



## FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.

*(incorporated with limited liability under  
the laws of the Kingdom of Spain)*

### EUR600,000,000 5.250 per cent. Senior Notes due 30 October 2029

The issue price of the EUR600,000,000 5.250 per cent. Senior Notes due 30 October 2029 (the **Notes**) of FCC Servicios Medio Ambiente Holding, S.A.U. (the **Issuer**) is 100 per cent. of their principal amount.

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 30 October 2029. The Notes are subject to early redemption at the option of the Issuer in whole (but not in part) (i) at any time in the event of certain changes affecting taxation in the Kingdom of Spain at their principal amount plus accrued interest, (ii) any time prior to 30 July 2029 at their principal amount, or if higher, an amount calculated by reference to the yield on the Reference Bond plus a margin of 0.50 per cent., plus accrued interest, and (iii) at any time on or after 30 July 2029 at their principal amount plus accrued interest, in each case as more fully described in “*Terms and Conditions of the Notes—Redemption at the option of the Issuer*”. The Notes must be redeemed in whole at their principal amount in certain circumstance following a change of control in the Issuer (see “*Terms and Conditions of the Notes—Redemption and Purchase—Mandatory Redemption on Change of Control*”).

The Notes will bear interest from (and including) 30 October 2023 at the rate of 5.250 per cent. per annum payable annually in arrear on 30 October each year commencing on 30 October 2024. Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Kingdom of Spain to the extent described under “*Terms and Conditions of the Notes—Taxation*”.

This Offering Circular does not comprise a Prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129 as amended.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for the Notes to be admitted to the official list of Euronext Dublin (the **Official List**) and to trading on the Global Exchange Market of Euronext Dublin. This Offering Circular constitutes listing particulars for the purpose of such application and has been approved by Euronext Dublin.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the **Securities Act**) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers (as defined in “*Subscription and Sale*”) in accordance with Regulation S under the Securities Act (**Regulation S**), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of EUR100,000 each and integral multiples of EUR1,000. The Notes will initially be in the form of a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or around 30 October 2023 (the **Issue Date**) with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the **Permanent Global Note**, and together with the Temporary Global Note, the **Global Notes**), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. Each Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR100,000 each and with interest coupons attached. See “*Summary of Provisions Relating to the Notes in Global Form*”.

The Notes are expected to be rated BBB by Fitch Ratings Ireland Limited (**Fitch**).

Fitch is established in the European Economic Area (**EEA**) and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the **EU CRA Regulation**). As such, Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation>) in accordance with the EU CRA regulation. The rating Fitch has given to the Notes is endorsed by Fitch Ratings Ltd, which is established in the UK and registered under Regulation (EU) No. 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation.

Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

Copies of this Offering Circular and the documents incorporated by reference will be published on the website of the Issuer (<https://www.fccma.com>).

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

*Investing in the Notes involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are disclosed under "Risk Factors" below.*

**GLOBAL COORDINATOR**  
CaixaBank, S.A.

**GREEN STRUCTURING AGENTS**

**BBVA**

**CaixaBank, S.A.**

**BBVA**  
**HSBC**

**JOINT BOOKRUNNERS**  
CaixaBank, S.A.  
Santander Corporate &  
Investment Banking

**Crédit Agricole CIB**  
**Société Générale Corporate & Investment**  
**Banking**

**Banco Sabadell**

**CO-LEAD MANAGERS**

**Norbolsa**

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

This Offering Circular is to be read and construed together with any documents incorporated by reference herein (see “*Documents Incorporated by Reference*” below).

Certain information in this Offering Circular has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer does not accept any responsibility for the accuracy of such information, nor has the Issuer independently verified any such information. The Issuer confirms that this information has been accurately reproduced, and so far as the Issuer is aware and is able to ascertain from information available from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Further, certain information in this Offering Circular, including market, industry or similar data, is based upon estimates by the Issuer's management, using such independent sources where available. While the Issuer believes that such estimates are reasonable and reliable, in certain cases such estimates cannot be verified by information from independent sources.

The Issuer has confirmed to the Managers named under “*Subscription and Sale*” below (the **Managers**) that this Offering Circular contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Offering Circular on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers.

Neither the Fiscal Agent nor any of the Managers nor any of their respective affiliates have authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change in the prospects of the Issuer, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers to subscribe for or purchase, any of the Notes. The distribution of this Offering Circular and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Managers and the Fiscal Agent to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see “*Subscription and Sale*” below.

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to or for the account of or the benefit of U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the

Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdictions.

In this Offering Circular, unless otherwise specified, references to a **Member State** are references to a Member State of the European Economic Area, references to **EUR** or **euro** are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## **Important Considerations**

### ***Use of Proceeds / Eligible Green Projects***

As described in “*Use of Proceeds*” below, the Issuer's intention is to apply the net proceeds of the issue of the Notes specifically for investment in Eligible Green Projects (as defined in “*Use of Proceeds*” below). Prospective investors should have regard to the information in “*Use of Proceeds*” regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary.

### ***Considerations as to the social, environmental and sustainability assessment of the Notes***

None of the Issuer, and its subsidiaries from time to time (together with the Issuer, the **FCC Servicios Medio Ambiente Group**) nor the Managers accepts any responsibility for any social, environmental and sustainability assessment of the Notes or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such “green”, “sustainable”, “social” or similar labels. The Notes may not satisfy an investor's requirements or any future legal, quasi-legal, industry standards or other standards for investment in assets with sustainability characteristics. Investors should conduct their own assessment of the Notes from a sustainability perspective.

The Notes are green bonds and none of the Managers is responsible for the use of proceeds of the Notes, nor the impact or monitoring of such use of proceeds. DNV GL Business Assurance España, S.L. (the **Second Party Opinion Provider**) has issued an independent opinion, dated 27 July 2023 (the **Second Party Opinion**), on the Issuer's green financing framework dated July 2023 (the **Issuer's Green Financing Framework**). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Offering Circular. The Second Party Opinion is a statement of opinion, not a statement of fact. The Second Party Opinion is not, nor should be deemed to be, a recommendation by the Managers or any other person to buy, sell or hold any Notes. No representation or assurance is given by the Managers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with an issue of the Notes, nor is any such opinion or certification a recommendation by any Manager to buy, sell or hold any Notes.

The Second Party Opinion Provider and providers of similar opinions, certifications and validations are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, any member of the

FCC Servicios Medio Ambiente Group, the Managers, the Second Party Opinion Provider or any other person to buy, sell or hold the Notes. Noteholders have no recourse against the Issuer, any of the Managers or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, certification or validation and/or the information contained therein and/or the provider of such opinion, certification or validation for the purpose of any investment in the Notes. Any withdrawal of any such opinion or certification or any such opinion, certification attesting that the Issuer or any member of the FCC Servicios Medio Ambiente Group is not complying in whole or in part with any matters for which such opinion, certification or validation is opining on or certifying on may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated “green”, “sustainable”, “social” or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Managers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

Prospective investors in the Notes should have regard to the information set out herein and must determine for themselves the relevance of such information for the purpose of any investment in the Notes, together with any other investigation such investor deems necessary.

### ***Suitability of investment in the Notes***

Each potential investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of the relevant financial markets and of any financial variable which might have an impact on the return on the Notes; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular.

Each potential investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A potential investor may not rely on the Issuer or the Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Words and expressions defined in the “*Terms and Conditions of the Notes*” below have the same meanings in this Offering Circular.

**In connection with the issue of the Notes, Société Générale (the Stabilising Manager) (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.**

**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients only, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the **EUWA**) (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** — Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a “**retail investor**” means

a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the **FSMA**) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the EUWA or have been implemented in UK domestic law, as appropriate.

**PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document (KID) required by Regulation (EU) No 1286/2014 on key information documents for packaged and retail and insurance-based investment products (as amended, the **EU PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

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## OVERVIEW

*This overview must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular have the same meanings in this overview.*

<b>The Issuer:</b>	FCC Servicios Medio Ambiente Holding, S.A.U.
<b>Issuer Legal Entity Identifier (LEI):</b>	959800JMZW3HYQVLKG81
<b>Global Coordinator:</b>	CaixaBank, S.A.
<b>Green Structuring Agents:</b>	Banco Bilbao Vizcaya Argentaria, S.A. and CaixaBank, S.A.
<b>Joint Bookrunners:</b>	CaixaBank, S.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe and Société Générale
<b>Co-Lead Managers:</b>	Banco de Sabadell, S.A. and Norbolsa S.V., S.A.
<b>Fiscal Agent and Paying Agent:</b>	The Bank of New York Mellon, London Branch
<b>The Notes:</b>	EUR600,000,000 5.250 per cent. Senior Notes due 30 October 2029
<b>Issue Price of the Notes:</b>	100 per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	Expected to be on or about 30 October 2023.
<b>Use of Proceeds:</b>	<p>An amount equal to the net proceeds from the issue of the Notes will be applied by the Issuer to finance or refinance, in whole or in part, the development, construction, installation, maintenance of new or existing projects, assets or activities that meet eligibility requirements set out in the Issuer’s Green Financing Framework (<b>Eligible Green Projects</b>).</p> <p>See “Use of Proceeds”.</p>
<b>Interest:</b>	The Notes will bear interest from (and including) 30 October 2023 at a rate of 5.250 per cent. per annum payable annually in arrear on 30 October in each year commencing 30 October 2024.
<b>Status of the Notes:</b>	The Notes will be direct, unconditional and unsubordinated obligations and (subject to the provisions of Condition 3.1 ( <i>Negative Pledge</i> )) unsecured obligations ( <i>créditos ordinarios</i> ) of the Issuer and will rank <i>pari passu</i> , without any preference among themselves, with all other

outstanding unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, present and future, save for such exceptions as may be provided by applicable legislation.

**Form and Denomination:**

The Notes will be issued in bearer form in the denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof.

The Notes will initially be in the form of a Temporary Global Note, to be deposited on or around 30 October 2023 with a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A., (**Clearstream, Luxembourg**). The Temporary Global Note will be exchangeable for a Permanent Global Note, which is exchangeable in whole, but not in part, for Definitive Notes, in limited circumstances.

The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.

**Negative Pledge:**

The Notes have the benefit of a negative pledge described in Condition 3.1 (*Negative Pledge*).

**Maturity Date of the Notes:**

30 October 2029

**Redemption at the Option of the Issuer:**

The Issuer may, having given not less than 15 and not more than 30 days' notice to the Noteholders redeem all, but not some only, of the Notes then outstanding on any Optional Redemption Date at the Relevant Early Redemption Price, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. The Relevant Early Redemption Price means in relation to any date fixed for redemption which falls in the period (i) up to and excluding 30 July 2029, the Make Whole Amount, and (ii) from and including 30 July 2029 to but excluding the Maturity Date, the principal amount of such Note, all as more fully described in Condition 5(d) (*Redemption and Purchase - Redemption at the Option of the Issuer*).

**Tax Redemption:**

Early redemption will be permitted for tax reasons as described in Condition 5(b) (*Redemption and Purchase - Redemption for tax reasons*).

**Mandatory Redemption on Change of Control:**

If a Change of Control occurs and, within the applicable Change of Control Event Period a Rating Downgrade or a Negative Rating Event occurs, then the Issuer will redeem, or at the option of the Issuer, purchase or procure the purchase of the Notes, in whole but not in part, at 100 per cent. of their outstanding principal amount together, if appropriate, with interest accrued to (but excluding) such date, as described in Condition 5(c) (*Redemption and Purchase – Mandatory Redemption on Change of Control*).

**Cross Default:** Customary cross default provisions will apply as described in Condition 8 (*Events of Default*).

**Covenants:** The Issuer has covenanted in favour of the Noteholders certain limitations on indebtedness, limitations on distributions, limitations on financings and guarantees to the Controlling Shareholder and its subsidiaries, the delivery of financial statements and limitations on its business, as further set out in Condition 3 (*Covenants*).

**Rating:** The Notes are expected to be rated BBB by Fitch.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

**Withholding Tax:** The payment of interest and other amounts in respect of the Notes will be made free of withholding taxes in the Kingdom of Spain, unless such taxes are required by law to be withheld. In such case the Issuer will pay (subject to customary exceptions) additional amounts as may be necessary in order that the net amounts receivable by the Noteholder after such deduction or withholding shall equal the respective amounts which would have been receivable by such Noteholder in the absence of such deduction or withholding.

**Governing Law:** The Notes (save for Condition 2 (*Status of the Notes*)), the Fiscal Agency Agreement (as defined below), the Subscription Agreement (as defined below), and any non-

contractual obligations arising out of or in connection with the abovementioned will be governed by English law.

Condition 2 (*Status of the Notes*) and any non-contractual obligations arising out of or in connection with it will be governed by Spanish law.

**Listing and Trading:**

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin.

**Clearing Systems:**

Euroclear and Clearstream, Luxembourg.

**Selling Restrictions:**

See "*Subscription and Sale*".

**Risk Factors:**

Investing in the Notes involves risks. See "*Risk Factors*".

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Offering Circular have the same meanings in this section.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Offering Circular and their personal circumstances.*

### **Risks Relating to Macroeconomic Conditions**

***The Issuer and its subsidiaries' business could be adversely affected by the deterioration of global or Spanish economic conditions and by the current geopolitical conflict between Russia and Ukraine.***

The business performance of the Issuer and its subsidiaries (the **FCC Servicios Medio Ambiente Group** or the **Group**) is closely linked to the economic cycle in the countries, regions and cities in which it operates. Normally, robust economic growth in those areas where it is located results in greater demand for its services, while slow economic growth or economic contraction adversely affects demand for its services. Even in the absence of a market downturn, the FCC Servicios Medio Ambiente Group is exposed to substantial risk stemming from volatility in areas such as consumer spending, business investment, government spending, capital markets conditions and price inflation, which affect the business and economic environment and, consequently, the size and profitability of its business. For example, regarding increased inflation, given the Group operates in labour intensive activities, increased costs arising from salary revisions indexed to the Consumer Price Index (**IPC**) might not be recovered through amounts invoiced to clients. Unfavourable economic conditions could lead to lower revenues, reduced investment in waste management facilities and reduced demand for the services provided by the FCC Servicios Medio Ambiente Group. Furthermore, any financial difficulties suffered by the FCC Servicios Medio Ambiente Group's subcontractors or suppliers could increase its costs or adversely affect its project schedules.

The FCC Servicios Medio Ambiente Group has operations in 11 countries worldwide and over 45% of its revenues are generated in international markets (mainly in the UK, Central Europe and the U.S.), and is exposed to both the economic and political risks of each of those countries. For instance, recent events in the banking sector have reinforced a tightening of financial conditions and heightened uncertainty in financial markets globally following the collapse of several U.S. regional banks as well as the forced sale of Credit Suisse to UBS in March 2023. Concerns about the stability of certain banks or the global financial system could lead to a worsening of credit conditions and negatively affect businesses and governments generally, including certain of the FCC Servicios Medio Ambiente Group's customers and suppliers. In addition, central banks may be forced to rethink their monetary policy responses to heightened inflation as a result of the adverse effect higher interest rates could have on banks' held-to-maturity assets. This, in turn, could lead to a more sustained inflationary cycle and have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, investor confidence may fall due to uncertainties arising from economic and political events in the different countries in which the Group operates, which may ultimately result in changes in laws, regulations and policies.

During 2022 and the first semester of 2023, the European Central Bank (the **ECB**) has tightened gradually its monetary policy in order to tackle the high inflation caused by, among other factors, the impact of the geopolitical tensions between the U.S. and China, which continue to affect economic growth and global supply chains. In addition, Russia's invasion of Ukraine in February 2022 has resulted in increased energy and commodity prices, exacerbating inflationary pressures in major economies. Downside risks to the global economy are clear – increases by central banks of interest rates following policies to contain inflationary pressures, inflationary pressures due to, among others, the trade sanctions which the United States and the EU imposed on Russia and Belarus in response to Russia's invasion of Ukraine and potential knock-on effects in the global economy. In addition, political uncertainty and instability risks have been on the rise across many developed economies with inward-looking policies and protectionism possibly leading to increased pressures for policy reversals or failure to implement needed reforms. Furthermore, other factors or events may affect global economic conditions, such as a negative market reaction to interest rate increases by the U.S. Federal Reserve and the ECB, heightened geopolitical tensions, war, acts of terrorism, natural disasters or other similar events outside the FCC Servicios Medio Ambiente Group's control. Any deterioration of the economies of the countries in which the Issuer operates could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

In addition, concerns about independence movements within the EU, such as the continuing Catalan independence movement in Catalonia, could cause significant market dislocations and lead to adverse economic and operational impacts that are inherently difficult to predict or evaluate. Any of these factors could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***FCC Servicios Medio Ambiente Group's business is subject to risks related to its international operations.***

As a result of its process of diversification, almost half of the FCC Servicios Medio Ambiente Group's operating revenue (45% of the revenue as of 31 December 2022) is generated outside of Spain, in countries such as the UK, Czech Republic, Austria, Slovakia, Poland, the United States or Hungary. The revenues of, market value of, and dividends payable by, subsidiaries within the FCC Servicios Medio Ambiente Group are exposed to risks inherent to the countries where they operate. The operations in some of the countries where the FCC Servicios Medio Ambiente Group is present are exposed to various risks related to investments and business, such as:

- fluctuations in local economic growth;
- changes in inflation rates;
- devaluation, depreciation or excessive valuation of local currencies;
- foreign exchange controls or restrictions on profit repatriation;
- changing interest rate environment;
- changes in financial, economic and tax policies;
- instances of fraud, bribery or corruption;
- changes in law and regulation;
- social conflicts; and
- political and macroeconomic instability.

The FCC Servicios Medio Ambiente Group is exposed to these risks in all of its foreign operations to some degree, and such exposure could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects. The FCC Servicios Medio Ambiente Group cannot be certain that it will not be subject to material adverse developments with respect to its international operations or that any insurance coverage it has will be adequate to compensate it for any losses arising from such risks.

## **Legal and Regulatory Risks**

***The industries in which the FCC Servicios Medio Ambiente Group operates are subject to extensive regulation that is subject to changes.***

In performing its business operations, the FCC Servicios Medio Ambiente Group must comply with various local, provincial, national, and international laws and regulations. Laws and regulations applicable to its business operations vary from jurisdiction to jurisdiction and even between municipalities and may be subject to changes that may be favourable or unfavourable. A change in the legal framework could lead to different or more restrictive regulations that could cause changes in the FCC Servicios Medio Ambiente Group's operating conditions and, in turn, may increase its capital expenditures (for example, requirements to modify the configuration of existing facilities) or its operating expenses (for example, through the implementation of additional inspection and monitoring procedures), affect its income statement and balance sheet, or otherwise hinder its development plans. New regulations, such as those applicable to waste collection services, could affect the FCC Servicios Medio Ambiente Group's profits.

An example of such a regulation which has caused the FCC Servicios Medio Ambiente Group to adapt its activities is the Landfill Tax in the UK and other Central and Eastern European countries that impose taxes on the type and volume of waste deposited in landfills in an effort to promote recycling, composting, and recovery of waste. In addition, in Spain, Law 7/2022, of 8 April, on waste and contaminated soils for a circular economy (*Ley 7/2022, de 8 de abril, de residuos y suelos contaminados para una economía circular*) includes a tax imposed on landfill, incineration, and co-incineration of waste, which came into force on 1 January 2023. The tax on landfill and waste incineration is an indirect tax on any waste generated that is destined for disposal via landfill, incineration or co-incineration. The tax becomes chargeable upon disposal at the landfill or upon incineration or co-incineration at the relevant facilities. The tax applies throughout Spain, is collected by the autonomous regions and replaces the existing regional taxes.

Another example of a risk to be considered affecting the activity developed by FCC Servicios Medio Ambiente Group is the introduction by the UK government of a new temporary Electricity Generator Levy (EGL) of 45% on the extraordinary revenues of low carbon electricity generators, in relation to energy generated from 1 January 2023 up to 31 March 2028. The EGL applies to corporate groups or standalone companies that (a) undertake electricity generation in the UK from nuclear and renewable (including biomass) sources or energy from waste, and (b) who are connected either to the UK national transmission network or to local distribution networks.

***The FCC Servicios Medio Ambiente Group is subject to environmental and hygiene regulations.***

In the countries where the FCC Servicios Medio Ambiente Group operates, there are local, regional, national and EU bodies which regulate its activities and establish applicable environmental health and safety regulations. The technical requirements imposed by environmental health and safety regulations are gradually becoming more costly, complex and stringent. The FCC Servicios Medio Ambiente Group has incurred, and will continue to incur, significant costs and other expenditures to comply with environmental, health and safety obligations and to manage its hygiene-related risks. In particular, these risks relate to waste processing, soil and ground water contamination, the quality of emissions to air and to water. The FCC Servicios Medio Ambiente Group may be unable to recover this expenditure through higher prices.

Legal requirements, including specific precautionary and preventive measures, may oblige the FCC Servicios Medio Ambiente Group to make investments and incur other expenses to ensure that the installations it operates are in compliance with applicable regulations. In cases where the FCC Servicios Medio Ambiente Group has no investment obligation, it may be required to notify clients of their obligation to undertake the necessary compliance work themselves. Failure by a client to meet these

obligations could be prejudicial to the FCC Servicios Medio Ambiente Group as an operator and could adversely affect its reputation and capacity for growth. Furthermore, regulatory bodies have the power to launch proceedings that could lead to the suspension or cancellation of permits or authorisations that the FCC Servicios Medio Ambiente Group holds, or to injunctions requiring it to suspend or cease certain activities. These measures may be accompanied by fines and civil or criminal sanctions that could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

In addition, environment or health and safety regulations may impose strict liability in the event of damage to natural resources or threats to public and the workforce safety and health. Strict liability may mean that the FCC Servicios Medio Ambiente Group is held liable for environmental or the workforce damage regardless of whether it has acted negligently, or that it owes fines whether or not effective damage exists or is proven, and the FCC Servicios Medio Ambiente Group could be held jointly and severally liable with other parties.

Moreover, FCC Servicios Medio Ambiente Group may become obligated to pay fines, repair damage or undertake improvement work even when FCC Servicios Medio Ambiente Group has conducted its activities with due care and in full compliance with operating permits. FCC Servicios Medio Ambiente Group could be held jointly and severally liable with other parties. The competent authorities may impose fines or sanctions or may revoke and refuse to grant authorisations and permits based on a breach of current regulations.

Some of FCC Servicios Medio Ambiente Group activities could cause human illness, injury or death, business interruption, or damage to property or the environment. The measures FCC Servicios Medio Ambiente Group undertakes to mitigate these risks, including contractual limitations on liability, prevention and protection measures, and insurance policies covering what it believes to be its key operational risks, may prove to be insufficient, resulting in significant costs. The entry into force of new laws, the discovery of previously unknown sources of pollution or health and safety damages, the imposition of new or more stringent requirements or a stricter application of existing regulations may increase the FCC Servicios Medio Ambiente Group's costs or impose new responsibilities, leading to lower earnings and liquidity available for its activities and could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Servicios Medio Ambiente Group could be held liable for environmental damage resulting from its operations and its insurance for environmental liability may not be sufficient to cover that damage.***

Significant liability could be imposed on the FCC Servicios Medio Ambiente Group for damages, clean-up costs or penalties in the event of certain discharges into the environment and/or environmental contamination and damage. The FCC Servicios Medio Ambiente Group's insurance for environmental liability may not be sufficient or may not apply to any particular exposure to which it may be subject resulting from the type of environmental damage in question. Any substantial liability for environmental damage could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Servicios Medio Ambiente Group's operations are subject to anti-bribery and anti-corruption laws and regulations that govern and affect where and how its business may be conducted.***

The FCC Servicios Medio Ambiente Group's activities are subject to a number of laws and regulations including the Spanish Criminal Code, as amended, which sets out the criminal liability of legal persons, and to other additional anti-corruption laws in other jurisdictions. The FCC Servicios Medio Ambiente Group has established a corporate compliance model to facilitate compliance with applicable laws and regulations and has provided training to its employees to facilitate compliance with such laws and



regulations. However, there can be no assurance that the FCC Servicios Medio Ambiente Group's policies and procedures will be followed at all times or that it could effectively detect and prevent all violations of the applicable laws and regulations and every instance of fraud, bribery and corruption in every jurisdiction in which one or more of its employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners is located. The FCC Servicios Medio Ambiente Group could be subject to penalties and reputational damage if its employees, consultants, agents, suppliers, or partners violate any anti-corruption or anti-bribery laws.

***The FCC Servicios Medio Ambiente Group is subject to litigation risks.***

The FCC Servicios Medio Ambiente Group is, and may in the future be, a party to judicial, arbitration and regulatory proceedings which arise in the ordinary course of business, including claims relating to defects in services rendered, employment-related claims, environmental claims and tax claims. Unfavourable outcomes in these proceedings could impose significant liabilities on the FCC Servicios Medio Ambiente Group, such as damages, clean-up costs or penalties in the event of spills, discharges or environmental contamination or interference in the conduct of the FCC Servicios Medio Ambiente Group's business. For a summary of certain legal proceedings relating to the FCC Servicios Medio Ambiente Group, see “*Description of the FCC Servicios Medio Ambiente Group – Legal Proceedings*”. An unfavourable outcome (including an out-of-court settlement) in one or more of such proceedings could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Risks Relating to the FCC Servicios Medio Ambiente Group's Business Activity and Industry***

***The FCC Servicios Medio Ambiente Group is highly dependent on customers in the public sector. Public authorities may be able to modify or terminate its contracts unilaterally before their completion or change agreed tariff rates.***

The FCC Servicios Medio Ambiente Group generates the majority of its revenue from contracts with public authorities. Depending on the jurisdiction and the specific circumstances, a public authority client may be able to unilaterally terminate its contract with the FCC Servicios Medio Ambiente Group activating different compensation mechanisms depending on the local regulation that may result in compensation. Even when compensation is received it may be insufficient to cover profit lost as a result of termination. In Spain, if the public authority that granted a concession to the FCC Servicios Medio Ambiente Group's core business segments terminates or takes over the concession, it typically must include, as part of the compensation payable to the FCC Servicios Medio Ambiente Group, the profits it would forego through the end of the concession's term. On most contracts, however, the FCC Servicios Medio Ambiente Group is typically entitled to recover only costs incurred or committed, settlement expenses and profit on work completed up to the date of termination. In Spain, the FCC Servicios Medio Ambiente Group's ability to recover profits lost depends upon whether the public authority terminated the contract for cause attributable to the FCC Servicios Medio Ambiente Group.

