

SUSTAINABLE FINANCE REPORT 2024



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1. INTRODUCTION

FCC Servicios Medio Ambiente Holding (hereinafter **FCC SMA**) is a global environmental services company specialising in environmental solutions and services with over 115 years of experience, providing essential public services to nearly 60 million people in nearly 5.000 municipalities in 12 countries in Europe and America, including Spain, Portugal, France, United Kingdom, United States, Austria, Slovakia, Czech Republic, Poland, Romania, Hungary and Serbia.

It provides a broad, comprehensive range of services that include:

1. Urban Sanitation Activities: municipal solid waste collection and street cleaning.
2. Management of municipal wastes in waste treatment installations: Separation of the different fractions and preparation for recycling or re-use, composting or biomethanation of organic matter, and landfills for the disposal of unusable waste.
3. Management of municipal wastes in waste treatment installations for energy recovery.
4. Cleaning and maintenance of parks, gardens and green areas
5. Water and wastewater management: cleaning and maintenance services for ornamental fountains and drinking fountains; and sewerage management and maintenance services, as well as industrial cleaning of the urban sanitation network.
6. Energy management, maintenance of installations and energy supply. This activity includes works for the improvement and renovation of the installations, auditing and consultancy and investments required to save energy and the replacement of fossil fuels with renewable energies.
7. Providing the above services using ECO vehicles such as the following:
 - Vehicles powered by Natural Gas, which have the advantage of a drastic reduction of polluting emissions, such as NOx, SOx, particles or noise.
 - Electric Vehicles. Vehicles with Zero emissions, greater energy efficiency and a significant reduction in noise.
 - Hybrid vehicles. These are vehicles equipped with two different energy storage systems on board, with at least one of these energy storages considered to be sustainable (electricity or natural gas).
8. Soil maintenance, refurbishment of contaminated soils and comprehensive management of industrial waste.
9. Cleaning beaches, coast and coastal waters, sanitizing beach sand, as well as the environment and auxiliary elements; and cleaning residues and floating liquids from near-shore waters.
10. Recovery of materials within the framework of the circular economy, which includes:
 - Management of the organic fraction waste separated either at source or by waste classification in treatment plant; for the manufacture of compost, by means of its anaerobic fermentation and subsequent refining and maturation process before dispatch to the end user.
 - Management of tyres at the end of their useful life to obtain new materials.
 - Management of the glass fraction separated at source to obtain end-of-waste glass.

- Management of plastic separated from waste for washing and melting and extrusion, obtaining plastic granules as raw material.
- 11. Green technology innovation, activities that include research, development and/or technological innovation projects in green technologies related with the services and activities in the rest of the fiches.
- 12. Investment in renewable energy, either through construction of renewable energy facilities, generation of energy in these facilities or purchase of energy with a certificate of origin.
- 13. Nature preservation through afforestation, reforestation projects or renaturation of degraded areas and sealed landfills.
- 14. Training and awareness-raising in nature, through environmental education centres.

