area to foster participatory, healthy, and inclusive leadership management.
- Individual Coaching programmes, for the development of executive skills, and Team Coaching, for the development of high-performance teams.
- Neuro-sales programme in the Cement area, geared towards developing neuro-skills related to sales, with the aim of complementing and broadening experience in negotiation.
- BIM master's degree applied to building and civil engineering in Infrastructures area, 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.

The data on **training hours** by functional level, business area and gender are broken down in the following table:

	Governance and Management		Supervisors		Technicians		Administrative staff		Other trades		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Total 2022
Environmental Services	2,287	581	13,378	3,714	9,777	6,384	1,748	4,463	149,000	26,460	217,792
Water	1,386	246	15,702	7,226	7,645	7,214	1,989	7,289	32,237	2,364	83,298
Infrastructures	1,172	347	6,331	1,121	19,873	7,614	815	1,358	29,124	205	67,960
Cement	392	60	892	131	2,302	308	477	257	3,806	117	8,742
Real Estate	58	76	34	14	412	32	18	20	2	0	666
Central Services	1,309	644	298	517	967	1,796	177	288	52	13	6,061
Subtotal Nacional	**6,604**	**1,954**	**36,635**	**12,723**	**40,976**	**23,348**	**5,224**	**13,675**	**214,221**	**29,159**	**384,519**
Environmental Services	2,394	950	18,156	5,585	17,411	7,914	2,092	4,602	56,076	3,603	118,782
Water	1,182	391	10,929	6,529	12,048	2,052	1,359	9,689	26,308	2,543	73,030
Infrastructures	886	167	4,147	1,063	9,019	2,022	1,041	1,241	2,476	102	22,164
Cement	154	0	450	109	624	24	96	10	308	27	1,802
International Subtotal	**4,616**	**1,508**	**33,682**	**13,286**	**39,102**	**12,012**	**4,588**	**15,542**	**85,168**	**6,275**	**215,778**
Total	**14,682**		**96,326**		**115,438**		**39,029**		**334,823**		**600,297**

The following results should also be highlighted with regard to the **training provided by knowledge areas** in 2022:

Training hours by area of knowledge



- 228,580 Health and Safety
- 216,243 Technical*
- 64,068 Languages
- 43,087 Skills
- 33,834 Diversity and Compliance**
- 14,485 Miscellaneous

(*) Technical: oriented to developing the technical and digital knowledge and skills of professional profiles and encompassed, 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.

FCC Campus

*The **FCC Corporate University consolidated its position as a global benchmark** for continuous and agile learning in 2022 and has made it possible to meet training needs both online and in person in a virtual classroom. It was thus able to cover the periods when the pandemic still meant that personal contacts had to be reduced, increasing the possibilities of disseminating and attending each training event. In fact, by the end of 2022, a total of 87 online training pills were launched in 210 calls nationally and internationally.*

The Campus provided relevant training activities in 2022, such as **"Let's Talk about Equality"**, aimed at creating a space for reflection on equality in the company, which was attended by 4,802 employees. Similarly, the training on the **Code of Ethics and Conduct**, developed in the specific edition called "Ethmor el Escudo" (Ethmor the Shield), was significant, training 7,351 employees through a new aesthetic and approach. This ratifies the commitment to comply with the Code of Ethics.

Cybersecurity training was also provided with a view to creating a culture of security at FCC and laying the foundations for protection (not only of confidential information of the FCC Group, but also its clients and suppliers), with the participation of 7,560 workers. **Sustainability** training was also launched late in the year to internally promote the Group's objectives in this matter and, as of 31 December, 3,182 employees had participated.











Additionally, the **OnBoarding Programme** for digital users in Spain through Campus allows new recruits to learn the fundamentals of the Group and its businesses, as well as to take all the key training courses that will help them adapt to the company.

A new development phase began in 2022 on the FCC Campus e-learning platform, which will optimise the development, management, and monitoring of the programme. The FCC Group continues improving the digitalisation of the employee experience in order to boost talent.

While Campus brought a more modern graphic look and feel to its Home to improve student experience in 2022, the plan for 2023 also includes digitalising internal content developed by FCC experts, further improving in user experience and the blended methodology. All of this with the aim of maintaining a commitment to quality training content that adds value, positioning Campus as a benchmark in the space of continuous learning for the FCC Group, which can evolve to meet the challenges that the future has in store.

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 (construction, water, cement, concessions, services, and real estate) in 39 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 2022).

The averag[23] remuneration of the executive team is €130,789.10, broken down by gender as follows: average remuneration for women: €99,161.75; and average remuneration for men: €136,595.09.

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 has worked and developed, and continues to do so, the necessary tools to comply with the legal provisions regarding the recording and auditing of remuneration, as a result of the Group's firm commitment to equal opportunities and with the aim of effectively serving the principle of 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 position.

In the calculation of the pay gap in Spain, two types are considered, gross and adjusted. The figure below shows the results in business year 2022:



Gross wage gap

22.38%

Calculated as the percentage difference between the median of total salary for men and women.

Adjusted wage gap

4.25%

Calculated by considering those 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, political situation, socio-cultural reasons, academic training and experience in the position held.

With regard to the salary gap in the rest of the countries in which FCC operates, in most of them there is no definition nor a specific concept of gap. However, the **UK** does have consolidated legislation on pay gap matters, with the two companies in the **Environmental Services area having a 0% wage 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 2022, 81.15% of people at executive and middle-management levels have benefited from the FCC bonus.

[23] Including variable remuneration, allowances, indemnities and payments to long-term savings pension systems.

Diversity and equality

FCC believes that managing diversity and equality is a business, social, ethical, and legal imperative, which adapts to the needs of the market itself, the society of which it is a part and the culture in which it lives. The FCC Group is committed to achieving the Sustainable Development Goals (SDGs) outlined in the United Nations 2030 Agenda, and this space is a clear commitment to making a direct contribution to SDG 5 'Gender Equality'; SDG 8 'Decent work and economic growth'; and SDG 10 'Reduced inequalities'. The FCC Group also joined the commemoration of **European Diversity Month** in 2022, recalling the company's motivation to continue making progress in the creation of inclusive work environments.

In recognition of the work carried out in this area, and particularly from the perspective of awareness-raising and sensitisation, FCC received the **Best Practice Award for Cultural Transformation in Diversity and Inclusion** in 2022 for the you_*diversity* project. Granted by the Adecco Foundation and the Excelencia en Sostenibilidad Club in the 5th Edition of the Diversity and Inclusion Awards, these awards are organised every year by both entities to recognise business work in the management of corporate diversity, the design of equity and equality policies and the initiatives to promote social and labour inclusion.

On November 16, FCC joined the Diversity Foundation campaign to commemorate the **International Day of Tolerance**



FCC has received the Best Practice Award for Cultural Transformation in Diversity and Inclusion by the Adecco Foundation and the Excelencia en Sostenibilidad Club in the 5th Edition of the Diversity and Inclusion Diversity and Inclusion Awards in recognition of business work in the management of corporate diversity, the design of corporate diversity, the design of equity and equality policies and the initiatives to promote social and labour inclusion.

you_*diversity*

This space is used for training and dissemination activities, campaigns and events related to equality and diversity, both for the Group and the different business areas, as well as for partnering entities and institutions.

It was conceived with the aim of bringing together the Group's values and commitments to equality and diversity, which encourages the participation of all the people who form part of the FCC Group, through collaboration and synergy.

Hosted on the company's intranet, it is also available to all employees on the FCC360 App and is designed to encourage and promote the transformation of the corporate culture in terms of equality, diversity, and inclusion.



FCC also maintains its adherence to the **Spanish Diversity Charter** for the period 2021-2023, 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 that 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. The Equality Plan in force in the United Kingdom is also noteworthy.

The FCC Group currently has **12 Equality Plans**, four of which are Group Equality Plans. All these plans encompass lines of action, including the following common ones:

- Promoting the incorporation of women in positions where they are under-represented.
- Development of measures to raise awareness and sensitise the staff about personal and family co-responsibility matters.
- Use of non-sexist language and communication in the company's internal communication channels and documentation.
- Training and sensitising staff on gender-based violence and carrying out collaborative actions in campaigns against gender-based violence.

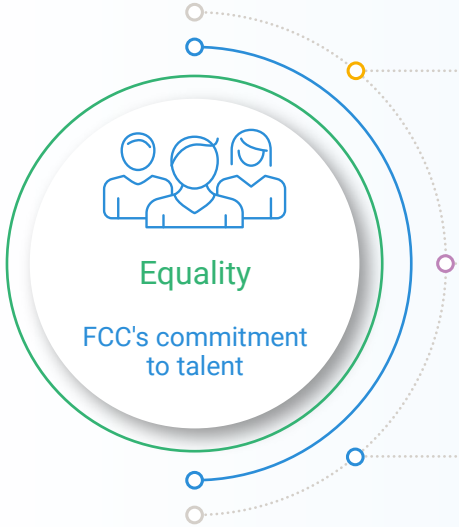
Throughout 2022 and given that Equality is a permanent item on the Group's agenda, the implementation of the negotiated Equality Plans and the negotiation of two remaining Plans that complete the framework of Equality Plans in FCC has continued.

The FCC Group's **Code of Ethics and Conduct** 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 were recognised and periodically renew the **Equality in the Workplace Seal**, a mark of excellence awarded by the Ministry with the Equality portfolio, with the Group currently having five Distinctives.

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**.

you_diversity



Development programme at the Escuela de Organización Industrial (EOI) designed for women with high potential. In 2022, 8 women participated, bringing the total to 88 women from the different business areas since 2011.

Promociona Project, specialising in preparing women for senior management and board positions (CEOE ESADE). One woman participated in 2022 and a total of 18 women since 2014.

Progresa Project, aimed at preparing women with high potential in leadership skills (CEOE - ESADE). One woman participated in 2022.



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. This year, FCC also wanted to vindicate its rejection of any kind of discrimination, highlighting and supporting diverse, inclusive, and authentic companies, such as FCC, where commitment to equality and diversity are signs of identity as well as one of its fundamental pillars.

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, reaching 16.2% of the total number of such positions.

On the other hand, the FCC Group is 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 2022 to promote social sensitisation and awareness against gender violence within the framework of this initiative. It also actively collaborates with several foundations and entities to promote labour insertion and integration of victims, such as Incorpora Foundation (La Caixa), Adecco Foundation, Once Foundation, and Red Cross.

In this line, every 25 November, for the **International Day for the Elimination of Violence against Women**, 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.



Event to commemorate the International Day for the Elimination of Violence against Women

FCC gives the **award** to the **016 Service** provided by the Government Delegation **against Gender Violence**

As part of this fight against gender violence, and on the occasion of this international day, for the fifth consecutive year, 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 are concerned of the women who are victims of this social scourge. This 2022 **FCC gave an award to the 016 Service** provided by the Government Delegation against Gender Violence, for the legal advice and immediate psychosocial care provided by specialised personnel for all forms of violence against women and dedicated the event to the dissemination of the relevant work it carries out.

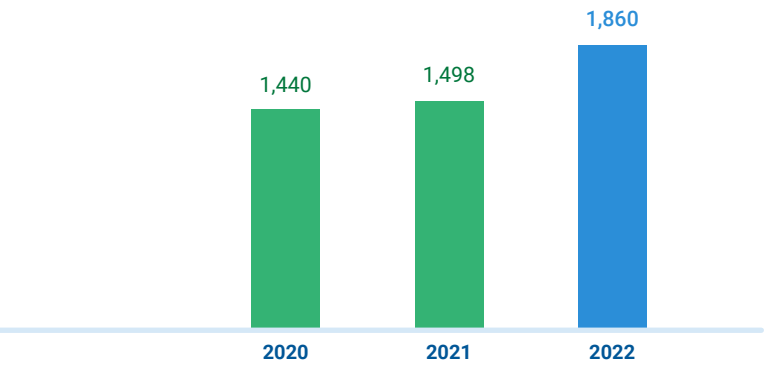
FCC's commitment to diversity, equality, inclusion in the workplace and promotion of a real culture of respect, tolerance and fairness governs the development of the activities of all businesses.

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 belonging to vulnerable groups**.

In 2022, the number of employees with a recognised disability in the FCC Group increased with respect to the previous year, reaching 1,860 in Spain. As shown below, the growth trend of the last three years is consolidating:

Evolution of workers with disabilities



The Group actively collaborates with specialist organisations that advise on 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 backs different projects and promotes social and labour inclusion through workshops, training courses and other actions, such as awareness 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 has been collaborating with the insertion programme for people disconnected from the world of work (social sustainability).

Día Internacional de las **Personas con Discapacidad**

3 DE DICIEMBRE

This year, on 3 December, FCC once again joined in the celebrations for the **International Day of Persons with Disabilities** to remind people that it maintains and reinforces its commitment to this group on a daily basis. FCC is also firmly committed to being an increasingly diverse and socially responsible company, promoting actions and projects to foster inclusion and equality through employment.

Likewise, in 2022 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 146 workers belonging to this group were hired.

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 is certified for Accessible Website Products by Aenor, and the necessary studies are being carried out to secure UNE 170001 Certification for Universal Accessibility, which demonstrate that the company guarantees access and universally accessible services in its corporate buildings.

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. FCC has thus launched the **"Disability Awareness"** training action in 2022, aimed at those people in the company who have a direct connection with the maintenance of the facilities and with the care of people with disabilities. This initiative intends to raise awareness of the concepts of disability and accessibility, and the ideas of equal opportunities, rights, and non-discrimination, thus generating an increasingly inclusive society, with a special focus on communication.

Finally, as a complement to the whistleblowing channel covered in the Code of Ethics and Conduct, the Group has a **Protocol for the Prevention and Eradication of Harassment**, which was revised and approved in 2020, and which aims to prevent, resolve and punish cases of workplace, sexual or gender-based harassment, thus reflecting the 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.



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.

As part of the Group's commitment to prevent workplace bullying and promote respectful working environments in which dialogue and organisational and professional development prevail, and in addition to the training courses that in previous years were dedicated to the detection and eradication of harassment or the management of interpersonal conflicts, a training on **Cyberbullying** was launched at the end of 2022, thus extending its commitments and adapting them to current situations and the use of technology.

Digitisation and data management

The FCC Group continues to advance in a strategy that allows it, through **new technological tools**, to improve its results and present a greater optimisation of all existing resources.

The **Data Boutique** has been consolidating its position as a tool and platform for information management throughout 2022. In this regard, improvements have been made to the reports with which it was initially launched, and new projects have already been initiated to broaden its scope of action and with the aim of covering **new metrics for people management** and moving towards increasingly advanced analyses, guided, in any case, by the purpose of providing support in decision-making.

In the same line of work, the Group began implementing **SuccessFactors** (a new global human resources information system) in 2022, which will improve **access** to its employees' **data**, contributing to the **standardisation of processes** based on reliable, consolidated, and accessible online data, which will also **improve the user experience**.



Staffing data

Non-financial report

Equality diagnosis

Disability report

Recruitment

Dialogue

Social dialogue

FCC understands the need for social dialogue to establish a link with its workers, which is materialised in **dialogue with the teams, the legal representatives of the workers, trade unions and other social agents**. The aim is not only to promote agreements through **collective bargaining**, but also to ensure that the various collective processes are carried out in a transparent manner, setting up monitoring committees and providing workers and their representatives with all the necessary information.

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, compacts, and collective bargaining agreements of different scopes, but also to **know the concerns of its staff**, as well as 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.

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, 100% 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.

The **percentage of employees covered by collective bargaining agreements** for the different countries where the FCC Group operates is shown in Annexes, Additional tables section, **"Social and personnel tables"**.

Procedures for informing and consulting staff, as well as notice periods for operational changes, vary depending on the country and applicable regulations, and also on the significance of such changes. Notice periods usually vary between one week and one month.

The company is a member of **Building and Woodworkers Internationa**l (BWI), which covers all construction sites in the sectors where it is active.

In 2022, 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.**

Occupational health and safety in collective bargaining agreements

In a great number of collective agreements that are applicable in Spain, there is special mention for occupational health and safety in its broadest sense. The following are the clauses most frequently included in collective agreements signed with regard to occupational health and safety:



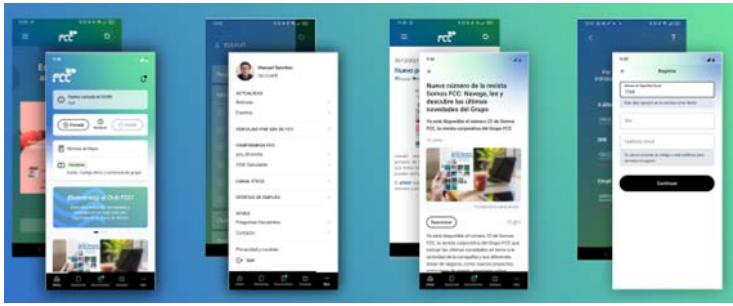
Communication with workers

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.

In this regard, transparency and agile and truthful information constitute two essential elements for the achievement of these objectives, for which work is carried out on **different channels, such as websites, portals, App's, Somos FCC digital magazine, posters,** etc., and, in terms of content, the aim is to share strategic objectives.

Throughout 2022, and after launching the FCC Group app **FCC360**, work was carried out on a specific project to develop this application in order to deliver the payroll, the personal income tax certificate, the training proposal, and to inform all employees in Spain of the Group's milestones. This was carried out through a user-centred design methodology, making it possible to orient the app to the specific needs of each worker profile, whilst also adapting it to the needs of the Group's different business areas.

In 2022, **35,581 workers are active users of the FCC360 App**. This is particularly relevant considering that 78% of the Group's employees are not digital users in their daily work.



FCC's **internal communication** is a key element in **strategic management** and in the **development of dialogue** with all **employees**

Worker engagement

FCC continued its commitment to innovation as a strength and as one of the Group's value creation levers in 2022. In this regard, the Group held an innovation day driven by its **"Digital Innovation Lab"** (DI_Lab), a forum for sharing knowledge and developing ideas, with a view to improving the efficiency of the company's processes through digital transformation, adding value to businesses, and improving agility in identifying and understanding current and future challenges in the digital world. During this event, employees were given the chance to propose their digital transformation initiatives, focused on improving the efficiency of the company's processes, with the best alternative receiving an award.



The training activities of the **"Digital Innovation Lab Team Programme"** for cross-cutting teams should also be highlighted, with the following objectives: identifying and activating specific challenges linked to innovation, in addition to raising awareness of, and practising agile methodologies as new ways of approaching improvement and innovation projects.

Moreover, new communication channels keep opening up through **opinion surveys**, which help the Group gauge 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.

Innovation Day promoted by Digital Innovation Lab (DI_Lab), in Las Tablas, Madrid (Spain).

Health, safety, and wellbeing

Strategy and culture

The FCC Group's principles of action in matters of occupational health, safety, and wellbeing revolve around maintaining real and effective integration in all its decisions and activities; involving the network of collaborators, contractors and suppliers in the preventive culture; and ensuring a system of continuous improvement of working conditions to increase safety standards, on the basis of obtaining and maintaining health and safety certifications in accordance with the most demanding international standards, such as **ISO 45001**.

Another essential element relates to setting up the needed controls and guarantees to ensure that all decisions **necessarily comply with the legal framework and the internal regulations** of each Group company on this matter.

Finally, furthering 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 that closes the circle of these principles.

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.

Changes in the main indexes

There were **2,182 occupational accidents with sick leave** in the FCC Group in 2022, of which 1,841 involved men and 341 involved women.

In 2022, the overall accident **frequency rate** stands at **21.78** and the **severity rate** at **0.90**. These markers[24] also remain well below the equivalent indices published by the Ministry of Labour for each sector of activity.

Trends in the main accident and absenteeism rates are shown in Annexes, Additional tables section, **"Social and personnel tables"**.

In 2022, the overall accident frequency rate and the severity rate **remain well below** the equivalent indices published by the Ministry of Labour for each sector of activity

[24] Frequency and severity rates are calculated over 1,000,000 and 1,000 hours worked, respectively.



Health and safety and RD&I integration

One of the mainstays was the implementation of **programmes to improve health and wellbeing**, which contribute to the reduction of absenteeism from work and common illnesses, supported by the general managements, and which have been coordinated through regular meetings at different decision-making levels, from the contracts and production centres themselves to the general management.

Of the specific measures taken, actions and programmes for the **prevention of musculoskeletal disorders** have been particularly developed. Some of the more notable ones are:

- Back schools for stretching at the start of the working day.
- Practical sessions with external expert advice to minimise the risk of musculoskeletal problems and to increase education on musculoskeletal issues from a neurophysiological point of view.
- Design and use of ergonomic devices and equipment.

Another relevant aspect has been the consolidation in the improvement of the **contractor control processes** in health and safety matters, with the full implementation of the inclusion of essential management and accidentability requirements, validated by those responsible for prevention designated by the business areas, within the supplier approval process managed by the corporate purchasing department.

Some of the actions carried out in the **Environmental Services area** include further and more effective investigations of accidents and detection of deviations that could affect the whole, as well as increased coordination between the different departments: production, machinery, studies, purchasing, ORP and HR.

In the **Water area**, the progressive improvement of the indicators that measure proactive actions integrated into health and safety has continued in 2022, such as management walkarounds (safety visits by management) and safety talks (conversations between managers and workers about safety), essential tools for integrating prevention at all levels.

The **Infrastructures area** is participating in the implementation of the PRACAN project in the field of occupational health research, a national collaborative project with public funding to improve occupational risk prevention in construction environments through the development of an innovative active robotic platform for the identification, control, and monitoring of the risks of carcinogenic agents. Starting in 2022, the project's specific objectives relate to the access and development of different mobile nodes for risk identification and a decision-making software, as well as protocols for action, and the study and definition of different identifiers concerning asbestos and its aspiration.

Finally, the **Cement area** renewed the ISO 45001 certification of its management system in Spain in 2022, reflecting the guarantee and strength of the health and safety management implemented in all its factories.

LIVE Healthy Movement

Emotional wellbeing

Within the framework of the promotion of holistic health and healthy lifestyle habits among the working population, one of the main concerns during 2022 remained the **care of mental and emotional wellbeing** in the current context of change and uncertainty. A number of different initiatives were carried out with different scopes:

- **Training and awareness-raising activities** on psycho-emotional wellbeing and quality of life at work improvement, covering topics such as: emotional control, emotional intelligence, dealing with uncertainty and change management, self-confidence, stress management and productivity.

- Collaboration in the development of **MentallyPro**, a pioneering research and innovation project for **psycho-emotional healthcare** at work.

- **Digital wellbeing information resources,** such as digital disconnect recommendations.



Resources for promoting health and healthy lifestyles

There were several resources implemented during 2022 to promote health and the creation of healthy habits among the workforce, such as registrations for popular races and participation in sports leagues, workshops and training on postural hygiene, and improvements to facilities.

LIVE Healthy Awards

Actions that highlight and recognise the work carried out in the organisation in the field of occupational risk prevention and health promotion are considered essential in the FCC Group, to strengthen the culture of prevention and health, and to stimulate the development of good practices and the use of internal knowledge.

In 2022, the FCC Group held the **5th Edition of its LIVE Healthy Awards** (Premios VIVE Saludable), granted by an assessment committee made up of members of the management of the different business areas, external persons belonging to benchmark organisations in the field, and representatives of trade union organisations.

The winning entries were selected from a pool of nearly **40 proposals from all the organisation's geographical and business areas**. The awards were given to initiatives or actions carried out by FCC departments, teams, business areas or individuals that contribute to strengthening the culture of prevention and the promotion of health and wellbeing in the workplace.

live healthy

The awards were divided into three categories:

- **Occupational risk prevention:** It recognises the commitment with proven effectiveness in the management of occupational risk prevention, as evidenced by the following: significant milestones, processes implemented, innovative technical measures, entrepreneurial initiatives, and any other action towards the control of risks at work and the improvement of safety conditions. This award went to initiatives such as the design and implementation of motorised street cleaning trolleys, LED lighting in visitable sewer galleries and the demolition of beams, pillars, and slabs by remote-controlled robot.

- **Promoting health and wellbeing:** This category recognises work towards the promotion of healthy values, habits, and practices, the contribution in preserving and improving people's health and wellbeing, and the search of innovative alternatives for a healthier working environment. This prize went to initiatives such as the implementation of a protocol for the management of health, wellbeing and especially the adaptation of workstations for particularly sensitive and older workers, programmes to improve ergonomics based on the design of an exercise plan at work and the prevention of musculoskeletal disorders, and a project on emotional wellbeing in the context of COVID-19.