If the FCC Servicios Medio Ambiente Group is unable to replace contracts that have been terminated, it may suffer a decline in revenue. Furthermore, regardless of the nature and amount of compensation the FCC Servicios Medio Ambiente Group may be due under the relevant contract, it may need to resort to legal or arbitration procedures to collect any such compensation, increasing its cost of collections and delaying the receipt of the amounts due.

The FCC Servicios Medio Ambiente Group cannot be certain that a prospective investor that any measures it may take to redress contractual breaches by a public authority or to negotiate adequate compensation or modification of concession terms to restore the economic viability of the relevant contracts, would be successful. Unilateral terminations or amendments of contracts by public authorities could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Challenging economic conditions could lead to a reduction in public expenditures in areas such as concessions and infrastructure.***

Current economic conditions could lead to a sharp reduction in projects for the public sector. According to the Organisation for Economic Co-operation and Development (OECD), gross domestic product (GDP) growth in Spain is projected to slow to 2.1% in 2023 and 1.9% in 2024. According to the Spanish National Statistics Institute (INE), Spanish 12-month inflation rose to 10.2% in June 2022 from 8.7% in May 2022, the first time inflation in Spain surpassed 10% since April 1985, against the backdrop of significant increases in prices for energy and food. Economic instability and difficult economic conditions in Spain and elsewhere could result in a decline in tax revenue received by the FCC Servicios Medio Ambiente Group's public administration customers, which could lead to a reduction in public expenditures in areas including concessions, infrastructure and construction projects. Increasing costs for social security and certain other programs in some jurisdictions can exacerbate this effect. Spanish Public administration customers represented 85.63% of the FCC Servicios Medio Ambiente Group's revenue in Spain as of 31 December 2021 and 46.78% of the FCC Servicios Medio Ambiente Group's global revenue as of 31 December 2022.

In addition to general budgetary considerations, many of the FCC Servicios Medio Ambiente Group's customers, including public authorities, continually seek to achieve greater cost savings and improved efficiencies. These and other factors could therefore result in the FCC Servicios Medio Ambiente Group's customers reducing their budgets for spending on its products and services or reducing any government subsidies that may be available. A further decrease in the spending on development and execution of public sector projects by governments and local authorities could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Certain municipalities could decide to take over services that the FCC Servicios Medio Ambiente Group currently provides.***

Urban services are affected by the decisions of current or future local governments. In certain cases, such decisions could result in the municipalisation of those services once the term of the concession contracts has expired or even before the expiration of the term of the contract, depriving it of future business.

***The FCC Servicios Medio Ambiente Group's business, results of operations and financial condition may be adversely affected if it fails to obtain or renew, or if there are any material delays in obtaining, requisite government approvals for its projects.***

The FCC Servicios Medio Ambiente Group operates in jurisdictions where its activities may be regulated and subject to governmental approvals. In order to develop and complete a project, the developer may need to obtain permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the project process. The process for obtaining these approvals is often lengthy and complex. The FCC Servicios Medio Ambiente Group cannot be certain that it will be able to obtain necessary governmental approvals or fulfil the conditions required for obtaining such approvals, or adapt to new laws, regulations or policies that may come into effect from time to time. If the FCC Servicios Medio Ambiente Group is unable to obtain the relevant approvals or fulfil the conditions of such approvals for a significant number of its projects, its projects could be delayed, its reputation with customers could suffer and its ability to generate revenue could be compromised.

***The FCC Servicios Medio Ambiente Group's design and construction activities expose it to risk.***

In the FCC Servicios Medio Ambiente Group's business, it executes turnkey design build contracts remunerated on a fixed price basis. Whether a turnkey contract is revisable can vary by jurisdiction. For

example, pricing terms in international turnkey contracts can be difficult to revise. On the other hand, historically, it has generally been possible to revise such terms in Spanish turnkey contracts, although in recent periods, there has been increasing resistance to revisable pricing terms. In many cases, the FCC Servicios Medio Ambiente Group earnings are conditioned on meeting performance objectives and failure to meet these objectives triggers contractual penalties.

Contracts of this nature expose the FCC Servicios Medio Ambiente Group to technical, operational and economic risks. The FCC Servicios Medio Ambiente Group cannot be certain that any contractual measures it may take to mitigate these risks will be effective. The FCC Servicios Medio Ambiente Group may, moreover, encounter difficulties over which it has no control. These difficulties may relate, for example, to the complexity of certain infrastructure, climate or economic risks or construction contingencies, the purchasing and ordering of equipment and supplies of commodities, or changes in performance schedules.

In some cases, the FCC Servicios Medio Ambiente Group is required to integrate into its project planning existing information or studies provided by the customer. This information may prove inaccurate or inconsistent. The FCC Servicios Medio Ambiente Group may also be required to use existing infrastructure with poorly adapted operating characteristics. These difficulties and hazards may result in non-compliance with contractual performance indicators, additional expense, lost revenue or contractual penalties.

***The FCC Servicios Medio Ambiente Group may be required to bear the costs of tendering for new contracts, contract renewals and/or extensions with no control over the selection process nor certainty of winning the tender.***

A substantial portion of the FCC Servicios Medio Ambiente Group's work is competitively tendered and it is difficult to predict whether it will be awarded new contracts due to multiple factors such as qualifications, experience, reputation, technology, customer relationships, financial strength, and ability to provide the relevant services in a timely, safe, and cost-efficient manner. Bidding costs associated with tendering for new contracts, extensions in the scope of work, or renewals of existing contracts can be significant and may not necessarily result in the award of a contract. Furthermore, preparation for bids occupies management and operating resources. If the FCC Servicios Medio Ambiente Group fails to win a particular tender, bidding costs are generally not recoverable.

***Any failure to meet project deadlines and budgets may have a material adverse effect on the business, financial condition and results of operations of the FCC Servicios Medio Ambiente Group.***

There are certain risks that are inherent to large-scale construction projects, such as shortages, and increased costs, of materials, machinery and labour. If any of the FCC Servicios Medio Ambiente Group's contractors and subcontractors fails to meet agreed deadlines and budgets, or if there are any interruptions arising from adverse weather conditions or unexpected technical or environmental difficulties, there may be resulting delays and excess construction costs. Contractor and subcontractor liability clauses, included in most standard construction agreements entered into with contractors and subcontractors, generally cover these situations, although they may not cover the total value of any resulting losses. In the event of construction delays, the FCC Servicios Medio Ambiente Group may receive revenues later than expected and could face penalties and even contractual termination. These eventualities could increase the FCC Servicios Medio Ambiente Group's expenses and reduce its income, particularly if it is unable to recover any such expenses from third parties under its concessions, which could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Servicios Medio Ambiente Group could engage in acquisitions and investments.***

The FCC Servicios Medio Ambiente Group may engage in acquisitions and investments of interests in other companies or business from time to time. There can be no assurance that the FCC Servicios Medio Ambiente Group will identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments, acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on the FCC Servicios Medio Ambiente Group's operating income, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from contractual conditions that are triggered by a change of control of an acquired company.

Any failure to successfully integrate such acquisitions or investments could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, prospects, financial condition and results of operations.

***The FCC Servicios Medio Ambiente Group carries out many of its activities under long-term contracts. Long-term contracts can hinder its ability to react rapidly and appropriately to new and financially unfavourable situations.***

The initial circumstances or conditions under which the FCC Servicios Medio Ambiente Group may enter into a contract may change over time, with possible adverse economic consequences. These changes vary in nature, and may or may not be readily foreseeable. The FCC Servicios Medio Ambiente Group cannot be certain that prospective investors that any contractual provisions, such as price-indexing clauses, that it may use to address such changes and restore the initial balance of the contract will be effective. Accordingly, the FCC Servicios Medio Ambiente Group may be unable to adapt its compensation to reflect changes in its costs or in demand, regardless of whether this compensation consists of a price paid by the customer or a fee levied on end users based on an agreed scale.

These constraints are exacerbated by the long-term nature of many of the FCC Servicios Medio Ambiente Group's contracts. In all cases, and most particularly with regard to public service management contracts, it is obligated to remain within the scope of the contract and ensure continuity of service. The FCC Servicios Medio Ambiente Group cannot unilaterally and suddenly terminate a business that it believes to be unprofitable, or change its features, except, under certain circumstances, in the event of obvious misconduct by the customer.

Additionally, Law 2/2015, of 30 March, regulating the de-indexation of the Spanish economy (*Ley 2/2015, de 30 de marzo, de desindexación de la economía Española*) (the **Spanish De-Indexing Law**), and Royal Decree 55/2017, of 3 February, which implements the Spanish De-Indexing Law, (the **RD 55/2017**), permit the update of prices in new public contracts only under certain contractual circumstances and require the prices to be updated according to a formula approved by the Council of Ministers or, in the latter's absence, by each contracting authority, linking the index to real costs of the specific activity instead of the Consumer Price Index (IPC).

Although a majority of the FCC Servicios Medio Ambiente Group's current public contracts already apply price updating systems (different from the Consumer Price Index) linking the price to the real cost of the activity, the Spanish De-Indexing Law and RD 55/2017 may have an impact on its future contracts. This legislation limits the cases in which contracts' prices may be updated; in those cases in which an update is admissible, the contracting authority must justify the need for the update and establish the price update formula in the particular public terms for tender of the relevant contract in accordance with the criteria set out in the Spanish De-Indexing Law and RD 55/2017. Where the Council of Ministers has approved a particular update formula for a specific type of contract, only that formula can be used. In both cases, the formula to update the contract price will apply during the whole life of the contract.

A change of circumstances or conditions under which the FCC Servicios Medio Ambiente Group may enter into a contract and an inability by it to adapt its compensation under such contract could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Decreases in waste collection would cause a decrease in the fees collected by the FCC Servicios Medio Ambiente Group.***

The fees in certain contracts for the FCC Servicios Medio Ambiente Group's waste collection services are calculated based upon the tonnage of waste collected. Accordingly, a reduction in waste collection would cause a decrease in its fees. The reduction of waste produced has been caused by reductions in consumption, particularly of its commercial customers, which are driven largely by general macroeconomic conditions. However, this decrease in volumes of waste collection may appear again in the future, which could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The landfill business in the UK has been and continues to be subject to a highly adverse market situation, which could deteriorate even further in the future and therefore negatively affect us.***

The main cause of the deterioration of the FCC Servicios Medio Ambiente Group landfill business in the UK has been the application of European legislation aimed at drastically reducing the waste deposited in landfills. The UK Parliament introduced and, subsequently, gradually increased the Landfill Tax. In addition, there is institutional support for alternative disposal methods including recycling, treatment, and disposal (mainly incineration) instead of using landfills.

If the circumstances which produced the situation described above worsen and produce a new decrease in business, there could be an additional adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Servicios Medio Ambiente Group uses significant volumes of energy in its business, exposing it to the risk of energy price fluctuations.***

In its business operations, the FCC Servicios Medio Ambiente Group consumes significant volumes of energy resources. The principal elements of the FCC Servicios Medio Ambiente Group's energy costs are electricity expenses, fuel expenses and the purchase of raw materials. Its results are thus significantly affected by movements in energy prices.

In a number of jurisdictions in which the FCC Servicios Medio Ambiente Group operates, energy prices have fluctuated significantly and may continue to do so significantly in the future. Fluctuations in energy prices are largely caused by market forces and other factors beyond its control such as Russia's invasion of Ukraine which resulted in increases in energy and commodity prices.

However, the FCC Servicios Medio Ambiente Group cannot be certain that the measures it adopts to mitigate the risk of energy price inflation, which include diversifying its fuel sources, using alternative fuel, using contractual provisions to pass on cost increases to customers and seeking to lock in favourable prices through long term supply contracts, will prove adequate to protect it from variations in energy costs. High energy prices over protracted periods could substantially increase the FCC Servicios Medio Ambiente Group's costs and decrease its margins to the extent it is unable to adjust its product prices to offset energy price increases.

***The FCC Servicios Medio Ambiente Group's ability to make payments on some of its obligations is connected to its clients' ability to pay it.***

The FCC Servicios Medio Ambiente Group's liquidity risk is significantly attributable to its trade receivables and hence, correlates with its exposure to customer credit risk. The receivables most relevant to its ability to generate sufficient revenue to make outgoing payments comprise mainly payments from public authorities. The risk related to public authorities is primarily that of late payments, which can strain the FCC Servicios Medio Ambiente Group's liquidity. As of 31 December 2022, the FCC Servicios Medio Ambiente Group had over EUR238.5 million in past due trade receivables from public authorities in Spain. Should the Spanish economy enter into a new decline, a lengthening payment cycle from public authorities could be one adverse consequence.

***The FCC Servicios Medio Ambiente Group relies on technology to operate its business and maintain its competitiveness. If it fails to adapt to technological developments or industry trends, its business could suffer.***

In conducting its business, the FCC Servicios Medio Ambiente Group depends on sophisticated information and other technologies, including, among others, systems for communications, procurement and contract administration. In particular, in certain activities or in connection with specific projects, the FCC Servicios Medio Ambiente Group may rely on customised software or other technologies for which it could be difficult or impossible to identify an alternative supplier. As operations grow in size and scope, the FCC Servicios Medio Ambiente Group will need to continuously improve, upgrade and integrate its businesses, systems and infrastructure. Its future success will depend on its ability to adapt its services and infrastructure to rapidly evolving consumer trends and technological demands. The FCC Servicios Medio Ambiente Group's historical success in developing its technological platforms provides no guarantee that it will continue to be successful. If the FCC Servicios Medio Ambiente Group is unable to continue to develop the technologies it needs to compete for and execute projects, it may lose market share and revenue to existing competitors or new market entrants better able to implement the necessary technologies.

Competition in the FCC Servicios Medio Ambiente Group's industries is intense and the relevant technologies advance at a rapid pace. To succeed, the FCC Servicios Medio Ambiente Group must continuously develop and improve its technological platforms. If it fails to do so, any competitive advantage that its technology had created would likely diminish over the short to medium term, leaving the FCC Servicios Medio Ambiente Group vulnerable to competitors that succeed in advancing and improving their technical platforms. Furthermore, even if the FCC Servicios Medio Ambiente Group develops technologies superior to those of its competitors, it cannot be certain that it will be able to maintain its competitive advantage.

The FCC Servicios Medio Ambiente Group is also exposed to the risk that disruptive technologies are developed, that could dramatically alter its industry. If the FCC Servicios Medio Ambiente Group is unable to adopt such new technologies or adapt its existing technologies to compete against them effectively, it could become difficult or impossible to maintain or improve its position in its markets of operation.

***The FCC Servicios Medio Ambiente Group operates in highly competitive industries.***

The FCC Servicios Medio Ambiente Group competes against various groups and companies that may have more experience, resources or local awareness than it does. Furthermore, these groups and companies may have greater resources than the FCC Servicios Medio Ambiente Group, whether material, technical or financial, or may demand lower returns on investment and be able to present better technical or economic bids compared to it.

The FCC Servicios Medio Ambiente Group competes in Spanish and international markets in urban municipal waste collection and cleaning services and large construction projects involving complex design. Competition in these markets is based primarily on price, technical expertise, timely delivery of services and local presence. Accordingly, the FCC Servicios Medio Ambiente Group is exposed to the

risk that in public tenders related to the FCC Servicios Medio Ambiente Group's business segments, its competitors may present prices which are unrealistically low, both technically and economically, such that it is not viable for it to compete in certain circumstances.

Given this high level of competition, the FCC Servicios Medio Ambiente Group may be unable to secure contracts, either directly or through its investee companies, for new projects in the geographical areas in which it operates. If the FCC Servicios Medio Ambiente Group is unable to obtain contracts for new projects in order to sustain a backlog in line with its current levels, or if these projects are only awarded under less favourable terms, its business, financial condition, results of operations and prospects could be adversely affected.

***Business partnerships that the FCC Servicios Medio Ambiente Group enters into can expose it to risk.***

The FCC Servicios Medio Ambiente Group may be required to conduct some of its business activities through partnerships, joint ventures or consortia or other similar arrangements with public authorities or private companies. Such business partnerships may be required by the terms of the tender. The participants in these partnerships share the operational, economic, and financial risks associated with certain large projects or activities. In some of these business partnerships, the FCC Servicios Medio Ambiente Group must accept a partial loss of control. The FCC Servicios Medio Ambiente Group seeks to manage this reduced control contractually. However, adverse developments in the project or activity, in the underlying economic or political situation, or in partners' economic position, could lead to conflict. These situations can harm the performance of a partnership and, in some cases, lead to its termination. Additionally, if its partner becomes insolvent or its financial capabilities are otherwise significantly strained or limited, then the FCC Servicios Medio Ambiente Group may be liable for payments of the partnership or of its partner under any related obligations or guarantees and be unable to seek appropriate compensation from its partners.

***The FCC Servicios Medio Ambiente Group's backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.***

As of 31 December 2022, the FCC Servicios Medio Ambiente Group total backlog was EUR13,255.5 million.

The FCC Servicios Medio Ambiente Group calculates backlog as of any given date as the aggregate of contractual values, less amounts under those contracts that it has recognised as revenue.

Unforeseen events or circumstances can adversely affect the amount and timing of future revenue generated by the projects for which the FCC Servicios Medio Ambiente Group record backlog. These events and circumstances can include:

- cancellation of projects;
- scaling down or other amendments to the terms of projects;
- increased time requirements to complete work;
- work disruptions; and
- customer termination of a contract if its performance is inadequate.

Moreover, the FCC Servicios Medio Ambiente Group cannot predict the impact of future economic conditions on its backlog. Adverse economic conditions can limit its ability to replace backlog once projects are completed or can result in the termination, modification or suspension of projects currently included in its backlog.

The FCC Servicios Medio Ambiente Group cannot guarantee that its backlog will generate the expected revenues or cash flows or will generate them during the expected financial periods. Accordingly,

investors should exercise caution in analysing the FCC Servicios Medio Ambiente Group's backlog, and should not regard backlog as a forecast of future revenue.

***The FCC Servicios Medio Ambiente Group's failure to accurately estimate risks, the availability and cost of resources and time when bidding on projects, particularly fixed fee projects, could adversely affect its profitability.***

Under fixed fee contracts, the FCC Servicios Medio Ambiente Group realises a profit only if it can successfully estimate its costs and prevent cost overruns on contracts. Cost overruns can result in lower profits or operating losses on projects. Factors such as the availability and cost of materials, equipment and labour, wage inflation, unexpected project modifications, local weather conditions, unanticipated technical or geological problems including issues with regard to design or engineering of projects, changes in local laws or delays in regulatory approvals and the cost of capital maintenance or replacement of assets are highly variable, and the FCC Servicios Medio Ambiente Group's actual costs in remedying or addressing them may deviate substantially from originally estimated amounts and may therefore result in a lower profit or the incurrence in operating losses.

The identification of key risks, the estimation of costs and the establishment of appropriate deadlines in relation to such contracts are an inherent part of the FCC Servicios Medio Ambiente Group's business. However, the FCC Servicios Medio Ambiente Group's estimates can be particularly difficult to make and may turn out to be inaccurate, particularly with respect to long-term and complex projects. If the FCC Servicios Medio Ambiente Group fails to identify key risks or effectively estimate costs for projects where it is exposed to the risk of cost overruns, there may be a material adverse effect on its business, financial condition, results of operations and prospects.

***Risks related to information technologies and information system security.***

Information systems are indispensable tools for carrying out operational activities and managing the functional departments of the FCC Servicios Medio Ambiente Group. The unavailability of the information systems due to accidents or malicious acts could have negative consequences on the quality and even continuity of services delivered internally and the availability, integrity and confidential nature of the FCC Servicios Medio Ambiente Group's data and could have an impact on its counterparties, including its customers, which, in turn, could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***Natural disasters, accidents, service interruptions or systems failures, as well as other disruptive events could adversely affect profitability.***

The FCC Servicios Medio Ambiente Group controls and operates waste facilities and maintains the associated assets with the objective of providing a continuous service. In exceptional circumstances, electricity, gas or water shortages, or the failure of an asset, an element of a facility or supporting plant and equipment, could result in the interruption of service provision or catastrophic damage resulting in loss of life, environmental damage and economic and social disruption. Accidents may occur at the FCC Servicios Medio Ambiente Group's plants, which may severely disrupt the operations of the FCC Servicios Medio Ambiente Group and lead to delays in the completion of projects and such delays could result in a loss of income, as well as potential claims for compensation and termination of contracts by clients. Moreover, significant damage or other impediments to the facilities managed could result from (i) natural disasters; (ii) climate change effects, such as temperature rises or an increase in extreme weather events, (iii) human-errors in operating the facilities and supply systems; and (iv) industrial strikes. Any of these factors could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Servicios Medio Ambiente Group is dependent on the continued availability, effective management and performance of subcontractors and other service providers.***



In the ordinary course of the FCC Servicios Medio Ambiente Group's operations, it relies on subcontractors to provide certain services. As a result, the FCC Servicios Medio Ambiente Group's business, results of operations, financial condition and prospects could be adversely affected if it is not able to locate, select, monitor and manage its subcontractors and service providers effectively. Additionally, subcontractors to whom the FCC Servicios Medio Ambiente Group has awarded work may become insolvent, requiring it to select a new subcontractor at the risk of delays and/or at higher cost. If the FCC Servicios Medio Ambiente Group is not able to locate, select, monitor and manage subcontractors and service providers effectively, its ability to complete contracts on schedule and within forecasted costs to the requisite levels of quality could be adversely impacted and there may be a material adverse effect on its business, results of operations, financial condition and prospects.

***The loss of key members of the FCC Servicios Medio Ambiente Group's management and technical team could have a material adverse effect on its business, results of operations and financial condition.***

The FCC Servicios Medio Ambiente Group relies on certain key personnel. If, in the future, the FCC Servicios Medio Ambiente Group is unable to attract and retain sufficiently qualified management and technical staff, its business development could be limited or delayed. In addition, if the FCC Servicios Medio Ambiente Group were to lose key members of its senior management or technical staff and could not find a suitable replacement in a timely manner, its business, financial condition, results of operations and prospects could be adversely affected.

***Risk management policies, procedures and methods may leave the FCC Servicios Medio Ambiente Group exposed to unidentified or unanticipated risks.***

The FCC Servicios Medio Ambiente Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the FCC Servicios Medio Ambiente Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that the FCC Servicios Medio Ambiente Group fails to identify or anticipate.

Any failure to adequately identify or anticipate risks could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Servicios Medio Ambiente Group's insurance cover may not be adequate or sufficient.***

The FCC Servicios Medio Ambiente Group benefits from insurance cover to protect against key insurable risks. The insurance policy may not be adequate to cover lost income, reinstatement costs, increased expenses or other liabilities. Moreover, there can be no assurance that if insurance cover is cancelled or not renewed, replacement cover will be available on commercially reasonable terms or at all.

The FCC Servicios Medio Ambiente Group may not have, or may cease to have, insurance cover if the loss is not covered under, or is excluded from, an insurance policy including by virtue of exhaustion of applicable cover limits or a policy operating as an excess policy or if the relevant insurer successfully avails itself of defences available to it, such as breach of disclosure duties, breach of policy condition or misrepresentation.

If insurance cover is not available or proves more expensive than in the past, the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects could be materially adversely affected.

***Difficulties in obtaining the necessary land rights could delay certain of the FCC Servicios Medio Ambiente Group's concession projects or lead to increased development costs.***

In order to develop the infrastructure assets for the concessions in which the FCC Servicios Medio Ambiente Group has an interest, it must obtain the necessary land rights to carry out such development. The FCC Servicios Medio Ambiente Group may seek to obtain such land rights through market transactions, though it often relies on governmental authority to expropriate the land on which the relevant infrastructure asset is to be constructed. The FCC Servicios Medio Ambiente Group may be adversely affected by changes in laws governing land transfer and land expropriation or be exposed to the risk of compulsory purchase cost overruns. It may also incur delays in connection with the transfer of the necessary land rights or with the land expropriation process. In addition, the FCC Servicios Medio Ambiente Group may in the future be subject to legal claims in connection with carrying out land expropriation orders. Delays or increases in costs for obtaining the necessary land rights could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The public may react negatively to waste treatment and industrial waste management facilities.***

The FCC Servicios Medio Ambiente Group's business may face adverse public opinion to its waste treatment and industrial waste management facilities near inhabited areas, the expansion of such existing facilities or the construction of new facilities in this business unit. In response to public pressure, governments may restrict the current activities of the FCC Servicios Medio Ambiente Group or its plans for future expansion, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

## **Financial Risks**

***The FCC Servicios Medio Ambiente Group is subject to liquidity risk.***

The FCC Servicios Medio Ambiente Group conducts its operations in sectors, such as concessions, engineering and construction that require a high level of financing and must be able to secure significant levels of financing to be able to continue its operations. To date, it has been able to secure adequate financing on acceptable terms, although it cannot be certain that prospective investors that it will be able to continue to secure financing on adequate terms, or at all, in the future especially taking into account recent trends towards higher interest rates. Also, in addition to seeking new funding, the FCC Servicios Medio Ambiente Group may seek to refinance a portion of its existing debt through bank loans and debt offerings which may be harder due to the higher interest rates.

The FCC Servicios Medio Ambiente Group's ability to secure financing or refinance depends on several factors, many of which are beyond its control, including general economic conditions, the availability of funds from financial institutions and monetary policy in the markets in which it operates (as well as the current tightening of the central banks' monetary policy to control inflation). Exposure to adverse effects in the debt or capital markets may hinder or prevent the raising of adequate finance for the FCC Servicios Medio Ambiente Group's activities. The FCC Servicios Medio Ambiente Group cannot be certain that prospective investors will be able to secure new financing or renew its credit facilities on economically attractive terms or at all. An inability to secure new financing or renew these facilities on acceptable terms could adversely affect the FCC Servicios Medio Ambiente Group's liquidity and its ability to fund its working capital needs. At the same time the FCC Servicios Medio Ambiente Group cannot be certain it will be able to maintain its current working capital structure as a result of modifications on payment and collection average periods due to legal regulation or market conditions.