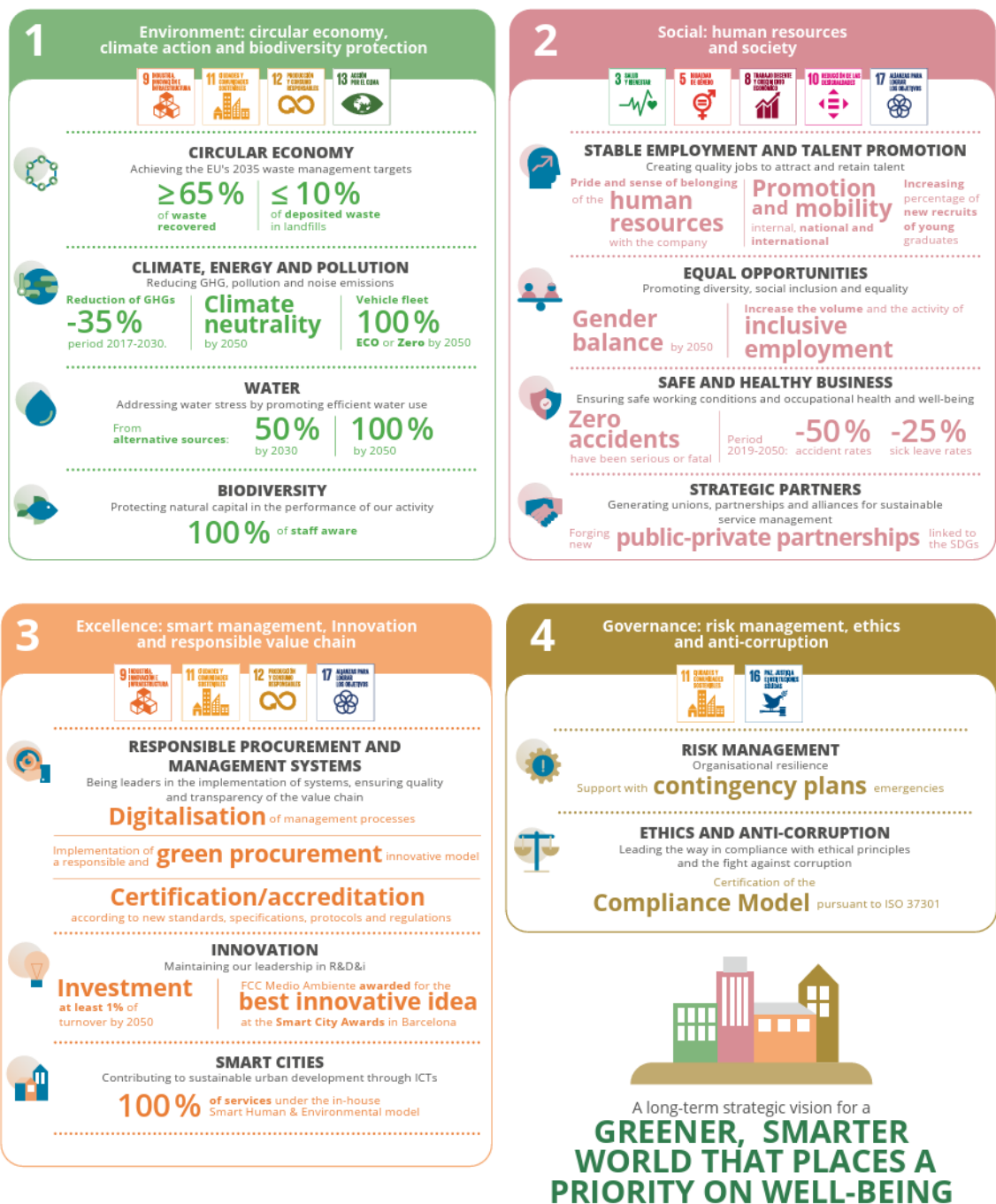
The activities of **FCC SMA** have a direct impact on promoting sustainable development and the health and well-being of citizens.

FCC SMA has published a climate change strategy in which it establishes objectives for the gradual replacement of conventional vehicles with clean technologies, hybrid or electric vehicles and replacement with waste treatment technologies that avoid landfilling.

During the financial year 2021, FCC SMA published its Sustainability Strategy with a 2050 horizon ([Video-strategy](#)) that has four axes that will mark the company's actions in terms of sustainable management: **Environment, Social, Excellence and Governance**, with objectives specific in each field of activity.



Some of these commitments are:



FCC SMA is committed to using the cleanest and most advanced technologies in the provision of high-quality services, sustainable in the medium and long term and adapted to the needs of clients. To achieve this, one of the pillars is technological innovation because of having been pioneers in many aspects of environmental services, developing more sustainable vehicles, using treatment technologies to improve recycling and creating the most comprehensive service management platform in the sector. The improvement of environmental quality is a central objective of the services provided by FCC SMA.

For the third consecutive year, the Spanish Climate Change Office has awarded **FCC SMA** the triple seal “**Calculo-Reduzco-Compensco**” for the carbon footprint of the year 2022. In this way, its commitment to reduce greenhouse gas emissions is strengthened. **FCC SMA** is the fourth time that it has obtained “**Reduzco**” seal in a row and the third year in which it has obtained the “**Compensco**” seal by signing agreements for the acquisition for absorption rights belonging to reforestation projects. In addition, for the first time, **FCC Ámbito**’s carbon footprint has been verified, obtaining the “**Calculo y Compensco**” seals for the year 2022.



