

AUDIT AND CONTROL COMMITTEE REPORT ON THE INDEPENDENCE OF STATUTORY AUDITORS

INTRODUCTION

Section 4.f) of Article 529 quaterdecies of the Consolidated Text of the Spanish Corporate Enterprises Act, concerning the Audit and Control Committee, specifies that one of the functions of this committee is to issue an annual report before the audit report is issued, expressing an opinion as to whether the independence of the auditors or audit firms is compromised.

In compliance with this Act, article 40.4.f) of the Bylaws and article 37.4 section c) of the Regulations of the Board of Directors, the Audit and Control Committee of FOMENTO DE CONTRUCCIONES Y CONTRATAS, S.A. ("FCC") has issued this report at its meeting held on 23 February 2023. This report will be posted on FCC's website (www.fcc.es) as part of the notice of the General Shareholders' Meeting, thereby complying with recommendation 6.a) of the Code of Good Governance for Listed Companies.

I – ENTITY COVERED BY THIS REPORT

The General Shareholders' Meeting on 2 June 2020 resolved, at the request of the Board of Directors and following a proposal from the Audit and Control Committee, to appoint ERNST&YOUNG S.L. (registered office at Calle Raimundo Fernández Villaverde 65, Madrid, TIN B78970506, and registered in the Madrid Companies Registry under volume 9,364 general, 8,130 of section 3 of the Companies Book, folio 68, page 87,690-1, entry 1) as statutory auditor of FCC and its consolidated group for business years 2021, 2022 and 2023.

It is noted for the record that the current partner and person responsible for the audit of the FCC Group's consolidated financial statements is Fernando González Cuervo, and 2022 will be his second year as the FCC Group auditor, thus complying with the mandatory rotation of the auditor signing the auditor's report.

II – INSTANCES OF INCOMPATIBILITY RESULTING IN A LACK OF INDEPENDENCE

Article 16 of the Spanish Auditing Act (Law 22/2015 of 20 July) specifies circumstances in which the statutory auditor would be insufficiently independent in the performance of his or her duties. These circumstances are:

a) Circumstances arising from personal situations:

- 1) Holding office as a member of the administrative body, an executive officer or an agent with a general power of attorney of the audited entity, or exercising positions of employment in the audited entity. This circumstance shall also apply to the head of the economic and financial area and whoever performs supervisory or internal control functions in the audited entity, regardless of their relationship with the audited entity.
- 2) Having a direct material interest in the audited entity arising from a contract or ownership of an asset or right. In any case, such an interest shall be deemed to exist in the case of ownership of financial instruments of the audited entity or of an entity related to the audited entity when, in the latter case, they are material to either party. For the purposes of this paragraph, interests held indirectly through diversified collective investment undertakings are excluded.
- 3) Entering into any type of transaction relating to financial instruments issued, guaranteed or otherwise supported by the audited entity.

For the purposes of this paragraph, financial instruments held indirectly through diversified collective investment undertakings are excluded.

4) Soliciting or accepting gifts or favours from the audited entity, unless their value is insignificant or inconsequential.

b) Circumstances arising from services rendered:

1) The provision to the audited entity of accounting services or the preparation of accounting records or financial statements.

2) The provision to the audited entity of appraisal services, unless the following requirements are met:

i. They must, individually or as a whole, have either no direct effect or a materially insignificant effect on the audited financial statements;

ii. The estimated effect on the audited financial statements is fully documented in the working papers relating to the audit work.

3) The provision to the audited entity of internal audit services, unless the audited entity's management body is responsible for the overall system of internal control, determining the scope, risk and regularity of internal audit procedures, and considering and implementing the findings and recommendations provided by internal audit.

4) The provision to the audited entity of legal services simultaneously, unless such services are provided by separate legal entities with separate boards of directors, and may not relate to the resolution of litigation on matters that could have a material effect, measured in terms of materiality, on the financial statements for the period or year under audit.

5) The provision to the audited entity of services for designing and implementing internal control or risk management procedures related to the preparation or control of financial reporting, or designing or implementing computerised financial reporting systems used to generate the data comprising the audited entity's financial statements, unless the audited entity assumes responsibility for the overall internal control system or the service is provided according to specifications established by that entity, which should also assume responsibility for the design, implementation, evaluation and operation of the system.

III – ANALYSIS OF STATUTORY AUDITOR INDEPENDENCE

While none of the cases of incompatibility set out in the Spanish Auditing Act have arisen, the Audit and Compliance Committee has also analysed other aspects to determine the independence of the company's auditors.

Firstly, the appointment of the statutory auditor satisfied the requirements of article 264 of the Corporate Enterprises Act and article 22 of the Auditing Act, having been appointed for an initial period of three years.

Secondly, the Audit and Control Committee meets regularly with the auditors to ensure the effectiveness of their review and to analyse possible situations that could pose a risk to their independence. In this regard, the external auditor has procedures in place to identify and assess threats that may be causes of incompatibility, together with the necessary safeguards. At these meetings, the auditor has not reported any circumstances that could have put its independence at risk.

Thirdly, the Audit and Control Committee has received the auditor's declaration of independence together with detailed and individualised information on the additional services provided by the auditor, in accordance with pertinent legislation currently in force.

At the consolidated level of the FCC Group, fees for audit and related services of Group entities accrued by ERNST&YOUNG amounted to €4,213 thousand, and there were no fees billed during the year for other professional services.

In 2017, as part of its work to ensure the independence of the external auditor, the Audit and Control Committee approved a procedure for the prior approval of non-audit services provided by the auditor or the auditor's professional network. In this task, the Audit and Control Committee is supported by the Internal Audit Division in the delegated approval of services other than prohibited services that do not represent a potential cause of incompatibility. This delegated approval is subsequently ratified by the Audit and Control Committee.

IV – CONCLUSIONS

Accordingly, there are no objective reasons to question the independence of the statutory auditor. And in particular:

- None of the cases of incompatibility are met, pursuant to the Spanish Auditing Act.
- Prior to the issuance of the audit report, the statutory auditor's declaration of independence from FCC was received.

23 February 2023