- **Personnel record:** This is a professional recognition of workers who have made an outstanding contribution to the improvement of health and safety at work in their area of responsibility.

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 the advances, improvements and new trends that are taking place. For instance, the FCC Group is a member of **AESPLA** (Asociación Española de Servicios de Prevención Laboral) and participates in the different actions the association carries out. It also has collaboration agreements in this area with organisations such as **Fundación MAPFRE** (promotion of health in the workplace).

FCC Medical Services

The constant efforts and criteria developed by the FCC Group have made it possible to see through the Medical Services how employees have a better and greater health culture, which translates into an improvement in the results of the clinical examinations carried out, as well as in the concern awakened regarding all kinds of activities related to the promotion of a healthy life.

FCC's Medical Services provide support to the different organisational units in the implementation of health promotion actions and in the maintenance of healthy company management models. **A total of 17,699 health checks were performed** this year alone.

More specifically, in the past year 2022, the actions of the Medical Services in the field of health promotion have been oriented towards two fundamental objectives:

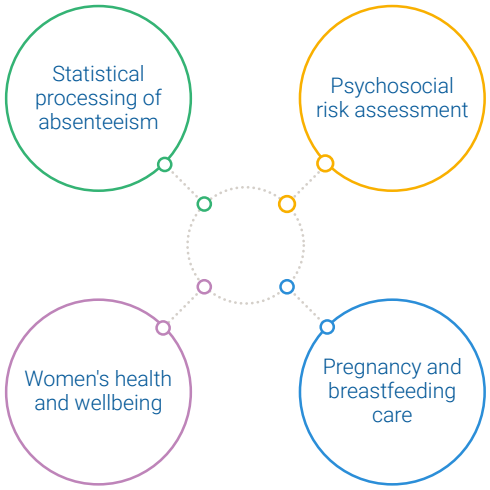
- **Healthy eating**, especially for overweight workers.
- **Smoking reduction**.

Actions have also been carried out, for example, to promote dental health and raise awareness of **breast cancer**.

In addition to these specific actions, the medical check-ups **provide guidance on the risk factors** that workers may have, such as hypertension, diabetes, or a sedentary lifestyle, among others, advising in all cases and directing them to their family doctor for the relevant follow-ups.

Gender perspective in health and safety

Considerable progress was made in 2022 in the inclusion of the gender perspective in occupational health and safety management in the FCC Group, working mainly in the following **four areas**, thus developing, in turn, the approaches reflected in the equality plans subscribed to in the organisation:



The **training and awareness-raising** actions include the ones that cover aspects with a **gender focus**

In the **statistical processing of absenteeism**, in addition to the disaggregation of the main indicators of absenteeism and health by gender, work has been done on the characterisation of accident rates and occupational illnesses by job, differentiating by gender, and looking in depth at the differences in the typology of specialised health care for common illnesses between men and women.

Psychosocial risk assessments with results and risk levels disaggregated by gender were also reviewed.

The different **training and awareness-raising** actions carried out in the field of health and wellbeing include the ones that cover aspects with a gender focus, such as workshops and health seminars on breast cancer.

Finally, regarding the care and protection of **pregnancy and breastfeeding**, the specific risk control measures for jobs occupied by pregnant or breastfeeding women are periodically screened by the Medical Service. Workplaces with a high level of occupancy also have equipped breastfeeding rooms to cover the specific needs that may arise during this stage.

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.

The FCC Group considers the appropriate management of the organisation of work to be fundamental to guarantee the **well-being of its employees** and has various initiatives in place to achieve this objective. The Group places special emphasis on work-life balance, flexibility, co-responsibility, and disconnection, which are adapted to the different realities and organisational or productive needs of each centre, function, or activity, in which regard the following are particularly noteworthy:

- Flexible working hours and holiday entitlement.
- Leaves to attend to personal and family matters.
- Early-out workdays during summer periods and Fridays.
- Extension of baby nursing leave, reduction of working hours and leave of absence.
- Improved permissions: illness and death.
- Extension in reserving the position: leave of absence.

Work-life balance

The creation of a healthy working environment that promotes the quality of life of its employees and particularly in terms of **work-life balance**, has become a priority objective for action for FCC. Accordingly, the search for the right balance between the professional and personal lives of its employees materialised in 2022 by promoting measures such as the ones listed below, most of which were agreed in the Equality 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 sharing of responsibilities between women and men.
- Raising awareness of work-life balance rights and the use of parental leave among men.

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.



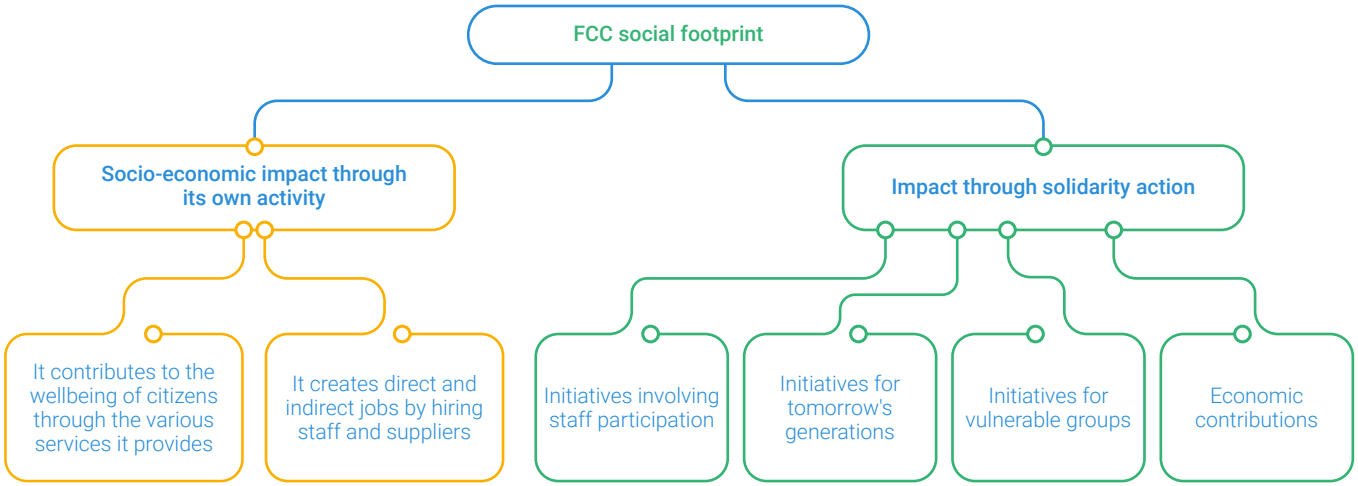
Social footprint

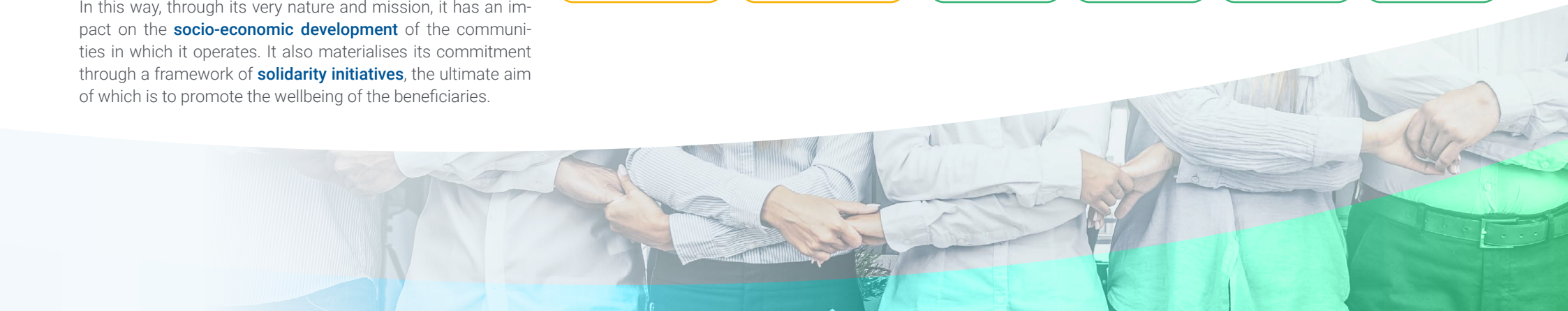
Solidarity contribution

In recent years, the global social scene has undergone major transformations at great speed. High unemployment rates and the loss of purchasing power in households are the direct consequences of the crises that have occurred, increasing the percentage of the population at risk of exclusion. In response to this, society has begun to call for greater commitment from companies, demanding their support for causes that go beyond economic ends and contribute real value to the territories in which they operate.

Through the application of the **Sustainability Policy** and based on its corporate culture, shared by all its members, the FCC Group understands the value that its products and services contribute to society, and is committed to promoting the development and wellbeing of communities.

In this way, through its very nature and mission, it has an impact on the **socio-economic development** of the communities in which it operates. It also materialises its commitment through a framework of **solidarity initiatives**, the ultimate aim of which is to promote the wellbeing of the beneficiaries.





Activity at the service of communities

The Group carries out **activities that are essential for the development and operation of cities**, including the supply of basic resources such as water, cleaning and maintenance services, the construction of buildings and infrastructures, etc. FCC's products and services therefore contribute value to society since they directly impact on the wellbeing of citizens.

Consequently, the constant search for the best technical solutions to optimise production and service provision generates a significant social and environmental impact on the communities where it operates.

Likewise, driving progress means being aware of citizens' demands and concerns. For this reason, the Group's different business areas have implemented different **communication channels**, according to their specific characteristics. The FCC Group thus works in sync with the needs and expectations of the communities, favouring understanding, connection, and continuous communication.

In addition to the social contribution generated by the Group through the products and services it offers, FCC contributes to the development of the communities in which it operates by **creating direct and indirect jobs for its inhabitants**. In particular, the activity of the different businesses that make up FCC directly generates jobs necessary for running its operations, while, indirectly, through the hiring of suppliers and contractors.

In particular, the Group is especially interested in contracting local suppliers because, in addition to reducing delivery and execution times, they contribute to the socio-economic development of the communities in which it operates, while also reducing the environmental impacts of transporting goods. In 2022, a total of **97% of the procurement volume was awarded to local suppliers**, defined as those sourced from the country where operations are located.

Key initiatives with positive local impact in 2022

The Infrastructures area **analyses the potential impact on local communities** arising from the works it undertakes and designs specific action plans.

The Water area has started up a Seawater Desalination Plant (SWDP) in Guaymas-Empalme (Mexico). This plant will alleviate the current drinking water shortage situation affecting **over 155,000 local residents**.

In 2022, Aqualia was awarded a project to address the water emergency on the island of La Gomera, through the construction of two seawater desalination plants, capable of generating **up to 6,000 m³ per day of water for human consumption**.

FCC Environment UK has begun to **calculate the social value derived from its services in monetary terms**. It will thus be able to demonstrate, in an auditable way, the contribution it makes to the different geographies in which it works.

43,161
National and international suppliers

42,294
Local suppliers (98%)

3,817 M€
Volume of spending on local suppliers

Solidarity action

While the Group's products and services aim to contribute directly to the development and wellbeing of communities, FCC develops other types of initiatives that help it to fulfil its commitments and enhance its positive impact.

The FCC Group specifically designs and participates in different actions of a social nature, ranging from the creation of **alliances with entities belonging to the third sector** to the promotion of the social vocation of FCC employees. The company also strives to have a positive and enriching influence on the **education** and awareness of the younger generation and to help **integrate people at risk of social exclusion**.

Corporate solidarity

The members of the FCC Group share a culture and values that include a **commitment to the development and improvement of the wellbeing of communities**. For this reason, FCC gives to its human capital the opportunity to participate in different solidarity programmes, allowing them to discover common affinities and commit themselves to social needs, while at the same time fostering their pride of belonging and supporting the achievement of the company's mission, based on improving the lives of citizens.

Corporate solidarity initiatives in 2022



Melior Foundation's "Not without my schoolbooks" campaign, for the collection of textbooks and school supplies, in the headquarters of FCC in Madrid (Spain).

The FCC Environment CEE subsidiary in Romania, under the name of **FCC Humanity**, has a group of volunteers who organise actions to help the families of employees in situations of vulnerability.

With a schoolbook and material drive at FCC's offices in Madrid, the Group collaborated with the Melior Foundation, to provide some **30 families at risk of exclusion** with the necessary educational and school resources.

FCC Group employees have participated in the three blood donation campaigns carried out in 2022, "Donate Blood and Save Three Lives", **positively impacting a total of 696 lives**.

Through the **"Give your clothes a new life"** campaign, in conjunction with Madre Coraje, the FCC Group has distributed information and clothing containers at FCC headquarters in Madrid. The main objective of this campaign is to provide humanitarian aid in Spain, Peru, and Mozambique by donating clothes and shoes.

Education and awareness-raising initiatives

For FCC, the education of new generations is a real driving force for change and social transformation, which translates into the **social development and progress** of the communities where it operates.

This line of social action is embodied at the FCC Group through its different lines of business, by signing **collaboration agreements** with training centres or through participation in educational events and conferences.

In particular, FCC is committed to **environmental education and awareness-raising** among young people as a means of improving the future that these generations represent. The business areas also organise **visits to their facilities**, which allows them to build bridges between the theoretical and practical knowledge of the students and give them first-hand understanding of their activities and processes.

Education and awareness-raising initiatives in 2022

The Water area's **educational website**, aqualiaeduca.com, provides children with **interactive content and didactic material** through which they can discover the world of water management, learning about the importance of using this resource responsibly.

The **Infrastructures** area distributed **more than 400 books to schoolchildren** in the local communities of Mapocho Río (Chile), encouraging them to be ambassadors of the park that the business area is building.

In order to support the celebration of the 7th anniversary of the SDGs, the **FCC Group** has launched its **fourth edition of the international drawing competition** this year called "Back to the future: you can change the world".

FCC Environment CEE's Slovakian subsidiary continued its participation in the environmental project **"Smietko"**, an **educational programme** for **schools** in the regions where the subsidiary is present, the main themes of which are paper collection and environmental education.

Together with the CEMA Foundation, the **Cement** business has created **"Colegios + sostenibles"** (more sustainable schools), an **awareness-raising campaign** aimed at awakening the interest of children in caring for the environment.



Through its alliance with the University of Almeria, **Aqualia** has created the **Aqualia Chair of the End-to-end Water Cycle**, the aim of which is to establish common channels for carrying out dissemination and research initiatives on the water cycle.

The **Real Estate area** has created a **public space on its own corporate website** through its **"Inmopedia"** portal, in which different questions of interest about the real estate sector are presented, such as the concepts of rating or energy efficiency of homes, among many others.

Integration of vulnerable groups

Convinced of the role it can play in favouring the **transformation of cities into inclusive environments**, the FCC Group has carried out different types of actions to raise awareness, support and integrate groups in 2022:

Integration initiatives for vulnerable groups in 2022

People with disabilities

Through numerous partnership agreements with different organisations in the sector, over **1,450 people with disabilities** have contributed to caring for the environment and improving cities through their work at **FCC Medio Ambiente**.

Through the Plan Familia and Empleoparatodos projects, collaboration agreements between the **Cement** business and the Adecco Foundation, this area has continued to contribute to **improving the employability of people with disabilities**.

Through the assignment of 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**.

People with difficulties in accessing the labour market

Through the Incorpora programme, in which "la Caixa" Welfare Projects and the **Environmental Services** area collaborate, there have been more than **200 job placements** for people with disabilities and/or at risk of exclusion.

The **Real Estate area collaborates both with special employment centres and with social integration companies**, such as the Helechos Foundation, thus favouring the integration into the labour market of people who find it difficult to access this market.

Victims of gender-based violence

Reflecting its rejection of gender violence and its support for victims, **FCC Construcción** has launched a campaign called "Next stop?", which simulates a metro line to **raise awareness of the different types of mistreatment**.

Under the slogan "Hugs that move worlds" and around the aqualiaconmigo.com website, the **Water** area has launched a new **campaign in support of women victims of gender violence**. Thus, the area has invited everyone to fight this social problem through hugs, affection, and solidarity. Each hug added to the campaign has been converted into financial support for the development of a programme of accompaniment for women in this situation.

Individuals with limited resources

As part of its commitment to the society of Alcalá de Guadaira, the **Cement** area has delivered several **batches of products** valued at €3,000 to the most vulnerable families, whose situation has been aggravated as a result of the pandemic.

FCC Environment UK has set up a number of **re-use shops** with the aim of giving a second life to its items, with the proceeds going to people in disadvantaged situations.

LGTBIQ+ community members

As part of the Business Network for LGTBI Diversity and Inclusion (REDI), the **Environmental Services** area has called for various **initiatives to raise awareness** of the situation of LGTQI+ people in the labour market.

Apart from being, for another year, the main sponsor of the **race for diversity** organised in Badajoz in favour of the LGTBI community, **Aqualia** has signed an agreement with FELGTBI+ under which it **joins the "Companies for Diversity"** (EMIDIS) **programme**.



Economic contributions

FCC donated a total of **€1,154,818** to foundations and non-profit organisations in 2022. The Group also partners over **160 industry associations**. The details of these partnerships are set out in Annexes, Additional tables section, **"List of main associations"**.

€1,154,818

Donated to foundations and non-profit organisations

Contribution type (€)

	2020	2021	2022
Donations to non-profit organisations and foundations	1,160,289	1,048,399	1,154,818
Sponsorships	1,452,856	1,761,051	2,238,463
Contributions to associations	1,554,968	1,847,790	2,303,888
Other	155,768	170,544	230,913
Total	**4,323,882**	**4,773,448**	**5,928,082**

Of the above data, the amounts provided in 2021 by Central Services have been reclassified. The increase in sponsorship activities is mainly due to the international expansion of the Water area, so the business has increased this type of actions, for example, in France or Georgia. Likewise, over the course of 2022, the amounts allocated to collaborations with associations have been increased, since many events in which the Environmental Services area was involved had been limited with the COVID-19 pandemic.

Any collaboration, donation, or sponsorship is destined to entities selected in accordance with objective criteria, with an organisational structure that ensures the correct administration of the resources and that are in line with the FCC Group's own activity. It is also necessary that each of these contributions be documented and duly authorised. Whenever possible, and in order to know the final destination of the resources, FCC monitors the use of each contribution.

Value chain

Client and supplier management

Based on its clear **focus on the client**, the FCC Group strives to identify, satisfy needs, and exceed expectations, seeking to establish stable, long-term relationships. To this end, it provides different channels to facilitate feedback and dialogue, so that a process of continuous improvement can be maintained.

Furthermore, in order to create a **supply chain based on ethics, efficiency, and transparency**, the Group works with suppliers and subcontractors who apply strict standards and impeccably. They must therefore adhere to the Group's commitments and satisfactorily pass an approval process prior to the commencement of any contractual relationship with FCC.

Client experience

Our dedication to client service is a key feature of FCC's culture and is shared by all its members. As expressed in the Code of Ethics and Conduct, the clients are the centre of the Group's activity and, for this reason, all the people who make up FCC work every day to provide products and services with a differential value, of the highest quality, that satisfy their needs. The company thus strives to establish **long-lasting relationships based on mutual trust and honesty**.

Given the diversity of products and services offered through FCC's different business lines, the Group covers the needs of different types of clients, which are grouped into the following categories:



Public sector bodies and organisations

Private sector

Consumers



Quality and end-user protection

For the FCC Group, maintaining solid long-term relationships with its clients means continually differentiating itself and maintaining high quality standards for all the products and services it markets.

For this reason, all Group business lines have implemented a **quality management system certified according to ISO 9001**, with the exception of the Real Estate area. These systems enable the Group to define and formalise the processes necessary to effectively provide products and services, in accordance with legal requirements, that meet the needs of the clients, thereby increasing their satisfaction.

For its part, the certification of quality management systems is a priority for the Group, as this brings alignment with the best international practices existing in the market and is evidence of FCC's strong commitment to excellence in its proposal for products and services.

The Group conducts **quality surveys** to find out what its clients think. A total of 210,914 were sent out in 2022, with 4,757 FCC clients responding.

Ensuring the health and safety of end-users is also a fundamental requirement for the confidence of clients. To this end, the FCC Group promotes the following practices, based on strict compliance with applicable legislation:

Environmental Services

FCC Medio Ambiente

- It has implemented complete and strict safety measures, both in the design of the processes and activities to be carried out, as well as in the handling of vehicles and machinery by its workers, to prevent traffic accidents as a result of its operations.

FCC Environment UK

- It employs software for recording, investigating, and resolving events related to client safety and health.

FCC Environment CEE

- The Czech Republic has a Risk Register, which makes it possible to recognise and manage health and safety risks. It also audits its processes in this area both internally and externally.

Water

- It has a network of 10 accredited laboratories in Spain, Czech Republic, and Italy. Each maintains a structure with independent decision-making in accordance with ISO 17025 on the requirements for the competence of testing and calibration laboratories.
- It carries out over one million analyses annually, thus guaranteeing the quality of drinking water available for human consumption.
- It manages the cleaning of some 2,900 drinking water reservoirs or tanks worldwide, without affecting the supply and ensuring its excellence.

Infrastructures

- It conducts assessments, since the outset of a project, of the health and safety risks to end users. It also has regulatory certificates to ensure compliance with these aspects.
- It guarantees compliance with the legal requirements applicable to construction works, products and services, which often include specific health and safety requirements.
- It Includes, if applicable, the CE marking on the manufactured products.

Cement

- It provides all its clients with safety datasheets for all the products it sells.
- Labelling is done in accordance with the European regulation (CLP) for all packaged products.
- It has registered all cements marketed in Spain with the National Institute of Toxicology and Forensic Sciences, where end consumers can be attended in case of a health emergency. This registration has also been carried out in all European countries where its products are marketed, with the existing counterpart bodies.

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.

Client satisfaction

Understanding the opinions and needs of the clients is essential to devise, design and market products and services that provide differential value. The FCC Group's compilation of this information must rely on a constant dialogue with its clients, based on transparent communication of the characteristics of products and services.

Different **communication channels,** adapted to the diverse types of clients in each of the Group's business lines, are essential for this dialogue to take place effectively. Therefore, taking into account the diversification of the FCC Group, each of the areas is responsible for monitoring the satisfaction of its clients, and establishes its **own tools for attending to and ascertaining their opinions**, which are set out below:



Aqualia's call centre, aqualiacontact, in Madrid (Spain).

Environmental Services

FCC Medio Ambiente

- 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 Environment UK

- It has contact forms on its website, specifying telephone numbers, opening hours, and e-mail addresses of the different facilities.

FCC Environmental Services

- Direct assistance through the regional or facility representative.

FCC Environment CEE

- Telephone and online contact with the client service department or sales staff.

Water

- Development of the *Aqualia Contact* app, for carrying out all the formalities related to the provided services.
- 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.
- Client service profiles on Twitter.

Infrastructures

- Development of the figure of the "client contact", who is in charge of managing collaboration, attending to and processing suggestions and information, as well as communicating the actions to be taken by FCC in response to them.
- Launch of surveys adapted to the reality of the different companies in the area. For example, FCC Construcción conducts end-of-construction surveys, while Matinsa carries out the assessment of client satisfaction by means of questionnaires at the end of the year.

Cement

- Regular visits by sales staff to advise the client on the application of their products.
- 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

- For clients who have purchased a home, a separate e-mail address has been set up for each development.
- For clients who rent a property, this business area has a mobile app from which they can carry out certain procedures related to that property.
- For clients and users of shopping centres, a team specialised in this area makes on-site visits.
- For clients and users of offices, taking into consideration their special needs, a person responsible for each building has been named in order to be able to attend to any concerns that may arise.