*Evolution of **FCC SMA**’s carbon footprint 2013-2022*

2. SCOPE OF FCC SMA’S SUSTAINABLE FINANCE

FCC SMA completed its first green bond framework in November 2019, in accordance with the Internacional Capital Market Association (ICMA) Green Bond Principles published in 2018. This FCC SMA green bond framework was linked to the United Nations Sustainable Development Goals (SDG)

Subsequently, FCC SMA issued its first green bond for €1,100 million, divided into two tranches, one of €600 million, maturing in 2023, and another of €500 million maturing in 2026. While the second of these bonds issued, maturing in 2026, was allocated in investments between 2019 and 2021, being fully audited and verified in 2022 together with the first €600 million bond.

Later in 2023, FCC SMA updated its framework to cover, in addition to the ICMA Green Bond Principles, the Loan Market Association (LMA) Green Loan Principles. Thus, in 2023, FCC SMA published its green finance framework.

Subsequently, FCC SMA issued a second green bond for a total of €600 million, maturing in October 2029.

The issuance of this bond allows funds to be allocated to projects in activities with a positive impact on the environment, financing projects related to the following categories from among those defined in the framework:

- **Pollution prevention and control:** Collection, transfer, transport, storage, treatment, elimination, classification and recovery of waste; street cleaning, soil decontamination; WtE facilities; landfills and industrial waste treatment plants.
- **Energy Efficiency:** Energy efficiency in contracts for road lighting, lighting of public buildings, traffic lights, public fountains, etc
- **Clean transporter:** Fleet of electric, hybrid and natural gas vehicles.

- **Circular Economy and adapted products:** Compositing, glass recovery and tyre recovery plants; recycled or reconditioned materials, components and products; circular tools and services.
- **Sustainable water and wastewater management:** Wasterwater management and sustainable maintenance of urban sewerage; and cleaning and maintenance of ornamental fountains and drinking water.
- **Conservation of terrestrial and aquatic biodiversity:** cleaning of beaches and coasts, cleaning of coastal waters and management of environmental education centres.

This annual **FCC SMA** Green Bond allocation report is made available to the public, detailing the allocation of the net proceeds of any pending issuance. In addition, it provides information on the expected environmental impacts of eligible ecological projects, choosing indicators based on the availability of relevant data.

In addition, in 2023 FCC SMA also signed 2 green loans, one with Kutxabank for €50 million, maturing in 39 months; and another with Cajamar for €100 million, maturing in 36 months; both requested on 15th December 2023, so that in the 2023 financial year to which this report refers, these credits were not assigned to eligible projects, an activity carried out in 2024.

3. KEY FIGURES FOR THE GREEN BOND

3.1. Green Bond emitted in 2023

Issuer	FCC Servicios Medio Ambiente Holding, S.A.U.
Issuer Rating	BBB (stable) by Fitch
Format	Bearer Global Notes, RegS, Senior Unsecured
Nominal Amounts	EUR 600,000,000
Issue Date	30th October 2023
Maturity Date	30th October 2029 (6 Years)
Coupon	5.250% (Annual, Fixed Rate, Actual/Actual ICMA)
ISIN	XS2661068234
Listing	Euronext Dublin, Global Exchange Market
Paying & Fiscal Agent	The Bank of New York Mellon, London Branch

4. SUMMARY OF THE FCC SMA GREEN BOND FRAMEWORK

4.1. Eligible categories

Eligible Green Projects are those projects that are financed, totally or partially, and directly or indirectly by FCC SMA. They will include investment expenses and operating expenses, to that extent that the expense provides clear environmental benefits and promotes the transition to low-carbon technologies.

The following are the categories to which the projects deemed eligible have been assigned.