In the context of the financings obtained by the FCC Servicios Medio Ambiente Group's entities, it has granted security in favour of its creditors. This security includes, in line with market practice, pledges

over shares and certain assets of certain entities of the FCC Servicios Medio Ambiente Group. If the FCC Servicios Medio Ambiente Group were to fail to satisfy any of its debt service obligations or to breach any related financial or operating covenants, the holders of such debt could foreclose on any assets pledged as collateral, including the shares of entities of the FCC Servicios Medio Ambiente Group. If this were the case, the FCC Servicios Medio Ambiente Group would lose access to the business lines carried out through the foreclosed entities as well as to the assets owned by such entities.

***The FCC Servicios Medio Ambiente Group is required to provide customers with performance bonds or similar guarantees.***

In the FCC Servicios Medio Ambiente Group's project-related businesses, it is typically required to provide clients with performance bonds or similar instruments intended to guarantee its timely performance of contractual obligations to the defined specifications. If the FCC Servicios Medio Ambiente Group cannot obtain guarantees from financial institutions on reasonable terms that are acceptable to its clients, it could be prevented from bidding for or participating in a project, or it could be required to incur significantly higher financing costs to obtain the needed guarantees. An inability to secure such guarantees could adversely affect the FCC Servicios Medio Ambiente Group's liquidity and its ability to fund its working capital needs.

***The FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects could be adversely affected if it does not effectively manage its exposure to interest rate and foreign exchange risks.***

Certain of the FCC Servicios Medio Ambiente Group's indebtedness and loans to public entities bears interest at variable rates, generally linked to market benchmarks such as EURIBOR, the Secured Overnight Financing Rate (SOFR) and the Sterling Overnight Interbank Average Rate (SONIA). Any increase in interest rates would increase its finance costs relating to variable rate indebtedness and increase the costs of refinancing existing indebtedness and of issuing new debt. Any decrease in interest rates would decrease the amount of interest payable to FCC Servicios Medio Ambiente Group on variable rate loans made to public entities and may result in basis risk as such interest is paid to FCC Servicios Medio Ambiente Group through the rates in the concession agreements entered into with such public entities. This interest rate fluctuation risk is particularly important in the financing of waste facilities projects and other projects, which are heavily leveraged in their early stages and the performance of which depends on possible changes in the interest rate. The FCC Servicios Medio Ambiente Group enters into hedging arrangements to cover interest rate fluctuations on a portion of its debt. Any future hedging contracts entered into by the FCC Servicios Medio Ambiente Group may not adequately protect its operating results from the effects of interest rate fluctuations. The FCC Servicios Medio Ambiente Group is subject to the creditworthiness of, and in certain circumstances early termination of the hedging agreements by, hedge counterparties.

The FCC Servicios Medio Ambiente Group is also exposed to exchange rate risks. Although its functional and reporting currency is the euro, the FCC Servicios Medio Ambiente Group also holds some financial assets and liabilities denominated in currencies other than the euro. These currency differences give rise to the risk of losses resulting from fluctuations in the value of non-euro currencies as measured in euro. For example, the FCC Servicios Medio Ambiente Group could risk such losses if it holds debt denominated in foreign currency, invest in international markets outside the Eurozone, or receive payables in a foreign currency.

There can be no assurance that future interest rate or exchange rate fluctuations will not have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

***The FCC Servicios Medio Ambiente Group faces certain risks related to deferred tax assets.***

In principle, losses that the FCC Group incurs in previous years can be carried forward and used to offset future taxable profits. This deferred tax asset reflects the FCC Group's view of the amount of tax losses that it expects to be able to use, and the deferred tax asset that it expects to recover, in light of its business plan and expected taxable profits in the future. Considering that the FCC Servicios Medio Ambiente Group is part of the consolidated FCC tax group, a change in expectations about the ability to use tax deferred tax assets in the future (whether due to a change law that eliminates or limits the FCC Group's right to offset deferred tax assets or a change in its business plans or expected future profitability) could require the FCC Group to reassess the value of these assets, with a material negative effect on the FCC Servicios Medio Ambiente Group 's results of operations and balance sheet.

***The FCC Servicios Medio Ambiente Group's ability to effectively manage its credit risk exposure may affect its business, results of operations and financial condition.***

The FCC Servicios Medio Ambiente Group is exposed to the credit risk implied by default on the part of a counterparty (customer, provider, partner or financial entity), which could have a material adverse effect on the FCC Servicios Medio Ambiente Group's business, financial condition, results of operations and prospects.

Global economic developments have begun to improve, but the upturn remains fragile. According to the OECD, global GDP growth is projected to moderate from 3.3% in 2022 to 2.7% in 2023, before ending up to a still subdued 2.9% in 2024. The effects on the global economy of, among others, the increases in inflation rates, tighter monetary policy, Russia's invasion of Ukraine and the geopolitical tensions between the U.S. and China could lead to a risk of late payment in both the public and private sectors. In addition, the cost of government financing and the financing of other public entities has also increased due to financial stress in Europe, and this may represent an increased risk for the FCC Servicios Medio Ambiente Group's public sector clients.

Although the FCC Servicios Medio Ambiente Group actively manages this credit risk, its risk management strategies may not be successful in limiting its exposure to credit risk, which could adversely affect its business, results of operations and financial condition.

## **Risks Relating to the Notes**

***The Notes may not be a suitable investment for all investors.***

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments but as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular and any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including if euro (the currency for principal and interest payments on the Notes) is different from the potential investor's currency;

- (d) understand thoroughly the Conditions of the Notes and the provisions of the other Transaction Documents; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular.

***Modification may affect the Noteholders.***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Notes and Conditions may be amended without the consent of the Noteholders provided that such amendment is of a formal, minor or technical nature or is made to correct a manifest error. Any such modification shall be binding on all Noteholders and Couponholders.

**There can be no assurance that use of proceeds of the Notes to finance Eligible Green Projects will be suitable for the investment criteria of an investor.**

It is the Issuer's intention to apply an amount equal to the net proceeds from the issue of the Notes specifically for Eligible Green Projects (as defined under “*Use of Proceeds*“ below). Prospective investors should have regard to the information set out in this Offering Circular regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or any Manager that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. The Managers have not undertaken, nor are responsible for, any assessment of the criteria for Eligible Green Projects, any verification of whether the Eligible Green Projects meet any relevant criteria, or the monitoring of the use of proceeds of the Notes.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or “sustainable” or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as “green” or “sustainable” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. In June 2019, the EU Technical Expert Group on Sustainable Finance published a technical report on the classification system for sustainable economic activities later established by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the **EU Taxonomy**) (or classification system) for sustainable activities, which sets out the basis for a future taxonomy in legislation. Nevertheless, no assurance can be given that a clear market consensus as to what constitutes a “green” project will be reached. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such “green”, “sustainable” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other

impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes, including the Second Party Opinion (as defined under “*Use of Proceeds*” below), and in particular with any Eligible Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular.

Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any Manager, or any other person to buy, sell or hold any Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any Notes are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any Manager or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer or any Manager or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of the Notes for Eligible Green Projects in, or substantially in, the manner described under “*Use of Proceeds*“, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Eligible Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

***Legal investment considerations may restrict certain investments.***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Notes are appropriate legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) whether other restrictions apply to its purchase of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

***The value of the Notes may be adversely affected by movements in market interest rates.***

Investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes.

***The market price of the Notes may be volatile.***

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, prevailing interest rates, the market for similar securities as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's operating results, financial condition or prospects.

It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on the Noteholders, regardless of the Issuer's prospects and financial performance. As a result, there may not be an active trading market for the Notes. If no active trading market develops, Noteholders may not be able to resell their Notes at a fair value, if at all.

***The Notes' credit rating may not accurately reflect potential risks.***

The Notes are expected to be rated BBB by Fitch. The rating may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

In general, EU-regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended. As such, UK regulated investors are required to use (for UK regulatory purposes) ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of

ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to Fitch and rating is set out on the cover of this Offering Circular.

If the status of the rating agency rating the Notes changes, certain regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in such regulated investors selling the Notes, which may impact the value of the Notes and any secondary market.

***The Notes are subject to exchange rate risks and exchange controls risks.***

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. The Issuer has no control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been highly volatile and volatility between such currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. An appreciation in the value of the Investor's Currency relative to the euro would decrease the Investor's Currency-equivalent yield on the Notes, the Investor's Currency-equivalent value of the principal payable on the Notes and the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***A change in applicable law could adversely impact the Notes.***

The structure of the transaction and, among other things, the issue of, and Conditions of the Notes, and rating assigned to the Notes are based on law (including tax law) and administrative practice in effect at the date hereof and having due regard to the expected tax treatment of all relevant entities under such law and administrative practice. No assurance can be given as to the impact of any possible judicial decision or change to such law, tax or administrative practice after the date of this Offering Circular and as to whether any such change could materially adversely impact the value of the Notes.

***There is no active trading market for the Notes.***

There can be no assurance as to the liquidity of any market in the Notes, the ability to sell the Notes, or the prices at which the Notes may be able to be sold. The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes to be admitted to listing



on the Official List of Euronext Dublin and to trading on the General Exchange Market of Euronext Dublin, there is no assurance that such applications will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***Integral multiples of less than EUR100,000.***

The Notes are in denominations of EUR100,000 and integral multiples of EUR1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of EUR100,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than EUR100,000 will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations.

If definitive Notes are issued, investors should be aware that definitive Notes which have a denomination that is not an integral multiple of EUR100,000 may be illiquid and difficult to trade.

***The Notes may be redeemed prior to maturity.***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In addition the Conditions provide that the Issuer will be obliged to redeem the Notes in certain circumstance following a Change of Control Event and will have the option in certain other circumstance.

During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the period in which the Issuer has the right to elect to redeem the Notes or is likely to

become obliged to redeem the Notes due to the market's perception that the circumstances that would enable the exercise of such option have arisen or may arise. The Issuer may be expected to redeem the Notes when their cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Risks related to the Spanish withholding tax regime.***

The Issuer is required to provide certain information relating to the Notes to the Spanish tax authorities. The Issuer will withhold Spanish withholding tax from any payment in respect of any outstanding amount of the Notes as to which the required information has not been provided.

Article 44 of Royal Decree 1065/2007 sets out the reporting obligations applicable to debt instruments issued under Law 10/2014, such as the Notes.

According to the literal wording of Article 44.5 of Royal Decree 1065/2007, income derived from debt instruments to which Law 10/2014 applies originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another Organisation for Economic Cooperation and Development (OECD) country (such as Euroclear or Clearstream, Luxembourg), will be paid free of Spanish withholding tax **provided that** the Paying Agent appointed by the Issuer submits, in a timely manner, a statement to the Issuer, the form of which is attached as Exhibit 10, with the following information:

- (a) identification of the securities;
- (b) income payment date (or refund if the securities are issued at discount or are segregated);
- (c) total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated); and
- (d) total amount of the income corresponding to each clearing system located outside Spain.

The Paying Agent should provide the Issuer with the statement reflecting the relevant position at the close of business on the business day immediately prior to each interest payment date. In the event that on such date, an entity obliged to provide the declaration fails to do so, the Issuer or the Paying Agent on its behalf will make a withholding at the applicable rate on the total amount of the return on the relevant debt securities payable to their holders.

In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Noteholders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on interest payments in respect of the Notes if the Noteholders do not comply with such information procedures.

***Risks related to Spanish Insolvency Law.***

***Priority in case of insolvency proceedings; subordination risk.***

Upon the insolvency declaration of the Issuer, the Issuer's obligations under the Notes shall rank as ordinary claims (in respect of the outstanding principal amounts) and subordinated claims (in respect of the outstanding interest amounts) and subject to the subordination events / conditions provided under Article 281 of the Spanish Insolvency Law which are referred to below.

With regard to the payment of claims under the Spanish Insolvency Law, the following rules apply:

- (a) Creditors with a special privilege (broadly speaking, the holders of pledges or mortgages), as explained, are paid out of the proceeds obtained on the sale of the charged assets or rights. To the extent their claims remain unpaid, the unpaid claims will be reclassified as appropriate.
- (b) With the proceeds obtained from the sale of the unsecured assets, the insolvency administrators must pay first the claims against the insolvency estate (*créditos contra la masa*).
- (c) Creditors with a general privilege (*créditos con privilegio general*) (certain labour and tax claims, among others) are paid out of assets remaining in the insolvency. They are paid following the order in which they appear under Article 280 of the Spanish Insolvency Law, and *pro rata* within each category.
- (d) Ordinary creditors are paid *pro rata* out of the assets remaining in the insolvency estate after the creditors with a general privilege have been paid.
- (e) Subordinated creditors cannot be paid until all ordinary claims have been paid in full.

In addition, claims against the Issuer under the Notes could be subordinated in an eventual insolvency proceedings of the Issuer to the following extent:

- (a) If they are reported late to the insolvency administrator of the Issuer.
- (b) If they are contractually subordinated to all of the Issuer's creditors.
- (c) If they are related to accrued and unpaid interest, unless and to the extent they are secured by an *in rem right*.
- (d) In the claims relate to monetary penalties or other monetary sanctions.
- (e) If they are held by persons that are specially related (*personas especialmente relacionadas*) (as defined under Article 283 of the Spanish Insolvency Law) to the Issuer.

Finally, the rules on paying subordinated debts state that arrangements of relative subordination will be recognised in the event of insolvency (*concurso*) of the Issuer, provided that such contractual subordination does not prejudice any third parties and the debtor is a party to the relevant subordination agreement.

#### ***Suspension on the accrual of interest against the Issuer in an insolvency scenario.***

Upon an eventual insolvency declaration of the Issuer, bearing the unsecured nature of the Notes, interest will stop to accrue against the Issuer from the date of the declaration of insolvency. However, in case that in the context of those insolvency proceedings of the Issuer, creditors approve a composition agreement (*convenio*) that does not contemplate a release of claims, the composition agreement (*convenio*) may provide for the payment, in whole or in part, of interest accrued at the lower of (i) the applicable legal interest rate (*interés legal del dinero*), or (ii) the interest rate agreed under the Notes. On a separate note, in an eventual liquidation of the Issuer, if there are any monies left after paying the Issuer's creditors, interest under the notes whose accrual has been suspended as a result of the declaration of insolvency of the Issuer, shall be paid, in whole or in part (accrued at the rate applicable to each claim).

#### ***Creditors' arrangements***

The Spanish Insolvency Law, in certain instances, also has the effect of modifying or impairing creditors' rights even if the creditor, either secured or unsecured, does not consent to the amendment. Secured and unsecured dissenting creditors may, among others, be written down or stayed (for up to 10 years in case of composition proposals), converted into a different financial instrument or equity of the refinanced or insolvent debtor as well as any other company, converted into participating loans (*préstamos participativos*), exchanged for assets or rights of the insolvent or refinanced debtor not only once the insolvency has been declared by the judge as a result of the approval of a creditors' agreement (*convenio concursal*), but also as a result of a restructuring plan that has been judicially sanctioned (*homologado*) without insolvency proceedings having been previously opened (e.g., restructuring plans which satisfy certain requirements and are validated by the judge), in both scenarios (i) to the extent that certain qualified majorities are achieved and (ii) unless some exceptions in relation to the kind of claims or creditor apply (which would not be the case for the Notes). Any payments of interest in respect of debt securities will be subject to the subordination provisions of Article 281.1 of the Spanish Insolvency Law.

The majorities regime envisaged for a creditors' arrangement depends on (i) the type of the specific measure which is intended to be imposed (e.g., extensions, debt reductions, debt for equity swaps, etc.), and (ii) on the part of claims to be affected (i.e. secured or unsecured, depending on the value of the collateral as calculated pursuant to the rules established in the Spanish Insolvency Law). In no case shall subordinated creditors be entitled to vote upon a creditors' agreement during the insolvency proceedings, and accordingly, shall be always subject to the measures contained therein, if passed by the relevant majorities. For these purposes, liabilities held by those creditors considered specially related persons (*personas especialmente relacionadas*) with the insolvent debtor would not be taken into account for the purposes of calculating the majorities required for the approval of a composition agreement.

On the other hand, all creditors that could be affected by a restructuring plan would be entitled to vote it, grouped in classes of creditors and subject to the fact cross-class cram-down is now available under the Spanish Insolvency Law.

As such, certain provisions of the Spanish Insolvency Law could affect the ranking of the Notes or claims relating to the Notes on an insolvency of the Issuer or in case of approval of a restructuring plan.

### ***Claw-back.***

Pursuant to Article 226 of the Spanish Insolvency Law, upon declaration of insolvency, the courts of Spain can set aside any acts (including payments and deliveries/transfers of collateral) that could be deemed as having damaged the insolvent debtor's state, within the two-year period before the date on which the debtor files for insolvency proceedings and to actions carried out between the filing date and the declaration date. Additionally, claw-back may apply to actions carried out in the two years before the date on which notice is served informing of the intention to open negotiations or the existence of negotiations to draw up a restructuring plan, or actions carried out between that date and the date of declaration of insolvency, as long as a restructuring plan has not been approved and, if it has, that it has not been sanctioned by the court and the insolvency has been declared within one year following the term of the notice or its renewal period.

When applying Article 226, the general procedural rule is that the burden of proof that a transaction/act is prejudicial to the insolvent debtor's state must be borne by the party bringing the action. However, there are several "irrebuttable presumptions" expressly set forth by the Spanish Insolvency Act in article 227 (*i.e.*, free disposals and prepayment or cancellation of the company's claims or obligations prior to them being due and where the due dates of the relevant claims or payment obligations fall after the date of declaration of insolvency, except if such obligations were secured by an *in rem* security, in which case such transactions are subject to a rebuttable presumption of "patrimonial damage" as set forth below). In addition to the above, article 228 of the Spanish Insolvency Law sets forth certain actions

which are deemed to cause a “patrimonial damage” to the debtor, but which are “rebuttable presumptions”, and therefore subject to being contested by the other party such as actions carried out in favour of “specially related parties” (such as companies belonging to the same companies group) are presumed prejudicial unless sufficient evidence to the contrary is provided or the provision of security in respect of previously existing obligations or in respect of new obligations replacing existing ones and the payment or other acts to terminate obligations being secured by an *in rem* security and which mature after the declaration of insolvency. In relation to security (which is also applicable to intra-group guarantees such as the Issuer) granted by a company in order to secure the obligations *vis-a-vis* third parties of another company of the same company group as the security provider, the Spanish Supreme Court has ruled that the mere allegation of “group benefit” is not sufficient to rebut the abovementioned presumption, it being necessary for these purposes to provide evidence of the actual benefit (whether direct or indirect) to be obtained by the grantor.

The above would be without prejudice to the fact that the courts of Spain can set aside and render ineffective any act carried out by a debtor carried out in creditors fraud (*fraude de acreedores*) through the termination actions provided for under the Spanish civil common law (*Acción pauliana*).

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the following documents which shall be incorporated in, and form part of, this Offering Circular:

- (a) the English translation of the audited consolidated financial statements of the Issuer for the year ended 31 December 2022, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) (together with the auditor's report) and which can be viewed online at: <https://www.fccma.com/documents/14101825/42440853/Informe+y+CCAACC+FCC+Servicios+MA+2022+%28EN%29.pdf/2874f025-9f23-a4a5-62f6-3e122d80b229?t=1686577781974>;
- (b) the English translation of the audited consolidated financial statements of the Issuer for the year ended 31 December 2021, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) (together with the auditor's report) and which can be viewed online at <https://www.fccma.com/documents/14101825/35402577/Informe+de+Auditor%C3%ADa+y+CCAA+%28Ingl%C3%A9s%29+FCC+Servicios+MA+Consolidado+31.12.21.pdf/402b32ff-0d17-3026-e8bd-d7fd921e01e2?t=1654774396747>; and
- (c) the English translation of the unaudited interim condensed consolidated financial statements of the Issuer for the six-month period ended 30 June 2023 (which can be viewed online at <https://www.fccma.com/en/web/fcc-medio-ambiente/half-year-accounts>).

In case of any discrepancy between the English language version (incorporated by reference in this Offering Circular) and the Spanish language version of items (a), (b) and (c) above, the original Spanish-language version prevails.

The above documents have been previously filed or are filed simultaneously with this Offering Circular with Euronext Dublin. Such documents shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Save for the information that has been expressly incorporated by reference into this Offering Circular above, the information on any website mentioned in this Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Offering Circular.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:*

The EUR600,000,000 5.250 per cent. Senior Notes due 30 October 2029 (the **Notes**), which expression includes any further Notes issued pursuant to Condition 13 (*Further Issues*) of FCC Servicios Medio Ambiente Holding, S.A.U. (the **Issuer**). The Notes are subject to, and have the benefit of, a deed of covenant dated 30 October 2023 (as amended or supplemented from time to time, the **Deed of Covenant**) delivered by the Issuer and are the subject of a paying agency agreement dated 30 October 2023 (as amended or supplemented from time to time, the **Fiscal Agency Agreement**) between the Issuer and The Bank of New York Mellon, London Branch in its capacity as fiscal agent (the **Fiscal Agent**, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the **Paying Agents**, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).

The Deed of Covenant, the Notes and the Fiscal Agency Agreement are together referred to as the **Transaction Documents**.

Terms not defined in these Conditions have the meanings set out in the Transaction Documents.

The Issuer will execute an *escritura pública* (the **Public Deed**) before a Spanish notary public in relation to the issue of the Notes on or before the Closing Date. The Public Deed contains, among other information, these Conditions.

Certain statements in these Conditions are summaries of and are subject to the detailed provisions appearing on the face of the Notes (which expression shall include the body thereof) and in the Fiscal Agency Agreement.

The holders of the Notes (the **Noteholders**) and the holders of the related interest coupons (the **Couponholders** and the **Coupons**, respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement and the Deed of Covenant. Copies of the Fiscal Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices, upon prior written request and provision of proof of holding and identity in a form satisfactory to the relevant Paying Agent (as defined in the Fiscal Agency Agreement), of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. Form, Denomination and Title

The Notes are serially numbered and in bearer form in the denomination of EUR100,000, and integral multiples of EUR1,000 in excess thereof, with Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999. Notes of one denomination may not be exchanged for Notes of another denomination.

## 2. Status of the Notes

**Status of the Notes:** The Notes are direct, unconditional, unsubordinated obligations and (subject to the provisions of Condition 3.1 (*Negative Pledge*)) unsecured obligations (*créditos ordinarios*) of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations (*créditos ordinarios*) of the Issuer, present and future, save for such exceptions as may be provided by applicable legislation.

## 3. Covenants

### 3.1 *Negative Pledge*

So long as any of the Notes remains outstanding, the Issuer will not, and the Issuer will ensure that none of its Material Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a **Security Interest**) upon, or with respect to, the whole or any part of the present or future business, undertaking, property, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Material Subsidiaries to secure any Relevant Indebtedness or any guarantee or indemnity in respect of any Relevant Indebtedness unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Notes, the Coupons and the Fiscal Agency Agreement are secured by the Security Interest equally and rateably with the Relevant Indebtedness or guarantee or indemnity, as the case may be; or
- (ii) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

The paragraph above does not apply to:

- (A) any Relevant Indebtedness of any entity which has merged with the Issuer or any Material Subsidiary or which has been acquired by the Issuer or any Material Subsidiary, in each case on or after the Issue Date (or any guarantee or indemnity in respect of such Relevant Indebtedness), so long as any Security Interest in respect of that Relevant Indebtedness was outstanding on the date of the merger or the acquisition and was not created in contemplation of the merger or the acquisition;
- (B) any Relevant Indebtedness of any Subsidiary which becomes a Material Subsidiary on or after the Issue Date (or any guarantee or indemnity in respect of such Relevant Indebtedness), so long as any Security Interest in respect of that Relevant Indebtedness was not created in contemplation of such Subsidiary becoming a Material Subsidiary;
- (C) any Security Interest in existence as at the Issue Date to the extent that it secures Relevant Indebtedness of the Issuer or any Material Subsidiary outstanding on such date;
- (D) any Security Interest over the shares of, or any subordinated loan made to, any Non-Recourse Subsidiary as security for Relevant Indebtedness of that Non-Recourse Subsidiary;



- (E) Relevant Indebtedness which is Non-Recourse Indebtedness; and
- (F) any Security Interest securing Relevant Indebtedness created in substitution of any Security Interest permitted under paragraphs (A) to (E) above over the same or substituted assets provided that the principal amount secured by the substitute security does not exceed the principal amount outstanding and secured by the previous Security Interest.

### 3.2 *Limitation on Indebtedness*

The Issuer will not, and will not cause or permit any Recourse Subsidiaries to, after the Issue Date, incur any additional Indebtedness if on the date of incurrence of such additional Indebtedness and after giving effect thereto and the application of the proceeds therefrom, the Consolidated Net Leverage Ratio for the most recently ended Testing Period, is greater than 3.0 to 1.0.

