

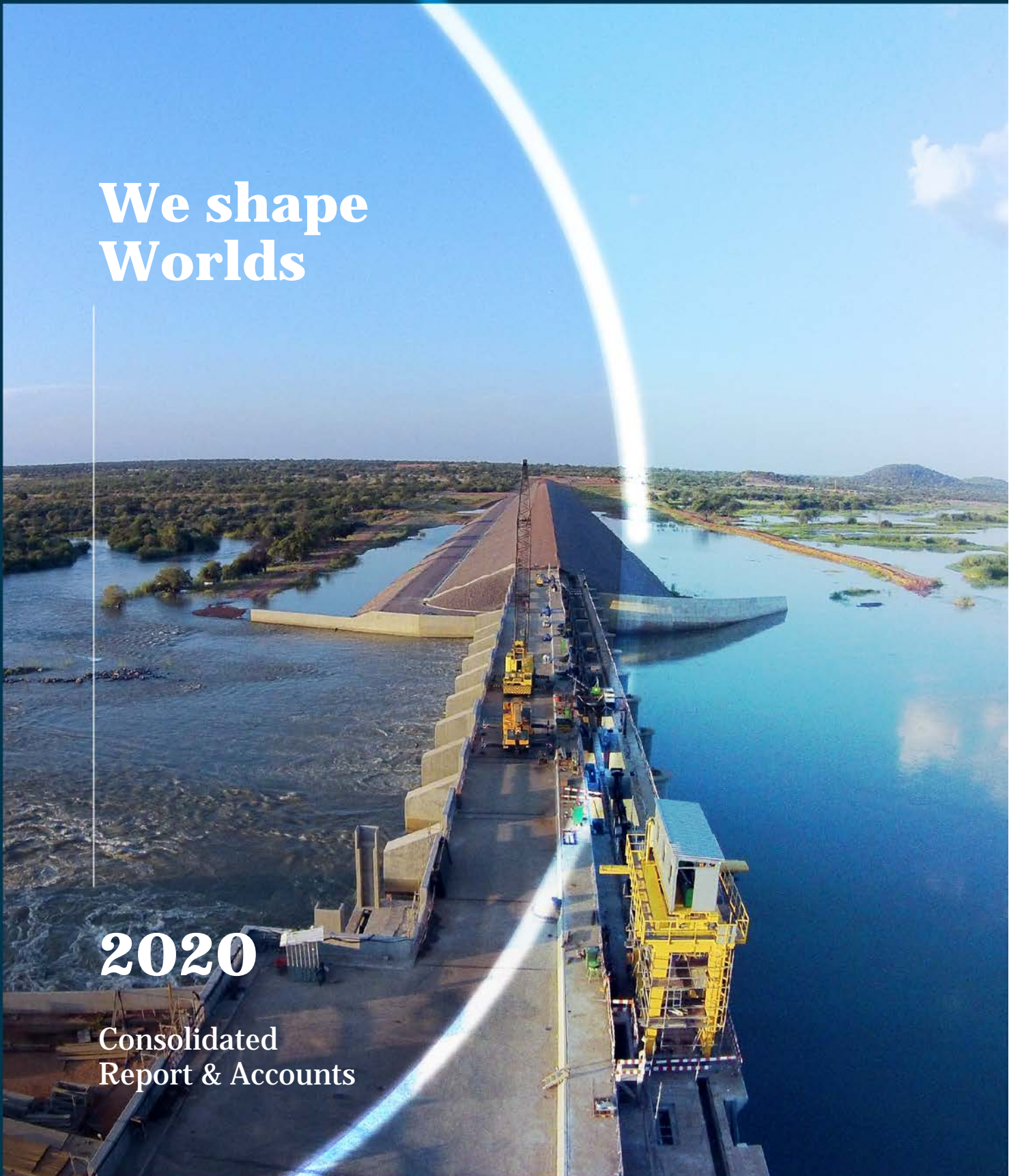
MOTÆNGIL

A World of Inspiration

**We shape
Worlds**

2020

**Consolidated
Report & Accounts**



€ 6,1 bn

of backlog in 2020

Europe

May 2020
Poland
S1 Road

Africa

Apr 2020
Mozambique
LNG Project (pier and
platform bridge construction)

May 2020
Angola
Water Distribution
Networks

Aug 2020
Angola
EN230 Road (306,5 Km)

Nov 2020
South Africa
Gamsberg Mine

Ivory Coast
Félix Houphouët-Boigny
Stadium +
Bouaké market

Latin America

Feb 2020
COLOMBIA
Talasa Dam

Apr 2020
MEXICO
Tren Maya (Section 1)
Railway work

Nov 2020
PERU
Mining + Hospital
(Design/Construction)
Contracts

Dec 2020
MEXICO
Construction/Concession
of the Tultepec-
AIFA-Piramides road

Mota-Engil Distinctions

TOP 100 IN THE WORLD #76 Global Powers of Construction 2020 Deloitte.	TOP 30 IN EUROPE #25 in the Top Global Contractors THE TOP 250 BY REVENUE AND CONSTRUCTION OF THE YEAR	TOP 10 IN LATIN AMERICA #7 in the region THE TOP 250 BY REVENUE AND CONSTRUCTION OF THE YEAR	LEADER IN PORTUGAL #1 Portuguese Company in the Top Global Contractors THE TOP 250 BY REVENUE AND CONSTRUCTION OF THE YEAR
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2020

Highlights

€6.1 bn

RECORD BACKLOG OF €6.1 BN

€2.4 bn

TURNOVER OF €2.4 BN, WITH A 17% DECREASE YOY

€380 mn

EBITDA OF €380 MN, WITH A RESILIENT MARGIN OF 16%

€-20 mn

CONSOLIDATED NET LOSS OF €20 MN

€1,243 mn

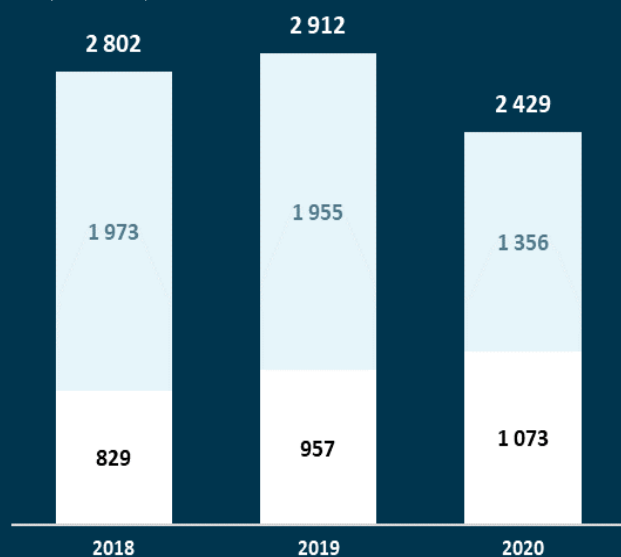
NET DEBT OF €1,243 MN, WITH A NET DEBT / EBITDA RATIO OF 3.3X

€197 mn

CAPEX OF €197 MN, A DECREASE OF €65 MN YOY

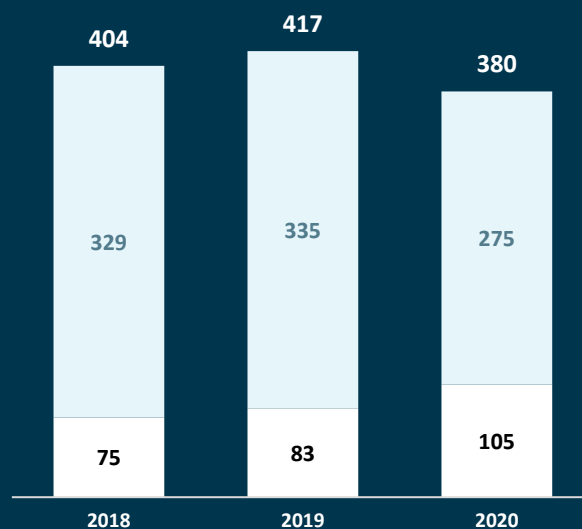
Turnover (million euros)

GROUP
(million euros)



EBITDA (million euros)

GROUP
(million euros)



■ Europe (*) ■ Abroad (**)

(*) Includes the Europe region and others, eliminations and intra-group

(**) Includes the Africa and Latin America regions

INCOME STATEMENT
THOUSAND EUROS

	12M20	% T	Δ	12M19	% T	2H20	% T	Δ	2H19	% T
Sales and services rendered (Turnover - T)	2,429,134	0.0%	(16.6%)	2,912,440	0.0%	1,271,943	0.0%	(18.9%)	1,567,987	0.0%
EBITDA(*)	380,256	15.7%	(8.8%)	417,071	14.3%	236,180	18.6%	5.9%	223,055	14.2%
Amortizations and depreciations, provisions and impairment losses	-235,770	(9.7%)	(2.8%)	-229,337	(7.9%)	-124,398	(9.8%)	1.3%	-126,058	(8.0%)
EBIT(**)	144,485	5.9%	(23.0%)	187,734	6.4%	111,783	8.8%	15.2%	96,997	6.2%
Net financial results (***)	-134,797	(5.5%)	(109.2%)	-64,440	(2.2%)	-92,535	(7.3%)	(635.6%)	-12,580	(0.8%)
Gains / (losses) in associates and jointly controlled companies	-6,049	(0.2%)	-	-5,407	(0.2%)	-9,229	(0.7%)	(37.7%)	-6,704	(0.4%)
Gains / (losses) on the acquisition and disposal of subsidiaries, jointly controlled and associates companies	11,146	0.5%	-	-7,986	(0.3%)	7,491	0.6%	193.8%	-7,986	(0.5%)
Net monetary position	10,748	0.4%	-	1,746	0.1%	3,389	0.3%	-	1,746	-
Income before taxes	25,534	1.1%	(77.1%)	111,647	3.8%	20,899	1.6%	(70.8%)	71,473	4.6%
Consolidated net profit for the year	7,809	0.3%	(88.9%)	70,173	2.4%	-2,242	(0.2%)	(105.0%)	44,652	2.8%
Attributable to:	0	0.0%	0.0%	0	0.0%	0	0.0%	0.0%	0	0.0%
Non-controlling interests	27,753	1.1%	(36.1%)	43,445	1.5%	12,662	1.0%	(51.4%)	26,050	1.7%
Group	-19,944	(0.8%)	(174.6%)	26,728	0.9%	-14,903	(1.2%)	(180.1%)	18,602	1.2%

(*) EBITDA corresponds to the algebraic sum of the following captions of the consolidated income statement: "Sales and services rendered"; "Cost of goods sold, mat. cons. and changes in production"; "Third-party supplies and services"; "Wages and salaries"; "Other operating income / (expenses)"

(**) EBIT corresponds to the algebraic sum of EBITDA with the following captions of the consolidated income statement: "Amortizations and depreciations", "Provisions" and "Impairment losses"

(***) Net financial results corresponds to the algebraic sum of the following captions of the consolidated income statement: "Financial income and gains" and "Financial costs and losses"



Despite the fact that we were negatively affected in almost all countries in which we operate, albeit with different degrees, we managed to carry on with production in all of those. This reinforces the high standing of a Group that, in each country, tackles difficulties alongside the local population.

As I have always said, I am convinced that Mota-Engil will overcome this crisis and will go forward even stronger, as it has always done in the past.

Once more “we shall prevail” and shall go on having reasons to be proud of ourselves!



ANTÓNIO MOTA

Chairman of the Board
of Directors

Dear Shareholders,

When I wrote my message last year, never did it cross my mind that, one year later, Humanity would still be experiencing the effects of a pandemic that affects all of us – people, companies and countries.

We are now all united around the hope that the on going vaccination may minimise the future impact and allows all of us to resume a more normal life.

Until then, it is necessary to go on cautiously without taking unnecessary risks; it is necessary not to forget that this new danger exists, and, above all, we must not forget what we have learned so far. Only then will we achieve the much-needed adaptation that such danger requires.

I will admit that this learning process is as necessary as difficult: it is only natural that our first reaction is to describe 2020 as “a year to erase from our minds”. But allow me to contest that, considering all challenges, it is a year that should be proudly remembered for all we did.

It was in fact marked by our worst economic performance ever, due to a global economic climate which was already fragile and to the impact of the pandemic on the economy.

Having said that, I stress that we have reasons to be proud:

- Despite the fact that we were negatively affected in almost all countries in which we operate, albeit with different degrees, we managed to carry on with production in all of those. This reinforces the high standing of a GROUP that, in each country, tackles difficulties alongside the local population;

- In all those countries we have preserved jobs, this way continuing to ensure the stability of our workers and their families, a prominent aspect of our company’s culture;

- Our backlog grew exponentially not only in the countries in which we were already present, but also in new markets such as Nigeria and Ghana, where we have signed at the end of 2020 and already in 2021 two relevant contracts. On the other side of the Atlantic, we secured our largest work ever in Mexico, “O Trem Maya”.

All of this is a relevant sign of credibility with customers and governments, which know that they can rely upon us to “hold our ground”. It has been this way for 75 years and it will continue to be so, in both the good and difficult times.

And if we consider that the support of financial institutions is necessary for the implementation of many of these increases in backlog, the signs we receive are encouraging and show us that, also in this regard, our company remains strong and trustworthy with potential multilateral investors.

Dear shareholders,

The entry of a new shareholder, someone with good standing in the construction sector, is at the completion stage.

I am sure that this process will result in a company that is increasingly stronger and more prepared to face international competition; above all, a company that continues to adapt itself, reinvent itself and grow, without never losing sight of its 75-years old culture.

Finally, I would like, on my own behalf and on behalf of the whole MOTA-ENGIL family, express our grief for all the human losses that our company suffered on account of the pandemic. They were not many, but they were one of ours, and my thoughts and gratitude go out to all of them, remembering in particular Mr. Lúcio Resende (founder of the ECB Company, a partner of the MOTA-ENGIL GROUP in Brazil) as an example of all the good they did for our GROUP.

It is remembering them that I also wish to thank to all our shareholders, partners, sub-contractors, suppliers, and financial institutions, which were always and will continue to be crucial to us; and let us not forget our workers, to whom we owe an outstanding work, in facing the crisis on their day-to-day, in the business aspect and in the minimisation of the health impact.

Dear shareholders, dear workers:

As I have always said, I am convinced that MOTA-ENGIL will overcome this crisis and will go forward even stronger, as it has always done in the past.

Once more “we shall prevail” and shall go on having reasons to be proud of ourselves!



The year 2020 brought along a new reality.

The Group achieved an important milestone in 2020: a historical record in the company's backlog, which for the first time exceeded six billion euros.

This achievement, which happened in one of the most unlikely scenarios, is a result, first and foremost, of the technical competence of the GROUP and its people, as well as of the trust we have built for nearly 75 years, which we are celebrating, and that hold us responsible.



Gonçalo Moura Martins
Chief Executive Officer

Dear Shareholders,

The year 2020 brought along a new reality.

An unexpected, unprecedented, and demanding reality that posed a global challenge for the World and its leaders, unlike most challenges we have seen over the last hundred years.

Society had to react, adapting behaviours in accordance with the outcomes and knowledge obtained in the fight against an unknown pandemic, with major economic and social impact, as well as an unpredictable duration.

Companies were no different: it was necessary to assess the environment much more regularly to ascertain the best course of action and define priorities.

At MOTA-ENGIL, we implemented an Action Plan based on four main pillars:

- Protection and safety of our workers and community support;
- Resilience of our operational capacity and financial stability;
- Monitoring and realignment of the 2020 business plan;
- Focus on a long-term commercial strategy.

We believe this is the surest way to preserve the company's most important asset - our people, never losing touch with the World around us. Because solidarity is part of our core values since our early years, we are on the frontline providing support to the communities we belong to.

At the operational level, I would like to give proper recognition to our workers that in their respective domains - construction, waste operation, energies, and development of new concessions - safely and effectively performed their functions.

With regard to performance, the intense and long-lasting lockdown period, together with the logistic constraints caused by the limitations on the circulation of people and equipment, had a significant impact on the emerging markets in several countries. However, there is a growing positive trend in Europe driven by public investment, which should be sustained and reinforced through calls for unprecedented community aid, to ensure the recovery of the European economy in the next years.

Lastly, I must mention that the GROUP achieved an important milestone in 2020: a historical record in the company's backlog, which for the first time exceeded six billion euros, effectively putting our resilience strategy into practice in the present, but with our eyes set on the future, to secure larger projects with margins consistent with the history of the GROUP.

This achievement, which happened in one of the most unlikely scenarios, is a result, first and foremost, of the GROUP and its people's technical competence, as well as of the trust we have built for nearly 75 years, the 75th of which we will be celebrating this year, and which it is our duty to respond to.

2021 is expected to be the year where the World returns to how we once knew it, with the necessary adaptations, so that we evolve as a Society, and the present should be viewed as an opportunity to change paradigms and improve upon people's quality of life.

It is, therefore, a challenging year for everyone – society, families, and companies – but which we still face with optimistic realism and renewed motivation.

At MOTA-ENGIL, we will continue to do everything we can to ensure that is the case.

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**Expand in the
Construction
domain, Broaden
our *Horizons*.**

*To continue on doing more and better
to strengthen the execution capacity
that sets us apart, and live up to the
increasing trust our clients have in
our Group on a global level.*

We shape Worlds.

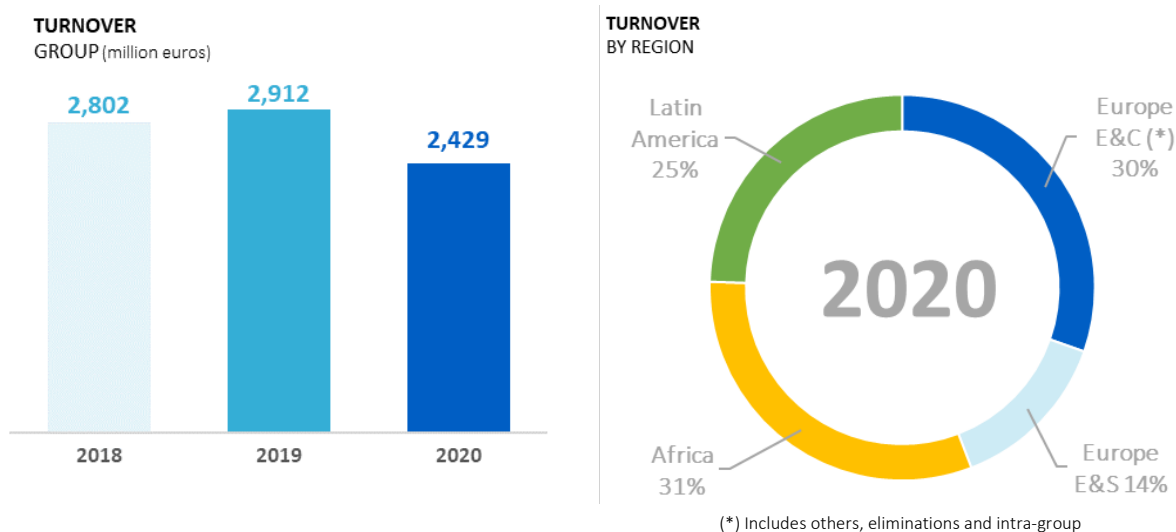
MOTAENGIL

01

Consolidated
Management Report

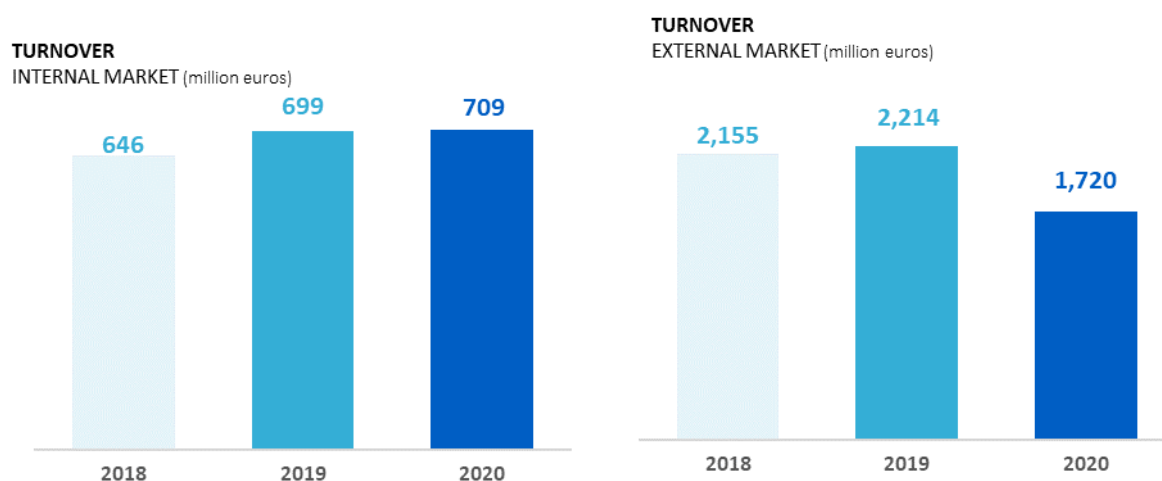


1.1 Analysis of economic-financial performance



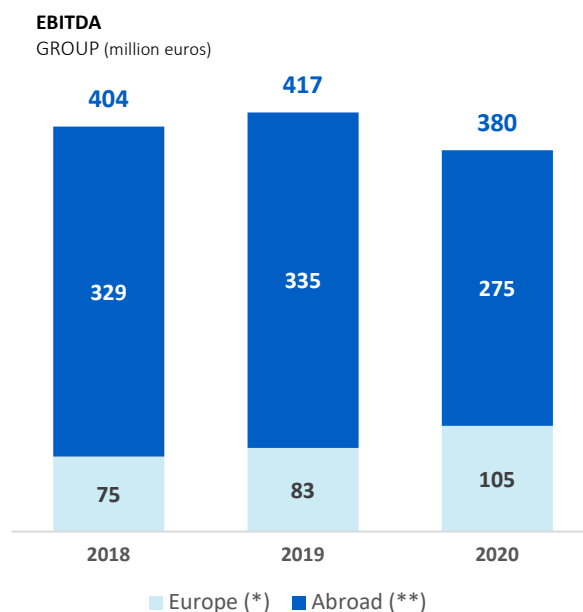
Essentially due to the constraints caused by the pandemic, analysed in greater detail throughout the present document, the turnover (**) in 2020 reached 2,429 million Euros, a downturn of approximately 17% against 2019. However, it is worth highlighting the asymmetrical behaviour of that indicator between regions, with Europe having contributed with an increase of about 8% while Africa and Latin America contributed with decreases of 24% and 37%, respectively.

Following on what was described above, Europe was the region that most contributed to the GROUP's turnover in 2020, with a contribution of 44% (33% in 2019), at the expense of Latin America, which in this period only contributed with 25% (33% in 2019). Additionally, in 2020 in the Europe region, the E&C (Engineering and Construction) segment contributed with 30% to the GROUP's turnover (21% in 2019), while the E&S (Environment and Services) segment, contributed with 14% (12% in 2019).



In 2020, contrary to the trend observed in previous years, the turnover in the external market suffered a relevant fall, essentially due to the effects of the pandemic. However, it is worth stressing the resilience of the internal market that, despite the adverse conditions, exhibited a slight growth (1%).

(**) Turnover corresponds to the caption "Sales and services rendered" of the consolidated income statement



(*) It includes the EBITDA generated in the Europe region and in others, eliminations and intra-group

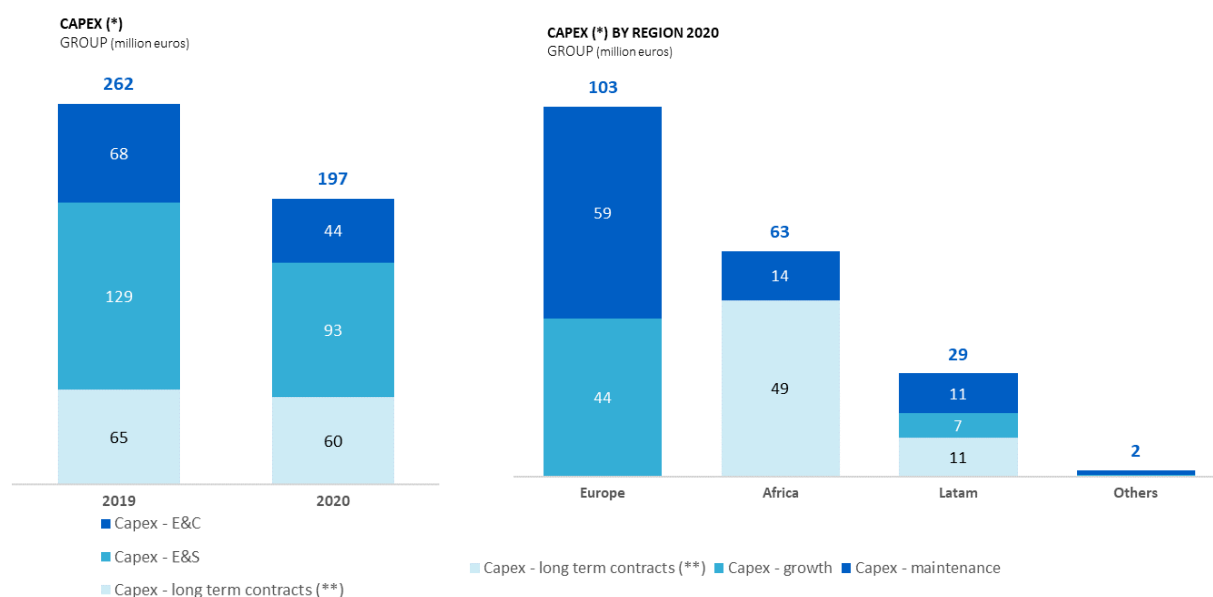
(**) It includes the EBITDA generated in the African and Latin America regions.

In 2020, due to lower productivity and dilution of fixed costs resulting from the negative effects of the pandemic, the GROUP's EBITDA recorded a downturn of 9% to 380 million Euros, positively influenced by the performance of Europe (growth of 26%), which so far has not been enough to offset the less positive performance of Africa (downturn of 11%) and Latin America (downturn of 28%). However, due to the reduction in turnover, the upward revision of the tariffs of the concessionaires of the EGF SUBGROUP, the reduction in overhead costs and the closure of some less profitable markets/operations, the EBITDA (EBITDA/Turnover) margin reached in 2020 15.7% (14.3% in 2019).

Moreover, in 2020 the EBITDA generated in other business than E&C represented 29% of the total turnover (26% in 2019).

Lastly, as in previous years, and despite being influenced by the various factors explained above, the EBITDA margin, once again, reached the profitability levels projected by the GROUP's Strategic Plan, also remaining above many of the large companies of the sector.

In what concerns EBIT, in 2020 it rose to 144 million Euros, an amount lower to that observed in 2019 (188 million Euros), also having been negatively influenced by the reduction of EBITDA observed, positively influenced by a slight reduction as regards amortisations, due to the fact that some pieces of equipment have reached the end of their useful life, and negatively influenced by a significant reinforcement of provisions and impairment losses, which reached 39 million Euros, largely aimed at minimising the negative effects of the pandemic in the recoverability of accounts receivable.



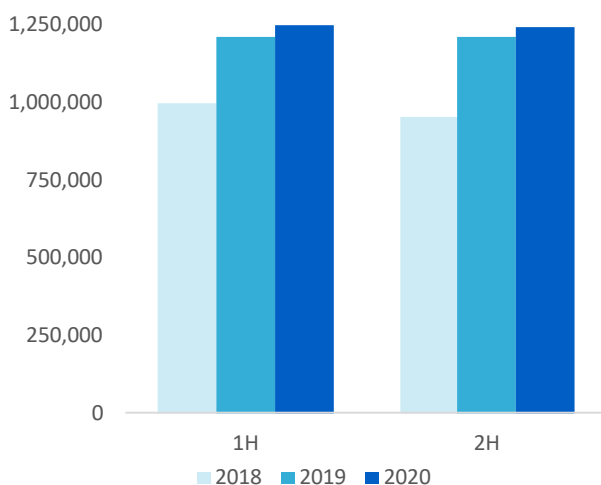
In 2020, due to the need to suit the level of investment to the macroeconomic climate, the investment (capex) rose to 197 million Euros (a 25% reduction over the previous year), with 93 million Euros being allocated to the E&S business (of which 73 million Euros were executed by the EGF concessionaires for purposes of fulfilment of the investment plan approved by the regulator), 44 million Euros allocated to the E&C business and 60 million Euros allocated to long-term contracts (largely channelled to a new mining contract in Guinea-Conakry).

On the other hand, it is worth stressing: (i) that 57% of the investment made was channelled to long-term contracts and to expansion activities; (ii) that the investment made to the E&C business (44 million Euros) corresponded to less than 3% of its turnover; and (iii) that the investment on maintenance amounted to 4% of total turnover.

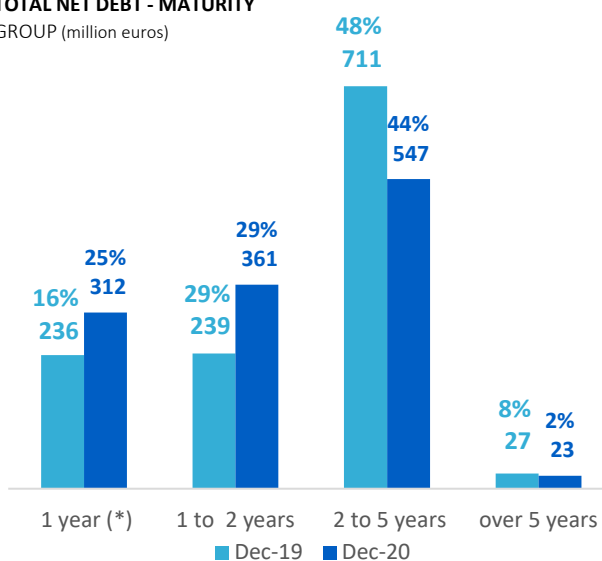
(*) Capex corresponds to the algebraic sum of increases and disposals of tangible assets, intangible assets, and rights of use of assets observed in the year.

(**) Long-term contracts correspond to the mining contracts in Africa and to the energy business in Latin America.

TOTAL NET DEBT
GROUP (million euros)



TOTAL NET DEBT - MATURITY
GROUP (million euros)



As at 31 December of 2020, the net debt¹⁾ amounted to 1,243 million Euros, which corresponds to an increase of 29 million Euros facing 31 December 2019, essentially due to the high volume of investment carried out in the year and to the reduction, albeit in of a smaller value, in working capital.

As at 31 December 2020, net debt added to factoring²⁾ and lease operations³⁾ amounted to 1,768 million Euros, an increase in 73 million Euros over 31 December 2019.

As a result of the evolution of debt and the operating performance for the year, influenced by the pandemic, the ratio that compares total net debt with the EBITDA of the last 12 months reached 3.3x (2.9x as at 31 December 2019).

The gross debt⁴⁾ as at 31 December 2020 amounted to 1,891 million Euros, 48% contracted at variable rate, with an average cost of 5.0%. On the other hand, as at 31 December 2020, 87% of total gross debt was denominated in Euros and its average maturity was 2.4 years (2.5 years as at 31 December 2019).

Additionally, as at 31 December 2020, the GROUP maintained credit lines contracted but unused worth, approximately, 153 million Euros, resulting in a total amount of effective liquidity⁵⁾ of 802 million Euros, corresponding to approximately 42% of total gross debt.

In this regard, it should also be highlighted that during 2020 the GROUP's adhered to the moratoria mechanisms established by the Portuguese State/financial Portuguese system, within the measures of support against the pandemic, made it possible to postpone, approximately, 462 million Euros of reimbursements of principal and interests.

^(*) The 1-year net debt includes all the public debt securities of Angola, Mozambique, and Ivory Coast (Angola and Ivory Coast in 2019) recorded under the captions "Other financial investments recorded at amortised cost" of the consolidated statement of the financial position.

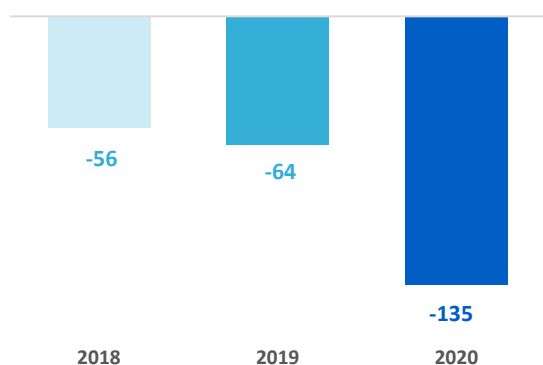
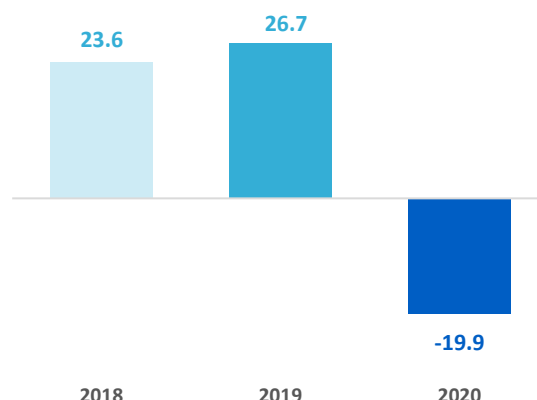
¹⁾ The net debt corresponds to the algebraic sum of the following captions of the consolidated statement of the financial position: "Cash and cash equivalents without recourse – Demand deposits"; "Cash and cash equivalents with recourse – Demand deposits"; "Cash and cash equivalents with recourse – Term deposits"; "Other financial investments recorded at amortised cost"; "Loans without recourse" and "Loans with recourse". It should be noted that leasing and factoring operations contracted by the GROUP were not recorded in the abovementioned captions.

²⁾ Factoring operations are recorded in the consolidated statement of the financial position under the caption "Other financial liabilities".

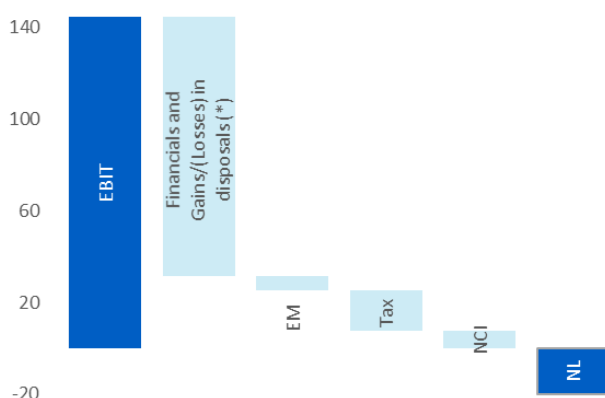
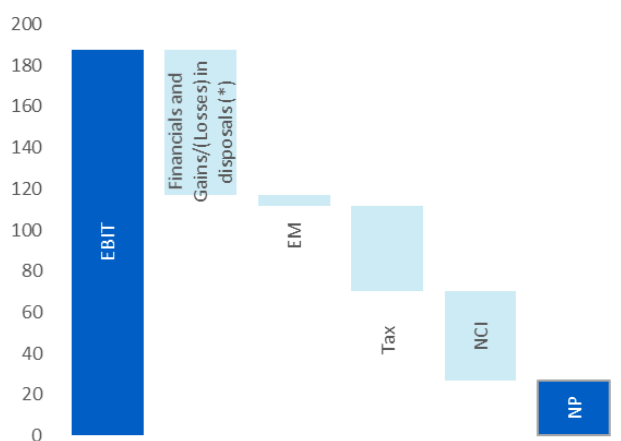
³⁾ Leasing operations are recorded in the consolidated statement of the financial position under the caption "Lease liabilities".

⁴⁾ Gross debt corresponds to the algebraic sum of the net debt with the balances of the following captions of the consolidated statement of the financial position: "Cash and cash equivalents without recourse – Demand deposits", "Cash and cash equivalents with recourse – Demand deposits", "Cash and cash equivalents with recourse – Term deposits", "Other financial investments recorded at amortised cost".

⁵⁾ Effective liquidity corresponds to the algebraic sum of the following captions of the consolidated statement of the financial position "Cash and cash equivalents without recourse – Demand deposits"; "Cash and cash equivalents with recourse – Demand deposits"; "Cash and cash equivalents with recourse – Term deposits"; "Other financial investments recorded at amortised cost" with the amount of credit lines contracted but unused by the GROUP.

NET FINANCIAL RESULTS
 GROUP (million euros)

NET PROFIT / (LOSS)
 GROUP (million euros)


In 2020, the net financial results reached a negative amount of 135 million Euros (a negative amount of 64 million Euros in 2019), which represented an increase of about 109%, albeit such results were influenced in 2019 by the heavy contribution of the favourable exchange rate differences. Regarding the net financial charges (interest costs – interest income), these reached 99 million Euros in 2020, a similar amount to that reached in 2019.

NET LOSS COMPOSITION 2020
 GROUP (million euros)

NET PROFIT COMPOSITION 2019
 GROUP (million euros)


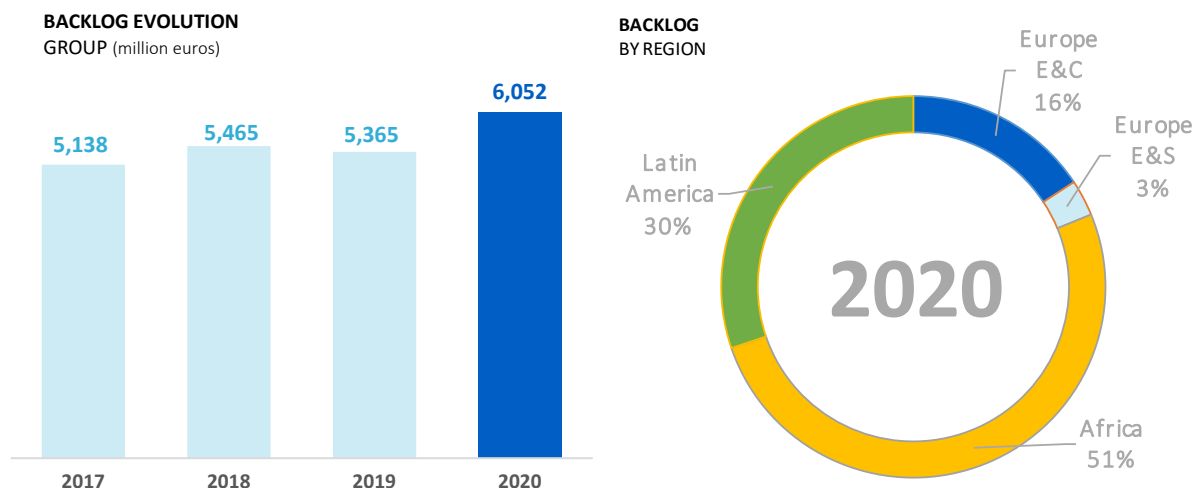
(*) Includes approximately 11 and 2 million Euros in 2020 and 2019, respectively, as part of the impact of considering Zimbabwe as a hyperinflationary economy (IAS 29)

In 2020, the caption of Gains / (losses) in associated and jointly controlled companies (EM) had a negative contribution of 6 million Euros to the net result (negative in 5 million Euros in 2019), due, among other reasons, to the performance of the concessionaires of the Mexican motorways and the vehicle used for promoting the tourism project of Costa Canuva in Mexico. On the other hand, in 2020, the caption of Gains / (losses) on the acquisitions and disposal of subsidiaries, jointly controlled and associated companies (Gains / (Losses) in the disposals) reached a positive amount of 11 million Euros (a negative amount of 8 million Euros in 2019), influenced by the disposal in 2020 of various companies with capital gains.

With regards to the income tax (Tax), in 2020 it amounted to 18 million Euros (41 million Euros in 2019), corresponding to an effective tax rate (Income Tax / Income before tax) of 69%. For additional information on this matter, we recommend the analysis of Note 12 of the Notes to the consolidated financial statements.

Finally, in what relates to non-controlling interests (NCI), in 2020 they rose to 28 million Euros, a decrease in 16 million Euros against 2019, having been essentially generated by the GROUP' companies in Mexico, Angola and by the EGF concessionaires.

Therefore, following the operating and financial performance described above, significantly influenced by the effects of the pandemic, the net loss attributable to the GROUP as at 31 December 2020 amounted to -20 million Euros (a positive amount of 27 million Euros as at 31 December 2019).