Eligible Category	UN SDG	Examples of projects
Pollution prevention and control	   	- Solid Urban Waste Collection - Street Cleaning Tasks - Management of urban waste at treatment and sorting facilities. - Management of the organic fraction to produce biogas - Landfill management after separation of usable fractions - Energy recovery of waste - Industrial waste management and sorting
Sustainable water and wastewater management	   	- Cleaning of the sewerage network - Maintenance of the sewerage network - Cleaning and maintenance of fountains
Circular economy adapted products	  	- Management of the organic fraction of urban waste for the manufacture of compost - Management of end-of-life tyres to obtain new materials - Management of the glass fraction to obtain end-of-waste glass
Energy Efficiency		- Energy management of all facilities and energy supply - Maintenance of all installations. - Improvement and renovation work on energy installations - All auditing and consultancy work necessary for the correct management of the energy supply

Eligible Category	UN SDG	Examples of projects
Clean Transportaion	  	- Cleaning and maintenance of parks, gardens and green areas - Waste collection and cleaning beaches and coasts - Cleaning of coastal waters of waste and floating liquids
Environmentally sustainable management of living natural resources and land use	 	- Cleaning and maintenance of parks, gardens and green areas - Waste collection and cleaning beaches and coasts - Cleaning of coastal waters of waste and floating liquids

4.2. Development and selection of projects

FCC SMA has established a Green Bond Working Group (GBWG) to undertake the evaluation and selection process.

The GBWG meets at least twice year to review the projects to which funds have been allocated from the green bonds and loans, to verify their compliance with the Green Bond Framework and approve the allocation of these funds. The GBWG also reviews fund management and the submission of reports.

4.3. External review

FCC SMA contracted an external entity to provide a review in the form of a Second Party Opinion of FCC SMA's Sustainable Finance Framework to confirm its alignment with the Green Bond Principles guidelines. This report is published at <https://www.fccma.com/es/>.

In addition, FCC SMA is also committed to contracting an external entity to assess the compliance of the bonds issued regarding the Framework. This report will also be made public on <https://www.fccma.com/es/>.

5. USE OF FUNDS

The funds collected are included in FCC SMA “cash pooling” system and are subsequently distributed to hose subsidiaries that have already implemented or will implement projects aimed at improving environmental performance (both new investments and refinancing projects).

It is important to mention that projects that are considered eligible, often consist of the provision of services whose final objective is the achievement of environmental improvement, such as selective waste collection and street cleaning. In order to achieve

these environmental improvements, not only vehicles and machinery are required but also work centres (installations) and utensils, such as containers, waste bins, etc. so in these cases all the investment made for the provision of these services is considered eligible: installations, vehicles, machinery, containers, etc.

No allocations have been made from the fund during 2022 as the investments were fully allocated during 2021. However, the allocation process carried out over the last few years is detailed below.

The table below shows the data for eligible investments by category until 2021:

CATEGORY	INVESTMENT (€)	%
Pollution prevention and control	84.548.626,09	92,07%
Energy efficiency	1.333.221,26	1,45%
Clean Transportation	245.849,2	0,27%
Terrestrial and aquatic biodiversity conservation	2.659.574,31	2,90%
Sustainable water and wastewater management	1.588.401,95	1,73%
Circular economy adapted products	1.458.044,54	1,59%
TOTAL	91.833.717,41	100%

The table below shows the data for eligible investments by category until 2022:

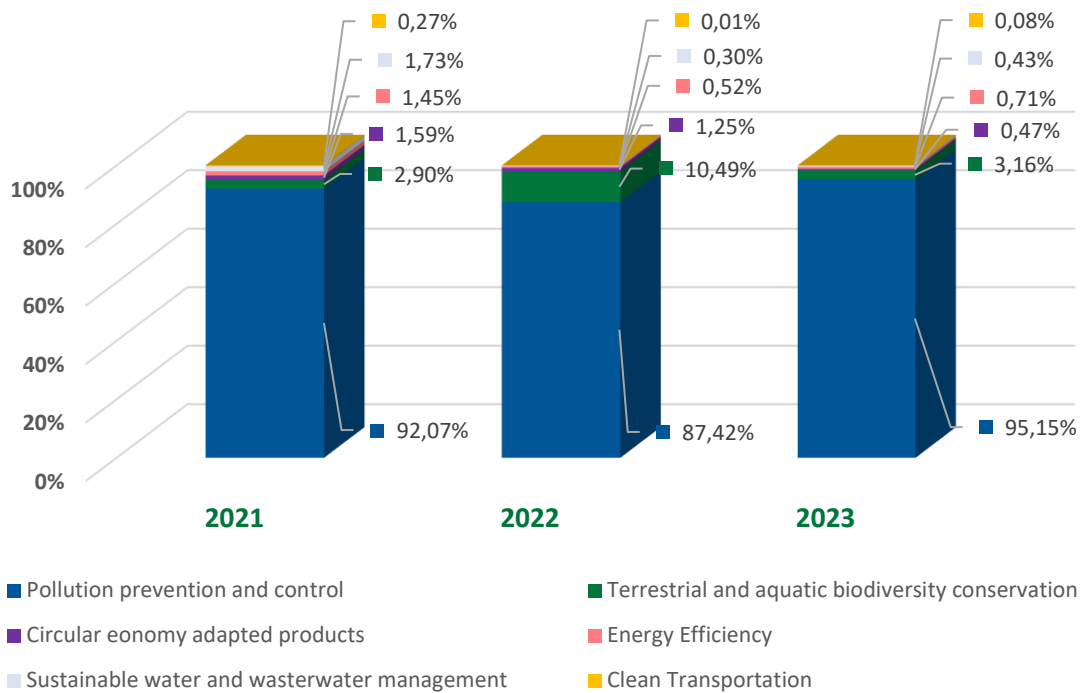
CATEGORY	INVESTMENT (€)	%
Pollution prevention and control	169.827.296,45	87,42%
Energy efficiency	1.004.744,09	0,52%
Clean Transportation	60.730,51	0,03%
Terrestrial and aquatic biodiversity conservation	20.375.020,94	10,49%
Sustainable water and wastewater management	580.824,63	0,30%
Circular economy adapted products	2.423.792,07	1,25%
TOTAL	194.272.408,69	100%