Notwithstanding the above, the Issuer or any Recourse Subsidiary may incur the following Indebtedness:

- (i) Indebtedness that constitutes Non-Recourse Indebtedness;
- (ii) Indebtedness outstanding on the Issue Date;
- (iii) Indebtedness incurred pursuant to short-term debt (debt with maturity of less than one year) and working capital facilities in an aggregate principal amount not exceeding EUR175,000,000 at any time;
- (iv) Indebtedness represented by or in connection with the Notes (other than any further Notes issued pursuant to Condition 13 (*Further Issues*));
- (v) Indebtedness between the Issuer and any of its Recourse Subsidiaries or between any such Recourse Subsidiary and the Issuer or between such Recourse Subsidiaries;
- (vi) Indebtedness of a Recourse Subsidiary incurred and outstanding on the date on which such Recourse Subsidiary was merged with, or directly or indirectly acquired by, the Issuer (or a Subsidiary of the Issuer) after the Issue Date or on the date it otherwise becomes a Recourse Subsidiary **provided that** the Indebtedness was not incurred in contemplation of such merger or acquisition;
- (vii) Indebtedness incurred in respect of worker's compensation claims, self-insurance obligations, contractual insurance, bid, performance, surety and similar bonds and completion and technical guarantees and reimbursement obligations provided in the ordinary course of business;
- (viii) Indebtedness providing for indemnification, adjustment of purchase price or similar obligations in connection with the acquisition or disposition of any business, assets or capital stock after the Issue Date;
- (ix) Indebtedness arising from honouring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds or credit lines in the ordinary course of business **provided that** such Indebtedness is reimbursed within seven days of incurrence;

- (x) advance payments received from customers for goods and services purchased and credit periods in the ordinary course of business;
- (xi) Indebtedness constituting reimbursement obligations with respect to letters of credit, bankers' acceptances or similar instruments or obligations issued in the ordinary course of business **provided that** upon the drawing or other funding of such letters of credit or other instruments or obligations, such drawings or fundings are reimbursed within seven days;
- (xii) Indebtedness under cash pooling arrangements and hedging arrangements (with respect to currency risks, interest rate risks, commodity risks and price risks) in the ordinary course of business;
- (xiii) Indebtedness which constitutes Project Subsidiary Support;
- (xiv) Indebtedness under subsidised loans granted by public entities to fund research and development in an aggregate principal amount not exceeding EUR15,000,000 at any time;
- (xv) the guarantee by the Issuer or any of the Issuer's Subsidiaries of Indebtedness that is permitted to be incurred pursuant to another provision of this "Limitation on Indebtedness" covenant;
- (xvi) the guarantee by the Issuer or any Recourse Subsidiary of Indebtedness of a Non-Recourse Subsidiary pursuant to an equity bridge loan relating to the financing of an asset or project (each such guaranteed loan being an **Equity Bridge Loan**) provided that the aggregate principal amount of such guarantees shall not exceed EUR150,000,000; and
- (xvii) any Indebtedness that refinances or replaces any Indebtedness incurred in compliance with this covenant.

### **3.3** *Limitations on Distributions*

The Issuer will not declare or pay any dividend or make any other payment or distribution on account of, or purchase, redeem or otherwise acquire or retire for value any of, the Issuer's common equity capital (a **Distribution**) (other than a Distribution payable in equity interests of the Issuer) unless, at the time of such Distribution:

- (i) no Event of Default has occurred and is continuing and no Event of Default would occur as a result of such Distribution; and
- (ii) such Distribution, together with the aggregate amount of all other Distributions made by the Issuer since the Issue Date (excluding Distributions permitted by paragraphs (A) to (B) of this Condition 3.3), is less than the sum, without duplication, of: (a) 75% (or, if the Issuer would, at the time of such Distribution and after giving pro forma effect thereto as if such Distribution had been made at the beginning of the most recently ended Testing Period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Consolidated Net Leverage Ratio test set forth in Condition 3.2, 100%) of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from 1 January 2023 to the end of the Issuer's most recently ended three-month period for which internal financial statements are available at the time of such Distribution; and (b) 100% of the aggregate net cash and fair market value of marketable securities received by the Issuer since the Issue Date as a contribution to

its common equity capital or from the issue or sale of convertible or exchangeable debt securities of the Issuer, in each case that have been converted into or exchanged for common equity capital.

The preceding provisions will not prohibit:

- (A) the payment of any Distribution within 60 days after the date of declaration of the Distribution or giving of the applicable notice, as the case may be, if at the date of declaration or notice, the Distribution would have complied with this covenant; or
- (B) the making of any Distribution in exchange for, or out of or with the net cash proceeds of the subsequently concurrent sale or issuance of common equity capital of the Issuer, or from the substantially concurrent contribution of common equity capital to the Issuer.

### **3.4 *Limitations on Financings to the Controlling Shareholder and its Subsidiaries***

The Issuer will not, and will not cause or permit any of its Subsidiaries to, enter into or make any credit, loan, advance or guarantee for the benefit of the Controlling Shareholder or any of its Subsidiaries or otherwise become liable for any Indebtedness of the Controlling Shareholder or any of its Subsidiaries, in each case other than (i) any such transactions between the Issuer and any of its Subsidiaries or between any such Subsidiary and the Issuer or between such Subsidiaries, (ii) with respect to any Controlling Shareholder Project Subsidiary Support and (iii) pursuant to the Controlling Shareholder Indemnity Agreement.

### **3.5 *Financial Statements***

So long as the Notes are outstanding, the Issuer will publish on its website ([www.fccma.com](http://www.fccma.com)), as soon as practicable after their date of publication but in any event not more than 180 days after the end of each financial year, a copy in the English language of the Issuer's audited consolidated financial statements for that financial year.

### **3.6 *Similar Business***

The Issuer will not, and will not cause or permit any of its Subsidiaries to, engage in any business other than a Similar Business, except to such extent as would not be material to the Issuer and its Subsidiaries, taken as a whole.

### **3.7 *Interpretation:*** In these Conditions:

**Affiliate** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

**Calculation Date** means the date of the event for which the particular calculation is made.

**Consolidated Net Income** means with respect to any specified person for any period, the aggregate of the net income (loss) from operating activities of such person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS, provided that the amount of any dividends or distributions paid to the Issuer and its Subsidiaries by their Non-Recourse Subsidiaries will in any event be included.

**Consolidated Net Leverage** means as at any Calculation Date, the sum of the outstanding amount of Recourse Non-subordinated Financial Debt of the Issuer and its Recourse

Subsidiaries on a consolidated basis, in each case as of such Calculation Date less any cash freely available to the Issuer and its Recourse Subsidiaries as of such Calculation Date.

**Consolidated Net Leverage Ratio** means as at any Calculation Date, the ratio of (a) the Consolidated Net Leverage as at the end of the most recently ended Testing Period and (b) the Recourse EBITDA for the most recently ended Testing Period.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio as at any Calculation Date:

- (i) in the event that the Issuer or any of its Recourse Subsidiaries, incurs, assumes, guarantees, repays, repurchases, redeems or otherwise discharges any Recourse Non-subordinated Financial Debt subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the Calculation Date, then the Consolidated Net Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption or other discharge of any Recourse Non-subordinated Financial Debt, and the use of proceeds therefrom, as if the same had occurred at the beginning of the applicable Testing Period;
- (ii) acquisitions that have been made by the Issuer, any of its Recourse Subsidiaries, including through mergers, consolidations or otherwise, or any person or any of its Recourse Subsidiaries acquired by the Issuer or any of its Recourse Subsidiaries and including any related financing transactions and including increases in ownership of Recourse Subsidiaries, subsequent to the commencement of the Testing Period and on or prior to the Calculation Date, will be given pro forma effect (as determined in good faith by the Issuer) as if they had occurred on the first day of such Testing Period;
- (iii) any person that is a Recourse Subsidiary on the Calculation Date will be deemed to have been a Recourse Subsidiary at all times during such Testing Period; and
- (iv) any Person that is not a Recourse Subsidiary on the Calculation Date will be deemed not to have been a Recourse Subsidiary at any time during such Testing Period.

**Controlling Shareholder** means Fomento de Construcciones y Contratas, S.A. (FCC), a company incorporated under the laws of Spain, with its registered seat at Barcelona, Spain.

**Controlling Shareholder Indemnity Agreement** means the indemnity agreement between the Controlling Shareholder and the Issuer pursuant to which the Issuer and its Subsidiaries agree to reimburse the Controlling Shareholder and any Subsidiary of the Controlling Shareholder not belonging to the Group (each a **Beneficiary**) for any payment (whether pursuant to a guarantee or other instrument) made by such Beneficiary to or on behalf of a member of the Group.

**Controlling Shareholder Project Subsidiary Support** means any Project Subsidiary Support pursuant to which the Controlling Shareholder may become liable to pay any Indebtedness of the Issuer or any Subsidiary of the Issuer.

**Group** means the Issuer and its Subsidiaries from time to time.

**Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**IFRS** means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer or the Issuer's Subsidiaries are, or may be, required to comply. Except as otherwise specified herein, all ratios and calculations based on IFRS shall be computed in accordance with IFRS as in effect from time to time; provided that at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean, except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election.

**Indebtedness** means any indebtedness, in each case without double counting, which would, except for letters of credit referred to in paragraph (v), be in accordance with IFRS treated as debt recognised on the balance sheet of the relevant person for or in respect of:

- (i) Indebtedness for Borrowed Money;
- (ii) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (iii) any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset to the extent it is recorded on the balance sheet of the relevant person according to IFRS;
- (iv) any derivative transaction entered into in connection with protection against fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value will be taken into account) which would, in accordance with IFRS, be treated on the balance sheet of the relevant person;
- (v) the principal component of any reimbursement obligations in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations relating to letters of credit being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit plus the aggregate amount of drawings thereunder that have not been reimbursed) issued by a bank or financial institution other than any given in respect of trade credit arising in the ordinary course of business;
- (vi) any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, to the extent it is recorded on the balance sheet of the relevant person according to IFRS; or
- (vii) any guarantee, indemnity or similar assurance against financial loss of any person issued by the relevant person in respect of any item referred to in paragraphs (i) to (vi) (other than any given in respect of trade credit arising in the ordinary course of business),

**provided that**, the following shall in no event constitute Indebtedness:

- (A) any leases (or guarantees thereof) which would be considered operating leases in accordance with IFRS as in effect on 1 January 2018, and
- (B) other indebtedness in respect of letters of credit, contractual insurance, bid, performance, surety and similar bonds and completion and technical guarantees and reimbursement obligations provided by the Issuer or any Recourse Subsidiary in the ordinary course of business to the extent that such letters or other instruments are not drawn upon or, if and to the extent drawn upon are honoured in accordance with their terms and if, to be reimbursed, are reimbursed no later than the seventh day following

receipt by the Issuer or the relevant Recourse Subsidiary of a demand for reimbursement following payment on the letter of credit or other instrument or bond.

**Indebtedness for Borrowed Money** means, with respect to a person, at any time and without duplication:

- (i) moneys borrowed which in accordance with IFRS would be included in determining total liabilities;
- (ii) all liabilities evidenced by bonds, debentures, notes or other similar instruments;
- (iii) all liabilities appearing on its balance sheet in accordance with IFRS in respect of capital leases;
- (iv) its redemption obligations in respect of its mandatorily redeemable preference shares which in accordance with IFRS would be included in determining total liabilities; and
- (v) any guarantee of liabilities of a type described in paragraphs (i) to (iv) above,

**provided that**, any leases (or guarantees thereof) which would be considered operating leases in accordance with IFRS as in effect on 1 January 2018 shall (in each case) not constitute Indebtedness for Borrowed Money.

**Issue Date** means 30 October 2023.

**Material Subsidiary** means any direct or indirect majority owned or wholly owned Subsidiary of the Issuer (not being a Non-Recourse Subsidiary), the Recourse EBITDA of which (consolidated where that Subsidiary itself has Subsidiaries and determined on the same basis as Recourse EBITDA) accounts for 15% or more of the Recourse EBITDA.

**Non-Recourse Indebtedness** means any Indebtedness for Borrowed Money in respect of which no loan guarantee, indemnity or contractual insurance or other reimbursement arrangement has been given by another member of the Group that is not a Non-Recourse Subsidiary, other than pursuant to Project Subsidiary Support.

**Non-Recourse Subsidiary** means any present or future Subsidiary of the Issuer or any entity in which the Issuer owns, directly or indirectly, more than 10%:

- (i) the principal business of which is, or will be, the ownership, acquisition management, development, operation, construction, improvement, installation, design, engineering, completion, maintenance, and/or financing of an asset, project or concession (whether or not an asset, project or concession of the Issuer or any of its Subsidiaries), and/or to hold directly or indirectly the shares of one or more other Non-Recourse Subsidiaries; and
- (ii) the outstanding Indebtedness for Borrowed Money of which consists of Non-Recourse Indebtedness or Equity Bridge Loans.

**Project Subsidiary Support** means any guarantee, indemnity or contractual insurance or other reimbursement arrangement (a) that is related to the commercial role of the Group or a Non-Recourse Subsidiary in connection with any asset, project or concession to which the Issuer or a Subsidiary (including, but not limited to, a Non-Recourse Subsidiary) provides any goods or services, and (b) pursuant to which the Issuer or its Subsidiaries, other than Non-Recourse Subsidiaries, may become liable to pay any Indebtedness of a Non-Recourse Subsidiary in

amounts which do not exceed, on a pro-rata basis, the interest (financial or otherwise), participation or ownership of the Group and/or a Non-Recourse Subsidiary in such asset, project or concession pursuant to (A) bid and performance bonds and other technical guarantees (*garantías técnicas*), or related reimbursement or indemnity agreements in favour of the issuers of such bonds or guarantees, that are customary in view of the particular risks or circumstances associated with such asset, project or concession and/or (B) any guarantee, indemnity or contractual insurance or other reimbursement obligation under which payment is contingent upon the failure of the Issuer or a Subsidiary (including, but not limited to, a Non-Recourse Subsidiary) to comply with an Obligation undertaken in connection with the management, development, operation, construction, improvement, installation, design, engineering, completion and/or maintenance of such asset, project or concession, where for the purposes of this definition, **Obligation** means any obligation (and any guarantee, insurance or undertaking of a similar nature in respect thereof) of a type customarily undertaken, including, but not limited to, the timely completion of construction and payment of related customary expenses and penalties, in connection with the relevant asset, project or concession.

**Recourse EBITDA** means with respect to any Testing Period:

- (i) the income (loss) from operating activities of the Issuer and its Recourse Subsidiaries for such period; plus
- (ii) depreciation and amortisation of the Issuer and its Recourse Subsidiaries for such period;

in each case, on a consolidated basis and determined in accordance with IFRS; *provided that*, for purposes of the definition of Recourse EBITDA:

- (A) the income (loss) of any person that is not a Recourse Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the Issuer or a Recourse Subsidiary of the Issuer;
- (B) any extraordinary, exceptional or non-recurring operating gains or losses or any charges of the Issuer and its Recourse Subsidiaries (in each case as determined in good faith by the Issuer) for such period will be excluded; and
- (C) the income (loss) from operating activities, depreciation and amortisation of Non-Recourse Subsidiaries will be excluded but the amount of dividends or distributions paid in cash to the Issuer by its Non-Recourse Subsidiaries will be included.

**Recourse Non-Subordinated Financial Debt** means in relation to the Issuer or any Recourse Subsidiary, (i) non subordinated long-term debt (debt with a maturity of greater than one year) incurred with credit institutions, plus (ii) non subordinated short-term debt (debt with a maturity of less than one year) incurred with credit institutions, plus (iii) non subordinated notes, obligations, promissory notes and any other such obligations or liabilities the purpose of which is to provide finance and generate a financial cost for the Issuer or its Recourse Subsidiaries, plus (iv) non-subordinated financial obligations relating to guarantees of third party financial obligations (other than intra-group guarantees).

**Recourse Subsidiaries** means each other present and future Subsidiary of the Issuer, that is not a Non-Recourse Subsidiary.

**Relevant Indebtedness** means Indebtedness for Borrowed Money, in the form of or evidenced by notes, bonds, debentures, loan stock or other similar debt instruments, whether issued for

cash or in whole or in part for a consideration other than cash, and which for the time being are, or are intended to be (with the consent of the Issuer thereof) quoted, listed or ordinarily dealt in or traded on any recognised stock exchange, over-the-counter or other securities market.

**Similar Business** means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or Non-Recourse Subsidiaries on or before the Issue Date, and/or (b) any other businesses, services or activities that are the same as, similar to, necessary for, incidental to, connected with, related, ancillary, complementary to or arising out of, any of the foregoing or are an extension or development of any thereof or are operated to permit or facilitate the conduct of such businesses, services or activities from time to time.

**Subsidiary** means, in relation to any person (the **First Person**) at any particular time, any other person (the **Second Person**):

- (i) whose affairs and policies the First Person controls or has the power to control (directly or indirectly), whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the Second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, fully consolidated with those of the First Person.

**Testing Period** means with respect to any Calculation Date, the Issuer's most recently ended four full consecutive fiscal quarters.

#### 4. **Interest**

The Notes bear interest from (and including) the Issue Date at the rate of 5.250 per cent. per annum, (the **Rate of Interest**) payable annually in arrear on 30 October in each year (each, an **Interest Payment Date**), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case interest shall accrue on the whole or such part of such principal amount payment of which has been so withheld or refused (both before and after any judgment or other order of a court of competent jurisdiction) at the rate aforesaid until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be EUR52.5 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

**Calculation Amount** means EUR1,000;

**Day Count Fraction** means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and



**Regular Period** means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

## 5. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 30 October 2029, subject as provided in Condition 6 (*Payments*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice:
- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, any international treaty to which the Kingdom of Spain is a party to, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and
  - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

**provided, however, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

- (A) a certificate signed by two directors or officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

- (c) **Mandatory Redemption on Change of Control:** If a Change of Control occurs and, within the applicable Change of Control Event Period a Rating Downgrade or a Negative Rating Event occurs, then the Issuer will on the fifth business day after the last day of the Change of Control Event Period redeem or, at the option of the Issuer, purchase or procure the purchase of the Notes, in whole but not in part, at 100 per cent. of their outstanding principal amount together, if appropriate, with interest accrued to (but excluding) such date.

Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice (a **Change of Control Notice**) to the Noteholders in accordance with Condition 14 (*Notices*) specifying the nature of the Change of Control.

In these conditions:

A **Change of Control** will occur if at any time one or more individuals or legal entities (other than the Controlling Shareholder and/or any of its Affiliates) acting individually or in concert, acquires control through share ownership, acquisition of more than 50% of voting rights in the Issuer or the right to appoint more than half of the directors of the Issuer.

**Change of Control Event Period** means the period beginning on and including the date of the relevant Public Announcement and ending on the date falling 45 days after the Change of Control occurs or such longer period in which the Notes are under consideration (such consideration having been announced publicly within the first mentioned 45 day period) for rating review by any Rating Agency, such period not to exceed 45 days after the first public announcement of such consideration by the relevant Rating Agency.

**Investment Grade Rating** means a Rating of at least BBB- or Baa3 (or their respective equivalents at each Rating Agency for the time being).

**Negative Rating Event** shall be deemed to have occurred if in circumstances where, as at the first day of the Change of Control Event Period, there is no rating assigned to the Notes by a Rating Agency:

- (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Event Period use all reasonable endeavours to obtain, a credit rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer; or
- (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain a credit rating of at least an Investment Grade Rating by the end of the Change of Control Event Period by at least one Rating Agency (or, if it obtains a credit rating by more than two Rating Agencies by a majority of those Rating Agencies).

**Public Announcement** means the date of the Change of Control Notice or any earlier date on which a public announcement or statement is made by the Issuer or FCC with respect to the Change of Control.

**Rating Agency** means any of (a) Fitch Ratings Limited, (b) Moody's Investors Service, Inc., (c) Standard & Poor's Credit Market Services Europe Limited, and (d) any other rating agency of similar international standing and (in each case) their respective affiliates and successors and Rating Agencies shall be construed accordingly.

**Rating Downgrade** shall be deemed to occur if, as at the first day of the Change of Control Event Period, there is a rating assigned to the Notes by one or more Rating Agencies and such rating is withdrawn or reduced by the Requisite Number of Rating Agencies:

- (i) with respect to an Investment Grade Rating of the Notes, to a rating below Investment Grade Rating and is not, within the Change of Control Period, subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) by the relevant Rating Agency; and
- (ii) with respect to a rating of the Notes below an Investment Grade Rating, by one full rating notch (for example, Ba1 to Ba2 by Moody's or BB+ to BB by Standard & Poor's or Fitch) and is not, within the Change of Control Period, subsequently upgraded (in the case of a downgrade) to at least the original rating or reinstated (in the case of a withdrawal) by the relevant Rating Agency,

and the relevant Rating Agency/ies ha(s/ve) announced or otherwise publicly confirmed (including by means of any letter or notice to the Issuer) that such downgrade or withdrawal pursuant to paragraphs (i) or (ii) above is attributable to the relevant Change of Control.

**Requisite Number of Rating Agencies** means (i) at least two Rating Agencies, if, at the time of the rating downgrade or withdrawal, three or more Rating Agencies have assigned a credit rating to the Notes, or (ii) at least one Rating Agency if, at the time of the rating downgrade or withdrawal, fewer than three Rating Agencies have assigned a credit rating to the Notes.

- (d) **Redemption at the option of the Issuer:** The Issuer may, having given not less than 15 and not more than 30 days' notice to the Noteholders redeem all, but not some only, of the Notes then outstanding on such date (the **Optional Redemption Date**) at the Relevant Early Redemption Price, together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(d).

For the purposes of this Condition 5(d), **Relevant Early Redemption Price** means, in respect of each Note:

- (i) in relation to any date fixed for redemption which falls in the period up to and excluding 30 July 2029 (the **Make Whole Amount**):
- (1) the principal amount of such Note, or, if higher;
  - (2) the price, expressed as a percentage (rounded to four decimal places, 0.00005 being rounded upwards), at which the annual yield to redemption on such Note on the Reference Date (assuming for this purpose that the Notes are to be redeemed at their principal amount on 30 July 2029) is equal to the Reference Bond Yield plus 0.50 per cent., all as determined by the Financial Adviser, or
- (ii) in relation to any date fixed for redemption which falls in the period from but including 30 July 2029 to but excluding the Maturity Date, the principal amount of such Note.

**Financial Adviser** means a financial adviser or bank which is independent of the Issuer, appointed by the Issuer (acting reasonably) for the purpose of determining the Make Whole Amount;

**Primary Bond Dealer** means any credit institution or financial services institution that regularly deals in bonds and other debt securities;

- (e) **Reference Bond** means the 0.00 per cent. German Bundesobligation due 15 August 2029 (ISIN: DE0001102473) or if such security is no longer in issue, such other German Bundesobligation or other central bank or government security as the Financial Adviser may, with the advice of the Reference Bond Dealers, determine to be appropriate by way of substitution for the 0.00 per cent. German Bundesobligation due 15 August 2029 (ISIN: DE0001102473), that (i) has a maturity date as near as possible to 30 July 2029, and (ii) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with maturity as of 30 July 2029;

**Reference Bond Dealer** means either the Financial Adviser or any other Primary Bond Dealer selected by the Financial Adviser after consultation with, and approval of, the Issuer (acting reasonably);

**Reference Bond Dealer Quotations** means the average, as determined by the Financial Adviser, of the bid and ask prices for the Reference Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Financial Adviser by such Reference Bond Dealer at 11.00 a.m. (Frankfurt time) on the Reference Date;

**Reference Bond Price** means (i) the average of five Reference Bond Dealer Quotations, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (ii) if the Financial Adviser obtains fewer than five such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations;

**Reference Bond Yield** means the rate per annum equal to the annual yield to maturity of the Reference Bond, assuming a price equal to the Reference Bond Price for the Reference Date; and

**Reference Date** means the date which is three TARGET Settlement Days prior to the date fixed for redemption pursuant to this Condition 5(d) by the Issuer.

- (f) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Issuer*) above.
- (g) **Purchase:** The Controlling Shareholder, the Issuer or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. The Notes so purchased, while held by or on behalf of the Issuer or any of its respective Subsidiaries until their cancellation in accordance with paragraph (g) (*Cancellation*) below, shall not entitle the holder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of, *inter alia*, calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a).
- (h) **Cancellation:** All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 6. Payments

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by euro cheque drawn on, or by transfer to a Euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) **Interest:** Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) **Interpretation:** In these Conditions:

**TARGET** means the T2 real-time gross settlement system owned and operated by the Eurosystem (or any successor thereto);

**TARGET Settlement Day** means any day on which TARGET is open for the settlement of payments in euro; and

**TARGET System** means the TARGET system.

- (d) **Payments subject to fiscal laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.
- (e) **Deduction for unmatured Coupons:** If a Note is presented without all unmatured Coupons relating thereto, then:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the **Relevant Coupons**) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.
- Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void Coupons.
- (f) **Payments on business days:** If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In these conditions, **business day** means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

- (g) **Payments other than in respect of matured Coupons:** Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or enforcement (as appropriate) of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (h) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and the date of such payment.

## 7. Taxation

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of:

- (a) any Note or Coupon presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Kingdom of Spain other than the mere holding of the Note or Coupon; or
- (b) any Note or Coupon presented for payment by or on behalf of a holder who fails to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the taxing jurisdiction of such holder, if such claim or compliance is required by statute, treaty, regulation or administrative practice of the taxing jurisdiction of the Issuer as a condition to relief or exemption from such taxes; or
- (c) any Note or Coupon presented for payment by or on behalf of an individual resident for tax purposes in the Kingdom of Spain if the Spanish tax authorities determine that payments made to such individuals are not exempt from Spanish withholding tax and require a withholding to be made; or
- (d) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax if the Spanish tax authorities determine that the Notes do not comply with exemption requirements specified in article 44.5 of Royal Decree 1065/2007, of 27 July, and in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made; or
- (e) any Note or Coupon presented for payment by or on behalf of, a holder who is a fiduciary, a partnership, a limited liability company or anything other than the sole beneficial owner of that payment, to the extent to which that payment would be required by the laws of Spain to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to any additional amounts had it been the holder; or

- (f) any Note or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

In these Conditions, **Relevant Date** means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Spain, references in these Conditions to the Kingdom of Spain shall be construed as references to the Kingdom of Spain and/or such other jurisdiction.