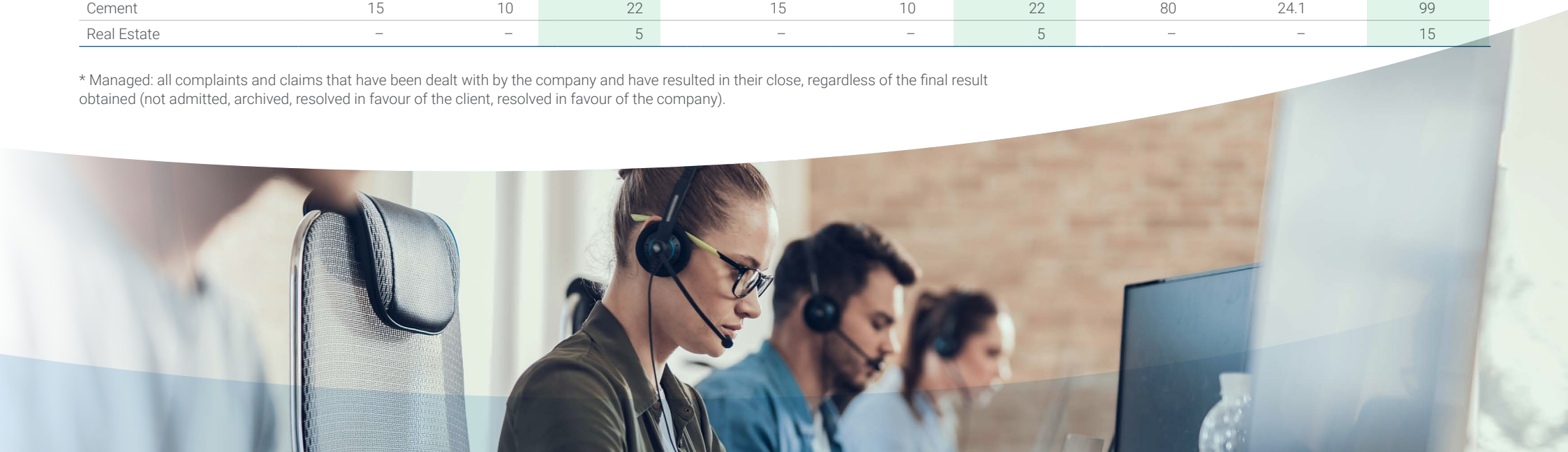
In any case, the aforementioned mechanisms help to monitor the client's satisfaction, along with the appropriate **reception and management of any possible non-conformities**. The constant monitoring and exhaustive analysis of this information allows to reinforce a constant **process of continuous improvement** that aligns the needs of the client with the actions to be developed by the Group. The complaints and claims received and handled in each of the Group's business lines during 2022 are set out below:

As indicated, the Water area has received a higher number of complaints during 2022 as a result of the international expansion of the business. Likewise, in the Cement area, the average resolution period has increased, due to the receipt of technical product complaints, which entail a thorough analysis and investigation.

Claims and complaints

	Received			Managed*			Average resolution period (days)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Environment	6,697	9,350	7,992	10,043	9,346	7,991	4.6	2.9	8
Water	16,180	15,948	30,641	16,180	15,948	30,641	10	16	10
Infrastructures	105	177	97	103	177	97	49	22	39
Cement	15	10	22	15	10	22	80	24.1	99
Real Estate	–	–	5	–	–	5	–	–	15

* Managed: all complaints and claims that have been dealt with by the company and have resulted in their close, regardless of the final result obtained (not admitted, archived, resolved in favour of the client, resolved in favour of the company).



Responsible purchasing

The Group recognises suppliers and contractors as its business partners, providing the products and services FCC needs to develop its activity in accordance with the requirements and expectations of its clients.

Specifically, the FCC Group has **43,161 suppliers**, mainly in Spain. However, there are also suppliers located in other European countries, the Middle East and North, Central and South America. The main supplier types vary according to the business area, as can be seen below. In the Real Estate area, the supplier typology is comparable to the one indicated in the Transversal model.

Supplier types

Cross-cutting

- 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.

Water

- Desalination and purification equipment suppliers.
- Subcontractors for civil engineering and machinery rental.
- Reagent and other chemicals supply.
- Meter and accessory supply.

Environmental Services

- Equipment suppliers: waste collection lorries, sweepers, scrubbers, containers, waste compactors, etc.
- Maintenance and repair companies.
- Hardware stores and spare parts suppliers.

Infrastructures

- Subcontractors for civil engineering, foundations, metal structures, earthworks, signalling, etc.
- Concrete, rebar, and prefabricated component supply.
- Subcontractors for electricity and lighting.



43,161
suppliers

Cement

- Electricity, fuel, and water supply.
- Maintenance and repair services for facilities.
- Raw material and consumable supply.
- Transport and logistics services.
- Packaging and containers supply.
- Supply and rental of machinery.

Commitments made by suppliers and contractors

Group relationships with suppliers and contractors must be based on the promotion of **stable, long-lasting, and mutually beneficial business relationships**.

This implies that business partners must share FCC's commitments, and, to this end, the Group promotes occupational health and safety practices and encourages collaboration with suppliers and contractors who are capable of accrediting social, environmental, and ethical standards. In this regard, the FCC Group uses the following **tools to extend its commitments to suppliers and contractors**:

Code of Ethics and Conduct

It covers the basic principles to be observed by suppliers and contractors. In particular, they must:

- Demonstrate **ethical behaviour** in business relations, expressing rejection of corruption, bribery, and fraud.
- Protect fundamental **human and labour rights**.
- Demonstrate compliance with **occupational health and safety** standards, ensuring a safe and healthy working environment.
- Respect for the **environment** in all its activities, in compliance with legislation, minimising environmental impacts and establishing sustainable environmental management.

Purchasing manual

Under the principles of **competitiveness, transparency and objectivity**, the Purchasing Manual seeks to foster the creation of solid and lasting commercial relations between FCC and its suppliers, contractors, and partners.

General Terms and Conditions

This document regulates the commercial relations between FCC and its suppliers and contractors. It establishes the obligations of the latter, including those related to **occupational risk prevention** and **environmental protection**.

Likewise, it establishes the obligation for suppliers and contractors to accept and commit to comply with the **Code of Ethics and Conduct**, the FCC Group's **Anti-Corruption Policy**, as well as to assume the ten **principles of the United Nations Global Compact** and to respect fundamental **human and labour rights**.

Supply chain monitoring

In order to verify compliance with the commitments of suppliers and contractors, the FCC Group has implemented an **approval and assessment process** based on a risk analysis, which considers ESG issues. Accordingly, suppliers and contractors must follow the next process in order to be able to work with FCC:

Thanks to the application of this approval process, all new suppliers and contractors of the company are assessed and selected according to the environmental and social criteria outlined. A total of **495 suppliers and contractors** were approved by the FCC Group in 2022, which has a total of **1,365 approved**. Likewise, only 18 have been classified as high risk and, after applying the Due Diligence process, 16 were finally approved and accredited, with the rest pending submission of documentation.

In addition, the FCC Group **regularly assesses** its suppliers and contractors, sending satisfaction surveys to the Group departments involved. The aim is to streamline decision-making on upcoming awards, improve negotiations, as well as to continue or cancel the approval of its suppliers and contractors.

Finally, with the aim of reinforcing the supervision of the supply chain in the FCC Group, processes have been established to carry out **compliance audits** of suppliers and contractors classified as "critical". However, no supplier has been classified with this category so far and therefore no audit was performed in 2022.

Approval process

1. The supplier or contractor must first complete its **registration** on the FCC Group's platform.
2. It must then sign a **Responsible Statement**, which incorporates aspects of anti-corruption, receiving and giving gifts, conflicts of interest, and respect for fundamental human rights.
3. Thirdly, the supplier or contractor must answer a series of **questionnaires**, in which **social, environmental, and governance criteria** are assessed. In particular, it reports on:
   - Information concerning its financial situation.
   - Quality and environmental management certifications.
   - Occupational risk prevention systems.
   - Information concerning the company's operations (only in the case of a product supplier), specifying the allocation of responsibilities, training, client service, process control, supplier approval and assessment procedures and systems for measuring client satisfaction.
   - Data related to the workforce, including number of employees, percentage of female employees, average age of staff and average length of service.
   - Information on respect for human rights, anti-discrimination, work-life balance measures, employee satisfaction rating systems, as well as on ethical or social management systems certifications and adherence to the UN Global Compact.
   - Own Ethical Codes and acceptance of the FCC Group's Code of Ethics and Conduct
   - Description of the crime prevention model and whistleblowing channels, existence of a Compliance Officer, policies for the prevention of money laundering and terrorist financing, and sanctions or convictions for corruption, bribery, or influence peddling.
   - Implemented systems for cybersecurity and data protection.
4. Based on the above information, **suppliers and contractors are assessed** according to their risk level:
   - If suppliers or contractors do not obtain a high-risk rating (A, B or C ratings), a certificate of approval will be issued, and recommendations for improvement of their activity will be sent.
   - If they are classified as high risk (Rating D), a due diligence process is carried out to detect and prevent potential risks from materialising in the contractual relationship. Based on the results of this process, the purchasing department will be responsible for concluding whether the supplier or contractor should be approved and under what conditions, establishing, if necessary, preventive, or corrective actions.

Ethics at the highest level

Group Governance

Governance Model

Good corporate governance, understood as a set of principles and processes that determine the structure and functioning of governance bodies, represents a fundamental strategic framework for the growth and consolidation of any type of organisation. Boards are also shifting to new models of engagement with their stakeholders, in line with a new context where accountability requires them to take on new responsibilities and work under the scrutiny of shareholders, employees and regulators.

FCC Group is aware of this reality and throughout its history has designed a structure, based on its own regulations, which contributes to the strengthening of a common challenge: **transparency and good governance of all FCC subsidiaries**.

An example of its commitment to efficient and transparent management is the preparation of the **Corporate Governance Report**, which contains complete and justified information on the Group's structure, and the company's corporate governance practices, including an analysis of the degree of compliance with the recommendations of the Good Governance Code.

The **Unified Good Governance Code of Listed Companies** reflects the highest international standards of corporate governance. Since this code came into force, the FCC Group has implemented a large part of its standards, incorporating 84.48% of them into its own corporate governance



Governing Bodies

As specified in Chapter 1.3 "Governance Structure" of this Sustainability Report, the Governance presiding over the FCC Group is headed by five key bodies, including the **General Shareholder Meeting**, the Group's highest decision-making body, the **Board of Directors**, whose purpose is to direct, supervise, and guide the actions of the management and, finally, the **Executive Committee**, the **Audit and Control Committee** and the **Appointments and Remuneration Committee**.

The **General Shareholders Meeting** met once in 2022, with an attendance of 91.47%, having reached a consensus on the amendment of the By-laws of the FCC Group.

Meanwhile, the **Board of Directors** met a total of nine times, with an average attendance of 87.39%, and reached the following resolutions on Corporate Governance:

- Approval of the FCC Group Sustainability Policy.
- Update of the FCC Group's Compliance Model, amending the Code of Ethics and Conduct and approving the FCC Group's Competition Policy.

Finally, the **Executive Committee** met eight times, the **Appointments and Remuneration Committee** met six times and the **Audit and Control Committee** met nine times. The latter's compliance and sustainability issues include the following:

- To report favourably to the Board on the Company's Non-Financial Information Report (Sustainability Report), corresponding to 2021.
- To report favourably to the Board on the approval of the "FCC Group Sustainability Policy".
- To report on the work necessary, within FCC, to comply with the legal obligations for the implementation and reporting of an Environmental Sustainability model, which complies with the requirements of the EU Taxonomy model.
- To create an internal corporate unit for the promotion and management of the necessary work, under the joint control and supervision of the Sustainability Management and the General Administration Management.

The **Governance presiding over the FCC Group** is headed by the General Shareholder Meeting, the Board of Directors, the Executive Committee, the Audit and Control Committee and the Appointments and Remuneration Committee

Board of Directors

Appointment and selection

The **General Shareholder Meeting** is responsible for the appointment and re-election of directors. Directors may be re-elected indefinitely, once or more times, for periods of four years maximum. The proposed candidates must also be natural persons of recognised good repute, solvency, technical competence, and experience, as established in the Regulations of the Board of Directors. In any case, the proposal shall be accompanied by a report from the Board justifying the competence, experience, and merits of the proposed candidate, which shall be attached to the minutes of the General Meeting or the Board.

Composition

In 2022, the Board of Directors comprised a total of 14 persons, one of whom left at his own request in March. At the end of the year, the Board has **31% female representation**, and its members are of various nationalities, including Mexican, Spanish, and French. The average age of the members of this body is 61 years.

Assessment and training of the Board of Directors

Executive directors have received the same training as senior management on the Code of Ethics, as well as ESG criteria and sustainability training.

On a semi-annual basis, the Compliance and Sustainability Management attends the board to monitor the performance of the function, as well as the mandatory year-end and half-year-end reports.

Conflicts of interest

In line with the **Regulations of the Board of Directors of the FCC Group**, this body must, above all, steer clear of situations of conflict of interest. However, should such a case arise, the executives must notify the Board of Directors, through the Compliance and Sustainability Management, in due time, of any situation of direct or indirect conflict. In any case, conflicts of interest incurred by the directors shall be included in the report, under the terms established by Law.

Likewise, as regards the communication of critical concerns during the year, there have been five situations in which a director has had to abstain from voting due to a conflict of interest in certain resolutions approved by the Board.

Remuneration model

The mission and values of the FCC Group promote a culture based on ethics and commitment to sustainable development and its stakeholders, always based on transparency. This commitment is the central pillar of the company's day-to-day activities, favouring its leadership position in its various fields of action, orientating its strategy, and guiding the ethical behaviour of the human capital that participates in the daily construction of a common project, starting with its administrative body.

In line with this steadfast purpose, the Group has a **Remuneration Policy for directors**, updated in 2021, which expires in 2023. Its ultimate objective is to ensure the development of the Group's mission and values, so that directors' remuneration is appropriate to the dedication and responsibilities assumed.

FCC also prepares its **Annual Report on the Remuneration of Directors of listed companies**, a report that presents, in aggregate terms, the main characteristics of the remuneration policies and practices applied to its directors.

With regard to the setting of remuneration, the General Shareholder Meeting shall have the power to decide it in accordance with the following principles and criteria:

- Remuneration commensurate with the achievement of agreed objectives within the framework of prudent risk management.
- Remuneration commensurate with the dedication, qualification, and responsibility of the post.
- Remuneration in line with shareholders' interests.
- Attractive remuneration to engage and retain talent.
- Competitive and transparent remuneration.
- Motivation-stimulating remuneration.

Finally, it is necessary to specify that, regardless of the fixed remuneration received by the directors, in accordance with the Remuneration Policy and art. 38 of the Group's By-laws, the directors in their capacity as such shall receive allowances for attending meetings of the Board of Directors and its Internal Committees. The Group also allocates a variable amount to the executive directors directly conditional upon the achievement of corporate objectives.



Integrity and compliance

Regulatory authorities are increasingly emphasising the relevance and enforceability to commit to and maintain a corporate culture based on integrity and due diligence. The current economic and social environment has made companies operate in a more complex marketplace, where compliance risks have increased and are constantly changing.

This context highlights the need for organisations to respond with their know-how to the new rules of the game, which require a strong focus on integrity in their day-to-day management, together with mechanisms guided by principles of effective governance and accountability.

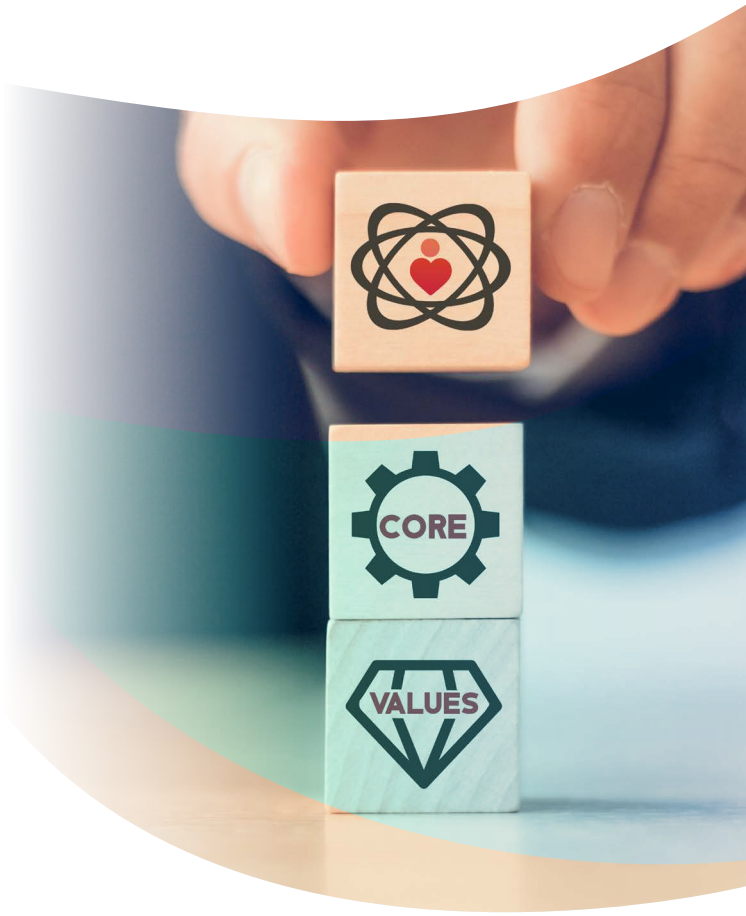
In line with this perspective, the FCC Group perceives regulatory compliance as its starting point and joins the challenge of constantly improving and reinforcing its ethical behaviour, based on its Compliance Model. This translates into a strong commitment to the promotion of and respect for Human Rights, as will be specified below, and mechanisms to deal with possible cases of corruption, money laundering, and unfair competition.

Compliance Model

Transparent conduct, respect for legality and due diligence and accountability are the cornerstones of the FCC Compliance Model. Its purpose is to prevent and detect risks of non-compliance, including those related to criminal offences, and to minimise their possible negative impacts.

In this regard, the Compliance Model is based on the **Code of Ethics and Conduct**, the supreme standard of this model, developed through policies, procedures, and internal controls, as can be seen below, which are periodically reviewed and updated.

- 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.
- Compliance Committee Regulations.
- Investigation and Response Procedure.
- Procedure for the Whistleblowing Channel.
- Protocol for the Prevention and Eradication of Harassment.



In this regard, it is essential to point out that the Real Estate area, although it shares the Group's principles, has its own Code of Ethics, in accordance with the pertinent legislation currently in force.

Thus, with a view to making progress in the Compliance Model, the following actions were carried out in 2022:

Actions carried out in 2022

- Revision of the regulatory block of the Compliance Model and specific modification of the Code of Ethics and Conduct.
- Approval of the Competition Policy by the FCC Group Board of Directors.
- Support provided by the Compliance areas to the Group's Internal Audit function to supervise the Compliance Model each year.
- Revision and updating of the control matrices of the Group's various businesses.
- Conducting two self-assessments in May and November 2022, and certification in the Compliance Tool of the controls designed, within the Group's Compliance Model, to minimise the most significant criminal risks.
- Adjustment of training content for the 2022 Annual Training Plan, in line with the provisions of the FCC Group's three-year Compliance training plan, and approval of the 2023 training plan.
- On-site training in Spain on Competition and online training on the Code of Ethics and Conduct.
- Compliance risk assessment of suppliers in accordance with the established procedure, requiring the direct involvement of the Compliance function in cases of high risk. In 2022, 495 new suppliers were assessed under the defined criteria, and 23 of them (18 letter Ds and five red flags) required evaluation by the Compliance areas. None of the suppliers received an unfavourable assessment by Compliance, and two suppliers are currently under assessment.
- Completion of 211 third-party due diligence assessments from the Group's businesses.
- REALIA's incorporation to the FCC Compliance model: various meetings have been held with the subsidiary's legal team to incorporate its compliance model into the FCC model as the controlling company. A comparative study was done between the two models and Realia was informed of the steps to be taken for its incorporation/accession to the model by its Board, awaiting implementation.

The **Compliance Committee** met a total of **15 times** in 2022, 12 of which were ordinary meetings and three were extraordinary meetings

Model Supervision

In addition to the set of rules and procedures, the Compliance Model also has a high-level body in charge of fostering and supervising the model, namely the **Compliance Committee**. This committee oversees Group Crime Prevention and comprises the following roles:

- Corporate Compliance Officer (chairman).
- Managing Director of the Legal Advice Department (voting member).
- Human Resources Director (voting member).
- Compliance Officers from the different businesses (invited).

Finally, the Managing Director of Internal Audit may sit on the committee, with the right to speak and vote, when necessary. In any case, the object of its intervention shall be the execution of the investigations.

The **Compliance Committee met a total of 15 times** in 2022, 12 of which were ordinary meetings and three were extraordinary meetings.

Common culture of due diligence

All employees of the organisation share responsibility for knowing, observing, and enforcing the Compliance Model, as well as helping to identify compliance risks. In this regard, FCC places its **Whistleblowing Channel**, governed by the Group's Whistleblowing Channel Procedure, at the disposal of each and every employee. This mechanism guarantees anonymity, and is accessible by post, e-mail, and a form on the corporate intranet.

In the reporting period, **190 notifications were received through the Group's Whistleblowing Channel**. After analysis, 157 of them were considered relevant and therefore processed in accordance with the Group's Compliance Model, representing 83% of the total. At the close of this report, 98% of these notifications had already been investigated, or sent to the business for handling in the case of low-risk notifications.

Furthermore, in an effort to involve its staff in the culture of integrity that characterises FCC and, at the same time, to guarantee full knowledge and observance of the Compliance Model, the company provides training on the Code of Ethics and Conduct at its FCC Campus. **Six training actions on Compliance** were launched or underway in 2022.

Integrity of conduct

Fight against corruption

The FCC Group's **Code of Ethics and Conduct** rejects any action resulting in cases of corruption, bribery, kickbacks, or any form of extortion, thus complying with the pertinent legislation currently in force. It also establishes certain preventive and control measures that enable it to ensure transparent behaviour.

The Group has an **Anti-Corruption Policy**, which sets out FCC's guiding principles in the fight against corruption:

- Compliance with legality and ethical values.
- Zero tolerance for bribery and corruption.
- Surveillance of data property and confidentiality.
- Rigorous control, reliability, and transparency.
- Prevention of money laundering and transparent communication.
- Extension of commitment to business partners.
- Promotion of continuous training on ethics and compliance.
- Transparent relationship with the community.
- Conflicts of interest.

The **Code of Ethics and Conduct** rejects any action resulting in cases of corruption, bribery, kickbacks, or any form of extortion and **establishes preventive and control measures to ensure transparent behaviour**

In addition, the mentioned Policy is supported by the following commitments made by the Group:

- **Agent Policy:** It sets out the principles on which the relationship between FCC and any commercial agent or business partner is based.
- **Gift Policy:** It aims to foster an ethical culture in the organisation, in terms of gift giving and acceptance.
- **Bid Policy:** It establishes the basic elements for preparing and submitting proposals by the FCC Group in contracting processes called by public or private entities.

The entire set of regulations described above is **accessible to all members** of FCC, and they are also published on the corporate website.

In addition, the FCC Group establishes mandatory training for the groups directly affected. As of 31 December 2022, **more than 4,800 employees received anti-corruption training**.

On the other hand, in order to **assess its exposure** to corruption-related crimes, FCC conducts a preliminary analysis of its operations as a whole, taking into consideration the various geographies in which it operates. A **risk matrix** is drawn up from the assessment and a roadmap of selected risk **controls** is designed at national and international level, as set out below.

- Conducting due diligence prior to contracting certain partners, agents, and suppliers.
- Approval of sponsorships, donations, and collaborations by the Communications Management.
- Group's selection procedure, based on a system of competences to ensure transparency and equality in all selection processes.
- Approval of travel and representation expenses.
- Procedure for communication and approval of purchasing needs and Purchasing Manual.
- Bank statement reconciliation to detect outstanding or unreasonable movements.
- Power of attorney management for each company.
- Annual training plan on Crime Prevention and Anti-Corruption.
- Declaration regarding conflict of interest in recruitment processes.

These controls are primarily intended to prevent the perpetration of potential criminal offences and, if necessary, to exonerate the legal entity from liability.

Money laundering

As an example of its commitment to prevent money laundering and the financing of terrorist activities, the FCC Group carries out an **analysis of the risks** to which the company could be exposed. In 2022, the following have been identified:

- Failure to review the procedures for control and identification of clients indicated in the Anti-Money Laundering Act (identification of natural or legal person, source of funds, activity or employment, penalty, age, bank account certificate, etc.).
- Failure to comply with the reporting obligation under the Anti-Money Laundering Act:
  a. Non-compliance due to failure to report identified evidence or systematic reporting of money laundering or terrorist financing.
  b. Refusal to cooperate with SEPBLAC's Commission for the Prevention of Money Laundering and Monetary Offences.
- Failure to apply the internal control measures established in the Anti-Money Laundering Act (Royal Decree-Law 11/2018 of 31 August) for regulated entities (policies and procedures, manual, internal control body and employee training, etc.).