The table below shows the data for eligible investments by category until 2023:

CATEGORY	INVESTMENT (€)	%
Pollution prevention and control	298.668.766,64	95,15%
Energy efficiency	2.232.835,02	0,71%
Clean Transportation	238.297,77	0,08%
Terrestrial and aquatic biodiversity conservation	9.920.263,43	3,16%
Sustainable water and wastewater management	1.358.909,60	0,43%

Circular economy adapted products	1.474.801,45	0,47%
TOTAL	313.893.873,90	100%

Green Bond Register 2021-2023



6. SUSTAINABILITY BENEFITS

In 2023, the projects financed with the green bond achieved the following results in terms of the environmental impact of our activities:

Impact indicators		Financial year 2.023
Indicator	U	Datum
Total waste tons collected	t	5.600.000
Inhabitants served	Hab	33.000.000
Waste tons treated	t	7.600.000
Total GHG emissions avoided by MSW treatment	tCO ₂ e	3.400.000
Total direct GHG emissions avoided	tCO ₂ e	3.185.481,30
Direct GHG emissions avoided by capturing biogas from landfills	tCO ₂ e	1.001.851,33
Direct GHG emissions avoided by biological treatment	tCO ₂ e	1.622.210,68
Direct GHG emissions avoided by retrieval of materials	tCO ₂ e	561.419,29
Indirect GHG emissions avoided	tCO ₂ e	222.759,26
Area of green areas maintained	Ha	5.662
Amount of waste removed from sewage networks	t	12.019
Renewable Guarantee of Origin energy consumption in 2019	kWh	3.740.000
Number of ECO vehicles	u	3.186
Percentage share of ECO vehicles in FCC MA fleet	%	20,16%
Industrial Waste tons Treated	T	742.000

7. EXAMPLE OF PROJECT FINANCED WITH THE FCC SMA GREEN BOND

7.1. Public space cleaning service, collection and transport of urban waste in the municipality of Valencia. Lot 2.

- Inversión total contrata: **€ 8.179.109,18**
- Impact Indicators:

Impact Indicator		Financial Year 2.023	
Indicator	U	Datum	
Total waste tons collected	t	129.668	
Inhabitants served	Hab	380.241	
Number of vehicles	u	19	
Percentage share of ECO vehicles in the total fleet	%	12,6	

ANNEX 1

DNV REVIEW



FCC SERVICIOS MEDIO AMBIENTE HOLDING SAU

SECOND PARTY OPINION : FCC SERVICIOS MEDIO
AMBIENTE HOLDING SAU

GREEN BOND PERIODIC REVIEW REPORT 2024



Document Title: Second Party Opinion on FCC Servicios Medio Ambiente Holding SAU Green
Bond Periodic Review Report

Prepared By: DNV Business Assurance Spain S.L.U.

Location: Madrid, Spain.