The backlog (*) as at 31 December 2020 reached the unprecedented figure of 6,052 million Euros, with the Africa and Latin America regions contributing, approximately, to 81% of the total amount. On the other hand, it is worth mentioning that the backlog of the E&C business represents 89% of the total backlog and that the ratio backlog / turnover of E&C reached 3.1x as at 31 December 2020.

As at 31 December 2020, the E&S business contributed with 674 million Euros to the GROUP's backlog. It should be mentioned that such amount does not include the foreseeable revenues arising from the waste treatment and recovery contracts of the EGF concessionaires' companies and of CLEAN EBURNIE (landfill in Ivory Coast).

Moreover, with regard to the composition of the backlog, attention should be drawn to the weight of the long-term contracts, namely in the mining, oil&gas, and energy sectors, which, as at 31 December 2020, represented 27% of the whole backlog of the E&C business (35% as at 31 December 2019).

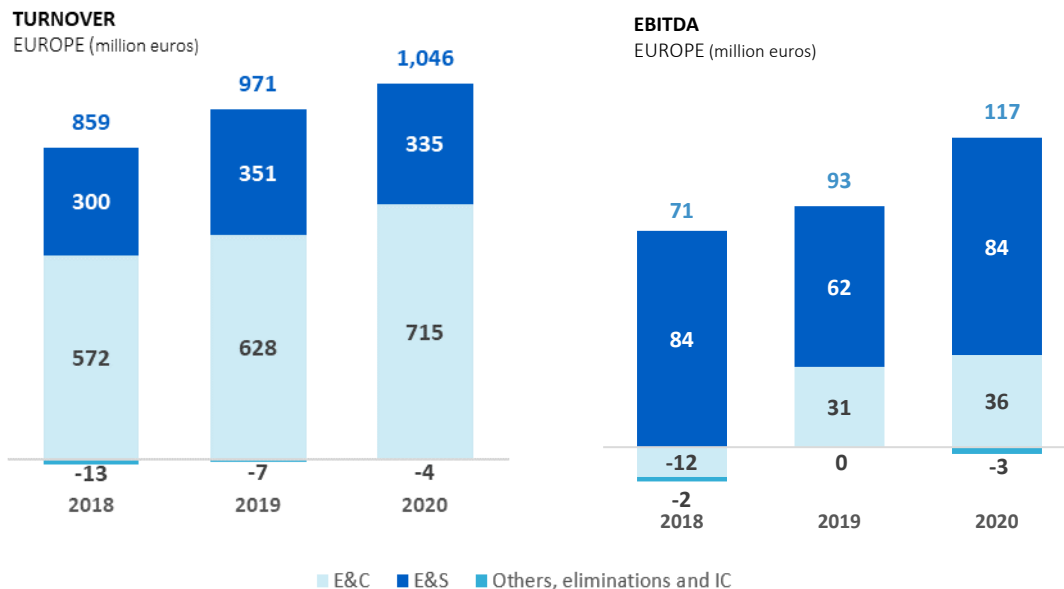
Similarly, in this troubled period, it is worth highlighting the growth of the backlog in approximately 687 million Euros against 31 December 2019, essentially due, among others, to the Mexican market, with the award, in a partnership with China Communications Construction Company, of a contract for the construction of the first plot of the new railway infrastructure designated "Trem Maya" in Mexico, evaluated in more than 500 million Euros, and to the Ghana market, with the award of a contract for the construction of a motorway worth more than 465 million Euros.

Lastly, it is also worth highlighting the continuation of the excellent commercial performance exhibited in 2020, with the award in 2021 of the GROUP's largest contract ever, in Nigeria, worth, approximately, 1,500 million Euros.

(*) Contracts awarded to be executed at the exchange rate of 31 December 2020.

1.2 Analysis by business area

EUROPE



The European region manages the E&C and E&S activities and companies that the GROUP has in Portugal, Poland, Ireland, and the United Kingdom, or the ones that are managed by the management structure of this region. As for the E&S business, the business's that are developed are essentially, waste collection activities (through SUMA) and waste treatment (through EGF).

In Europe, specifically in the E&C activity, as a result of the pandemic, some projects were interrupted on account of measures enacted by the local Authorities and decisions adopted by some customers, particularly in projects being executed in Portugal and in Ireland, which will be outlined in greater detail throughout the present document.

However, despite the negative effects of the pandemic, in 2020 the turnover in Europe rose to 1,046 million Euros, an 8% increase against that observed in 2019 (971 million Euros).

In this regard, it is worth highlighting the 15% turnover in the E&C business, essentially influenced by the strong activity in Poland (a 65% growth against 2019).

Additionally, in 2020, Portugal contributed, approximately, with 49% of the turnover of the E&C business (approximately 57% in 2019).

In what concerns operating profitability, in 2020, the EBITDA in Europe reached 117 million Euros, a 26% increase against 2019 (93 million Euros), such increase being essentially explained by the positive performance of the E&C business (+5 million Euros), namely in Poland, but fundamentally by the performance of the E&S business (+22 million Euros), namely due to the increase in tariffs applied by the EFG concessionaires companies (approximately, 22 million Euros).

Engineering & Construction

Portugal

The year of 2020 saw a downturn of 10% in the Portuguese economy (against a growth of 1.9% in 2019) with an inflation of 0% (against 0.9% in 2019). On the other hand, as at 31 December 2020, the reference interest rate (*) in the market reached 0% (against 0.5% as at 31 December 2019).

In 2020 the growth that the construction sector had been experiencing since the previous year was interrupted by the outbreak of the Covid-19 pandemic in Portugal, as in all world economies, which caught the GROUP by surprise, with the respective effects arising in March, and remaining up to the present date. Some private investors naturally postponed the launch of large projects which were previously planned, while in the public sector the State had difficulty in responding to the requests of all areas of the economy and society in general.

Nevertheless, MOTA-ENGIL, once more, has shown its historic capacity and resilience in the immediate response to great adversities, having ensured that none of the projects which were being executed at the beginning of the pandemic was suspended or cancelled.

In the context of the Covid-19 pandemic, MOTA-ENGIL was swift to reinforce the recommended preventive measures: protection equipment, cleaning, distancing, teleworking, awareness-raising initiatives, among others. The result of these measures was the acknowledgment of a loss of production vastly inferior to what would be expected in such an adverse context.

On the other hand, the evolution that the GROUP has been bringing about throughout the latest years in the execution of its projects, in terms of adoption of the most advanced recommendations of Hygiene, Health and Safety at Work, has enabled the natural reinforcement of preventive measures in our operation in all the countries in which the GROUP operates and, logically, also in Portugal. This aspect was very well received by all our customers, whose trust in MOTA-ENGIL has proven to be unshakable.

Regarding the development of the projects that MOTA-ENGIL is executing in Portugal, the results achieved in 2020 perfectly reflect the spirit of the paragraphs above. In fact, at the beginning of the pandemic various risk-mitigating preparatory measures were carried out, resulting into a sudden but considerably limited period of reduced capacity for execution of works. However, it was also this period of strategic preparation and reorganisation of activities that made it possible for us to quickly recover, at the beginning of April, to clearly impressive production levels, which are still standing, logically considering the recommendations and restrictions imposed by the various relevant authorities.

This momentum and the proven capacity for swift intervention and adaptation to a new reality has generated a climate of certainty and satisfaction with our customers, enabling not only the continuation of the works which were already being executed but also the effective launch of some highly relevant projects during this period.

In the first quarter of 2020, already in the middle of the pandemic, we were able to launch, under conditions of normality, two projects with global values that surpass the 150 million Euro. We are specifically referring to the Infinity Tower project from Vanguard Properties, which will be one of the most prominent buildings of Lisbon, and to the Évora Line Subsection Freixo - Alandroal works for the customer Infraestruturas de Portugal.

Moreover, early 2020, already in full pandemic, also saw the reinforcement of the trust of our customers in MOTA-ENGIL, namely due to the actual commercial results observed, translated into a volume of new contracts awarded in Portugal of more than 250 million Euro, projects that are expected to start in the short term.

Regarding the technical staff of MOTA-ENGIL, from senior management to the more qualified officers, it remained virtually unchanged and even in what concerns less qualified personnel, MOTA-ENGIL refused to pursue a strategy of lay-offs and redundancies.

Although the large public investment projects in Portugal have been postponed, it is known that Portuguese Authorities are planning to move forward significant tenders for a set of relevant structuring projects; it is worth mentioning that MOTA-ENGIL has been implementing, throughout the years, strong trade dynamics in the private sector with national and international customers and investors with which it maintains a relationship of trust and commitment which has proven crucial at the moment of choice of a partner for the execution of the construction contracts. Only this way has it been possible to preserve a stable and diversified portfolio of construction works, especially in moments of sharp contraction of public investment.

(*) Corresponds to the interest rate of 10-year sovereign bonds issuance.

On the other hand, the capacity that MOTA-ENGIL has exhibited in resisting to the crisis, the backlog, the works in progress, the new projects initiated in the first months of 2020 and others being awarded, demonstrate our customers' commitment and enable us to continue to look to the future with strengthened resolve and trust, necessary so that MOTA-ENGIL can successfully stay on its path in 2021 and face the new challenges it must invariably face.

MOTA-ENGIL thus shows full capacity of response to the large projects already being announced, translated into the launch of a new cycle of large construction works contracts to be initiated in 2021, within a background of boosting and revitalisation of the European Union economies.

Poland

The year of 2020 registered a downturn of 3.6% in the Polish economy (against a growth of 4.0% in 2019) with an inflation of 3.3% (against 2.4% in 2019). On the other hand, as at 31 December 2020, the reference interest rate in the market reached 1.25% (against 2.1% as at 31 December 2019).

Throughout de 2020, MOTA-ENGIL reinforced its position as one of the largest construction companies operating in Poland thanks to an active presence in the market, an increase in the backlog, its flexibility in a climate in rapidly changing environment, its proximity approach as well as to its fulfilment of the best quality standards, all this in a particularly demanding 2020, on account of the current pandemic situation.

The construction sector in Poland has experienced a strong growth in latest years, which supported the economic expansion of the country and contributed to its development. In 2020, the economic conjuncture in Poland remained stable, despite the challenging economic environment in the European Union. The impact of the pandemic was noticeable in the fall in GDP and in the growing instability in markets; however, the construction sector, in general, continued to grow. Therefore, although no reductions in the levels of the activity is expected, 2021 will continue to be a highly demanding year.

In 2020, MOTA-ENGIL maintained its strategy of ongoing development and innovation in its main operations, increasing and diversifying its backlog, which strengthened its market reputation in Poland. Therefore, the GROUP focused its activity first and foremost on the road sector and on the development of the construction market.

A substantial competitive advantage of the GROUP in the Polish market has precisely been the cooperation and ongoing development between the construction (MECE – MOTA-ENGIL CENTRAL EUROPE) and the real estate development (MEREM – MOTA-ENGIL REAL ESTATE MANAGEMENT) areas.

Despite the expected slowdown in investments in the residential market, due to the health crisis, the sector remains stable with the prices of flats in the main Polish cities increasing year-on-year according to the data collected by the National Bank of Poland. Moreover, the road construction sector remains on the process of continuous expansion. Up to 2020 more than 4,200 km of expressways and motorways were made available to the public, making Poland the fifth of all European Union countries in terms of total length of expressways and motorways. In the long term, an additional 3,780 km of expressways and motorways are planned, 908 km currently being under construction and 165 km being in the bidding stage.

The commitment, a consistent strategy, and the construction of various projects crucial to the development of the country have presented the GROUP with new challenges to prove its positioning as one of the market leaders. Among others, in 2020 MOTA-ENGIL continued the construction of two relevant projects, the S7 expressway, near Krakow, and the S19 expressway, near Lublin. Additionally, due to the turmoil observed in the Polish market of infrastructures, namely felt by some competitors of the GROUP, MOTA-ENGIL was able to commence the work of the S3 expressway in Polkowice, a clear sign of market trust. In parallel, the portfolio in the infrastructures sector has been growing with new awards of contracts, such as the S1 expressway Kosztowy - Bielsko Biala and S19 Płoski.

Regarding the construction sector, MEREM continued to consolidate its strong positioning in the market, expanding its private customers base and broadening its portfolio of projects. Additionally, it also proceeded to diversify its portfolio of projects in the main Polish cities: Warsaw, Krakow, Gdańsk, Katowice, Szczecin and Łódź. On the other hand, as mentioned above, it proceeded to diversify its portfolio of projects for other segments, such as student housing, hotels, residential buildings, car parks and research and development centres. Currently, new projects of large importance are underway, as is the case of the Arkone Residences in the city of Szczecin, Esteio and the La Scala Project in Warsaw. Lastly, the residential projects AVORE stage II and YANA in Warsaw are also worthy of note, having been successfully finished.

On a strategic level, MEREM is constantly working towards finding new opportunities of investment in new business areas that may benefit both its real estate development activity and its construction activity. Adding to that, the award received in 2020 by the Construction National Programme - "Best real estate developer", as a recognition of MEREM's presence in the Polish market, is worth mentioning.

MOTA-ENGIL in Poland is therefore committed to the increase and diversification of its backlog, drawing its attention to new opportunities of investment, the development of its main operations and the development of its human capital, which will ensure MOTA-ENGIL a prominent position in the market and allow it to have an optimistic outlook of the future.

Ireland and United Kingdom

The year of 2020 registered a downturn of 3% in the Irish economy (against a growth of 4.3% in 2019) with an inflation of -0.2% (against 1.2% in 2019). On the other hand, as at 31 December 2020, the reference interest rate in the market reached -0.3% (against 0.1% as at 31 December 2019).

Regarding the United Kingdom, 2020 registered a downturn of 9.8% in its economy (against a growth of 1.2% in 2019) with an inflation of 0.8% (against 1.8% in 2019). On the other hand, as at 31 December 2020, the reference interest rate in the market reached 0.8% (against 0.8% as at 31 December 2019).

As regards the pandemic, these two markets were no exception, having been naturally affected by the heavy impact of the Covid-19 outbreak, which during various months put a hold on many economic sectors, namely the construction area, regarding the realisation of projects underway, the award of contracts to proposals already submitted and the launch of new awards of contracts. Even though the first quarter of the year has been globally positive and above expectations, due to the solid backlog which had been previously obtained, the legal constraints to the circulation of goods and persons, the execution of economic activities, the provision of (internal and external) resources and strict health and safety procedures have entailed a virtually complete paralysation of the construction projects, with only the operation and maintenance activities in the water sector remaining relatively stable. It should be added, however, that this phenomenon of downturn in the activity was first and foremost felt in Ireland, and only afterwards in the United Kingdom, where the government measures have made it possible to keep at a minimum (albeit with effort) the key projects underway.

The year of 2020 was thus marked by a reduction in turnover in Ireland and the United Kingdom, which came to be mitigated by the commercial effort made by MOTA-ENGIL IRELAND CONSTRUCTION (MEIC) and by GLAN AGUA, namely regarding new typologies of contracts in the supply and treatment of water and waste water management. In the road, school and housing sectors, the year saw the conclusion of some relevant and large projects, despite the difficulties linked with the pandemic context.

Even though somewhat relegated to the sidelines, in 2020 the heavy risk and uncertainty associated with the post-Brexit negotiation process was not overpassed, continuing to generate substantial mistrust within the construction industry and delaying decisions of investment and the launch of investments in structuring projects.

The commercial activity during 2020 reflected the strategic decision of focusing efforts on the water sector (clean and wastewater treatment and distribution), with the objective of deepening the involvement of the organisation in structuring projects, both in Ireland and in the United Kingdom, within the coming years. On the other hand, the year witnessed a significant fall in new public investment in the water sector, with the postponing of calls for tender on part of the main market players (especially in Ireland) and the postponing of decisions to award contracts. Even so, important commercial successes were achieved in both regions, which enables us to envision the year 2021 supported by a healthy portfolio in value and profitability, with real prospects of ensuring a growth in activity. It is also important to highlight the consolidation of the brand and technical creditworthiness of GLAN AGUA, both in Ireland, with the strategic partnership with its main customer, and in the competitive British market, with a new player.

Remaining markets

In the remaining markets, MOTA-ENGIL has kept its presence in specific niches of its portfolio of strengths, namely in the prefabrication area in France and in the foundations area in Spain.

ENVIRONMENT & SERVICES - WASTE

SUMA

SUMA, which has just reached its 26th anniversary, has found itself, as the rest of the business world, facing an unprecedented situation of extreme adversity, caused by the Covid-19 pandemic.

The rapid dissemination of the pandemic and the necessary measures for containing the new coronavirus have made it inevitable to carry out changes, where possible, to the organisational model in place. The services provided in the field, due to their importance to the public health, were not susceptible of elimination or reduction, having rather been reinforced and intensified by way of exceptional contracts for the cleaning and disinfection of roads and public structures (street layouts, buildings' façades and urban equipment) and waste containment equipment.

In this new context, the recourse to technologies and IT tools took on particular significance. The transition of working models to a teleworking system has forced the infrastructures to adopt an immediate response consisting of the preparation and dissemination of collaborative IT tools, remote connections' additional licensing and long-distance assistance, only made possible by the existing organisational maturity which is the result of a timely investment.

Also as regards the support to the production and the remote control of the operations, SUMA has been taking the lead on investing on a strong technology aspect of IT applications specific of various contracts or operations, developed internally, operating in the national market since 2014 and successfully exported for purposes of monitoring the activities of Group companies abroad. The acknowledgment of technology as an added-value and the anticipation in the decision-making process thus marked a major success without relevant constraints to the capacity, safety, and performance goals, which resulted into a rapid adaptation to the new reality and the maintenance of the productivity indices.

In June, SUMA was nominated for the fourth year in a row "Trustworthy Brand – Environment" in the "Waste Treatment Companies" category, which, as an accolade directly voted by a significant sample of the Portuguese population, is proof of the quality standards behind the operations and the trust placed in the partnerships integrated by SUMA.

The recognition by the Ministry of Environment and Climate Action of the importance of the work of all professionals operating in the urban hygiene and waste collection area, also constituting a reinforcement and an incentive for those who provide an essential public service and are daily guided by a feeling of accomplishment.

Regardless of the adversities, SUMA intends to preserve the national lead in the collection and cleaning market, streamlining services and investing in innovation to attain the efficiencies which allow for increasing the competitive capacity.

National plan

At this level, municipalities remain as the main contractors of the waste collection and urban cleaning services, with 200 proposals having been submitted throughout 2020 in an aggregate value of 92 million Euro. A total of 135 awards of contracts to SUMA resulted from those proposals, in an aggregate value of 50 million Euro, with 14 proposals still pending decision.

Among the new awards of contracts, the following are worth mentioning:

- City Hall of Mafra: Purchase of services for collection and transportation of urban waste to the final destination and services for the maintenance and washing of containers, for an 8-year period.
- City Hall of Ílhavo: Services for the collection and transportation to an appropriate destination of urban waste, supply, maintenance and cleaning of equipment, eco-centres public cleaning and management, for a 1-year period renewable up to 8 years.
- City Hall of Leiria: Services for the collection and transportation to an appropriate destination of urban waste and construction and demolition waste, for a 4-month period.
- City Hall of Espinho: Services for the collection and transportation to a destination of unsorted municipal waste and urban cleaning, for a 36-month period.
- City Hall of Oeiras: Purchase of services for mechanical sweeping for street cleaning (plot 2), for a 36-month period.
- City Hall of Belmonte: Purchase of services for collection and transportation of urban solid waste, cleaning, and disinfection of containers, for a 36-month period.
- Tejo Ambiente, EIM, SA: Purchase of services for collection and transportation of urban waste, for a 4-month period.

The goal to fully seize the opportunity presented in the field of disinfection activities led to the drawing-up of a digital flyer for presenting these services, including direct contact details for obtaining additional information and quotes with the company's commercial area.

A similar strategy was used by SUMA's environment-awareness raising area for disseminating the experience and efficiency results attained in introduction processes of door-to-door collection and proximity RUB processes (food waste portion/biodegradable waste portion), of multimaterial door-to-door collection, taking advantage of the provision of Cohesion Funds, with the expansion and/or adaptation of infrastructures for selective collection of biowaste in mind.

This issue has been assuming prominence in the environmental education contracts, which in 2020 envisaged 20 different municipalities (Sintra, Setúbal, Póvoa do Varzim, Maia, 8 municipalities of RESIALENTEJO and 8 LIPOR municipalities), and in door-to-door campaigns that encompassed approximately 88 thousand residential and non-residential dwellings (Horeca channel and others). These services largely contributed to the 72% increase in the provision of services of environmental education to extra-contract customers of collection and cleaning SUMA.

The increase in activity in this segment was accompanied by the hiring of ten awareness technicians for the Lisbon district, Porto and Alentejo zones, by the strengthening of the production co-management team and of logistical support, and by various internal training sessions which amounted to 25 hours in key areas, through various strategies (video calls, mentoring processes, in loco training).

However, the imperatives of social distancing gave rise to the adaptation of the methodology of direct contact with the population and the creation and implementation of the phone-to-phone model, to reinforce and, in some circumstances, replace the door-to-door model, and leading to the creation of two call centres aimed at townspeople who become members.

With safety as one of the core elements of its activity, apart from the ancillary protocols arising from the health crisis (distribution of masks, gloves and hand sanitiser; implementation of teleworking on rotation, even in the administrative areas of the operations; creation of reserve teams, for a more efficient protection of workers; and facilitation of access to Covid tests and online consultations with a general practitioner, thus avoiding travels to the health centres), SUMA proceeded in 2020 to distribute individual helmets among workers performing duties on the step boards of the vehicles. This new equipment, regardless of the legal requirement to use it, provides a measure of additional protection against possible risks resulting from falls, aimed at reducing their impact.

In the field of external communication, namely on social networks, it is worth mentioning the role of SUMA's Facebook page of environmental education in the dissemination of relevant information on behaviours to adopt in this period (an almost daily emphasis on the rules of respiratory hygiene cough etiquette, forwarding of special waste, such as masks and gloves, procedures of individual protection), as well as the reactivation of SUMA's LinkedIn page, with 5,800 followers and weekly posts, namely regarding the dissemination of recruitment processes, disclosure of relevant news concerning the structure and testimonies of workers performing prominent roles.

International plan

In 2020, no entries into new markets were registered. However, SUMA's invested companies operating abroad have maintained their good performance, even though such performance was hurt by the worldwide crisis and by the large exchange rate variations observed during the year.

The invested company in the Brazilian market is worthy of note, since it kept its investment on growth, positioning itself as a relevant competitor in important national calls for tenders. Considering the alignment with the business group in which it is inserted, this invested company has changed its designation to SUMA BRASIL – SERVIÇOS URBANOS E MEIO AMBIENTE S.A., gaining from the synergy inherent to the portfolio and knowledge acquired throughout decades of operation.

In the Middle East, the invested company ECOVISION continued to regularly perform its activity and to make investments in the implementation of best practice in terms of safety and health at work, reaching four million of work hours without any accidents.

Still in Oman, technical advisory was hired to carry out the supervision, pedagogic follow-up, programmatic analysis, mentoring, training of technicians and empowerment of officials in the area of environmental awareness and education on part of the entity responsible for the waste national strategy in this country, reinforced by a technical visit to various national structures and programmes of this area of activity in which SUMA also takes the lead, with a view to the introduction of policies for prevention of waste production with average capitation reduction targets.

EGF

Where the waste treatment and recovery sector are concerned, 2020 was a challenging year on many different levels, of which the following stand out:

- On the sector level:

The end of 2020 was marked by significant changes to legislation concerning the waste sector on account of the publication of Decree-Law no. 102-D/2020, of 10 December, that approved the Waste Management General System (Regime Geral de Gestão de Resíduos - RGGR), the Disposal of Waste in Landfill Legal Scheme and changed the Waste Specific Flows Management System (unilex), transposing Directives (EU) 2018/849, 2018/850, 2018/851 and 2018/852 to the national legal system. These legal acts started defining the new waste targets the country is subject to. Additionally, these legal regulations will significantly characterise the challenges to the EGF GROUP companies and their coordination with the remaining entities of the sector in coming years.

With regards to the new Urban Waste Strategic Plan 2030, EGF has been participating in the Advisory Board, coordinated by Prof. Graça Martinho and the Portuguese Environment Agency (Agência Portuguesa do Ambiente - APA), with the recent disclosure that the PERSU 2030 will be presented by June 2021, already encompassing the strategic environmental assessment, wherefore the EGF GROUP companies, in coordination with their municipalities, shall subsequently draw up the respective plans of action.

The year of 2020 was additionally marked by a change to the licences of the Managing Entities of the Packages Integrated Management System (Sistema de Gestão Integrado de Embalagens - SIGRE) and by the conduction of a study promoted by the Managing Entities for characterising the packages and package waste, within the scope of Order no. 5615/2020, of 20 May, as well as by the increase of the Waste Management Charge (Taxa de Gestão de Resíduos - TGR) provided for in Decree-Law no. 92/2020, of 23 October, effective from 1 January 2021, from 11 Euro/ton to 22 Euro/ton with an impact on the EGF GROUP companies by the consequent aggravation of the non-reflected TGR associated with the fulfilment of the environmental targets.

- On a regulatory level:

In 2019, the decision of ERSAR (Water and Waste Services Regulating Entity - Entidade Reguladora dos Serviços de Águas e Resíduos) regarding the revenues allowed and tariffs of the regulatory period 2019-2021 was challenged in court by the EGF GROUP companies, since the defined revenues allowed, and consequent tariffs do not reflect the needs of the companies for their operating performance in compliance with the legal and contractual obligations to which they are bound.

Despite the Regulator's decision, the companies, similarly to the previous year, kept their focus on maintaining quality and standards of service, as well as on the fulfilment of the public service objectives underlying the respective concession, meeting the requirements of the municipal customers and the populations served, which, considering the insufficient value of the approved tariffs, has proven to constitute a constant and ongoing challenge to which an appropriate response was sought.

During 2020, and considering the negative results of some of EGF concessionaires observed in 2019, ERSAR took the initiative of proposing the realisation of an independent audit, carried out by one of the main auditing companies, so as to ascertain “the reasons and grounds for the potential differences between the regulated accounts and the statutory accounts” and “collect and determine the evidence that convey such differences, particularly from alleged excessive demands” which was greeted with enthusiasm by EFG and the concessionaire companies. When the greater part of the work was carried out and organised, ERSAR unilaterally breached this process on 31 October 2020; on 2 November 2020, EGF, having presented its arguments, requested that ERSAR reconsidered its decision, which did not come to happen.

However, in parallel, within the scope of the process of revision of the regulated accounts of 2019, ERSAR expressed its willingness to carry out some exceptional changes to the reference operating costs (OPEX) of the companies, which was the main reason for the financial unbalance such companies conveyed in 2019 and 2020. These changes to the reference OPEX, which were introduced, although not made in the full dimension referred in the study made by an external entity ascertained, had, and will continue to have an impact on the accounts of the various years of the regulatory period 2019-2021. The effect and nature of the changes accepted by ERSAR are described in Note 15 of the Notes to the consolidated financial statements for 2020.

Still in regulatory terms, ERSAR carried out two public consultations at the beginning of 2020, on 27 and 30 November, the first concerning the Service Quality Regulation Project and the second regarding an amendment to the Urban Waste Management Service Tariff Regulation, particularly its article 49 (regulatory balance).

- On the current activity level:

During 2020, the EGF GROUP concessionaires focused on business continuity, considering that, because of the economic and financial fragility observed, there was a need to slow down the execution of the ambitious scheduled and approved investment plan, in the amount of approximately 104 million Euros, so as not to endanger the fulfilment of the environmental targets and public service obligations arising from the concession contract.

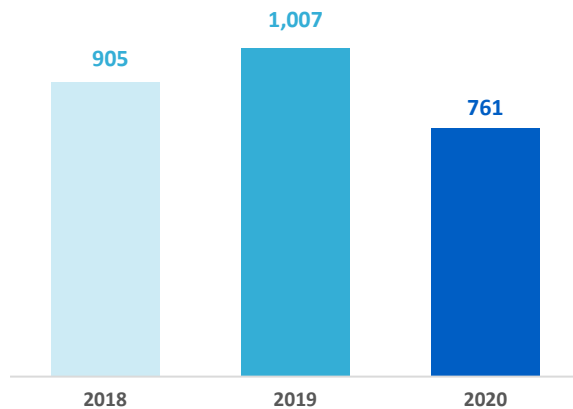
Moreover, the current pandemic situation had a negative impact on the activity, with particular emphasis to the reduction of production of energy associated with the halt of the mechanical and biological treatment until June (inclusive) by order of APA and ERSAR, in accordance with the guidelines of the General Health Authority (Direção Geral de Saúde - DGS) and the reduction of the collection of recyclable materials in some concessions. Due to the impact caused by the pandemic in the fulfilment of the environmental targets (with consequences at the level of non-reflected TGR) as well as to the results of the concessionaires, its treatment on a regulatory level is under analysis, especially considering that the effects of the pandemic still endure on many levels.

Attention should also be drawn in 2020 to the launch of the project for the implementation of ERP SAP at VALORSUL and RESINORTE, as well as of other projects for the computerisation of companies (for example, unified weighing machines) and the focus on the harmonisation of information and processes among the various concessionaires. As regards human resources, the single assessment system was continued for the 11 concessionaires, with uniform procedures. Additionally, with a particular focus on efficiency, the centralised procurement process was expanded and the technical board for support to companies' operation was formalised. At the level of communication, it is worth mentioning the launch of the largest communication campaign of the EGF GROUP “o Futuro do Planeta não é reciclável” (The Future of the Planet is not Recyclable), focused on promoting waste sorting as a global movement, with an impact on the sector and in the overall population.

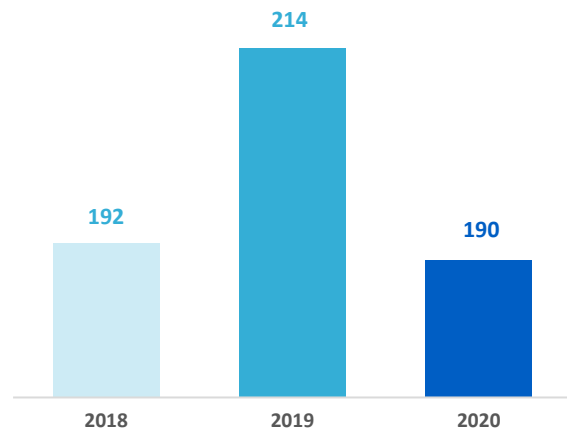
Finally, the implementation of all these actions constituted a huge challenge to the management of companies, which will still be felt in 2021, considering (i) the serious economic and financial constraints resulting from the regulatory decision of ERSAR for the regulatory period of 2019-2021, (ii) the growing complexity of application of the regulatory model; (iii) the existing pandemic; (iv) the instability of SIGRE, given the action of the managing entities; and (v) the management of concessions and the future environmental targets.

AFRICA

TURNOVER
AFRICA (million euros)



EBITDA
AFRICA (million euros)



In Africa, as a result of the pandemic, and as outlined in greater detail throughout the present document, the measures enacted by the local Authorities as well as the decisions adopted by some customers, which led to the interruption of most of the projects developed in Angola and in Uganda, and to some interruptions in Mozambique, also produced negative consequences. On the other hand, the remaining markets of the region witnessed a reduction in production, particularly due to some logistics limitations that were imposed and hindered the movement of people, goods, and equipment.

Therefore, in 2020 the turnover in Africa saw a 24% downturn against 2019, having reached 761 million Euros. In this regard, it is worth mentioning that the traditional markets of the region were affected differently (Angola – 35% downturn, Mozambique – 22% downturn and Malawi – 41% downturn).

With regard to operating profitability, the EBITDA of Africa in 2020 amounted to 190 million Euros, representing a 11% downturn against 2019, although the EBITDA margin rose to 25% (21% in 2019), due to the reduction in turnover, the reduction in overhead costs, the closure of some deficit markets and the conclusion of some projects with reduced margin.

Angola

The year of 2020 saw a downturn of 4% in the Angolan economy (0.3% in 2019) with an inflation of 21% (17.2% in 2019).

The year of 2020 was particularly challenging to the Angolan economy. The crisis caused by the Covid-19 pandemic dragged the price of oil (the largest income of the country) down to the lowest ever. At the beginning of the first quarter of 2020, a huge and unprecedented retraction took place, with the price of some crude oil future contracts in the United States falling to -37.63 USD per barrel. A collapse in oil demand due to the paralysation caused by the pandemic in conjunction with a price war between the world's largest producers that have flooded the market and storage units close to maximum capacity contributed decisively to such unprecedented price. To offset the loss of revenue following the fall of oil prices, the Angolan Government has financed deficit with external debt.

However, the cuts to the domestic production of oil occurred in 2020, together with the strategic redefinition of the Organization of the Petroleum Exporting Countries and the increase in oil consumption in 2021 are expected to make this sector resume its growth. Additionally, with the consolidation of the reform of the banking system, the resumption of the incentives to the private sector and the diversification of the economy, the country is also expected to resume growth. On the other hand, more restrictive tax and monetary policies and the gradual elimination of production bottlenecks will sustain National Bank of Angola's scope to reduce inflation to one-digit figures in the medium term.

The GROUP, which has been in Angola since 1946 (year in which MOTA & COMPANHIA was established), faced in 2020 one of its most challenging years. The impact of the pandemic and fall in oil prices and the consequent economic downturn, together with the ongoing reorganisation of the public institutions and the implementation of reforms and structuring processes led to delays in the launch of some relevant public works. However, these risks were by and large mitigated by the strategic anticipation in the form of contracts obtained with a profile crucial for the development of the country (hospitals, construction and rehabilitation of transport routes, waste collection, among others), structured from the standpoint of financing coverage and exchange rate fluctuations of Kwanza. Additionally, the GROUP's activity already included the most demanding and modern practices and standards where hygiene and safety at work are concerned, wherefore the reaction and adaptation to the "new normal" brought by the pandemic was quick, which allowed for protecting not only people but also the operating margins and continuity.

Therefore, in terms of operating activity in 2020, it is worth highlighting the works carried out in the renewal of the Naval Base of Soyo, the construction of the General Hospital of Cabinda and the Haematological and Paediatric Institute of Luanda, the rehabilitation of the Eixo Viário Hotel (inaugurated at the end of 2020), the development and launch of the project for rehabilitation of National Road 230, section Malange-Saurimo, which is a part of the main road routes of the country, connecting the capital Luanda to the city of Saurimo, and also the collection of waste in the Province of Luanda.

Given the quality and relevance of the current backlog, as well as the foreseeable improvement to the economic and financial conditions of the country, 2021 is expected to be to the GROUP yet another year of consolidation of the growth trend in this market.

Mozambique

The year of 2020 registered a downturn of 0.5% in the Mozambican economy (against a growth of 1.8% in 2019) with an inflation of 3.6% (against 5.6% in 2019).

The pandemic crisis hit Mozambique at a period of great weakness of its economic history, particularly when the country was still recovering from two big crashes: the hidden debt crisis and the devastating effects of the cyclones Idai and Kenneth in 2019. Additionally, there were hotspots of social instability resulting from the growing military activity in the north of the Province of Cabo Delgado. These essentially exogenous factors deteriorate the balance of trade in the country and, as a result, caused the devaluation of Metical in the latest quarters. However, the resolution of tensions in the north of the country, the increase in foreign investment and the increase in gas exports are expected to lead to an economic growth and a gradual appreciation of Metical in the short term.

In 2020, the GROUP launched the first contract of the Liquefied Natural Gas (LNG) project, in the Province of Cabo Delgado. For this project, the GROUP formed a 50/50 partnership with BESIX, a Belgian company specialised in maritime works. That project integrates the construction of a jetty and a platform for the unloading of material and embodies a strategic project to the GROUP, since it places it at the centre of the LNG project in Mozambique, which will rank the country at the world's top 5 of gas producers.

Moreover, in 2020 the GROUP continued to be involved in structural projects for the development of the country, particularly in the maintenance of one of the main sources of foreign currencies, through the operation of coal mining in Moatize and the maintenance of Corredor de Nacala, and in the improvement of the country's infrastructures, through the rehabilitation and expansion of the port of Maputo.

The GROUP's performance in 2020 makes it possible to face the future with optimism, given that the implemented strategy, the strong operating structure, and the stable position in the Mozambican market will not only allow for overcoming the challenges ahead but also for being in a prominent position to take advantage of the opportunities which are sure to come.

Malawi

The year of 2020 registered a growth of 0.6% in the Malawian economy (against 4.5% in 2019) with an inflation of 9.3% (against 8.8% in 2019).

In 2020, the three-year path of economic growth of Malawi was halted by the Covid-19 pandemic. The full extent of the negative impact is still uncertain, but the overall impact of the crisis is likely to have been felt in the fourth quarter, with reductions in tax revenue accompanied by greater costs with health and economy. Besides the impact of the pandemic, 2020 was also marked by the repetition of the Presidential election after the courts had annulled the election of 2019. However, this governmental stalemate was overcome at the end of the first semester, leading to the nomination by the magazine "The Economist" of Malawi as 2020's country of the year, which praised the efforts made towards the country's development.

The GROUP has been in Malawi since 1990 and has developed some of the largest engineering and construction projects in the country. As a provider of essential services to the development of the country, and despite the political and health instability that marked 2020, the GROUP has managed to adapt and to maintain production throughout the year. Within this scope, it is worth mentioning the construction and rehabilitation of the road and rail transport routes, as well as the rehabilitation and increase of capacity of the Kamuzu dam, a crucial project to the energy development of the country.

The year of 2021 is likely to bring a stable development for Malawi, sustained by the backlog already obtained, the resumption of the growing attention drawn to the country by the international institutions being expected to speed up the growth as of next year.

Ivory Coast

The year of 2020 registered a growth of 1.8% in the Ivory Coast economy (against 7.5% in 2019) with an inflation of 1.2% (against 1.0% in 2019).

In 2020 a presidential election took place in the country, leading to the re-election of the incumbent president. The natural uncertainty of the pre and post-election periods, in parallel with the pandemic, impaired the regular development of economic activities, particularly in the second and third quarters of the year. However, the price of cacao, the main raw material for export, remained stable, which meant that the net exports had a positive contribution to the country's growth. In parallel, the government remained committed to creating substantial improvements to the infrastructures to host in 2023 the organisation of the Africa Cup of Nations (ACN), an event that is expected to boost tourism and employment in the country.

The GROUP, in Ivory Coast since 2017, continued in 2020 to execute its main engineering and construction project in the country, related to the preparation of the infrastructures for the ACN 2023. Therefore, during 2020, the GROUP pursued the works for expansion and rehabilitation of the Bouaké Stadium, as well as with the contracts for expansion and rehabilitation of the Félix Houphouët-Boigny Stadium in Abidjan and the construction of a municipal market in the city of Bouaké being awarded to the GROUP.

ECOEBURNIE and CLEANEBURNIE, the environmental and services companies held by the GROUP in Ivory Coast, had a crucial role during 2020 in maintaining the health standards in the city of Abidjan. The operations of waste collection and landfill and gutter sweeping and cleaning were carried out non-stop during the whole year, which made it possible, despite the period of pandemic, to improve the performance levels, reaching monthly averages of 71.1 million tonnes in collection and 3.1 thousand kilometres of sweeping.

Finally, considering a year as challenging as 2020, the stabilisation of the operations underway and the increasingly deeper knowledge of the market forecast ideal conditions for boosting the presence in Ivory Coast and enhancing its activity in the future.

Guinea

The year of 2020 registered a growth of 1.4% in the Guinean economy (against 5.9% in 2019) with an inflation of 9.1% (against 8.9% in 2019).

The presidential election that took place at the end of October during the pandemic crisis resulted in the re-election of the incumbent president. The measures introduced to fight the dissemination of the Covid-19 pandemic had a negative impact on consumer expenditure and private investment and may potentially slow down the growth of the mining sector.

However, the GROUP's operations in Guinea were somewhat unaffected by these developments, not only for the importance that the mining sector has in generating foreign exchange to the country, but also for the huge resilience demonstrated by the GROUP in the field, ensuring the continuity of operations. Therefore, the GROUP pursued its mining operation in Siguiri and, even in a highly restrictive and challenging environment, managed to carry out the operations, during the second semester, of a new substantial mining project in the Province of Mandiana.

Regarding the future, there is a prospect of long-term robust growth in the country, sustained by the increase of investment and production in the mining industry. The potential of the iron deposit of Simandou, considered the world's largest unexplored reserve of high content iron, represents a great opportunity in the medium-long term. The GROUP thus continues to develop various business initiatives to boost its presence in the country, in the mining area and diversifying its presence towards the urban waste collection and treatment, construction and infrastructures sector.