In an effort to eliminate the potential for such situations to arise, the following **controls** have been imposed:

- Updated Money Laundering Prevention Manual.
- Identification of the parties concerned in a real estate asset, in order to assess the operation's risk.
- Creation of a body for the supervision and monitoring of money laundering preventive measures.
- Training employees on Money Laundering.
- Review of contracts for sale of goods, lease, and lease with option to purchase.
- Inclusion of a Money Laundering Prevention clause in real estate promotion marketing contracts.
- Review of legal representatives for the revocation of powers for those who have left the company.
- Establishment of an internal advisory and reporting line.

FCC approves its Competition Policy

***The Group Board of Directors approved its Competition Policy in 2022** to ensure that the company's activities are aligned with competition legislation.*

This policy is part of the Group's Compliance Model and provides the Group, its Management, and its employees with guidance on how to prevent any breach of competition, as well as the potential consequences that may arise in the event of non-compliance.

Human rights

The negative effects of globalisation and the lack of regulation in developing countries have often resulted in situations of violation of fundamental rights, such as forced labour or lack of freedom of expression and association.

Companies are therefore increasingly required to promote a culture aligned with respect for human rights, and to establish appropriate systems and means to monitor compliance.



Well aware of this reality, **the FCC Group abides by and promotes fundamental human rights,** integrating them into its corporate culture, its business strategy, and its operations, as well as extending its commitments to its supply chain. Thus, in line with the United Nations Guiding Principles on Business and Human Rights, FCC has its own policies and procedures to mitigate and remedy possible violations.

In this regard, the **FCC Group's Human Rights Policy**, approved by the Board of Directors in 2019 and available in 14 languages, 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 fundamental conventions.

Specifically, this policy instrumentalises the Group's commitment to:

- Recognise the right of workers to **freedom of association** and collaborate with staff representatives.
- Ensure fair and favourable working conditions that guarantee **decent and gainful employment**.
- Take a stand against any form of **modern slavery or servitude**, including forced or involuntary labour and child labour.
- Reject all forms of **discrimination**.
- Ensure the safety of its workforce and operations by continuously improving working conditions and creating a **safe and healthy working environment**.
- Responsible use of **personal data** and information collected.
- Establish **respectful and credible relationships with the local communities** where it operates, including aspects such as respect for the specific rights of indigenous communities and the environment.

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 fundamental human rights, both internally and within its value chain.

In an effort to ensure that everyone at FCC shares and remains aligned with the commitments established in this matter, in 2022 and on the occasion of Human Rights Day, a new impetus has been given to the dissemination of FCC's policy and commitment to the UDHR as a fundamental element of the Group's corporate culture and values. In addition, specific reference to the protection of human rights within the company has been included in the sustainability training provided this year.

During 2022, FCC has received no complaints that have resulted in a violation of these fundamental rights and freedoms by the Group.

Risk management

The nature of the various activities and the environmental, economic, social, and geopolitical evolution of the different geographical locations in which the FCC Group operates mean that it is exposed to a number of significant **risk factors**.

These risks pose a threat to the achievement of the company's objectives, its image, and its reputation. The Group is therefore fully aware of the importance of establishing integrated organisational mechanisms for its management.

In this regard, FCC has a series of codes, regulations, processes, controls, and specific actions focused on detecting and responding to the risks and opportunities it faces.

Risk management and control systems

The FCC Group has a **Risk Management Model** applicable to all the companies that make up the Group, and to all those in which it exercises effective control. Its objective is to identify, analyse and assess the potential risks that could affect the different areas of the Group, and to establish the mechanisms integrated into the organisation's processes to manage them.

FCC also has a **Crime Prevention Model** that strengthens the control environment, a Code of Tax Conduct and a Tax Control Framework Standard. All of them integrate the set of processes for the identification and assessment of tax risks and the assignment of responsibilities, both management and reporting, for these specific risks.

The main activities of the Risk Management Model are as follows:

- The impact and probability of occurrence assessment of financial and non-financial risks.
- The implementation of prevention and control activities to reduce the impact of risks.
- The establishment of reporting and communication flows.

This Model is based on the integration of the risk-opportunity vision and the assignment of responsibilities, diversifying functions and favouring monitoring and control of risks to guarantee an optimal control environment. It is also supported by the following **governing bodies** of the FCC Group, establishing their responsibilities:



Responsibilities of the governing bodies

Board of Directors

- Determination of risk management and control policy (including tax risks).
- Identification of the main risks.
- Monitoring of adequate internal control and reporting systems.
- Ensuring the future and competitive viability of the Group.

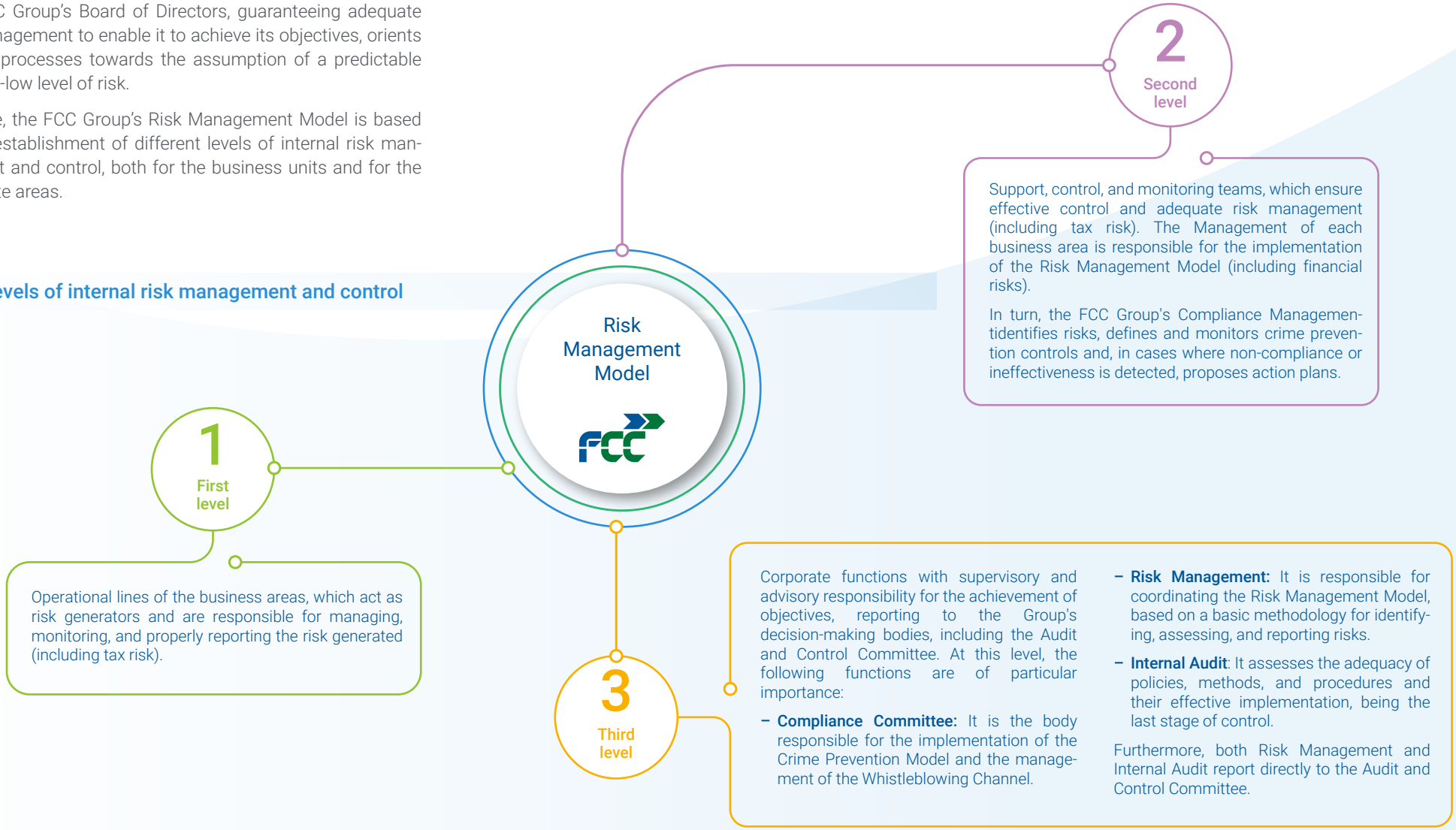
Audit and Control Committee

- Ensuring the proper functioning of the risk management and control systems, supervising the internal risk management and control unit.
- Analysing the effectiveness of the internal control and the risk management model.
- Ensuring that the Internal Audit unit's activity is primarily focused on relevant risks, including reputational risks.

The FCC Group's Board of Directors, guaranteeing adequate risk management to enable it to achieve its objectives, orients internal processes towards the assumption of a predictable medium-low level of risk.

Likewise, the FCC Group's Risk Management Model is based on the establishment of different levels of internal risk management and control, both for the business units and for the corporate areas.

Levels of internal risk management and control



Main risk factors

The very nature of the FCC Group's activity, the dynamic and changing environment of the different countries in which it carries out its activities, or failures in the exhaustive application of the Group's principles of ethics and compliance, could place FCC under the threat of various risk factors, which are described below:

Downturn in the economic environment

- Slowdown in economic growth.
- Inflationary pressures.
- Rising interest rates, leading to cuts in demand and investment forecasts.
- Rising prices for energy, raw materials, and goods.
- Lack of availability of certain components.

Geopolitical and regulatory instability

- War and humanitarian crisis.
- Increased political and social tensions.
- Regulatory changes in key areas.
- Transformations in public-private partnership models.

Sustainability

- Requirement for sustainable objectives.
- Alignment of objectives with the requirements and expectations of regulators and stakeholders.

Climate and environmental risks

- Short- and medium-term climate change.
- Extreme weather events.
- Exposure to potential accidents, causing harm to the environment and to society.

Technological disruption

- Need for innovation efforts and specific investments.
- Ability to maintain and strengthen the FCC Group's position in a competitive environment.

Cyberthreats

- Exposure to cyberthreats, affecting tangible and intangible assets.
- Risk of paralysis of operations, uncontrolled access, and leakage and/or hijacking of data information.

Tenders

- Fluctuations triggered by changing external variables, inflationary pressures, regulatory changes, socio-political instability, etc.

Disputes and contractual breaches

- Differences in the interpretation of regulatory and contractual requirements.
- Non-compliance by clients, suppliers, or delays in the supply chain, which could increase litigation and impact on the timing and outcome of projects.

Loss of human capital

- Increasing demand for skilled labour in certain countries.
- Wage tension and a potential increase in conflict.

Appraisal of real estate investments

- Increased uncertainty in the economic and social environment.
- Potential impacts on real estate asset appraisals.

Fluctuation of exchange rates

- Risks arising from debt denominated in foreign currencies, investments in international markets, and collections in currencies other than the euro.

Fluctuation of interest rates

- Potential increase in financing costs for the Group linked to its borrowing at variable interest rates.
- Costs of debt refinancing and new debt issuance.

Impairment of the commercial fund

- Possible losses/adjustments due to its impairment or another Group's tangible assets.
- Consequences on economic performance.

Recoverability of deferred tax assets

- Cyclicality of the Tax Group's profit.
- Future changes in tax rates, especially corporate tax rates in Spain.

Credit and liquidity risks

- Group exposure to client's credit risk and liquidity facilities available to them.

Financing

- General instability leading to temporary disruption in capital markets, requirements, or guarantees requested by financiers.
- Feasibility of economic models justifying the repayment of funds, specific situations of concentration of funding sources.

Risks materialised in 2022

While 2022 has been a year of economic recovery after the health crisis of the COVID-19 pandemic, the normal course of the FCC Group's activities was affected, partly as a result of the materialisation of the following risks:

- Increasing geopolitical tension and conflict in Ukraine.
- Rising inflation rates that have led central banks to raise interest rates.
- Rising energy and material costs.
- Difficulties in the availability of certain components, which have interfered with certain production processes.
- Contractual disputes that have led to litigation in different jurisdictions.

Response plans and monitoring

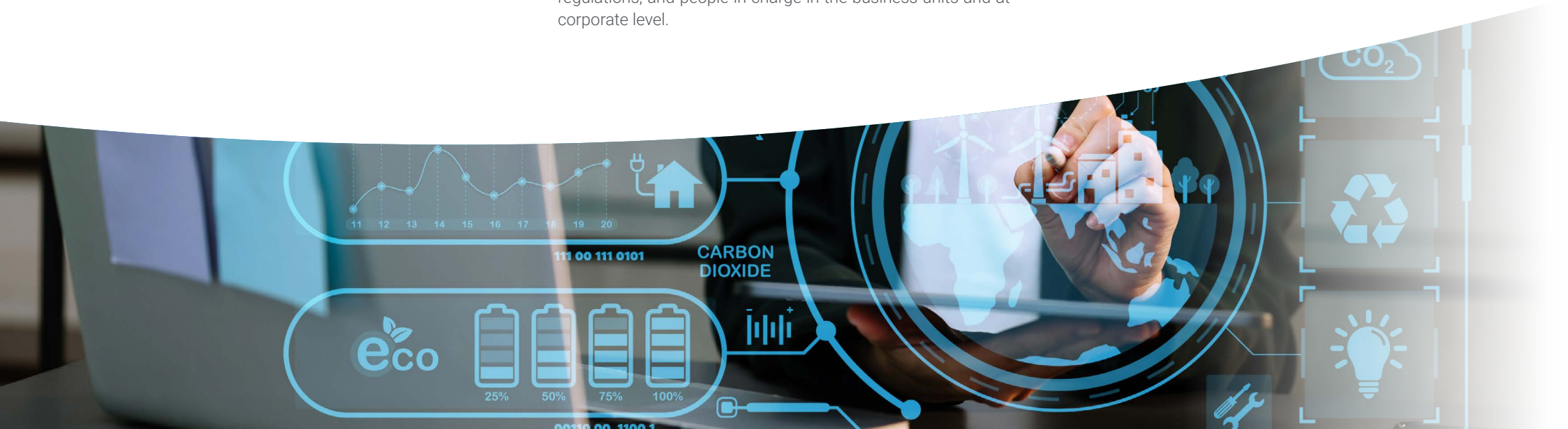
The FCC Group actively incorporates risk management and action into its business model and governance system.

In relation to **environmental and climate risks**, it has developed an environmental policy that combines stringent compliance with pertinent legislation currently in force with the establishment of preventive analysis and planning to minimise the environmental impact of the activities it carries out. It also analyses and assesses the physical risks arising from climate change and the transition to a low-carbon economy.

In turn, the FCC Group has an operational unit to prevent, detect, analyse, and mitigate factors related to data security events as a result of the increase in **cyberthreats**. It also has an Information Security Management System, an internal policy for complying with the requirements of data protection regulations, and people in charge in the business units and at corporate level.

On the other hand, **purchasing and contract management processes** with clients and suppliers incorporate risk mitigation and monitoring mechanisms for the identification of legal risks. Business areas have expert teams which are supported by the Compliance and Purchasing Managements.

Finally, **financial risks** are controlled and managed by specialised departments in the business units, together with the General Administration and Finance Management.



Data protection and privacy

The negative consequences of technological progress and digitalisation include the increased vulnerability of companies to situations in which **information may get lost** due to various causes, such as cyber-attacks, human errors, or physical accidents.

The FCC Group has adopted preventive actions, implemented a regulatory framework, and developed cybersecurity projects that enable it to protect the information it holds in order to prevent these events, which can lead to considerable economic losses and seriously affect its reputation.

Cybersecurity model and principles

The FCC Group **Cybersecurity Model** defines the basic principles and minimum requirements for the development of security measures for information systems. This Model provides a proportionate guarantee of the confidentiality, integrity, and availability of the information at FCC.

The Group also has a **regulatory framework** for information security and cybersecurity, which covers all the necessary aspects and is applicable to the different business areas of FCC.

The Group constantly ensures the confidentiality, security, and proper use of the information it manages in its processes and, particularly, the **personal data** of its clients, partners, and suppliers. FCC therefore adheres to the following principles when processing such data:

- Transparency and confidence in the secure processing of personal data at all times.
- Responsibility and commitment in the use of personal data, based primarily on its confidentiality.
- Efficient and secure management of the personal data processed in the FCC Group.
- Availability of personal data on a need-to-know basis, and only by persons who need it for their functions.
- Integrity of information, preventing unauthorised handling and tampering.

Continuous improvement of security

The FCC Group concentrated its IT security efforts in 2022 on three main initiatives to foster a culture of cybersecurity at a transversal level in the company:

- Identifying and developing **cybersecurity capabilities and knowledge**, fostering a cybersecurity-aligned culture at all levels of the organisation.
- Implementing and prioritising **cybersecurity measures**, based on a risk and threat analysis, and paying special attention to systems that support critical infrastructure and essential services.
- Establishing mechanisms to **supervise and monitor** the state of cybersecurity, ensuring compliance with applicable regulations.



Cybersecurity Awareness Campaign

The FCC Group has promoted a campaign during 2022 to raise awareness of issues associated with information security.

As part of its efforts to foster a culture of cybersecurity at all levels of the organisation and with the aim of developing the necessary skills and knowledge in this matter among its workforce, FCC launched a new cybersecurity awareness campaign in 2022.

This awareness campaign is an additional initiative to the ongoing training provided by the Group in this area and ensures a general alignment in anticipating and responding to risks arising from new technologies. Every Group employee has thus received training in the safe and appropriate use of Internet browsing and e-mail. The training also covers issues such as social engineering and phishing, including phishing simulations.

Several areas of the Group's business lines are also **ISO 27001 certified**, attesting that the information security management systems implemented are in line with international best practices. Specific certifications are available in:

Additionally, the **National Security Scheme (ENS) certification** was incorporated in 2022 for the VISION platform of the Environmental Services area, as well as for the FCC Industrial development environment of the Infrastructures area.

Environmental Services

- VISION business application.

Water

- Client service centre.

Infraestructures

- FCC Construcción's works document management system.
- Development environment at FCC Industrial.



Tax transparency

Tax control, transparency, and trust have become essential principles for the corporate world. An increasing number of companies are adopting protocols to ensure full tax compliance and, in turn, to provide relevant information about their taxation to both the tax authorities and the public.

From this perspective, and in line with the steps taken on the road to excellence in its governance model, the establishment of its compliance model and the protection of data security, the FCC Group is actively involved in achieving full transparency in tax management. This is reflected in the creation of its own **tax strategy**, reinforced by a tax **risk identification and management system**, which ensures compliance with applicable tax regulations and provides for appropriateness in the co-ordination of tax practices.

FCC tax strategy

As mentioned above, the FCC Group has a defined and integrated tax strategy, which is based on two fundamental rules: its Code of Tax Conduct and its Tax Control Framework Standard, which are specified below.

Code of Tax Conduct

The FCC Code of Tax Conduct is mandatory and establishes the policies, principles, and values that should guide the company's behaviour in tax matters.

In addition, this code establishes the necessary observance by the Group's employees of the Tax Control Framework Standard and the procedures relating to the management of the tax area set out therein. The application of the standard and procedures will depend on the nature of each individual's duties and activities.

The FCC Code of Tax Conduct is aligned with the Group's mission, vision, and values.

Tax Control Framework Standard

The FCC Tax Control Framework Standard lists and develops the responsibilities assumed by the members of the Group's tax function, in line with a model which strategy is defined by the Corporate Tax Management and is ultimately supervised by FCC's Audit and Control Committee.

This standard addresses a number of issues, including the following:

- The FCC Group will always opt for reasonable interpretations of the standard or interpretations shared by the relevant administrative bodies or courts of law in jurisdictions where the Group operates.
- Neither tax planning strategies nor tax positions will be acceptable as long as the economic benefit is exclusively of a tax nature. In other words, such movements or positions must be consistent with FCC's business or commercial purpose.
- It will not be possible to carry out agreements that could be considered as "artificial" from a tax point of view.
- The parameters and criteria defined in this standard should be taken into account when classifying tax risks, as described in the relevant chapter below.

In addition, this strategy is supported by the **governing bodies** of the FCC Group, with the aim of guaranteeing impeccable management and establishing their responsibilities in tax matters. Specifically:

Board of Directors

- It formally reviews and approves the tax strategy.
- Responsible for approving the Group's Code of Tax Conduct and the Tax Control Framework Standard. Specifically, both documents were first approved by the Board in 2014 and revised in 2018.
- In line with the express provisions of the Tax Control Framework Standard, some decisions may require the prior approval of the Board of Directors due to the risk involved.

Audit and Control Committee

- It is responsible for reviewing the Group's tax policies, and the main tax risks and litigation identified. Specifically, these risks will be reported half-yearly to the Audit and Control Committee for oversight.

This tax strategy establishes the **obligation for all FCC employees to observe**, within their activity and functions, with the provisions set out in the Tax Control Framework Standard. In addition, they have the right and duty to report, through the Whistleblowing Channel, possible unethical or illegal conduct within the Group. The following additional obligations are laid down for employees in the tax function:

- Observing, on the basis of sufficiently reasoned and reasonable interpretations and sufficiently verified facts, the tax regulations applicable in each jurisdiction.
- Compliance with both the Tax Control Framework Standard and the specific procedures for communication, action, and review relating to the tax area.
- Ensuring that relevant tax decisions are overseen by the Group's senior management and have taken into consideration the various 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 of which the FCC Group is a member, with a view to proposing specific tax measures aimed at achieving a fairer and more harmonised tax system.

It is essential to point out that the FCC Group is working on its **Tax Policy**, the purpose of which is to create value both for its shareholders and for the rest of its stakeholders. In this regard, all transactions conducted within the framework of this policy will be carried out for business reasons, in full compliance with applicable regulations and taking into account the possible impact of its tax decisions in the communities where it operates.

All FCC employees have the **right and duty to report**, through the **Whistleblowing Channel**, possible unethical or illegal conduct within the Group

The FCC Group has also voluntarily adhered to the **Spanish Tax Agency's Code of Good Tax Practices**. The recommendations set out in this code are intended to improve the application of the Spanish tax system by increasing legal certainty, reciprocal cooperation based on good faith and legitimate trust between the Agency and businesses.

Finally, the Group also draws up its annual **Tax Transparency Report**. The presentation of this report reinforces the FCC Group's desire for transparency, demonstrates its commitment to the standards of good tax practices and, at the same time, allows its stakeholders to have access to this information.

The FCC Group strives to **identify and manage** potential **tax risks** due to the serious consequences that an incorrect treatment of such risks may cause

Tax risk identification and management

As a result of its proactive and preventive perspective, the FCC Group strives to work on risk management, with special attention to the identification and management of potential tax risks. This approach is due to the serious financial, reputational, and governance consequences that could result from the incorrect treatment of such risks.

In that way, FCC works to **identify** cases in which the decisions taken may result in tax risks. In this regard, and in accordance with the Group's Tax Control Framework Standard, risks will be classified in terms of their potential quantitative and qualitative impact, in accordance with the parameters and criteria defined by this standard. These may be **reputational, implementation, compliance, and external risks**.

In this regard, depending on the risk assumed, decisions will be taken by the Tax Department of the business area involved or, where appropriate, by the head of the Corporate Tax Department. However, as mentioned above in the tax powers of the Board of Directors of FCC, certain risks, due to the nature of the risk assumed, will require the approval of the Board.

It is nevertheless essential to clarify that, even if the tax rulings are in accordance with the law, the FCC Group will not be able to take tax rulings that are classified as "serious risk".

Following the process of identifying fiscal risks, these will be **managed** through internal mitigation, control, and management tools. In this respect, the FCC Group's Audit and Control Committee will be responsible for reviewing tax litigation and risks on a half-yearly basis.

Tax results

In compliance with its tax obligations and the applicable tax regulations, the FCC Group presents in Annexes, Additional tables section, **"Tax transparency tables"**, the data corresponding to profits after tax, taxes on profits and public subsidies received country by country for the financial year 2022.

This information has been audited by an external auditor of FCC, in line with the necessary requirements of independence and objectivity.



Annexes

Additional Information

About this Report

Regulatory context

The FCC Group's Sustainability Report for the period from 1 January to 31 December 2022 aims to disclose information on its most significant impacts on the economy, the environment, and people, including any affecting human rights. The FCC Group draws up an annual Sustainability Report.

Non-financial reporting improves transparency and increases the company's accountability for its social, environmental, and governance impacts. It also contains information on environmental, social, personnel, human rights, anti-corruption, and anti-bribery issues, which helps to quantify, monitor and manage business performance and impact on society.