Date: 07/03/2025

Project Number: PRJN-868750

Identification: DNV-2024-763003

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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures are provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not be detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 - Conformity Assessment – General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct during the assessment and maintain independence where required by relevant ethical requirements.

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

FCC Servicios Medio Ambiente Holding (henceforth referred as "FCC MA") is a Spanish business group and one of the largest environmental services companies in the world, operating as fully owned subsidiary of Fomento de Construcciones y Contratas, S. A, an integrated and diversified group listed in the Spanish Stock Exchange Market since 1911. It is listed on the Spanish Continuous Stock Market and for a time its shares were part of the IBEX 35. FCC MA provides municipal services and integrated waste management and serves more than 66 million people in 5,200 municipalities. Today it provides urban sanitation services to Europe and America through FCC Medio Ambiente (urban services Spain), FCC Ámbito (industrial waste management and soil recultivation Spain), FCC Environment (UK), FCC Environment (CEE) and FCC Environmental Services (USA).

FCC Medio Ambiente has developed a Green Financing Framework (henceforth referred to as the "Framework" or "GFF"). The Framework enables issuance of green bonds, green loans and other financing instruments used for the development, construction, and operation of eligible assets and projects. The Framework is in alignment with the stated Standards and Principles (collectively the "Principles & Standards"):

- ICMA's Green Bond Principles (GBP) 2021 (with June 2022 Appendix)
- LMA's Green Loan Principles (GLP) 2023

On 4 December 2019, FCC MA issued its first green bond under its Green Bond Issuance Framework, divided in two tranches with ISIN: XS2081491727 and ISIN: XS2081500907. The nominal issue value of the two tranches was EUR 600 million, maturing in 2023, and EUR 500 million maturing in 2026. Both tranches were fully allocated, reported by FCC MA and verified by DNV's Green Periodic Reviews 2022 and 2023.

On 30 October 2023, FCC MA issued a second green bond (hereinafter referred to as the "BOND") under its Green Bond Issuance Framework with ISIN: XS2661068234 for a nominal value of EUR 600 million, maturing in 2029.

FCC MA has used the net proceeds of the BOND to finance projects and nominated assets related to the following categories, among those described in the Framework:

- Pollution Prevention and Control.
- Energy Efficiency.
- Clean Transport.
- Circular Economy and adapted products.
- Sustainable Water and Wastewater management.
- Terrestrial and Aquatic Biodiversity conservation.

DNV Business Assurance Spain SLU ("DNV") has been commissioned by FCC MA to provide a Periodic Review of the SUSTAINABLE FINANCE REPORT 2024, with respect to the allocation of funds, as at 31.12.2023, and provide a Second Party Opinion based on the Principles & Standards.

The Periodic Review was conducted on information provided by FCC MA in December 2024.

Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the impact report, the financial performance of the BOND, the value of any investment in the BOND, or the long-term environmental benefits of the transaction. Our objective has been to assess that the BOND has met the criteria set out below.

Responsibilities of the Management of FCC MA and DNV

The management of FCC MA has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform FCC MA management and other interested stakeholders in the BOND as to whether the BOND is aligned with the Principles & Standards. In our work we have relied on the information and the facts presented to us by FCC MA. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by FCC MA's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's Opinion

We have adapted our assessment methodology to create the FCC MA-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

1. Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond / a borrower of a loan must use the funds raised to finance or refinance or to repay equity of eligible activities. The eligible activities should produce clear environmental and social benefits.

2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond / a borrower of a loan should outline the process it follows when determining eligibility of an investment using Green Bond/Loan proceeds and outline any impact objectives it will consider.

3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond/loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled.

4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

No assurance is provided regarding the financial performance of instruments issued via the Framework, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by FCC MA in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

Periodic Verification:

- Assessment of documentary evidence provided by FCC MA on the BOND and supplemented with high-level desk research, review of documentation and interviews with key personnel of the Issuer FCC MA. These checks refer to current evaluation best practices and standard methodology.
- Discussions with FCC MA management and review of relevant documentation.
- Review of nominated projects and assets as described in Annex 2 at the time of Periodic Verification.
- Documentation of Periodic Verification findings as detailed in this document. Our opinion, detailed below, is a summary of these findings.

Our opinion as detailed below is a summary of these findings.