## 8. Events of Default

If any of the following events occurs and is continuing, then any Note may, by notice in writing given to the Issuer and the Fiscal Agent at its Specified Office by the holder, be declared immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) **Non-payment:** a failure to pay any amount of principal in respect of the Notes or to pay any amount of interest in respect of the Notes, in each case within seven days of the due date for payment thereof; or
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Transaction Documents and such default is incapable of remedy or, being a default which is capable of remedy, remains unremedied for 45 days after written notice of such default shall have been given to the Fiscal Agent at its Specified Office by any Noteholder; or
- (c) **Cross-default of the Issuer or a Material Subsidiary:**
- (i) any Indebtedness of the Issuer or any of the Issuer's Material Subsidiaries (which, in the case of the Issuer, is not a Non-Recourse Subsidiary) is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than (A) at the option of the Issuer or (as the case may be) the relevant Material Subsidiary (except, in the case of the Issuer, a Non-Recourse Subsidiary), or (B) (**provided that** no event of default, howsoever described, has occurred) at the option of any person entitled to such Indebtedness,
- provided that** the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above, individually or in the aggregate, exceeds EUR60,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Unsatisfied judgment:** one or more final and non-appealable judgment(s) or order(s) for the payment of any amount/an amount in excess of EUR60,000,000 (or its

equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of the Issuer's Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

- (e) **Security enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer or any of the Issuer's Material Subsidiaries (excluding, in the case of the Issuer, Non-Recourse Subsidiaries), **provided that** the individual or aggregate value of all assets subject to the enforcement exceeds EUR60,000,000 (or its equivalent in any other currency or currencies); or
- (f) **Insolvency, etc.:** (i) the Issuer or any of the Issuer's Material Subsidiaries becomes insolvent (*concurso*) or is unable to regularly pay its debts as they fall due, (ii) an administrator or liquidator is appointed in respect of the Issuer or any of the Issuer's Material Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of the Issuer's Material Subsidiaries, (iii) the Issuer or any of the Issuer's Material Subsidiaries makes a general assignment or an arrangement with or for the benefit of all or a substantial part of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it or (iv) the Issuer or any of the Issuer's Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) **Winding up, etc.:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of the Issuer's Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) **Analogous event:** any event occurs which under the laws of the Kingdom of Spain has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or
- (i) **Failure to take action, etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Transaction Documents, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Transaction Documents admissible in evidence in the courts of England and of the Kingdom of Spain is not taken, fulfilled or done; or
- (j) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Transaction Documents.

## 9. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.



## 10. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 11. Agents

In acting under the Fiscal Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor paying agent and additional or successor paying agents; **provided, however, that** the Issuer shall at all times maintain a paying agent.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 12. Meetings of Noteholders; Modification and Waiver

- (a) **Meetings of Noteholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders (including the holding of physical or, wholly or partly, virtual meetings by means of electronic facility or facilities (including telephone and video-conference platforms)) to consider any matter relating to the Notes, including the modification of any provision of these Conditions or any other Transaction Document. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a **Reserved Matter**)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, not less than 25 per cent. of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or approved by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s), in each case, on behalf of not less than 75 per cent. of holders of Notes who for the time being are entitled to receive notice of a meeting of Noteholders under the Fiscal Agency Agreement will take effect as if it were an Extraordinary Resolution. Such a resolution in

writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification:** The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders.

### 13. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the amount, issue date and date of the first payment of interest) so as to form a single series with the Notes.

### 14. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if the Notes are admitted to trading on the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) published on the website of Euronext Dublin or, in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

### 15. Governing Law and Jurisdiction

- (a) **Governing law:** The Notes and any non-contractual obligations arising out of or in connection with the Notes or the Coupons (save for Condition 2 (*Status of the Notes*)) will be governed by English law. Condition 2 (*Status of the Notes*) and any non-contractual obligations arising out of or in connection therewith will be governed by Spanish law.
- (b) **Jurisdiction:** The Issuer has (i) agreed for the benefit of the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a **Dispute**) arising out of or in connection with the Notes or the Coupons (including any non-contractual obligation arising out of or in connection with the Notes or the Coupons); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) designated a person in England to accept service of any process on its behalf. This Condition is for the benefit of each of the Noteholders and shall not limit the right of any of them to take proceedings against the Issuer relating to a Dispute (**Proceedings**) in any other courts with jurisdiction and that, to the extent allowed by law any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of a Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note (NGN) form. On 13 June 2006 the European Central Bank (the **ECB**) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the **Eurosystem**), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (**Definitive Notes**) in the denomination of EUR100,000 each at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Fiscal Agent if either of the following events (each, an **Exchange Event**) occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

So long as the Notes are represented by the Temporary Global Note or the Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR100,000 and higher integral multiples of EUR1,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event. In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

**Payments:** All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

**Payments on business days:** In the case of all payments made in respect of the Temporary Global Notes and the Permanent Global Notes **business day** means any day on which the TARGET System is open.

**Notices:** Notwithstanding Condition 14 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

**Electronic Consent and Written Resolution:** While any Global Note is held on behalf of a clearing system, then:

- (i) approval of a resolution proposed by the Issuer or the Fiscal Agent on behalf of the Issuer (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Notes outstanding (an **Electronic Consent** as defined in the Fiscal Agency Agreement) shall, for all purposes, take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons whether or not they participated in such Electronic Consent; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Fiscal Agency Agreement) has been validly passed, the Issuer and the Fiscal Agent shall be entitled to rely on consent or instructions given directly to the Issuer and/or the Fiscal Agent, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) by accountholders in the clearing system(s) with entitlements to such Global Note and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Fiscal Agent shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Fiscal Agent shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## USE OF PROCEEDS

An amount equal to the net proceeds from the issue of the Notes will be applied by the Issuer to finance or refinance, in whole or in part, the development, construction, installation or maintenance of new or existing projects, assets or activities that meet eligibility requirements (**Eligible Green Projects**) set out in the Issuer's green financing framework dated July 2023 (the Issuer's **Green Financing Framework**).

The net proceeds of the issue of the Notes will be used by the Issuer to refinance the Issuer's EUR 600,000,000 0.815 per cent. Senior Notes due 4 December 2023 unconditionally and irrevocably guaranteed by FCC Medio Ambiente, S.A.U. (**FCC Medio Ambiente**) and FCC Ámbito, S.A.U. (**FCC Ámbito**), which were issued in order to refinance indebtedness used to finance certain Eligible Green Projects.

Eligible Green Projects are divided into nine eligible green categories and approximately 90% of the net proceeds from the issue of the Notes will be invested in the "pollution prevention and control" category, and in the "clean transportation" category, with the remainder distributed between the other categories: described in the Issuer's Green Financing Framework.

For further information see "*The Issuer's Green Financing Framework*".

## THE ISSUER'S GREEN FINANCING FRAMEWORK

### Overview

The Issuer's commitment to sustainability was formally established in its 2050 Sustainability Strategy, approved in March 2021, which is the sustainability roadmap for the Issuer.

The publication of the Issuer's Green Financing Framework in July 2023 is a reflection of the Issuer's ongoing commitment to sustainability that already began with the previous framework published in 2019. The Issuer aims to expand its sustainable financing activity with the update of the framework in 2023, in accordance with its 2050 Sustainability Strategy. For more information on the Issuer's 2050 Sustainability Strategy see "*Description of the FCC Servicios Medio Ambiente Group - Business Characteristics, Strategy and Market Trends – Sustainability Strategy*".

The Issuer's Green Financing Framework has been established in accordance with the Green Loan Principles (GLP) published by the Loan Market Association (LMA) and the Green Bond Principles (GBP) published by International Capital Markets Association (ICMA), that aim to facilitate and support environmentally sustainable economic activity.

The Issuer's Green Financing Framework is aligned to the four components of the GLP and GBP: (1) Use of Proceeds, (2) Process for Project Evaluation and Selection, (3) Management of Proceeds and (4) Reporting. The Issuer has appointed DNV GL Business Assurance España, S.L. to confirm the alignment of the Issuer's Green Financing Framework with the GLP and GBP and issue a second party opinion (the Second Party Opinion)

The Issuer's Green Financing Framework makes a reference to the EU Taxonomy, in order to establish a relationship between the projects financed through this new version of the framework and the sustainable activities defined in the EU Taxonomy and the related delegated acts.

### Use of Proceeds

Green financing instruments (such as the Notes) will be used to finance, or refinance, in whole or in part, the types of Eligible Green Projects set out in the tables below in alignment with the GLP and the GBP.

In the case of a green bond issuance (such as the Notes) where proceeds are used to refinance Eligible Green Projects, the assets included in such Eligible Green Projects will have a look-back period of up to 36 months (before the issuance date of the respective instrument).

Table 1: Tier 1 activities related to the core business of the Issuer

Eligible Green Categories	Eligible Green Projects
<b>Pollution prevention and control</b>	<ul style="list-style-type: none"><li>• Waste collection and management projects:<ul style="list-style-type: none"><li>○ collection and transport of waste in individual or mixed fractions with a view to preparing it for re-use or recycling and</li><li>○ street cleaning and collection, transport and management of the resulting waste.</li></ul></li><li>• Waste-to-energy projects:<ul style="list-style-type: none"><li>○ generation of green energy from waste.</li></ul></li><li>• Waste processing projects:</li></ul>

<b>Eligible Green Categories</b>	<b>Eligible Green Projects</b>
	<ul style="list-style-type: none"> <li>○ processing waste in a sustainable way, avoiding landfill, excluding biowaste composting facilities, tire recovery projects and glass treatment plants.</li> <li>● Soil remediation projects.</li> </ul>
<b>Circular economy adapted products</b>	<ul style="list-style-type: none"> <li>● Waste processing facilities projects, to produce: <ul style="list-style-type: none"> <li>○ compost</li> <li>○ glass with end of use condition and</li> <li>○ tire treatment products.</li> </ul> </li> <li>● Recyclable and refurbished materials, components, and products.</li> <li>● Circular tools and services.</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>● Investment in projects leading to an increase in energy efficiency.</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>● Procurement of electric vehicles: Zero-emission vehicles for greater energy efficiency and significant noise reduction.</li> <li>● Transformation and modernization of the fleet of vehicles from diesel as a traditional fuel, towards less polluting options such as vehicles using natural gas and hybrid vehicles.</li> </ul>
<b>Terrestrial and aquatic biodiversity conservation</b>	<ul style="list-style-type: none"> <li>● Beach and coastal cleaning and preservation.</li> <li>● Cleaning and preservation of parks, gardens and green areas.</li> </ul>
<b>Sustainable water and wastewater management</b>	<ul style="list-style-type: none"> <li>● Wastewater treatment and sustainable urban drainage systems maintenance.</li> <li>● Cleaning and maintenance of ornamental fountains and drinking fountains.</li> </ul>

Table 2: Tier 2 activities related to the Sustainability Strategy of the Issuer and aligned to its commitments.

<b>Eligible Green Categories</b>	<b>Eligibility Green Projects</b>
<b>Green Technologies</b>	<ul style="list-style-type: none"> <li>● Energy storage systems.</li> <li>● R&amp;D in new clean technologies.</li> <li>● Green hydrogen projects.</li> </ul>
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>● Construction, generation or purchase of renewable energy from wind and solar.</li> </ul>

<b>Environmentally sustainable management of living natural resources and land use</b>	<ul style="list-style-type: none"> <li>• Preservation or restoration of natural landscapes.</li> </ul>
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The Issuer will not use the proceeds of any green financing instruments for:

- (a) New landfills or
- (b) Incineration activities:
  - (i) waste-to-energy (**WtE**) facilities that incinerate recyclable materials (including those WtE projects that only treat rejections of treatment facilities and/or non-recyclable materials from selective waste collection) and
  - (ii) WtE facilities with an R1 value of energy efficiency less than 0.65 (in accordance with Directive 2008/98/EC on waste (the Waste Framework Directive (**WFD**))).

### Process for Project Evaluation and Selection

The Issuer has set up a Green Financing Working Group (**GFWG**), which will include environmental and sustainability experts and be chaired by the Director of the Management Systems department (*Sistemas de Gestión*), to carry out the evaluation and selection process to ensure that proceeds are allocated to Eligible Green Projects (such allocation, an **Eligible Use of Proceeds**).

On a biannual basis, the GFWG will (i) consult with other departments of the Issuer (as necessary) to identify and recommend eligible projects or expenditures for inclusion as Eligible Use of Proceeds, (ii) review all proposed Eligible Use of Proceeds to determine their compliance with the Issuer's Green Financing Framework in order to approve the allocation of proceeds, (iii) review the allocation of Eligible Use of Proceeds and determine if any changes are necessary (for instance, if projects or expenditures have been cancelled, sold or otherwise become ineligible) and (iv) review the management of proceeds and facilitate reporting, each as described in the sections below.

### Management of Proceeds

The proceeds of each green financing instruments (including the Notes) will be deposited in the Issuer's general funding accounts and earmarked for allocation in a green financing register (the **Green Financing Register**). The Issuer will oversee that an amount equal to the net proceeds of the relevant green financing instrument is allocated to Eligible Green Projects.

On an annual basis, the Issuer will review the Green Financing Register, which will contain the following information: (i) the identification of green financing instruments and (ii) details on each Eligible Use of Proceeds, including the Eligible Green Projects and categories, allocations made by Eligible Green Project and category and the estimated impact of Eligible Green Projects and categories.

### Reporting

An annual allocation report will be made publicly available on the Issuer's website ([www.fccma.com](http://www.fccma.com)), which will contain details on the allocation of the net proceeds of green financing instruments.

In the case of a green bond issuance (such as in the case of the Notes), an annual allocation report will be made publicly available within one year of the issuance and on an annual basis until full allocation of the net proceeds and on a timely basis in case of any material development. The allocation report will include the following details: (i) the total amount allocated to Eligible Green Projects, (ii) the total



amount allocated per Eligible Green Project category; (iii) the proportion of new financing and refinancing and (iv) the amount remaining unallocated.

In addition, the Issuer will provide impact reporting on the expected environmental impacts of the Eligible Green Projects, in line with best practice guidance on impact reporting. Impact reporting will be made available on an annual basis, subject to the availability of the relevant data on the Issuer's website ([www.fccma.com](http://www.fccma.com)).

### **Verification**

The Issuer has appointed DNV GL Business Assurance España, S.L. to confirm the alignment of the Issuer's Green Financing Framework with the GLP and GBP and issue a second party opinion (the **Second Party Opinion**).

The Issuer also intends to engage an assurance provider, or an external reviewer to assess the compliance of green bonds issued (such as Notes) against the Issuer's Green Financing Framework on an annual basis.

Both the Second Party Opinion and Issuer's Green Financing Framework are available at on the Issuer's website ([www.fccma.com](http://www.fccma.com)).

The Issuer's Green Financing Framework, the Second Party Opinion and any other opinion or report mentioned in this section are not, nor shall they be deemed to be, incorporated in and/or form part of this Offering Circular.

### **Amendments to the Issuer's Green Financing Framework**

This section sets out a summary of the content of the Issuer's Green Financing Framework as at the date of this Offering Circular. The GFWG will review Issuer's Green Financing Framework on a regular basis and such review may result in a potential update or amendment. The updates, if not minor or technical in nature, will be subject to the prior approval of the GFWG. The updated framework, if any, will be published on the Issuer's website ([www.fccma.com](http://www.fccma.com)), and will also be subject to a review by an external party to ensure alignment with the GLP and GBP.

## DESCRIPTION OF THE FCC SERVICIOS MEDIO AMBIENTE GROUP

### Information about the Issuer

The Issuer is a limited liability company (*sociedad anónima unipersonal*) incorporated on 8 July 2008 under the laws of the Kingdom of Spain, with registration number A85484905. Its current registered office is located at Calle Federico Salmón, 13, 28016 Madrid, Spain.

The Issuer is a wholly-owned subsidiary of FCC one of the leading services and infrastructure companies in Europe. FCC is publicly traded on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia. On 1 June 2023, FCC entered into an agreement with CPP Investments to sell 24.99% of the share capital of FCC Servicios Medio Ambiente. The transaction is subject to the usual conditions precedent. For more information see section “*Recent Developments*”.

FCC is controlled by Control Empresarial de Capitales S.A. de C.V. (CEC), which, as of the date of this Offering Circular, currently holds more than 50% of the share capital and the voting rights of FCC. The rights of FCC as a shareholder in the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed in accordance with those articles and with the applicable provisions of Spanish law.

CEC is wholly owned, directly or indirectly, by the Trust F/125 (the **Trust**) set up with Banco Inbursa, S.A., Institución de Banca Múltiple (an entity that belongs to the Grupo Financiero Inbursa, a company that is listed on the Mexican Stock Exchange). Certain members of the Carlos Slim family are involved in the Trust which was set up on 6 March 1997 with Banco Inbursa, S.A. acting as a trustee institution. As at the date of this Offering Circular none of the family members or any other person or entity has control individually greater than 25% and no single member controls the Trust.

### FCC Servicios Medio Ambiente Group Overview

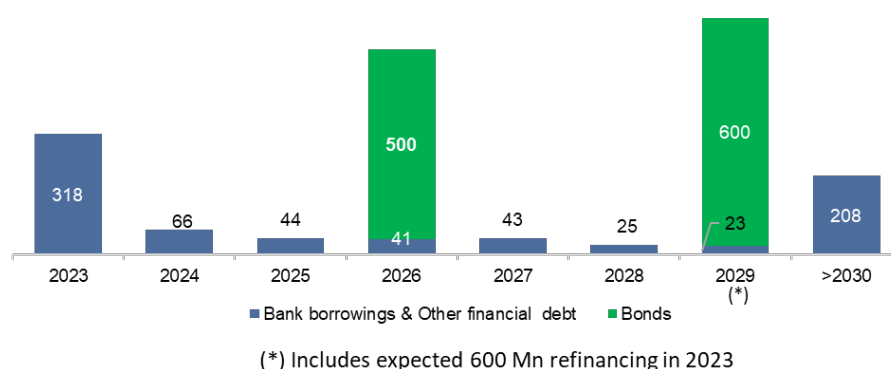
The FCC Servicios Medio Ambiente Group is a global environmental services group with more than 110 years of experience and since 1911 has been providing a wide range of services: collection, treatment, recycling, energy recovery and disposal of urban solid waste, public street cleaning, maintenance and conservation of green areas, treatment and disposal of industrial waste and the recovery of contaminated soils. It provides essential public services to almost 66 million people in 5,200 municipalities. It can provide municipalities with integrated services along the entire value chain, collecting, treating, recycling and disposing of waste and using its waste management activities to generate non-fossil energy and secondary raw materials.

The FCC Servicios Medio Ambiente Group has a leading position in its core market with a 32% market share in waste collection in Spain, being among the seven largest environmental services providers globally and fifth in the EU (based on the Issuer’s own analysis). As of 31 December 2022, the FCC Servicios Medio Ambiente Group had presence in 11 countries, mainly in the UK, Central and Eastern Europe and the United States, with 43,842 employees globally. As of 31 December 2022, the FCC Servicios Medio Ambiente Group’s revenue was EUR3,615.7 million and its EBITDA was EUR593.6 million.

Under the terms of the Notes offered pursuant to this Offering Circular the Issuer distinguishes between “Recourse Subsidiaries” and “Non-Recourse Subsidiaries”. Non-Recourse Subsidiaries are those that are solely involved in owning, developing or operating a project or concession, whose financial indebtedness takes the form of project financing and that do not benefit from credit support from other members of the Group, except for limited project subsidiary support. All other subsidiaries are considered Recourse Subsidiaries.

As of 30 June 2023, the FCC Servicios Medio Ambiente Group’s estimated consolidated financial debt was EUR 1,866.23 million, of which EUR 312.66 million was non recourse debt and EUR 1,553.58 million recourse debt, resulting a net recourse debt of EUR 1,221.38 million. The Recourse EBITDA (as defined in the Conditions) and the Consolidated Net Leverage (as defined in the Conditions) amounted to EUR 528.32 million and EUR 1,221.38 million, respectively. As of 30 June 2023, the Consolidated Net Leverage Ratio (as defined in the Conditions) is 2.31.

As of 30 June 2023, the estimated repayment calendar of the FCC Servicios Medio Ambiente Group’s consolidated financial debt (including the Notes) is as follows:



The FCC Servicios Medio Ambiente Group carries out its activities in four main geographic markets: (i) Iberia (Spain and Portugal), (ii) UK, (iii) Central and Eastern Europe and (iv) United States

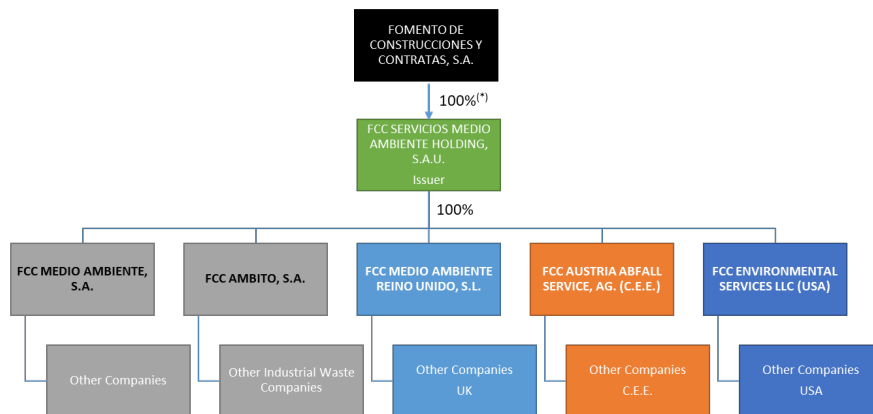
The FCC Servicios Medio Ambiente Group manages (through collection and treatment) 14 million tonnes of waste annually and produces nearly 4 million tonnes of recyclables and over 2.5 million tonnes of refuse-derived fuel. It has more than 800 waste management facilities in operation, of which over 200 are environmental complex facilities used for treating and recycling waste, including 13 waste-to-energy projects (three of them under development) with an annual capacity of 3.7 million tonnes and 435 MW of non-fossil electricity, including the three under development.

The FCC Servicios Medio Ambiente Group’s activities have a direct impact in the promotion of sustainable development and the health and well-being of citizens. The FCC Servicios Medio Ambiente Group is committed to using clean and advanced technologies in the provision of quality services that are sustainable over the medium and long-term and adapted to customers’ needs.

## Group Structure

As of 31 December 2022, the Environmental Services Business Segment was comprised of 459 entities: 195 subsidiary companies and 264 joint ventures and similar entities.

The chart below shows the structure of the FCC Servicios Medio Ambiente Group as of the date of this Offering Circular.



(\*) On 1 June 2023, Fomento de Construcciones y Contratas, S.A. has entered into an agreement with CPP Investments to sell 24.99% of the share capital of FCC Servicios Medio Ambiente. The transaction is subject to the usual conditions precedent. For more information see section "Recent Developments".

- IBERIA
- UK
- CENTRAL & EASTERN EUROPE
- USA

## FCC Servicios Medio Ambiente Group's Business Activities

The FCC Servicios Medio Ambiente Group's business comprises the following activities:

### *Waste collection and street cleaning*

This activity involves the collection of waste generated at households, businesses, offices and services and the maintaining and cleaning of public streets. This activity also includes the collection of all waste that is not classified as hazardous and that is similar to the waste collected at households, businesses, offices and services due to its nature or composition.

Based on the needs of each city in which the FCC Servicios Medio Ambiente Group operates, it uses different collection systems. Each system has vehicles and containers chosen to maximise efficiency and minimise the environmental footprint in terms of noise and emissions. It uses advanced technology to improve its response capacity to deal with the challenge represented by the thousands of tons of solid waste collected on a daily basis.

In 2022, the FCC Servicios Medio Ambiente Group collected approximately 10.5 million tons of waste. Nearly 27 million people (calculated based upon the population of the municipalities in which it operates) in approximately 3,400 municipalities are served by the waste collection service provided by FCC Servicios Medio Ambiente Group.

In terms of street cleaning, the FCC Servicios Medio Ambiente Group has more than 100 years of experience working in urban areas. It invests in the development of real-world solutions such as clean-energy vehicles that can move through city centres with minimum noise and emissions.

As of 31 December 2022, this activity generated EUR1,608.9 million in revenue and EUR211.4 million EBITDA.

### *Waste treatment & Recycling*

This activity involves the treatment of waste as a resource, reusing and recycling the waste collected and making use of the energy value of the remaining fraction when feasible. Waste is treated through

thermal, composting, biomethanisation, recycling or incineration processes, and the use of sanitary landfills. The FCC Servicios Medio Ambiente Group operates with a wide variety of treatment facilities including mechanical sorting, composting, anaerobic digestion and energy-from-waste plants. In many locations multiple technologies are combined to ensure the most complete waste recovery possible. The FCC Servicios Medio Ambiente Group has more than 800 waste management facilities in operation, of which in excess of 200 are environmental complex facilities used for treating and recycling waste (including 13 waste-to-energy projects (three of them under development) with an annual capacity of 3.7 million tonnes and 435 MW of non-fossil electricity). Nearly 90 operational sanitary landfills receive the fraction of waste left after recycling and energy recovery. Biogas is captured from the landfills to produce energy and wind turbines and photovoltaic panels are being installed at landfill sites to further increase renewable energy production.

As of 31 December 2022, this activity generated EUR1,340.5 million in revenue and EUR287.7 million EBITDA.

### ***Industrial waste***

This activity, carried out through FCC Ámbito in Spain and Portugal, FCC Services Austria Abfall AG (CEE) in Central and Eastern Europe and FCC Medio Ambiente Reino Unido, S.L.U in the UK, consists of integrally managing all types of industrial waste, including hazardous, non-hazardous, recyclable, ordinary, soil and passive environmental. Waste is treated through chemical treatment, disposal, recycling processes such as RDF (refuse derived fuel) manufacture or WEEE (waste electrical and electronic equipment) recycling and recovery of by-products. As of 31 December 2022, the FCC Servicios Medio Ambiente Group had nearly 90 industrial waste facilities handling about 6.5 million tons of commercial and industrial waste per year for over 81,000 clients. The FCC Servicios Medio Ambiente Group has 39 facilities located in Spain and Portugal.

As of 31 December 2022, this activity generated EUR301.5 million in revenue and EUR63.6 million EBITDA.

### ***Other activities***

Other activities comprise, among others, maintenance of green areas, beach and coast cleaning and sewage network maintenance. The ground maintenance activity is focused on creating, conserving and restoring green spaces and historic gardens. The FCC Servicios Medio Ambiente Group maintains more than 6,500 hectares of parks, gardens and other green areas. It is also present in 109 Spanish municipalities with more than 1,500 kilometres of coastline and beaches served.

As of 31 December 2022, this activity generated EUR364.7 million in revenue and EUR30.9 million EBITDA.