This Report was drawn up in accordance with the GRI (Global Reporting Initiative) Standards. In addition, non-financial reporting is included in accordance with Spanish Law 11/2018 of 28 December, on non-financial information and diversity, and it is consequently incorporated into the management report (corresponding to the period from 1 January 2022 to 31 December 2022) of the FCC Group.

Principles of reporting

This Sustainability Report was drawn up on the basis of the principles of the Global Reporting Initiative, which guarantee the quality of the report, enabling stakeholders and users of the information to make assessments and informed decisions on the impacts of the organisation.

The FCC Group guarantees compliance with the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability in the preparation of its Report.

In accordance with the principle of verifiability, FCC has determined material issues by updating its materiality analysis for the year 2022, developed in **"Materiality Analysis"** section of this report, taking into account the Group's impacts on its main stakeholders.

The information reported in the Sustainability Report was also verified by an independent expert to guarantee its reliability. The assurance report, including the scope, objectives, review procedures used, and conclusions, is included as an annex to this document.

Point of contact

Queries relating to the report, or the information presented can be sent to the following e-mail address: sostenibilidadfcc@fcc.es

Scope

The 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 subsidiaries. Accordingly, the scope of this report extends to the data of 100% of the investee companies over which the FCC Group has management control, regardless of its percentage of ownership interest in them.

Annex I to the consolidated financial statements lists the companies of the FCC Group at 31 December 2022. This annex can be consulted, as of the date of preparation of this document, on the website of the Spanish National Securities Market Commission (CNMV): CNMV – Annual financial reports.

The main change to the scope of the information is that in 2022, for the first year, the information corresponding to the FCC Group's Real Estate area has been included.

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 companies excluded from the scope because they have not incorporated non-financial information in 2022 are shown below.

Business	Scope exclusions
Environmental Services	Azincourt Investment, S.L., Corporación Inmobiliaria Ibérica, S.A., Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services, Egypt Environmental Services, S.A.E., Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L., Energyloop, S.A., Enviropower Investments Limited, FCC Environment Services (UK) Limited, FCC Equal CEE Andalucía, S.L.,FCC Equal CEE Baleares, S.L.U., FCC Equal CEE Canarias, S.L.U., FCC Equal CEE Murcia, S.L., FCC Medio Ambiente Reino Unido, S.L.Unipersonal, FCC Medioambiente Internacional, S.L.U., FCC Servicios Medio Ambiente Holding, S.A. Unipersonal, Golrib, Soluções de Valorização de Residuos Lda., Houston Waste Services, LLC, Houston Waste Solutions, LLC, Industria Reciclaje de RAEES, S.L. International Services Inc., S.A. Unipersonal, Jaime Franquesa, S.A., Reciclado de Componentes Electrónicos, S.A., Recuperació de Pedreres, S.L., Serveis Municipals de Neteja de Girona, S.A., Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A., Sistemas y Vehículos de Alta Tecnología, S.A., Telford & Wrekin Services Limited, Tratamientos y Recuperaciones Industriales, S.A., Valoración y Tratamiento de Residuos Urbanos, S.A., Valorización y Tratamiento de Residuos, S.A. Agadax s.r.o, FCC Centrum Nonprofit Kft., FCC Eko-Radomsko sp. z.o.o.
Water	Aguas de la Sabana, S.A. E.S.P.
Infrastructures	ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego, Colombiana de Infraestructuras, S.A.S., Concesiones Viales S. de R.L. de C.V., Concretos Estructurales, S.A., Conservial Infraestructuras, S.L., Consorcio FCC Iquique Ltda., Construcción Infraestructuras y Filiales de México, S.A. de C.V., Construcciones Hospitalarias, S.A., Constructora Meco-Caabsa, S.A. de C.V., Constructora Túnel de Coatzacoalcos, S.A. de C.V.,Consorcio FCC Meco y Santa Fe de Costa Rica y Nicaragua, S.A., Desarrollo y Construcción DEYCO CRCA, S.A., Edificadora MSG, S.A. (Panamá), Edificadora MSG, S.A. de C.V. (El Salvador), Edificadora MSG, S.A. de C.V. (Nicaragua), FCC Américas, S.A. de C.V., FCC Américas Panamá, S.A., FCC Colombia, S.A.S., FCC Construcción, S.A. (Concesiones), FCC Constructii Romania, S.A., FCC Construction Australia Pty Ltd, FCC Construction International B.V., FCC Construction Northern Ireland Limited, FCC Construçoes do Brasil Ltda., FCC Edificadora CR, S.A., FCC Electromechanical Llc., FCC Elliott Construction Limited, FCC Industrial de Panamá, S.A., FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal, FCC Industrial Perú, S.A., FCC Industrial UK Limited, FCC Inmobilien Holding GmbH, FCC Servicios Industriales y Energéticos México, S.A. de C.V., FCC Soluciones de Seguridad y Control, S.L.,Fomento de Construcciones y Contratas Canadá Ltd., Impulsora de Proyectos Proserme, S.A. de C.V., Meco Santa Fe Limited, Megaplás Italia, S.p.A, Servicios Dos Reis, 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., Prebesec Mallorca, S.A., Tratamiento Escombros Almoguera S.L., Uniland Acquisition Corporation, Uniland International B.V., Uniland Trading B.V.
Real Estate	Costa Verde Habitat, S.L., FCC Real Estate (UK) Limited, Jezzine Uno, S.L. Unipersonal, Vela Borovica Koncern d.o.o., Guillena Golf, S.L. Unipersonal, Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L., Planigesa, S.A., Realia Contesti, S.R.L., Valaise, S.L. Unipersonal.
Other activities	Asesoría Financiera y de Gestión, S.A., Autovía Conquense, S.A., Cemark - Mobiliario Urbano e Publicidade, S.A., Concesionaria Túnel de Coatzacoalcos, S.A. de C.V., FCC Concesiones Al Ansar, S.A. Unipersonal, FCC Concesiones de Infraestructuras, S.L., FCC Midco, S.A., FCC Topco, S.A.R.L., FCC Versia, S.A., Fedemes, S.L., PPP Infraestructure Investments B.V., Sociedad Concesionaria Tranvía de Murcia, S.A., Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.

The non-financial information included in the Report, despite the scope exclusions reflected in the table above, covers 94% of the FCC Group's turnover, thus ensuring a true and fair view of the company's financial performance.

The exclusions from the scope of these companies, due to the lack of incorporation of non-financial information, are because they are inactive or in liquidation, are holding companies, are companies without productive activity or have been incorporated in the last six months of the financial year. The Group's approach to non-financial reporting allows voluntary reporting for those companies incorporated in the second half of the year. This is done so that new companies have a reasonable time to adapt to FCC's management systems. However, where this information is available, it will be incorporated into the data provided by each business line.

Finally, the exclusions from the scope of specific indicators, despite being already detailed in their respective sections of the report, are presented below.

Indicator	Scope Exclusions
Resources dedicated to environmental risk prevention	Water, Real Estate
Non-monetary resources dedicated to environmental risk prevention	Water, Real Estate
Atmospheric emissions of polluting substances	Real Estate
Water discharges	Water[25], Real Estate
Waste managed by the Environment area	Subsidiary of the Environmental Services business in Austria
Water abstraction	Water[26], FCC Environmental Services
Material consumption	Real Estate, FCC Environmental Services
Energy consumption	Real Estate
GHG Emissions	Real Estate, FCC Environmental Services
Protected vulnerable areas and affected areas	Real Estate
Complaints and claims received and handled	FCC Environmental Services

The environmental section includes data on energy consumption, water consumption, waste generated, and GHG emissions for the Group's corporate buildings (Las Tablas, Federico Salmón, and Balmes offices). These indicators, with a very low weighting with respect to the FCC Group, are the significant ones in the environmental management of these centres.

Regarding the exclusions from scope in the specific indicators mentioned above, these omissions are justified due to the impossibility of providing exhaustive and good quality information at the closing date for the submission of this report. About the indicated omissions, with respect to the turnover of the FCC Group, Water contributes 17.2%, the Real Estate business accounts for 3.5% and the subsidiaries of the Environmental Services business in Austria account for 2.1% and FCC Environmental Services for 3.2%.

With regard to fuel consumption information, GJ conversion factors have been used according to "Greenhouse gas reporting: conversion factors 2022", published by DEFRA.

Meanwhile, the Infrastructures area has calculated the environmental data, estimating the information corresponding to the last quarter of 2022.

[25] 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 **"End-to-end water resources management".**

[26] Aqualia's self-consumption data, which is a residual volume compared to the quantities of water managed shown in section **"End-to-end water resources management"**, is not available.

Additional tables

Group Policies

Policy	Description	Goal	Approval and Implementation
Remuneration Policy	It refers to the principles, structure, and inclusions of the remuneration package for directors, and incorporates the amendments contemplated in the Corporate Enterprises Act by the reform introduced by Law 5/2021 of 12 April.	In addition to setting out general principles and rationale for the directors' remuneration policy, it provides information on the process for determining such a policy. Likewise, it establishes in which cases the remuneration for the performance of executive duties applies and in which cases the annual remuneration corresponds.	**Approved by:** the Ordinary General Shareholder Meeting. **Implemented by:** the Board of Directors of the company.
Anti-Corruption Policy	It mentions the applicable principles for preventing corruption and fraud contemplated in the Group's Code of Ethics and Conduct, as well as the implementation mechanisms.	The policy seeks to reiterate the company's commitment to regulatory compliance and ethical behaviour in its business activities. These rules shall apply to all employees and companies of the Group.	**Approved by:** the Board of Directors. **Implemented by:** the Corporate Compliance Officer and the Compliance Committee.
Policy on relationships with partners in relation to compliance	Considers due diligence protocols and principles. It also focuses on the implementation of compliance requirements in the management of operations carried out with partners.	It aims to implement principles and criteria to be maintained in terms of communication, acceptance, and application of the compliance mechanisms stipulated in the FCC Group's Crime Prevention Model. This applies to all business partners, including companies, special purpose entities, joint ventures, temporary joint ventures, and consortia.	**Approved by:** the Board of Directors. **Implemented by:** the Corporate Compliance Officer and the Compliance Committee.
Agent Policy	This policy sets out the general principles that must be maintained in any FCC Group relationship with a commercial agent or business developer. It also covers the basic elements of the procedures for the selection, negotiation, and control of the activity of these figures.	The aim of this policy is to prevent the relations that the FCC Group may enter into with third parties from placing the company in a situation of risk, particularly in relation to certain conduct, such as malpractice or acts of corruption.	**Approved by:** the Board of Directors. **Implemented by:** the FCC Group as its agents or commercial developers and the Compliance Officer.
Gift Policy	It sets out the principles relating to the giving or acceptance of gifts and their scope of application.	This policy aims to regulate the practice of accepting and giving gifts. This is done in order to maintain a professional relationship with current and potential suppliers.	**Approved by:** the Board of Directors.

Policy	Description	Goal	Approval and Implementation
Bid Policy	Its purpose is to determine 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 FCC Group seeks to ensure that its tendering processes are conducted consistently and in line with the Group's Code of Ethics and Conduct. In particular, with its values of honesty, respect, rigour, and professionalism.	**Approved by:** the Board of Directors. **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 relations 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. It should also provide guidelines for action to prevent a competition fine.	**Approved by:** the Board of Directors. **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 mentions the scope of application of this topic, the commitments it incurs, and due diligence mechanisms it will apply, as well as the officials and executives responsible for implementing these commitments.	This policy is aligned with the Guiding Principles on Business and Human Rights, approved by the United Nations Human Rights Council (2011), and with the Global Compact (to which FCC adhered in 2006). Thus, the company assumes its commitment to respect the Human Rights established in the United Nations Universal Declaration of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work.	**Approved by:** FCC Board of Directors. **Implemented by:** Group Corporate Responsibility Committee and CSR committees. Similarly, corporate directors in the countries where the Group operates.
Protocol for the Prevention and Eradication of Harassment	The protocol covers prevention principles, measures, and mechanisms, as well as research and response procedures. Basic information on Data Protection and the archiving mechanism are additional points mentioned.	The protocol seeks to address the principles set out in the Code of Ethics and Conduct and to reject any kind of harassment or abuse of authority. It also disapproves of any behaviour that leads to bullying or hostility.	**Approved by:** Obeying the provisions of the Code of Ethics and Conduct. **Implemented by:** Corporate Compliance Committee and the Corporate Compliance Officer.
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. Additionally, it practically implements the values shared by the company.	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 FCC Group Board of Directors. **Implemented by:** Audit and Control Committee with the support of the Compliance and Internal Audit Committee.

Environmental tables

Environmental management

Noncompliance with environmental laws and regulations

	2020	2021	2022
Total monetary value of fines (€)	304,256	43,861	42,339
Total number of non-monetary sanctions (No.)	23	5	21
Cases submitted to dispute resolution mechanisms (No.)	53	14	40

Greenhouse gas emissions

Direct GHG emissions (Scope 1) (tCO_2e)

	2020	2021	2022
tCO_2e emissions from fossil fuel combustion at stationary sources under operational control	1,435,292	1,484,852	1,556,269
tCO_2e emissions from fossil fuel combustion in mobile sources under operational control	274,804	282,799	280,396
tCO_2e emissions generated in water management complexes with operational control (e.g., leakage in digestion processes, etc.)	77,987	80,224	93,991
Direct emissions from energy recovery stations in operationally controlled plants (Energy from Waste thermal treatment plants)	641,867	634,735	600,786
tCO_2e emissions associated with biological treatment in plants under operational control (composting and biomethanisation)	51,834	77,148	85,641
Direct emissions from calcination of carbonaceous raw materials in clinker kilns	2,360,049	2,607,731	2,616,559
tCO_2e emissions associated with operationally controlled landfill disposal	1,517,932	1,457,336	1,269,959
Direct emissions from coolant leaks	–	15	553
Other direct emissions	–	–	–
Total	**6,359,764**	**6,624,839**	**6,504,153**

Indirect GHG emissions (Scope 2) (tCO_2e)

	2020	2021	2022
tCO_2e emissions associated with electricity or steam purchased from third parties - geographical method	604,073	549,838	630,050
tCO_2e emissions associated with electricity or steam purchased from third parties - market method (optional)	–	–	–
Total	**604,073**	**549,838**	**630,050**

Direct GHG emissions (Biogenic Origin) (tCO_2e)

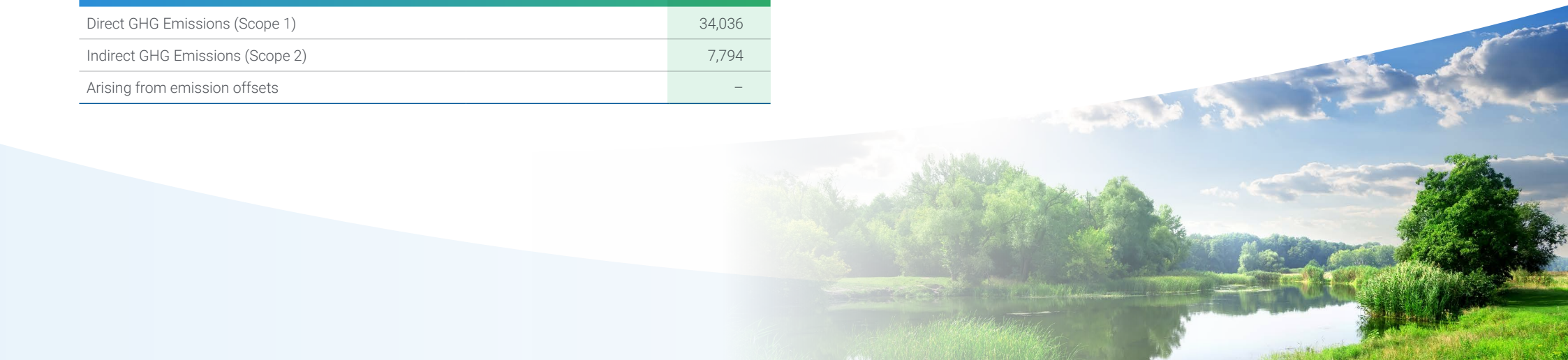
	2020	2021	2022
Emissions from the consumption of biogenic fuels in stationary and mobile sources under operational control	2,006,143	2,090,644	2,083,924

GHG emission reductions as a result of abatement initiatives (tCO_2e)

	2022
Direct GHG Emissions (Scope 1)	34,036
Indirect GHG Emissions (Scope 2)	7,794
Arising from emission offsets	–

The specific measures adopted by the different business lines to reduce the emissions expressed in the previous table are specified below:

- **FCC Medio Ambiente Iberia**: Procurement of electricity with Guarantees of Origin (GoO) and energy efficiency improvements.
- **Water:** Ad-hoc measures at each facility to improve energy efficiency (implementation of photovoltaic panels, hydraulic turbines, replacement of equipment and vehicles, etc.).
- **Infrastructures**: Re-use of leftover earth or rocks, clean rubble and plant residues from pruning and treatments on construction sites. This includes the proper maintenance of machinery and speed limits on construction vehicles.
- **Cement**: Savings in electricity consumption by replacing motors in various facilities (filters, elevators), replacing pumps with variable speed drives, optimising the air network, implementing expert systems in crude oil milling, and switching to LED lighting. Likewise, a reduction in Scope 1 emissions is achieved by increasing the use of biomass fuels (replacing petroleum coke with biomass) at the Alcalá de Guadaira factory.



Energy consumption[(18)]

Consumption of fossil fuels in stationary and mobile sources under operational control (GJ)

	2020	2021	2022
Petrol	97,236	64,346	100,147
Diesel	3,766,750	3,819,086	4,001,426
Boiler oil (Diesel C)	18,320	29,088	95,629
Fuel Oil	8,954	12,233	18,649
LPG (Liquefied Petroleum Gas)	2,094	2,175	5,035
Petroleum naphtha	-	-	-
Natural gas	118,346	125,087	171,141
Compressed natural gas (CNG)	473,421	498,937	677,574
Liquefied natural gas (LNG)	-	327	-
Petroleum coke	-	-	-
Kerosene	662	623	443
Coal (domestic)	1,082	-	1,087
Coal (industrial)	–	-	-
Propane		3,363	4,262
Waste (fossil fraction)	7,207,458	7,602,329	7,273,523
Butane	15	7	3
Conventional fossil fuels in clinker kilns	12,214,421	12,724,095	14,359,785
Alternative fossil fuels in clinker kilns	1,509,222	1,945,334	3,020,065
Total	**25,421,421**	**26,827,028**	**29,728,770**

Consumption of renewable fuels in stationary and mobile sources under operational control (GJ)

	2020	2021	2022
Biodiesel	-	152,128	1,706
Bioethanol	-	2,842	-
Biogas burned in boilers without electricity generation	238,919	202,287	234,876
Biogas burned in engines or turbines with electricity generation	1,397,791	1,297,256	1,552,670
Waste (biomass fraction)	8,487,487	9,278,924	8,871,101
Biomethane	549	688	532
Landfill gas	4,552	4,350	213,460
Biomass	1,364,247	1,683,963	1,683,086
Total	**11,493,456**	**12,622,438**	**12,557,430**

Consumption of self-produced renewable energy (GJ)

	2020	2021	2022
From wind turbines	255	377	363
From photovoltaic panels	753	4,205	13,506
From hydraulic turbines	-	-	673,806
Total	**1,009**	**4,582**	**687,675**

Direct energy consumption (GJ)

	2020	2021	2022
Direct consumption from non-renewable sources	25,421,421	26,827,028	29,728,770
Direct consumption from renewable sources	11,494,555	12,627,020	12,571,300
Total	**36,915,975**	**39,454,048**	**42,300,070**

Indirect energy consumption (GJ)

	2020	2021	2022
Indirect consumption from non-renewable sources	6,075,789	6,123,109	5,509,876
Indirect consumption from renewable sources	112,181	406,908	1,455,265
Total	**6,187,970**	**6,530,017**	**6,965,140**

Reduction of energy consumption as a result of conservation and efficiency initiatives (GJ)

	2022
Fuel	–
Electricity	7,195
Heating	–
Cooling	–
Steam	–
Other	–

Initiatives taken to reduce energy consumption have an impact on the reduction of GHG emissions. Therefore, the measures described above [table: *"GHG emission reductions as a result of abatement initiatives (tCO_2e)"*] for the Water and Cement businesses are the reason for the figure reported in the above table. In addition, LED lighting has been installed at the Environmental Services subsidiary in the Czech Republic.

Material consumption(19)

Materials of renewable origin (T)

	2020	2021	2022
Raw materials (metals, minerals, wood, etc.)	257,475	755,363	830,462
Auxiliary materials (lubricants and reagents)	191	186	254
Semi-finished products	–	–	–
Container and packaging material (paper, cardboard, plastics)	4,327	7,581	6,671
Total	**261,993**	**763,131**	**837,387**

Materials of non-renewable origin (T)

	2020	2021	2022
Raw materials (metals, minerals, wood, etc.)	41,138,971	54,401,537	17,360,398
Auxiliary materials (lubricants and eagents)	96,658	132,748	94,874
Semi-finished products	3,726,276	4,026,757	1,860,823
Container and packaging material (paper, cardboard, plastics)	4,343	2,019	46,684
Total	**44,966,248**	**58,563,062**	**19,362,779**

Recycled input materials (T)

	2022
Total recycled inputs used	1,679,485
Total inputs used	20,167,649
Percentage of recycled inputs used	8%

Reclaimed products and their packaging materials (%)

	2022
Percentage of packaging materials recovered (paper, plastic, cardboard)	50.8

Waste

Treatment of hazardous waste not destined for disposal (T)

	2022
Preparing for re-use	158
Recycling	106,320
Other revaluation operations	700
Not typified	107
Total	**107,285**

Treatment of non-hazardous waste not destined for disposal (T)

	2022
Preparing for re-use	45,521
Recycling	441,647
Other revaluation operations	231,019
Not typified	653,496
Total	**1,371,683**

Treatment of hazardous waste destined for disposal (T)

	2022
Incineration (with energy recovery)	367
Incineration (without energy recovery)	42
Transfer to landfill	72,430
Other revaluation operations	10,460
Not typified	20,744
Total	**104,043**

Treatment of non hazardous waste destined for disposal (T)

	2022
Incineration (with energy recovery)	30,357
Incineration (without energy recovery)	8
Transfer to landfill	1,228,330
Other revaluation operations	4,863
Not typified	23,073
Total	**1,286,632**

Water[(20)]

Water abstraction from areas with water stress (m³)

	2020	2021	2022
Municipal water supply or by other water companies	5,681,748	5,609,234	6,224,421
Surface waters (wetlands, rivers, lakes, and other water streams)	470,964	93,176	32,575
Sea water	–	–	–
Brackish waters	–	–	–
Groundwater	620,075	546,313	384,217
Rainwater captured and stored by the organisation	3,515	242,319	14,462
Recycled or re-used water	1,895,215	1,931,123	1,466,746
Other water resulting from extraction, processing, or uses of raw materials	–	–	–
Total	**8,671,517**	**8,422,165**	**8,122,421**

Water abstraction by water type (m³)

	2020	2021	2022
Fresh water (total dissolved solids ≤ 1000 mg/l)	14,579,493	14,406,904	13,661,792
Other waters (total dissolved solids > 1000 mg/l)	–	–	–
Total	**14,579,493**	**14,406,904**	**13,661,792**

Pollution

Water discharges by concentration (m³)

	2020	2021	2022
Fresh water (total dissolved solids ≤ 1000 mg/l)	1,508,526	2,452,153	1,452,122
Other waters (total dissolved solids > 1000 mg/l)	117,439	621,596	1,157,329
Not typified	1,948,056	1,087,988	930,139
Total	**3,754,520**	**4,161,737**	**3,539,590**

Water discharges by concentration in water-stressed areas (m³)

	2020	2021	2022
Fresh water (total dissolved solids ≤ 1000 mg/l)	592,343	541,175	724,525
Other waters (total dissolved solids > 1000 mg/l)	100	10,081	188,135
Total	**592,443**	**551,256**	**912,660**

Social and personnel tables

Changes in the distribution of the workforce by gender (31-Dec)

	2020	2021	2022
Men	77.7%	77.1%	77.3%
Women	22.3%	22.9%	22.7%
Total	**100%**	**100%**	**100%**

Changes in the distribution of the workforce by business area (31-Dec) (Percentage)