Findings and DNV's Opinion

DNV's findings on the alignment with Principles & Standards are listed below:

1. Use of Proceeds

FCC MA has reported the use of the proceeds of the BOND as at 31 December 2023, to finance and refinance projects and assets for a total value of €600.00 million, included in the eligible categories as defined in Schedule 1:

DNV reviewed the criteria for the above project categories to determine the eligibility of nominated projects and assets.

2. Process for Project Evaluation and Selection

BOND funds have been allocated solely to finance and refinance eligible assets as defined in Annex 1. DNV has reviewed evidence of the application of the eligibility criteria as defined in the FCC MA GREEN BOND FRAMEWORK, and evidence that FCC MA regularly assesses opportunities for improvement and develops action plans and initiatives to mitigate negative environmental impacts of its operations.

3. Management of Proceeds

DNV has reviewed evidence showing how FCC MA controlled the funds of the Bond, from the time of issuance to the time of disbursement. The full amount of funds is managed through treasury or equivalent and then disbursed in accordance with the debt obligations. The funds raised have been incorporated into the FCC Group's cash pooling system and subsequently distributed to the subsidiaries of FCC Servicios Medio Ambiente Holding for the financing of eligible projects aimed at improving environmental performance (both new investments and project refinancing). At year-end 2023, the outstanding balance of unallocated resources amounts to € 0. As stated above, DNV does not provide any assurance regarding the financial performance of the Bond, the value of any investment in the Bond or the effects of the transaction.

4. Reporting

FCC MA has issued a Sustainable Finance Report 2024 that includes impact reporting and allocation reporting of the BOND funds, as of 31.12.2023. This includes a description of the project categories, and the value of the funds invested, as well as the associated qualitative and quantitative environmental impacts. DNV notes that allocation of funds coming from the first green bond issuance in 2019, fully disbursed since 2021, has not been included in the Sustainable Finance Report 2024.

DNV has only performed an assessment on the allocation report. DNV does not provide assurance on the associated quantitative and qualitative environmental impacts.

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that, in all material respects, the bond projects reviewed do not meet the Use of Proceeds and Allocation Reporting criteria described in the FCC MA Green Bond Framework.

For DNV Business Assurance Spain, S.L.U.

Madrid, Spain / 07 March 2025



Lars Appel
Quality Reviewer



Juan Andrés Salido
Lead Verifier

Schedule 1. Description of Nominated Activities Refinanced with the FCC MA Green Bond.

Eligible Green Project Categories	Investment (EUR millions)			
	2021	2022	2023	TOTAL (31.12.2023)
Pollution prevention and control	84,5	169,8	298,7	553,0
Energy efficiency	1,3	1,0	2,2	4,5
Clean Transportation	0,2	0,1	0,2	0,5
Terrestrial and aquatic biodiversity conservation	2,7	20,4	9,9	33,0
Sustainable water and wastewater management	1,6	0,6	1,4	3,6
Circular economy adapted products	1,5	2,4	1,5	5,4
TOTAL	91,8	194,3	313,9	600

Schedule 2. Contributions to UN SDGs

Eligible Project Categories	UN SDGs	DNV Findings
Pollution prevention and control	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 11 SUSTAINABLE CITIES AND COMMUNITIES	DNV is of the opinion that the eligible category outlined in the Framework contributes to the achievement of the UN SDGs.
Energy efficiency	7 AFFORDABLE AND CLEAN ENERGY	
Clean Transportation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	
Terrestrial and aquatic biodiversity conservation	15 LIFE ON LAND	
Sustainable water and wastewater management	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 6 CLEAN WATER AND SANITATION	
Circular economy adapted products	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	