Rwanda

The year of 2020 registered a growth of 2% in Rwandan economy (against 7.8% in 2019) with an inflation of 6.9% (against 3.5% in 2019).

The country's efficient response in containing the Covid-19 pandemic strengthened the support to the government, both in the country and abroad, ensuring that Rwanda is still one of the most politically stable countries of the region. Rwanda's economy is thus expected to be one of the swiftest to recover, since the country suspended most of the economic blockage measures and already applies fiscal and monetary policies for stimulating internal demand while simultaneously waiting for price increase of commodities to boost exports.

The GROUP's main project in Rwanda, the New Bugesera International Airport (NBIA), saw very interesting developments during 2020, such as the appearance of a new strategic partner in the share capital of the concessionaire, BUGESERA AIRPORT COMPANY, which led to a redefinition of the project, in value and size. The substantial participation of the new strategic partner should launch this project to a new level, in the sense of making this airport the new airline hub of Africa, on account of its representativeness in terms of size and its potential of operability.

The year of 2021 is likely to witness the growth of the GROUP's presence in this country, on account not only of the development of the project referred to above, which is one of the GROUP's most relevant projects, but also of the potential new projects resulting from the commercial effort being made.

Uganda

The year of 2020 registered a downturn of 0.3% in Ugandan economy (against a growth of 6.2% in 2019) with an inflation of 4.2% (against 3.2% in 2019). On the other hand, as at 31 December 2020, the reference interest rate in the market reached 17% (against 15.8% as at 31 December 2019).

Uganda's economy is currently recovering after having decreased in the first quarter of 2020, due to the negative impact of the Covid-19 pandemic. However, growth is foreseen for 2021, with external demand increasing in conjunction with the recovery of the main trade partners, while the removal of the measures aimed at containing the dissemination of the pandemic will boost economic activity. The measures of the Central Bank to relieve the pressure on the companies should also constitute an important vector of recovery.

In 2020 the GROUP finished the rehabilitation of the Ishaka-Katunguru road and pursued the works for the expansion of the Northern Bypass motorway, located around the capital Kampala, and the project NERAMP (North East Road Asset Management).

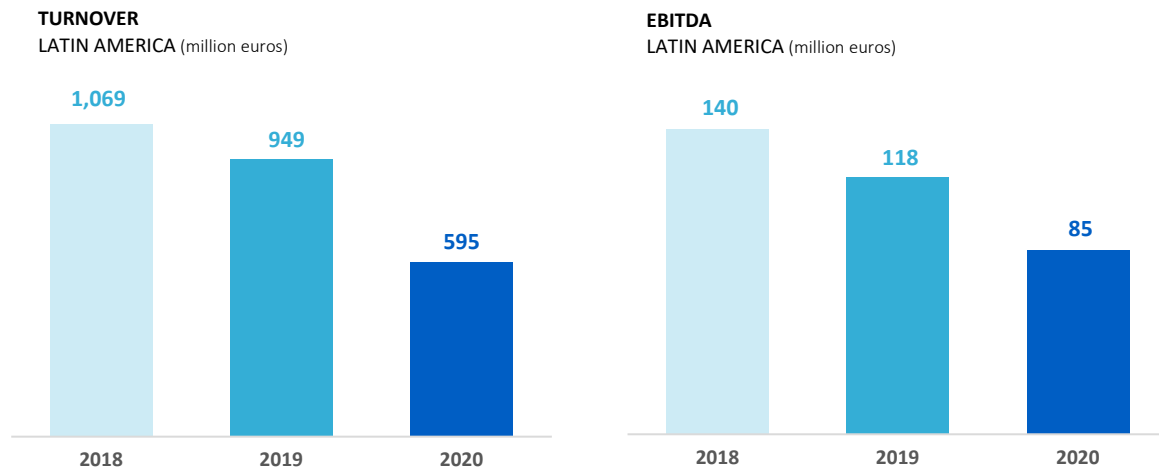
This way, a turnover in line with that reached in 2020 is estimated for 2021, sustained by the backlog already obtained.

Other markets

Up to the date of issue of the present report, the GROUP had contracts awarded and not yet commenced, or at a very early stage of execution, in some new markets in Africa, thus moving forward with the strategy of geographic diversification and business areas diversification. Among these, it is worth highlighting a new mining project in South Africa, the construction of new road transport routes in Ghana and Kenya and a new railway connection between Nigeria and Niger, which represents the largest contract obtained by the GROUP in all its lifetime (1,820 million dollars).

Considering the above, the four contracts mentioned are proof of the excellent work that the GROUP has been developing in the Region and the undeniable recognition and vote of confidence in MOTA-ENGIL on part of the governments and private customers that, even in a year invariably marked by a pandemic that virtually paralysed the world, did not refrain from awarding to the GROUP a set of contracts the aggregate amount of which rises to 2.3 billion Euros.

LATIN AMERICA



In Latin America, the GROUP's region most affected by the pandemic, and as outlined in greater detail throughout the present document, the measures enacted by the local Authorities and the decisions adopted by some customers, with particular impact in Peru and in Mexico, produced negative consequences which led to the interruption/suspension of some projects. In this region, the market which first felt the effects of this situation was precisely Peru, with the declaration of the State of Emergency and Partial Curfew.

As such, considering the framework referred to above, in 2020 the turnover in Latin America reached 595 million Euros, a 37% downturn against 2019, the Mexico and Peru markets having contributed the most to that performance (downturns of 25% and 47%, respectively).

Additionally, in 2020 Mexico contributed 53% of the turnover of the region (45% in 2019).

As regards operating profitability, in 2020 the EBITDA of Latin America shrank 29% against 2019, reaching 85 million Euros and essentially having been influenced by the less positive performance of the Brazilian market, the Peruvian market and the small markets of the region (Aruba, Dominican Republic and Paraguay).

Mexico

In 2020 the Mexican economy registered a downturn of 9% (against a growth of 0.4% in 2019) with an annual inflation of 3.4% (against 3.8% in 2019). On the other hand, as at 31 December 2020, the reference interest rate in the market reached 5.3% (against 6.9% as at 31 December 2019).

In 2020 the impact caused by the pandemic in Mexico's economic activity was considerably substantial. The magnitude and characteristics of such impact can be defined by the following: (i) the first effect at the end of the first quarter of 2020, as a result of the closed and constrained borders and the worldwide cancellation of flights, which affected above all touristic activities; (ii) as a result of the decision to suspend all activities deemed non-essential, the economic activity of the country slowed down significantly, such decision having inevitably affected various processing sectors and services sectors which had to close down. This phase was more evident between April and June and in some sectors up to the end of the year. However, it is important to note that at the beginning of June some important sectors, such as the mining and construction sector and the automotive and aerospace industry, were deemed essential activities, although the reopening of these sectors was relatively limited at the outset, due to logistics adjustments and preparations necessary to ensure appropriate conditions at the workplace. (iii) late July marked the beginning of the process of gradual reopening, albeit slower than expected, through the adoption by the Mexican government of a set of measures focused on social support and support to small and medium enterprises, even though it failed to define concerted support to the general economy, namely on a fiscal and banking level.

Considering the above, the construction sector was particularly affected by the pandemic, being limited on the one hand in terms of execution capacity and on the other hand by lower levels of public and private investment. As far as public investment is concerned, there was a reduction in public expenditure in infrastructures at the beginning of 2020, mostly reflected in the delay in the launch of the projects included in the Acuerdo Nacional de Infraestructura. With regards to private investment, many sectors exhibited risk aversion on part of private investors, especially in the construction sector. Notwithstanding, the Federal Government estimates to carry out in 2021 a plan of investments in infrastructures in the amount of 9,200 million Euros through 29 construction works expected to commence by the end of the first semester of 2021.

In 2020, considering the above, MOTA-ENGIL MÉXICO was mainly affected in the first semester of the year due to the delay and limitation in the execution of its construction projects. Notwithstanding, the GROUP showed great resilience and managed to catch up part of the delay as of the second semester. Additionally, and as of the end of the first semester, MOTA-ENGIL MÉXICO managed to be awarded contracts for an important group of new projects, of which the following stand out: Tren Maya – Tramo 1 Palenque-Escárcega (railway infrastructures totalling 227 km in length, encompassing three States: Chiapas, Tabasco and Campeche); Aztlán Urban Park (construction and operation of the park, in the BOT model, i.e., *build, operate and transfer*) and Autopista Tultepec-Pirámides (design, construction, operation, maintenance, preservation and exploitation of a motorway totalling 27.1 km in length).

On the other hand, it is also relevant to note that in 2020 the company maintained the focus on rotation and monetisation of some assets, namely: (i) the disposal of 50% of its shareholding at APP COATZACOALCOS VILLAHERMOSA to Certificados Bursátiles Fiduciarios de Proyectos de Inversión (CERPI); and (ii) the disposal of 100% at GISA.

For 2021, MOTA-ENGIL MÉXICO estimates a strong recovery of its activity, supported by the strong backlog obtained. In parallel, MOTA-ENGIL MÉXICO will continue to take part in calls for tenders aiming to acquire some relevant projects that are to be launched this year.

Regarding the energy business area, particularly in the energy generation segment, in which the GROUP operates in Mexico through GENERADORA FÉNIX, 2020 was characterised by: (i) generation of energy of more than 700 GWh (negatively affected by a level of rainfall lower than usual considering the year); (ii) the sale of most of the clean energy certificates (CEC) produced in 2020, mostly through long-term contracts; and (iii) the implementation of the plan for improvement of the existing assets. Moreover, in 2020 GENERADORA FÉNIX pursued the construction of the Jorge Luque project, a combined-cycle power plant of 110 MW, which will be developed in two stages and will have an installed capacity of up to 37 MW available for operation by the end of 2021. On the other hand, in the energy trading segment, whose activity is carried out through SUMINISTRADORA FÉNIX, 2020 was characterised by the expansion of the portfolio of customers for the purchase and sale of products (energy, power and clean energy certificates), both in number and volume of energy traded, which exceeded 1,000 GWh/year.

Regarding the tourism business area, emphasis is placed on the development of the project of construction of the Costa Canuva enterprise, located in Riviera Nayarit, with 267 acres of land for the construction of 7 hotels with 1,150 rooms, 30 plots for condominiums with capacity for 1,290 units, 450 plots for detached houses of 550m², a marina with 260 slides, an 18-hole golf course designed by Lorena Ochoa and Greg Norman, among other tourist activities. The beginning of the construction of the first hotel of the development and the continued construction of the various common infrastructures are scheduled for 2021. In this sector, considering the current phase of the project development, the pandemic produced no major impact.

Peru

In 2020, the Peruvian economy registered a downturn of 13.9% (against a growth of 2.6% in 2019), with an inflation of 1.8% (against 2.2% in 2019). On the other hand, as at 31 December 2020, the reference interest rate in the market reached 3.5% (against 4.2% as at 31 December 2019).

The impact caused by the Covid-19 pandemic in the economic activity and the social restrictions in Peru were possibly among the most relevant in Latin America during 2020. In fact, the national mandatory quarantine for a period of more than 100 days led to an almost total interruption of the economic activity. However, as of the first semester, the Government issued a “Supreme Decree”, ordering the gradual and progressive resumption of economic activities and contemplating 4 phases of reactivation: (i) resumption of activities in the mining, industry and construction sectors (projects related to the Infrastructure National Plan) and in services, consumption and commerce; (ii) as of June, resumption of activities in the agriculture and mining sectors (in the operation of large and medium mining enterprises); (iii) as of the beginning of July, resumption of activities in the energy, mines and construction (overall construction projects), manufacturing sectors and others; (iv) as of October, reactivation of international flights, transport of passengers by rail and sea, travel agencies and tour operators, among other activities, always with limited capacity.

In parallel, the Government developed an ambitious global programme of economic compensation and support to protect the most vulnerable segments of population and support companies, encompassing transfers of money, advance payment of taxes and provision of credit guarantees for the private sector. Apart from this ambitious programme, other measures were also taken with the scope of generating and recovering a million jobs and speeding up the execution of various infrastructure works.

However, beyond the impact caused by the pandemic, a deep political crisis befell the country at the end of the year.

In 2020, the construction sector in Peru was particularly affected by the effects of the Covid-19 pandemic, on a first phase by the full paralysation of works during the first months of the year, and on a second phase by the major delay in the process of resumption of said works. However, the sector has been recovering in a relatively swift manner, the recovery being expected to continue, mostly boosted by the execution of private works and the programmes aimed at stimulating public investment, such as “Arranca Perú” and “la Reconstrucción con Cambios”.

This way, in 2020, considering the above, MOTA-ENGIL PERU was mainly affected in the first semester of the year due to the delay and limitation in the execution of its construction projects. Notwithstanding, the GROUP showed great resilience and managed to catch up part of the delay as of the second semester. Additionally, and as of the end of the first semester, MOTA-ENGIL PERU managed to be awarded contracts for an important group of new projects, of which the following stand out: The Regional Hospital of Huaraz (study and construction), the construction of the Dique Corredor Antamina (construction of water abstraction, treatment, and distribution infrastructures) and Conservación Vial n° 8.

For 2021, MOTA-ENGIL PERU estimates a strong recovery of its activity, supported by the strong backlog obtained, which includes, among others, the following projects: Stage 5 - Presa De Relaves, Puente Nanay, Dique Corredor, as well as the last three ones referred to in the previous paragraph.

Brazil

In 2018, the Brazilian economy registered downturn of 5.8% (against a growth of 0.9% in 2019), with an inflation of 2.7% (against 3.8% in 2019). On the other hand, as at 31 December 2020, the reference interest rate in the market reached 7% (against 6.8% as at 31 December 2019).

In 2020 the impact caused by the Covid-19 pandemic in Brazilian economic activity and society was very significant. The first measures of pandemic control following the impact caused by the new coronavirus were taken in March on a federal level and mostly focused on the suspension of events, public attendance services and in-person classes, labour-market flexibility and isolation and social distancing measures. Notwithstanding, because of the disagreement between the Federal Government and the State Governments regarding the application and intensity of the measures taken, a great uncertainty befell the country especially concerning the economic activity. In parallel, and to support poorer households and small and medium enterprises, the Congress approved a programme of financial assistance that directly and promptly benefitted households, the Federal Government having provided various supports to the granting of credit within the scope of the National Programme for Supporting Micro and Small Enterprises (Programa Nacional de Apoio às Micro e Pequenas Empresa - PRONAMPE).

In 2020, the construction sector in Brazil was particularly affected by the pandemic, having only been deemed an essential sector (and susceptible of resuming its activity) at the end of the first semester, which affected the project execution capacity of many companies. The reactivation of the sector led to a reorganisation of operation and production in the various projects (due to issues of shifts, fulfilment of additional health measures, etc.), which naturally influenced the expected volume and margins. Notwithstanding, 2021 should see the presentation of various programmes supporting the economy, especially on a state level, which are expected to focus particularly on the infrastructures sector.

In 2020 ECB was thus affected in the possibility to execute some of its works and somewhat struggled to adapt to the health measures since they were asymmetrical among each project, each customer and State.

For 2021, ECB estimates a recovery of its activity, based on the existing backlog which includes, among others, the following projects: UO - Rio Lote B, UO - Rio Lote A, Duplicação BR-381 - Lote 3.1, BR 101/BA, Plataformas UO-RJ - Lote A. Additionally, ECB will seek opportunities to expand its activities in the state infrastructure plans and with private customers, sustained by the development of its strategic projects.

Regarding the Environment and Services business area, in which the GROUP operates in Brazil through SUMA BRASIL, the year registered no major adverse effects and was marked by the execution of the strong backlog obtained, translated into urban cleaning contracts located in Brasília.

Colombia

In 2020, the Colombian economy exhibited a downturn of 8.2% (against a growth of 3.4% in 2019), with an inflation of 2.4% (against 3.6% in 2019). On the other hand, as at 31 December 2020, the reference interest rate in the market reached 4.8% (against 6.1% as at 31 December 2019).

In 2020 the rebound of the Colombian economy registered in 2019 was halted essentially due to the impact of the Covid-19 pandemic which, among other lockdown measures, led to a long-term mandatory quarantine. Notwithstanding, the beginning of May saw the commencement of the plan for opening some sectors of economy such as the construction sector, in an attempt to reduce the economic and social impact caused by the new coronavirus. However, at the end of May, the Colombian Government had to extend the mandatory quarantine until the end of August, to control the dissemination of the new coronavirus. At the beginning of September, the whole country resumed its activities, with some restrictions, and it is worth mentioning that, as of the second semester, there were some signs of improvement, especially visible in the labour market, which had registered a steep fall until August, with approximately 2 million jobs lost.

In parallel, the Government presented, at the end of July 2020, a plan to reactive the economy for the 2021-2024 period, in an amount rising to 8.3 billion Euros. Of this amount, 5.6 billion Euros shall be aimed, in 2021, at reinforcing the existing programmes on education, social inclusion, health, work, and housing. With regards to investment, a further sum of 2.6 billion Euros beyond the current investment plan shall be executed, with the scope of boosting projects related to water treatment and drainage, transport sector and buildings (residential and non-residential).

In 2020, the construction sector in Colombia, at first highly affected by the measures to combat the new coronavirus, exhibited as of the second semester a slight recovery substantially anchored by private customers, pursuing the goal of rapidly moving forward with the works of the contracts awarded, following the heavy restrictions to the execution of such works.

As such, in 2020, considering the above, MOTA-ENGIL COLÔMBIA had a performance below expectations, but on the same level of all the companies in the sector. The restrictions imposed by the Government hindered the execution of the projects in progress, the commencement of the projects in the backlog (such as Cambao Manizales or the hydroelectrical project of Talasa) and the capacity to take part in public and private bids.

For 2021, MOTA-ENGIL COLÔMBIA expects a strong recovery of its activity as well as the award of some major projects in bidding stage.

Other countries

In 2020, outside the 4 main markets in which the MOTA-ENGIL GROUP operates in Latin America, it is worth mentioning: (i) The conclusion of the project for construction of Watty Vos Boulevard, in Aruba; (ii) the conclusion of the project for the construction and rehabilitation of Puerto de Caucedo, in Dominican Republic, in which, up to the end of 2021, the GROUP will have finished the works to be carried out in the Cidade Juan Bosch project; (iii) the development of small projects in the International Airport of Tocumen, in Panama, making the most of the fact that it is currently closed. Additionally, in 2021 the GROUP will commence in Panama the project for extension of Line 1 of the Underground System in Panama City.

Finally, the GROUP will remain active in searching for and analysing relevant business opportunities in the Region, whenever they fulfil the GROUP's business goals.

1.3 Impacts and measures implemented by the Group in the fight against the pandemic

Since the beginning of the pandemic, more particularly from the second week of March 2020, the GROUP has been monitoring the progress of this subject, on a first stage on a daily basis and currently with a lesser frequency, fulfilling and disseminating the recommendations of the World Health Organisation and of the local Authorities and acting towards the minimisation of the effects of the virus on its workers, the communities in which it is inserted and its net assets.

Specifically, in order to give a coordinated and organised response to the present crisis, the GROUP created a permanent follow-up committee ("Covid Committee"), consisting of a network of support with various angles, which included people responsible for the markets and a dedicated central team. That network is centrally coordinated by the Executive Committee, which, on a first stage, met at least biweekly, and which has been taking note of the situation as regards the impact of that crisis: (1) on the people, (2) on the current activity (regarding the economic and financial aspects), (3) on the business plan for 2020 and (4) on the medium-term strategy.

With regard to the impact on the people, the first decisions taken anticipated the restrictions enacted by the various local Authorities and consisted of the definition of contingency plans to be applied in all locations in which the GROUP operates, be it at the central office premises, the worksites, work fronts, industrial units, etc. Overall, the GROUP implemented teleworking for all functions in which such solution was feasible and, regarding operations, implemented reinforced measures of safety and hygiene, strengthening the means of individual protection, and monitoring the fulfilment of those measures by all people, workers of the GROUP's companies, sub-contractors, suppliers, customers, inspectors, etc. Additionally, regarding the expatriate workers, the GROUP ensured a reinforcement of their safety by hiring a "global rescue" company with capacity of support, both in terms of access to local health care and potential trips of return to the respective country of origin.

As regards the impact on the current activity, due to the constraints and measures adopted by the GROUP outlined in the previous chapters of the present document, 2020 saw a reduction of turnover against 2019, and some new impacts are likely to be observed, particularly on account of the re-planning of production in some markets, until the infection and propagation of the virus is eliminated, or the respective populations are vaccinated.

On the other hand, so as to ensure business liquidity, the GROUP, especially in Portugal, adhered to moratoria mechanisms established by the Portuguese State/ Portuguese financial system, which made it possible to postpone payments on, approximately, 462 million Euros for reimbursement of principal and interests. In parallel, the GROUP negotiated and has been negotiating additional liquidity lines with Portuguese banks (COVID lines, in the amount of, approximately, 23 million Euros) and with the local banks in the main African and Latin America countries in which it operates. Similarly, and considering the aforementioned objective, the GROUP speeded up a set of efficiency measures which were already in progress and proceeded to postpone some investments projected for 2020.

Therefore, as at 31 December 2020, the reimbursement of gross debt with 1 year maturity, is fully guaranteed through the existing facilities, trough available and unused credit lines, and/or operations already refinanced or to be refinanced after 31 December 2020.

As to the impact on the fulfilment of the business plan for 2020 and the following years, the GROUP has been periodically monitoring its evolution and carrying out some mitigating actions in order to minimise the deviations that occurred in the meantime.

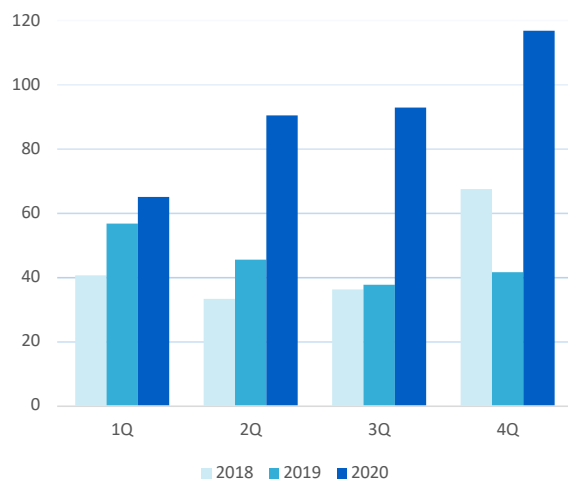
Finally, regarding the impact on the medium-term strategy, the GROUP made a reflection on the "new normal" through a methodology based on 5 steps: (1) assessment and comprehension of the situation in all its aspects and across all the businesses/companies; (2) reinforcement of the endurance capacity, ensuring the protection of its assets; (3) planning on a case-by-case basis of the necessary recovery; (4) simulation of new scenarios for the future; and (5) adaptation of the organisation to the new regulatory and competition framework (the "new normal"). Such reflection has been followed by the preparation of new courses of action with an expected positive impact on the GROUP's future performance. Also, in this regard, it is worth highlighting, throughout 2020, the commercial resilience exhibited by the GROUP which, despite this troubled period, has managed to reinforce its book order to an unprecedented level, which allows it to face the future with moderate optimism.

1.4 Mota-Engil in Stock Market

The evolution of the performance of MOTA-ENGIL's share price in 2020 can be analysed in the following graphics:

AMOUNT OF SHARES TRADED BY QUARTERS

(million shares)



PERFORMANCE OF SHARE

2020



As at 31 December 2020, the share capital of MOTA-ENGIL was composed of 237,505,141 shares, with a nominal value of one euro per share, all shares being officially listed on Euronext Lisbon. As at the same date, MOTA-ENGIL held 6,091,581 own shares corresponding to 2.56% of its share capital.

The year of 2020 was characterised by the social and economic consequences of the Covid-19 pandemic and by the impact thereof on the volatility and evolution of the stock markets, which reached their lowest of the year in March 2020, having recovered throughout that year as news about the high degree of efficiency of the vaccines against Covid-19 under development surfaced.

MOTA-ENGIL's share price, as at 31 December 2020, was 1.364 Euros, corresponding to a market capitalisation of about 324 million Euros. During the year, the share depreciated 27.16%, having reached the minimum price of 1.012 Euros in May. On the other hand, the maximum price of the year, 1.916 Euros, was reached in late August.

The overall European indices also exhibited a negative performance, namely the Portuguese stock market index, PSI20, which mirrored a reduction of 6.06%, and the European sectoral index of "Construction & Materials", SXOP, which depreciated 3.88%.

In 2020, a total of 366 million shares of MOTA-ENGIL were traded at Euronext Lisbon, corresponding to a daily average volume of 1,422 thousand shares, which represents an unprecedented level of liquidity of the share.

The General Meeting of Shareholders of MOTA-ENGIL was held on 18 June 2020, with approval of all items discussed therein.

1.5 Activity carried out by the non-executive members of the Board of Directors

Throughout the year, the non-executive directors regularly took part in the meetings of the Board of Directors, discussing the matters under analysis and giving their opinion regarding strategic directives and specific business areas. They maintained contact, whenever necessary, with the teams of the Corporate Centre and the Shared Services Centre, as well as with the business managers. As described in the report on Corporate Governance practice, some non-executive directors took part in the meetings and other activities of the corporate committees of the GROUP.

1.6 Results allocation proposal

Given the negative results presented as at 31 December 2020 in MOTA-ENGIL's individual accounts, there will be no distribution of dividends in 2021. The Board of Directors proposes the transfer of the negative results to the caption "Retained earnings".

1.7 Outlook for 2021

Considering that the impact of the current pandemic context will decrease throughout the financial year, the MOTA-ENGIL GROUP's outlook for 2021 is as follows:

1. To sharpen the focus on optimisation, accelerating the utilisation of transversal processes and fostering digitalisation in both supporting and operating activities in the various business areas and across all regions;
2. In Europe, to accelerate turnover growth with improvement of profitability in engineering and construction business and keep the lead in the waste sector in Portugal;
3. In Africa, to implement a growing rhythm of execution of the portfolio of new large-sized projects and keep margins in the traditional segments and countries in the engineering and construction business and seek new projects in the waste sector;
4. In Latin America, to resume the speed of execution and seek to face the new challenges in the countries in which the GROUP operates;
5. To accelerate the optimisation of capital structure, following the future operation of capital increase and in the generation of cash of the large-sized projects to be launched in all regions during the first semester of the year;
6. To limit investment, through an optimised use of the available assets and the usage of alternative solutions that avoid the increase of the consolidated assets;
7. Backlog above 6,000 million Euros based on the construction activity and capacity for business and execution as a response to the ambitious public plans of the various countries.

It should be highlighted that this outlook do not correspond to a commitment regarding the future performance of the GROUP, but rather to the best capacity for forecasting, as at this date, the activity of its Companies. Therefore, the performance achieved in 2021 may substantially differ from this forecast. Additionally, the MOTA-ENGIL GROUP does not undertake to make updates or corrections of this information on account of a change of any endogenous or exogenous factor that may modify the GROUP's performance.

1.8 Subsequent events

In 2021, up to the date of issue of this report, we highlight the following relevant facts, which were properly disclosed as privileged information on MOTA-ENGIL and CMVM websites;

4 January 2021

“MOTA-ENGIL INFORMS ABOUT THE AWARD OF A NEW CONTRACT IN GHANA, AMOUNTING TO 570 MILLION DOLARS

MOTA-ENGIL disclosed the grant of a new contract to its subsidiary MOTA-ENGIL ENGENHARIA & CONSTRUÇÃO ÁFRICA, SA, in Ghana, in the total amount of 570 million dollars.

The project now awarded corresponds to the design and construction (rehabilitation and expansion) of the Accra-Tema Motorway and Extensions, in a total of 27.7 km, and will take place over a period of 48 months.”

11 January 2021

“MOTA-ENGIL INFORMS ABOUT THE SIGNING OF A NEW CONTRACT IN NIGERIA, AMOUNTING TO 1,820 MILLION USD

MOTA-ENGIL informs that its subsidiary for the Africa region has signed a contract for the design, construction and financing of a railway infrastructure in the Federal Republic of Nigeria and in the Republic of Niger.

The contract referred above established with the Ministry of Transport of Nigeria, amounts to circa of 1,820 million USD and will include the project, the procurement, the construction, as well as the financing (EPC-F), of the railway line with circa of 284 km + 94 km, "Kano-Danbatta-Kazaure-Daura-Mashi-Katsina-Jibiya-Maradi (Niger Republic) with a branch line to Dutse".

During the coming months, MOTA-ENGIL will, together with the Government of Nigeria and the financial institutions, work on the completion of the ESIA (Environmental and Social Impact Assessment), on the necessary expropriations, on the initial mobilization and preparation of the project, towards its completion and towards the final approval of the financing by the Government of Nigeria.

That financing is being structured and negotiated by KFW-IPEX BANK, Africa Finance Corporation and Credit Suisse, as Financial Advisors of MOTA-ENGIL and Mandated Lead Arrangers for the transaction, will have the support of several international Export Credit Agencies (ECA) and will be taken by the Republic of Nigeria.

Once that phase is complete, the railway construction works will begin, lasting for 32 months.”

1 March 2021

“MOTA-ENGIL INFORMS ABOUT THE AWARD OF A NEW CONTRACT IN POLAND, AMOUNTING TO 150 MILLION EUROS

MOTA-ENGIL informs about the award of a new contract to its subsidiary in Poland, MOTA-ENGIL CENTRAL EUROPE, SA, in the total amount of 150 million Euros.

The project now awarded corresponds to the design and construction (rehabilitation and extension) of the motorway S19 between the "Lubartów Północ" junction (including this junction) and the "Lublin Rudnik" junction (excluding this junction), in a total of 23 km, and will take place over a period of 36 months.”

INVESTMENT AGREEMENT WITH CCCC

On 27 November 2020, MOTA-ENGIL S.G.P.S., S.A. publicly announced that it had concluded with CHINA COMMUNICATIONS CONSTRUCTION COMPANY, LTD. (CCCC), an investment agreement (Agreement) whose essential aspects had already been disclosed to the market through the release issued on August 27th 2020. One of the conditions precedent of the Agreement, as previously disclosed, is the confirmation by the Portuguese Securities Markets Commission (CMVM) that the Agreement and the transactions provided for therein do not impose on the CCCC an obligation to launch a public takeover bid (Takeover Bid). On the other hand, the MOTA-ENGIL by-laws currently in force confer on a shareholder, or group of shareholders, holding at least 30% of the share capital, the right to prevent the approval by the General Meeting of resolutions on various matters, as well as the right to appoint 1/3 of the members of the Board of Directors, which is particularly relevant bearing in mind that the decision-making, by that Board, on a broad set of matters, depends on the non-opposition of at least 1/3 of the Directors. Taking into account the risk that the situation described may be seen as going beyond the purpose of protecting minority shareholders, which could subject the future shareholder CCCC to the duty to launch a Takeover Bid when it becomes the holder of a stake equal to or greater than 30% of the share capital of MOTA-ENGIL, - which, moreover, would never happen, since the investment by CCCC was precisely conditioned to the CMVM confirming that the transaction did not generate a takeover bid obligation - the Board of Directors decided to propose a change of the company's by-laws to the shareholders, in order to reduce the rights referred to hereinabove and to eliminate such risk.

Following the foregoing, on February 24, 2021, CCCC formally requested the CMVM to confirm that the Agreement and the operations provided for therein do not impose on CCCC the obligation to launch a takeover bid. This confirmation was communicated by CMVM on March 5, provided that the statutory amendment proposed by the Board of Directors will be approved on March 19.

Please note that, once all the conditions precedent have been verified:

- MOTA-ENGIL, in the use of the authorization which has already been granted by the General Meeting, will decide on a capital increase of 100 million Euros, acknowledging the preference rights of the shareholders, at the price per share of 1.50 Euros;
- CCCC, in turn, undertook to participate in this increase, exercising the rights inherent in the 55 million shares it will acquire from MOTA GESTÃO E PARTICIPAÇÕES, SGPS, S. A. (MGP), as well as the subscription rights inherent to another 20.66% of the current share capital, also transferred by MGP;
- MGP, finally, also committed to subscribe to the capital increase at a minimum of 22,598,927 new shares. We recall that the whole operation (including the capital increase) depends on the fulfilment of several conditions precedent, with emphasis on the one mentioned above, and on the obtaining of all authorizations and consents from public entities that are legally required, in particular by competition authorities in any jurisdiction, which has already happened in relation to the Brazilian and the European Competition Authorities.

On the other hand, and still within the scope of the implementation of the Agreement, at the General Meetings of Bondholders to be held on the March 23, 2021, the updating of the "Events of Default" clause will be considered in order that the change of holding by MGP will not trigger the early repayment of the MOTA-ENGIL 2018 / 2021 and MOTA-ENGIL 2018 / 2023 bonds.

Finally, before the end of the future public offer for subscription, a meeting of the General Meeting will be held to deliberate on the global recomposition of the Board of Directors

1.9 Final remarks

We can only thank the personal and professional commitment of all employees of the MOTA-ENGIL GROUP, of members of governing bodies, clients and of whoever came into contact with its various companies.

Porto, 15 March 2021

António Manuel Queirós Vasconcelos da Mota
Chairman of the Board of Directors

Gonçalo Nuno Gomes de Andrade Moura Martins
Deputy-chairman of the Board of Directors and
Chief Executive Officer

Arnaldo José Nunes da Costa Figueiredo
Non-executive Deputy-chairman of the Board of Directors

Jorge Paulo Sacadura Almeida Coelho
Non-executive and independent Deputy-chairman of the
Board of Directors

Ana Paula Chaves e Sá Ribeiro
Non-executive and independent member of the
Board of Directors

António Bernardo Aranha da Gama Lobo Xavier
Non-executive and independent member of the
Board of Directors

António Manuel da Silva Vila Cova
Non-executive and independent member of the
Board of Directors

Carlos António Vasconcelos Mota dos Santos
Member of the Board of Directors and
Vice-Chairman of the Executive Committee

Eduardo João Frade Sobral Pimentel
Member of the Board of Directors and
Member of the Executive Committee

Emídio José Bebiano e Moura da Costa Pinheiro
Non-executive member of the Board of Directors

Francisco Manuel Seixas da Costa
Non-executive and independent member of the
Board of Directors

Helena Sofia Salgado Cerveira Pinto
Non-executive and independent member of the
Board of Directors

Ismael Antunes Hernandez Gaspar
Member of the Board of Directors and
Member of the Executive Committee

João Pedro dos Santos Dinis Parreira
Member of the Board of Directors and
Member of the Executive Committee

José Pedro Matos Marques Sampaio de Freitas
Member of the Board of Directors and
Member of the Executive Committee (Chief Financial Officer)

Luís Filipe Cardoso da Silva
Member of the Board of Directors and
Member of the Executive Committee

Luís Valente de Oliveira
Non-executive and independent member of the
Board of Directors

Manuel António da Fonseca Vasconcelos da Mota
Member of the Board of Directors and
Member of the Executive Committee

Maria Manuela Queirós Vasconcelos Mota dos Santos
Non-executive member of the Board of Directors

Maria Paula Queirós Vasconcelos Mota de Meireles
Non-executive member of the Board of Directors

Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Non-executive member of the Board of Directors

**Produce a New
Energy, Connect
the *Future*.**

Generate clean, safe and efficient energy, with a view to climate action and resource optimization for a conscious Planet capable of responsible action.

We shape Worlds.

MOTAENGIL

06

Non-Financial
Information Report



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I - INFORMATION ON POLICIES ADOPTED

A. Introduction

1. Description of the Company's general policy as to the sustainability topics, with indication of potential changes to the policy previously approved.
2. Description of the methodology and reasons behind its adoption in the non-financial information report, as well as any changes that might have taken place compared to previous years and the reasons behind them.

Aware of the fundamental role that companies have in the achievement of a sustainability agenda, the MOTA-ENGIL GROUP's vision and development strategy encompass a strong commitment to a model of ethical, social, and environmentally responsible management, able to promote competitive differentiation and excellence, through an internal environment prone to learning and innovation, efficiency and ongoing improvement of our work and performance.

MOTA-ENGIL's sustainability strategy results from its mission, vision, and values:

Our Mission

To create shareholder value in respect for the community and the future, in a socially responsible manner.

Our Vision

To be an international reference in the sectors in which we operate, in line with the best market practices with regards to productivity, showing permanent innovation and therefore assuming a solid identity, resonating in the technical competence through the provision of a service of excellence to our clients and to the community.

Our Values

Recognising that the construction of a solid identity and culture is crucial for overcoming the challenges it sets out, the MOTA-ENGIL GROUP shares with its stakeholders the following values:

Ambition

Constantly renewed eagerness to do more and better, facing the present and the future with boldness and trust and assuming, in a determined and committed fashion, new challenges that contribute to the growth of the GROUP.

Integrity

Choosing a path that strengthens the principles of honesty, truth, loyalty, rectitude, and justice in the daily conduct of all involved.

Cohesion

A guarantee that all targets established, intended to be ambitious, are met through the contribution of all business units and that the vitality of the GROUP derives from the congregation of wisdom and strength necessary for overcoming new challenges.

Group Spirit

Consolidation of a sense of belonging, respect for differences, loyalty, and reciprocity in a global and culturally diverse context, being proud in the past but reinforcing trust in the future.

In line with the Agenda 2030 of the United Nations and the Sustainable Development Goals (SDG) and strengthening the commitment to the sustainability of its customers, communities and workers and other stakeholders, our sustainability strategy is based upon the growth, internationalisation and diversification of the GROUP and is marked by five fundamental pillars and the respective strategic priorities:

- **Bringing in new talents and development of people** – to be recognised as a good company to work at, ensuring the development of our workers and the implementation of the best management practices, promoting diversity and equal opportunities as well as health and safety at work.
- **Innovation and sustainable economic growth** – to promote innovation, as a force for change, value creation (regarding organisational resources, methods, and processes) and the GROUP's sustainable economic growth.
- **Environmental protection** – to be recognised as an environmentally responsible company, acting according to the best environmental management practices, and performing an active role in preserving the Environment.
- **Ethics and compliance** – to align the GROUP's activity with ethical behaviour and the best compliance practices, involving stakeholders and promoting the effective application of the code of ethics and conduct, as well as policies and directives within the scope of risk assessment and control.
- **Involvement and satisfaction of stakeholders** – to promote involvement with the stakeholders, seeking their satisfaction, while guaranteeing safety, reliability, quality, and the achievement of our commitments.

The design of sustainability strategy, the determination of its priority issues, as well as the identification of the main stakeholders for purposes of the execution of the sustainability policy, followed a process of internal consultation, promoted with the main persons responsible for the business units and regions where the GROUP operates.

The goal to report, in a transparent manner, the GROUP's performance, in the various sustainability aspects, leads to the annual drawing-up of a sustainability report, that is made available on the MOTA-ENGIL's website and complements the information contained in the present document.

The non-financial information report of MOTA-ENGIL is drawn up according to the Global Reporting Initiative (GRI) Standards, in their "Essential" option, and according to the Non-Financial Report Directive 2014/95 EU, of the European Parliament and of the Council of 22 October, transposed into national legislation through Decree-Law no. 89/2017, of 28 July. Sectorial benchmarking, the sustainability strategy and the internal consultation process carried out determined the materially relevant sustainability issues that embody the structure and content of the present report.

The disclosure of reliable and comparable information regarding the GROUP's activity is part of MOTA-ENGIL's commitment to enable decisions that are informed and supported by an efficient management system and to establish a trusting relationship with the various stakeholders. The multi-sectorial nature of the activities of the MOTA-Engil GROUP and its presence in different geographic contexts explains the high degree of complexity and difficulty of the identification and reporting of relevant issues. So as to continuously improve the reported information, the process of revision of the most relevant indicators and the consolidation of the respective ascertainment shall be carried out in 2021, which is why it was decided not to present historical data (prior to 2020).

Given the sustainability tendencies and the global challenges posed, and with a view to promote an increasingly higher alignment between the business strategy, the SDG, and the stakeholders' expectations, aiming at medium and long-term value creation for said stakeholders, MOTA-ENGIL will review its sustainability strategy, and by the end of 2021 a Sustainability Agenda and Roadmap shall be established with the 2030 horizon in mind. Recognising the analysis of materiality as a critical exercise for the development of the sustainability strategy, enabling the identification and prioritisation of relevant issues to the GROUP and its stakeholders, it shall provide for an encompassing consultation process aimed at its external and internal stakeholders. The roadmap shall contain goals and targets, actions to be carried out and the respective KPI.