The following table sets forth a breakdown by business activity of the FCC Servicios Medio Ambiente Group's revenues and EBITDA for the years ended 31 December 2021 and 31 December 2022:

	<b>For the year ended 31 December</b>			
	<b>Revenues</b>	<b>EBITDA<sup>(1)</sup></b>	<b>Revenues</b>	<b>EBITDA<sup>(1)</sup></b>
	<b>2021</b>	<b>2021</b>	<b>2022</b>	<b>2022</b>
	<i>(millions of euros)</i>			
Waste collection and street cleaning.....	1,454.6	199.8	1,608.9	211.4
Waste treatment & Recycling.....	1,171.1	243.0	1,340.5	287.7

	For the year ended 31 December			
	Revenues	EBITDA <sup>(1)</sup>	Revenues	EBITDA <sup>(1)</sup>
	2021	2021	2022	2022
	<i>(millions of euros)</i>			
Industrial waste.....	286.8	64.2	301.5	63.6
Other activities.....	332.4	27.1	364.7	30.9
<b>Total .....</b>	<b>3,244.9</b>	<b>534.1</b>	<b>3,615.7</b>	<b>593.6</b>

Notes:

(1) "EBITDA" is net operating income, before depreciation and amortisation, impairment losses and asset disposals.

The following table sets forth a reconciliation of the FCC Servicios Medio Ambiente Group's consolidated EBITDA to the consolidated profit from operations for the years ended 31 December 2021 and 31 December 2022:

FCC SERVICIOS MEDIO AMBIENTE GROUP	2021	2022
<b>PROFIT FROM OPERATIONS.....</b>	284.5	305.3
Depreciation and amortisation.....	(234.9)	(267.9)
Impairment and profit and loss from asset disposals.....	(12.5)	(10.0)
Recognition of non-financial grants and others.....	0.8	0.7
Other profit/loss.....	(3.1)	(11,1)
<b>EBITDA .....</b>	<b>534.1</b>	<b>593.6</b>

### The FCC Servicios Medio Ambiente Group's Geographic Footprint

The FCC Servicios Medio Ambiente Group's business is carried out both within Spain as well as in markets outside of Spain, with projects throughout the UK, Central and Eastern Europe and the United States. The FCC Servicios Medio Ambiente Group organises its business through the following four geographical divisions:

#### *Iberia – Spain and Portugal*

Iberia is the core market of the FCC Servicios Medio Ambiente Group. The FCC Servicios Medio Ambiente Group provides environmental services in nearly 3,700 municipalities throughout Iberia, serving a population of more than 32 million inhabitants. The activities carried out in Iberia (through FCC Medio Ambiente and FCC Ámbito) include waste collection (with an estimated market share of 32%) and street and beach cleaning, waste treatment, maintenance of green areas and industrial waste management. Measured by revenue, the FCC Servicios Medio Ambiente Group is the market leader in Iberia in waste collection, city sanitation services (which include, among others, street cleaning and maintenance of green areas) and industrial waste management.

As of 31 December 2022, the FCC Servicios Medio Ambiente Group generated EUR2,006.8 million in revenue, EUR305.8 million EBITDA and had a backlog of EUR8,258.3 million in this area. As of 31 December 2022, the Iberia market accounted for 55.5% of the FCC Servicios Medio Ambiente Group's revenue.

### ***United Kingdom***

The UK is the second largest market of the FCC Servicios Medio Ambiente Group in terms of revenue. The FCC Servicios Medio Ambiente Group provides environmental services to close to 19 million inhabitants. Throughout the UK, the FCC Servicios Medio Ambiente Group (through FCC Medio Ambiente Reino Unido, S.L.U.) is mainly involved in municipal waste treatment and disposal, where it is one of the five largest companies (based on the Issuer's own analysis). In particular, it is engaged in landfill services (including the treatment of residual and contaminated waste), obtaining energy from waste and recycling (with an estimated market share of above 10%). The FCC Servicios Medio Ambiente Group is one of the five largest waste management companies in the UK.

As of 31 December 2022, the FCC Servicios Medio Ambiente Group generated EUR794.9 million in revenue, EUR152.6 million EBITDA and had a backlog of EUR2,378.7 million in the UK. As of 31 December 2022, the UK market accounted for 21.99% of the FCC Servicios Medio Ambiente Group's revenue.

### ***Central and Eastern Europe***

The Central and Eastern Europe area is the third largest market of the FCC Servicios Medio Ambiente Group in terms of revenue. The FCC Servicios Medio Ambiente Group provides environmental services in over 1,400 municipalities throughout the Central and Eastern Europe area, serving a population of nearly 4.4 million inhabitants. In the Central and Eastern Europe area, primarily in Austria and in the Czech Republic, the FCC Servicios Medio Ambiente Group (through FCC Austria Abfall Services AG) is mainly engaged in end-to-end municipal waste management activities, including collection, processing and disposal and environmental services and supports. The FCC Servicios Medio Ambiente Group is the largest waste management company in the Central and Eastern Europe area. It is one of the three leading waste management companies in the Czech Republic serving over 1.17 million inhabitants and more than 25,000 industrial customers, one of the four main players in Austria serving over 1.15 million inhabitants and more than 7,400 industrial customers and is among the top private waste management entities in Poland, Slovakia, Hungary, Romania and Serbia (based on the Issuer's own analysis).

As of 31 December 2022, the FCC Servicios Medio Ambiente Group generated EUR592.2 million in revenue, EUR101.8 million EBITDA and had a backlog of EUR523.7 million in Central and Eastern Europe. As of 31 December 2022, the Central and Eastern Europe area market accounted for 16.4% of the FCC Servicios Medio Ambiente Group's revenue.

### ***United States***

The United States area is the fourth largest market of the FCC Servicios Medio Ambiente Group in terms of revenue and amongst the fifteen largest end-to-end recycling and solid waste management companies in the United States. The FCC Servicios Medio Ambiente Group carries out its activities in the United States, through its subsidiary FCC Environmental Services LLC (USA).

In December 2021, FCC Environmental Services LLC (USA) made its first acquisition in the United States, with the purchase of Premier Waste Services in Dallas (Texas), a company specialising in tertiary waste collection in that area, for U.S. dollars 34 million. This operation enhanced the service offering and increases operational efficiency in the existing collection and treatment activities in the state of Texas.

Moreover, in December 2022, FCC Environment Services LLC (USA) made a new acquisition in the North American market following the buy-out of Houston Waste Solutions (HWS), one of the largest commercial MSW (Municipal Solid Waste) 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.

The FCC Servicios Medio Ambiente Group provides environmental services to more than 10 million inhabitants in this market. The FCC Servicios Medio Ambiente Group revenue generated in the United States relates to the collection and treatment of urban and solid waste. As of 31 December 2022, the FCC Servicios Medio Ambiente Group generated EUR221.8 million in revenue, EUR33.4 million EBITDA and had a backlog of EUR2,094.8 million in this area. As of 31 December 2022, the U.S. area market accounted for 6.1% of the FCC Servicios Medio Ambiente Group's revenue.

The following table sets forth a breakdown by geographical divisions of the FCC Servicios Medio Ambiente Group's revenues and EBITDA for the years ended 31 December 2021 and 2022:

	For the year ended 31 December			
	Revenues	EBITDA <sup>(1)</sup>	Revenues	EBITDA <sup>(1)</sup>
	2021	2021	2022	2022
	<i>(millions of euros)</i>			
Iberia.....	1,874.1	284.8	2,006.8	305.8
United Kingdom.....	708.3	134.9	794.9	152.6
Central and Eastern Europe	550.7	95.4	592.2	101.8
United States	111.8	18.9	221.8	33.4
<b>Total<sup>(2)</sup> .....</b>	<b>3,244.9</b>	<b>534.1</b>	<b>3,615.7</b>	<b>593.6</b>

Notes:

(1) "EBITDA" is net operating income, before depreciation and amortisation, impairment losses and asset disposals.

(2) The total is not presented as the exact sum of the above items due to the effects of rounding.

## Business Characteristics, Strategy and Market Trends

The FCC Servicios Medio Ambiente Group business benefits from long-term contracts and high entry barriers. It has specialised personnel and management, differential know-how and proprietary technological development, which together with its diversified selection of services encompassing a full range of environmental services, support its competitive position. The FCC Servicios Medio Ambiente Group believes that this breadth of offering mitigates market swings in particular service offerings. In addition, its business benefits from a limited client concentration, with its top five clients accounting for less than 14% and its top ten clients accounting for 19% of its revenues.

The environmental services business is characterised by long term contracts. These contracts typically have terms of 8 to 10 years for waste collection and of 15 to 25 years for waste treatment. The average term of industrial waste contracts is between 3 and 12 months. The average term of contracts per region is 10 years in Iberia, 8.6 years in the U.K., 2.3 years in Central and Eastern Europe and 9.5 years in the United States. The FCC Servicios Medio Ambiente Group has an established track record in obtaining renewals of these contracts at the end of their terms. Overall, the estimated average renewal rate for contracts is between 75% and 90%. In particular, the renewal rate of its contracts in each of its geographical divisions is 90% in Iberia, 90% in the U.K., 75% in Central and Eastern Europe and 100% in the United States. The main contracts in Iberia have terms of over 30 years, with Barcelona being the longest at over 100 years. This enables the business to generate recurrent cash flows with high future visibility.

The inclusion of new technology enables the FCC Servicios Medio Ambiente Group to strengthen its key position in the recycling and waste recovery markets in Europe and emerge as a key player in the



circular economy. The circular economy is a new production and consumption model that ensures sustainable growth over time. The aim is to drive the optimisation of resources, reduce the consumption of raw materials, and recover waste by recycling or giving it a second life as a new product. The FCC Servicios Medio Ambiente Group has changed its 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 developments (prohibition of landfills or taxes on landfills) have been defined. This transition is essential for maintaining its market share and to remain competitive. Another essential strategic objective is to increase the quality and quantity of reusable raw materials to meet the EU's ambitious targets (part of its efforts towards the circular economy model) by investing in selective collection and automatic sorting facilities. In the United States, the FCC Servicios Medio Ambiente Group intends to continue to consolidate its presence in the coming years by growing more residential contracts and boosting commercial collection activity.

Strategically, in Spain, as has been the case for years, FCC Servicios Medio Ambiente Group will focus on remaining competitive and maintaining its leading position through combining know-how and the development of innovative technology, offering respectful, inclusive and sustainable services and combating climate change and reducing the carbon footprint. Efforts shall also be made to harness potential opportunities that have emerged due to stricter regulations and new services (smart cities). The ultimate objective is to replace the straight-line production model with a circular model that re-includes residual materials into the production process. The FCC Servicios Medio Ambiente Group has a high level of technical knowledge and, either as leader or collaborator, continues to participate in a large number of research, development and innovation projects in order to develop new machinery and innovative processes.

FCC Servicios Medio Ambiente Group is committed to taking action against climate change, for example in the issuance of green bonds to finance the operation and acquisition of assets developed with sustainability in mind.

Moderate growth is expected in Spain based on the new contracts already awarded to the FCC Servicios Medio Ambiente Group. 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 Spanish domestic market, the aim being focused on gradually replacing the linear production model with circular models.

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 such opportunities can add value to the FCC Servicios Medio Ambiente Group.

In the UK, despite leaving the EU, the UK shares the EU's circular economy objectives and recycling targets and aims to be more ambitious in terms of implementation of household waste recycling rates and reducing the amount of waste at landfills. 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, the FCC Servicios Medio Ambiente Group 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. The Group's division in the UK 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.

Internationally, growth in the United States stands out, where sales growth in 2022 compared to the previous year was 121%. FCC Servicios Medio Ambiente Group now ranks among the top 15 companies in its industry in the United States, and is expecting to be in the top 10 in the next two years. FCC Environmental Services LLC (USA), which serves more than 10 million Americans, is the largest recycling company in Texas, and has a key presence in Florida in cities such as Orlando, Tampa, Palm Beach, Daytona Beach, Lakeland and Wellington, as well as in the Middle West and West coast. Growth continues to be exponential and the company currently employs more than 1,800 people. Four new contracts have kicked off throughout 2022 in Florida and California adding over €1,000 million to the existing backlog.

In the United States, the FCC Servicios Medio Ambiente Group has begun to promote mechanical biological treatment plants, in line with new regulations that are beginning to make it mandatory in some states to minimise waste sent for landfill disposal. The Group's significant experience at a European level will continue to advance the FCC Servicios Medio Ambiente Group in the United States, as it is clear that its experience in such technology has differentiated it from its usual competitors in the United States. During 2022, the first contract of this type was launched in Placer County (California), renovating and operating facilities where 650,000 tonnes of waste 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 17% of United States 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.

The key global macro trends show a growth in 2050 of population living in urban areas to 6.7 billion people<sup>1</sup>, which would represent a 68% of the global population, as compared to the current 55% of the global population. Since the 1970s, the rate of plastic production has grown faster than that of any other material. If historic growth trends continue, global production of primary plastic is forecast to reach 1,100 million tonnes by 2050. Approximately 36% of all plastics produced are used in packaging, including single-use plastic products for food and beverage containers, approximately 85% of which ends up in landfills or as unregulated waste. Additionally, some 98% of single-use plastic products are produced from fossil fuel, or “virgin” feedstock. The level of greenhouse gas emissions associated with the production, use and disposal of conventional fossil fuel-based plastics is forecast to grow to 19% of the global carbon budget by 2040<sup>2</sup>. Additionally, the greenhouse gas emissions must be reduced by 55% in 2030 as an intermediate step towards the 2050<sup>3</sup> goal to meet the commitment of <2°C<sup>4</sup> and the disruptive technologies and big data will play a relevant role in the development of smart and sustainable cities.

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<sup>1</sup> World Population Prospects 2022 United Nations Department of Economic and Social Affairs.

<sup>2</sup> United Nations environment programme “Beat plastic pollution”.

<sup>3</sup> European Council: Climate Change: what the EU is doing.

<sup>4</sup> European Council: 2030 Climate and Energy Policy Framework.

Regarding the waste management sector evolution, the trend will be the increase of municipal waste generation per capita in around one-third of all EU member states<sup>5</sup>. Although municipal solid waste currently represents only 10.8% of total waste generated in Europe and it is one of the most polluting categories of waste, it is the category with the highest potential for environmental improvement through better management<sup>6</sup>. Even though 23.2% of municipal waste generated in 2020 in the EU was sent to landfills, EU member states still have an average landfill rate of 40%<sup>7</sup>. The key global macro trends also show that the waste management sector will play a key role in waste prevention and turning waste into a resource. Selective recollection will also play a critical role as an enabler to increase recycling rates and maximise the value of resources.

## Recent Trading

The following table sets forth the FCC Servicios Medio Ambiente Group's revenues and EBITDA by activity and geographical divisions for the six months ended 30 June 2023:

	<b>For the six months ended 30 June 2023</b>	
	<b>Revenues</b>	<b>EBITDA</b>
	<i>(millions of euros)</i>	
<b>by activity</b>		
Waste collection and street cleaning.....	899.9	117.3
Waste treatment	644.1	136.4
Industrial Waste	189.2	11.5
Other activities	150.3	30
<b>by region.....</b>		
Iberia	1,026.9	139.9
United Kingdom	388.9	85.2
Central and Eastern Europe	296.6	47.4
United States	171.1	22.7
<b>Total (by region and by activity).....</b>	<b>1,883.5</b>	<b>295.2</b>

Notes:

- (1) The total is not presented as the exact sum of the above items due to the effects of rounding.

## Material Contracts

All material contracts concluded by the FCC Servicios Medio Ambiente Group have been entered into in the ordinary course of business.

The balance of financial debts with FCC Servicios Medio Ambiente Group companies includes two subordinated loans granted by FCC (as lender) due to the corporate reorganisation of the services business: (i) a first loan with a principal of EUR275,376,282 maturing in 15 years (11 November 2034) or if earlier, on the date of repayment of the Issuer's EUR 500,000,000 1.661 per cent. Senior Notes due 4 December 2026 and the Notes, without partial repayments and at a fixed interest rate of 2.5 per cent. per year, which will be capitalised; any claims, whether interest or principal, relating to this loan shall be contractually subordinated to the claims under the Notes and, as such, no amount of principal or interest may be paid under the loan until all payment obligations arising under the Notes have been

<sup>5</sup> Eurostat, Waste generation, excluding major mineral wastes, 2010 and 2020 (kg per inhabitant).

<sup>6</sup> Eurostat, Waste generation by economic activities and households, EU, 2020.

<sup>7</sup> Eurostat, Waste treatment by type of recovery and disposal, 2020 (% of total treatment).

met or cancelled in full; and (ii) a second loan with a principal of EUR69,826,989 for transactions with FCC Environmental Services LLC (USA); it also matures on 11 November 2034 or if earlier, on the date of repayment of the Issuer's EUR 500,000,000 1.661 per cent. Senior Notes due 4 December 2026 and the Notes, without partial repayments and at a fixed interest rate of 2.5 per cent. per year, which will be capitalised.

## Legal Proceedings

The FCC Servicios Medio Ambiente Group is involved in disciplinary proceedings filed by the National Commission for Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*) (formerly, *Comisión Nacional de Competencia*) (CNMC) relating to the alleged breach of Article 1 of Law 15/2007, of 3 July, on the Protection of Competition (*Ley 15/2007, de 3 de julio, de Defensa de la Competencia*) (**Law 15/2007**), in relation to industrial waste and urban sanitation activities in Spain, prohibiting cartels and collusive behaviours. Fifty-four entities and three corporate associations were initially involved in the disciplinary proceedings, including the following FCC Servicios Medio Ambiente Group entities: FCC, FCC Medio Ambiente, FCC Ámbito and Manipulación y Recuperación S.A., Tratamientos y Recuperaciones Industriales, S.A., Recuperación de Pedreres, S.L., Gestión y Valoración Industrial del Centro, S.L. and Betarte, S.A. The sanctions proceedings with reference number S/0429/12 were commenced by the CNMC on 4 July 2013. Between the end of April 2014 and the beginning of May, the entities received the Facts Establishment Sheet (*Pliego de Concreción de Hechos*) that was duly answered. On 11 and 12 August 2014, the CNMC notified the affected entities of its Resolution Proposal (*Propuesta de Resolución*) dated 7 August 2014. The companies filed their objections before the CNMC on 5 September 2014. On 8 January 2015, the CNMC issued a resolution, by which a fine amounting to EUR16.8 million was imposed on FCC, FCC Medio Ambiente, FCC Ámbito, Manipulación y Recuperación S.A. and Recuperación de Pedreres, S.L. due to a single and continued infringement of Article 1 of Law 15/2007, and Article 101 of the Treaty on the Functioning of the EU. This resolution was appealed at the National High Court (*Audiencia Nacional*), requesting preventive measures in order to suspend the execution of such resolution and therefore the payment of the referred fine. The National High Court (*Audiencia Nacional*) agreed on 29 April 2015, to suspend the execution without having to provide any guarantee. On 27 February 2018, the National High Court (*Audiencia Nacional*) upheld the appeal brought by the FCC Servicios Medio Ambiente Group entities against the CNMC's resolution. The judgment decided to cancel the fine amounting to EUR16.8 million. After this, the CNMC notified a new sanction proceeding in April 2018 against the same entities as the first disciplinary proceeding (S/DC/0628/18) for the same collusive behaviours. The rationale for this new proceeding was that the National High Court's judgment had not declared null and void the CNMC's resolution but declared the inexistence of a single and continuous infringement. If this had been declared null and void, the statute of limitations had been applied. The statute of limitations is not suspended if the infringement is only declared void. In June 2019, a new Facts Concretion Sheet (*Pliego de Concreción de Hechos*) was received. After this the CNMC notified in July 2019 the Resolution Proposal (*Propuesta de Resolución*) to the different FCC entities. All the FCC group companies filed their objections against the Resolution Proposal on 22 August 2019 before the CNMC. On 23 September 2019, the CNMC resolved to suspend the proceedings until the appeals submitted by other entities involved in the case are resolved by the National High Court in which it was requested to declare the disciplinary proceeding void for violating the "non bis in idem" principle. For other entities, namely Tratamientos y Recuperaciones Industriales, S.A., Gestión y Valoración Industrial del Centro, S.L. and Betarte, S.A., it was agreed not to file the proceedings, given that their participation in the facts had not been proven. The National High Court has resolved that the disciplinary proceeding against the other entities violates the "non bis in idem" principle and declared the proceeding void. Therefore, on 22 March 2023 the CNMC closed out the first disciplinary proceeding (S/DC/0628/18) brought against FCC, FCC Ámbito, FCC Medio Ambiente S.A, Manipulación y Recuperación, S.A., Recuperación de Pedreres, S.L., among others.

## Environmental Matters and Sustainability

The FCC Servicios Medio Ambiente Group's activities are subject to environmental regulation. This requires, among other requirements, that the FCC Servicios Medio Ambiente Group commissions environmental impact studies for future projects and that it obtains the licences, permits and other authorisations required to construct and operate relevant projects. In recent years there has been a significant increase in environmental regulation in Spain, the EU and other jurisdictions in which the FCC Servicios Medio Ambiente Group operates. These include regulations regarding carbon dioxide emissions and limitations on polluting emissions from large plants and facilities, as well as regulations on waste and the circular economy, which set ambitious targets for the use of waste and the reduction of the amount of waste destined for landfill. See “—Regulatory framework— Environmental regulatory framework”.

### ***Sustainability Strategy***

There has been a very important milestone in terms of sustainability within the FCC Servicios Medio Ambiente Group during 2021. The FCC Servicios Medio Ambiente Group is a leading organisation in providing sustainable environmental services. FCC Servicios Medio Ambiente Group's commitment to sustainability was formally established in the 2050 Sustainability Strategy approved in March 2021, a sustainability roadmap which the entire organisation participated in creating.

This long-term sustainability strategy has been integrated throughout the organisation and focuses on combining the know-how developed over its 100 years of activity with the development of innovative technologies to offer its customers more efficient services and a more “friendly” service concept, more mindful of its the consumption of resources which will contribute to making all the cities it operates in more sustainable and inclusive.

Policies for equality and labour integration of disadvantaged groups are of particular importance to FCC Servicios Medio Ambiente Group, as well as the promotion of all those actions that reinforce the commitment to the circular economy, the fight against climate change and the reduction of the carbon footprint. The use of alternative energies and the efficiency in their use for the provision of urban and environmental services, both in the facilities and in the service vehicles, constitute two strategic pillars in which important steps have been taken, especially in the development of technologies of electric mobility in the vehicle fleet.

The FCC Servicios Medio Ambiente Group has focused its actions on the United Nations sustainable development goals (SDGs) most directly related to its activities in order to maximise the effect on the 17 SDGs as a whole. The organisation contributes to greater environmental, economic, and social prosperity through:

- Green growth and the fight against climate change: efficient consumption of water, energy and other resources, waste prevention; technological innovation, low carbon processes and services and protection of biodiversity.
- People development: generation of talent, diversity and equal opportunities, occupational health and safety and social inclusion.
- A favourable work environment: fight against corruption, peace and social stability, quality and transparency in the value chain.
- Public-private collaboration and opening up to the third sector.

With all this, 4 core areas have been defined that will mark the actions of FCC Servicios Medio Ambiente Group in terms of sustainable management: ENVIRONMENT, SOCIAL, EXCELLENCE and GOVERNANCE, with specific objectives in each field of activity. Some of these commitments are:

## Four core areas guiding our efforts

**1 Environment: Circular Economy, Climate Action and Biodiversity Protection**

9 INDUSTRY, ENERGY AND MATERIALS | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 LIFE ON LAND

**CIRCULAR ECONOMY:**  
Achieving the EU's 2035 waste management targets

≥65% of waste recycling | ≤10% of waste disposed of in landfills

**CLIMATE, ENERGY AND POLLUTION:**  
Reducing GHG, pollution and noise emissions

Reducing GHGs by -35% between 2017-2030 | Achieving **Climate Neutrality** by 2050 | 100% **ECO or zero-emission vehicle fleet** by 2050

**WATER:**  
Addressing water stress by promoting efficient water use

Alternative sources: 50% in 2030 | 100% in 2050

**BIODIVERSITY:**  
Protecting natural capital in the performance of our activity

100% of staff aware

**2 Social: Human Resources and Society**

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 17 PARTNERSHIPS FOR THE GOALS

**STABLE EMPLOYMENT AND TALENT PROMOTION:**  
Creating quality jobs to attract and retain talent

Staff pride and identification with the company | National and international promotion and internal mobility | Increasing percentage of new recruits of young graduates

**EQUAL OPPORTUNITIES:**  
Promoting diversity, social inclusion and equality

Gender balance in 2050 | Increasing the volume and activity of inclusive employment

**SAFE AND HEALTHY COMPANY:**  
Ensuring safe working conditions and occupational health and well-being

Zero serious or fatal accidents | Among 2019-2050 in accident rates -50% | -25% in sick leave

**STRATEGIC ALLIANCES:**  
Generating unions, partnerships and alliances for sustainable service management

Forging new public-private partnerships linked to the SDGs

**3 Excellence: Smart Management, Innovation and responsible value chain**

9 INDUSTRY, ENERGY AND MATERIALS | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 17 PARTNERSHIPS FOR THE GOALS

**RESPONSIBLE PROCUREMENT AND MANAGEMENT SYSTEMS:**  
Spearheading the implementation of systems ensuring the quality and transparency of the value chain

Digitising management processes

Implementing a green, responsible and innovative procurement model

**Certification/accreditation**  
according to new standards, specifications, protocols and regulations

**INNOVATION:**  
Maintaining our leadership in Research, Development and Innovation

Investing at least 1% of Turnover by 2050 | FCC Medio Ambiente honoree as the best Innovative Idea at Smart City Awards in Barcelona

**SMART CITIES:**  
Contributing to sustainable urban development through ICTs

100% of services under the "Smart Human & Environmental" model

**4 Governance: Risk Management, Ethics and Anti-Corruption**

11 SUSTAINABLE CITIES AND COMMUNITIES | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

**RISK MANAGEMENT:**  
Organisational resilience

Supporting contingency plans for emergency situations

**ETHICS AND ANTI-CORRUPTION:**  
Leading the way in compliance with ethical principles and the fight against corruption

Certification of the compliance model under ISO 37301

A long-term strategic vision for a **MORE PROSPEROUS, MODERN, COMPETITIVE AND CLIMATE-NEUTRAL WORLD**

In order to make these long-term sustainability commitments a reality, the Group established short-term Action Plans, in which the objectives were established, and specific actions defined so that the organisation advances and achieves the commitments by 2050.

In 2022, the 2020 - 2022 Action Plan ended, and the Group is currently close to launching the new 2023-2026 Action Plan, aligned with the commitments of the 2050 Sustainability Strategy, and therefore with the United Nations sustainable development goals (SDGs).