Schedule 3. Eligibility Assessment Protocol

1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings
1a	Type of Bond /Loan	The Bond/Loan must fall in one of the following categories, as defined by the Principles & Standards: • Green Use of Proceeds Bond • Green Use of Proceeds Revenue Bond • Green Project Bond • Green Securitized Bond • Loan instrument made available for green project (Green use of loan proceeds)	The evidence reviewed confirms that the BONUS falls into the category: Green Use of Proceeds Bond.
1b	Green Project Categories	The cornerstones of Green Bonds and Loans are the utilization of the proceeds of the bonds or the loans which should be appropriately described in the legal documentation for the security.	As identified in the GREEN BOND FRAMEWORK, the purpose of the BOND is to use the funds to finance and refinance lines of credit for projects that fall into the following categories: Pollution Prevention and Control Renewable energies Energy efficiency Clean transport Conservation of terrestrial and aquatic biodiversity Circular economy adapted products DNV's assessment concluded that these assets qualify for inclusion under the Green Bond Principles within the categories mentioned above.
1c	Environmental Benefits	All designated *Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.	DNV reviewed the eligibility and exclusion criteria for the activities and projects DNV considers all activities and projects to qualify as Green.
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide	It has been reported that the BOND funds, as set out below, have been allocated to

		an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	refinance the nominated project assets listed in Schedule 1. This represents 100% of the Green Bond Funds and 100% refinancing of individual projects and assets.
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2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-Decision Process	The Issuer of a Green Bond and Loan should outline the decision-making process it follows to determine the eligibility of projects using Green Bond and Loan proceeds. This includes, without limitation: • The environmental objectives of the eligible Green Projects; • The process by which the issuer determines how the projects fit within the eligible Green Projects categories; and • Complementary information on processes by which the issuer identifies and manages perceived environmental and social risks associated with the relevant project(s).	In accordance with the FCC MA Green Bond Framework, the issuer has established a Green Bond Working Group to carry out the evaluation and selection process of eligible projects and activities according to the eligibility criteria set out in the "Green Bond Activity Sheet 1-8". DNV confirmed this process to define a clear and repeatable system by which projects can be identified and included or excluded from the pool of Green Bond projects (Green Bond Registry).
2b	*Issuer/Borrower*'s Environmental and Governance Framework	Issuers are also encouraged to: • Position the relevant information within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability. • Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria • Have a process in place to identify mitigants to known material risks of negative environmental and/or social impacts from the relevant project(s).	DNV reviewed the FCC MA Sustainability and Environmental Policy and the Sustainability Reporting Framework for FCC MA and its subsidiary organisations. Based on the evidence reviewed and the discussion we had with senior management, we found nothing to suggest that FCC MA's environmental, social and governance framework is not in line with good practice in the industry in which it operates.

3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
3a	Tracking Procedure	• (Bond) The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Green Projects. • (Loan) The proceeds of Green Loans should be credited to a dedicated account or otherwise tracked by the borrower in an appropriate manner, so as to maintain transparency and promote the integrity of the product. Where a green loan takes the form of one or more tranches of a loan facility, each green tranche(s) must be clearly designated, with proceeds of the green tranche(s) credited to a separate account or tracked by the borrower in an appropriate manner.	DNV has reviewed evidence showing how FCC MA tracked the Bond proceeds from the time of issuance to the time of disbursement. The total amount of funds is managed within the treasury or equivalent and then disbursed in accordance with the debt obligation. The funds raised have been incorporated into the FCC Group's cash pooling system and subsequently distributed to the subsidiaries of FCC MA for the financing of eligible projects aimed at improving environmental performance (both new investments and project refinancing).
3b	Tracking Procedure	So long as the Green Bonds or Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	The evidence reviewed shows that FCC MA has tracked the BOND funds from the time of issuance to the time of disbursement and reduced the net fund balance by amounts in line with the asset debt repayment schedule. At year-end 2023 the BOND funds were fully allocated. It has been reported that no funds have been de-allocated or earmarked during the financial year 2023, and that at year-end the outstanding balance of unallocated funds was 0 €.
3c	Temporary Holdings	Pending such investments or disbursements to eligible Green Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	The outstanding balance of unallocated funds is 0 €.

4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical Reporting	• Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. • The annual report should include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact. • Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).	FCC MA has issued a Sustainable Finance Report 2024 that includes impact reporting and allocation reporting of the BOND funds, as of 31.12.2023. This includes a description of the project categories, and the value of the funds invested, as well as the associated qualitative and quantitative environmental impacts. DNV notes that allocation of funds coming from the first green bond issuance in 2019, fully disbursed since 2021, has not been included in the Sustainable Finance Report 2024. DNV has only performed an assessment on the allocation report. DNV does not provide assurance on the associated quantitative and qualitative environmental impacts.



WHEN TRUST MATTERS

About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener group. All rights reserved.