¹ Available at: <https://www.mota-engil.com/sustentabilidade/relatorio-de-sustentabilidade/>

B. Business model

General description of the business model and form of organisation of the Company/Group, indicating the main business areas and markets in which it operates (if possible with recourse to organisational charts, graphics, or functional tables).

Founded in 1946, the MOTA-ENGIL GROUP is today an international company whose business is focused on construction and the management of infrastructures divided into the fields of Engineering and Construction, Environment and Services, Transport Franchises, Energy and Mining.

A market leader in Portugal with an established position in the rankings of the 30 largest construction groups in Europe, MOTA-ENGIL is present in 23 countries and covers 3 geographical regions – Europe, Africa, and Latin America – maintaining the same standards of discipline, quality and capacity for execution that led to the affirmation of MOTA-ENGIL internationally².

MOTA-ENGIL's market positioning is in line with the best practices and business conduct, is based on ethical principles and supported by the unique and integrated strategic vision for the MOTA-ENGIL of the future.

1. FUNCTIONAL STRUCTURE

Reference is made to the Report on the Corporate Governance Practices (Part I, paragraph 21) as regards the description of the functional structure of the MOTA-ENGIL GROUP.

2. BUSINESS AREAS

MOTA-ENGIL carries out a wide range of activities in the fields of design, construction, management, and operation of infrastructures, and has a long and recognised experience, associated with a technical know-how for the development of such various areas as:

Engineering and Construction

Leader in Portugal² and with a prominent position in various markets of Europe, Africa and Latin America, the GROUP has developed construction projects in more than 40 countries, showing technical competence in each project and building a reputation of excellence in the technical areas of construction and public works, standing out in the construction of various infrastructures, such as roads, motorways, airports, ports, dams, buildings, railways, electromechanics, foundations and geotechnics, among other specialities.

Waste Management

With a majority of the share capital of SUMA, company set up in 1995 for the management and urban collection of waste in Portugal, MOTA-ENGIL achieves the ambition of leading this sector², operating increasingly in Angola, Mozambique, Cape Verde, Brazil, Oman, and Ivory Coast. On the other hand, the MOTA-ENGIL operates, through EGF, in the treatment and recovery of waste, being able to perform the whole value chain in waste management and possessing advanced technology for the treatment and organic recovery of waste, as well as for the production of energy through the collection of biogases in the landfill and through energy recovery plants.

Energy

The MOTA-ENGIL GROUP is the first private operator in the sector of the production of energy in Mexico and has a number of assets under exploration by the GENERADORA FÉNIX with a production capacity of 288 MW and that can be extended to 2.000 MW, having in 2018 reinforced its presence in the energy trading sector.

Concessions of Transport Infrastructures

MOTA-ENGIL has an important position in the management of various road infrastructures concessionaires, the participation in LUSOPONTE, concessionaire of the two bridges in Lisbon (Portugal) and concessions in Brazil, Mexico, Colombia, and Mozambique.

² Refer to: <https://www.mota-engil.com/institucional/apresentacao/>

Mining

MOTA-ENGIL is also executing projects in Africa and Latin America, benefiting from the long experience obtained in the execution of works of construction and earthmoving that it carries out for some of the largest world mining companies, with a special emphasis on the operations in Peru, Malawi, Mozambique and Guinea-Conakry.

Logistics

TAKARGO was the first private operator, in Portugal, in the rail freight transport, investing in logistics efficiency and in the quality of service to offer integrated and competitive logistics solutions in the Iberian market.

Multi-services

In order to supplement the activity of construction and management of infrastructures, MOTA-ENGIL carries out an activity in the area of maintenance through MANVIA, a reference company in Portugal and operating in Africa and in other European countries.

In the area of landscape architecture, the GROUP operates through VIBEIRAS, leader in Portugal in this segment and with relevant works in Africa.

3. MARKETS IN WHICH IT OPERATES

More detailed information on this topic can be found in the company brochure³ and in MOTA-ENGIL's Sustainability Report of 2020.

³ Available at: <https://www.mota-engil.com/institucional/apresentacao/>

C. Main risk factors

1. Identification of the main risks associated with the topics subject to reporting and arising from the Company's activities, products, services, or commercial relations, including, where applicable and whenever possible, the supply and subcontracting chains.
2. Indication of how those risks are identified and managed by the Company.
3. Explanation of the internal function breaking down of competences, including the governing bodies, commissions, committees, or departments responsible for the identification and management/follow-up of risks.
4. Express indication of the new risks identified by the Company compared to what was reported in previous years, as well as of the risks that are no longer regarded as such.
5. Indication and brief description of the main opportunities that are identified by the Company within the context of the topics subject to reporting.

The risk management process is an integral part of the internal control system and consists of the development of management policies and procedures in order to ensure the creation of value, the safeguarding of assets, compliance with laws and regulations and a control environment that ensures compliance with the GROUP's ethical values and the reliability of the reported information.

The MOTA-ENGIL GROUP's risk management is thus based on an integrated and transversal process, intended to be evolutionary as regards the permanent identification and control of exposure to the various types of risks inherent to its activity, considering the variety of business and geographies in which it operates and promoting the study and implementation of strategies for the mitigation of the main identified risks.

In the present chapter, we exhibit the structures responsible for the analysis and follow-up of the risk management process, and subsequently identify the main risks to which the GROUP is exposed in the performance of its activity.

Organisation

The MOTA-ENGIL GROUP's risk global management is the responsibility of the Executive Committee of MOTA-ENGIL SGPS and the governing and supervisory bodies of the companies integrating the GROUP. As regards the Executive Committee, the responsibility over the Corporate Risk Function is conferred upon an executive director.

Additionally, there is also a specialist Committee, the Audit, Investment and Risk Committee, which, reporting to the chairman of the Board of Directors, shall carry out the following main functions and responsibilities: to approve the audit annual plan, assess and suggest business investment and risk policies and projects to the Board of Directors, to examine and issue opinion on the investment or divestment projects, to issue an opinion on the entering into and leaving new areas of business or markets, to monitor relevant financial and corporate operations, to issue an opinion on the risk matrix of the MOTA-ENGIL GROUP whenever it is updated or there are substantial changes to the risks of the external environment and/or the operational risks, to assess the risk management strategies defined at a corporate level and the implementation of the cross-sectional risk management policies in the regions/areas of business. This Committee is composed of 3 (three) full members, 2 (two) of whom are non-executive, one being an independent director, thus ensuring the appropriate independence of the managing bodies that report to the Executive Committee.

On the other hand, the Internal Audit Function encompasses all areas, processes and activities of the companies comprising the GROUP, and its main purpose is to contribute to the achievement of the strategic objectives, assessing the compliance and ongoing improvement of efficiency of the internal control of the GROUP's management processes, supporting the prevention and mitigation of control risks resulting in the risk of financial loss and promoting respect on part of the GROUP and its workers for the whole regulatory framework by way of an independent intervention, together with all the GROUP's organic units.

Similarly, the main purpose of the Compliance Function is to guarantee the application and universal fulfilment by the whole GROUP of compliance practice and rules and to ensure that they are up to date. To that end, the Function will act towards the prevention and mitigation of compliance risks, which translate into the risk of legal or regulatory sanctions, of financial loss or loss of reputation as a result of failure in the fulfilment of the application of laws, regulations and the code of ethics and business conduct, and will additionally promote an environment of integrity and culture of fulfilment of regulatory benchmarks and standards related to ethical principles and values throughout the whole GROUP.

In seeking to ensure the permanent strengthening of the internal control system, the integration of the process and the respective alignment as regards the three lines of defence, meetings between the corporate areas of Internal Audit, Risk and Compliance, are held on a monthly basis with the scope of reflecting on the level of risk exposure of the GROUP and the assessment of the fulfilment of the regulatory frameworks in force.

It should also be mentioned that MOTA-ENGIL's risk management is an integrating element of all organisational processes and decisions, rather than an isolated activity apart from the GROUP's main activities. Management and risk control are monitored by the Board of Directors, the heads of the business areas and the Company's Corporate functions, highlighting the following: Business Control; Strategic Planning; Corporate Finance; Corporate Tax; Corporate Risk; Human Resources and Sustainability Strategy; Investor Relations; Legal Matters and SI Technology.

Therefore, the main risks to which the GROUP is exposed, and which are mentioned below, are accompanied by the internal reports of the heads of the business areas and by the reports, opinions, and recommendations of the Committee referred to above, together with information prepared by the holders of the corporate functions.

Regarding the new risks identified in 2020, emphasis is made on those related to the pandemic situation, as described below.

Transversal Risk Management

In the specific field of the transversal risks to which the GROUP is exposed, it is up to the Corporate Risk Function to ensure an independent analysis of the various risks, based on a risk matrix that is revised on an annual basis and approved by the Executive Committee, as well as to monitor, through various risk parameters and specifically produced models, the GROUP's profile for action.

The MOTA-ENGIL GROUP's transversal risk matrix constitutes a working tool for purposes of systematic monitoring of the level of risk implicit in the various risk aspects to which the GROUP is exposed. As such, the matrix is divided into three aspects: Business, Operating and Economic/Financial. Additionally, of the various key stages establishing the construction and maintenance of the GROUP's transversal risk matrix which were defined, the following stand out:

- Identification of the main business risks with an impact on the GROUP's profitability;
- Assessment with the corporate areas and with the regions of the performance history regarding each selected Key Performance Indicator (KPI);
- Definition of Risk Appetite;
- Definition of the strategic objective for each typology of risk;
- Assessment, Monitoring and Definition of the mitigation measures and respective results.

The risk management process, coordinated by the Corporate Risk Function, is characterised by the following macro activities:

- Gathering of information on the KPI defined: monitoring the risks defined as a priority;
- Assessment of the risk levels identified in the KPI: defining the priorities of action;
- Estimation of impacts and associated probabilities: deepening the risk analysis;
- Definition of mitigation measures: minimising risk exposure; and
- Reporting and discussion at the Executive Committee: reporting main risks and mitigating measures.

The Corporate Risk Function draws up quarterly reports, which are submitted to the Executive Committee, thus making it possible to decide on the actions deemed necessary for mitigating the risks identified, each reporting being shared with the Audit and Investment and Risk Committee.

The procedure of constant follow-up and quarterly reporting allow for the introduction and description of the levels of exposure to each of the main risks identified over the year, as well as implemented mitigating measures.

Risks related to the Covid-19 pandemic

The health crisis brought about by the Covid-19 pandemic produced and is producing harsh effects on the economic activity on a global scale. As a result of this health emergency, the countries had to apply containment measures that negatively affected the economic activity, particularly during the various months of lockdown, with emphasis on the end of the first quarter and the second quarters of 2020 and, later on, at the end of the year under analysis herein. Those measures have hindered the regular flow of the business activity in the various countries, including those in which the MOTA-ENGIL GROUP is present.

Those lockdown periods and virtual paralysation of the economy brought about a crisis like no other and the worst recession since the Great Depression. The IMF, in its Autumn forecast, estimates a downturn of the world economy of about 4.4% in 2020 (well above what was observed during the financial crisis of 2008-2009).

In its combat against the pandemic, most countries committed to spend whatever necessary to save lives, protect jobs and the family's income as well as to avoid the insolvency of companies, having implemented measures for stimulating the crisis which represented the largest budgetary intervention of all times.

Similarly, the main central banks of the whole world continued to employ massive measures of monetary expansion. In 2020, the monetary base of the USA grew approximately 3 billion of US dollars and the European Central Bank (ECB) expanded its programme of purchase of emergency securities in more than 1.35 billion Euros. This money creation is tactically financing a large part of the emergency costs brought by the outbreak and dissemination of the pandemic.

The rapid and energetic intervention of the main countries and central banks was decisive towards a swift global economic recovery in the third and fourth quarters of 2020, leveraged by the recovery of industrial production and international trade. Notwithstanding, the recovery remains overshadowed by a resurgent pandemic which, despite the already approved vaccines and the beginning of the vaccination campaigns, will continue to impact the year of 2021 with important levels of uncertainty regarding the recovery of the economic activity to pre-crisis levels.

Therefore, the current Covid-19 pandemic and any potential outbreaks of other viruses may have a significant adverse impact to the MOTA-ENGIL GROUP. First and foremost, the response measures of the governments aimed at containing the dissemination of such diseases, their incidence on the workers of the MOTA-ENGIL GROUP, or any quarantines affecting its workers or facilities may reduce the capacity of the MOTA-ENGIL GROUP's staff for carrying out its work and lead to the interruption or temporary paralysation of the projects in progress, consequently affecting the operation of the MOTA-ENGIL GROUP.

Secondly, any quarantines or dissemination of virus may affect the capacity of the suppliers, subcontractors, or other stakeholders of the MOTA-ENGIL GROUP for carrying out their tasks, which may in turn negatively affect the capacity of the GROUP itself for regularly pursuing its business.

Thirdly, the current pandemic and potential future outbreaks may also have an adverse effect on other counterparties, namely customers, of the MOTA-ENGIL GROUP, resulting in additional risks to the fulfilment of their obligations, when and in the way they become due, exposing the MOTA-ENGIL GROUP to an increase in the number of insolvencies of such customers or other counterparties.

Cyclical risks

The country-risk ascertained based on the various aspects for each of the markets in which the GROUP is present is associated with changes or specific disturbances of a political, economic, or financial nature that may impede the fulfilment of the GROUP's strategic objectives.

With a diverse geographic exposure that is deeply ingrained in the most representative markets, the GROUP has also sought, throughout the years, to promote its expansion in countries belonging to the regions in which it is present, delegating to the Executive Committee and the Board of Directors the ultimate responsibility of awarding the necessary validation of any project of investments in new markets, constituting in itself, and albeit complemented with levels of technical and economic-financial analysis, an organisational premise that promotes an effective internal control system, mitigating risks and promoting a strategic alignment on all levels of the GROUP.

In 2020, the main conjuncture risks of the various markets in which the MOTA-ENGIL GROUP is present were aggravated by the current pandemic. On the one hand, this is explained by the potential economic, social, and political damages that will persist beyond the health crisis, such as the historically high levels of public and private debt in most countries, which increased the worldwide financial risks that had already been accumulating due to the low interest rates that have been prevailing for more than a decade.

On the other hand, the Covid-19 vaccines and other forms of treatment or minimisation of the impact of the pandemic will set the pace of the global recovery of the economy. The impact of the vaccines will ultimately depend on such factors as their efficacy, the quickness of their manufacturing and delivery and the number of people who will be vaccinated. A prolonged wave of outbreaks until the vaccination campaigns are effective will result in successive containment measures that negatively impact and continue to impact the markets and the recovery of the global economy. A series of out-of-sync impacts induced by the containment measures may delay the global recovery and lead to the increase of indebtedness of the countries, internal political instability, and social conflicts.

The European countries in which the MOTA-ENGIL GROUP is present were heavily affected and conditioned by the adverse context generated by the Covid-19 pandemic, registering an average estimated GDP fall of 7.8% in 2020. As in most world economies, there was a strong impact on production (losses and closures of activity), unemployment increase, fall in exports, reduced consumption and investment, disturbances to the distribution of raw materials and goods, volatility of financial markets, business over-indebtedness and a particular pressure on non-performing loans.

Regarding the main European markets of the GROUP, according to the forecast of the International Monetary Fund, there will be a GDP fall of 10% for Portugal and estimated GDP falls of 3.6% and 3.0% for Poland and Ireland, respectively.

Regarding the short-term interest rates of the Eurozone, after the outbreak of the pandemic and up to August, its trajectory was downward, due to the measures of flexibility of assets and eligible collateral for the monetary policy operations of liquidity provision established by the ECB, which stabilised in the following months. The average interest rates of loans granted to the companies, in turn, rose to 2.07% in October.

For 2021, a GDP growth of 6.5% in Portugal, of 4.9% in Ireland and of 4.6% in Poland is expected to be seen, against a background in which the countries of the European Union must implement fiscal expansion measures to protect their national economies and thus anticipate and accelerate public investment in infrastructures. Additionally, policies aimed at securing jobs, social cohesion, continuity of business and companies and remaining aids to the resumption of the activity shall also be continued to be carried out and executed.

However, the economic recovery of the countries in which MOTA-ENGIL is present in the European region, to the levels prior to the crisis shall only occur as of June 2022.

As Europe, the Africa region was also affected by the pandemic, which caused a GDP fall of 1.9% in 2020 in the group of countries in which MOTA-ENGIL operates. This fall essentially resulted from the reduction of exports of the primary products and the consequent losses in tax revenues that reduced the capacity of the Governments in responding to the pandemic crisis.

The countries in Africa which witnessed a greater GDP fall were South Africa (a fall of 8%), Nigeria (a fall of 4%) and Angola (a fall of 4%). This group of countries was particularly affected by the collapse of the global demand and the price of commodities, including oil, given that such countries produce raw materials in economies highly dependent upon the revenues obtained from the exploration of those natural resources.

This economic crisis also led to an increased public indebtedness which, for the group of African countries in which MOTA-ENGIL operates, should rise from an average of 59% of the GDP registered in 2019 to 68% of the GDP in 2020. The countries with larger public indebtedness estimated for 2020 are Mozambique (121% of GDP), Angola (120%) and Zambia (120%).

The year of 2021 is expected to see an economic upturn and the recovery of GDP to the levels of 2019, with an expected growth in the group of those countries of 3.8%. The increase of energy prices, of commodities and the prices of industrial metals can all be counted as drivers of growth, having registered a growth from late 2019 until early 2020, due to the increase in demand, mostly led by oil and copper.

In Latin America, in the group of countries in which MOTA-ENGIL operates, the pandemic also gave rise to a downturn of the economy of approximately 8% in 2020. The fall in economic activity was aggravated by the collapse of the price of commodities, with an impact on the rise of poverty and social inequalities and brought out tensions and conflicts in the whole region, disturbances to value chains, volatility in financial markets and a sudden fall in revenues generated by tourism.

In the main Latin America markets in which the GROUP is present (Mexico, Peru, Brazil, and Colombia), 2020 is estimated to see an average GDP fall of about 8%, due to Covid19. For 2021, the beginning of an economic recovery is expected to take place, but only in 2023 should it reinstate the levels of GDP generation registered in 2019.

Attention should also be drawn to the levels of public indebtedness registered in these Latin America countries, which should register an increase of 12% to an average level of 63% of debt in comparison with the GDP of 2020.

Specific risks of the sectors and markets in which the MOTA-ENGIL GROUP is present

MOTA-ENGIL, as holding company (Sociedade Gestora de Participações Sociais - SGPS), directly and indirectly carries out activities of management over its invested companies, with operations in varied business areas, such as engineering and construction, waste collection and treatment, energy generation and trade, management of transport infrastructures and mining concessions, acting in different markets and regions (Europe, Africa, Latin America).

The fulfilment of the obligations assumed by MOTA-ENGIL depends upon the funds made available by the companies which it holds and through which it indirectly pursues activities, namely dividend distribution, payment of interest, reimbursement of loans granted or other payments.

The capacity of those invested companies to provide such funds to MOTA-ENGIL will partially depend upon their capacity to generate positive cash-flows within the scope of their operating activities, which are subject to specific risks of the sectors and markets in which they are present, and which are detailed as follows.

A significant part of the companies of the MOTA-ENGIL GROUP that are dedicated to the engineering and construction area depend, as regards the formation of their cost structure, upon the evolution of the international prices of some commodities, such as oil, steel and cement, and the evolution of the local prices, namely labour. The adverse variation of prices has a negative impact on the GROUP. On the other hand, those companies are subject to risks of a contractual nature, since they provide a large part of their services under specific contracts fallen within sector-specific legislation and regulations which, in turn, depend upon the obtaining of a general permit and specific licences to execute certain activities and tasks. The occurrence of late payment or breach of contract may have relevant adverse effects on contract management and on the fulfilment of the object of each contract entered into.

Additionally, the MOTA-ENGIL GROUP is exposed to risks associated with the supply and logistics chain in the markets in which it is present (especially in Africa and Latin America). These risks assume relevance in Africa, the logistics component of the transport of persons, equipment, parts, and materials (fuel, steel, cement, and others) constituting a substantial challenge in large works, insofar it is necessary to predict as reliably as possible their cost and period of execution in the budgets and time limits to provide to the customers. The suspension or the delay in the supply chain may have an adverse impact on the development of works and the provision of services in those markets. Once more, the Covid-19 pandemic brought about a sharp rise of that risk, particularly in countries with less developed transport infrastructures.

On the other hand, in Latin America, due to the type of terrain, the activities carried out by the MOTA-ENGIL GROUP pose added execution risks; in fact, mining works or works for the construction and maintenance of 2,000 or even 5,000 metres high infrastructures are frequently carried out, which hinders the transport of the respective means of production and has consequences as regards productivity.

Therefore, the economic profitability goals stipulated by the MOTA-ENGIL GROUP regarding the engineering and construction projects differ according to the region, depending upon the specific circumstances and context, being stricter for regions in which those projects require a greater intensity of own means of production and capital.

Similarly, the companies of the MOTA-ENGIL GROUP engaged in other business areas, namely waste collection, and treatment, also depend, as regards the formation of their cost structure, upon the evolution of the international prices of commodities, with an emphasis on oil, as well as, in a highly sensitive and direct manner, the evolution of local prices, particularly labour. Both variables, price of oil and local price of labour, are necessarily monitored with detail in the various countries in which the GROUP operates in this sector, be it in Europe, Africa, or Latin America.

Risks related to the business operations of the MOTA-ENGIL GROUP

The search for the engineering and construction activity in the markets in which the MOTA-ENGIL GROUP is present depends upon the public and private investment levels registered in each market.

The Covid-19 pandemic may affect the activity of the MOTA-ENGIL GROUP in several ways, as mentioned above. In fact, in the short term, it may have a negative impact on the revenues arising from delays in the projects, on the reduction of the production levels and on the triggering of the containment measures ordered by the Governments of the countries in which MOTA-ENGIL operates. Due to the containment policies, the MOTA-ENGIL GROUP may also face a decrease in demand for certain services of facility management as well as reduced traffic on toll roads.

Likewise, the pandemic and its impact on the economy of the various countries may affect differently the volumes of waste to be collected and/or to be recovered by the companies of the GROUP as well as the search for energy produced by its facilities, with a potential effect on its profitability.

The net income may also be affected, given that the MOTA-ENGIL GROUP might see an increase in its costs in order to respond to the new occupational health protocols. In the medium and long term, the high level of public indebtedness can have a worldwide negative impact on investment in public infrastructures.

Public investment in new infrastructures projects depends upon the political cycles of each market, the respective budgetary policies in force at each given moment and the macroeconomic context, aspects that the MOTA-ENGIL GROUP does not control or influence. The investment in public-private partnerships likewise depends upon the strategy of public investment of each market and the conditions of the national and international financial markets.

Private investment in infrastructures depends, among other aspects, upon the evolution of the international prices of some commodities, particularly the price of oil, gas, and minerals in general, the evolution of which the MOTA-ENGIL GROUP does not control or influence.

Additionally, the companies of the MOTA-ENGIL GROUP which focus on the engineering and construction sector are exposed to a heavy competition. The size of many of the projects developed in the Africa and Latin America regions attract various global companies of the sector, which increases the competitive environment in those markets and has adverse impacts on the MOTA-ENGIL GROUP's chances of being awarded contracts for the execution of engineering and construction works.

In Central Europe, the potential for growth in the number and value of the infrastructure projects to be developed in the region, namely in Poland, as the market within the European Union with a greater expected flow of EU funds, led to the establishment of a high number of large European construction companies in the market, which influences the competition context.

A context of greater business competition exerts more pressure on the prices practised in the market and, consequently, on the margins achieved, which may have effects felt over time depending upon the size and maturity of the market, the registered growth and the expectations and the behaviours of the economic players intervening in the sector.

However, the companies of the MOTA-ENGIL GROUP have been demonstrating their capacity in maintaining a positioning in the market that resorts not only to price-based strategies, boosting its experience, technical and human capacity as well as high standards of quality, environmental practice, safety, and compliance. Additionally, those distinguishing factors have made it possible to strengthen, on an ongoing and sustained manner, the trust and loyalty of its customers, reflected not only by its stable and growing base and business recurrence established with the current customers, but also by the replication of businesses with multinational customers in geographies in which those customers and the MOTA-ENGIL GROUP are present.

Risks related to the financial operations of the MOTA-ENGIL GROUP

The MOTA-ENGIL GROUP, due to its geographical diversification, operating in 3 Continents and 23 countries, is exposed to a variety of financial risks, with particular emphasis on risks associated with interest rates, exchange rates, liquidity, and credit. These financial risks result from the development of the GROUP's activities and induce uncertainties as to the capability to generate cash flows and returns adequate for the return on equity.

The purpose of the GROUP's financial risk management policy is to minimise adverse impacts and effects arising from the characteristic uncertainty of the financial markets. This uncertainty, which is reflected in various aspects, requires special attention and specific and effective management measures.

The financial risk management activity is coordinated by the Corporate Finance Function, which coordinates and monitors the cash and debt portfolio management, with the assistance and support of the Business Control Corporate Function, and is carried out in accordance with and pursuant to the guidelines approved by the Board of Directors, with a consultative role on part of the Audit, Investment and Risk Committee, but does not cease to constitute a responsibility of the administrations of each of the GROUP's business units.

The GROUP adopts a conservative position regarding the financial risk management, resorting, where advisable, to risk hedging instruments, always in the expectation that these are related to the regular and current activity, and never assumes positions in derivatives or other financial instruments which assume a speculative nature.

The various types of financial risks are interconnected, and the various management measures are aimed at ensuring the pursuance of the same objective, i.e., safeguarding the assets and the decrease of volatility of cash flows and expected yields.

Interest rate risk

The MOTA-ENGIL GROUP's financial debt, mostly denominated in Euro, is linked to interest rates, which variations can result in losses.

The interest rate risk management policy aims at optimising the cost of debt and obtaining a reduced level of volatility in financial charges, that is, it intends to control and mitigate the risk of losses deriving from variations in the interest rate that mostly serves as index for the GROUP's financial debt. At this level, it should be noted that the strategy of allocating debt to local markets, close to the generation of cash flows, has contributed to a diversification of currencies in terms of debt, although contracted very significantly in currencies such as euro and US dollar or indexed to them.

As a consequence of the stagnation of the short-term and medium-term interest rates, which remained stabled and reached historic lows, new interest rate risk hedging operations have been carried out to a lesser extent. However, in cases where the maturities of the loans are long, the GROUP continues to analyze and evaluate the contracting of hedging instruments that ensure possible future changes in interest rates, as well as, the GROUP continues attentive the trend reversal that certainly will accompany the recovery of economies or changes in monetary policies in the years to come on the part of central banks.

Exchange rate risk

Considering its geographical diversity, the MOTA-ENGIL GROUP operates its business on an international scale through various companies and jurisdictions, a positioning which gives rise to the MOTA-ENGIL GROUP's exposure to different currencies and, consequently, to the interest rate risk.

It should be noted that, as regards the analysis of the exchange rate risk, there is an ongoing and systematic monitoring of the variations to which the GROUP is subject. This monitoring is the responsibility of the Corporate Finance and Business Control Functions, which consolidate and report information on all companies operating in the many geographical zones with regards to flows, balances, and debt.

During great part of the year of 2020 and due to the dissemination of Covid-19 all over the world, the perception of risk and the prices of commodities were the main drivers behind the depreciations observed in the currencies of the main markets in which MOTA-ENGIL is present, namely in the emerging markets or others more exposed to the variation of the prices of oil and other commodities.

At the end of 2020 and beginning of 2021, there was a decrease of volatility, and in 2021 the prices of the commodities, including that of oil, are expected to recover from the low levels of 2020, while the currencies of the emerging markets, particularly the currencies of the countries exporting commodities, are expected to remain under less pressure.

The main currencies other than Euro to which the activity of the MOTA-ENGIL GROUP is exposed are US Dollar, Zimbabwe Dollar, Malawian Kwacha, Angolan Kwanza, Mozambican Metical, Peruvian New Sol, Colombian Peso, Mexican Peso, Brazilian Real and Polish Zloty.

The exchange rate risk management policy aims at reducing the volatility in investments and operations expressed in foreign currency (other than Euro), contributing to a smaller sensitivity to the exchange rate fluctuations.

The MOTA-ENGIL GROUP's interest rate risk can be summarised twofold:

- Transaction risk: risk associated with cash flows and with the amount of financial instruments recorded in the statement of the financial position, in which changes to interest rate rates produce an impact to the profit and loss and cash flows;
- Translation risk: risk associated with fluctuation in the equity amount invested in the GROUP's foreign companies, due to exchange rate changes.

Contracts with customers, financial debt, wages, subcontracts, purchase of equipment and overall supplies constitute commitments which, when carried out in a currency other than Euro, are associated with an exchange rate risk. As a result, adverse fluctuations of exchange rates may give rise to a change in the relative value of the net assets whose payment currency is other than the MOTA-ENGIL GROUP's functional currency (Euro).

In terms of exchange rate risk management, we seek, where possible or advisable, natural hedges to manage exposure by means of financial debt denominated in foreign currency in which the values at risk are expressed. Whenever such is not possible or advisable, the contracting or performance of operations based on derivative, structured instruments is promoted, aiming at reducing their cost, namely for covering risks in future exchange transactions, with a large level of certainty as to the amount and date of performance. It should be noted, on the other hand, that a significant part of the contracts executed by the GROUP is denominated in euros or in US dollars, and, whenever possible, the exchange rate is indexed to the value of the contract recorded in national currency, in order to eliminate any risk of volatility with loss of value.

Liquidity Risk

Liquidity risk is defined as the risk of lack of capacity on part of MOTA-ENGIL GROUP companies to settle or fulfil their obligations within the established time period. In this regard, the management of this risk consists of the maintenance of an appropriate level of availabilities, as well as the negotiation of credit limits that enable to ensure the financial means necessary to solve the commitments in the moment they fall due.

The MOTA-ENGIL GROUP companies devoting to the engineering and construction area exhibit more important liquidity needs, given the payment deadlines observed in the industry from the moment the works are executed to their conversion into cash.

The liquidity risk management policy in force at the MOTA-ENGIL GROUP is aimed at ensuring that there are available funds (balances and inflow financial flows) at any given moment at the various companies integrating the GROUP sufficient so these can respond, in due time, to all financial commitments made (outflow financial flows).

Obtaining high levels of financial flexibility, fundamental for managing this risk, has been achieved by using the following management measures:

- Establishment of partnership relationships with the financing entities, ensuring their financial support to the GROUP from a medium and long-term perspective, regardless of the context that may condition the businesses;
- Contracting and maintaining short-term surplus credit lines, created as liquidity reserves, available for use at any moment;
- Carrying out of a strict financial planning by company, supported by the periodic drawing-up and revision of cash budgets, enabling the early prediction of future cash surpluses and deficits;
- Financing of medium- and long-term investments, adapting debt maturity and payment plans to the ability to generate cash flows in each project or company;
- Starting the negotiation process for refinancing of medium- and long-term loans due for that year with at least one year of antecedence regarding relevant maturity;
- Procurement of medium-term and long-term financing so as to reduce its dependence on more volatile short-term funds and to create some immunisation against circumstantial factors of the financial markets;
- Escalation of financial debt maturity throughout time, with the aim to extend the average maturity of debt to make it more in line with the release cycle of means and the degree of permanence of some long-term assets held by GROUP;

- Search for new financing sources and new financiers with the purpose of:

- Geographic diversification – capture of funds in the different markets in which the GROUP operates;
- Diversification of debt instruments – capture of funds from alternative sources, strengthening the strategic objective of obtaining a greater banking disintermediation.

In 2020, the financing needs of the MOTA-ENGIL GROUP did not substantially aggravate because of the Covid-19 pandemic, despite its widespread and profound effects. The MOTA-ENGIL GROUP thus ensured financing to its activity through credit facilities available in Portugal and in the remaining countries in which it operates, having also resorted to the “Covid-19 credit lines”, and to the moratorium procedures promoted by the Portuguese State / financial system, which made it possible to postpone the payment of principal and interest to financial institutions with which it had outstanding financial obligations in Portugal.

Credit Risk

Due to the nature of its activities, the MOTA-ENGIL GROUP is exposed to credit risk, i.e., the risk of not receiving, or not receiving in full, its credit claims within the time periods established and/or negotiated to that effect.

The credit risk to which MOTA-ENGIL GROUP’s activities are exposed is operating and cash-related in nature and is mostly concerned with accounts receivable resulting from the regular development of its various activities, with the activities of services rendered in the Africa Region, particularly in the Angola market, being worthy of note.

The significant development of GROUP’s activities in Africa and in Latin America was in part promoted by the development of a commercial strategy of proximity and aimed at a high and growing number of customers, spread out over various areas of business and geographic zones, which allowed for spreading and mitigating the risk.

In addition, it should be noted that some of the largest projects that the GROUP has underway have as promoters some of the largest worldwide private conglomerates, which grants added safety where financial and credit hedging robustness is concerned. The growing number of infrastructure projects in the Africa and Latin America regions, supported by multilateral entities acting as financiers of projects promoting economic and social development and the recourse to the taking-out of credit insurance with reputed and specialised insurance companies ensure added comfort where credit risk is concerned.

Despite the reinforced tendency in recent years to the development of projects of larger scope, the GROUP adopts a very significant spreading of its commercial relations, often relying in those projects on the receipt of advances which allow for significantly reduce the credit risk.

Lastly, the mitigation of the credit risk is also achieved through the implementation, within the scope of its Compliance Programme, of a third-party procedure corresponding to a verification, at the moment of on boarding and recurrently, of the conditions of the customers to meet with their financial obligations to the GROUP, apart from other aspects related to ethics in its various components.

Risks related to health and safety at work

In the activity sector in which the MOTA-ENGIL GROUP operates, accidents at work absolutely assume crucial importance, with the GROUP being subject to legal provisions on health, safety at work and labour risks.

The management of the risk of safety and health at work is coordinated by the safety and health at work areas of the various GROUP companies, thus ensuring an efficient framework for preventing and minimising accidents and health problems.

In order to face the challenges associated, on the one hand, with the relevance of the incidence of labour risks in the various business areas and markets in which the MOTA-ENGIL GROUP operates and, on the other hand, with the legal requirements linked to health and safety at work, the GROUP has been implementing a uniform methodology for the identification of dangers and assessment of risks, to prioritize and define adequate control measures.

The starting point of this methodology is the analysis of the activities and operations to be carried out, considering the human resources to employ, equipment to use, materials to apply and surrounding constraints to identify the dangers and risks associated. Once identified, the risks are assessed based on a matrix that associates the probability of occurrence of risk with the respective severity.

In line with the best international practice and regulatory guidelines (for example, ISO 45001:2018), the GROUP has proactive risk assessment programmes that act towards the development of control measures, such as:

- Initial training on safety at work, conducted at the stage of welcoming and integration of new workers;
- Information to workers on the risks that may exist at their workstations and on the preventive conduct to adopt;
- Training on team safety management standards;
- Implementation of self-protection measures;
- Maintenance of insurance policies against occupational accidents;
- Conduction of audits for checking safety and health standards;
- Drawing-up of risk assessment;
- Investigation and analysis of accidents at work; and
- Carrying-out of health examinations.

On the other hand, once implemented, the measures are monitored to guarantee their continuity, potential improvement and/or correction of potential deviations.

It goes without saying that, in face of the current pandemic crisis, the measures for risk mitigation were largely reinforced and adapted to the circumstances of each office premise and worksite, also having been the subject of cross-cutting publicity and internal awareness-raising campaigns.

Legal, regulatory and compliance risks

Legal risks are essentially those resulting from the GROUP's own activity, from legal obligations the risk of which has not been duly assessed and minimised and may generate financial impacts or an increase in litigation, as well as the legal risks arising from the various legal systems in which the GROUP is present.

The legal risk management policy is aimed at ensuring that the GROUP companies, in the performance of their activity, fulfil the applicable rules and regulations, and that, where negotiations, hiring and merger and acquisition operations are concerned, they are assisted by in-house and/or external lawyers, in order to carry to a prior assessment of the legal risk inherent to the operation in question and to seek legally admissible solutions to limit the risk to levels deemed acceptable by the managing bodies of the GROUP.

The MOTA-ENGIL GROUP pursues its activity in various countries with different legal systems and specific local characteristics, wherefore the risk emerging from this legal variety is mitigated by the submission of the projects, negotiations and hiring procedures to a follow-up by local knowledgeable lawyers who are qualified to work in the legal systems in question, to fulfil all applicable rules and regulations, thus avoiding adverse financial impacts or an increase in litigation.

The whole GROUP is monitored based on compliance with the law and based on the respective labour litigation, administrative, civil, and fiscal risks, that may result in economic or reputational damage. Additionally, there is a special follow-up of the litigation of greater value or higher risk, through the provision of quarterly information to the respective Corporate Function by the markets and regions, which aims at always having thorough and up-to-date information so legal situations requiring a deeper intervention and follow-up can be identified in due time in order to minimise their impact.

To minimise the risk that the GROUP reaches high levels of litigation, the pre-litigation management of the settlements is made, whenever possible, to achieve out-of-court settlements. Notwithstanding, the MOTA-ENGIL GROUP, whenever it deems convenient, particularly based on the opinion of its lawyers, has challenged the lawsuits filed against it, and the level of convictions, historically and in recent past, has been reduced.

Considering the presence in various markets (23 countries spread out among three continents), the GROUP ensures, on a technical and operating level, that each company and business unit complies with a variety of standard demands and own regulations, both of state and sectorial (business) scope, thus guaranteeing the appropriate technical and legal capacity for execution of its projects within the scope of the negotiations conducted with its customers and other counterparties.

However, the MOTA-ENGIL GROUP does not control the flow of changes and reinforcement of obligations or other regulatory definitions to which it is subject, nor potential changes of interpretation of those obligations and other regulatory definitions.

The companies of the MOTA-ENGIL GROUP of the urban waste treatment and selective collection held by EGF are subject to a regulated tariff and to the approval of the value of the regulated assets (BRA – Basis of Regulated Assets) to which the ARR (Asset Remuneration Rate) is applied by the Water and Waste Services Regulator (Entidade Reguladora dos Serviços de Águas e Resíduos - ERSAR), which constitutes a complex regulatory context, requiring an effort of detailed follow-up on part of EGF itself.

Moreover, MOTA-ENGIL SGPS is listed on the Portuguese stock exchange, in the main index, the PSI-20, wherefore it is inherently under the supervision of the Portuguese Securities Market Commission (Comissão de Mercados de Valores Mobiliários - CMVM). Since it is a company with shares listed in a regulated market, MOTA-ENGIL SGPS is subject to a specific set of laws and regulations that are permanently updated.

Still within the scope of the supervision of financial markets, there are also bonds of MOTA-ENGIL SGPS listed on the stock exchange of Luxembourg, which is supervised by the Commission de Surveillance du Sector Financier.

The Compliance Corporate Function has the crucial role of monitoring the compliance by the GROUP with the various regulatory frameworks and rules, thus mitigating the compliance risks. In addition, the remaining Corporate Functions ensure follow-up in more specific matters, such as taxation, governance, and other matters of a non-financial nature.

The assessment of the compliance of policies and procedures, the efficiency of internal controls and the support to the prevention and mitigation of both control risks and compliance risks that are implemented by the GROUP's management are subject to a checking process, translated into an analysis of the risk of legal or regulatory sanctions and of financial or reputational loss as a result of the failure to comply with the applicable legislation, regulations and the code of ethics and business conduct.

Apart from the Code of Ethics and Business Conduct, the MOTA-ENGIL GROUP is governed by the following internal standards:

- Policy of Anti-Corruption and Bribery, Money Laundering and Terrorism Financing;
- Reporting of Irregularities Procedure;
- Third-party Procedure;
- Offers and Subsistence Allowances Procedure;
- Donations Procedure;
- Cash Procedure; and
- Conflict of Interest Procedure.

Apart from the legal and regulatory compliance associated with the activities carried out in each market on part of the GROUP's invested companies, each worker is also made aware of the importance of respecting the rules established in the Code of Ethics and Business Conduct, last revised in October 2019 and available on the company's website, www.mota-engil.com.

It should also be highlighted that the MOTA-ENGIL GROUP has implemented the procedures necessary to the fulfilment of the General Data Protection Regulation and permanently follows up that fulfilment through the Privacy Committee and the regional and business Focal Points.

Environmental risks

The pursuance of the MOTA-ENGIL GROUP's activity is exposed to environmental risks related to water catchment and use, leftover materials not incorporated in the works carried out, impacts on biodiversity, direct and indirect emissions of greenhouse gases and others, effluents and waste, and other environmental impacts resulting from the products and services provided.