### Management System

One of the fundamental objectives of the FCC Servicios Medio Ambiente Group is continuous improvement through an integrated management system that includes both the management of the quality of processes, products and services as well as that of the environment and task force health and safety. The management system is certified by an accredited entity in accordance with, among others, the international standards ISO 9001, ISO 14001 and ISO 45001.

The FCC Servicios Medio Ambiente Group publishes a report so as to facilitate the verification of the Greenhouse gases (**GHG**) Inventory enabling reporting on this in a transparent manner to its stakeholders. The main objective pursued with this initiative is to:

- understand and evaluate the organisation's GHG emissions in order to identify opportunities to reduce and/or offset its carbon footprint;
- participate in voluntary GHG programmes;
- have corporate GHG information; and
- improve the position with stakeholders, maintaining a responsible commitment to continuous improvement.

Similarly, and in response to the entry into force on 5 December 2015 of EU Directive 2012/27/EU on energy efficiency, in 2016 the FCC Servicios Medio Ambiente Group was certified ISO-50001. To meet the objectives established, a comprehensive control of energy monitoring is planned, supervising the installed capacity and the evolution of energy consumption. To do so, the FCC Servicios Medio Ambiente Group's actions should be aimed at:

- improving measurement;
- calculating and optimising the energy consumption of vehicles;
- optimising and improving waste treatment processes, facilities and equipment;
- promoting the use of renewable energy;
- optimising the purchase of energy; and
- maintaining infrastructure.

### **Research Development and Innovation**

The aim of FCC Servicios Medio Ambiente Group is to maintain its position as a leader in innovation in its sector, especially in the following aspects:

- **Circular economy:** new more effective and efficient treatment processes, improve the use of resources from waste (by-products and energy) and minimise the impacts caused by waste treatment; and
- **Climate change:** development of vehicles and machinery with low or zero emissions for the provision of urban services, adaptation to climate change through the development of disaster prevention models in urban environments.

One of the commitments of our 2050 Sustainability Strategy is, for 2030, to increase the annual spending on Research Development and Innovation to at least around 0.3% of turnover with a long-term goal of reaching a minimum of 1% of the turnover in 2050.

FCC Medio Ambiente has continued to maintain its R&D&I Management System certification, in accordance with standard UNE 166002.

FCC Servicios Medio Ambiente Group has already ended some R&D&I projects as SCALIBUR, VALOMASK and RECYGAS and has continued with the development of projects started in previous years, such as:

- **LIFE4FILM:** Seeks to avoid landfilling or energy recovery of LDPE (Low Density Polyethylene) film plastic from MSW (Municipal Solid Waste) through the implementation of an innovative recycling process on a semi-industrial scale in the form of a recovery line with a capacity to process 10,000 t/year and a production of some 4,000 tonnes per year of recycled polyethylene pellets. The pellets will then be converted into plastic sheeting for the manufacture of rubbish bags at the Ecocentral plant in Granada.
- **VISION:** Consists of the development of an intelligent platform for the provision of citizen services. Seeks to achieve truly intelligent services by providing services in an effective, efficient, sustainable and comprehensive manner. The objective is to ensure comprehensive optimum service management, focusing on excellence in its provision, which requires maximum coordination in all areas that affect a given operation.
- **BICISENDAS:** The general aim is the development of a new generation of bike lanes that are sustainable, energy self-sufficient, intelligent, decontaminating, integrated and safe. The lanes will be modular, produced with sustainable materials and can be custom-designed for the integration of various technologies, according to needs. Also allows for faster installation and opening to the public and with less disruption to the environment, while also enabling the replacement of individual parts. Moreover, the modular products can be transported, thus opening up the potential market. The technologies to be incorporated in the modules focus on four axes: Environment, Energy, Safety and ICT (Smart Society).
- **INSECTUM:** Aims to investigate an innovative system for the recovery of urban biowaste and agri-food by-products, based on their bioconversion, by insects, into products with high added value for industry, specifically for the human food, nutraceutical/pharmaceutical, animal feed, fertiliser and chemical sectors. Feeding insects with organic matter from selective waste collection, organic matter recovered from MSW (Municipal Solid Waste) and biomethanisation digestion is being considered.
- **B-FERTS:** Seeks to integrate the valorisation of bio-waste in agriculture by creating new circular and bio-based value chains, generating new mineral and organo-mineral fertiliser products, and developing appropriate nutrient blends for agricultural application. Its objective is to shift the focus of fertiliser production towards a sustainable production model centred on specialised, tailor-made products: a new generation of sustainable fertilisers, framed within the concepts of circular economy and green chemistry.
- **DEEP PURPLE:** Proposes an integrated treatment for the recovery of the source-separated organics (SOOs) of urban waste and wastewater treatment plant (WWTP) sludge and urban wastewater through a multi-platform photobiorefinery based on phototrophic purple bacteria. This new concept will allow for the generation of five new bioproducts with commercial applications in the cosmetics, plastics, construction and fertiliser sectors.
- **PLASMIX:** Its objective is to demonstrate how to mechanically recover, separate and recycle PP, PS (GPPS + HIPS) and EPS (EPS + XPS) plastic waste from the undifferentiated collection or residual fraction that arrives at waste sorting and classification plants, thus avoiding incineration or dumping in landfills. This PP, PS and EPS recovery process will yield high quality recycled pellets that are ready to be used in new products, thus replacing the use of virgin raw material. It has a budget of 5.33 million euros and will run for 3.5 years.



- **LANDFILL BIOFUEL:** Aims to enrich landfill biogas with the purpose of producing biomethane that is suitable for its use in vehicles. The goal is to achieve more efficient management by obtaining biomethane from a natural and abundant energy source. It is planned to generate enough biomethane to supply 93 heavy vehicles and 2,036 light vehicles annually using the production of Ecocentral Granada. It has a budget of 4.67 million euros and it will last 3.5 years.
- **SEALING OF MINING DEPOSITS:** Seeks to develop a novel effective sealing procedure for mining waste dumps, consisting of the installation of a multilayer physical barrier based on a technology pilot tested on a small scale, but pending validation at higher levels to determine whether it is industrially viable. The project also sets out to investigate the suitability of incorporating materials from waste of different origins in the formation of granular sealing layers, thus combining in the same project the development of environmentally friendly solutions with the promotion of the circular economy.

In addition, new projects have been launched during 2022 and the first half of 2023. Those in the field of municipal waste treatment activities are summarised below:

- **INFUSION:** Consists of development of an intensive treatment of waste effluents and conversion into useful sustainable outputs: biogas, nutrients and water.
- **RSU4HOM:** 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 (Municipal Solid Waste) 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.).
- **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. This is an innovative biological (Dual Fermentation 2.0) and thermochemical (supercritical gasification) system for the energy use of the organic fraction of urban solid waste (FORS) and agri-food waste, transforming it into hydrogen and biomethane at low cost. The resulting gas mixtures will be purified using innovative polymeric membranes and membrane contactors. Likewise, the technical feasibility of using leachate from the plant to produce H<sub>2</sub> through an electrochemical process (electrolysis) will be investigated.
- **LUCRA:** Seeks to develop comprehensive, final solutions for the sustainable production of succinic acid via electrochemistry using renewable raw materials.
- **ZEROLANDFILLING:** Consist of recovering landfill waste through an innovative and integrated process committed to the circular economy.

- LIFE ABATE: Seeks to develop marketable high performance compact technologies for the abatement of VOCs in EU waste treatment plants, decreasing CO2 emissions and energy consumption.

In the field of specialised machinery for waste collection activities there are some new projects:

- 8 m3 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 two-metres wide and GVW (Gross Vehicle Weight) of 18 tonnes (that can be licensed for 19 tonnes).
- H2 TRUCK: development of a new urban solid waste collector truck powered by hydrogen. It is a vehicle that uses a battery and a hydrogen cell as energy sources. This vehicle will have the capacity to carry out any of the urban services that our organisation currently provides, with the same or better benefits and using clean energy.
- PLAUSU: Autonomous Platform for Urban Services. It consists of the development of an autonomous sweeper, capable of performing the service without a driver.

And finally, there is another new project in Industrial Waste:

- PV4INK: Consists of recovering materials obtained from the treatment of photovoltaic panels (PV) 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 silver (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).

## **Intellectual Property**

The FCC Servicios Medio Ambiente Group implements intellectual property protection policies and procedures. The measures taken by the FCC Servicios Medio Ambiente Group to protect its intellectual property include the entry into confidentiality, non-disclosure and/or non-compete agreements by employees, service providers and counterparties, as appropriate, and the dissemination throughout the FCC Servicios Medio Ambiente Group of an internal code of conduct.

In order to prevent third parties from being able to use and benefit from their names or internet domains, the FCC Servicios Medio Ambiente Group's policy is for all affiliates and subsidiaries to: (i) register and protect their names in accordance with local legislation, (ii) register their names as commercial brands in the relevant product areas, and (iii) register their internet domains.

## **Insurance**

Under its risk management policy, the FCC Servicios Medio Ambiente Group maintains insurance which provides cover against various risks, such as third-party damage (environmental and civil liability, in general), construction damages, management's and employees' liability and risks to which its property, plant and equipment are subject. The FCC Servicios Medio Ambiente Group's risk management policy also includes the assessment of tools for risk transfer that are alternative to insurance cover.

**Employees** As of 31 December 2022, the FCC Servicios Medio Ambiente Group had over 43,842 employees globally.

## Management

### *Board of Directors of the Issuer*

The Board of Directors of the Issuer as at the date hereof is composed of the following four Directors:

<b>Name</b>	<b>Position</b>	<b>Principal activities outside the Issuer</b>
Alejandro Aboumrad	Chairman	Vice-Chairman of Fomento de Construcciones y Contratas, S.A., Chairman of FCC Aqualia, S.A., Director of Cementos Portland Valderrivas, S.A on behalf of Inmobiliaria AEG S.A. de CV., Chairman of FCC Medio Ambiente Reino Unido, S.L.U.
Pablo Colio	Vice-Chairman	Group Chief Executive of Fomento de Construcciones y Contratas, S.A, Chairman of FCC Construcción S.A., Chairman of FCC Medio Ambiente S.A.U., Director of FCC Aqualia S.A., Vice-Chairman of FCC Medio Ambiente Reino Unido, S.L.U, Director of FCC Environment (UK) Limited, Director of Carso Infraestructuras y Construcción (CICSA), Director of Cementos Portland Valderrivas, S.A.
Gerardo Kuri Kaufman	Director	Director of Realia Business, S.A., Director of Fomento de Construcciones y Contratas, S.A., Director of Cemento Portland Valderrivas, S.A, Director of FCC Aqualia, S.A., Director of Minera Frisco, S.A.B de C.V., Director of Elementia, S.A.B., de C.V., Director of Inmuebles Carso, S.A. de C.V..
Jorge Payet Pérez	Director	Head of the National Environment Area, Chairman of FCC Ámbito S.A.U., Director of FCC Medio Ambiente S.A.U.

The business address of the members of the Board of Directors of the Issuer is Calle Federico Salmón, 13, 28016 Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Board of Directors listed above and their duties to the Issuer.

### *Management Structure of the Issuer*

The Management Team is comprised of the following members:

<b>Name</b>	<b>Position</b>	<b>Principal activities outside the Issuer</b>
Pablo Colio Abril	CEO	Group Chief Executive of Fomento de Construcciones y Contratas, S.A, Chairman of FCC Construcción S.A., Chairman of FCC Medio Ambiente S.A.U., Director of FCC Aqualia S.A., Vice-Chairman of FCC Medio Ambiente Reino Unido, S.L.U, Director of FCC Environment (UK) Limited, Director of Carso Infraestructuras y Construcción (CICSA), Director of Cementos Portland Valderrivas, S.A.
Óscar Ruiz Rodríguez	CFO	Director of FCC Environmental Services, LLC (USA)
Malén Sánchez de Vivar	Head of the Legal Advice Department	Secretary non Director of Azincourt Investment, S.L.U. and Vice-Secretary non Director of FCC Medio Ambiente Reino Unido, S.L.U.
Luis Suárez Zarcos	Head of Human Resources	NA
Eva Egido delgado	Head of Compliance, Sustainability and Quality,	NA
Jorge Payet Pérez	Country Manager Iberia	Head of the Iberian Environment Area, Chairman of FCC Ambiente S.A.U., Director of FCC Medio Ambiente S.A.U.
Steven Longdon	Country Manager UK	Group Chief Executive of FCC Environment UK
Björn Mittendorfer	Country Manager Central and Eastern Europe	Group Chief Executive of FCC Austria Abfall Service AG
Iñigo Sanz	Country Manager Americas	Chief Executive of FCC Environmental Services (USA)

The business address of the members of the Management Team of the Issuer is Avenida Camino de Santiago, 40, 28050 Madrid, Spain.

There are no potential conflicts of interest between the private interests or other duties of the members of the Management Team of the Issuer listed above and their duties to the Issuer.

### **Recent Developments**

On 1 June 2023, FCC entered into an agreement with CPP Investments (**CPPI**) to sell 24.99% of the share capital of FCC Servicios Medio Ambiente.

The main terms of this agreement are:

- CPPI agreed to pay EUR965 million for 24.99% of FCC Servicios Medio Ambiente.

- The transaction is subject to the usual conditions precedent.
- FCC will retain the majority of FCC Servicios Medio Ambiente with a 75.01% stake.
- The funds will be used primarily to address the strategic opportunities and corporate needs of the FCC Group.

FCC Servicios Medio Ambiente foresees the continuity of its current strategy, continuity of its operations and business relations (public administrations, private customers, suppliers, etc.), strengthened and developed new activities with the active participation and synergies arising from the incorporation of CPPI as new partner and the permanence of the FCC Servicios Medio Ambiente' management team.

Upon closing of the transaction, certain changes will be implemented to the structure and members of the board of directors.

CPPI is a global management group serving the 21 million contributors and beneficiaries of the Canadian pension plan. It manages C\$570 billion in assets as at 31 March 2023, of which C\$487 billion are located outside Canada, in a wide range of activity sectors, including real estate, infrastructure, energy, debt, and public and private equity funds.

## DESCRIPTION OF THE REGULATORY REGIME

### Introduction

In general terms, the FCC Servicios Medio Ambiente Group is subject to the legal systems where it operates, including corporate, data protection, environmental, contract, antitrust, tax and employment laws, among others.

Particularly, we are affected by the specific regulatory framework of the industries where we operate, as further detailed below.

### Spain

#### Public procurement

Since most of the contracts in Spain are with public clients, the EU and Spanish public procurement regulations (mainly, Directive 2014/24/EU of the European parliament and of the Council of 26 February 2014 on public procurement, and Act 9/2017 of 8 de November on Public Sector Contract and Royal Decree 1098/2001 of 12 October, as amended from time to time) represent the main legal framework under which FCC Servicios Medio Ambiente Group provides services. However, in this industry, since contracts are entered into for long periods of time, in some cases depending on when public contracts were awarded, provisions pre-dating the current regulations are still applicable, such as the now-repealed Royal Legislative Decree 3/2011, of 13 November, approving the consolidated text of law on public contracts, Act 30/2007, of 30 October, on Public Sector Contracts, Royal Legislative Decree 2/2000, of 16 June, approving the consolidated text of the law on Contracts with Public Administrations, Act 13/1995, of 18 May, on Contracts with Public Administrations, and Decree 923/1965, of 8 April, approving the articulated text of the Basic Act on State Contracts. Legislation on public procurement matters approved by the Autonomous Communities would also be applicable.

FCC Servicios Medio Ambiente Group's regulated activities are subject to the above-described public procurement regulations, as they are implemented through (i) contracts for the indirect management of public services (waste management concessions) and (ii) public works concession contracts (BOT Concessions), which are different types of legal relationships foreseen under the applicable legislation on public procurement.

Tender rules and other related documentation approved by the relevant contracting authority are also relevant for the purposes of analyzing the legal regime applicable to each of FCC Servicios Medio Ambiente Group 's awarded contracts. The tender rules regulate the tender procedure and establish special rules on the rights and obligations of the parties (for example, CAPEX obligations, penalties, early termination causes and effects, transfer restrictions, etc.). Remuneration in these types of contracts may have the following schemes: (i) collection of tariffs paid by the users of the service; (ii) a percentage of tariffs collected by the holder of the rights on behalf of the contracting authority; (iii) or a combination of a fixed price plus a variable price in the form of (i) or (ii).

To enter into contracts with Spanish administrations, certain legal, economic and technical capacity is required by law. As a rule, contracts with public administrations are entered following an open competitive tender procedure.

The main contractual terms and conditions are fixed during the tender procedure. The law also provides for additional rules (e.g. contracts are subject to maximum time limits imposed by statute, so upon their expiration a new tender procedure shall be opened; only part of the contract may be subcontracted, etc.). In this regard, some aspects should be considered:

- (a) These contracts may be unilaterally amended by the contracting authority after following the relevant procedure. However, they can only be amended for public interest reasons and due to new requirements or unexpected causes and by establishing a compensation mechanism in favor of the contractor in those cases where the amendment would imply a material breach of the economy of the relevant contract and it would need to be rebalanced (occasionally, the compensation mechanism could benefit the contracting authority and not the contractor).
- (b) Assignment of public contracts requires prior authorization from the contracting authority and certain conditions shall be met: e.g. 20% of the value of the contract (or, for concessions, 1/5 of the term) must have already been performed in order to assign the contract.
- (c) Generally, change of control of the contractor does not require prior consent from the contracting authority. Nonetheless, if the specific purpose vehicle for the provision of the contracted services has been incorporated for the execution of the contract, and the tender specifications specifically regulate the change of control, a direct change of control would trigger the need for prior approval. For concession contracts not subject to current regulations (where change of control was not regulated), prior authorisation will only be required if the tender specifications specifically require it.
- (d) Contractor shall provide a tender bond in order to be part of the tender procedure. Once the contract is awarded, a performance bond is required. These bonds shall be provided in cash, government securities, bank guarantees or surety bonds.
- (e) Public contracts may be terminated early for the causes established in the applicable public procurement legislation and in the relevant contract (e.g. contractor's insolvency proceedings or default of payment by the contracting authority). Depending on the cause of termination, and the specific circumstances of the relevant contract, the contractor may be entitled to a compensation. In this sense, the performance bond may be enforced by the contracting authority if the breaching party is the contractor.
- (f) One of the causes of early termination of a contract of the public sector is the so-called recovery (*rescate*), which is the unilateral termination of the contract by the contracting authority, based on public interest reasons, regardless of the correct management of the asset, but in any case, the contracting authority is required to provide sufficient grounds based on public interest justifying that direct public management (also referred as *remunicipalización*) is more cost-efficient. In the event of a recovery, the contracting authority would be obliged to compensate the contractor for the non-amortised value of the executed works and for damages in the terms of the applicable public procurement legislation, the tender rules that governed the awarding of the contract and the contract document.
- (g) Finally, once the concession has expired, the contractor shall hand the concession assets back to the contracting authority in good conditions. In this regard, the contractor would be entitled to be compensated for the relevant investments made (considering depreciation).

Likewise, the public administration is afforded with extensive powers which would not otherwise exist in a private contract; e.g. the administration may issue binding decisions regarding the interpretation of the contractual provisions; or impose penalties in case of underperformance by the contractor; or unilaterally amend (or even terminate –without prejudice to any damages payable to the contractor) the contract under certain circumstances established in the contract or by law, etc. These decisions by the public administrations being challengeable before the courts.

## **Environmental**

FCC Servicios Medio Ambiente Group's waste management activities are governed by, amongst others: (i) Act 7/2022 of 8 April on waste and contaminated soils for a circular economy (**Act 7/2022**), (ii) Royal Decree 646/2020 of 7 July regulating the disposal of waste by landfill (**RD 646/2020**), Act 21/2013, of 9 December, on Environmental Assessment, (iii) Act on integrated control and prevention of pollution, approved by Royal Decree-Legislative 1/2016 of 16 December (**RDL 1/2016**), (iv) Law 26/2007, of 23 October, on Environmental Responsibility (**Act 26/2007**), (v) Act 34/2007, of 15 November, on air quality and atmospheric protection (**Act 34/2007**). Likewise, the public sector contracts held by FCC Servicios Medio Ambiente Group are subject to the relevant environmental laws and regulations applicable in each of the Autonomous Communities where the relevant contracting authority is located.

Act 7/2022 establishes the regulatory framework applicable to managers of any kind of waste (although there are some exceptions; e.g. radioactive waste or air emissions). Waste management entails the collection, transportation and treatment (i.e., recovery and/or disposal) of waste, as well the maintenance of landfills following their closure. The authorisations granted under Act 22/2011 of 28 July 2011 on waste and contaminated soils, that has been repealed by Act 7/2022, must be adapted by the relevant authority to the provisions of Act 7/2022 within 3 years (i.e., 9 April 2025).

To carry out waste collection and transportation activities it is necessary to obtain an authorization from the relevant regional authorities on environmental affairs. Additionally, waste treatment and storage plants, as well as the companies that carry out waste treatment activities, must be approved by the regional authorities. Waste managers must comply with information obligations regarding the quantity, nature, origin and destination and treatment method of waste. Finally, we note that there is a Registry of Waste Producers and Managers at a national level (which is fed with the information shared by the regional authorities).

RD 646/2020 1481/2001 of 27 December further regulates the disposal of waste by deposition in landfills. As stated above, in order to operate a landfill, a waste treatment authorisation must be obtained (among other licenses and permits). In addition, during the operating life of the landfill, the operator must comply with certain control and monitoring procedures. Closure of landfills also requires a prior communication from the operator. Nonetheless, a landfill will be considered definitely closed after the completion of an on-site final inspection by the competent authority. After the final closure of the landfill, and for at least 30 years, the operator will be liable for (i) the maintenance, monitoring, surveillance and control of the relevant of the landfill.

Furthermore, according to RDL 1/2016 Law FCC Servicios Medio Ambiente Group's waste management activities require an integrated environmental authorisation (**AAI**), which assesses the facility for the purposes of environmental and human health protection.

In addition, the construction and operation of waste treatment plants requires an "Environmental Impact Assessment" (**EIA**) from the competent environmental authority. For such purpose, the promoter elaborates an environmental impact report, which is subject to public consultation (where the stakeholders, including public authorities, may file observations). Then, the environmental authority issues the EIS. This statement shall conclude about the significant effects on the environment and, where applicable, shall establish the conditions to be complied with the project to protect the environment during the development, operation and dismantling, as well as the preventive, corrective or compensatory measures necessary.

Where applicable, the EIS and the authorisation for waste management under Act 22/2011 (mentioned above), as well as any other environmental permit that may also be required (e.g., air emissions, odour, etc.), will be integrated in the procedure for granting the AAI.



Additionally, certain activities carried out by FCC Servicios Medio Ambiente Group might be considered air-polluting as per Act 34/2007. For these purposes, an emissions authorisation shall be obtained from the regional administrations (note that, as mentioned above, if an AAI is required, the emissions authorisation might be included therein as per the relevant regional regulations) and certain emission limits would apply (and emissions monitoring systems are necessary to control emissions levels periodically).

Also, FCC Servicios Medio Ambiente Group is subject to the polluted soils regime under Act 7/2022. This regime entails two main obligations: (i) the preparation and submission to authorities of status reports of the soil situation and (ii) the recovery of contaminated soils by the activity carried out – in this sense, the entity that carries out the activity that pollutes the soil is responsible to decontaminate it and, on a secondary basis, the owner of the soil or, alternatively, its holder will be responsible.

Finally, it should be noted that FCC Servicios Medio Ambiente, as any other economic operator, is also subject to an environmental liability regime, established by Act 26/2007. This includes the obligation to adopt preventive, avoidance and remediation measures in case of damage (or imminent threat) to the environment (the operator bearing the costs except in certain cases –e.g., causes of the damage attributable in full to a third party). Operator of waste treatment plants (including landfills) must provide a financial guarantee to secure any environmental liability. Finally, environmental liability could be extended to the directors and management of the operator, or to other group companies.

### **Public grants**

FCC Servicios Medio Ambiente Group has also received certain public grants (*subvenciones*) for the provision of services. In Spain, public grants (*subvenciones*) are primarily regulated under Act 38/2003, of 17 November, on Public Grants and Royal Decree 887/2006, of 21 July, approving the Regulations on Act 38/2003. Additionally, some regions have enacted legislation which contains provisions regulating the public grants of the regional administration.

This regulation establishes the conditions that shall be met to receive public grants: essentially, that the relevant person or entity falls within the specific situation that justifies the public grant and meets the requirements set forth in each case by the granting authority (e.g. that the relevant entity is not in financial distress). Public grants are generally awarded following a tender procedure, although in certain exceptional cases (e.g. based on public interest grounds) these grants could be directly awarded.

Beneficiaries of public grants shall comply with certain legal obligations. For instance, public grants shall be spent on the activity or project which justified their awarding. Likewise, the beneficiary shall prove that it is performing the relevant activity or the development of the project and justify incurred expenditures *vis-à-vis* the granting authority. Failure to comply with this obligation might entail the beneficiary's obligation to refund the grant (e.g. using the grant for other different purposes, etc.). Also, the law provides for different administrative infringements (e.g. having deceived in the grant process) that could entail fines.

### **International**

The activities carried out by the various subsidiaries of the Issuer, mainly in the United Kingdom (not EEA), Austria, Hungary, Poland, the Czech Republic, Slovakia, Romania, Serbia (not EEA) and Portugal, are regulated by European Union provisions setting out guidelines relating to the collection, treatment and disposal of waste, as well as the national provisions of each of the countries implementing and further developing the European wide provisions.

As regards the European Union provisions, Directive 2008/98/EC of 19 November 2008 on Waste establishes the regulatory framework for the collection, treatment, transportation and disposal of waste within the European Union, (as amended from time to time and, in particular, in 30 May 2018 by

Directive (EU) 2018/851) (**Directive 2008/98/EC**) requiring the member states to take the measures necessary for reducing waste production and for promoting recycling and energy production. In addition, one of the obligations established by this Directive is for waste operators to have appropriate licenses or permits to process waste.

Along these lines, the European Union provisions establish recycling and emissions limits, as well as require the waste to be disposed into landfills to be reduced.