	2020	2021	2022
Environmental Services	67%	69.7%	67.6%
Water	18%	16.5%	19.6%
Infrastructures	12%	11.3%	10.3%
Cement	2%	1.8%	1.6%
Real Estate	-	0.2%	0.2%
Central Services	1%	0.5%	0.7%
Total	**100%**	**100%**	**100%**

Changes in the distribution of the workforce by age range and gender (Dec-31)

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
< 35 years	6,788	1,850	7,425	2,125	8,127	2,348
35-54 years	24,043	7,501	24,946	7,623	26,605	8,062
> 54 years	15,570	3,995	13,563	3,865	15,355	4,302
Subtotal	**46,401**	**13,346**	**45,934**	**13,613**	**50,087**	**14,712**
Total	**59,747**		**59,547**		**64,799**	

Changes in the distribution of the workforce by country and gender (Dec-31)

	2021			2022		
	Men	Women	Total	Men	Women	Total
Spain	34,514	11,180	45,694	35,856	11,771	47,627
Czech Republic	2,466	729	3,195	2,503	757	3,260
Georgia	-	-	0	2,382	351	2,733
United Kingdom	2,247	385	2,632	2,144	384	2,528
Colombia	782	154	936	1,188	244	1,432
Saudi Arabia	1,047	179	1,226	1,029	116	1,145
United States	494	87	581	893	152	1,045
Austria	535	157	692	560	166	726
Poland	479	138	617	494	152	646
Romania	536	125	661	502	120	622
Portugal	396	101	497	523	98	621
Slovakia	317	96	413	310	99	409
UAE	312	8	320	331	8	339
Italy	212	37	249	252	39	291
Tunisia	209	13	222	199	13	212
Hungary	131	50	181	128	48	176
France	70	27	97	104	42	146
Mexico	98	23	121	104	21	125
Chile	64	22	86	89	24	113
Serbia	79	36	115	74	28	102
Egypt	546	3	549	94	2	96
Panama	177	24	201	61	16	77
Canada	8	1	9	47	19	66
Algeria	54	7	61	54	7	61

	2021			2022		
	Men	Women	Total	Men	Women	Total
Netherlands	44	6	50	52	7	59
Peru	26	8	34	21	8	29
Norway	6	4	10	19	7	26
Australia	8	1	9	18	7	25
Qatar	13	–	13	21	–	21
Nicaragua	24	4	28	15	3	18
Ireland	9	2	11	6	1	7
Oman	2	–	2	5	–	5
Belgium	17	2	19	4	–	4
Costa Rica	3	2	5	1	1	2
Dominican Republic	4	1	5	1	–	1
Bulgaria	–	1	1	–	1	1
El Salvador	1	–	1	1	–	1
Guatemala	1	–	1	1	–	1
Montenegro	1	–	1	1	–	1
Kosovo	2	–	2	–	–	–
Total	**45,934**	**13,613**	**59,547**	**50,087**	**14,712**	**64,799**

Changes in the distribution of the workforce by functional level and gender (31-Dec)

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Governance and Management	437	82	444	84	441	85
Supervisors	3,067	551	3,205	634	3,607	825
Technicians	3,898	1,660	4,092	1,847	4,738	2,075
Administrative staff	1,004	1,975	1,142	2,039	875	2,084
Other trades	37,995	9,078	37,051	9,009	40,426	9,643
Subtotal	**46,401**	**13,346**	**45,934**	**13,613**	**50,087**	**14,712**
Total	**59,747**		**59,547**		**64,799**	

Changes in the number of new recruits by gender

	2020	2021	2022
Men	7,703	9,546	11,231
Women	2,540	3,288	3,616
Total	**10,243**	**12,834**	**14,847**

New hiring rate by gender

	2022
Men	15.78%
Women	5.08%
Total	**20.86%**

Changes in the number of new hires by age and gender

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
< 35 years	2,766	894	3,660	3,956	1,325	5,281	4,675	1,316	5,991
35-54 years	3,847	1,365	5,212	4,197	1,562	5,759	5,152	1,827	6,979
> 54 years	1,090	281	1,371	1,393	401	1,794	1,404	473	1,877
Total	**7,703**	**2,540**	**10,243**	**9,546**	**3,288**	**12,834**	**11,231**	**3,616**	**14,847**

New hiring rate by age

	2022
< 35 years	8.42%
35-54 years	9.80%
> 54 years	2.64%
Total	**20.86%**

Number of new hires by region

	Men	Women	Total
Europe	8,689	3,211	11,900
America	2,228	328	2,556
MENA	308	71	379
Australia	6	6	12
Total	**11,231**	**3,616**	**14,847**

New hiring rate by region

	2022
Europe	16.72%
America	3.59%
MENA	0.53%
Australia	0.02%
Total	**20.86%**

Changes in the number of workers by contract type and gender (31-Dec)

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Open-ended	32,975	10,053	34,132	10,224	41,464	12,363
Temporary	13,426	3,293	11,802	3,389	8,623	2,349
Subtotal	**46,401**	**13,346**	**45,934**	**13,613**	**50,087**	**14,712**
Total	**59,747**		**59,547**		**64,799**	

Staff by region and contract type (31-Dec)

	Open-ended	Temporary	Total
Europe	50,654	9,331	59,985
America	2,055	855	2,910
MENA	1,094	785	1,879
Australia	24	1	25
Total	**53,827**	**10,972**	**64,799**

Changes in the number of workers by workday type and gender (31-Dec)

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Full-time	42,271	9,479	41,406	9,821	45,243	10,856
Part-time	4,130	3,867	4,528	3,792	4,844	3,856
Subtotal	**46,401**	**13,346**	**45,934**	**13,613**	**50,087**	**14,712**
Total	**59,747**		**59,547**		**64,799**	

Annual average by contract type and gender

	2020		2021		2022	
	Open-ended	Temporary	Open-ended	Temporary	Open-ended	Temporary
Men	32,952	14,053	33,761	12,614	39,021	9,957
Women	10,010	3,112	10,027	3,340	11,467	2,785
Subtotal	**42,962**	**17,165**	**43,788**	**15,954**	**50,488**	**12,742**
Total	**60,127**		**59,742**		**63,230**	

Annual average by contract type and age range

	2020		2021		2022	
	Open-ended	Temporary	Open-ended	Temporary	Open-ended	Temporary
< 35 years	4,593	5,730	4,607	5,176	6,242	4,024
35-54 years	25,220	8,302	25,218	7,707	27,994	6,009
> 54 years	13,149	3,133	13,963	3,071	16,252	2,709
Subtotal	**42,962**	**17,165**	**43,788**	**15,954**	**50,488**	**12,742**
Total	**60,127**		**59,742**		**63,230**	

Annual average by contract type and functional level

	2020		2021		2022	
	Open-ended	Temporary	Open-ended	Temporary	Open-ended	Temporary
Governance and Management	544	5	511	1	507	3
Supervisors	3,238	538	3,390	392	3,943	356
Technicians	4,403	994	4,661	949	5,455	1,185
Administrative staff	2,272	598	2,455	545	2,642	409
Other trades	32,505	15,030	32,771	14,067	37,941	10,789
Subtotal	**42,962**	**17,165**	**43,788**	**15,954**	**50,488**	**12,742**
Total	**60,127**		**59,742**		**63,230**	

Annual average by workday type and gender

	2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Men	42,788	4,217	41,936	4,439	44,283	4,695
Women	9,508	3,614	9,620	3,747	10,486	3,766
Subtotal	**52,296**	**7,831**	**51,556**	**8,186**	**54,769**	**8,461**
Total	**60,127**		**59,742**		**63,230**	

Annual average by workday type and age range

	2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
< 35 years	8,983	1,340	8,316	1,467	8,647	1,619
35-54 years	29,922	3,601	29,239	3,686	30,227	3,776
> 54 years	13,391	2,890	14,001	3,033	15,895	3,066
Subtotal	**52,296**	**7,831**	**51,556**	**8,186**	**54,769**	**8,461**
Total	**60,127**		**59,742**		**63,230**	

Annual average by workday type and functional level

	2020		2021		2022	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Governance and Management	542	8	506	6	499	11
Supervisors	3,616	159	3,622	160	4,140	159
Technicians	5,143	255	5,299	311	6,257	383
Administrative staff	2,695	175	2,749	251	2,779	272
Other trades	40,300	7,234	39,380	7,458	41,094	7,636
Subtotal	**52,296**	**7,831**	**51,556**	**8,186**	**54,769**	**8,461**
Total	**60,127**		**59,742**		**63,230**	

Changes in dismissals by gender

	2020	2021	2022
Men	532	633	728
Women	156	149	169
Total	**688**	**782**	**897**

Changes in dismissals by age range

	2020	2021	2022
< 35 years	143	206	231
35-54 years	368	377	455
> 54 years	177	199	211
Total	**688**	**782**	**897**

Changes in dismissals by functional level

	2020	2021	2022
Governance and Management	24	1	6
Supervisors	63	51	56
Technicians	114	68	129
Administrative staff	37	38	40
Other trades	450	624	666
Total	**688**	**782**	**897**

Turnover of the number of persons and rate by gender

	2022	
Men	2,649	3.72%
Women	789	1.11%
Total	**3,438**	**4.83%**

Turnover of the number of persons and rate by age

	2022	
< 35 years	1,409	1.98%
35-54 years	1,626	2.28%
> 54 years	403	0.57%
Total	**3,438**	**4.83%**

Turnover of the number of persons and rate by region

	2022	
Europe	3,118	4.38%
America	279	0.39%
MENA	40	0.06%
Australia	1	0.00%
Total	**3,438**	**4.83%**

Birth leave

	2021		2022	
	Men	Women	Men	Women
Number of workers entitled to birth leave	849	249	1.048	295
Number of employees who took birth leave	849	249	1.036	294
Number of workers who returned to work after the end of birth leave	551	156	991	214
Number of workers remaining in the company 12 months after the end of birth leave (*)	–	–	646	132

(*) This figure includes the number of workers who completed their birth leave in the year 2021, regardless of the start date of the birth leave

Average remuneration by functional level, gender, and age range* (€)

	2021			2022		
	Under 35 years old	35 to 54 years	More than 54 years	Under 35 years old	35 to 54 years	More than 54 years
Men						
Governance and Management	64,349.34	114,087.42	142,532.93	78,998.20	118,330.98	160,043.27
Supervisors	33,877.29	47,278.12	51,254.61	31,026.55	46,089.03	53,193.80
Technicians	22,534.88	35,145.17	41,515.76	23,543.00	38,189.32	42,269.46
Administrative staff	16,669.38	27,766.52	36,641.13	19,652.25	28,456.37	34,592.62
Other trades	18,202.58	24,192.21	25,807.96	20,156.99	24,192.01	25,573.88
Women						
Governance and Management**	–	93,817.78	97,569.25	65,870.19	99,893.49	134,848.23
Supervisors	24,798.00	39,012.04	43,437.94	25,579.80	37,990.44	37,441.88
Technicians	19,913.13	28,956.06	31,784.99	21,842.76	29,511.23	32,504.40
Administrative staff	16,241.63	23,943.37	26,552.09	19,039.76	24,828.26	28,233.11
Other trades	17,301.58	19,241.44	18,824.60	19,212.07	20,237.11	19,724.81

(*) FCC has defined a remuneration policy for each of the countries in which it operates, so that the aggregate average remuneration, in which remuneration data where it is established is considered, is not representative of the remuneration management carried out in each of the business units and countries in which FCC is present.

(**) Data omitted to preserve privacy.

Percentage of workers covered by collective bargaining agreement by country* (%)

	2020	2021	2022
Saudi Arabia	0	0	0
Algeria	93.44	100	93.44
Australia	0	0	0
Austria	0.10	0.10	4.55
Belgium	100	100	100
Bulgaria	0	0	0
Canada	0	0	0
Chile	0	11.63	58.41
Colombia	0	4.12	4.12
Costa Rica	0	0	0
United States	14.37	3.27	0.19
Egypt	0	0	0
El Salvador	0	0	0
UAE	0	100	100
Slovakia	33.73	33.73	32
Spain	100	100	100
France	100	100	100
Georgia	-	-	22.98
Guatemala	0	0	0
Hungary	0	0	0

	2020	2021	2022
Ireland	0	0	0
Italy	100	100	100
Mexico	0	0	0
Montenegro	0	0	0
Nicaragua	0	0	0
Norway	0	100	0
Oman	0	0	0
Netherlands	100	100	100
Panama	65.55	29	13
Peru	0	0	0
Poland	20	15.32	12.23
Portugal	13.85	31.99	24.15
Qatar	16.07	0	0
United Kingdom	7.10	11.23	25.20
Czech Republic	36.38	33.66	33.13
Dominican Republic	100	100	100
Romania	20.52	24.66	26.69
Serbia	13.86	12	12.75
Tunisia	100	100	80.19

(*) In 2022 all countries and all areas where the FCC Group operates were included.

Annual average of training hours by gender and functional level

	Men	Women
Governance and Management	26	42
Supervisors	20	33
Technicians	17	18
Administrative staff	10	14
Other trades	8	4

Changes in training hours by functional level and business area

	2021						2022					
	Governance and Management	Supervisors	Technicians	Administrative staff	Other trades	Total	Governance and Management	Supervisors	Technicians	Administrative staff	Other trades	Total
Environmental Services	5,560	44,446	32,403	16,914	181,513	280,836	2,868	17,092	16,161	6,211	175,460	217,792
Water	3,842	23,997	17,703	5,881	22,361	73,784	1,632	22,928	14,859	9,278	34,601	83,298
Infrastructures	1,478	9,285	28,403	3,381	28,500	71,047	1,519	7,452	27,487	2,173	29,329	67,960
Cement	309	2,045	2,593	358	3,388	8,693	452	1,023	2,610	734	3,923	8,742
Real Estate	321	50	446	14	0	830	134	48	444	38	2	666
Central Services	2,515	914	2,164	428	55	6,076	1,953	815	2,763	465	65	6,061
Subtotal for Spain	**14,025**	**80,736**	**83,712**	**26,975**	**235,818**	**441,266**	**8,558**	**49,358**	**64,324**	**18,899**	**243,380**	**384,519**
Environmental Services	1,329	20,851	14,915	12,449	32,815	82,359	3,344	23,741	25,325	6,694	59,679	118,782
Water	605	2,741	16,612	2,110	9,444	31,512	1,573	17,458	14,100	11,048	28,851	73,030
Infrastructures	309	1,765	2,947	650	1,710	7,382	1,053	5,210	11,041	2,282	2,578	22,164
Cement	96	342	570	51	384	1,443	154	559	648	106	335	1,802
International Subtotal	**2,339**	**25,699**	**35,044**	**15,259**	**44,353**	**122,695**	**6,124**	**46,968**	**51,114**	**20,130**	**91,443**	**215,778**
Total	**16,364**	**106,435**	**118,756**	**42,235**	**280,171**	**563,961**	**14,682**	**96,326**	**115,438**	**39,029**	**334,823**	**600,297**

Safety, health, and wellbeing

Number of workplace accidents

	2022
Men	1,841
Women	341

Workplace injuries with major consequences

	2022
FCC	10
Subcontractor	9

Trends in accident rates

Rate	2020	2021	2022
Frequency	17.07	18.36	21.78
Severity	0.67	0.71	0.9

Trends in accident rates by geographical area

	2020		2021		2022	
Scope	Acc. Freq.	Severity	Acc. Freq.	Severity	Acc. Freq.	Severity
Spain	22.93	0.97	24.61	1	25.63	1.16
Global	17.07	0.67	18.36	0.71	21.78	0.9

Accident rates by gender

	2021			2022		
Gender	Acc. Freq.	Severity	Incidence	Acc. Freq.	Severity	Incidence
Women	16.46	0.62	2.35	17.01	0.71	2.74
Men	18.75	0.73	3.23	22.97	0.95	3.84

Trends in absenteeism[27] rates due to workplace accidents and common illnesses

	2020	2021	2022
Work Accident	0.44	0.37	0.45
Comm. Illness	4.05	4.63	6.23

Changes in fatal workplace accidents

	2020	2021	2022
FCC	3	0	2
Subcontractor	1	4	4

Changes in the number of occupational illnesses by gender

	2020	2021	2022
Women	5	2	8
Men	6	2	3

Employees and non-employed workers in 2022

	Covered by the system	Covered by the system subject to internal audit	Covered by the system subject to audit or certification
Number	76,302	76,302	67,660
Percentage	100%	100%	88.67%

[27] The FCC Group recorded a total of 7,088,847 hours of absenteeism in 2022.

Tax transparency tables

Group Countries	Core organisational activities	Revenues from sales to third parties 2022 (thousands of €)	Revenues from intra-group transactions with other tax jurisdictions 2022 (thousands of €)	Tangible assets other than cash and cash equivalents 2022	Pre-Tax Profit 2022 (thousands of €)	Taxes on profit paid 2022 (thousands of €)
Germany	Construction	67	4	51	-214	33
Andorra		114				
Saudi Arabia	Water	183,480	110,933	119,739	17,497	5,975
Construction	Water and construction	45,691	8,055	176,225	23,895	5,611
Argentina	Construction			2	0	
Australia	Construction	1,317		1,557	-2,236	-733
Austria	Water	162,822	-70	41,465	31,849	4,124
Belgium	Construction	26,873		4,208	1,557	412
Bosnia and Herzegovina	Water				0	
Brazil	Construction			-4,277	146	
Bulgaria	Construction			93	-33	0
Canada	Construction	23,400		1,235	2,613	
Chile	Water and construction	43,549		44,103	-4,452	277
Colombia	Water and construction	71,923	5,925	76,135	-6,293	2,155
Costa Rica	Construction	281		108	-1,866	-121
Croatia	Real Estate	10		55		
Denmark		19				
Ecuador	Water			52	81	35
Egypt	Water and environment	21,867	7	20,498	8,655	1,583
El Salvador	Construction	2,836		872	14	25
United Arab Emirates	Water and construction	15,639	472	7,302	1,922	
Slovakia	Environment	43,297		55,607	6,539	1,691
Spain	Water, cement, concessions, eliminations, real estate	4,271,181	339,715	7,281,489	277,240	8,520
United States	Water, cement, environment, and construction	262,165	372	342,281	-14,958	-312

Group Countries	Core organisational activities	Revenues from sales to third parties 2022 (thousands of €)	Revenues from intra-group transactions with other tax jurisdictions 2022 (thousands of €)	Tangible assets other than cash and cash equivalents 2022	Pre-Tax Profit 2022 (thousands of €)	Taxes on profit paid 2022 (thousands of €)
Finland	Construction	12			-218	
France	Water	39,904	170	37,682	1,579	385
Gabon		15				
Georgia	Water	65,292	510	448,905	31,395	
Gibraltar		136				
Greece	Environment and construction	1		94	-13	
Guatemala	Construction			25	-618	0
Haiti	Construction			3,262	-1,380	
Honduras	Construction				19	
Hungary	Environment	25,529		33,958	894	177
Ireland	Construction	0		9,982	-2,219	
Italy	Water and construction	54,861	11,138	85,753	15,273	4,504
Japan		3				
Libya		6,741				
Latvia	Construction			20	-1	
Luxembourg	Central Services			10	2,973	10
Morocco	Construction			0	-552	0
Mexico	Water, concessions, central services and construction	296,059	10,762	235,801	44,304	10,028
Montenegro	Water	-359	4	1,611	-132	
Nicaragua	Construction	401		3,495	651	60
Norway	Construction	24,583		2,637	1,571	816
Oman	Water	725		1,588	707	
Netherlands	Water, cement, concessions and construction	118,780	42,384	41,492	1,080	897
Panama	Water, real estate and construction	1,688	2	120,665	760	377
Peru	Water, concessions and construction	61,146	13	104,515	11,085	2,747
Poland	Environment and construction	76,744	7	68,194	4,587	582

Group Countries	Core organisational activities	Revenues from sales to third parties 2022 (thousands of €)	Revenues from intra-group transactions with other tax jurisdictions 2022 (thousands of €)	Tangible assets other than cash and cash equivalents 2022	Pre-Tax Profit 2022 (thousands of €)	Taxes on profit paid 2022 (thousands of €)
Portugal	Water, construction, environment and central services	82,509	5,616	55,049	8,844	2,022
Qatar	Water and construction	23,550	63	11,338	7,165	916
United Kingdom	Cement, concessions, real estate, environment and construction	1,048,454	168,610	1,073,333	37,364	10,619
Czech Republic	Water and environment	385,321	38,043	596,801	38,918	8,209
Dominican Republic	Construction	-3,203		481	-155	418
Romania	Water, environment and construction	151,361	185	202,094	2,389	161
Serbia	Water and environment	5,724	5	11,697	-809	99
Sweden	Construction	18		5	-25	
Switzerland		107				
Tunisia	Water and cements	63,030	23,618	54,989	3,231	422
Turkey		32				
Uruguay	Water				31	
Total		**7,705,691**	**766,543**	**11,374,273**	**550,653**	**72,723**

Public grants received (thousands of €)

	2020	2021	2022
Construction	–	–	–
Environment	3,997	6,399	4,694
Aqualia	8,418	11,358	17,966
Cement	-	1,037	549
Concessions	7,154	3,456	3,835
Real Estate	–	–	104
Central Services	–	–	–
Total	**19,061**	**22,250**	**27,148**

List of main associations

Environmental Services Area

- Agrupación Nacional de Reciclado de vidrio (ANAREVI).
- 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).
- Foro de Generadores de Energía de Residuos (FGER).
- Asociación Española de Recicladores Recuperadores de Papel y Cartón (REPACAR).
- Association of Industrial Truck Trainers.
- Chartered Institution of Wastes Management.
- Children´s Hospices Across Scotland.
- Energy & Utility Skills.
- Environmental Services Association.
- HELM.
- Policy Connect Ltd.
- Rail Freight Group.
- Renewable Energy Association.
- Road haulage Association.
- ROSPA Enterprises Ltd.
- Source Testing Association.
- The Green Alliance.
- The Wood Recyclers Association.
- Czech waste management Association (ČAOH).
- Asociace sanačních společností - Association of Remediation Companies (ASS).
- Sdružení provozovatelů technologií pro ekologické využívání odpadů - Association of operators of technologies for the ecological waste recovery (STEO).
- Association of Entrepeneurs in Waste Management (APOH).
- Circular Slovakia.
- Polska Izba Gospodarki Odpadami - Polish Chamber of Waste Management (PIGO).
- Association of Austrian Waste Management Companies (VOEB).
- Környezetvédelmi Szolgáltatók és Gyártók Szövetsége - Hungarian Association of Environmental Enterprises (KSZGYSZ).
- Romanian Waste Management Association - Asociatia Româna pentru Managementului Deseurilor (ARMD).
- Patronatul Serviciilor publice - Patronage of Public Services (PSP).

Water Area

- Asociación Española de Abastecimientos de Agua y Saneamientos (AEAS).
- Asociación Española de Desalación y Reutilización (AEDyR)
- Asociación Española de Servicios de Agua a Poblaciones (AGA).
- IMDEA-AGUA.
- Stepbywater.
- Cámara de Comercio de España.
- Consejo Nacional del Agua (CNA).
- Asociación de Empresas Constructoras y Concesionarias de Infraestructuras (SEOPAN-AGUA).
- Asociación para la Defensa de la Calidad de las Aguas (ADECAGUA).
- Agrupació de Serveis d'aigua de Catalunya (ASAC).
- Associació Abastamens Aigua (AAA).
- Catalan Water Partnership (CWP).
- Associació Industrial per la Producción Neta (AIPN).
- Asociación de Empresarios de Agua de Les Illes Balears (ASAIB).
- Alianza del Agua de Ibiza y Formentera.
- Asociación de Limpieza Técnica y Alta Presión (ALTAP).
- Confederación Regional de Organizaciones Empresariales de Murcia (CROEM).
- Zinnae Clúster urbano para el uso eficiente del agua.