The environmental risk management is coordinated by the Quality and Environment areas of the various companies of the MOTA-ENGIL GROUP, which are committed to adopt a sustained and efficient practice in all aspects of their activities.

To that end, the MOTA-ENGIL GROUP has been reinforcing the initiatives carried out within the scope of promotion of responsible and proactive behaviours, distributing shared value among the businesses, environment and society in areas deemed a priority, such as waste management and conservation of resources.

Notwithstanding this approach regarding this type of risks, the MOTA-ENGIL GROUP may not exclude the possibility that said risks may occur and, in case they do, may negatively affect its business or the results of its activities.

The environmental risks to which the companies of the MOTA-ENGIL GROUP are exposed may translate into fines or sanctions to be applied by government entities, negative reputational impacts, penalties provided for in contracts with customers and costs of correction of the environmental impacts.

Risks of technological systems and security of information systems

Global companies such as the MOTA-ENGIL GROUP heavily depend upon the area of information technologies (IT) to execute their processes and operations in the various businesses and geographies in which they are present, as well as to ensure appropriate reliability of the control and reporting processes. For that purpose, the GROUP constantly works toward the goal of streamlining the platforms to increase the degree of reliability of IT use and process transversality.

Given the growing complexity of the infrastructure of technologies at the GROUP, which is present in various geographies, information safety has become a crucial function of IT.

Information safety governance has many specificities and a set of requirements of its own. In this regard, the GROUP has defined a governance policy as regards the management of data, accesses, identification of profiles, policies of supervision and monitoring of said profiles, as a support to the internal control system, and has furthermore reinforced the quality of safety of its systems in order that they are in line with the best international practice.

To that end, its disaster recovery plan has been monitored with a view to improve its capacity of response to a potential event with an impact on its IT infrastructures.

Potential failures of the technologic systems and safety of the information technologies may cause the companies of the MOTA-ENGIL GROUP to become vulnerable to risks of cybernetic attacks that might compromise the personal data held by the companies, accounting and financial data and strategic information. Potential failures of the technologic systems and safety of the information technologies may expose the companies of the MOTA-ENGIL GROUP to fines and sanctions to be applied by the regulators, costs of information recovery and disruption to the supporting areas and operating activities.

However, the MOTA-ENGIL GROUP has implemented a vast set of policies of its Information Safety Management System, having established regular audits for ascertainment of the safety and compliance levels of its technologic platforms, thus enabling the definition of safety measures of a technical and organisational nature, to minimise the risks of data breach.

Moreover, as at the present date, no type of warning, fine or sanction on part of any governmental entity or regulator concerning this area took place.

D. Implemented policies

Description of policies: i. environmental, ii. social and fiscal, iii. regarding to workers and gender equality and non-discrimination, iv. regarding to human rights and v. regarding the fight against corruption and attempted bribery of the Company, including due diligence policies as well as the results of their application and related essential non-financial performance indicators and the respective comparison with the previous year.

Framework

Since its beginning, MOTA-ENGIL has always been known for the protection of its workers, the high quality of its construction works, and initiatives aimed at the protection of the environment and surrounding communities.

The multi-sector nature of the GROUP's activities and its presence in various geographic contexts is reflected today in added responsibility in terms of sustainability, which is necessarily pondered upon and worked on a global scale and is focused on the well-being of the workers, an ethical and responsible conduct, the satisfaction of the customers and partners and greener solutions.

Hand in hand with the expansion and complexity of MOTA-ENGIL's business, sustainability at the GROUP materialises in the form of a set of strategic goals that attempt to embody and give a practical response to countless challenges. These strategic goals are aimed at environmental protection and efficiency, human capital management, support to local development, value creation, corporate ethics, and relations with the stakeholders (which is detailed in the following sections).

Given the cross-cutting nature of the certificates and safety, health, environment and quality policies of the GROUP, in order to avoid duplication of contents, and since these policies cover subjects which are subsequently handled in a more detailed manner in the following paragraphs (issues related to environment and the safety and health of workers), it is worth mentioning, in this framework text, the strategic importance that they have to MOTA-ENGIL and the manner in which the GROUP is organised in this regard.

Various GROUP companies took the strategic decision to go forward with the certification of their management systems – for example, in the sectors of environment management (ISO 14001), safety and health at work (ISO 45001) and quality (ISO 9001). With the globalisation of the markets and the increased competition, certification has assumed an increasingly relevant role. To respond to the new needs, the GROUP created the Safety, Health, Environment and Quality (SHEQ) area. Focused on an efficient organisation, through the integration and alignment, on a regional level, of the safety, health, environment and quality areas, the creation of this cross-cutting structure enabled the definition of common goals, the updating of the SHEQ Policy and the collaboration of the various markets as regards the sharing and implementation of good practices, thus contributing to the foundation of a new culture.

The integrated certification of the Africa region, in 2019, as regards the various scopes (ISO 9001, ISO 14001 and ISO 45001) and the various types of operation (construction, mining and waste management), constituted the largest international recognition of this new approach, 2020 having been the year of maturation and consolidation of this new concept of Regional Certification. It should be highlighted that the Certification of the Africa Region was the first step towards the full and global certification of the GROUP, the inclusion of the remaining regions in which the Group operates being scheduled for the coming years.

With the ambition of becoming a leading company in terms of SHEQ, MOTA-ENGIL is committed to ensuring the application of a management model transversal to the markets of the GROUP, additionally being an agent of change for all regions and respective stakeholders.

The **SHEQ Policy**, in line with the GROUP's strategic plan, is structured according to the following principles:

1. **Mission, Vision and Values**, considered the foundations of the MOTA-ENGIL GROUP's culture and sustainability strategy.
2. **Integrated and Transversal Management System**, with the integrated strategic guidelines being defined centrally and implemented and adjusted in each market, project, and company in which MOTA-ENGIL operates.
3. **Supporting and Operational Strategic Processes**, promoting a clear structuring, prioritisation and monitoring of the areas deemed critical to an efficient organisation.

4. **Requirements applicable to the Management System**, reinforcing the need to identify and monitor all requirements interfering with the operation, namely legal, regulatory, external (customers, partners, others) requirements and, just as important, the internal requirements of the MOTA-ENGIL GROUP.

5. **Processes Based on the PDCA (*Plan, Do, Control* and *Act*) Cycle**, ensuring that they are based on leading goals and that their performance is constantly monitored through reporting and internal audits, thus enhancing the ongoing improvement of each process.

6. **Accountability of the various participants**, promoting recognition for good practice and application of sanctions in case of non-compliance with the rules considered crucial to MOTA-ENGIL.

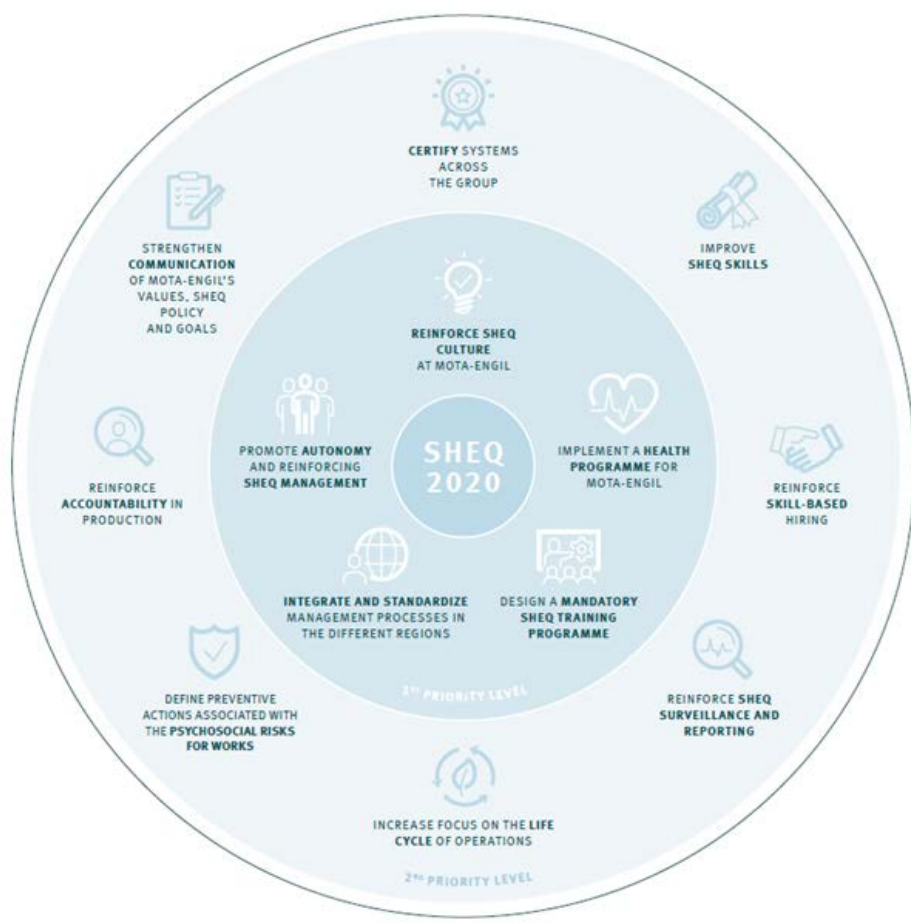
7. **SHEQ Culture**, reinforcing the MOTA-ENGIL GROUP's concerns regarding the safety and health of its workers, the quality of its projects and services as well as the preservation and protection of the environment and surrounding communities. Such reinforcement is translated into:

- (1) programmes based on the behaviour and involvement of the Top Management;
- (2) autonomy of the SHEQ teams;
- (3) supervision of the activities and reporting;
- (4) risk management and opportunities;
- (5) consultation of all stakeholders;
- (6) bilateral and efficient communication.

8. **Skills**, enhancing the hiring of workers based on skills and promoting their evolution through training and awareness-raising campaigns.

9. **Digital Platforms**, ensuring the implementation of technologic solutions that enable the efficiency of the processes and the consequent protection and control of MOTA-ENGIL's data.

Based on these guiding principles, 2019 saw the development of a SHEQ strategy for the GROUP, supported by the following pillars of action:



The year 2020 saw the beginning of the implementation of some of the principles presented in the SHEQ strategy, as well as the reinforcement of MOTA-ENGIL's focus, prompted by the Covid-19 pandemic, on the protection of its workers' health.

Notwithstanding the SHEQ strategy, in order to preserve and improve its reputation and with the scope of not only enforcing the laws, rules and regulations applicable to its business, but also of achieving international standards of business conduct, MOTA-ENGIL has defined and implemented an Integrity and Compliance Programme, in particular composed of the Code of Ethics and Business Conduct, the Anti-Corruption and Bribery Policy, Prevention of Money Laundering and Terrorism Financing and the Procedure on Reporting Irregularities, supplemented by the assessment of third parties, training and awareness-raising campaigns and whistleblowing hotlines.

I. Environmental policies

1. Description of the Company's strategic goals and mains initiatives to be carried out towards the respective achievement.

2. Description of the main performance indicators defined.

The indicators meet criteria of materiality, relevance and reliability, comparability and susceptibility of verification, the report containing a table of (national, European, or international) indicators used for each subject, as well as a brief justification of the respective adoption, with the added presentation of a comparison with the indicators from the previous year.

3. Indication, compared to the previous year, of the degree of achievement of those goals, at least by reference to:

i. **Sustainable utilisation of resources:** water consumption, consumption of other raw materials and energy; indication of measures taken for improving the efficiency of utilisation of those resources; indication of recourse to measures to promote energy efficiency and utilisation of renewable energies.

ii. **Pollution and climatic change:** indication of the values of greenhouse gas emissions; indication of pollutant emissions to the nature; indication of penalties incurred, and measures aimed at preventing, reducing, or repairing such emissions.

iii. **Circular economy and waste management:** measures of prevention, recycling, reutilisation or other forms of recovery and elimination of waste.

iv. **Protection of biodiversity:** consequences of activities or operations in protected areas and measures taken so as to preserve or restore biodiversity.

Given the diversity of the operations/businesses developed by the GROUP, the environmental responsibility is a chief concern, namely with regards the utilisation of natural resources, waste management and minimisation of pollution. In this regard, the requirements to be identified and met first are the legal requirements of each geography. Apart from these requirements and others defined in contract, other minimum requirements transversal to the various geographies may be further defined. In possession of strengths and know-how across the most diverse sectors of activity, MOTA-ENGIL is at the forefront where respect for the communities and spaces in which it is present is concerned and promotes the best environmental practices.

The main environmental impact is related to the consumption of raw materials and natural resources, with emphasis on water, energy, and various minerals. It should be mentioned that the large and diversified consumption of materials causes an impact to the value chain, upstream through the substantial consumption of the resources, in the specific operation and in the efficient management (circularity) of those resources, and downstream through the management of the waste produced by operations that cannot be reused or reintegrated in the production process, bringing about the need for its responsible routing for disposal and end of its life cycle.

For some business areas, such as waste management, emphasis is also made on such environmental aspects as air emissions and emissions of odours, noise generation, effluents, and leachates.

Aware of the importance of taking care of our Environment, the MOTA-ENGIL GROUP established the following strategic goals:

Eco-efficiency and Innovation

- To do more with less, reducing the consumption of resources and increasing efficiency in its usage.
- To continuously search for improvements in the environmental plan that, at the same time, promotes economic benefits.

- To encourage innovation as a critical factor of increase of competitiveness, stimulating growth, diversification, and the creation of new business opportunities.

Environment Protection

- To minimise the environmental impact of the activities of the GROUP, integrating the environmental perspective into the management processes and systems.
- To promote and participate in initiatives of awareness and preservation of the environmental values.

The courses of action, at this level, transversal to the action of the GROUP, specially focus on:

- The optimisation of energy consumption and the reduction of greenhouse gas emissions.
- The optimisation of the consumption of raw materials and the reuse, recovery, and recycling.

A selection of the main indicators defined in this scope is presented as follows - the information concerns the performance of 2020 and its definition and ascertainment took into consideration the GRI Standards (see explanatory notes in paragraph A of the present document). The indicators were selected so as to reflect the main consequences associated with the material topics of MOTA-ENGIL and the recommendations of the Portuguese Securities Market Commission, as well as to enable the follow-up of the objectives defined.

It is worth mentioning that, with regard to non-compliances with environmental laws and regulations (GRI indicator 307-1) and for the reported period, no significant fines or non-monetary sanctions resulting from non-compliance with environmental laws and/or regulations were observed. This information assumes that the sole purpose of the questions raised is to focus on sanction procedures (of a mere administrative, administrative sanction or criminal nature), the result of which was definitive in 2020 and directly (sanctions, fines, etc.) or indirectly (for example, costs of cleaning operations) involving significant amounts, which are regarded as those of at least 50,000 Euros.

More detailed information on the GROUP's performance, forms of management and actions carried out can be found in the 2020 Sustainability Report of MOTA-ENGIL. It should also be mentioned that as of date the process for consolidation of the methodologies of environmental data ascertainment (as referred to in paragraph A of the present document) is underway, which is why the results of the indicators presented below should be considered preliminary and, in case there are any differences, the data contained in the Sustainability Report of 2020 should be taken into consideration.

i. Sustainable utilisation of resources

The type and quantity of materials used by an organisation reflect the dependency upon natural resources and the impact to the availability of such resources.

With regard the consumption of materials by MOTA-ENGIL, the following tables contain the data concerning the types of materials deemed as the most representative of the various activities of the GROUP (GRI Standard 301: Materials (2016)), with emphasis on the materials associated with the engineering and construction business area, where such consumption is more significant. It should be mentioned that, within this scope, the consumption of materials can be very variable according to the geographies and years since it depends upon the nature and size of the construction projects. MOTA-ENGIL is analysing the possibility of defining a relative indicator that allows to measure its performance more easily in terms of material consumption.

Emphasis should also be made on the consumption of AEIRU - Agregado Artificial proveniente das Escórias de Incineração de Resíduos Urbanos (Artificial Aggregate coming from Waste Incineration Slags), produced by EGF companies as a result of the energy recovery of waste, which the companies themselves use, for example, for filling landfills and paths. It must also be said that this product is certified, having CE marking for utilisation on the construction of roads - base and sub-base, and which constitutes a perfect example of circular economy, avoiding the recourse to natural aggregate, so often extracted from masonries and rivers.

The materials are divided according to their nature (renewable or non-renewable). In the case of data from non-renewable materials, they are presented per unit volume or per unit weight, according to their characteristics (see notes indicated below).

Total consumption of materials used by weight or volume (GRI 301-1)

Region	Renewable materials (tonnes)
Europe	25,803.1
Africa	1,554.5
Latin America	1,355.6
Total	28,713.3

Note 1: The consumption of renewable materials essentially concerns AERIO aggregate (Artificial Aggregate coming from Waste Incineration Slags), wood and paper.

Note 2: The Sustainability Report of 2020 should be consulted for access to the methodological notes concerning the ascertainment of the indicator (assumptions, exclusions, conversion factors, among other information).

Region	Non-renewable materials (m ³) (1)	Renewable materials (tonnes) (2)
Europe	5,279.1	7,643,125.9
Africa	237.0	2,387,613.4
Latin America	0.0053	2,032,552.2
Total	5,516.2	12,063,291.4

Note 1: The materials indicated per unit volume (m³) encompass: paints/varnishes/enamel/diluent; lubricants/putties; chemicals; among others.

Note 2: The materials indicated per weight unit encompass: rock aggregates; cement; bitumen and emulsion; steel; explosives; accumulators; plastic bags; tyres; among others.

Note 3: The Sustainability Report of 2020 should be consulted for access to the methodological notes concerning the ascertainment of the indicator (assumptions, exclusions, among other information).

An encompassing coverage of the use of water is crucial for enabling the organisations to assess their impacts, be it at the hydric resources that serve the whole ecosystem, or other users of water and at the organisation itself.

The following table contains the water abstraction quantities of the MOTA-ENGIL GROUP, according to their origin (GRI Standard 303: Water and Effluents (2018)). It should be mentioned that the disproportionately high value of the Europe region is due to the water abstracted from the Tagus river (95 441 833 m³) for cooling the water-steam circuit of the Energy Recovery Central of Valorsul (EGF company); such water is then returned in full to the hydric environment with a slight increase in temperature. If this value is excluded from the full quantities, approximately 51% of the water abstracted comes from surface water (particularly relevant for companies of the engineering and construction and mining sector), 26% of water purchased from third parties and 12% from underground water).

Water abstraction (GRI 303-3)

Region	Surface water (m ³)	Underground water (m ³)	Water purchased from third parties (m ³)	Total water abstracted (m ³)
Europe	95,455,105.6	511,549.3	500,220.8	96,466,875.7
Africa	1,078,173.0	70,808.1	147,059.2	1,296,040.3
Latin America	356,233.2	55,218.9	79,951.5	491,403.6
Total	96,889,511.7	637,576.3	727,231.5	98,254,319.6

Note 1: The source "water purchased from third parties" comprehends the supply of water by municipal managing entities.

Note 2: The Sustainability Report of 2020 should be consulted for access to the methodological notes concerning the ascertainment of the indicator (assumptions, exclusions, among other information).

Energy consumption is essential to the operation of any activity. The most efficient use of energy and the option for renewable sources of energy are essential to fighting climate change and to reduce the general ecological footprint of the organisation.

The following table systematises energy consumption at MOTA-ENGIL (Standard GRI 302: Energy (2016)). Attention should be drawn to a high dependency upon fossil fuels (with emphasis on diesel), due to their use in light-duty and heavy-duty vehicles, generators, pieces of equipment, among others, particularly relevant in the engineering and construction, mining, logistics (rail transport of goods) and waste management business areas.

Energy consumption within the organisation (GRI 302-1)

Region	Total consumption of non-renewable energy (GJ)	Total consumption of renewable energy (GJ)	Total consumption of energy purchase for consumption (GJ)	Total of energy sold (GJ)
Europe	2,124,114.6	2,983.2	288,723.2	1,658,258.0
Africa	2,579,305.7	0.0	38,760.1	0.0
Latin America	1,287,594.8	7.9	13,922.8	0.0
Total	5,991,015.2	2,991.1	341,406.2	1,658,258.0

Note 1: The total consumption of non-renewable energy includes, depending on the geographies and business areas, the consumption of diesel, natural gas, butane and propane gas, petrol, carbon, among others

Note 2: The Sustainability Report of 2020 should be consulted for access to the methodological notes concerning the ascertainment of the indicator (assumptions, exclusions, conversion factors, among other information).

As regards energy purchased, it essentially concerns the consumption of electricity, although there is also energy generated by the organisation itself for its own consumption and sale (associated with co-generation processes, with emphasis on the Energy Recovery Central of VALORSUL).

It should also be mentioned that the MOTA-ENGIL GROUP operates in the energy production sector of Mexico (values not included in the table above).

ii. Pollution and climate change

The fight against climate change constitutes one of the greatest challenges Humanity faces and the Greenhouse Gases Emissions (GHG) generated by human activity are one of the key factors contributing to this issue.

At MOTA-ENGIL, the consumption of non-renewable fuels is the factor that most contributes to direct emissions (Scope 1) – see previous paragraph. With regard to indirect emissions from purchase of energy (Scope 2), they essentially result from the consumption of electric power. The data from the GHG emissions (indicators 305-1 and 305-2 of GRI Standard 305: Emissions (2016)) are being consolidated at the date of release of the present report; for more information, please refer to the Sustainability Report of 2020.

With regards to air pollutants, reference must be made to the emissions resulting from the activities of waste companies, with emphasis on EGF companies. The data indicated as follows concerns the emission, in 2020, of the anaerobic digestion plants and landfills (including diffuse emissions), as well as of the Energy Recovery Plant of VALORSUL, located in Portugal.

Measures of control/recovery and monitoring of the emissions are implemented in each case, as per the conditions defined in the respective licenses and in compliance with the applicable legislation. Reference can be made, for example, to the Energy Recovery Plant, which, throughout the last 20 years of data collection and analysis to the environmental parameters of the Plant's surrounding region, in studies conducted, whenever possible, by independent entities, the results were positive and consistent, showing that the Plant's activity reveals no negative impact to the environmental quality of the surrounding area.

Emissions of NOx, SOx and other significant atmospheric emissions (GRI 305-7)

Atmospheric emissions (tonnes)	
Nitrogen oxides (NOx)	710.1
Sulfur oxides (SOx)	25.6
Volatile Organic Compounds (VOC)	159.3
Toxic pollutants (HAP)	0.3
Particles	9.3
Carbon monoxide (CO)	301.9
Methane (CH4)	27,434.0
Carbon Dioxide (CO2)	681,427.1
Volatile Organic Non-Methane Compounds (VONMC)	20.0

Note 1: The Sustainability Report of 2020 should be consulted for access to the methodological notes concerning the ascertainment of the indicator.

iii. Circular economy and waste management

Waste can be generated at the own activities of the organisations, for instance, during the production of their products and provision of services, as well as at their value chains. It should be mentioned that MOTA-ENGIL, apart from the production of waste through its various activities, performs an important role in the minimisation of the environmental impact associated with waste in the geographies in which its waste management companies operate.

With regard to own activities, waste associated with the engineering and construction business area, depending on the nature and size of the projects underway, can be significant. The quantities of hazardous and non-hazardous waste, by type of final destination, are indicated in the following table (GRI Standard 306: Waste (2020)).

Generated waste (GRI 306-3)

Region	Non-generated waste (tonnes)		Non-hazardous waste (tonnes)		Total (tonnes)
	Recovery operations	Disposal operations	Recovery operations	Disposal operations	
Europe	2,930.7	7,817.5	241,851.3	31,488.6	284,088.1
Africa	5,430.2	959.8	36,889.9	122,904.3	166,184.1
Latin America	105.3	301.2	3,556.4	14,769.5	18,732.4
Total	8,466.2	9,078.5	282,297.6	169,162.3	469,004.6

Note 1: The reported quantities concern waste produced by own activities of the Group's companies, with the exception of Vista Waste (Angola). They do not contemplate waste treated by waste management companies.

Note 2: In the Europe region, the non-hazardous waste, intended for recovery operations, are of very high value when compared with other regions, due to the fact that In Poland earth moved (surface soil and others) is being deemed as waste, as per national legal requirement.

Note 3: The Sustainability Report of 2020 should be consulted for access to the methodological notes concerning the ascertainment of the indicator (assumptions, exclusions, among other information).

The forwarding to an appropriate final destination is crucial for reducing the negative impact associated with waste, both to the environment and to local communities. MOTA-ENGIL shows particular concern with ensuring such appropriate final destination, with particular emphasis on recovery operations, whenever the characteristics of waste and the existing infrastructures in the geographies in which they operate permit so. Waste recovery constitutes an important measure of circularity, allowing for the reutilisation of waste, preventing the extraction of virgin raw materials, and contributing to a reduced carbon footprint.

iv. Protection of biodiversity

Most of MOTA-ENGIL's operating facilities are not located in protected areas or in areas of a high index of biodiversity outside the protected areas (GRI Indicator 304-1, GRI Standard 304: Biodiversity (2016)), with the exception of some facilities of EGF (in the waste management sector) and to the CAPSIL company:

- VALORSUL is situated next to the Tagus Estuary Special Protection Zone, established under the Birds Directive, and essentially intended to ensure the conservation of the species of birds and their habitats;
- In the case of ALGAR, the Sotavento Sanitary Landfill is located in the parish of Salir, municipality of Loulé, and is integrated into the following areas comprising the Regional Structure of Environmental Protection and Recovery (ERPVA - Estrutura Regional de Proteção e Valorização Ambiental): Site of Community Importance Caldeirão (PTCON0057) and Special Protection Zone Caldeirão (with the same code), of Rede Natura 2000 (RN2000), and also in the Damp Area with conversational international interest (Ramsar Convention), Vascão Creek;
- In the case of RESIESTRELA, it is located within the Serra da Estrela Natural Park. (Quarry facilities, partially within the National Ecological Network); In the case of CAPSIL, it consists of quarry facilities, partially located within an area classified as National Ecological Reserve (REN - Reserva Ecológica Nacional).

It should be mentioned that there might be situations of construction projects underway within or at areas adjoining protected areas, as is the case of the construction activities occurred in 2020 in Poland, Brazil, and Colombia

In each case, the GROUP's companies comply with the legislation in force, the requirements defined in environmental and operating licenses, as well as the requirements of the developers and the measures of minimisation, defined within the scope of the environmental impact assessment (where applicable), with a view to safeguard the habitats and species.

II. Social and tax policies

1. Description of the Company's strategic goals and mains initiatives to be carried out towards the respective achievement.

2. Description of the main performance indicators defined.

3. Indication, compared to the previous year, of the degree of achievement of those goals, at least by reference to:

i. Commitment of the company to the community: the impact of the Company's activity to employment and local development; the impact of the Company's activity to the local populations and territory; the relations maintained with the players of the local community and the respective means of dialogue; the partnership or sponsoring actions.

ii. Subcontracting and suppliers: the inclusion of social issues, gender equality and environmental issues into the policy of purchases; the consideration of social, environmental and governance responsibility of suppliers and subcontractors in the relations therewith; control and audit systems and the respective results. Whenever possible, to mention the fact that the suppliers of the Company apply policies in line with those established by the Company.

iii. Consumers: measures promoting the health and safety of consumers; complaint reception systems and respective processing and resolution, namely the number of complaints received and the number of pending complaints, as well as those which were considered legitimate, satisfaction surveys and indication of the person responsible for handling complaints.

iv. Responsible investment: where applicable, information on responsible investment that the Company sought to attract, particularly regarding the emission/purchase of green bonds or SDG-linked bonds.

v. Stakeholders: information regarding potential forms of stakeholder consultation.

vi. Tax information: information on measures or actions with tax consequences, including potential subsidies or any type of grant or asset advantage attributed by the State.

Working towards an integrated and sustainable development, the MOTA-ENGIL GROUP seeks, through its strategy and action, to ensure an effective contribution to the integrated development of the communities in which it pursues its activity, particularly through creation of employment, but also in the social, cultural, educational, training, and environmental sectors.

We firmly believe that this way we will contribute to a more prosperous and more just society, ensuring the improvement and quality of life of the populations, hand in hand with economic growth, social cohesion, and protection of the environment.

Aware of the importance of establishing relations of trust with most of its stakeholders and the communities in which it pursues its activity, the MOTA-ENGIL GROUP defined the following strategic goals:

Dialogue with stakeholders

- To promote transparency and openness in the relationship with the stakeholders.
- To communicate in a regular and systematised manner with the stakeholders, in order to listen to their concerns and to integrate them.
- To present and objective and credible report of the economic, social, and environmental performance.

Support to local development

- To support initiatives of a social, educational, cultural, and environmental nature promoted by the GROUP or in partnership with external entities.
- To contribute, through patronage, to the socio-economic development of the communities in which it carries out its activity.

A selection of information regarding the main activities carried out by the GROUP within this scope is presented as follows, and more detailed information on the forms of management and actions carried out can be found in the 2020 Sustainability Report of MOTA-ENGIL.

i. Commitment of the company to the community

Present in three continents, and carrying unparalleled experience in personal and institutional relations, MOTA-ENGIL welcomes the fact that it maintains an open and trusting dialogue with the local communities.

Inspired by the motto “Think Globally, Act Locally”, the MOTA-ENGIL GROUP stands out due to its significant approach of interaction and local development, based on which it supports the communities and the local social causes in all regions in which it is present, promotes local development and contributes to the construction of a more just society. Either through its local teams or through the Manuel António da Mota Foundation, MOTA-ENGIL has been supporting the creation of basic infrastructures and presents various different programmes and aids, also being available to assist in the situations of greater vulnerability of the communities.

Aware of its importance to the local development of the communities, in 2020 MOTA-ENGIL developed a diversified group of initiatives. Proximity and the establishment of ongoing and long-lasting relations are goals present in the day-to-day life of the GROUP as a socially responsible entity.

In 2020, of the various initiatives carried out by the GROUP, the following are worth of note:

- The donation of high-technology medical equipment to hospitals and Covid-19 support centres.
- The development of environmental awareness campaigns and initiatives with the local communities and schools.
- Assistance to a homeless person, through home repair works, which made it possible for the homeless person to stop living under a viaduct in the city of Porto and initiate the process of reintegration into society.
- Donation of books, textbooks, and sports equipment to a school in Malawi and establishment of a permanent relationship with this school institution.
- Within the scope of the construction of the General Hospital of Cabinda, and with the support and guiding of the Manuel António da Mota Foundation, MOTA-ENGIL ANGOLA has been carrying out various activities of a social nature with the surrounding communities, of which the following stand out: the delivery of school kits and toys to schools and orphanages; the rehabilitation of school rooms of the primary school of Simindele and the creation of a library; the rehabilitation of the police station of Chibodo; the cleaning/rehabilitation of the playing field of the local community and the recovery of civil construction waste.
- Within the scope of the construction of the Paediatric Haematological Institute, and with the support and guiding of the Foundation, MOTA-ENGIL ANGOLA has also been carrying out various activities of a social nature with the surrounding communities, of which the following stand out: the rehabilitation of the buildings of the leper colony of Funda - Luanda; the rehabilitation of the neonatology area and sealing of the coverage of the Paediatric Hospital David Bernardino, as well as the supply and installation of air conditioners in the head office of the Ministry of Health.

Action of the Manuel António da Mota Foundation

The Manuel António da Mota Foundation (MAMF or Foundation) is an important instrument of the social responsibility policy of the MOTA-ENGIL GROUP, as an organised and systematic expression of ethical and socially committed management, on behalf of an active and participatory corporate citizenship.

Instituted by the MOTA-ENGIL, and by the Mota family, its reference shareholder, the Foundation, tries to follow a strategic vision that generates long-term value, based on the broadest principles of sustainable development, implemented through a coherent and structured social responsibility policy and in line with the corporate matrix of the GROUP. In 2020 the Foundation celebrated 10 years of existence.

With its head office in Porto, the Foundation establishes, as strategic objectives, social development, the annual granting of the Manuel António da Mota Award, the support to education and training and the promotion of culture and access to cultural assets. It carries out its action throughout the whole national territory and in the countries in which the MOTA-ENGIL GROUP is present.

In 2020, in face of the pandemic crisis, the Foundation responded to the various requests made and financially supported the purchase of sanitation and individual protection goods and equipment and the provision of food aid, in an attempt to mitigate the difficulties felt by the social institutions of the local economy.

The response to Covid-19 was a very significant trait of the Foundation's activity in 2020 and, notwithstanding the constraints it had to face, with an impact on some segments of its activity, it continued to pursue the values that guide its action. The Foundation pursued its work uninterruptedly, executing, together with its partners and beneficiaries, the multiple projects in which it is involved, apart from countless aids attributed to social institutions of the local economy in various sectors.

The capacity to respond to the most emerging issues did not therefore impair the pursuance on part of the Foundation of a strategy centred on projects, programmes and initiatives of a pluri-annual nature that generate social impact and boost the capacity of the supported institutions to produce transforming and long-lasting effects with the people who benefit from their strengths and services.

In such a difficult and significant year for the Portuguese society, the Foundation remained faithful to its motto “Seeing, Listening, Acting” and to its scope of trying to contribute to a more just, cohesive, and solidary society.

- **Social development:**

The strategic social investment in the community gives priority to the action in favour of the vulnerable and more deprived social groups and a particular sensitivity to emerging situations, which tries through its solidarity effort to fight against poverty and exclusion and to promote a social insertion and full citizenship. Through the programmes and assistance given in the areas of social solidarity, disability, health, housing, sports, among others, the Foundation thereby seeks to contribute to the strengthening and sustainability of the third sector, supporting projects of renowned social relevance and impact.

In the human and social development area, housing, disability, and health continued to stand out as sectors of intervention, in line with the previous years.

The programme “One work, one project”, aimed at supporting the carrying out of projects in territories in which MOTA-ENGIL intervenes in the execution of reference construction works, was pursued in the municipality of Vila Pouca de Aguiar and initiated in the Alentejo municipality of Alandroal, with rehabilitation works on a group of sub-standard households of needy families in both municipalities, in collaboration with the respective City Halls and the association “Just a Change”, which brought together university students for the respective execution during the holidays period.

The programmes “Porto Amigo”, with the City Hall of Porto, the association “Just a Change” and “G.A.S. Porto – Grupo de Ação Social do Porto” (Group of Social Intervention of Porto) – within the scope of the funding line “Parcerias para o Impacto” (Partnerships for Impact) of “Portugal Inovação Social” –, and “Habitat”, in a partnership with the Portuguese branch of Habitat for Humanity International, in the housing sector, contributed to the resolution of the housing problems of families in a situation of an economic and social vulnerability in the municipalities of Porto and Amarante, respectively. In the case of “Porto Amigo” and despite the constraints caused by the measures of fight against the pandemic, it was the best year registered so far with regard to the number of executed projects (rehabilitation of six houses of senior citizens in need residing in Porto, which benefitted eleven people).

In the field of disability, and in a partnership with the Montepio Foundation, the programme “Integrated Mobility” of support to the purchase of supporting products and intervention on housing in favour of disabled citizens with scarce financial resources continued its execution.

In the field of health, the Foundation continued to assist cancer patients and their families, through the protocols defined with the Regional Departments of North, Centre and South of Liga Portuguesa Contra o Cancro (Portuguese League Against Cancer), with Instituto Português de Oncologia do Porto (Portuguese Institute of Oncology of Porto), with Instituto Português de Oncologia do Coimbra (Portuguese Institute of Oncology of Coimbra) and with the Hospital Centre of the University of Coimbra. It further supported various private institutions of social solidarity, such as Acreditar - Associação de Pais e Amigos de Crianças com Cancro (Association of Parents and Friends of Children with Cancer). The Foundation has been renewing on an annual basis the assistance granted so as to bear the costs of operation of Casa de Coimbra, and 2020 was no different. In parallel, and in 2019 and 2020, the Foundation expanded its support to the Porto branch of Acreditar, with a view to cover the maintenance expenses of one of the rooms of the house. Attention should also be drawn to the support to Mundo a Sorrir – Associação de Médicos Dentistas Solidários Portugueses (Association of Portuguese Solidary Dentists), whose main goal is to promote the right to oral health in Portugal and in world.

- **Social and family support for MOTA-ENGIL GROUP's workers:**

The social and family support to the MOTA-ENGIL GROUP's workers also constitutes a crucial element of the activity of the Foundation.

In this regard, the Foundation continued the programmes in force: “Study Grants”, “Social Support Fund”, “Fund 1+2”, “Financial Clinic” and “First Childhood”, covering a broad range of needs, such as, respectively, the access to higher education for children of workers with less economic resources, monetary support in situations of personal or family economic vulnerability, the specialised response to situations of over-indebtedness, and support to birth rate which is aimed at all workers who are parents, and the attendance of nurseries by the children of workers with less resources.

- **International projects:**

On an international level, particularly in Africa, with the creation of the programme “Mota-Engil African Initiatives”, under which all the social responsibility projects occurring in the African continent are designed and executed, it was the Foundation’s intent to initiate and conclude in 2020 the first edition of the “Manuel António da Mota Award - A life in Angola”, announced one year before. Unfortunately, such event did not come to take place, on account of the sanitary crisis.

However, it should be mentioned that, within the scope of the presence of the Portuguese armed forces in the Central African Republic, through the 7th National Force Deployed in the Central African Republic, a solidarity initiative was carried out, distributing various hospital and sports pieces of equipment and toys to the Paediatric Hospital University Centre of Bangui, capital city of the country. The Foundation joined the solidary effort of the national armed forces through the donation of products necessary for the maintenance of the hospital infrastructures.

- **Manuel António da Mota Award:**

The Manuel Antonio da Mota Award, which is intended to honour and pay homage to MOTA-ENGIL’s founder by distinguishing every year outstanding organisations that stood out in various domains within the activities of the Foundation, could be the most iconic and publicised initiative of the Foundation. In 2020, it chose “Portugal Beats Covid-19” as motto of its 11th edition, awarding the institutions that stood out in the fight against the pandemic and its consequences in the areas of fight against poverty and social exclusion, health, education, employment, innovation, and social entrepreneurship, digital inclusion, and technologic and family support.

Associação para o Desenvolvimento do Centro Académico de Investigação e Formação Biomédica do Algarve (Association for the Development of the Biomedical Investigation and Training Academic Centre of Algarve), with the “ABC-COVID” project, won the edition and received first prize, in the amount of 50,000 Euros. Hand in hand with this association, the following were also distinguished: Tempos Brilhantes Association, 2nd place with a prize of 25,000 Euros; Socorros Mútuos Mutualista Covilhanense Association, 3rd place with a prize of 10,000 Euros; one every seven special mentions was awarded 5,000 Euros.

- **Education and training:**

Achieving one of its strategic objectives, the Foundation maintained its support to the education, training and qualification of young people and adults, particularly for the more disadvantaged, valuing human potential and promoting social and professional integration.

In the field of education and training, the fight against educational failure and school dropout of young people who are not in an education establishment, undergoing training courses or present in the labour market continues to guide the actions of the Foundation, through aids to the projects “Arco Maior” and “Escola de Segunda Oportunidade de Matosinhos”, two trailblazers in Portugal where the approach to this issue is concerned.

In order to encourage the permanence of young people with economic difficulties in higher education, the Foundation supported University of Évora, Polytechnic Institute of Porto and Social and Human Sciences School of Nova University of Lisbon with regard to funding solutions to this problem.

The partnership with the City Hall of Vila Nova de Gaia regarding the project designated “Cantinho do Estudo”, aimed at boosting improved learning and conditions for study of the students of the school groups of the municipality of Vila Nova de Gaia, was continued through an application to the funding line “Partnerships for Impact”, managed by the mission structure “Portugal Social Innovation”; this project was expected to be concluded at the end of the 2019/2020 school year, but must be extended until the end of the 2020/2021 school year.

Apart from the project “Young Entrepreneurs – Building the Future”, of which the Foundation is the main sponsor since the first edition, another project designated “Jump Box” saw the light of day, focused on the empowerment of people above the age of 18, promoted by IET - Instituto Empresarial do Tâmega (Tâmega Business Institute) within the scope of a “Partnership for Impact” in which the Foundation is a social investor.

- **Culture:**

The valuation of culture and the promotion of access to cultural assets constitute an important objective to the Foundation, which seeks to support institutions and initiatives that bring citizens and culture closer through the disclosure and support of young artists' work and the launching of projects of its own that enrich the national cultural scene, in a framework transversal to the remaining strategic objectives of the Foundation, in which social development, education, training and culture prove to be interconnected and mutually dependent.