In 2015, the European Commission adopted a Circular Economy Action Plan, which included measures that would help and stimulate Europe's transition towards a circular economy, boost global competitiveness, foster sustainable economic growth and generate new jobs.

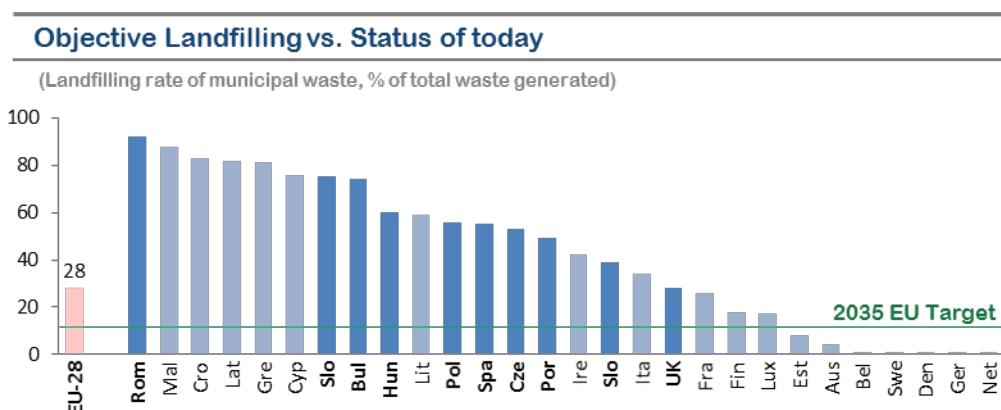
The EU Action Plan for the Circular Economy establishes a concrete action program, with measures covering the whole cycle: from production and consumption to waste management and the market for secondary raw materials and a revised legislative proposal on waste. The annex to the action plan sets out the timeline when the actions will be completed. The proposed actions will contribute to “closing the loop” of product lifecycles through greater recycling and re-use and bring benefits for both the environment and the economy.

The revised legislative framework on waste entered into force in July 2018 (with Directive (EU) 2018/851 of the European Parliament and of the Council of 30 May 2018 amending Directive 2008/98/EC on waste). It sets targets for reduction of waste and establishes a long-term path for waste management and recycling. Key elements of the revised waste proposal include: a common EU target for recycling 65% of municipal waste by 2035 and a common EU target for recycling 70% of packaging waste by 2030.

There are also recycling targets for specific packaging materials: paper and cardboard (85%), ferrous metals (80%), aluminium (60%), glass (75%), plastic (55%), and wood (30%).

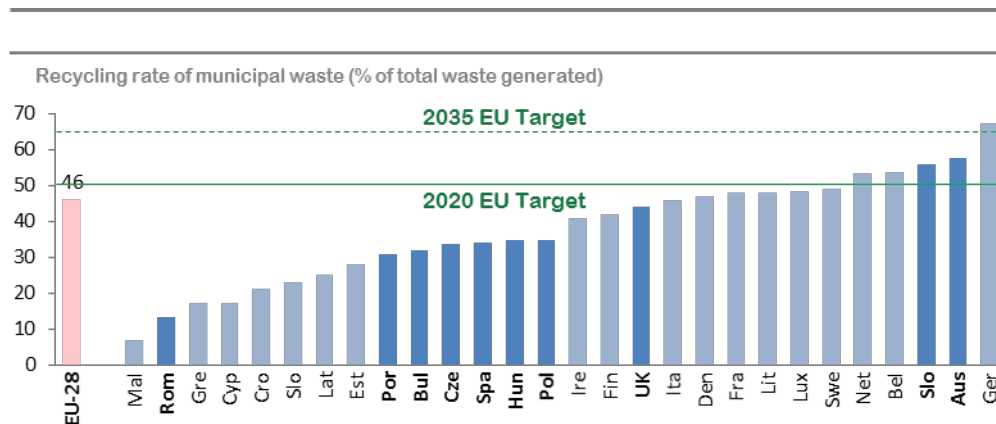
It also sets out a binding landfill target to reduce landfill to maximum of 10% of municipal waste by 2035 and separate collection obligations are strengthened and extended to hazardous household waste (by end 2022), bio-waste (by end 2023) and textiles (by end 2025). Minimum requirements are established for extended producer responsibility schemes to improve their governance and cost efficiency. Prevention objectives are reinforced, in particular, requiring member states to take specific measures to tackle food waste and marine litter as a contribution to achieve European Union commitments to the United Nations.

The following table shows the regulatory landfilling objective vs status of today:



Source: Eurostat 2016

The following table shows regulatory municipal waste recycling objective vs status of today:



Source: Eurostat 2016

In the United Kingdom, waste management is regulated through the Waste (England and Wales) Regulations 2011 (which implemented the revised Directive 2008/98/EC).

In addition, the United Kingdom has enacted the UK Landfill Tax, whose taxable event consists in the deposit of waste at landfill sites. It is aimed at reducing the production of waste and its disposal, encouraging the activities of recycling, composting, and recovery of waste, among others. For such purposes, in the United Kingdom it is necessary to register as a waste operator. The tax has two different rates: (i) a reduced rate applicable to certain waste that is less contaminating (currently £2.5 per ton); and (ii) a general rate (currently £80 per ton) applicable to all other waste.

The various member states, through their respective internal legal systems, have implemented and further developed the European Union provisions on waste management (Directive 2008/98/EC). In particular, waste regulations in the case of Austria are governed by Waste Management Act 2002 and in Portugal by Decree Law no. 178/2006 on Waste Management.

Regarding the award of public sector contracts to provide for the provision of municipal waste cleaning, collection, processing and disposal services, apart from Council Directive 1999/31/EC of 26 April 1999 on the Spillage of Waste, which governs them, the tender processes of the various countries are subject to their respective laws on public sector contracting, which establish the regulation of and processes for tenders and the award of waste management contracts signed between the various government administrations, whether at the national, provincial or local level, with any waste operator that wins the tender (“Public Contract Regulations 2006” in the case of the United Kingdom, “Federal Public Procurement Act 2018” in the case of Austria, “Code of Public Sector Contracts” in the case of Portugal and “Act on Public Procurement 2016” in the case of the Czech Republic). Please note that any process of public contracting between a private operator and any public sector entity is necessarily subject to the public sector contracting provisions applicable in each country.

The above-mentioned public contracting regulations do not apply to contracts for the collection and processing of commercial and industrial waste coming from private sector entities such as businesses or industries. Such private contracts will be governed by the intent of the parties, although they clearly remain subject to the various civil and commercial rules applicable in each country.

## TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Kingdom of Spain of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

Also investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

### Taxation in the Kingdom of Spain

*The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.*

The information provided below is not intended to be, nor should it be construed to be, legal or tax advice, and does not address all the tax consequences applicable to all categories of investors, some of which (such as look through entities or holders of the Notes by reason of employment) may be subject to special rules. This taxation summary solely addresses the principal Spanish tax consequences of the acquisition, ownership and disposal of Notes issued by the Issuer after the date hereof. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarre (*Territorios Forales*). Such tax regimes are not covered by this Spanish tax section.

### Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Offering Circular:

If:

- (a) of general application, Additional Provision One of Law 10/2014, of 26 June on the management, supervision and solvency of credit institutions (**Law 10/2014**), as well as Royal Decree 1065/2007 (**Royal Decree 1065/2007**), of 27 July establishing information obligations in relation to preferential holdings and other debt instruments and certain income obtained by individuals resident in the EU and other tax rules as amended by Royal Decree 1145/2011 of 29 July;
- (b) for individuals with tax residency in Spain who are personal income tax (**Personal Income Tax**) tax payers, Law 35/2006, of 28 November on Personal Income Tax and on the partial amendment of the Corporate Income Tax Law, Non Resident Income Tax Law and Wealth Tax Law as amended by Law 26/2014 of 27 November and Royal Decree Law 9/2015 of 10 July (the **Personal Income Tax Law**), and Royal Decree 439/2007, of 30 March promulgating the Personal Income Tax Regulations as amended by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December on Inheritance

and Gift Tax, as amended, and along with Law 38/2022, for the establishment of temporary levies on energy and on financial credit institutions and introducing a temporary solidarity tax on large fortunes, as amended;

- (c) for legal entities resident for tax purposes in Spain which are corporate income tax (**Corporate Income Tax**) taxpayers, Law 27/2014 Corporate Income Tax Law (**CIT Law**), and Royal Decree 634/2015, of 10 July promulgating the Corporate Income Tax Regulations (the **Corporate Income Tax Regulations**); and
- (d) for individuals and legal entities who are not resident for tax purposes in Spain and are non-resident income tax (**Non-Resident Income Tax**) taxpayers, Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law as amended by Law 26/2014 of 27 November and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations, as amended by Royal Decree 633/2015 of 10 July, along with Law 19/1991, of 6 June on Wealth Tax as amended by Royal Decree-Law 13/2011 and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended, and along with Law 38/2022, for the establishment of temporary levies on energy and on financial credit institutions and introducing a temporary solidarity tax on large fortunes, as amended.

Whatever the nature and residence of the holder of a beneficial interest in the Notes (each, a **Beneficial Owner**), the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example exempt from transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from value added tax, in accordance with Law 37/1992, of 28 December regulating such tax, in line with the established in article 338 of Law 6/2023, of the Securities Market and Investment Services (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*) (the **Spanish Securities Market Law**).

## 1. **Individuals with Tax Residency in Spain**

### 1.1 **Individual Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)**

Individuals with tax residency in Spain are subject to Personal Income Tax on a worldwide basis. Accordingly, income obtained from the Notes will be taxed in Spain when obtained by persons that are considered resident in Spain for tax purposes. The fact that a Spanish company pays interest under a Note will not lead an individual being considered tax-resident in Spain.

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Personal Income Tax Law, and must be included in each investor's taxable savings and taxed at the tax rate applicable from time to time, currently 19 per cent. for taxable income up to EUR6,000, 21 per cent. for taxable income between EUR6,000.01 and EUR50,000, 23 per cent. for taxable income between EUR50,000.01 and EUR200,000, 27 per cent. for taxable income between €200,000.01 and €300,000, and 28 per cent. for taxable income in excess of €300,000.

As a general rule, both types of income are subject to a withholding tax on account at the current rate of 19 per cent.

According to Section 44.5 of Royal Decree 1065/2007, of 27 July, the Issuer will make interest payments to individual holders who are resident for tax purposes in Spain without withholding **provided that** the relevant information about the Notes set out in Exhibit 1 is submitted by the Fiscal Agent in a timely manner.

However, in the case of Notes held by Spanish resident individuals and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes and income derived from the transfer, redemption or repayment of the Notes may be subject to withholding tax at the current rate of 19 per cent., in case that the relevant simplified reporting obligations imposed by Spanish tax legislation from time to time (currently under the regulations established by Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011, of 29 July), were not complied with.

In any event, individual holders may credit the withholding against their Personal Income Tax liability for the relevant fiscal year.

### ***Reporting obligations***

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to holders of the Notes who are individuals resident in Spain for tax purposes.

#### **1.2 *Wealth Tax (Impuesto sobre el Patrimonio)***

Individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds EUR700,000 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)). Therefore, they should take into account the value of the Notes which they hold as at 31 December in each year, the applicable rates ranging between 0.2 per cent. and 3.5 per cent, although each autonomous region may have approved higher rates. Some reductions may also apply.

Notwithstanding the above, the so-called “solidarity tax” was approved in December 2022, which is a two-year direct wealth tax that, in general terms, applies, under certain conditions, to those residents in an autonomous region where the Net Wealth Tax is partial or fully exempt (as Madrid and Andalucía).

The rates of the “solidarity tax” are (i) 1.7 per cent. on a net worth between €3 million and €5 million, (ii) 2.1 per cent. on a net worth between €5 million and €10 million and (iii) 3.5 per cent. on a net worth of more than €10 million. Note that the regulation lays down a minimum exempt amount of €700,000.00 which means that its effective impact, in general, will occur when the net wealth, not tax exempt, are greater than €3.7 million. Prospective investors are advised to seek their own professional advice in this regard.

#### **1.3 *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals with tax residency in Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to inheritance and gift tax in accordance with the applicable Spanish regional or federal rules. The applicable rates range between 7.65 per cent. and 81.6 percent depending on the relevant factors. Some tax benefits could reduce the effective tax rate.

## **2. *Legal Entities with Tax Residency in Spain***

### **2.1 *Corporate Income Tax (Impuesto sobre Sociedades)***

Legal entities with tax residency in Spain are subject to CIT on a worldwide basis.

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital and must be included in profit and taxable income of

legal entities with tax residency in Spain for Corporate Income Tax purposes in accordance with the rules for Corporate Income Tax.

The current general tax rate according to Corporate Income Tax Law is 25 per cent.

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, there is no obligation to withhold on income payable to Spanish Corporate Income Tax taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold on interest payments to Spanish Corporate Income Tax taxpayers **provided that** the relevant information about the Notes set out in Exhibit 1 is submitted by the Fiscal Agent in a timely manner.

However, in the case of Notes held by Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest under the Notes and income derived from the transfer, redemption or repayment of the Notes may be subject to withholding tax at the current rate of 19 per cent., in case that the relevant simplified reporting obligations imposed by Spanish tax legislation from time to time (currently under the regulations established by Royal Decree 1065/2007, of 27 July, as amended by Royal Decree 1145/2011, of 29 July), were not complied with.

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investors against its final Corporate Income Tax liability.

### ***Reporting obligations***

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to holders of the Notes who are legal persons or entities resident in Spain for tax purposes.

#### **2.2 *Wealth Tax (Impuesto sobre el Patrimonio)***

Spanish resident legal entities are not subject to Wealth Tax.

#### **2.3 *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Legal entities with tax residency in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax and must include the market value of the Notes in their taxable income for Spanish CIT purposes.

### **3. *Individuals and Legal Entities with no Tax Residency in Spain***

#### **3.1 *Non-Resident Income Tax (Impuesto sobre la Renta de No Residentes)***

##### **(a) *Non-Spanish resident investors acting through a permanent establishment in Spain***

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are the same as those for Spanish Corporate Income Tax taxpayers. See “*Taxation in the Kingdom of Spain – Legal Entities with Tax Residency in Spain – Corporate Income Tax (Impuesto sobre Sociedades)*”.

(b) *Non-Spanish resident investors not acting through a permanent establishment in Spain*

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who have no tax residency in Spain, and which are Non-Resident Income Tax taxpayers with no permanent establishment in Spain, are exempt from such Non-Resident Income Tax. In order for such exemption to apply it is necessary to comply with the information procedures, in the manner detailed under “-*Information about the Notes in Connection with Payments-*” as set out in article 44 of Royal Decree 1065/2007.

***Reporting obligations***

The Issuer will comply with the reporting obligations set out in the Spanish tax laws with respect to holders of the Notes who are individuals or legal entities not resident in Spain for tax purposes who act with respect to the Notes through a permanent establishment in Spain.

3.2 ***Wealth Tax (Impuesto sobre el Patrimonio)***

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory exceed EUR700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2 per cent. and 3.5 per cent.

Individuals that are not resident in Spain for tax purposes but who are resident in an EU or EEA Member State may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

Notwithstanding the above, the so-called “solidarity tax” was approved in December 2022, which is a two-year direct wealth tax that applies, in general terms and under certain conditions, to those Non-Spanish tax resident individuals whose properties and rights are located in Spain, or that can be exercised within the Spanish territory when the highest value of their assets and rights are located, can be exercised or must be fulfilled on an autonomous region were the Net Wealth Tax is partial or fully exempt (as Madrid and Andalusia).

The rates of the “solidarity tax” are (i) 1.7 per cent. on a net worth between €3 million and €5 million, (ii) 2.1 per cent. on a net worth between €5 million and €10 million and (iii) 3.5 per cent. on a net worth of more than €10 million. Prospective investors are advised to seek their own professional advice in this regard.

Non-Spanish resident legal entities are not subject to Wealth Tax.

3.3 ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals who do not have tax residency in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish regional or state legislation, to the extent that rights deriving from the debt securities are located or can be executed within Spanish territory.



Generally, non-Spanish tax resident individuals are subject to inheritance and gift tax in accordance with the rules set out in state regulations. However, if the deceased, heir or the donee are resident in an EU or EEA Member State, depending on the specific situation, the applicable rules will be those corresponding to the relevant autonomous regions according to the law. This could also apply to residents of a non-EU or EEA Member State, according to the Supreme Court's decisions dated 19 February 2018, 21 March 2018 and 22 March 2018.

The tax rate, after applying all relevant factors, ranges between 7.6 per cent. and 81.6 per cent. depending on the applicable autonomous laws. Some tax benefits could reduce the effective tax rate.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax. They will be subject to Non-Resident Income Tax. If the legal entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double-tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

#### **4. Information about the Notes in Connection with Payments**

As at the date of this Offering Circular, the Issuer is required by Spanish law to file an annual return with the Spanish tax authorities in which it reports on certain information relating to the Notes. In accordance with Section 44 of Royal Decree 1065/2007, for the purpose of preparing the annual return referred to above, certain information with respect to the Notes must be submitted to the Issuer before the close of business on the Business Day (as defined below) immediately preceding the date on which any payment of interest, principal or of any amounts in respect of the early redemption of the Notes is due.

Such information would be the following:

- (a) identification of the Notes (as applicable) in respect of which the relevant payment is made;
- (b) date on which relevant payment is made;
- (c) the total amount of the relevant payment; and
- (d) the amount of the relevant payment and to each entity that manages a clearing and settlement system for securities situated outside Spain.

In particular, the Fiscal Agent must certify the information above about the Notes by means of a certificate the form of which is attached as Exhibit 1 of this Offering Circular.

In light of the above, the Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by the Issuer by the close of business on the Business Day immediately preceding the date on which any payment of interest, principal or any amounts in respect of the early redemption of the Notes is due, the Issuer may be required to withhold at the applicable rate (as at the date of this Offering Circular, 19 per cent.) from any payment in respect of the relevant Notes as to which the required information has not been provided. In that event the Issuer will pay such additional amounts as will result in receipt by the Noteholders of such amount as would have been received by them had no such withholding been required.

In the event that the current applicable procedures are modified, amended or supplemented by, amongst others, a Spanish law or regulation, or an interpretation or ruling of the Spanish tax authorities, the Issuer will inform the Noteholders of the new information procedures and of their implications.

For the purposes of this paragraph 4, **Business Day** means a day which is a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in the Kingdom of Spain.

*Set out below is Exhibit 1. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text. In the event of any discrepancy between the Spanish language version of the certificate contained in Exhibit 1 and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.*

*The language of the Offering Circular is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Offering Circular.*

## 5. **The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

Spain approved the Spanish law which implements its own Spanish tax on financial transactions (the **Spanish FTT**) on 7 October 2020. The Spanish FTT came into force on 16 January 2021 and charges a 0.2 per cent. rate on specific acquisitions of listed shares issued by Spanish companies whose market capitalisation exceeds EUR 1,000,000,000, regardless of the jurisdiction of residence of the parties involved in the transaction. Therefore, the Spanish FTT will not affect the Notes.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States and it may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. The European Commission indicated in their Communication on Business Taxation for the 21st Century dated 18 May 2021 that it still considers introducing an FTT.

Prospective holders of Notes are strongly advised to seek their own professional advice in relation to the FTT.

## EXHIBIT 1

*Whilst the direct translation into English of this certificate is accurate, is it for information purposes only and, in case of discrepancy with the Spanish language version, such Spanish version will prevail.*

### **Anexo al Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007**

Annex to Royal Decree 1065/2007 approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

### **Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos**

Declaration form referred to in paragraphs 3, 4 and 5 of Article 44 of the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes

**Don (nombre), con número de identificación fiscal (...) (1), en nombre y representación de (entidad declarante), con número de identificación fiscal (...) (1) y domicilio en (...) en calidad de (marcar la letra que proceda):**

Mr. (name), with tax identification number (...) (1), in the name and on behalf of (entity), with tax identification number (...) (1) and address in (...) as (function mark as applicable):

**(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.**

(a) Management Entity of the Public Debt Market in book entry form.

**(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.**

(b) Entity that manages the clearing and settlement system of securities resident in a foreign country.

**(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.**

(c) Other entities that hold securities on behalf of third parties within clearing and settlement systems domiciled in the Spanish territory.

**(d) Agente de pagos designado por el emisor.**

(d) Paying Agent appointed by the issuer.

**Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:**

Makes the following statement, according to its own records:

**1. En relación con los apartados 3 y 4 del artículo 44:**

1. In relation to paragraphs 3 and 4 of Article 44:

- 1.1 Identificación de los valores.....**
- 1.1 Identification of the securities.....
- 1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**
- 1.2 Income payment date (or refund date if the securities are issued at discount or are segregated)
- 1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)**
- 1.3 Total amount of income (or total amount to be refunded, in any case, if the securities are issued at discount or are segregated)
- 1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora**
- 1.4 Amount of income corresponding to Personal Income Tax taxpayers, except segregated coupons and segregated principals for which reimbursement an intermediary entity is involved.
- 1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados).**
- 1.5 Amount of income which according to paragraph 2 of Article 44 must be paid gross (or total amount to be refunded if the securities are issued at discount or are segregated).
- 2. En relación con el apartado 5 del artículo 44.**
2. In relation to paragraph 5 of Article 44.
- 2.1 Identificación de los valores**
- 2.1 Identification of the securities
- 2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)**
- 2.2 Income payment date (or refund date if the securities are issued at discount or are segregated)
- 2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados)**
- 2.3 Total amount of income (or total amount to be refunded if the securities are issued at discount or are segregated)
- 2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.**
- 2.4 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country A.

**2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.**

2.5 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country B.

**2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.**

2.6 Amount corresponding to the entity that manages the clearing and settlement system of securities resident in a foreign country C.

**Lo que declaro en.....a .... de.....de ....**

I declare the above in..... on the.... of..... of....

**(1) En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia**

(1) In case of non-residents (individuals or corporations) without permanent establishment in Spain it shall be included the number or identification code which corresponds according to their country of residence.

## SUBSCRIPTION AND SALE

CaixaBank, S.A. (the **Global Coordinator**), Banco Bilbao Vizcaya Argentaria, S.A. (together with CaixaBank, S.A., the **Green Structuring Agents**), Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe and Société Générale (together with the Green Structuring Agents, the **Joint Bookrunners**) and Banco de Sabadell, S.A. and Norbolsa S.V., S.A. (the **Co-Lead Managers** and, together with the Joint Bookrunners, the **Managers**) have, in a subscription agreement dated 25 October 2023 (the **Subscription Agreement**) and made between the Issuer and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 100 per cent. of their principal amount. The Issuer has also agreed to reimburse the Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### Selling restrictions

#### Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purpose of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

#### United Kingdom

##### *Prohibition of Sales to UK Retail Investors*

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or both) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

##### *Other Regulatory Restrictions*

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph shall have the same meanings given to them in Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Kingdom of Spain**

This Offering Circular has not been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and therefore it is not intended for any offer of the Notes in Spain which require the registration of a prospectus. The Notes may not be offered, sold, resold or distributed in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws. Offers of the Notes in Spain shall only be directed specifically at, or made to, professional clients and eligible counterparties, as defined in Articles 194 and 196, respectively, of the Spanish Securities Markets Law.

### **General**

Each Manager has undertaken to the Issuer that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or has in its possession or distributes this Offering Circular or any related offering material, in all cases at its own expense. Persons into whose hands this Offering Circular comes are required by the Issuer, and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

### Authorisation

1. The creation and issue of the Notes has been duly authorised by a resolution of the Board of Directors of the Issuer dated 9 October 2023. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Group.

### Significant/Material Change

3. Since 31 December 2022 there has been no material adverse change in the prospects of FCC and, since 30 June 2023, there has been no significant change in the financial or trading position of FCC.

### Independent Auditors

4. The Spanish language original audited consolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2022 and 31 December 2021 by Ernst & Young, S.L., with its registered address at calle Raimundo Fernández Villaverde, 65, 28003, Madrid, Spain, and registered with the Official Registry of Accounting Auditors (ROAC) under number S0530 and unqualified opinions were reported thereon. In case of any discrepancy between the English language versions (incorporated by reference in this Offering Circular) and the Spanish language versions of the Issuer's consolidated financial statements as of and for the years ended 31 December 2022 and 31 December 2021, the Spanish language versions shall prevail.
5. The Spanish language original unaudited interim condensed consolidated financial statements of the Issuer as of and for the six-month period ended 30 June 2023, which were prepared in accordance with International Accounting Standard 34 International Financial Reporting as adopted by the European Union (IAS 34), have been subject to a limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity", by Ernst & Young, S.L. with its registered address at calle Raimundo Fernández Villaverde, 65, 28003, Madrid, Spain, and registered with the Official Registry of Accounting Auditors (ROAC) under number S0530. In case of any discrepancy between the English language version (incorporated by reference in this Offering Circular) and the Spanish language version of the unaudited interim condensed financial statements of the Issuer as of and for the six-month period ended 30 June 2023, the Spanish language version shall prevail.

### Documents on Display

6. Copies of the following documents may be inspected for as long as the securities are listed on the Official List of Euronext Dublin and admitted to trading on its Global Exchange Market during normal business hours at the offices of the Issuer from the date of this Offering Circular:
  - (a) the constitutive documents of the Issuer;



- (b) the Fiscal Agency Agreement;
- (c) the audited consolidated financial statements of the Issuer for the years ended 31 December 2021 and 31 December 2022; and
- (d) the unaudited interim condensed consolidated financial statements of the Issuer for the six-month period ended 30 June 2023.

### **Yield**

- 7. On the basis of the issue price of the Notes of 100 per cent. of their principal amount, the gross real yield of the Notes is 5.250 per cent. on an annual basis.

### **Legend Concerning US Persons**

- 8. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.

### **ISIN and Common Code**

- 9. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS2661068234 and the common code is 266106823.

### **Listing Agent**

- 10. The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of Euronext Dublin and trading on its Global Exchange Market.

### **Managers transacting with the Issuer**

- 11. Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its respective affiliated in the ordinary course of business.

## REGISTERED OFFICE OF THE ISSUER

### FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U.

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## FISCAL AGENT

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## LEGAL ADVISERS

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*To the Managers as to English and Spanish law:*

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