- Abastecimiento de agua y saneamiento de Andalucía (ASA).
- Centro de las Nuevas Tecnologías del Agua (Fundación CENTA).
- Confederación empresarial de la provincia de Almería.
- Asociación de empresarios instaladores de agua, gas, calefacción, climatización, electricidad, telecomunicaciones, productos petrolíferos líquidos, protección contra incendios, energía solar, mantenimiento y afines de Almería y provincia (ASINAL).
- Cámara de Comercio de Almería.
- Asociación de Empresarios y Comerciantes de Benalmádena (ACEB).
- Fundación Centro Canario el Agua (FCCA).
- Asociación Canaria de Empresarios de Distribución y Tratamiento de Agua Urbana de la provincia de Las Palmas (ADITRAGUA).
- Cámara de comercio Oviedo.
- Energylab (Vigo).
- International Desalination Association (IDA).
- International Water Association (IWA).
- Federación Europea de Asociaciones Nacionales de Agua y Saneamiento (EUREAU).
- Smart Water Networks Forum (SWAN).
- Asociados a la Federación Internacional de Operadores Privados de Agua (AquaFed).
- Comité Asesor de Agua de la Fundación Ditchley (UK).
- Isle Utilities TAG (Technology Approval Group).
- World Water Innovation Fund (WWIF).
- Water Action Platform.
- Associaçao portuguesa de Distribuçao e Drenagem de Águas (APDA).
- Associaçao das Empresas Portuguesas para o Sector do Ambiente (AEPSA).
- Federazione Italiana delle Imprese dei Serivizi idrici, energetici e vari (UTILITALIA).
- Asociación del Sector de abastecimiento y saneamiento en la República Checa (SOVAK).
- Asociación para la Gestión del Agua en la República Checa (SVH).
- Asociación checa de Tecnologías sin Excavación (CZSTT).
- Asociación para el Desarrollo de la Región de Moravia y Silesia (SRMSK).
- Asociación de Operadores de Abastecimiento y Saneamiento de la República Checa (APROVAK).
- Confederation of Industry of the CR (SP ČR).
- Czech Chamber of Comerce (HK ČR).
- Association Scientifique et Technique pour l'eau et l'environment.
- Fédération des Distributeurs d'eau indépendants.
- Fédération professionnelles des entreprises d l'eau (FP2E).
- Asociación Latinoamericana de Desalación y Reuso del Agua (ALADYR).
- Water Environment Federation (WEF).
- Asociación de Servicios Públicos de Colombia (ANDESCO).
- Global Water Partnership (GWP)- Georgia.
- Georgian Laboratory Association (GeLab). - Georgia.

Infrastructures Area

- Asociación Científico-Técnica Española de Ingeniería Estructural (E.T.S.I).
- Asociación de Empresas Constructoras y Concesionarias de Infraestructuras (SEOPAN).
- Asociación de Industriales Antofagasta.
- Asociación de Normalización Española (UNE).
- Asociación Empresas de la Construcción de Madrid (AECOM).
- Asociación Española de la Carretera.
- Asociación Española de Túneles Y Obras Subterráneas (AETOS).
- Asociación Española para la Calidad.
- Asociación Madrid Capital Mundial de la Construcción, Ingeniería y Arquitectura (MWCC).
- Asociación Técnica de la Carretera.
- Asociación Técnica de Puertos y Costas (ATPYC).
- Building Smart (Spanish home of open BIM).
- 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 Comercio Catar.
- Cámara de Contratistas de Castilla Y León.
- Cámara de Contratistas de La Comunidad Valenciana.
- 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.
- Caminos, Canales y Puertos (ACHE).
- Comité Nacional Español de Grandes Presas (SPANCOLD).
- European Construction Technological Platform (ECTP).
- European Network of Construction Companies for Research & Development (ENCORD).
- Finanzas Sostenibles Naciones Unidas.
- Florida Transportation Builders Association.
- Frecom Murcia - Federación Regional Empresarios Construcción.
- Fundacio Cercle d´Infraestructures.
- Fundación Caminos.
- Fundación Plataforma Tecnológica Española de la Construcción (PTEC).
- Fundación Santa Bárbara.
- GAESCO.
- Green Building Council – ESPAÑA (GBCe).
- Gremi Construccio D'obres de Catalunya.
- Madrid Movility Hub.
- Red Española del Pacto Mundial.
- Sociedad Española de Presas Y Embalses (SEPREM).
- Spain-US Chamber of Commerce.
- Suscripción Circulo Confianza Nuevo Economía Forum.
- Tunnel Association of Canada .
- Asociación de Empresas de Ingeniería, Montajes, Mantenimientos Y Servicios Industriales (ADEMI).
- Asociación de Empresas de Mantenimiento Integral Y Servicios Energéticos (AMI).
- Asociación Profesional Empresarios de Instalaciones Eléctricas Y Telecomunicaciones de Madrid (APIEM).
- Asociación Técnica Española de Climatización Y Refrigeración (ATECYR).
- Clúster de La Industria de Defensa (CID).
- Red de Ciudades por una Movilidad con Bajas Emisiones.
- Sociedad Española de Presas Y Embalses (SEPREM).
- Asociación Española de Industriales del Plástico (ANAIP).
- Asociación Española de Riegos y Drenajes (AERYD) .
- Asociación Nacional de Derivados Del Cemento (ANDECE).
- Asociación Nacional de Fabricantes de Traviesas Para Ferrocarriles (AFTRAV).
- Instituto Tecnológico del Plástico (AIMPLAS).

Cement Area

- Agrupación de Fabricantes de Cemento de España (OFICEMEN).
- Asociación CEMBUREAU Asociación europea de fabricantes de cemento a través de OFICEMEN.
- Asociación de empresas catalanas que dedican su actividad a la extracción y el tratamiento de áridos (GREMI D'ARIDS).
- Asociación de Fabricantes de Mortero y SATE (ANFAPA).
- Asociación Nacional de Empresarios Fabricantes de Áridos (ANEFA).
- Asociación nacional de fabricantes de hormigón preparado (ANEFHOP).
- CEOE CEPYME CANTABRIA – Afiliación.
- Ciment Català Agrupación de fabricantes de cemento de Cataluña.
- Confederación de empresarios de Andalucía (CEA).
- Federación de industriales y comerciantes de Alcalá de Guadaira (FICA).
- Fundación laboral andaluza del cemento y el medioambiente (FLACEMA).
- Fundación laboral de ámbito estatal del cemento y el medioambiente (CEMA).
- Instituto español del cemento y sus aplicaciones (IECA).

Real Estate Area

- Asociación de Promotores Constructores de España (APCE).
- Asociación Promotores Inmobiliarios de Madrid (ASPRIMA).
- GAESCO.

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 2022.

GRI 1 used

GRI 1: Foundation 2021.

Applicable GRI Sector Standards

Not applicable.

Content		Report section/Direct response	Page	Omission
General Disclosures				
GRI 2: General Disclosures 2021				
2-1	Organizational details.	Fomento de Construcciones y Contratas, S.A. and subsidiaries. Headquarters: Av. Del Camino de Santiago, 40 28050 Madrid, Spain. Tax transparency tables.	703-704	
2-2	Entities included in the organization's sustainability reporting.	About this Report.	682	
2-3	Reporting period, frequency and contact point.	About this Report.	681	
2-4	Restatements of information.	Data that have been updated from the figures published in 2021 have been marked with footnotes throughout this document.	–	
2-5	External assurance.	About this Report.	681	
2-6	Activities, value chain and other business relationships.	A specialised group. Client experience. Responsible purchasing.	576-581; 657-663	
2-7	Employees.	People at FCC. Organisational structure. Hiring. Social and personnel tables.	630-632; 692-696	
2-8	Workers who are not employees.	In 2022, the number of non-employed workers totals approximately 11,503. For the coming year, work is being done on the design and implementation of tools that will allow the exact measurement and computation of this data.	–	

Content		Report section/Direct response	Page	Omission
2-9	Governance structure and composition.	Governance structure. Governance Model.	582-583; 665-666	
2-10	Nomination and selection of the highest governance body.	Governance Model.	665	
2-11	Chair of the highest governance body.	Governance structure.	582-583	
2-12	Role of the highest governance body in overseeing the management of impacts.	Sustainability Policy. Risk management and control systems.	596; 672-673	
2-13	Delegation of responsibility for managing impacts.	Sustainability Policy.	596	
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.	Governance Model.	666	
2-16	Communication of critical concerns.	Governance Model.	666	
2-17	Collective knowledge of the highest governance body.	Governance Model.	665	
2-18	Evaluation of the performance of the highest governance body.	Governance Model.	665	
2-19	Remuneration policies.	Governance Model.	666	
2-20	Process to determine remuneration.	Governance Model.	666	
2-21	Annual total compensation ratio.	a) 37.6 b) This information is not available, as the company does not have the necessary IT tools to calculate it.	-	Section b) Information not available.
2-22	Statement on sustainable development strategy.	Letter from the Chief Executive Officer.	572-573	
2-23	Policy commitments.	Group Policies.	684-685	
2-24	Embedding policy commitments.	Group Policies. Commitments made by suppliers and contractors.	684-685; 662	
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. Human rights.	671	
2-26	Mechanisms for seeking advice and raising concerns.	Stakeholder dialogue.	601	

Content		Report section/Direct response	Page	Omission
2-27	Compliance with laws and regulations.	Environmental issue tables. Given that significant cases of non-compliance are those which, due to their amount or subject matter, could generate reputational damage to the Group, no significant firm sanctions have been identified in 2022.	686	
2-28	Membership associations.	List of main associations.	705-707	
2-29	Approach to stakeholder engagement.	Stakeholder dialogue.	601	
2-30	Collective bargaining agreements.	Social Dialogue. Social and personnel tables.	643; 699	
Material topics				
GRI 3: Material Topics 2021				
3-1	Process to determine material topics.	Materiality analysis.	599	
3-2	List of material topics.	Materiality analysis.	600	
Integrity of conduct				
GRI 3: Material Topics 2021				
3-3	Management of material topics.	Materiality analysis. Integrity and compliance.	599-600; 667-670	
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption.	Integrity and compliance.	669-670	
205-2	Communication and training about anti-corruption policies and procedures.	Integrity and compliance.	669-670	
205-3	Confirmed incidents of corruption and actions taken.	No corruption cases were confirmed in 2022.	–	
GRI 206: Anti-competitive Behaviour 2016				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.	FCC states that the company has not carried out any irregular practices, including those that involve price manipulation or that go against free competition. In this line, and regarding the sanction addressed to FCC by the CNMC due to an alleged infringement of Article 101 of the Treaty on the Functioning of the EU, FCC strongly opposes these conclusions. For this reason, the appropriate contentious-administrative appeal has been lodged with the National High Court, so that, as of the date of presentation of this report, the precautionary measures have been suspended.	–	

Content	Report section/Direct response	Page	Omission
GRI 207: Tax 2019			
207-1 Approach to tax.	FCC tax strategy.	678-679	
207-2 Tax governance, control, and risk management.	FCC tax strategy. Tax risk identification and management.	678-680	
207-3 Stakeholder engagement and management of concerns related to tax.	FCC tax strategy.	678-679	
207-4 Country-by-country reporting.	Tax transparency tables.	702-704	
GRI 415: Public Policy 2016			
415-1 Political contributions.	Economic contributions.	656	
Promotion of innovation			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	Materiality analysis. Innovating to move forward.	599-600; 602-604	
Climate change and energy consumption			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	Materiality analysis. A commitment to climate.	599-600; 609-614	
GRI 201: Economic Performance 2016			
201-2 Financial implications and other risks and opportunities due to climate change.	Climate action.	609-610	
GRI 302: Energy 2016			
302-1 Energy consumption within the organization.	Energy consumption and efficiency Environmental issue tables	609-614 688-689	
302-3 Energy intensity.	760 GJ/employee	–	
302-4 Reduction of energy consumption.	Environmental issue tables.	689	
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions.	Carbon footprint. Environmental issue tables.	612; 686	

Content	Report section/Direct response	Page	Omission
305-2 Energy indirect (Scope 2) GHG emissions.	Carbon footprint. Environmental issue tables.	612; 687	
305-4 GHG emissions intensity.	110 tCO_2e/employee.	–	
305-5 Reduction of GHG emissions.	Environmental issue tables.	687	
Circular economy			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	Materiality analysis. Circular model.	599-600; 615-620	
GRI 301: Materials 2016			
301-1 Materials used by weight or volume.	Efficient resource consumption. Environmental issue tables.	618; 689	
301-2 Recycled input materials used.	Environmental issue tables.	690	
301-3 Reclaimed products and their packaging materials.	Environmental issue tables.	690	
GRI 306: Waste 2020			
306-1 Waste generation and significant waste-related impacts.	Waste production and management.	619-620	
306-2 Management of significant waste-related impacts.	Commitment to the circular economy. Waste production and management.	615-617; 619-620	
306-3 Waste generated.	Waste production and management.	620	
306-4 Waste diverted from disposal.	Environmental issue tables.	620;690	
306-5 Waste directed to disposal.	Environmental issue tables.	620;690	
Water management			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	Materiality analysis. Water resources.	599-600; 621-623	
GRI 303: Water and Effluents 2018			
303-1 Interactions with water as a shared resource.	End-to-end water resources management. Water consumption.	621-623	

Content	Report section/Direct response	Page	Omission
303-2 Management of water discharge-related impacts.	Pollution reduction.	628-629	
303-3 Water withdrawal.	Water consumption. Environmental issue tables.	623; 691	
303-4 Water discharge.	Pollution reduction. Environmental issue tables.	628-629; 691	
303-5 Water consumption.	Total water consumption: 10,122,202 m³. Total water consumption in water-stressed areas: 7,209,761 m³.		
Employment and career development			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	Materiality analysis. The best teams.	599-600; 630-636	
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover.	Hiring. Social and personnel tables.	632; 694-695	
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 that are not provided to part-time or temporary employees.	–	
GRI 402: Labor/Management Relations 2016			
402-1 Minimum notice periods regarding operational changes.	Social Dialogue.	643	
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	Social and personnel tables.	700	
404-2 Programs for upgrading employee skills and transition assistance programs.	Training and development.	633-635	
Subcontracting and suppliers			
GRI 3: Material Topics 2021			
3-3 Management of material topics.	Materiality analysis. Responsible purchasing.	599-600; 661-663	

Content		Report section/Direct response	Page	Omission
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria.	Supply chain monitoring.	663	
308-2	Negative environmental impacts in the supply chain and actions taken.	Supply chain monitoring.	663	
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria.	Supply chain monitoring.	663	
414-2	Negative social impacts in the supply chain and actions taken.	Supply chain monitoring.	663	
Safety, health and wellbeing				
GRI 3: Material Topics 2021				
3-3	Management of material topics.	Materiality analysis. Health, safety, and wellbeing.	599-600; 646-650	
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system.	Health, safety, and wellbeing.	646	
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 several 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.	-	

Content	Report section/Direct response	Page	Omission
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 and orderly planned 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 is arranged with an External Prevention Service in geographical areas not covered by FCC's Medical Services.	–	
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.	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..	–	
403-6 Promotion of worker health.	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.	–	
403-7 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-employed workers) 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.	–	
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 2022.	–	

Content		Report section/Direct response	Page	Omission
Equality and diversity				
GRI 3: Material Topics 2021				
3-3	Management of material topics.	Governance structure. Materiality analysis. Diversity and equality.	582-583; 599-600; 637-641	
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees.	Governance structure. Social and personnel tables.	582-583; 692-694	
405-2	Ratio of basic salary and remuneration of women to men.	Salary policy. Social and personnel tables.	636; 699	
GRI 406: Non-discrimination				
406-1	Incidents of discrimination and corrective actions taken.	The Group's Whistleblowing Channel received three communications confirmed as cases of discrimination in 2022, which have been processed in accordance with the Group's Compliance Model, with each case being investigated and the appropriate measures taken.	–	
Solidarity action				
GRI 3: Material Topics 2021				
3-3	Management of material topics.	Materiality analysis. Social footprint.	599-600; 651-656	
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed.	FCC and its figures worldwide.	575	
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers.	Activity at the service of communities.	652	

Indicator table Law 11/2018

Law 11/18 Requirement	Related GRI standard		Page number
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 chain and other business relationships. Governance structure and composition.	576-583 664-666
Geographical presence.	2-1	Organizational details (c and d)	575; 708
Organisation's objectives and strategies.	3-3	Management of material topics.	595-598
Main factors and trends that may affect future growth and development.	3-3	Management of material topics.	585-594
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.	596; 684-685
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.	672-675
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.	1	Foundation.	681

Law 11/18 Requirement	Related GRI standard		Page number
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.	605
On environmental assessment and certification procedures.	3-3	Management of material topics.	606-607
On resources dedicated to the prevention of environmental risks.	3-3	Management of material topics.	608
On the application of the precautionary principle.	3-3	Management of material topics.	605
On the amount of provisions and guarantees for environmental risks.	2-27	Compliance with laws and regulations.	608
Pollution			
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (also includes noise and light pollution).	305-7 303-2 303-4 306-3	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions. Management of water discharge-related impacts. Water discharge. Significant spills.	627-629
Circular economy and waste prevention and management			
Measures for prevention, recycling, re-use, other forms of retrieval and disposal of waste.	306-1 306-2 306-3	Waste generation and significant waste-related impacts. Management of significant waste-related impacts. Waste generated.	619-620
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.

Law 11/18 Requirement	Related GRI standard		Page number
Sustainable use of resources			
Water consumption and water supply in accordance with local limitations.	303-1 303-2 303-3 303-5	Interactions with water as a shared resource. Management of water discharge-related impacts. Water withdrawal. Water consumption.	621-623
Raw material consumption and measures taken to improve the efficiency of its use.	301-1	Materials used by weight or volume.	618
Direct and indirect energy consumption.	302-1 302-3	Energy consumption within the organization. Energy intensity.	613-614
Measures taken to improve energy efficiency.	3-3	Management of material topics.	613
Use of renewable energy.	302-1	Energy consumption within the organization (b).	614
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.	612
Measures taken to adapt to the consequences of climate change.	201-2	Financial implications and other risks and opportunities due to climate change.	609-612
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.	610-611
Protecting biodiversity			
Measures taken to preserve or restore biodiversity.	3-3	Management of material topics.	624-626
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.	624-626
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 governance bodies and employees (b).	692-697
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.	697
Average remuneration and its development separated by gender, age, and professional classification or equal value.	3-3	Management of material topics.	699

Law 11/18 Requirement	Related GRI standard		Page number
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.	636; 699
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 Process to determine remuneration	636; 666
Implementation of work disconnection policies.	3-3	Management of material topics.	650
Employees with disabilities.	405-1	Diversity of governance bodies and employees (b).	640-641
Work organisation			
Organisation of working time	3-3	Management of material topics.	650
Hours lost through absenteeism	3-3	Management of material topics.	701
Measures aimed at facilitating work-life balance and encouraging the co-responsibility of both parents	3-3	Management of material topics.	650
Health and safety			
Occupational health and safety conditions.	403-1 403-2	Occupational health and safety management system. Hazard identification, risk assessment, and incident investigation.	646-650
Work-related accidents, particularly their frequency and severity by gender.	403-9	Work-related injuries (a).	646; 701
Occupational illness by gender.	403-10	Work-related ill health (a).	701
Social relationships			
Organisation of social dialogue, including procedures for informing and consulting personnel and negotiating with them.	3-3	Management of material topics.	643-645
Percentage of employees covered by collective bargaining agreement by country.	2-30	Collective bargaining agreements (a)	643; 699
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.	643-644
Mechanisms and procedures to promote worker involvement in company management, in terms of information, consultation and participation.	3-3	Management of material topics.	644-645
Training			
Policies implemented in the field of training.	404-2	Programs for upgrading employee skills and transition assistance programs (a).	633-635
Total number of hours of training by professional category.	404-1	Average hours of training per year per employee.	634; 700

Law 11/18 Requirement	Related GRI standard		Page number
Accessibility			
Universal accessibility for people with disabilities.	3-3	Management of material topics.	640-641
Equality			
Measures taken to promote equal treatment and opportunities for women and men.	3-3	Management of material topics.	637-639
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.	637-641
Policy against all types of discrimination and, where applicable, for diversity management.	3-3	Management of material topics.	637-641; 716
3. INFORMATION ON RESPECT FOR HUMAN RIGHTS			
Application of due diligence procedures in human rights matters	2-25 2-26 3-3	Processes to remediate negative impacts. Mechanisms for seeking advice and raising concerns. Management of material topics.	671
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	Processes to remediate negative impacts. Mechanisms for seeking advice and raising concerns. Management of material topics.	671
Cases reported involving violation of human rights.	2-26 406-1	Mechanisms for seeking advice and raising concerns. Incidents of discrimination and corrective actions taken.	671
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.			
Elimination of discrimination in employment and occupation.	3-3	Management of material topics.	671
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.	669-670
Measures to fight money laundering.	2-26	Mechanisms for seeking advice and raising concerns.	670
Contributions to foundations and non-profit organisations.	3-3	Management of material topics.	656

Law 11/18 Requirement	Related GRI standard		Page number
5. INFORMATION ABOUT THE COMPANY			
The company's commitments to sustainable development			
Impact of the company's activity on employment and local development.	3-3	Management of material topics.	652
Impact of the company's activity on local populations and on the territory.	3-3	Management of material topics.	653-655
Relationships maintained with those playing a role in local communities and how dialogue is established with them.	2-29	Approach to stakeholder engagement.	601
Partnership and sponsorship actions.	2-28	Membership associations.	656; 705-707
Subcontracting and suppliers			
Inclusion in purchase policy of social, gender equality and environmental issues.	3-3	Management of material topics.	662
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.	663
Supervisory systems, audits and their results	3-3	Management of material topics.	663
Consumers			
Measures for the health and safety of consumers.	3-3	Management of material topics.	657-658
Claim systems.	3-3	Management of material topics.	659-660
Complaints received and their resolution.	3-3	Management of material topics.	660
Tax information			
Profits obtained country by country.	207-4	Country-by-country reporting.	702-704
Corporate income tax paid on profit.	207-4	Country-by-country reporting.	702-704
Public grants received.	201-4	Financial assistance received from government (a).	704

European Union Environmental Taxonomy

As part of the decarbonisation strategy of the European Union's current economic model, the Taxonomy emerges as a common language and tool for classifying sustainable activities to encourage investors, companies, administrations and other stakeholders to redirect capital flows towards more sustainable technologies and businesses. This will meet the objectives of the Paris Agreement and the UN Sustainable Development Goals.

Pursuant to the reporting requirements of the Taxonomy Regulation (EU) 2020/852, the FCC Group has analysed the proportion of its economic activities that are eligible, and where applicable aligned and non-aligned, and ineligible by Environmental Taxonomy, in terms of turnover, CapEx and OpEx relative to the year 2022, for the Climate Change Mitigation and Adaptation targets. A specific Taxonomy and Sustainable Finance Working Group was created for this purpose, comprising Economic and Financial Management and the Compliance and Sustainability Management, with support from the various management bodies of the Group businesses and the heads of Environment and Quality.

The reporting of this information has considered the Delegated Regulation (EU) 2021/2178 implementing Article 8 of the Taxonomy Regulation, 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.

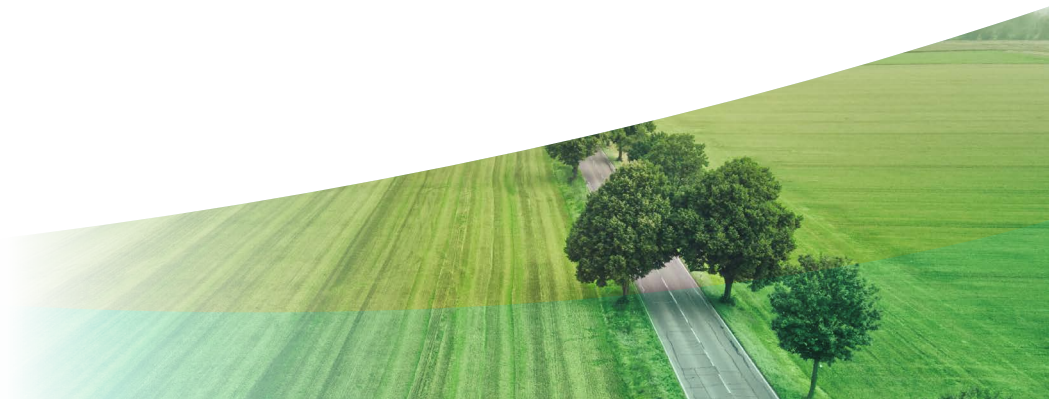
Eligibility and alignment analysis

The FCC Group first reported the proportion of its economic activities that were eligible and ineligible for Taxonomy under the terms of Regulation (EU) 2020/852 in 2021. In 2022, the FCC Group conducted an extensive revision thereof. With the regulatory developments during the year, the various activities carried out by each Group business were analysed individually with a view to adjusting the year and, for the first time, with the quantification of aligned and non-aligned activities within the activities considered eligible, analysing more than 3,000 minimum management units.