In the field of culture, emphasis is once more placed on the support to the realisation of the project "Expanding Culture", an initiative of the City Hall of Porto, as well as on the financial and logistics support to the realisation in Porto of the "12th edition of the International Competition of Saint Cecilia", a piano competition that continues to attract to Porto dozens of young pianists from various countries.

At the invitation of NCU - National Commission for UNESCO and sponsored by the Foundation, the initiative "Manuel António da Mota Foundation Award for UNESCO Clubs", to be attributed on an annual basis to UNESCO Clubs belonging to the Portuguese Network, took place for the first time, being aimed at the public recognition and valuation of the role performed by the UNESCO Centres and CLUBS of disclosure and promotion of the organisation, its ideals, and its areas of action.

- **Openness to the community:**

The Foundation continued to pursue a policy of use of its facilities characterised by the spirit of service and openness to the community. Apart from the activity it carries out in the fulfilment of its strategic objectives, the Foundation regularly hosts in its facilities the organisations of the civil society and of the third sector which, due to insufficient material or financial resources, express the wish to hold therein their meetings, working sessions, training actions or other activities, which they can do it freely, with full privacy and comfort and free of charge.

The spaces of the Foundation, particularly its exhibition room, were once more the venue of various cultural initiatives, albeit in a number below what had been initially expected, due to the containment measures of the sanitary crisis.

The Foundation hosted the "34th Collective Exhibition of Members of Árvore", in a collaboration with this cooperative society of Porto artists, presenting a vast number of works of art created by the artists members of Árvore, a reedition of an event that had already been organised in previous years.

Likewise, it hosted at the end of 2020 the 16th edition of "CRIDEM - Concurso Nacional de Obras de Expressão Plástica de Pessoas com Deficiência Intelectual (National Competition of Works of Artistic Expression from Mentally Disabled Persons), an event promoted by APPACDM of Porto, with the support of the Manuel António da Mota Foundation, Montepio Foundation and of the Special Sponsorship of the President of the Republic. The present edition was attended by 60 institutions from all over the country, with 125 works of art being presented to the various categories of the competition (Painting, Drawing, Sculpture, Textiles and Other Artistic Expressions), in a unique and highly relevant biannual event in the national artistic scene, produced for disabled people.

The auditorium of the Foundation, a regular venue for the realisation of various events offered by the Foundation, as is the case of its Annual Music Cycle or the rehearsals of its Senior Chorus, and by institutions that carry out their actions there free of charge, saw its attendance heavily constrained, which led to a very significant reduction of its activity there.

- **Institutional representation:**

Apart from the regular presence in various events in which the Foundation attended as participant or speaker, in a more reduced number in 2020 since most of them took place by telematic means, it is also worth highlighting the ongoing membership in various associative entities, such as the Centro Português de Fundações (Portuguese Centre of Foundations), GRACE – Empresas Responsáveis (Responsible Companies) and EPIS – Empresários pela Inclusão Social (Entrepreneurs for Social Inclusion), including the Board of the latter and, from the three-year period 2021/2023, the Chair of the General Meeting of the second one.

Adding to that, the Foundation is also a member of the Consultative Council of the National Commission for UNESCO and of the Municipal Council of Culture of the City Hall of Porto.

ii. Subcontracting and suppliers

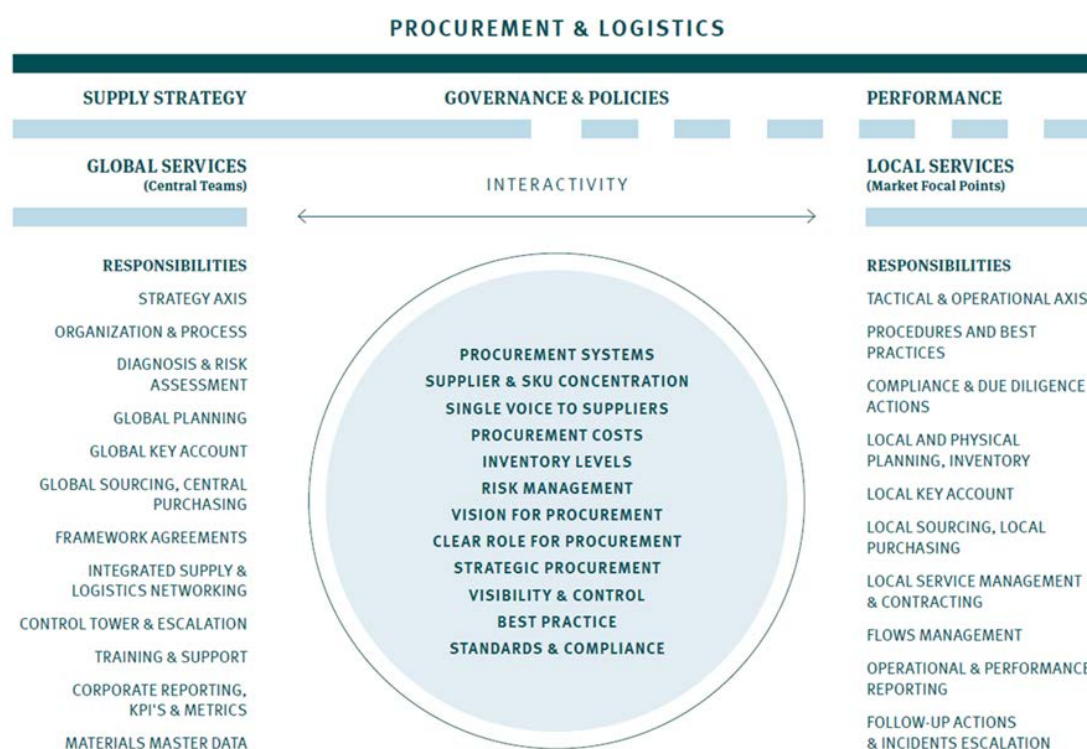
MOTA-ENGIL makes a clear commitment to its partners and suppliers regarding, on the one hand, the search for new partnerships and ensured standards of excellence in terms of innovation and differentiation, and on the other hand, the promotion of long-term relations already established and guided by values of trust and integrity.

The GROUP only maintains business relations with companies and individuals that are aware of its Code of Ethics and Business Conduct and that share its compliance and integrity standards. The Code is applicable to contractors, subcontractors, suppliers, and providers of services, among other groups of stakeholders.

The MOTA-ENGIL GROUP seeks to reinforce its supply chain processes through the performance in its activity, quality of the product and streamlining of means of transport and encourages its suppliers to adopt sustainable business practices.

MOTA-ENGIL presents three cross-cutting paragraphs of supply, specifically in the European continent, in South Africa and in China, thus guaranteeing a structural base in terms of supply chain, rooted by sources of supply transversal to the various markets, and ensuring a streamlined process regardless of the final destination of the goods or services. Additionally, each of the markets has self-supplying autonomy, mostly through local suppliers.

The Procurement and Logistics area is currently governed by a governance model rooted on a structure of global services, with the bundled corporate functions under control of an Autonomous Unit, ensuring transversely of processes, synergy with local services and greater efficiency and profitability of markets/businesses. Its goal is to ensure a global strategy, the standardisation of policies and processes at the local structures and the monitoring of the area's performance in the various markets/businesses of the GROUP.



The GROUP strengthened the integration of the Procurement, Compliance, and Internal Audit corporate areas, in order to review some of the fundamental principles of the Procurement process and monitor indicators that mitigate risk situations and allow for the implementation of preventive and corrective measures.

Within this scope, the supplier's management model was reviewed in 2020, reinforcing the requirements and procedures of qualification and performance assessment, the metrics and main KPI / reporting model.

Apart from permitting a better control of costs and reaching excellency in services rendered, the new procedure is also aimed at mitigating risks, maintaining the underlying criteria and principles that mediate the application of the MOTA-ENGIL GROUP'S Integrity and Compliance Policy with the Code of Ethics and Corporate Conduct and with the Integrated Management System (Quality, Safety and Environment). It is worth mentioning the integration of the Integrity assessment tools, such as the Securimate and KYS – Know your Supplier. Since this is a new procedure that has just been implemented, only in 2022 will it be possible to carry out a consistent analysis of the evolution of the performance indicators, 2021 being the baseline and reference year.

It is also worth highlighting that the Contracts for the Supply of Materials and Subcontracts in Africa were streamlined in 2020, namely with regard to duties and guarantees in terms of anti-corruption and bribery, prevention against money laundering and terrorism finance, as well as due diligence procedures and the protection of personal data legal scheme. This action is being extended to other regions/companies of the GROUP.

The revision and update of the general/specific terms of supply are underway, with the addition of social requirements, environmental requirements, and requirements of promotion of the life cycle of products, in order to encourage better solutions at the development/purchase of products stage that cause a lesser impact to the Environment and promote workers' safety.

iii. Customers

The MOTA-ENGIL GROUP has a communication strategy aligned with its positioning in the global market, following the best and most current practices.

Such strategy is developed throughout the various platforms and professional, sectorial, and social networks, through which communication channels are made available so as to bring together the GROUP and the various stakeholders, be they partners, investors, customers or even the ordinary citizen.

Through the official channels disclosed on the GROUP'S website, be they the email address (geral@mota-engil.pt) or the webpages of the various social and professional networks, interactions with a high degree of diversity are carried out. Any situation that constitutes a complaint is forwarded to the email address etica@mota-engil.pt.

The etica@mota-engil.pt mail address is the Reporting of Irregularities channel and represents the exclusive and confidential means, made available by MOTA-ENGIL, for a safe and secret reporting of irregularities or practices observed that are not in compliance with the upright, ethical and transparent conduct that is embodied by our Code of Ethics and Business Conduct and supported by our internal standards and legislation in force in the countries in which we are present.

The reception and forwarding of complaints over concerns or infractions is the responsibility of Internal Audit. In situations in which the local legislation determines the existence of reporting channels with local domains, the automatic and simultaneous forwarding of communications to the Ethics channel of the GROUP is ensured whenever legally possible. Some infractions, due to their nature, may and/or will be forwarded to other functional areas, namely Human Resources and Legal Matters.

The procedure that provides for the existence and use of the channel referred to above is available on MOTA-ENGIL'S website.

Regarding the complains received in 2020

Complaints from 2020	
Full number of complaints received	79
Number of complaints under analysis	31
Number of complaints considered to be legitimate	15

The GROUP companies regularly conduct satisfaction surveys to the customers whose quality management systems are certified, but whose information is not centrally processed by the corporate structure.

On a central level, it is therefore worth mentioning the enquiry to customers carried out by SHEQ to Africa geographical region, which showed that 85% of the customers are fairly happy with MOTA-ENGIL, with a growing demand regarding: (1) fulfilment of time limits; (2) existence of human resources for execution of works; and (3) a commitment to ensure the contractual requirements.

iv. Stakeholders

The MOTA-ENGIL GROUP considers that it is essential to focus its attention in the multiple stakeholders with which it relates. Due to the dimension and diversified nature of its activities in the various locations and reference economic, social, and cultural contexts, the framework of relationships of the MOTA-ENGIL GROUP is being significantly expanded, regularly taking on new characteristics.

The processes of identification and approach of the main stakeholders depend, to a great extent, on the dynamics and on the specific characteristics of each region where the Group operates.

As for the MOTA-ENGIL GROUP itself, due to its international and diversified nature and in the light of the aims of its strategic development, the consolidation and the ongoing search for new business opportunities places particular emphasis on its customers (both national and international, institutional, or private sector), its business partners and the whole of its personnel.

Similarly, the shareholders of the GROUP, investors, financial entities and of the entities of the insurance sector, the media and non-governmental organisations, as well as the regulatory entities assume a vital importance.

Due to their relevance, the universities and the local communities should also be mentioned, for the impact of the sector of construction on the social and environmental fields, as well as the wide range of suppliers of products and services, which is a special feature of this activity characterised by its extensive chain of supply.

The MOTA-ENGIL GROUP, due to the strategic importance that the organisations of an industrial and commercial nature represent as factors of cooperation and of close relationship with the business community, is a part, through its various companies, of sectoral associations, corporate associations, chambers of commerce and other bodies. The GROUP is thus represented in the sectors where it is present and in the chambers of commerce of the geographic markets where it operates.

The forms of involvement with the stakeholders vary according to the group of stakeholders and include: information actions through the communication channels established; the conduction of satisfaction surveys and the existence of channels for complaint; the realisation of meetings; the conclusion of protocols; the participation in work groups; the associative activity, through contribution and the exercise of functions in their executive bodies; the promotion of training initiatives, forums for knowledge sharing, among others.

v. Tax information

MOTA-ENGIL has a Tax Risk Management Policy. This document formalises the tax risk management policy of the MOTA-ENGIL GROUP, establishing a set of principles and procedures that allow the GROUP to identify, assess and manage the tax risk inherent to the (current and non-current) operations. These principles and procedures apply to all companies held by the GROUP and are followed by the various levels of management - holding, regions and markets/countries - which, in line with the general principles of the GROUP's organisation, shall interact with one another in order to ensure the timely identification of the tax risks and their efficient management.

The document also lays down a series of situations that, due to their nature, complexity, or size, could generate material tax risks to the GROUP; moreover, the Corporate Tax Officer should be involved in the decision-taking process.

The GROUP is governed by the fulfilment of tax laws and obligations in the various markets in which it operates and monitors, on a central or local level, changes to tax laws and regulations in each of those locations in which it operates and that may affect its tax strategy.

MOTA-ENGIL tries to maintain a good relationship with the tax authorities of the countries in which it operates, so as to minimise the risk of dispute with said entities. In Portugal, MOTA-ENGIL is one of the companies that adhered to the Code of Good Tax Practice promoted by the Portuguese tax authorities, which establishes a set of principles and rules of conduct that must guide the relationship between the taxpayers and tax authorities.

Guiding principles

The GROUP is governed by the fulfilment of legislation and tax obligations in the various markets in which it operates. Any decision taken concerns the tax laws and regulations applicable.

The leading principle of the tax risk management rests in the prevention of unnecessary disputes with the various tax authorities: (i) ensuring that the decisions taken are based on robust and well substantiated technical positions; (ii) appropriately recording the facts behind the decisions taken; and (iii) implementing compliance procedures that guarantee that the result of such decisions is correctly reflected in the tax returns and calculations.

In a context in which the interpretation of the facts or the tax legislation is frequently associated with a degree of subjectivity (being therefore susceptible of generating disputes), avoiding any dispute with the tax authorities may be too burdensome and not be in line with the goal of maximising the value created to the GROUP. In this regard, the GROUP may, under given circumstances, decide to take the risk of disputes, provided that such disputes are likely to be resolved in its favour. These situations are assessed and managed according to the principles established in the Tax Risk Management Policy.

All decisions are based on the GROUP's business goals and, as such, any initiatives of tax optimisation are carried out in this context. This means that any transaction or operation carried out must be substantiated by commercial reasons and have a valid business purpose.

Assessment of the tax risk in the decision-taking process

Recognising that the needs and goals of the business constitute a priority to the GROUP, whenever there are alternative forms of reaching the same results to the business, the alternative which proves to be the most efficient from a fiscal perspective must be the one followed. This way, the heads of business involve the local, regional and/or corporative tax teams into the process of decision-planning and taking so that those teams may work in coordination with the business functions, supplying clear and timely information on the tax consequences of the options considered and (where applicable) recommending solutions that guarantee the alignment between the business goals and the efficiency from a tax perspective. The tax teams must be able to operate in an atmosphere of uncertainty and capacity to assume the controlled risk in line with the principles of risk management laid down in this document.

The priority of the business needs and goals may not, however, preclude the fulfilment of the law and tax obligations. In case of uncertainty regarding the interpretation of the tax legislation, a clear assessment of the expected tax consequences is made, and such consequences must mandatorily be considered in the decision-taking process.

Besides taking part in the decision-taking processes in which its intervention is requested by the heads of business or local or regional tax teams, the Corporate Tax Officer is consulted when there are operations/decisions that, due to their nature or complexity, are susceptible of causing material tax consequences to the GROUP.

Risk management in the fulfilment of tax obligations

- Tax compliance

Each GROUP company is responsible for complying with the various existing tax obligations in the markets in which it operates. These obligations include the ascertainment of the various taxes according to the applicable tax laws and regulations, the respective payment, the submission of the tax returns within the time limits established by law and other ancillary obligations of an administrative nature.

The ascertainment and payment of taxes and the submission of tax returns are always carried out based on the tax legislation in force as at the date of fulfilment of each obligation.

In line with the principles established, each company is also responsible for appropriately recording the technical positions and the facts at the basis of transactions and decisions taken with regard to tax returns. This responsibility encompasses the preparation of the documentation concerning transfer prices in those markets that require it. This documentation is prepared as soon as the transactions are carried out or the decisions are taken and kept in an archive during the period required by the local legislation for keeping tax records.

Technical positions that affect more than one jurisdiction are reconciled and agreed upon between the intervening parties and the Corporate Tax Officer before they are included in any tax return.

Considering that the tax legislation is constantly subject to changes, the participants of each company with tax responsibilities keep themselves up to date regarding the relevant developments in the country in which they operate.

- Inspection management and tax litigation

The heads of each company seek to maintain a good relationship with the respective local tax authorities in order to minimise the risk of dispute with such entities. The relationship is conducted professionally and cordially and is rooted on the timely provision of clear information.

The management of tax inspections and tax litigation lawsuits (such as administrative complaints or judicial lawsuits) is the responsibility of the local companies. The companies notify the Corporate Tax Officer whenever a new inspection is initiated, and that notification must include the identification of the company subject to inspection, the scope and the period covered by the inspection action.

The decisions to accept or to lodge an administrative or judicial appeal from corrections of tax payable as a result of any inspection action are based on a cost-benefit analysis, considering the following aspects:

- Merit of the technical arguments supporting each matter subject to correction.
- Quality of the documentation drawn up to support the facts behind the decisions taken.
- Existing alternatives of dispute resolution and, for each alternative, an estimate of the likelihood of success, expected time of resolution and expected costs (for example, costs with guarantees, consultants and lawyers, court fees).
- Risks associated with the dispute process, particularly reputational risks, and risks of relationship with the tax authorities.

When these decisions address situations identified as being susceptible of having material tax consequences to the GROUP, the Corporate Tax Officer is involved in the decision-taking process.

- Reporting of tax information

The accounts and financial returns reported by each company encompass all movements and balances concerning taxes, ascertained based on information updated as at the date of its preparation. This is crucial so as to enable the GROUP to report consolidated financial information that is thorough and complete.

Apart from the financial reporting, each company also reports to the Corporate Tax Officer potential tax contingencies observed in the respective reporting period. This process is inserted into the processes for Monitoring of Transversal Risks and Great Projects implemented by the GROUP.

- Sharing of good practice and tax information

The local companies and regional and corporate taxation companies share knowledge, experience and good practices in all matters that might contribute to improve the identification, assessment, and management of tax risks.

This sharing allows for increasing the efficiency and quality of the definition of technical positions regarding the processing of certain income or expenses, the identification of relevant matters in the context of tax inspection actions and the management of such inspections.

Any change to the tax laws or regulations in each country that might have a material impact to the operation of the local companies is communicated by the heads of the respective companies to the Corporate Tax Officer so that the latter takes part in the assessment of the impact and the determination of potential actions that might have to be carried out as a response to the changes identified.

III. Workers, gender equality and non-discrimination

1. Description of the Company's strategic goals and main initiatives to be carried out towards the respective achievement.

2. Description of the main performance indicators defined.

3. Indication, compared to the previous year, of the degree of achievement of those goals, at least by reference to:

i. Employment: total number and distribution of workers by gender, age, country and professional qualifications, as well as total number and distribution of the types of contractual tie (for example, contract of employment, providers of services, temporary work, etc.) by gender and age, average duration of contracts, percentage of the workforce receiving the national minimum wage regardless of the contractual tie, remuneration for similar or average positions in the company by gender, average remuneration of directors and managers, including variable remuneration, grants, compensations, payment with long-term savings and any other payment broken down by gender, workers with disability (including indication of the manner in which the Company is complying with, or preparing to comply with, Statute no. 4/2019 of 10 January, concerning employment quotas for people with disability).

ii. Work organisation: Organisation of work time, including measures aimed at facilitating family life and switch-off from work.

iii. Health and safety: conditions of health and safety at work and number of accidents at work.

iv. Social relations: organisation of social dialogue, including the procedures of information and negotiation with staff, namely the number of interactions maintained with unions and/or works councils, if any; new agreements agreed upon or revision of the agreements in force; number of lawsuits in court and complaints to the Authority for Work Conditions; percentage of workers encompassed by collective agreements by country; assessment of the collective agreements, particularly in the field of health and safety at work.

v. Training: the policies applied within the scope of training and the type of training (for example, if the Company provides training to its workers on matters related to the assessment of the company's performance in "non-financial" matters (such as protection of privacy/GDRP, fight against money laundering/AML, Human Rights in the chain of value, etc.)); the ratio between training hours and the number of workers.

vi. Equality: measures/policies adopted to promote equal gender treatment and opportunities; equality plans; number of dismissals by gender; protocols against sexual harassment and harassment based on gender; policies for integration and universal accessibility of people with disability; policies against all types of discrimination and, where applicable, diversity management.

MOTA-ENGIL is convinced of the need to protect and manage, as best as possible, its human capital and of the importance of attracting and retaining qualified and motivated people, in a context of thoroughness and commitment that stimulates excellence and merit, career development, the permanent will to learn and improve; this will allow the universe of GROUP companies to become dynamic and progressive work communicates, able to seamlessly, but with attitude and enthusiasm, face the challenges of the future.

The People Management Policy is therefore an essential pillar in the support to the international development, diversification, and expansion of the MOTA-ENGIL GROUP. In line with the strategic plan, the People Management Policy is structured around four main objectives:

Culture of merit - Ambition is an intrinsic value of the DNA of MOTA-ENGIL and, in this regard, a philosophy based on the management and acknowledgement of merit is promoted, encouraging its People to search for new challenges, to grow and to overcome barriers.

Reinforcement of culture and organisational model - Under the motto "*one single Group, one single Project, one only strategy*", MOTA-ENGIL invests in the implementation of a uniform organisational model that is transversal to the GROUP, and that facilitates communication, promotes the efficiency of the processes, and encourages mobility between markets and regions.

Development and transversality of skills - "*We are what we do*" - MOTA-ENGIL believes that the main distinctive factor lies in the People, in the accumulated experience and know-how, in the diversity and in the intelligence distributed within the GROUP and, in this regard, it promotes the preparation, empowerment and development of the skills of its workers in order to guarantee the transversality of the knowledge within MOTA-ENGIL.

Global staff mobility - The challenges of the diversification and internationalisation of the GROUP have increasingly required the capacity to transform mobility into a unique factor for the presence of the Company with the Customers, Partners and Communities and a factor of cohesion, exchange, and growth of its People.

The people being the fundamental asset of MOTA-ENGIL, the promotion of an organisational culture, centred on health, safety and well-being becomes essential. The GROUP invests in the improvement of work conditions, the prevention and minimisation of risks and in ensuring the physical and psychological integrity of its workers.

This is the strength of MOTA-ENGIL: It is for the People and with the People that the GROUP will continue assuming its position in the World.

MOTA-ENGIL therefore focuses on a management of people that is able to attract, develop and retain human capital and on the safety and health of people, as epicentres of its priorities, ensuring a uniform vision transversal to all realities and businesses of the GROUP. Within this scope, the GROUP established the following strategic goals:

Human capital management

- To reflect the human side and the respect for the people in the strategy and policies of People management.
- To promote employment and career development, encouraging the acquisition of skills through continuous training and lifelong learning.
- To create motivating and rewarding working conditions, through remuneration and incentive policies that favour excellence and the merit.
- To guarantee the highest standards of health and security at work.
- To adopt non-discriminatory practices of recruitment and selection that promote the equality of opportunities.
- To develop a work environment recognised by the promotion of the respect for diversity, personal and professional development and reflecting the balance between personal and professional life.
- To actively support the transition from school to active life, promoting the qualifying training.
- To stimulate active ageing, with a view to promote the balance between generations of the People within the framework of a responsible and socially sustainable People Management Policy.

Health and safety of people

- Implementation and collection of evidence of the behaviour safety system (with a target of 80% of records).
- Leadership by example in which at least 50% of the records/evidence will remain the responsibility of the operating managers of the company establishments.
- All markets with implementation of the programme for the training/reinforcement of skills within the scope of safety and health at work.
- Implementation of the "Health Programme".

A summary of the main programmes and courses of action of MOTA-ENGIL, as well as the selection of the main indicators is presented as follows within this scope - the information concerns the performance of 2020 and its definition and ascertainment took into consideration the GRI Standards (see explanatory notes in paragraph A of the present document). The indicators were selected so as to reflect the main consequences associated with the material topics of MOTA-ENGIL and the recommendations of the Portuguese Securities Market Commission, as well as to enable the follow-up of the objectives defined.

The access to more detailed information on the GROUP's performance, forms of management and actions carried out is referred to the 2020 Sustainability Report of MOTA-ENGIL.

i. Employment

In 2020, MOTA-ENGIL was distinguished by Universum with the inclusion in the Top 100 of the Annual Ranking of Portuguese companies most attractive to work for in the study "Most Attractive Employers", an annual study rewarding the most attractive companies in Portugal, according to the perception of young talent. MOTA-ENGIL ranked 14th as the best company in the field of Engineering and was the 6th company of Portuguese origin among those distinguished.

MOTA-ENGIL promotes a philosophy based on the management and acknowledgement of merit, encouraging its People to search for new challenges, to grow and to overcome barriers.

This is a critical challenge for the GROUP, which requires it to be increasingly able to attract the best people, to identify and manage their potential, creating opportunities so that they can grow, be committed and motivated to contribute to the sustainable growth of the GROUP.

The most relevant policies and commitments in this context are highlighted as follows: The Career Model; the Training and Learning Model; Performance Assessment; Variable Remuneration and the System of Production Incentives. The main goals and courses of action established for each of those policies are as follows:

Career Model:

Goals:

- To enhance the technical careers at the GROUP, defining a Y-shaped model in which there is room, on the one hand, for the evolution to technical functions of greater complexity/responsibility and, on the other hand, for management/executive functions.
- To streamline mobility and progression, establishing a model transversal to the different realities of the GROUP, through which all workers are positioned at a career level with common principles of progression and enhancement.
- To clarify the paths and levels of career development, being clear on the career structure and enabling the understanding of the horizon of development at the GROUP.

Encompasses: The Career Model is applicable to all companies predominantly controlled by the MOTA-ENGIL GROUP and to the respective workers with a contractual tie.

Evolution and progression criteria: the evolution throughout the GROUP's Career Model will result from the combination of the following criteria:

- Seniority: level of experience of the Worker at one or more areas of knowledge, reflected in know-how and autonomy in the performance of a function of an operational, technical and/or management nature.
- Mobility: performance of functions in a context of mobility that may be reflected (1) between different functional areas, (2) different geographies and (3) different businesses.
- Merit: level of assessment of performance obtained in relation to the performance shown in previous years in the exercise of their previous/current functions.
- Potential: level of assessment projected to the performance of other functions (1) of a different nature, (2) of greater complexity, and/or (3) of greater responsibility at the GROUP.

In 2020, based on the Career Model described, the Corporate Human Resources mapped all functions of the Technical and Management Department, which were subsequently subject to approval by the Executive Committee of the GROUP. The mapping for the remaining Workers was carried out in coordination with all Markets/Companies and Businesses and validated by the respective Administration.

The same procedure was followed for the attribution of MEG (Mota-Engil Grade), which will be an excellent starting paragraph for the revision and updating of the Human Resources Policies indexed to the Career Model structure.

It is worth mentioning that the functional categories that we exhibit in the various indicators, throughout the present document, refer to the consolidated classification as at 31 December 2020, at the time of their implementation at the GROUP, wherefore there might be adjustments, in 2021, as a result of the internal maturation of the respective period.

Performance Assessment:

Goal: the main goal of Performance Assessment is the development and personal and professional guidance of People, so as to ensure recognition and meritocracy and the promotion of the sustainable growth of the GROUP.

Encompasses: all workers of the GROUP (includes all geographies/businesses of the GROUP).

Methodology: the performance focuses on measurable results and on desirable behaviours and conduct:

- Qualitative Assessment: skills with a weighting of 50%.
- Qualitative Assessment: goals with a weighting of 50% (alignment of the business goals with individual performance).
- Process with various participants: Management; Peers, Customers and Partner; Self-Assessment.

Operationalisation: process of annual assessment composed of various stages so as to guarantee the ongoing monitoring of the performance of our people.

Stages: definition and confirmation of targets; ongoing assessment; self-assessment; assessment of the previous year; standardisation and communication of assessment.

System of Production Incentives:

Goal: a significant part of our success as a construction GROUP is directly connected to the efficiency of our operations, in other words, the good execution of the construction contracts, which is supported by three basic pillars:

1. The safety of people and goods.
2. The thorough compliance with the contracts, namely the delivery times.
3. The profitability and fulfilment of the budget margins.

With a view to recognise and encourage the development of these three pillars, the GROUP defined a System of Production Incentives (SPI), the application of which is explained as follows:

Encompasses: this system encompasses all works of Engineering and Constructions, in any geography of the GROUP, that have a contract duration of more than 6 months.

Methodology/operationalisation: the budget will be attributed through the combination of 4 factors:

- Safety: 0 fatal accidents (including as regards subcontractors).
- Duration: fulfilment of the duration agreed upon with the developer.
- Improvement of margin: difference between the final real margin and the margin estimated in the commercial proposal.
- % Profit sharing: percentage established for sharing of a portion of the gains resulting from the execution of the contract.

The identification of the recipients of the incentive system must be based on the following cumulative criteria:

- Impact to the construction work if they had a relevant contribution to its execution.
- Proficiency, degree of performance shown throughout the work.
- Allocation, degree of allocation during the life cycle of the work.

Variable Remuneration:

Goal: to promote and reinforce a culture of performance based on merit and recognition of performance.

Encompasses: all workers of the GROUP (includes all geographies/businesses of the GROUP).

Methodology/operationalisation: the following set of directives encouraging meritocracy was defined:

1. Definition of variable remuneration ceiling: definition of the ceiling by company that will be calculated on an annual basis considering the following rational principles: 1) Encouraging generation of results; 2) Valuing the fulfilment of the GROUP's annual budget; 3) Valuing who exceeds the GROUP's annual budget.

The application of the aforementioned criteria will be broken down according to a GROUP vision and market/business/company vision, to encourage a philosophy of global sharing and simultaneously reward individual performances from each market/business/company:

- Profit and Loss of the GROUP: The Net Profit and Loss of the GROUP will be taken as reference and distributed in proportion to the total global wages of each company.
 - Profit and Loss of Market/Business/Company: The Net Profit and Loss of the market/business/company will be taken as reference.
2. Distribution of the ceiling among the people: The distribution among the People will take into consideration the assessment of performance and the differentiation principles proclaimed.
 3. Recognition of merit: The amount to be distributed shall be a % of the reference annual wages, which will assume by default the references conditional upon the ceiling established for each company.

MOTA-ENGIL invests in the attraction and development of young people with high potential, through a set of talent programmes aimed at identifying and attracting future professionals for its markets, by providing a first challenging contact with the labour market.

Learn@ME:

Directed at young students, it promotes labour market proximity, and fosters early identification of young people with high potential. To this end, it covers the following vectors:

- Collaborating in academic and research projects, fostering know-how and experience sharing.
- Hosting groups of students wanting to get to know the MOTA-ENGIL GROUP.
- Attracting graduate and post-graduate students interested in a curricular or summer internship, at the GROUP.

Start@ME:

It aims at attracting and integrating talented young people, starting off their careers, for a professional internship with the Group, for a period of one year.

This program intends to boost individual development and offer a wide range of experiences and learning processes, through contact with different businesses, the knowledge of innovative methodologies and solutions, a broad networking system, as well as the development of critical competences in the international context.

Some of the main indicators concerning employment that characterise MOTA-ENGIL's workforce in 2020 are presented as follows (Standards: GRI 102: General Contents (2016); GRI 202: Market Presence (2016); 401: Employment 2016; GRI 405: Diversity and Equal Opportunities (2016)).

Information on workers and other collaborators (GRI 102-8)

Total number of workers per duration of contract and per gender		
Open-Ended Contract	Men	12,989
	Women	2,533
	Subtotal	15,522
Fixed-Term Contract	Men	17,644
	Women	2,165
	Subtotal	19,809
Total Workers		35,331

Note 1: No temporary workers and interns were included.

Note 2: The data reports to the number of existing workers as at 31/12/2020.

Total number of workers per duration of contract and per region		
Open-Ended Contract	Europe	5,459
	Africa	3,383
	Latin America	6,003
	Holding	280
	Capital	397
	Subtotal	15,522
Fixed-Term Contract	Europe	3,092
	Africa	12,172
	Latin America	4,158
	Holding	43
	Capital	344
	Subtotal	19,809
Total Workers		35,331

Note 1: No temporary workers and interns were included.

Note 2: The data reports to the number of existing workers as at 31/12/2020.

Total number of workers per type of contract and per gender		
<i>Full-time</i>	Men	30,633
	Women	4,698
	Total	35,331

Note 1: Part time workers were not included

Note 2: The data reports to the number of existing workers as at 31/12/2020.

With regard to payment of wages, MOTA-ENGIL guarantees at least the fulfilment of the national minimum wages of each of the geographies in which it operates. The GROUP exhibits a global percentage of 4.1% of workers receiving minimum wages.

Ratios between entry wages and local minimum wages (Adapted from GRI 202-1)

Percentage of workers receiving minimum wages (%)		
Europe	Men	3.2%
	Women	2.7%
	Total	3.1%
Africa	Men	2.6%
	Women	6.7%
	Total	3.0%
Latin America	Men	4.9%
	Women	19.9%
	Total	7.0%
Holding	Men	0.7%
	Women	0.0%
	Total	0.3%
Capital	Men	0.1%
	Women	0.0%
	Total	0.1%
MOTA-ENGIL GROUP	Men	3.3%
	Women	9.2%
	Total	4.1%

Note: The data reports to the number of existing workers as at 31/12/2020.

The rotation analysis permits to give a context to the existence of fluctuations regarding contracts linked to the duration of projects, which explains percentages above 100% (as per the table below)

Hiring of new workers and rotation of workers (401-1)

Percentage of workers per functional category and age		Entries			Exits		
		< 30	30 to 50	> 50	< 30	30 to 50	> 50
Europe	Men	75%	27%	18%	40%	18%	20%
	Women	64%	23%	15%	32%	18%	12%
	Total	73%	26%	18%	38%	18%	20%
Africa	Men	51%	34%	21%	67%	54%	50%
	Women	51%	38%	14%	69%	68%	54%
	Total	51%	35%	20%	68%	56%	50%
Latin America	Men	86%	35%	37%	110%	118%	124%
	Women	47%	28%	55%	77%	55%	30%
	Total	80%	34%	38%	104%	110%	118%
Holding	Men	22%	4%	0%	33%	10%	4%
	Women	27%	6%	2%	42%	10%	15%
	Total	25%	5%	1%	38%	10%	9%
Capital	Men	48%	23%	21%	32%	18%	24%
	Women	29%	10%	0%	43%	14%	9%
	Total	46%	21%	20%	33%	17%	23%
Total Entries and Exits (per Age Group)		57%	32%	20%	67%	53%	39%
Total Entries and Exits (per Gender)	Men	35%			54%		
	Women	33%			47%		
Europe		28%			21%		

Percentage of workers per functional category and age		Entries			Exits		
		< 30	30 to 50	> 50	< 30	30 to 50	> 50
Total Entries and Exits (per Location)	Africa	37%			58%		
	Latin America	43%			110%		
	Holding	8%			15%		
	Capital	23%			20%		
Rate of Entries and Exits		35%			53%		

Note 1: Data collected from the GROUP's Central Information System, not reflecting the consolidated information of all markets/businesses (the integration of which is under development)

Note 2: The denominator of the indicator considered the number of existing workers as at 31/12/2020.

Diversity at the governing bodies and workers (GRI 405-1)

(See also section vi. Gender equality)

Percentage of workers per functional category and age		Age		
		< 30	30 to 50	> 50
Europe	Technical and Management Department	1%	47%	52%
	Specialisation and Coordination	1%	73%	26%
	Supervision and Techniques	11%	52%	37%
	Operating and Support	15%	64%	22%
Africa	Technical and Management Department	0%	51%	49%
	Specialisation and Coordination	1%	63%	36%
	Supervision and Techniques	22%	69%	9%
	Operating and Support	17%	57%	26%
Latin America	Technical and Management Department	0%	58%	42%
	Specialisation and Coordination	1%	71%	27%
	Supervision and Techniques	18%	64%	18%
	Operating and Support	12%	76%	12%
Holding	Technical and Management Department	0%	45%	55%
	Specialisation and Coordination	3%	82%	15%
	Supervision and Techniques	29%	38%	33%
	Operating and Support	24%	57%	19%
Capital	Technical and Management Department	0%	27%	73%
	Specialisation and Coordination	0%	76%	24%
	Supervision and Techniques	9%	64%	27%
	Operating and Support	16%	75%	8%
MOTA-ENGIL GROUP	Technical and Management Department	1%	53%	47%
	Specialisation and Coordination	1%	71%	28%
	Supervision and Techniques	15%	65%	21%
	Operating and Support	18%	63%	19%

Note: The data reports to the number of existing workers as at 31/12/2020.

Percentage of workers per functional category and length of service		Length of service			
		< 3 Years	3 to 10	11 to 20	≥ 20 Years
Europe	Technical and Management Department	18%	20%	28%	34%
	Specialisation and Coordination	14%	19%	41%	25%
	Supervision and Techniques	42%	25%	24%	10%
	Operating and Support	32%	25%	26%	18%
Africa	Technical and Management Department	15%	25%	25%	36%
	Specialisation and Coordination	35%	32%	14%	19%
	Supervision and Techniques	67%	26%	5%	1%
	Operating and Support	50%	28%	10%	12%
Latin America	Technical and Management Department	25%	38%	23%	15%
	Specialisation and Coordination	39%	47%	9%	5%
	Supervision and Techniques	88%	12%	0%	0%
	Operating and Support	56%	42%	1%	1%
Holding	Technical and Management Department	19%	19%	29%	33%
	Specialisation and Coordination	7%	39%	39%	15%
	Supervision and Techniques	32%	16%	26%	26%
	Operating and Support	28%	26%	21%	24%
Capital	Technical and Management Department	0%	27%	36%	36%
	Specialisation and Coordination	7%	40%	43%	10%
	Supervision and Techniques	61%	29%	8%	2%
	Operating and Support	45%	35%	20%	0%
MOTA-ENGIL GROUP	Technical and Management Department	14%	26%	29%	31%
	Specialisation and Coordination	22%	30%	29%	19%
	Supervision and Techniques	43%	32%	14%	11%
	Operating and Support	66%	22%	8%	3%

Note: The data reports to the number of existing workers as at 31/12/2020.

Percentage of workers per functional category and qualifications		Qualifications		
		Primary	Secondary	Further Education
Europe	Technical and Management Department	0%	0%	100%
	Specialisation and Coordination	4%	8%	88%
	Supervision and Techniques	15%	22%	62%
	Operating and Support	73%	25%	3%
Africa	Technical and Management Department	0%	0%	100%
	Specialisation and Coordination	11%	13%	76%
	Supervision and Techniques	31%	33%	36%
	Operating and Support	76%	20%	4%
Latin America	Technical and Management Department	0%	0%	100%
	Specialisation and Coordination	3%	11%	85%
	Supervision and Techniques	5%	33%	63%

Percentage of workers per functional category and qualifications		Qualifications		
		Primary	Secondary	Further Education
	Operating and Support	51%	44%	5%
Holding	Technical and Management Department	0%	0%	100%
	Specialisation and Coordination	0%	15%	85%
	Supervision and Techniques	5%	20%	75%
	Operating and Support	32%	41%	27%
Capital	Technical and Management Department	0%	0%	100%
	Specialisation and Coordination	0%	2%	98%
	Supervision and Techniques	4%	16%	80%
	Operating and Support	48%	49%	3%
Mota-Engil Group	Technical and Management Department	0%	0%	100%
	Specialisation and Coordination	5%	10%	84%
	Supervision and Techniques	17%	28%	54%
	Operating and Support	67%	29%	4%

Note: The data reports to the number of existing workers as at 31/12/2020.

ii. Work organisation

The reconciliation between professional and personal life, a need resulting from the social and corporate transformations occurred over the past few years, aggravated in 2020 due to the Covid-19 pandemic, strengthening the social responsibility of companies in this regard.

The stimulation of the reconciliation between the personal and family life of its workers constitutes a measure that contributes to a better productivity and increases the personal and social well-being of the workers. It should be highlighted that MOTA-ENGIL increasingly assumes a role of promoting the conciliation of work, personal and family life, integrating policies and practices related to this matter in its management.

The GROUP, through the Manuel António da Mota Foundation, provides direct grants to workers and relatives through: supports and financial consultancy services to the most disadvantaged workers and families, fostering of health and well-being services (such as the promotion of sports and cultural activities through companies and the Manuel António da Mota Foundation), and protocols with renowned entities for services of a diverse nature in the areas of education, health and leisure with benefits extending to the family household.

In parallel, the MOTA-ENGIL Benefits Club gives access to a broad network of privileged partners, permitting the workers to easily access preferential conditions in banking and insurance, fuel, hotels, fitness centres, healthcare, pharmacies, shows, stores, telecommunications, energy, among other services and products.

In 2020, and against the background of the fight against the pandemic and limitation of possible infections, it is worth mentioning that teleworking was an important measure taken by the GROUP for all functions in which such decision proved to be feasible and duly supported by technologic means, thus guaranteeing feasible and sustainable Home Office solutions.

Still in the context of the response to Covid-19, the Campaign “Ajuda-ME” (Help ME) of support to workers’ families is also worth of note. The Manuel António da Mota Foundation and MOTA-ENGIL placed the “Ajuda-ME” platform at the disposal of all workers of the GROUP. The system allows the family members of workers in international mobility or working in Portugal to request assistance and other workers to volunteer to provide said assistance (for example, support to the elderly, purchase of groceries, pharmacy, cooking, transportation of people).

In line with the other programmes aimed at workers of the MOTA-ENGIL GROUP, in 2020 the Foundation entered into a protocol of collaboration with DECO - Associação Portuguesa para a Defesa do Consumidor (Portuguese Association for Protection of the Consumers) whose purpose is to provide, free of charge, assistance to workers who are in a situation of over-indebtedness or in risk of financial imbalance, as well as to provide information and financial guidance in order to prevent such situations. In order to alleviate the effects of the pandemic, this support is particularly relevant as regards access to the debt moratoria of the financial institutions applicable to mortgage credit, consumer credit and other operations of credit granted to natural persons.

iii. Health and safety

The safety and health of people in general and the GROUP's workers in particular are at the heart of the management priorities of MOTA-ENGIL. Its attention is drawn to an analysis of the risks with an impact not only to safety but also to health (health being regarded as physical and mental well-being), an analysis that is intended to be efficient, identifies the exposure of workers and determines efficient measures of prevention and protection in the various types of operations.

Showing growing concern with the highest standards of health and safety at work, MOTA-ENGIL seeks to preserve and improve the safety and health conditions of the workers, through the identification of dangers, their elimination or minimisation of residual risks. In this regard, it heavily invests in information, awareness-raising, and training of the workers, as a way to reduce unsafe practices, the occurrence of accidents at work and the development of occupational diseases.

The diversity of MOTA-ENGIL operations, their geographic dispersion and the high number of people involved have a direct impact to the safety and health not only of the workers of the GROUP, but also of the neighbouring communities.

In this context, the management of safety and health currently envisions an increasingly efficient action based on proactive safety and health and human behaviour.

The courses of actions currently defined and assumed in the integrated management system policy (as referred to in the framework to paragraph D of the present document) comprehend various programmes directed at:

- Health, whose purpose, apart from the "traditional" monitoring of medical aptitude for work, is to achieve really physical and mental well-being of the workers.
- Visible leadership by example.
- Standardisation of basic and non-negotiable rules defined according to the risks and characteristics of the various operations carried out - "Golden Rules".
- Standardisation of a level of competence and internal training.
- Autonomy, responsibility, and accountability.

It is also worth mentioning that the goal of "0 fatal accidents" was contemplated in the policy of production incentives (mentioned in the previous paragraph).

It is worth highlighting the historic milestone reached by the GROUP of 1,000 days and 4,500,000 hours of work without accidents in the mining project located in Moatize, Mozambique, which highlights that work under safe conditions constitutes a reality at MOTA-ENGIL.

The main indicators monitored by the GROUP in terms of safety and health at work (GRI Standard 403: Health and Safety at Work (2018) and own KPI concerning the average number of working days lost due to non-fatal accident at works) are presented as follows.

Accidents at works (GRI 403-9)

Region	Number of fatal accidents	Number of non-fatal accidents with leave
Europe	0	91
Africa	1	173
Latin America	0	25
Total	1	289

Region	Rate of deaths as a result of accidents at work	Rate of accidents at work with leave
Europe	0	18.14
Africa	0.03	5.22
Latin America	0	1.75
Total	0.02	5.51

Note: The calculation of rates used the working hours standardisation factor of 1.000.000.

Region	Number of days lost	Number of days lost / Number of non-lethal accidents
Europe	2,884	31.7
Africa	1,706	9.9
Latin America	370	14.8
Total	4,960	17.2

In terms of safety and health at work, it is also worth mentioning the response of MOTA-ENGIL to face the urgency and complexity of the pandemic situation felt in 2020, with a reinforced focus on the protection of workers' health.

This reinforcement was reflected in the implementation of initiatives aimed at the prevention and protection against Covid-19 (contemplated in Covid-19 Contingency Plan of MOTA-ENGIL), and also in initiatives that allowed for: (1) the systematised identification of the state of health of all workers (such as prevention of occupational diseases), (2) the (physical and mental) health monitoring of all workers; and (3) a greater efficiency in the process of evacuation of workers in case of emergency (health or physical).

The first decisions taken to face Covid-19 actually pre-empted the restrictions determined by the various local authorities and translated into the definition of contingency plans to be applied to all the locations in which the GROUP operated, be they at central office premises, construction sites, work fronts, industrial units, among others.

Overall, MOTA-ENGIL implemented teleworking for all functions in which it showed to be feasible (as referred to in the previous paragraph) and reinforced the measures of safety, health, and hygiene, including temperature monitoring and measuring and the conduction of Covid-19 diagnosis tests (PCR) to all workers travelling. The measures taken include, among others, the effort made concerning Covid-19 signalling for buildings and facilities, the organisation of systems for scheduling meals at specific times so as to ensure staggered timetabling at the cafeterias of MOTA-ENGIL, awareness-raising campaigns for disinfection and cleaning of workstations and recommendations concerning the sharing of MOTA-ENGIL vehicles.

Moreover, there was the reinforcement of the means of individual protection and the monitoring of the fulfilment of measures for all people, be they workers from GROUP companies, subcontractors, suppliers, customers, among others. In addition, as regards the expatriate workers, the GROUP hired, in order to ensure their safety, a global rescue company capable of providing assistance in terms of access to local health care and potential return trips to the respective country of origin.

iv. Social relations

MOTA-ENGIL is open and receptive to social dialogue and adopts equal opportunities and equal treatment in access to work, namely with regard to selection criteria, hiring conditions, professional training, vocational retraining and gathering of practical experience.

In the performance of their duties, all workers have the same rights. This being the basis of the bipartite relation, employer vs worker, the respect for this principle promotes trust in labour relations and strengthens the equality that others have fought for in society.

Throughout time, MOTA-ENGIL, heavily marked by its international presence, applies in the various communities in which it operates the full respect for the guarantee of its workers' rights, particularly ensuring the fundamental rights existing in the employment relation:

- Compliance with labour legislation and adoption of non-discriminatory practices.
- Attribution of just and adequate remuneration, to be punctually paid.
- Minimum time periods for prior notice regarding operating changes.
- Treatment based on respect and good manners.
- Promotion of equal opportunities in career advancement.
- Provision of ongoing training, so as to develop professional qualifications.
- Guarantee of a safe work environment.
- Guarantee of the right to hold positions within workers' representation structures.
- Guarantee of good working conditions from a physical and moral perspective.
- Contribution to the increase in the worker's productivity and employability.
- Prevention of occupational risks and diseases, taking into account the protection of the worker's safety and health.
- Guarantee of working conditions that foster the reconciliation of family and personal life and work.

With a heavy international presence and aligned with a labour market which is no longer limited by national borders, MOTA-ENGIL takes into account the conventions and recommendations of the International Labour Organisation (ILO), which cover all matters related to labour, namely in the defence of the workers' rights, and are evident in all relationships with local governments and employer organisations.

A good labour relationship is due in large part to open dialogues and exchange of fundamental opinions. Therefore, the right of information and to consultation that is granted to workers ensures them proper knowledge on the economic activity of the company, as well as on the evolution of employment and preventive measures.

It should be mentioned that there are various channels that allow for the consultation and participation on part of the workers, of which the meetings of the Safety and Health at Work committees, the toolbox talks and the surveys for consultation and direct participation of the workers are examples. Adding to those channels, there is also a corporate digital portal and there are training initiatives and clarification sessions that serve as a means for the provision of relevant information, for instance as regards Safety and Health at Work. In terms of compliance, MOTA-ENGIL has a whistleblowing policy in which it defines means for the collection of information on critical situations by the workers.

With regards to incidents of discriminations observed in the reporting period, there were three complaints, which are currently being assessed, according to the proceedings defined in the GROUP's Internal Policy.

In the GROUP's companies in Portugal, and regarding the number of court proceedings and complaints to the Authority for Work Conditions (ACT - Autoridade para as Condições do Trabalho), the following was observed in 2020:

- At EGF, 12 court proceedings and a complaint to ACT;
- At SUMA, seven court proceedings and three complaints to ACT.

At some GROUP companies, there were many other interactions with ACT, following which the necessary clarifications were provided.

It is worth mentioning that, regarding non-compliances with social and economic laws and regulations (GRI indicator 419-1) and for the reported period, no significant fines or non-monetary sanctions resulting from non-compliance with environmental laws and/or social and economic regulations were observed. This information assumes that the sole purpose of the questions raised is to focus on sanction procedures (of a mere administrative, administrative sanction or criminal nature), the result of which was definitive in 2020 and directly (sanctions, fines, etc.) or indirectly (for example, costs of cleaning operations) involving significant amounts, which are regarded as those of at least 50,000 Euros.

The GROUP companies safeguard the exercise of the associative rights, particularly the freedom of association and collective bargaining, which correspond to a mandatory constitutional and legal imperative. Since MOTA-ENGIL operates in various business areas and geographies, it maintains an openness to dialogue with the many trade union representatives, this way fostering good institutional relations with these legitimate representatives of the workers. It is worth mentioning the existence of different types of collective agreements applicable to the workers – collective labour contracts, collective labour agreements and employer/works council agreements - variable according to the GROUP's company and area of activity. 59% of workers of the MOTA-ENGIL GROUP are covered by collective bargaining agreements.

Collective bargaining agreements (GRI 102-41)

Percentage of workers covered by collective bargaining agreements	
Europe	73%
Africa	44%
Latin America	70%
Holding	16%
Capital	79%
Total	59%

Note: The data reports to the number of existing workers as at 31/12/2020.

It should also be highlighted that no situations involving operations and suppliers that placed the freedom of association and collective bargaining at risk were reported through the Ethics hotline of the GROUP (GRI Standard 407: Freedom of Association and Collective Bargaining 2016).

v. Training

Ensuring the follow-up of the human resources strategic goals and convinced that the creation of value is largely achieved through the enhancing of its human capital, MOTA-ENGIL invests, in an ongoing and cross-cutting fashion, in the development of its workers.

With this underlying purpose in mind, MOTA-ENGIL has developed a training and learning policy, with the structuring, implementation and operationalisation of a training model that envisages the following guiding principles:

1. Valuation of people and competitiveness of the company

To ensure the training of workers in areas which guarantee, on the one hand, their valuation and growth and, on the other hand, business competitiveness.

2. Training and sharing of knowledge on an internal level

To promote learning and dissemination of knowledge throughout the GROUP, resorting to internal teams and experts.

3. Updating and recycling of know-how

To boost evolution and productivity of people, through the updating and recycling of know-how, both in the technical and the behavioural aspects.

4. Transversality and GROUP synergies

To maximise the access to training and learning opportunities common among the GROUP's companies/markets, fostering the culture and identity of MOTA-ENGIL.

5. Optimisation and efficiency in access to training

To streamline training and remote learning formats, with recourse to new technologies, so as to facilitate the access to training opportunities.

With a view to ensure the training of workers in areas that guarantee their valuation and professional development and, in parallel, the sustainable growth and competitiveness of the organisation, MOTA-ENGIL has defined a set of key skills, considered the foundations of the training initiatives carried out. In 2020, particular attention was given to the development of the following areas of intervention:

1. Development of soft skills

Behavioural training, underpinned by a practical and experimental component with the scope of promoting the development of skills in the field of emotional intelligence, which refer to the manner in which the workers interact and relate to one another as well as the form in which they react to the day-to-day situations of their function.

2. Acquisition of technical skills

Technical, specialised training aimed at areas and subjects critical to the business, with the scope of ensuring the preparation, empowerment and updating of relevant know-how for the efficient performance of their function.

With this underlying purpose in mind, the GROUP continued the programme AcadeME - Academia de Formação Interna (Internal Training Academy), which comprehends a set of specialised training programmes, designed according to the priorities of the functional area and the market/company, with the scope of developing essentials skills in the GROUP' managers.

These initiatives foster internal training and invest in the GROUP's teams and experts in order to develop technical trainings and promote learning, the dissemination of knowledge and the acquisition and development of skills.

3. Consolidation of a corporate culture and identity

Corporate and organisational training grounded upon strategic vectors and directives of the GROUP, aimed at raising the awareness of workers and provide them with a cross-cutting preparation for fundamental operating principles.

It should be mentioned that, within the Policy of Safety, Health, Environment and Quality, there are training initiatives, regularly carried out, that focus on such matters, and that a mandatory SHQ training programme was defined and is undergoing implementation. As an example, as regards Safety and Health at Work, it is worth highlighting the existence of a vast range of programme topics and contents, such as:

- Risks and measures of prevention/protection associated to works at a height.
- Risks and measures of prevention/protection associated with mechanic excavation works.
- Risks and measures of prevention/protection associated with the operation of earthmoving equipment.
- Risks and measures of prevention/protection associated with lifting loads.

Information regarding hours of training provided to the workers of the MOTA-ENGIL GROUP in 2020 (GRI Standard 404: Empowerment and Education (2016)) is presented as follows.

Average hours of annual training per worker (GRI 404-1)

Training per functional category and gender			Number of training hours	Average of training hours
Europe	Technical and Management Department	Men	512	7
		Women	106	11
		Total	619	7
	Specialisation and Coordination	Men	4,847	13
		Women	3,291	25
		Total	8,138	16
	Supervision and Techniques	Men	11,623	12
		Women	7,150	16
		Total	18,773	13
	Operating and Support	Men	139,714	24
		Women	15,874	21
		Total	155,588	24
	Total	Men	156,696	22
		Women	26,420	20
		Total	183,117	21
Africa	Technical and Management Department	Men	510	9
		Women	9	9
		Total	519	9
	Specialisation and Coordination	Men	892	4
		Women	301	10
		Total	1,193	4

Training per functional category and gender			Number of training hours	Average of training hours
	Supervision and Techniques	Men	2,691	2
		Women	650	4
		Total	3,341	3
	Operating and Support	Men	18,254	1
		Women	965	1
		Total	19,219	1
	Total	Men	22,348	2
		Women	1,924	1
		Total	24,271	2
Latin America	Technical and Management Department	Men	354	8
		Women	653	327
		Total	1,007	21
	Specialisation and Coordination	Men	3,292	18
		Women	614	16
		Total	3,906	18
	Supervision and Techniques	Men	35,391	43
		Women	4,383	20
		Total	39,775	39
	Operating and Support	Men	44,481	6
		Women	1,959	2
		Total	46,439	5
	Total	Men	83,518	10
		Women	7,609	5
		Total	91,127	9
Holding	Technical and Management Department	Men	209	6
		Women	5	1
		Total	213	5
	Specialisation and Coordination	Men	339	11
		Women	610	17
		Total	949	14
	Supervision and Techniques	Men	222	7
		Women	304	5
		Total	525	6
	Operating and Support	Men	133	2
		Women	230	2
		Total	362	2
	Total	Men	902	6
		Women	1,148	7
		Total	2,049	6
Capital	Technical and Management Department	Men	267	27
		Women	23	23
		Total	290	26
	Specialisation and Coordination	Men	712	22
		Women	887	89
		Total	1,598	38
	Supervision and Techniques	Men	1,291	17
		Women	618	19
		Total	1,909	17
	Operating and Support	Men	3,652	7
		Women	113	5

Training per functional category and gender			Number of training hours	Average of training hours
	Total	Total	3,765	5
		Men	5,922	9
		Women	1,640	25
		Total	7,562	10
MOTA-ENGIL GROUP	Technical and Management Department	Men	1,852	8
		Women	795	35
		Total	2,647	11
	Specialisation and Coordination	Men	10,082	12
		Women	5,702	23
		Total	15,784	14
	Supervision and Techniques	Men	51,219	17
		Women	13,104	14
		Total	64,322	16
	Operating and Support	Men	206,233	8
		Women	19,140	5
		Total	225,373	8
	Total	Men	269,386	9
		Women	38,740	8
		Total	308,126	9

Note: The denominator of the indicator considered the number of existing workers as at 31/12/2020.

vi. Equality

MOTA-ENGIL values diversity and inclusion as elements that promote tolerance and respect, which are essential to an increasingly inclusive society and to the fostering of conditions for a work that is more decent, stimulating and based on individual and collective valuation. Diversity constitutes an important element of competitiveness: the more diverse the companies, the greater their capacity to attract talent, to innovate, to increase the levels of satisfaction of their workers and to increasingly meet the expectations of customers, investors, and society itself.

The action of the GROUP is guided by principles such as the fight against discrimination, the fostering of gender equality and equal opportunities and the promotion of a culture of openness, with recognition of the importance of leaving no one behind, as an ethical imperative and part of a socially responsible conduct.

The main indicators through which the GROUP monitors gender equality (GRI Standard 405: Diversity and Equal Opportunities (2016)) is presented as follows. See also the indicators of section i. Employment and section v. Training.

Diversity at the governing bodies and workers (GRI 405-1)

Percentage of workers per functional category and gender		Gender	
		Men	Women
Europe	Technical and Management Department	91%	9%
	Specialisation and Coordination	76%	24%
	Supervision and Techniques	96%	4%
	Operating and Support	70%	30%
Africa	Technical and Management Department	98%	2%
	Specialisation and Coordination	89%	11%
	Supervision and Techniques	89%	11%
	Operating and Support	89%	11%

Percentage of workers per functional category and gender		Gender	
		Men	Women
Latin America	Technical and Management Department	96%	4%
	Specialisation and Coordination	83%	17%
	Supervision and Techniques	87%	13%
	Operating and Support	79%	21%
Holding	Technical and Management Department	79%	21%
	Specialisation and Coordination	48%	52%
	Supervision and Techniques	42%	58%
	Operating and Support	34%	66%
Capital	Technical and Management Department	91%	9%
	Specialisation and Coordination	76%	24%
	Supervision and Techniques	96%	4%
	Operating and Support	70%	30%
MOTA-ENGIL GROUP	Technical and Management Department	93%	7%
	Specialisation and Coordination	78%	22%
	Supervision and Techniques	89%	11%
	Operating and Support	88%	12%

Note: The data reports to the number of existing workers as at 31/12/2020.

Wages and remuneration ratio between men and women (GRI 405-2)

		Ratio W:M
Europe	Technical and Management Department	1.09
	Specialisation and Coordination	0.85
	Supervision and Techniques	0.82
	Operating and Support	0.96
Africa	Technical and Management Department	0.62
	Specialisation and Coordination	0.72
	Supervision and Techniques	1.49
	Operating and Support	0.95
Latin America	Technical and Management Department	-
	Specialisation and Coordination	0.84
	Supervision and Techniques	1.06
	Operating and Support	0.74
Holding	Technical and Management Department	1.46
	Specialisation and Coordination	0.82
	Supervision and Techniques	0.84
	Operating and Support	0.91
Capital	Technical and Management Department	0.73
	Specialisation and Coordination	0.90
	Supervision and Techniques	0.92
	Operating and Support	1.17

Mota-Engil Group	Technical and Management Department	1.05
	Specialisation and Coordination	0.83
	Supervision and Techniques	1.06
	Operating and Support	0.90

It should be mentioned that all members making up the Board of Directors of MOTA-ENGIL, possess a university degree and have an average age of 59 years. With 76% of men in its composition, and in an activity sector still predominantly male, MOTA-ENGIL is bound to the values upheld in Statute no. 62/2017 of 1 August, which establishes the scheme of balanced representation between men and women in the managing and supervisory bodies of the business public sector entities and companies listed on the stock exchange, as is the case of MOTA-ENGIL.

Pursuing a consolidation of a business culture guided by equality values and aware of the fact that many of its areas of activity are traditionally masculine, MOTA-ENGIL formally created in 2018 the Committee for the Equality Between Men and Woman, which triggered in 2019 and 2020 (and will continue to trigger for the three-year period 2021-2023) a set of procedures and measures aimed at contributing to a gender equality-rooted socially responsible management.

The Equality Plan is aimed at raising the awareness of all workers for the GROUP's strategy for the equality between men and woman and integrates, in the regular training practices, contents on equality, in particular: stereotypes of gender; inclusive language and relation between the professional, familiar, and personal life.

With the purpose of promoting an organisational environment based on respect for integrity and personal dignity, information concerning the relevant rights and duties on equality and non-discrimination according to gender will be disseminated, at an appropriate place, with the sharing of good practices with other companies being likewise encouraged with a view to the improvement of the organisational environment and the increment of the motivation and satisfaction of the employees. Similarly, and in line with that purpose, MOTA-ENGIL presents a breaking-down, in most of its means of communication (in particular, in the diagnosis and reports), of the respective information by gender.

With regard to recruitment and selection, it should be mentioned that the persons responsible for the respective procedures are aware of the need to eliminate gender biases and organise the training actions so as to ensure equal access and participation to women and men.

The current procedures regarding the remuneration and bonuses system guarantee the respect for the principle of equal pay for equal work which, in turn, is based on an objective model of performance assessment impartial to any gender biases and refraining from applying penalties to employees for the exercise of their family responsibilities.

On average, the fixed remuneration of the women integrating the Board of Directors correspond to 85% of the average remuneration granted to male members.

The gaps shown result from the different length of service of the respective holders. However, a set of initiatives with a view to the convergence of the wage gap is under assessment.

With regard to Statute no. 4/2019, which establishes the employment quotas for disabled people with a degree of incapacity of 60% or more, and introduces the obligation for the companies of the private sector to hire disabled people, MOTA-ENGIL is committed to the fulfilment of the legislation and to the identification of the most talented people for its companies, thus contributing to the access of disabled people to the labour market and the opportunity of pursuing a career path. MOTA-ENGIL has identified the GROUP companies to which this legal obligation is applicable, and is undergoing transition, as established in the law, to achieve full compliance.

The GROUP companies in Portugal, with a record of disabled workers, are listed in the following table:

Company	Records of Disability	Active Numbers as at 31/12/2020
Carlos A. Pinto Santos	1	76
Largo do Paço	1	51
Mota Engil Engenharia e Construção África	3	540
MESP	2	176
Mota Engil Engenharia e Construção	12	2,004
Mota Engil SGPS	1	87
Mota-Engil Railway Engineering	4	213
Vibeiras	1	376
ALGAR	6	335
AMARSUL	1	309
ERSUC	7	404
RESINORTE	2	327
RESULIMA	1	113
VALNOR	1	157
VALORSUL	10	402
ENVIROIL	1	40
SUMA	4	1,702

IV. Human rights

1. Description of the Company's strategic goals and main initiatives to be carried out towards the respective achievement.
2. Description of the main performance indicators defined.
3. Indication, compared to the previous year, of the degree of achievement of those goals, at least by reference to:
 - i. **Procedures of due diligence** applied where human rights are concerned, particularly regarding the hiring of suppliers and providers of services.
 - ii. **Measures for prevention of risks** of infringement of human rights and, where applicable, measures to correct potential abuses; elimination of discrimination in terms of employment (when not already referred to above); elimination of forced or compulsory labour; effective abolition of child labour.
 - iii. **Judicial proceedings** on account of infringement of human rights.

The release of the Guideline Principles of the United Nations on Companies and Human Rights sets a turning paragraph with regard to the corporate managers' concern with the respect for Human Rights. As such, and publicly corroborating its commitment within the scope of promotion of the defence of Human Rights and improvement of people's living conditions, MOTA-ENGIL undersigned in 2019 the CEO Guide BCSD Portugal on Human Rights of (Conselho Empresarial para o Desenvolvimento Sustentável - Corporate Council for Sustainable Development), confirming the GROUP's corporate responsibility in this area and making a commitment to innovation regarding practises aimed at improving the standards of living of not only its workers but also of the communities affected by the GROUP's activities. As CEO of MOTA-ENGIL, Gonçalo Moura Martins joined in 2019 this international challenge, becoming, by himself and on behalf of the GROUP, a signatory of this document, scaling up the efforts necessary to guarantee, at the highest level, the Human Rights in the various contexts and geographies in which the GROUP is present, thereby reinforcing the incorporation of the respect for Human Rights into the operations and business relationships of MOTA-ENGIL.

MOTA-ENGIL respects and promotes Human Rights in all the cultural, socioeconomic, and geographic contexts in which it operates, respecting the respective traditions and cultures, promoting the support to local economies according to the specific interests of each region and repudiating any attitude against human dignity. This conduct naturally extends to the GROUP's practices in terms of investment policy and of supply chain management. It intends to cover the principles which guide the GROUP in the direct activities it performs, namely as regards occupational safety and health.

At MOTA-ENGIL, no situations involving any of the following were reported through the Ethics hotline of the GROUP:

- Operations and suppliers in which there is a significant risk of incidents of child labour (GRI Standard 408: Child Labour (2016));
- Operations and suppliers in which there is a significant risk of incidents of slave or forced labour (GRI Standard 409: Forced or Slave Labour (2016));
- Situations of infringement of the rights of the Indigenous Peoples (GRI Standard 411: Rights of the Indigenous Populations (2016)).

In parallel, MOTA-ENGIL forbids the conclusion of contracts or partnerships in business with companies in which such practices have been reported. To that end, the contracts of the GROUP have clauses providing for such impediments and, within the scope of Procedure for Third Parties, in 2019 the guiding principles for execution of the due diligence actions to the counterparties with which the GROUP establishes business relations (for example, customers, suppliers, including subcontractors, and business partners) were defined. The process for assessing the risk of the business partner, which is applicable to the entities that meet a set of requirements defined internally, comprehends the scrutinization of the incidents/records of sanctions, exclusions and convictions as well as of negative news reports regarding entities or persons, the search being focused on the following topics: human trafficking; discrimination/harassment in the workplace; matters of safety and health at work; child labour; forced or slave labour; gender equality; LGBT rights; racism; improper environmental practices; among others.

It should be mentioned that the workers or subcontracted entities associated with security issues of facilities and protection of their assets (the GROUP has no workers or subcontracted entities involved in missions of personal safety) comply, in their interpersonal relationships, with rights established by law for each geographic area in which they perform their duties.

It should also be mentioned that the MOTA-ENGIL GROUP does not usually carry out activities in any territory where rights of the populations or indigenous people are or may be undermined.

More detailed information on the commitments made, forms of management and actions carried out within this scope can be found in the 2020 Sustainability Report of MOTA-ENGIL⁴.

V. Fight against corruption and attempted bribery

1. Prevention of corruption: Measures and instruments adopted for the prevention of corruption and bribery; policies implemented for deterrence of these practises with workers and suppliers; information on the compliance system, with indication of the respective functional managers, if any; indication of judicial proceedings involving the Company, its directors or workers related to corruption or bribery; measures adopted as regards public procurement, where applicable.

2. Prevention of money laundering (for issuing companies subject to this scheme): information on measures of prevention and fight against money laundering.

3. Codes of ethics: indication of the code of ethics, if any, that the Company has implemented or has adhered to; indication of the respective mechanisms of implementation and monitoring of its fulfilment, where applicable.

4. Management of conflicts of interest: measures of management and follow-up of conflicts of interest, namely the requirement for the subscription by officials and workers of statements of interests, incompatibilities, and impediments.

⁴ Available at: <https://www.mota-engil.com/sustentabilidade/relatorio-de-sustentabilidade/>

1. Prevention of corruption

MOTA-ENGIL GROUP is committed to carry out all businesses and partnerships with integrity, professionalism, fairness, and honesty, complying with the applicable legislation (see the provisions in chapter C on legal regulatory and compliance risks).

The GROUP has an “Anti-Corruption and Bribery, Prevention of Money Laundering and Financing of Terrorism Policy”, version 4.0, currently in effect, which was launched in June 2020. This policy reflects MOTA-ENGIL's continued commitment to the fight against corruption and bribery, money laundering and financing of terrorism and the GROUP 's responsibility towards the markets where it operates.

The policy aims to:

- Define the responsibilities of the GROUP and those of its employees, in observing and defending MOTA-ENGIL's position against corruption and bribery.
- Ensure compliance with anti-corruption and bribery laws, rules and regulations, in any country where the GROUP may do business.
- Provide information and guidance on how to recognize and deal with corruption and bribery issues.

The GROUP has adopted a zero-tolerance policy in relation to acts of corruption, bribery, money laundering and financing of terrorism, and prohibits such acts in any form, either directly or through third parties, anywhere in the world. The offer or acceptance of bribes of any kind is not tolerable, whenever the GROUP is present. MOTA-ENGIL believes that its reputation in terms of integrity is one of the most valuable assets and that any unlawful acts are a threat to the GROUP's business and values. This policy reflects the continued commitment to the fight against corruption and the GROUP's responsibility towards the markets where it operates.

In some jurisdictions, if it were proven that the GROUP had taken part in situations of corruption, it could be subject to significant fines, be excluded from public or private tender procedures and suffer damages to its reputation. The employees could also be subject to judicial proceedings and receive prison sentences. In addition to that, the GROUP frequently works in projects sponsored by international development banks, such as World Bank and other similar entities and these institutions have anti-corruption and bribery directives and require to the companies with which they work with to respect such business ethical guidelines and practices. The companies involved in situations of corruption may be excluded or placed in a blacklist by the World Bank and other similar entities for many years, with the consequence that the GROUP would no longer be able to work or to execute contracts with projects sponsored by the World Bank or other similar entities.

The following are examples of measures to mitigate these risks:

- The compliance procedures in force in the MOTA-ENGIL GROUP, since 2017, and its successive updates, which regulate the following aspects: offers, donations, relations with counterparties and cash transactions.
- The training and awareness plan that addresses compliance topics and aims to align employee behaviors with the values, ethics and conduct advocated by the MOTA-ENGIL GROUP.
- Screening tools and identification of ultimate beneficial owners.
- Data analytics tool for continuous monitoring of transactions.
- Channels made available for reporting irregularities.

For the Integrity and Compliance Policy to be effective at MOTA-ENGIL, communication and training are essential. The general values and guidelines on compliance adopted by MOTA-ENGIL are available and widely disseminated. The Integrity and Compliance Policy may be consulted on the GROUP's website by all workers of MOTA-ENGIL, shareholders, stakeholders, and the general society.

Additionally, its contents are periodically passed on, in more synthetized versions that favor the full communication of this Policy, in order to guarantee:

- To MOTA-ENGIL managers, a full understanding of this Policy, so that they can act as educators of their teams.
- To employees with specific duties that require specialized knowledge on certain topics of the Policy.
- To all employees, to ensure knowledge and to promote the commitment to act in MOTA-ENGIL' businesses in an ethical, upright and transparent manner.

Some of the initiatives for disclosing compliance policies at MOTA-ENGIL units are as follows:

- Sending a Service Order on the topic. The Service Order is a formal means of communication by MOTA-ENGIL, sent to all employees of the unit, always signed by members of the unit's management. It usually communicates the implementation of a guideline.

- Disclosure of the topic by e-mail and posters / pamphlets indicating the whistle blowing channels and inquiries about compliance.
- In training, as described in the following point.
- At management meetings to monitor the status of implementation of the Integrity and Compliance Policy.

With regard to training activities, MOTA-ENGIL has a learning plan, including training on compliance, which aims to train employees on the content and practical aspects of the Integrity and Compliance Policy.

The trainings within this scope take place:

- When the employee enters the company.
- When there is a revision of policies and procedures of the Integrity and Compliance Policy.
- At the annual recycling based, namely, on a digital online training platform.

The mandatory training for all employees covers the following topics:

Contents	
Business Ethics and Conduct	Presentation of the Code of Ethics: What is MOTA-ENGIL's Code of Ethics, Vision, Mission and Values, Responsibilities at work, Protection of company resources and information, Fair Practices, Labor Relations, Violations of the Code of Ethics, etc.
Integrity and Compliance Policy	The company's position against corruption and bribery (Zero tolerance policy); Guidelines on how to recognise and deal with matters of corruption and bribery. Compliance procedures: awareness raising.
Reporting of Irregularities	How to report an irregularity (channels and forms of communication). Investigation and processing of reports and nonretaliation.

All training content is transmitted to employees not only in a theoretical way, but also with practical situations in order to discuss and clarify any dilemmas. All trainings generate an attendance list that is subsequently filed at the business unit.

Information regarding the number of workers who received training regarding fight against corruption policies and procedures (GRI Standard 205: Fight Against Corruption (2016)) are presented below.

Training regarding fight against corruption policies and procedures. (GRI 205-2)

Training regarding Anti-Corruption		Number of participants
Europe	Technical and Management Department	87
	Specialisation and Coordination	620
	Supervision and Techniques	1,361
	Operating and Support	931
Africa	Technical and Management Department	73
	Specialisation and Coordination	316
	Supervision and Techniques	605
	Operating and Support	113
Latin America	Technical and Management Department	55
	Specialisation and Coordination	254
	Supervision and Techniques	2,797
	Operating and Support	778

Holding	Technical and Management Department	38
	Specialisation and Coordination	110
	Supervision and Techniques	151
	Operating and Support	123
Capital	Technical and Management Department	12
	Specialisation and Coordination	59
	Supervision and Techniques	94
	Operating and Support	131
MOTA-ENGIL GROUP	Technical and Management Department	265
	Specialisation and Coordination	1,359
	Supervision and Techniques	5,008
	Operating and Support	2,076

Note 1: The denominator of the indicator considered the number of existing workers as at 31/12/2020.

Note 2: Being an online training, the lower rate of training completion for "Operational and Support" employees is justified by their lower qualifications and computer gaps.

In addition to the training described above, according to their duties at MOTA-ENGIL, employees receive training in internal procedures that define how to act against corruption and bribery, with emphasis on:

- Procedure for Offers and Allowances;
- Donation procedures;
- Cash procedures; and
- Third party procedures.

Moreover, the Global Training Program - Compliance Online was created with the aim of ensuring the knowledge and commitment of all employees to the topic.

It should also be noted that the MOTA-ENGIL GROUP established in 2018 the function of Chief Compliance Officer (CCO), which depends on the Executive Committee and also reports to an independent director, who has the responsibility to validate all procedures applicable to the compliance system and validate all future changes that may be proposed, always and under any circumstances having to be approved by the Board of Directors.

The number of situations of corruption confirmed and the measures taken (GRI Standard 205: Fight Against Corruption (2016)) are presented as follows.

Situations of corruption confirmed, and measures taken (GRI 205-3)

Total number of incidents of corruption confirmed	3
Total number of incidents confirmed in which workers were dismissed or subject to disciplinary proceedings due to corruption	2
Total number of confirmed incidents of resolution or non-renewal of contracts with business partners due to infringement caused by corruption	3

In two of the situations, the workers of the Procurement area of certain markets associated themselves with suppliers to their own benefit, carrying out awards that were detrimental to the company where prices are concerned, and breaching the established procedures. The workers in question were preventively suspended in the course of the investigation and their contracts were subsequently cancelled. The suppliers in question were blocked on the ERP software of the company in a cross-cutting manner, so as to ensure that they will not tender in any other future Procurement processes.

In another situation, the shareholder of a GROUP's supplier, having seen its company blocked preventively due to alleged non-compliance with tax law, attempted to create other companies to tender proposals. The companies were identified and transversally blocked on the ERP software, similarly to the situations above.

Main policies and aspects covered by the Code of Ethics

Together...

The good name and reputation of the MOTA-ENGIL GROUP are the result of the dedication and hard work of all involved. This objective does not consist solely of complying with the laws, standards and regulations applicable to business; we also work towards meeting the high standards of business conduct.

Culture by example

The Board of Directors, the top managers and the operational managers set the example, guide, and support their teams for the compliance with the Code of Ethics and Business Conduct.

Corporate governance

The MOTA-ENGIL GROUP is managed with transparency and in compliance with the rules, guidelines and principles of the good governance of the companies, in accordance with the commitment towards its shareholders, partners, customers, suppliers, employees and the community.

Know Your Customer / Know Your Supplier

The MOTA-ENGIL GROUP follows the rules of national and international compliance applicable to its activity. For that purpose, it complies with procedures and mechanisms of analysis of all the counterparties with which it relates.

Tolerance and respect for the other

The MOTA-ENGIL GROUP respects the human rights in all the cultural, socio-economic and geographical contexts where it operates, recognising the relevant traditions and cultures and promoting the support to the local communities in accordance with the specificities of each region.



Channel for the communication of irregularities

Any stakeholder can report, at any moment, alleged irregularities and/or violations of the Code of Ethics or policies of the GROUP, without any fear of retaliation, if and to the extent that they do it in good faith, using for this purpose the e-mail etica@mota-engil.com or the address Ética – Rua of the Rêgo Lameiro, 38, 4300-454 Porto, Portugal.

1. Codes of ethics

The MOTA-ENGIL GROUP has a Code of Ethics and Business Conduct, adopted in 2015 and last revised in October 2019. This Code is aimed at establishing the grounds for responsible behaviour, general duties and rules of an ethical and business nature that must govern the conduct of all workers and managers of the GROUP regarding the performance of their duties at work, in compliance with the Mission, Vision and Values that integrate the organisational culture of MOTA-ENGIL.

The goal of the Code of Ethics and Business Conduct is to define and disseminate the principles and rules that guide MOTA-ENGIL and constitute the basis of behaviour that the GROUP requires from its workers. The mechanisms for implementation and monitoring of the fulfilment of said Code are based on the principles identified in the previous paragraph.

2. Management of conflicts of interest

The Code of Ethics and Business Conduct of the MOTA-ENGIL GROUP characterises the situations in which a conflict of interests may take place and defines the workers' responsibility to work in the best interest of the GROUP and to refrain from acting in a manner that clashes with such responsibility. Situations that may potentially generate conflicts of interest must be reported to the Ethics hotline of the GROUP or to the Compliance support hotline. Additionally, it is worth mentioning the approval of a Procedure of Conflict of Interest, establishing a process for the revision and prevention of conflicts of real or apparent interests.

More detailed information on the commitments made, forms of management and actions carried out within this scope can be found in the 2020 Sustainability Report of MOTA-ENGIL.

PART II – INFORMATION ON STANDARDS/DIRECTIVES FOLLOWED

1. Identification of standards/directives followed with regard to the reporting of non-financial information

Identification of standards/directives followed in the preparation of non-financial information, including the respective options, as well as other principles considered in the performance of the Company, where applicable.

In case the Company mentions the Sustainable Development Goals (SDG) of the Agenda 2030 of the United Nations, it must include the identification of those to whose fulfilment the Company undertakes to contribute, with indication of the measures taken, in each year, towards the pursuance of the objectives outlined for each of those SDG. In other words, the identification of specific actions, projects, or investments with a view to achieve that SDG.

As mentioned in paragraph A, the reporting of non-financial information of MOTA-ENGIL is carried out according to the *Global Reporting Initiative* (GRI) Standard, in its option “Essential”.

The indicators were selected so as to reflect the main consequences associated with the material topics of MOTA-ENGIL and the recommendations of the Portuguese Securities Market Commission, as well as to enable the follow-up of the objectives defined.

MOTA-ENGIL, within the scope of its sustainability strategy, assumes its commitment to pursue the SDG and contribution to the Agenda 2030 of the United Nations. More detailed information on the SDG and actions carried out within this scope can be found in the 2020 Sustainability Report of MOTA-ENGIL.