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 the Regulation, 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.
- Ultimately, an economic activity not identified by the EU Taxonomy would be an **ineligible activity** and therefore no criteria are available for it, either because it has no potential to make a substantial contribution to climate change Mitigation and Adaptation 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 consolidable units 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, fundamentally 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 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 serves to preclude double counting of amounts, and in cases where certain economic activities of the FCC Group can contribute to both the climate change mitigation and adaptation objectives, they are only counted towards one of the two objectives, with the mitigation objective taking precedence over the climate change adaptation objective.

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 has been reviewed and, where appropriate, their alignment has been determined.

Given that there have been no substantial changes in the FCC Group's businesses over the course of 2022, the activities identified as eligible on the basis of the activities listed in Annex I and II of Royal Decree 2021/2139 on Taxonomy have been considered the same as in the previous financial year, having adjusted the proportion of economic activities between the different taxonomic groups in which the FCC Group is included. The results of this review are reported under the heading "Compliance with technical selection criteria" below.

In addition, as required by the regulation, activities have been identified that meet the requirements to be considered as facilitating or transitional activities.

For eligible activities, the analysis by Taxonomy has been extended to determine their alignment, developed in the following steps. The FCC Group's process has always considered the climate change mitigation objective, with no relevant amounts for the climate change adaptation objective.

Compliance with technical selection criteria

An activity is considered to contribute directly to the environmental objectives of Climate Change Mitigation or Adaptation whenever it satisfies the substantial contribution criteria or technical selection criteria in Annex I and II of the RD 2021/2139 Taxonomy. 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 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	Activities carried out within the FCC Group aligned by Taxonomy
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 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, efforts were made in 2022 to analyse the Group's physical climate risks by taxonomic activity.

This analysis is based on the study of climate projections based on the most advanced scientific information on a dual time scale, given that the FCC Group's activities are for a duration of between 10 and 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.

The Group has a procedure for the regular assessment of physical climate risks. This initial version is very focused on complying with taxonomic requirements, though the objective for 2023 is to cover the global management of the Group's climate risks at the taxonomic activity level.

The risk calculation is obtained from the product of the probability of occurrence of the threat and the degree of exposure and vulnerability of the company's activities and assets to the threat. The 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, sectoral, 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 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 of Annex I of the Climate Regulation.

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

In order to comply with this DNSH, all the headings contemplated in Appendix C of Delegated Regulation (EU) 2021/2139 have been analysed for the activities that apply to FCC's activities (groups 7.1 and 7.2) and the measures implemented by the different businesses to reduce noise, dust and pollutant emissions have been taken into account. Moreover, for activity 3.7, 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. Additionally, compliance with this requirement is supported by 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 Annex I to the Climate Regulation. 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

FCC 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.

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 fundamental conventions.

The Group Compliance Committee is defining a due diligence procedure for compliance with the commitments of the Human Rights Policy, in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct. This procedure makes the FCC Whistleblowing Channel available to all stakeholders for reporting potential violations of these fundamental 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.

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 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.

FCC is also a member of the Code of Good Tax Practices and submits the Tax Transparency Report. 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 Fiscal Responsibility Policy.

Based on this review, the FCC Group has considered as aligned those eligible activities carried out in 2022 that have demonstrated compliance with the applicable CCS and DNSH, by additionally complying with the Minimum Social Safeguards set out in the Taxonomy Regulation.

All company employees have an obligation to report, through the Whistleblowing Channel, any potential breach of these policies of which they become aware.

Finally, it is important to note that because the EU Taxonomy so far specifically develops the environmental objectives of Mitigation and Adaptation to climate change, the analysis of sustainable activities carried out addresses, for the time being, these two climate objectives. The forthcoming development of the technical selection criteria for the rest of the environmental and social objectives may extend the consideration of sustainability to other FCC Group businesses.

Methodology for calculating financial KPIs

As mentioned above, eligibility and alignment by Taxonomy is 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.
- 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.

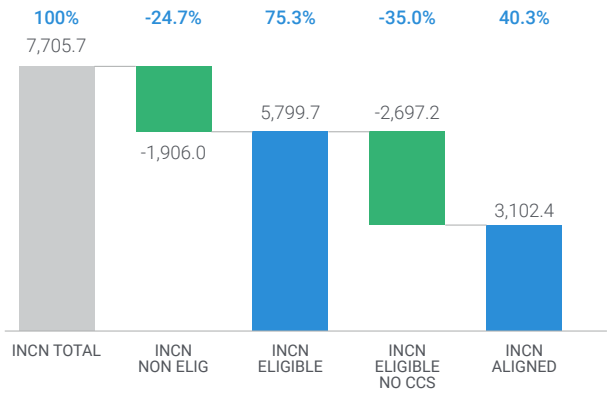
The CapEX key indicator includes in the numerator, as aligned eligible activities, a total amount of €378,549 thousand and as non-aligned eligible activities a total amount of €86,921 thousand, corresponding to the business combinations carried out in financial year 2022. The Group has not included any amount in the numerator of the CapEx plan. The taxonomic activity breakdown of the numerator can be found in the tables in the following sections.

The OpEX key indicator mainly includes small or short-term lease expenses and expenses related to the day-to-day maintenance of the 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.

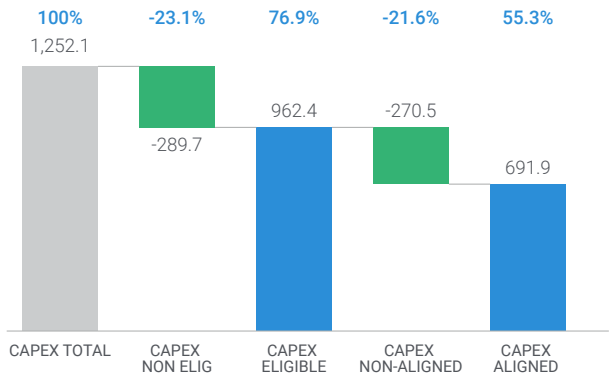
Calculation of key performance indicators

The chart below presents a summary for each of the KPIs with the results of applying the criteria outlined in the previous sections:

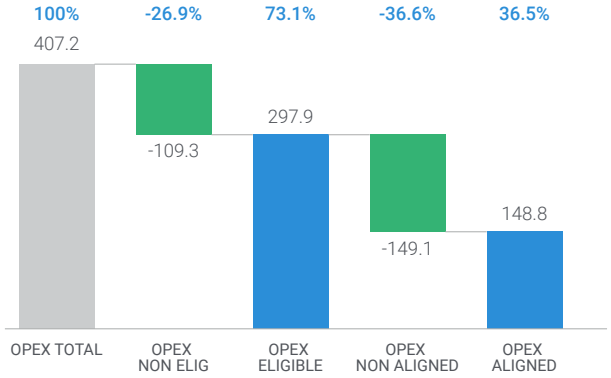
EU Taxonomy: INCN Alignment FCC Group 2022



EU Taxonomy: CAPEX Alignment FCC Group 2022



EU Taxonomy: OPEX Alignment FCC Group 2022



Below are the templates for the key performance indicators set out in the Delegated Regulation (EU) 2021/2178 of 6 July 2021 which complements the above-mentioned Regulation (EU) 2020/852 with regard to the specification and methodology of the information to be disclosed:

Economic activities (1)	Code (s)	Absolute turnover	Proportion of turnover (%)	Substantial contribution criteria: CLIMATE CHANGE MITIGATION	Substantial contribution criteria: CLIMATE CHANGE ADAPTATION	DNSH criteria ('Does Not Significantly Harm'): CLIMATE CHANGE MITIGATION	DNSH criteria: CLIMATE CHANGE ADAPTATION	DNSH criteria: WATER AND MARINE RESOURCES	DNSH criteria: CIRCULAR ECONOMY	DNSH criteria: POLLUTION	DNSH criteria: BIODIVERSITY AND ECOSYSTEMS	DNSH criteria: MINIMUM SAFEGUARDS	% TURNOVER / ELIG	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Electricity generation using solar photovoltaic technology	4.1.	15,479	0.20%	0.20%	0.00%	Y	Y		Y		Y	Y	0.27%		
Transmission and distribution of electricity	4.9.	90,091	1.17%	1.17%	0.00%	Y	Y		Y	Y	Y	Y	1.55%	E	
Construction, extension and operation of water collection, treatment and supply systems	5.1.	487,497	6.33%	6.33%	0.00%	Y	Y	Y			Y	Y	8.41%		
Construction, extension and operation of waste water collection and treatment	5.3.	129,049	1.67%	1.67%	0.00%	Y	Y		Y	Y	Y	Y	2.23%		
Renewal of waste water collection and treatment	5.4.	14,275	0.19%	0.19%	0.00%	Y	Y		Y	Y	Y	Y	0.25%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5.	837,279	10.87%	10.87%	0.00%	Y	Y		Y			Y	14.44%		
Composting of bio-waste	5.8.	2,507	0.03%	0.03%	0.00%	Y	Y			Y	Y	Y	0.04%		
Material recovery from non-hazardous waste	5.9.	219,510	2.85%	2.85%	0.00%	Y	Y				Y	Y	3.78%		
Landfill gas capture and utilisation	5.10	1,453	0.02%	0.02%	0.00%	Y	Y			Y	Y	Y	0.03%		
Infrastructure for personal mobility, cycle logistics	6.13	495,956	6.44%	6.44%	0.00%	Y	Y	Y	Y	Y	Y	Y	8.55%	E	
Infrastructure for rail transport	6.14	140,367	1.82%	1.82%	0.00%	Y	Y	Y	Y	Y	Y	Y	2.42%	E	
Infrastructure enabling road transport and public transport	6.15	500,588	6.52%	6.52%	0.00%	Y	Y	Y	Y	Y	Y	Y	8.67%	E	
Infrastructure for water transport	6.16	8,118	0.11%	0.11%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.14%	E	
Airport infrastructure	6.17	37	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.00%	E	
Construction of new buildings	7.1.	55,929	0.73%	0.73%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.96%		
Renovation of existing buildings	7.2.	2,024	0.03%	0.03%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.03%		T
Installation, maintenance and repair of energy efficiency equipment	7.3.	6,013	0.08%	0.08%	0.00%	Y	Y			Y	Y	Y	0.10%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy perf	7.5.	36,417	0.47%	0.47%	0.00%	Y	Y					Y	0.63%	E	
Acquisition and ownership of buildings	7.7.	54,573	0.71%	0.71%	0.00%	Y	Y					Y	0.94%		
Data processing, hosting and related activities	8.1.	3,248	0.04%	0.04%	0.00%	Y	Y	Y	Y			Y	0.06%		T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**3,102,412**	**40.26%**	**40.26%**	**0.00%**								**53.49%**		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme eve	1.2.	8,391	0.11%	0.11%	0.00%								0.14%		
Manufacture of cement	3.7.	448,527	5.82%	5.82%	0.00%								7.73%		
Electricity generation using solar photovoltaic technology	4.1.	39	0.00%	0.00%	0.00%								0.00%		
Electricity generation from hydropower	4.5.	9,103	0.12%	0.12%	0.00%								0.16%		
Transmission and distribution of electricity	4.9.	802	0.01%	0.01%	0.00%								0.01%		
Construction, extension and operation of water collection, treatment and supply systems	5.1.	410,072	5.32%	5.32%	0.00%								7.07%		
Renewal of water collection, treatment and supply systems	5.2.	11,537	0.15%	0.15%	0.00%								0.20%		
Construction, extension and operation of waste water collection and treatment	5.3.	289,639	3.76%	3.76%	0.00%								4.99%		
Renewal of waste water collection and treatment	5.4.	2,008	0.03%	0.03%	0.00%								0.03%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5.	61,869	0.80%	0.80%	0.00%								1.07%		
Material recovery from non-hazardous waste	5.9.	148,277	1.92%	1.92%	0.00%								2.56%		
Infrastructure for personal mobility, cycle logistics	6.13	100,314	1.30%	1.30%	0.00%								1.73%		
Infrastructure for rail transport	6.14	628,572	8.16%	8.16%	0.00%								10.84%		
Infrastructure enabling road transport and public transport	6.15	68,046	0.88%	0.88%	0.00%								1.17%		
Infrastructure for water transport	6.16	2,052	0.03%	0.03%	0.00%								0.04%		
Airport infrastructure	6.17	3,970	0.05%	0.05%	0.00%								0.07%		
Construction of new buildings	7.1.	203,331	2.64%	2.64%	0.00%								3.51%		
Renovation of existing buildings	7.2.	243,693	3.16%	3.16%	0.00%								4.20%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy perf	7.5.	4,947	0.06%	0.06%	0.00%								0.09%		
Acquisition and ownership of buildings	7.7.	52,059	0.68%	0.68%	0.00%								0.90%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,697,248**	**35.00%**	**35.00%**	**0.00%**								**46.51%**		
TOTAL (A.1 + A.2)		**5,799,660**	**75.26%**	**75.26%**	**0.00%**								**100.00%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
Turnover of Taxonomy-non-eligible activities		**1,906,027**	**24.74%**	**24.74%**	**0.00%**										
TOTAL (A+B)		**7,705,687**	**100.00%**	**100.00%**	**0.00%**										

				Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (s)	Absolute CapEx	Proportion of CapEx (%)	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY AND ECOSYSTEMS	MINIMUM SAFEGUARDS	% CapEx / ELIG	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Electricity generation using solar photovoltaic technology	4.1.	12	0.00%	0.00%	0.00%	Y	Y		Y		Y	Y	0.00%		
Transmission and distribution of electricity	4.9.	883	0.07%	0.07%	0.00%	Y	Y		Y	Y	Y	Y	0.09%	E	
Construction, extension and operation of water collection, treatment and supply systems	5.1.	400,509	31.99%	31.99%	0.00%	Y	Y	Y			Y	Y	41.62%		
Construction, extension and operation of waste water collection and treatment	5.3.	12,360	0.99%	0.99%	0.00%	Y	Y		Y	Y	Y	Y	1.28%		
Renewal of waste water collection and treatment	5.4.	576	0.05%	0.05%	0.00%	Y	Y		Y	Y	Y	Y	0.06%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5.	113,269	9.05%	9.05%	0.00%	Y	Y		Y			Y	11.77%		
Composting of bio-waste	5.8.	1,060	0.08%	0.08%	0.00%	Y	Y			Y	Y	Y	0.11%		
Material recovery from non-hazardous waste	5.9.	13,254	1.06%	1.06%	0.00%	Y	Y				Y	Y	1.38%		
Infrastructure for personal mobility, cycle logistics	6.13	65,709	5.25%	5.25%	0.00%	Y	Y	Y	Y	Y	Y	Y	6.83%	E	
Infrastructure for rail transport	6.14	76,150	6.08%	6.08%	0.00%	Y	Y	Y	Y	Y	Y	Y	7.91%	E	
Infrastructure enabling road transport and public transport	6.15	4,550	0.36%	0.36%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.47%	E	
Construction of new buildings	7.1.	5	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.00%		
Renovation of existing buildings	7.2.	60	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.01%		T
Installation, maintenance and repair of energy efficiency equipment	7.3.	1,081	0.09%	0.09%	0.00%	Y	Y			Y	Y	Y	0.11%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy perf	7.5.	107	0.01%	0.01%	0.00%	Y	Y					Y	0.01%	E	
Acquisition and ownership of buildings	7.7.	2,347	0.19%	0.19%	0.00%	Y	Y					Y	0.24%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**691,931**	**55.26%**	**55.26%**	**0.00%**								**71.90%**		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Manufacture of cement	3.7.	13,489	1.08%	1.08%	0.00%								1.40%		
Electricity generation from hydropower	4.5.	42,768	3.42%	3.42%	0.00%								4.44%		
Transmission and distribution of electricity	4.9.	593	0.05%	0.05%	0.00%								0.06%		
Construction, extension and operation of water collection, treatment and supply systems	5.1.	92,838	7.41%	7.41%	0.00%								9.65%		
Renewal of water collection, treatment and supply systems	5.2.	38	0.00%	0.00%	0.00%								0.00%		
Construction, extension and operation of waste water collection and treatment	5.3.	28,095	2.24%	2.24%	0.00%								2.92%		
Renewal of waste water collection and treatment	5.4.	1	0.00%	0.00%	0.00%								0.00%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5.	7,177	0.57%	0.57%	0.00%								0.75%		
Material recovery from non-hazardous waste	5.9.	19,333	1.54%	1.54%	0.00%								2.01%		
Infrastructure for personal mobility, cycle logistics	6.13	6,641	0.53%	0.53%	0.00%								0.69%		
Infrastructure for rail transport	6.14	32,252	2.58%	2.58%	0.00%								3.35%		
Infrastructure enabling road transport and public transport	6.15	3,432	0.27%	0.27%	0.00%								0.36%		
Construction of new buildings	7.1.	19,367	1.55%	1.55%	0.00%								2.01%		
Renovation of existing buildings	7.2.	24	0.00%	0.00%	0.00%								0.00%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy perf	7.5.	3,785	0.30%	0.30%	0.00%								0.39%		
Acquisition and ownership of buildings	7.7.	629	0.05%	0.05%	0.00%								0.07%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**270,463**	**21.60%**	**21.60%**	**0.00%**								**28.10%**		
TOTAL (A.1 + A.2)		**962,394**	**76.86%**	**76.86%**	**0.00%**								**100.00%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
CapEx of Taxonomy non-eligible activities		**289,667**	**23.14%**	**23.14%**	**0.00%**										
TOTAL (A+B)		**1,252,061**	**100.00%**	**100.00%**	**0.00%**										

				Substantial contribution criteria		DNSH criteria ('Does Not Significantly Harm')								
Economic activities (1)	Code(s)	Absolute OpEx	Proportion of OpEx (%)	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER AND MARINE RESOURCES	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY AND ECOSYSTEMS	MINIMUM SAFEGUARDS	% OpEx / ELIG	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES															
A.1. Environmentally sustainable activities (Taxonomy-aligned)															
Electricity generation using solar photovoltaic technology	4.1.	434	0.11%	0.11%	0.00%	Y	Y		Y		Y	Y	0.15%		
Transmission and distribution of electricity	4.9.	2,845	0.70%	0.70%	0.00%	Y	Y		Y	Y	Y	Y	0.96%	E	
Construction, extension and operation of water collection, treatment and supply systems	5.1.	10,539	2.59%	2.59%	0.00%	Y	Y	Y			Y	Y	3.54%		
Construction, extension and operation of waste water collection and treatment	5.3.	3,406	0.84%	0.84%	0.00%	Y	Y		Y	Y	Y	Y	1.14%		
Renewal of waste water collection and treatment	5.4.	125	0.03%	0.03%	0.00%	Y	Y		Y	Y	Y	Y	0.04%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5.	62,289	15.30%	15.30%	0.00%	Y	Y		Y			Y	20.91%		
Composting of bio-waste	5.8.	698	0.17%	0.17%	0.00%	Y	Y			Y	Y	Y	0.23%		
Material recovery from non-hazardous waste	5.9.	12,371	3.04%	3.04%	0.00%	Y	Y				Y	Y	4.15%		
Landfill gas capture and utilisation	5.10	153	0.04%	0.04%	0.00%	Y	Y			Y	Y	Y	0.05%		
Infrastructure for personal mobility, cycle logistics	6.13	20,326	4.99%	4.99%	0.00%	Y	Y	Y	Y	Y	Y	Y	6.82%	E	
Infrastructure for rail transport	6.14	7,861	1.93%	1.93%	0.00%	Y	Y	Y	Y	Y	Y	Y	2.64%	E	
Infrastructure enabling road transport and public transport	6.15	16,301	4.00%	4.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	5.47%	E	
Infrastructure for water transport	6.16	793	0.19%	0.19%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.27%	E	
Construction of new buildings	7.1.	1,079	0.26%	0.26%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.36%		
Renovation of existing buildings	7.2.	47	0.01%	0.01%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.02%		T
Installation, maintenance and repair of energy efficiency equipment	7.3.	119	0.03%	0.03%	0.00%	Y	Y			Y	Y	Y	0.04%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy perfo	7.5.	755	0.19%	0.19%	0.00%	Y	Y					Y	0.25%	E	
Acquisition and ownership of buildings	7.7.	8,640	2.12%	2.12%	0.00%	Y	Y					Y	2.90%		
Data processing, hosting and related activities	8.1.	9	0.00%	0.00%	0.00%	Y	Y	Y	Y			Y	0.00%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**148,790**	**36.54%**	**36.54%**	**0.00%**								**49.95%**		
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)															
Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme even	1.2.	422	0.10%	0.10%	0.00%								0.14%		
Manufacture of cement	3.7.	49,457	12.15%	12.15%	0.00%								16.60%		
Electricity generation using solar photovoltaic technology	4.1.	3	0.00%	0.00%	0.00%								0.00%		
Electricity generation from hydropower	4.5.	124	0.03%	0.03%	0.00%								0.04%		
Transmission and distribution of electricity	4.9.	20	0.01%	0.01%	0.00%								0.01%		
Construction, extension and operation of water collection, treatment and supply systems	5.1.	6,236	1.53%	1.53%	0.00%								2.09%		
Renewal of water collection, treatment and supply systems	5.2.	196	0.05%	0.05%	0.00%								0.07%		
Construction, extension and operation of waste water collection and treatment	5.3.	8,871	2.18%	2.18%	0.00%								2.98%		
Renewal of waste water collection and treatment	5.4.	11	0.00%	0.00%	0.00%								0.00%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5.	4,158	1.02%	1.02%	0.00%								1.40%		
Material recovery from non-hazardous waste	5.9.	11,634	2.86%	2.86%	0.00%								3.91%		
Infrastructure for personal mobility, cycle logistics	6.13	2,706	0.66%	0.66%	0.00%								0.91%		
Infrastructure for rail transport	6.14	55,395	13.60%	13.60%	0.00%								18.60%		
Infrastructure enabling road transport and public transport	6.15	3,580	0.88%	0.88%	0.00%								1.20%		
Infrastructure for water transport	6.16	18	0.00%	0.00%	0.00%								0.01%		
Airport infrastructure	6.17	143	0.04%	0.04%	0.00%								0.05%		
Construction of new buildings	7.1.	2,524	0.62%	0.62%	0.00%								0.85%		
Renovation of existing buildings	7.2.	2,232	0.55%	0.55%	0.00%								0.75%		
Acquisition and ownership of buildings	7.7.	1,338	0.33%	0.33%	0.00%								0.45%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**149,068**	**36.61%**	**36.61%**	**0.00%**								**50.05%**		
TOTAL (A.1 + A.2)		**297,858**	**73.15%**	**73.15%**	**0.00%**								**100.00%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES															
OpEx of Taxonomy-non-eligible activities		**109,331**	**26.85%**	**26.85%**	**0.00%**										
TOTAL (A+B)		**407,189**	**100.00%**	**100.00%**	**0.00%**										

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Non-Financial Information Verification Disclosure

AENOR verification Disclosure for

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

concerning the consolidated disclosure of non-financial information

FCC Group 2022 Sustainability Report

Including the Non-Financial Reporting Statement

according to law 11/2018

for the period ending on December 31, 2022

In Madrid, April 17, 2023

Rafael García Meiro
Chief Executive Officer

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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), also requirements of Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

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 and Commission Delegated Regulation (EU) 2021/2178.

Responsibility of the organization. The organization was responsible for reporting its non-financial information status in accordance with Law 11/2018, also information related to the Taxonomy of environmentally sustainable activities prepared in accordance with the EU Regulation 2020/852 of the European Parliament and of the Council of June 18, on the establishment of a framework to facilitate sustainable investments, regarding the obligation to disclose information on the manner and extent to which the activities of the obligated company are associated with economic activities that are considered environmentally sustainable according to the environmental principles and objectives established in said Regulation, is among the evidence reviewed. 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.

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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)
- 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) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

4) Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

5) Communication of the European Commission 2017/C 215/01, Guidelines on non-financial reporting (methodology for non-financial reporting)

6) The international standard ISO/IEC 17029.2019 Conformity assessment - General principles and requirements for validation and verification bodies

7) 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:

- 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.

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CONCLUSION

Based on the foregoing, in our opinion, there is no evidence to suggest that non-financial information included in the statement titled **FCC Group 2022 Sustainability Report** published as a separate document annual Financial Directors´report and for information concerning the reporting period, year ended December 31, 2022, 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.

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