It should be mentioned that the Sustainability Report also contains a SDG Correlation Table, which is aimed at facilitating the identification of the main indicators and initiatives that best allow for an understanding of the contribution of MOTA-ENGIL to the various SDG affected by the organisation.

2. Identification of the scope and methodology of calculation of indicators

Description of the scope and methodology of calculation (including the formula of calculation) of the indicators presented, as well as of the limitations of that reporting.

Whenever possible, presentation of a table of correlation between the indicators presented and the principles or goals considered, with indication of where detailed information can be found (for example, the webpage of the autonomous report for reporting of non-financial information, report and accounts, other document or the Company’s website).

As mentioned in paragraph A, the reporting of non-financial information of MOTA-ENGIL is carried out in accordance with the GRI Standards.

More detailed information on the scope and methodologies of calculation associated with the indicators presented can be found in the 2020 Sustainability Report of MOTA-ENGIL.

It is worth mentioning that the Sustainability Report also contains a correlation table with the recommendations of the Portuguese Securities Market Commission.

3. Explanation in case of non-application of policies

In case the Company does not apply the policies with respect to one or more matters, the reporting of non-financial information presents an explanation for that circumstance.

MOTA-ENGIL does not include in the present document reference to policies regarding responsible investment, since it is developing the topic internally, although there is a growing interest in it.

4. Other information

Additional elements or information that, albeit not contemplated in the previous paragraphs, are relevant to the understanding, background and justification of the relevance of the non-financial information disclosed, namely with regard to networks/consortium of entities connected to sustainability and responsibility of the organisations that it integrates/to which it belongs, both on a national and international level, and sustainability commitments that the Company willingly assumed, on a local or global scope.

More detailed information on external initiatives (GRI 102-12) subscribed by the GROUP and identification of the associations/networks in which it takes part (GRI 102-13) can be found in the 2020 Sustainability Report of MOTA-ENGIL.

**Nurture respect
for the
Environment,
Promote
*Sustainability.***

*Contribute to a sustainable future,
nurturing respect for the
environment and our planet,
promoting new ways of maximising
efficiency and the circular economy.*

We shape Worlds.

MOTAENGIL

03

Consolidated
Financial Information



MOTAENGIL

CONSOLIDATED INCOME STATEMENTS BY NATURE
FOR THE YEARS AND SEMESTERS ENDED 31 DECEMBER 2020 AND 2019
 (Amounts stated in thousand Euros)

	Notes	Year		2 nd Semester	
		2020 € '000	2019 ⁽¹⁾ € '000	2020 € '000	2019 ⁽¹⁾ € '000
				(unaudited)	(unaudited)
Sales and services rendered	2	2,429,134	2,912,440	1,271,943	1,567,987
Cost of goods sold, materials consumed and changes in production	3	(560,591)	(661,040)	(280,717)	(302,817)
Third-party supplies and services	4	(970,194)	(1,245,312)	(503,036)	(722,297)
Wages and salaries	5	(519,644)	(587,229)	(251,505)	(300,540)
Other operating income / (expenses)	6	1,550	(1,788)	(504)	(19,278)
Amortizations and depreciations	7, 15, 16 and 17	(196,743)	(206,542)	(100,945)	(104,499)
Impairment losses	8	(37,118)	(6,147)	(40,056)	(5,351)
Provisions	8	(1,909)	(16,648)	16,603	(16,208)
Financial income and gains	9	256,419	209,865	129,479	165,932
Financial costs and losses	9	(391,216)	(274,305)	(222,013)	(178,511)
Gains / (losses) in associates and jointly controlled companies	10	(6,049)	(5,407)	(9,229)	(6,704)
Gains / (losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies	11	11,146	(7,986)	7,491	(7,986)
Net monetary position	47	10,748	1,746	3,389	1,746
Income before taxes	12	25,534	111,647	20,899	71,473
Income tax	12	(17,725)	(41,474)	(23,141)	(26,821)
Consolidated net profit of the year		7,809	70,173	(2,242)	44,652
Attributable:					
to non-controlling interests	38	27,753	43,445	12,662	26,050
to the Group	13	(19,944)	26,728	(14,903)	18,602
Earnings per share in Euros:					
basic	13	-0.09 €	0.12 €	-0.06 €	0.08 €
diluted	13	-0.09 €	0.12 €	-0.06 €	0.08 €

To be read with the Notes to the Consolidated Financial Statements

⁽¹⁾ See Note 2

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS AND SEMESTERS ENDED 31 DECEMBER 2020 AND 2019

(Amounts stated in thousand Euros)

	Notes	Year		2 nd Semester	
		2020 € '000	2019 € '000	2020 € '000	2019 € '000
				(unaudited)	(unaudited)
Consolidated net profit of the year		7,809	70,173	(2,242)	44,652
Items of other comprehensive income that may be reclassified to the income statement:					
Companies consolidated by the full consolidation method					
Exchange differences arising from the translation of financial statements expressed in foreign currencies	29				
Of which, associated with the impact of hyperinflation in Angola and Zimbabwe in previous years		(10,587)	(10,486)	(4,822)	(7,800)
Others		(181,050)	(128,279)	(113,037)	(107,008)
Changes in the fair value of derivative financial instruments of cash flow hedges		559	180	450	825
Deferred taxes related to the changes in the fair value of derivative financial instruments of cash flow hedges		(126)	(41)	(125)	(153)
Impact of hyperinflation in Zimbabwe	47	(21,227)	(17,656)	(2,983)	(17,656)
Companies consolidated by the equity method					
Exchange differences arising from the translation of financial statements expressed in foreign currencies		(3,234)	(43)	(383)	(51)
Changes, net of taxes, in the fair value of derivative financial instruments of cash flow hedges		(401)	(854)	97	245
Other comprehensive income of companies consolidated by the equity method		928	287	928	(30)
Items of other comprehensive income that will not be reclassified to the income statement:					
Companies consolidated by the full consolidation method					
Changes in the tangible assets revaluation surplus	16	20,618	33,029	10,321	33,109
Deferred taxes related to the changes in the tangible assets revaluation surplus		(5,712)	(9,203)	(3,395)	(9,221)
Actuarial deviations	39	(3,857)	(659)	(857)	(659)
Deferred taxes related to actuarial deviations		926	137	251	137
Changes in the fair value of other financial investments recorded at fair value through other comprehensive income	20	(9,976)	(6,200)	(24,977)	(6,200)
Deferred taxes related to the changes in the fair value of other financial investments recorded at fair value through other comprehensive income		2,245	1,375	5,000	1,375
Total of other comprehensive income		(210,894)	(138,412)	(133,532)	(113,085)
Total consolidated comprehensive income of the year		(203,085)	(68,239)	(135,774)	(68,433)
Attributable:					
to non-controlling interests		(24,842)	(950)	334	(7,883)
to the Group		(178,243)	(67,289)	(136,108)	(60,550)

To be read with the Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2020 AND 2019
(Amounts stated in thousand Euros)

	Notes	2020 € '000	2019 € '000
Assets			
Non-current			
Goodwill	14	20,717	22,233
Intangible assets	15	707,988	629,811
Tangible assets	16	384,589	460,028
Rights of use assets	17	218,246	246,411
Financial investments in associated companies	18	123,606	103,908
Financial investments in jointly controlled companies	19	17,496	19,902
Other financial investments recorded at amortised cost	20	177,915	212,078
Other financial investments recorded at fair value through other comprehensive income	20	42,675	54,088
Investment properties	21	173,565	161,753
Customers and other debtors	23	176,428	184,433
Other non-current assets	25	9,546	5,427
Derivative financial instruments	32	39	4
Deferred tax assets	12	201,918	186,296
Total of non-current assets		2,254,729	2,286,371
Current			
Inventories	22	252,220	332,599
Customers and other debtors	23	941,678	1,059,462
Contract assets	24	668,882	568,360
Other current assets	25	76,243	54,799
Corporate income tax	26	23,824	35,146
Other financial investments recorded at amortised cost	20	21,088	10,568
Cash and cash equivalents with recourse – Term deposits	27	79,646	98,303
Cash and cash equivalents without recourse – Demand deposits	27	31,507	34,593
Cash and cash equivalents with recourse – Demand deposits	27	338,699	299,957
Non-current assets held for sale	28	126,967	274,407
Total of current assets		2,560,753	2,768,193
Total Assets		4,815,482	5,054,564
Liabilities			
Non-current			
Loans without recourse	30	133,303	110,425
Loans with recourse	30	797,917	866,760
Lease liabilities	17	243,707	203,883
Derivative financial instruments	32	482	688
Suppliers and sundry creditors	33	70,418	93,943
Contract liabilities	34	6,614	44,247
Other non-current liabilities	35	165,299	157,746
Provisions	37	103,598	106,587
Deferred tax liabilities	12	181,695	161,984
Total of non-current liabilities		1,703,033	1,746,263
Current			
Loans without recourse	30	45,443	50,148
Loans with recourse	30	914,624	841,592
Other financial liabilities	31	224,233	208,156
Lease liabilities	17	57,554	69,999
Derivative financial instruments	32	108	9
Suppliers and sundry creditors	33	801,317	885,832
Contract liabilities	34	277,100	233,639
Other current liabilities	35	595,088	530,905
Corporate income tax	36	20,740	30,395
Non-current liabilities held for sale	28	30,229	129,600
Total of current liabilities		2,966,437	2,980,272
Total Liabilities		4,669,470	4,726,535
Shareholders' equity			
Share capital	29	237,505	237,505
Own shares	29	(10,232)	(10,232)
Reserves, retained earnings and share premiums	29	(295,963)	(177,674)
Consolidated net profit of the year		(19,944)	26,728
Own funds attributable to the Group		(88,634)	76,327
Non-controlling interests	38	234,646	251,703
Total shareholders' equity		146,012	328,030
Total shareholders' equity and liabilities		4,815,482	5,054,564

To be read with the Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS FOR THE YEARS ENDED

(Amounts stated in

Notes	Fair value reserves					
	Share capital	Own shares	Share premiums	Financial investments	Fixed assets	Derivatives
Balance at 31 December 2018 (audited)	237,505	(10,232)	92,584	27,702	690	65
Adjustment arising from the adoption of IFRS 9 (net of tax)	-	-	-	-	-	-
Adjustment arising from the adoption of IFRS 15 (net of tax)	-	-	-	-	-	-
Balance at 1 January 2019 (unaudited)	237,505	(10,232)	92,584	27,702	690	65
Movements with equity holders						
Dividend distribution	-	-	-	-	-	-
Increase/Decrease in share capital	29	-	-	-	-	-
Other movements						
Total comprehensive income of the year	-	-	-	(4,825)	16,571	(714)
Consolidated net profit of the year	-	-	-	-	-	-
Transfers to other reserves	-	-	-	-	-	-
Others	-	-	-	-	-	-
Changes in the ownership interest in subsidiaries:						
- Other acquisitions / disposals of non-controlling interests	-	-	-	-	-	-
Balance at 31 December 2019	237,505	(10,232)	92,584	22,877	17,261	(649)
Balance at 1 January 2020	237,505	(10,232)	92,584	22,877	17,261	(649)
Movements with equity holders						
Dividend distribution	29	-	-	-	-	-
Increase/Decrease in share capital	42	-	-	-	-	-
Acquisition of companies under common control	-	-	-	-	-	-
Other movements						
Total comprehensive income of the year	-	-	-	(7,732)	10,599	32
Consolidated net profit of the year	-	-	-	-	-	-
Transfers to other reserves	-	-	-	-	-	-
Others	-	-	-	-	-	-
Changes in the ownership interest in subsidiaries:						
- Other acquisitions / disposals of non-controlling interests	-	-	-	-	-	-
Balance at 31 December 2020	237,505	(10,232)	92,584	15,145	27,860	(617)

OF CHANGES IN EQUITY

31 DECEMBER 2020 AND 2019

thousand Euros)

Currency translation reserve	Legal reserves	Other reserves and retained earnings	Net profit of the year	Own funds attributable to the Group	Own funds attributable to non-controlling interests	Total shareholders' equity
(212,093)	55,166	(37,823)	23,306	176,872	268,998	445,869
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(212,093)	55,166	(37,823)	23,306	176,872	268,998	445,869
-	-	(17,125)	-	(17,125)	(12,972)	(30,096)
-	-	-	-	-	(14,908)	(14,908)
(80,659)	-	(24,390)	-	(94,017)	(44,395)	(138,412)
-	-	-	26,728	26,728	43,445	70,173
-	2,567	20,739	(23,306)	-	-	-
-	-	(9,265)	-	(9,265)	(5,319)	(14,584)
-	-	(6,866)	-	(6,866)	16,855	9,989
(292,752)	57,733	(74,730)	26,728	76,327	251,703	328,030
(292,752)	57,733	(74,730)	26,728	76,327	251,703	328,030
-	-	-	-	-	(4,673)	(4,673)
-	-	-	-	-	(885)	(885)
-	-	14,757	-	14,757	-	14,757
(130,470)	-	(30,728)	-	(158,299)	(52,595)	(210,894)
-	-	-	(19,944)	(19,944)	27,753	7,809
-	-	26,728	(26,728)	-	-	-
-	-	(2,955)	-	(2,955)	(527)	(3,483)
-	-	1,482	-	1,482	13,869	15,351
(423,222)	57,733	(65,447)	(19,944)	(88,634)	234,646	146,012

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts stated in thousand Euros)

	Notes	2020 € '000	2019 € '000
Operating activities			
Cash receipts from customers		2,166,562	2,694,169
Cash paid to suppliers		(1,440,468)	(1,817,930)
Cash paid to employees		(526,711)	(583,293)
Cash generated from operating activities		199,383	292,946
Income tax (paid)/received		(19,540)	(37,454)
Other receipts/(payments) generated by operating activities		41,157	(137,989)
Net cash-flows from operating activities (1)		221,000	117,502
Investment activities			
Cash receipts from:			
Financial investments	43	69,933	22,334
Investment properties		1,316	-
Tangible assets, intangible assets and rights of use assets		22,891	32,497
Investment grants		19,698	14,461
Interest and similar income		52,105	51,529
Dividends	43	2,136	2,075
Other treasury applications		18,657	-
		186,735	122,897
Cash paid in respect of:			
Financial investments	43	(20,108)	(19,108)
Loans granted		-	(13,882)
Other treasury applications		-	(854)
Tangible assets, intangible assets and rights of use assets		(199,289)	(294,863)
Investment properties		(185)	(1,680)
		(219,582)	(330,387)
Net cash-flows from investment activities (2)		(32,847)	(207,490)
Financing activities			
Cash receipts from:			
Loans obtained	30	1,528,906	1,739,682
Leases	17	-	65,490
Factoring	31	264,622	-
		1,793,528	1,805,172
Cash paid in respect of:			
Loans obtained	30	(1,455,173)	(1,430,133)
Factoring	17	(30,197)	(60,642)
Leases	31	(248,533)	-
Interest and similar expense		(163,045)	(200,821)
Dividends	43	(4,874)	(28,990)
		(1,901,822)	(1,720,585)
Net cash-flows from financing activities (3)		(108,294)	84,586
Variation of cash and cash equivalents (4)=(1)+(2)+(3)		79,859	(5,402)
Impact of hyperinflation on cash and cash equivalents		(27,041)	(5,083)
Impact of cash and cash equivalents of companies recorded as held for sale		-	(767)
Exchange rate effect		(32,501)	(11,067)
Impact of hyperinflation on the initial balance of cash and cash equivalents		15,338	4,017
Cash and cash equivalents at the beginning of the year	27	334,550	352,852
Cash and cash equivalents at the end of the year	27	370,206	334,550
To be read with the Notes to the Consolidated Financial Statements			

0. Introduction

MOTA-ENGIL, SGPS, SA, with its head office at Edifício Mota, Rua do Rego Lameiro, 38, 4300-454 Porto (MOTA-ENGIL SGPS or the COMPANY), and its subsidiaries (the GROUP or the MOTA-ENGIL GROUP) mainly operates in public and private construction works and related activities, as well as, waste collection and treatment. The GROUP's business is mostly developed in three regions: Europe, Africa and Latin America. Lastly, the shares of MOTA-ENGIL SGPS are listed at Euronext Lisbon.

These financial statements are included in the consolidated financial statements of Mota Gestão e Participações, SGPS, SA (direct shareholder of the COMPANY – MGP) and in the consolidated financial statements of FM – Sociedade de Controlo, SGPS, SA (holder of 100% of the share capital of MGP and ultimate shareholder of the COMPANY (final controlling entity)).

All the amounts disclosed in these notes are presented in thousand euros, rounded off to the unit, unless explicitly stated otherwise.

1. Basis of presentation, consolidation and main accounting policies

1.1. BASIS OF PRESENTATION

The consolidated financial statements of the MOTA-ENGIL GROUP were prepared on a going concern basis from the books and accounting records of the companies comprising it, adjusted in the consolidation process.

The Board of Directors assessed the ability of the GROUP to operate on a going concern basis, based on all relevant information, facts and circumstances of financial, commercial or other nature, including subsequent events occurred after the reference date of the financial statements, available on the future. As a result of the assessment made, the Board of Directors concluded that the GROUP has adequate resources to maintain its business and has no intention to cease it in the short term. Therefore, it the use of the going concern assumption in the preparation of the accompanying consolidated financial statements was considered appropriate.

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and according to the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standards Interpretations Committee (SIC), as adopted by the European Union at 1 January 2020. Regarding GROUP companies which use different accounting standards, the respective financial statements were subject to conversion adjustments to IFRS.

The accompanying consolidated financial statements were prepared based on the historical cost, except for certain classes of tangible assets, for investment properties, for some equity investments and for derivative financial instruments, which were recorded at their revalued cost or at their fair value at the end of each reporting period, as described in the accounting policies below.

The fair value is the amount by which an asset can be exchanged or a liability settled, among parties with know-how and willing to do so, in a transaction in which there is no connection between them, regardless of the fact that said price can be directly verified or estimated using other valuation techniques. By estimating the fair value of an asset or liability, the GROUP takes into account the characteristics that the market players would also take into account when they price the asset or liability on the measuring date. The fair value for measuring and disclosure purposes in these financial statements is determined on the basis described above, except for leases that are treated under IFRS 16, and measurements with similarities to the fair value, but which do not correspond to the fair value, such as the net realizable value prescribed in IAS 2 or the value in use prescribed in IAS 36.

In addition, for financial reporting purposes, measurement at fair value is ranked according to a three-tiered system (level 1, 2 and 3) which takes into consideration, namely, whether the data used can be observed in an active market and its relevance in the valuation of the assets / liabilities or at their disclosure.

The aforesaid tiered system is comprised by:

- Level 1 – the fair value is set based on prices of an active market for identical assets / liabilities;
- Level 2 – the fair value is set based on data other than the market prices identified in Level 1, but which can be observed in the market; and
- Level 3 – the fair value is set based on valuation models whose main data cannot be observed in the market.

1.1.1.1. STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS WHICH BECAME IN FORCE DURING THE YEAR

The following standards, interpretations, amendments and revisions endorsed by the European Union were adopted by the first time during the year ended 31 December 2020:

Standard / Interpretation	Applicable in the European Union in the financial years started in or after	Contents
IAS 1 and IAS 8 (amendment) - Definition of material	1/jan/20	This amendment revises the concept of material and includes clarifications as to obscured information, its effect being similar to the omission or distortion of information; and also clarifications as to the term 'primary users of general purpose financial statements', defined as 'existing or potential investors, lenders and other creditors' that rely on general purpose financial statements to obtain a significant part of the information that they need.
IFRS 3 (amendment) - Definition of a business	1/jan/20	This amendment revises the definition of a business in order to account for business combinations. The new definition requires that an acquisition include an input, as well as a substantial process that jointly generate outputs. Outputs are now defined as goods and services rendered to customers, that generate investment income and other income, and exclude returns as lower costs and other economic benefits for shareholders. Optional 'concentration tests' for the assessment if one transaction is the acquisition of an asset or a business combination, are allowed.
IFRS 9, IAS 39 and IFRS 7 (amendment) - Interest rate benchmark reform	1/jan/20	These changes are still subject to the European Union approval. These changes are part of the first phase of the IASB's 'IBOR reform' project and allow exemptions related to the reform of the benchmark interest rates of reference. The exemptions refer to the hedge accounting in terms of: i) risk components; ii) 'highly probable' requirement; iii) prospective assessment; iv) retrospective effectiveness tests (for adopters of IAS 39); and v) recycling of the cash flow hedge reserve, and its aim is that the reform of the reference interest rates does not determine the end of the hedge accounting. However, any hedge inefficiency determined must continue to be recognized in the income statement.
Conceptual structure – Changes in the reference to other IFRS	1/jan/20	As a result of the republish of the new conceptual structure, the IASB has introduced changes to the text of the various standards and interpretations, so as to clarify the application of the new definitions of asset / liability and of cost / income, in addition to some of financial information characteristics. These changes are to be applied retrospectively, except where impracticable.

At 31 December 2020, there were no material effects in the accompanying consolidated financial statements resulting from the adoption of the standards / amendments and revisions above-mentioned, with the GROUP applying the revised version of IFRS 3 to the business acquisitions that occurred in the year.

1.1.2. STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS THAT WILL BE APPLICABLE IN FUTURE YEARS

The following standards, interpretations, amendments and revisions, with mandatory application in future years, were, until 31 December 2020, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years started in or after	Contents
IFRS 16 (amendment), Leases - Covid 19 Related Rent Concessions	1/jun/20	This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether the rent concessions granted by lessors under COVID-19 are a modification to the lease contract, when three criteria are cumulatively met: i) the change in lease payments results in a revised fee for the lease that is substantially equal to, or less than, the fee immediately prior to the change; ii) any reduction in lease payments only affects payments due on or before June 30, 2021; and iii) there are no substantive changes to other lease terms and conditions. Lessees that choose to apply this practical expedient, recognise the change in rent payments, as variable rents in the period(s) in which the event or condition leading to the payment reduction occurs. This amendment is applied retrospectively with the impacts reflected as an adjustment to retained earnings (or another equity component, as appropriate) at the beginning of the annual reporting period in which the lessee applies this amendment for the first time.
IFRS 4 (amendment) - Insurance contracts – Extension of the Temporary Exemption from Applying IFRS 9	1/jun/21	This amendment intends to address concerns about the different effective dates of IFRS 9 - Financial Instruments and the forthcoming IFRS 17 - Insurance Contracts standard. In particular, the amendment to IFRS 4 changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9, so that entities will be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023 (instead of 1 January 2021), in order to align with the effective date of the new IFRS 17.

1.1.3. STANDARDS, INTERPRETATIONS, AMENDMENTS AND REVISIONS NOT YET ENDORSED BY THE EUROPEAN UNION

The following standards, interpretations, amendments and revisions, with mandatory application in future years, were not, until 31 December 2020, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the financial years started in or after	Contents
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) - Interest rate benchmark reform – Phase 2	1/jan/21	These changes address issues that arise during an interest rate benchmark reform, including the replacement of an interest rate benchmark with an alternative one, allowing the adoption of exceptions such as: i) changes in the hedge designation and documentation; ii) amounts accumulated in the cash flow hedge reserve; iii) assessing the retrospective effectiveness of a hedging relationship within the scope of IAS 39; iv) changes in the hedge relationships for some group of items; v) presumption that an alternative benchmark rate, designated as a non-contractually specified risk component, is separately identifiable and qualifies as a hedged risk; vi) update of the effective interest rate, regarding financial instruments measured at amortised cost with contractual cash flows variations in result of the IBOR reform, including leases that are indexed to an IBOR, with no recognition of gains or losses.
IAS 16 (amendment) - Proceeds before intended use	1/jan/22	This amendment changes the accounting treatment of the proceeds obtained from the sale of products that resulted from the production test phase of property, plant and equipment, prohibiting their deduction to the acquisition cost of assets. This amendment is applied retrospectively, without comparatives restating.
IAS 37 (amendment) - Onerous Contracts – Cost of fulfilling a contract	1/jan/22	This amendment specifies that when assessing whether a contract is onerous or not, only expenses directly related to the performance of the contract, such as incremental costs related to direct labor and materials and the allocation of other expenses directly related to the allocation of depreciation expenses of tangible assets used to carry out the contract, can be considered. This amendment must be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include contractual obligations to be satisfied, without restating comparatives.
IAS 41 (amendment) - Taxation in fair value measurements	1/jan/22	This improvement removes the requirement to exclude tax cash flows when measuring the fair value of biological assets, thereby ensuring consistency with the requirements of IFRS 13 - Fair Value Measurement.
IFRS 1 (amendment) - Subsidiary as a first-time adopter	1/jan/22	This improvement clarifies that when the subsidiary chooses to measure its assets and liabilities at the amounts included in the parent company's consolidated financial statements, the measurement of the cumulative translation differences of all foreign operations can be made at the amounts that would be recorded in the consolidated financial statements, based on the transition date of the parent company to IFRS.
IFRS 9 (amendment)- Fees in the '10 per cent' test for derecognition of financial liabilities	1/jan/22	This improvement clarifies that in the scope of derecognition tests carried out on renegotiated liabilities, the borrower must determine the net amount between fees paid and fees received considering only the fees paid or received between the borrower and the financier, including fees paid or received, by any entity on behalf of the other.
IFRS 16 (amendment) - Lease Incentives	1/jan/22	This improvement refers to the amendment to Illustrative Example 13 accompanying IFRS 16, to eliminate inconsistencies in the accounting treatment of lease incentives, attributed by the lessor.
IFRS 3 (amendment) - Reference to the conceptual framework	1/jun/22	This amendment updates the references to the conceptual framework in the text of IFRS 3, without changing the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be given to contingent liabilities and liabilities under IAS 37 and IFRIC 21, incurred separately versus within a business combination. This amendment is applied prospectively.
IAS 1 (amendment) - Presentation of financial statements - Classification of liabilities as current or non-current	1/jan/23	This amendment intends to clarify that liabilities are classified as either current or non-current depending on the rights that the entity has to defer settlement at the end each reporting period. Classification is unaffected by the expectations of the entity (the assessment should determine whether a right exists, but should not consider whether the entity will exercise that right) or by events occurring after the reporting date, such as the breach of a covenant. The amendment also introduces a new definition 'settlement' of a liability. This amendment is of retrospective application.
IFRS 17 – Insurance contracts	1/jan/23	This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete "building block approach" or a "premium allocation approach". The recognition of the technical margin is different if it is positive or negative. IFRS 17 is applied retrospectively.
IFRS 17 (amendment) - Insurance contracts	1/jan/23	This amendment includes specific changes related to eight areas of IFRS 17, such as: i) scope; ii) level of aggregation of insurance contracts; iii) recognition; iv) measurement; v) modification and derecognition; vi) presentation in the Statement of financial position; vii) recognition and measurement in the Statement of financial performance; and viii) disclosures. This amendment also includes clarifications intended to simplify some requirements of the standard and ease its implementation.

The standards / interpretations / amendments / revisions referred to in items 1.1.2. and 1.1.3. above were not adopted by the GROUP for the year ended 31 December 2020. Nevertheless, no material impacts are estimated as a result of their adoption.

The accompanying consolidated financial statements are presented in Euros (thousands) since this is the main currency of the GROUP's operations. The financial statements of subsidiaries companies expressed in foreign currency were translated into Euros in accordance with the accounting policies described in item h) of Note 1.3. of the accompanying notes.

In preparing the accompanying consolidated financial statements in accordance with the IFRS, the GROUP's Board of Directors adopted certain assumptions and estimates which affected the reported amounts of assets and liabilities, as well, the respective income and expenses incurred, part of which are described in item xxii) of Note 1.4. of the accompanying notes.

All estimates and assumptions made by the Board of Directors were based on its knowledge of the events and transactions in progress as at the date of approval of these consolidated financial statements.

1.2. COMPARABILITY OF INFORMATION

During the year ended 31 December 2020, the GROUP began to record the expenses incurred with subcontracts under the caption of the consolidated income statement "Third-party supplies and services".

Until 31 December 2019, those expenses, in the amount of 561,524 thousand Euros, were recorded under the caption of the consolidated income statement "Cost of goods sold and materials consumed, changes in production variation and subcontractors".

During the year ended 31 December 2020, the GROUP began to record the income and expenses related with the construction of assets associated with concessions held by the companies of the EGF SUBGROUP, under the captions of the consolidated income statement "Sales and services rendered" and "Third-party supplies and services", respectively.

Until 31 December 2019, that income and expenses, in the amount of 85,693 thousand Euros, were recorded under the caption of the consolidated income statement "Other operating income/(expenses)".

1.3. BASIS OF CONSOLIDATION

a) Controlled companies

The accompanying consolidated financial statements include the financial statements of the COMPANY and of the entities controlled by it, as well as, those controlled by its subsidiaries. Control is presumed when an entity: (i) has power over the affiliate; (ii) is exposed to and / or has variable rates of return on its involvement in the operations of the affiliate; (iii) has the ability to use the above-mentioned power to influence the affiliate's returns. Therefore, some affiliates whose effective holding percentage held by the GROUP is below 50% were considered to be controlled by it. The majority of these situations occur when the GROUP holds a majority financial holding in an affiliate that, in turn, holds another majority financial holding in another affiliated company. On the other hand, some affiliates whose effective holding percentage held by the GROUP is higher than 50% were not considered to be controlled given the existence of agreements signed with third parties through which shared control over those affiliates was established. Whenever any of the three elements above referred change regarding an affiliate, the GROUP reassesses the existence of control over it.

The GROUP controls an affiliate even if it does not hold the majority of the voting rights when, by virtue of the voting rights held and / or eventual agreements entered into, it has the practical ability to unilaterally manage the affiliate's relevant activities and is exposed to variable rates of return.

The financial statements of controlled companies (including structured entities or SPV) are included in the accompanying consolidated financial statements through the full consolidation method from the moment that the GROUP acquires control. Consequently, the results of the companies whose control was acquired or lost during the year are included in the income statement, respectively, from the date control was taken or up to the date it was lost.

The net profit and further items of other comprehensive income and of equity of controlled companies that correspond to third party holdings in those entities (non-controlling interests) are presented in the consolidated statement of financial position and in the consolidated statement of other comprehensive income under specific captions of "Non-controlling interests".

The other comprehensive income of controlled companies is attributable to the GROUP and to non-controlling interests even if this results in the latter ones having a deficit balance.

When necessary, the financial statements of controlled companies are adjusted in order to assure that their accounting policies are consistent with those adopted by the GROUP. The transactions and balances kept between GROUP companies are eliminated in the consolidation process.

During the years ended 31 December 2020 and 2019, the main transactions performed between GROUP companies can be summarized as follows:

- (i) Purchases and sales of inventories;
- (ii) Rendering of construction services;
- (iii) Rendering of administrative services;
- (iv) Concession and obtainment of loans; and
- (v) Dividend distributions.

Controlled companies (included in the accompanying consolidated financial statements through the full consolidation method) are listed in Appendix A to accompanying notes.

b) Associated companies

Financial investments in associated companies are recorded using the equity method and are included in the consolidated statement of financial position under the caption "Financial investments in associated companies".

Financial investments in associated companies are investments in which the GROUP has significant influence. A significant influence (presumed when voting rights exceed 20%) is the power to participate in the financial and operational decisions of an entity, without having direct control or joint control over it. Furthermore, in some entities whose effective holding percentage held by the GROUP is below 20% the GROUP has significant influence over them. The majority of those situations occur when the GROUP holds a majority financial holding in a subsidiary that, in turn, controls or has significant influence in an affiliated company.

In accordance with the equity method, the financial investments are initially recorded by their acquisition cost, which is subsequently adjusted:

- By an amount corresponding to the GROUP's proportion in the comprehensive income (including the net profit of the year) of the associates - against other comprehensive income of the GROUP or gains or losses of the year, as applicable;
- By the dividends received – against an account receivable or cash; and
- By the potential gains or losses generated in operations with other GROUP companies which affect the valuation of the GROUP's assets.

During the years ended 31 December 2020 and 2019, the main transactions performed between GROUP companies and associated companies can be summarized as follows:

- (i) Rendering of construction services;
- (ii) Rendering of administrative services;
- (iii) Concession and obtainment of loans; and
- (iv) Dividend distributions.

An impairment analysis is performed to the financial investments in associated companies whenever there is an indication that the asset may be impaired, with a loss being recorded in the income statement whenever that is confirmed. The recoverable amount of the financial investments in associated companies is, for this purpose, determined in accordance with the provisions established in IAS 36. When impairment losses recognized in prior periods no longer exist, they are subject to a reversal through the recording of the corresponding gain in the income statement. Impairment losses are recorded as a deduction to the carrying amount of the financial investments.

When the GROUP's proportion in the accumulated losses of the associate exceeds the amount at which the financial investment is recorded, the investment is recorded by zero until the equity of the associate becomes positive, unless the GROUP has assumed commitments towards the associated company, recording, in that situation, a provision to deal with those commitments.

Unrealized gains on transactions with associated companies are eliminated in the proportion to the GROUP'S interest against the caption "Financial investments in associated companies". Unrealized losses are likewise eliminated, but only up to the point at which the loss does not evidence that the transferred asset is in an impairment situation.

Whenever necessary, the financial statements of the associated companies are adjusted in order to assure their consistency with the accounting policies adopted by the GROUP.

Financial investments in associated companies are detailed in Appendix A to these accompanying notes.

c) Joint ventures

Joint ventures are agreements in which the parties who hold joint control of the agreement have rights over their net assets. Joint control is the contractually agreed share of control which exists only when the decisions over relevant activities require the unanimous consent of the parties who share control. Financial investments in joint ventures are recorded in the accompanying consolidated financial statements under the caption "Financial investments in jointly controlled companies" through the equity method as described in item b) above.

Financial investments in joint ventures are listed in Appendix A to accompanying notes.

d) Joint operations

Joint operations are agreements in which the parties who hold joint control have rights over the assets and obligations towards the liabilities of the agreement. Joint control is the contractually agreed share of control which exists only when the decisions on relevant activities require the unanimous consent of the parties who share control. When a company of the GROUP develops its activity within the scope of a joint operation, the GROUP, as a joint operator, recognizes, in relation to its interest in a joint operation, the following elements:

- Its assets, including its share of any jointly held assets;
- Its liabilities, including its share of any jointly incurred liabilities;
- Its share of revenues arising from the sale of joint production; and
- Its expenses, including its share of any jointly incurred expenses.

e) Business combinations

Business combinations are recorded in accordance with the purchase method. The business combination cost is determined at fair value consisting in the sum, as at the date of acquisition of control, of: (i) fair value of the assets transferred by the GROUP; (ii) fair value of the liabilities incurred by the GROUP as a result of the acquisition of control; and (iii) fair value of the equity instruments issued by the GROUP in exchange for the acquisition of control. Expenses associated with business combinations are recorded in the consolidated income statement when incurred.

On the acquisition control date, the identifiable assets and liabilities acquired are measured at fair value being that measurement process be concluded within twelve months from that date. For fair value measurement purposes, the GROUP uses the market prices in force for similar assets and liabilities or, in its absence, universally accepted valuation techniques (comparable prices, discounted cash-flows, among others). The excess of the cost of the combination plus the fair value of potential interests previously held in the acquired entity and the value attributed to non-controlling interests in relation to the fair value of identifiable assets and liabilities is recognized as goodwill. If the above-mentioned difference is negative, it is recognized as a gain of the year under the caption "Other operating income / (expenses)", after reconfirmation of the fair value attributed to the identifiable assets and liabilities acquired. The GROUP chooses, on a case-by-case basis, the valuation of the non-controlling interests: (i) according to its proportion in the fair value of the acquired assets, liabilities and contingent liabilities or (ii) by its fair value. Up to 1 January 2012, non-controlling interests were exclusively valued in accordance with the corresponding proportion in the fair value of acquired assets and liabilities.

Future contingent payments, if applicable, are recognized as a liability at the time of acquisition at its fair value, with any change in the initially recorded amount being accounted against the carrying amount of goodwill, but only if this occurs within the remeasurement period (12 months after the acquisition date), and if it is related to events prior to the acquisition date. Otherwise, it should be recorded against the income statement.

When a business combination is achieved in stages, the interest previously held by the GROUP in the acquired company is remeasured at fair value on the acquisition date and the gain or loss arising therefrom, if any, is recognized in the income statement. On the other hand, amounts arising from interests in the acquired company before the acquisition date which had been recognized in other comprehensive income are reclassified to the income statement, provided that it was the proper treatment if that interest had been disposed of.

The acquisition of financial investments in associated companies is recorded through the purchase method.

Therefore, any surplus / shortfall of the acquisition cost in relation to the fair value of the identifiable assets and liabilities acquired of the associated companies, at the acquisition date, is recognized, respectively, as goodwill (being added to the carrying amount of the financial investment), or as gain in the income statement of the year under the caption "Gains / (losses) in associates and jointly controlled companies" (in the latter case, after the proper reconfirmation of the fair value of the identifiable assets, liabilities and contingent liabilities).

Lastly, business combinations that result from transactions with entities under common control are recorded in accordance with the purchase method, adopting by analogy the rules of IFRS 3. Additionally, the difference between the amount received and the fair value of the assets and liabilities acquired, the determined difference of acquisition and the revaluation of previously held interests are recorded directly in the consolidated statement of changes in equity.

f) Other changes in interests in controlled entities

The acquisition of interests in companies that are already controlled is treated as a transaction between shareholders and, therefore, does not result in the recognition of any goodwill or gain. Consequently, any difference between the respective cost and the carrying amount of the corresponding non-controlling interests acquired is recorded directly in equity. Furthermore, when the disposal of interests in controlled companies does not result in loss of control, the potential differences between the amount transferred to non-controlling interests and the price of the transaction are recorded directly in equity.

When the disposal of interests in a former controlled company results in loss of control by the GROUP, a gain or loss is recognized in the income statement corresponding to the difference between: (i) the fair value of the assets received by the GROUP plus the fair value of potential interests kept in that company and (ii) the carrying amount of the company's assets and liabilities in the GROUP's consolidated financial statements and any related potential non-controlling interests.

g) Goodwill

Goodwill is recorded at cost (determined as described in item e) of this Note) less accumulated impairment losses. Up to 1 January 2004, goodwill was amortized during the estimated recovery period of the corresponding investment being the corresponding amortizations recorded in the income statement under the caption "Amortizations and depreciations". From 1 January 2004, the GROUP suspended the amortization of goodwill, subjecting it to annual impairment tests or whenever there is evidence of impairment.

Regarding the goodwill generated before the IFRS transition date, the respective cost corresponded to its net book value determined in accordance with the accounting principles generally accepted in Portugal on that date, having it being subject to impairment tests at the transition date. Moreover, and in accordance with the dispositions established in IFRS 1 – First-time Adoption of the International Financial Reporting Standards, MOTA-ENGIL SGPS did not apply retrospectively the provisions of IAS 21 – The effects of changes in foreign exchange rates to the goodwill generated before the IFRS transition date.

The goodwill generated in the acquisition of subsidiary companies based abroad whose functional currency is not the Euro is recorded in the functional currency of those subsidiaries having it been translated into the GROUP's functional and reporting currency (Euros) at the exchange rate in force on the reference date of the consolidated statement of financial position. Any currency translation differences arising from that translation are recorded in equity under the caption "Currency translation reserve".

On an annual basis and with reference to the date of the consolidated statement of the financial position, the GROUP performs impairment tests on goodwill. Whenever the amount recorded of goodwill is higher than its recoverable amount, an impairment loss is recognized in the income statement under the caption "Impairment losses". The recoverable amount is the highest between the fair value less costs to sell and the value in use. The fair value is the amount which would be obtained with the disposal of the asset in a transaction with independent parties. The value in use is the present value of the estimated future cash flows that are expected to arise from the continued use of the asset and from its disposal in the end of its useful life. For goodwill, the recoverable amount is always estimated for the cash generating unit (CGU) to which it was assigned.

Generally, CGU's correspond to the acquired companies, except for EGF waste collection and treatment companies, whose CGU correspond to the GROUP of companies acquired (11 concession companies of waste collection and treatment and two holding companies).

Impairment losses recorded in goodwill cannot be reversed.

h) Translation of companies' financial statements with a functional currency different from Euro

The assets and liabilities included in the financial statements of foreign companies (companies that do not use Euro as a functional currency) are translated to Euro using the exchange rates in force at the reference date of the consolidated statement of the financial position. The income and expenses, as well the cash flows, are translated to Euro using the average exchange rates for the year, except for foreign companies with a functional currency considered as hyperinflationary, where the exchange rates in force as at the reference date of the consolidated statement of the financial position are used. The resulting exchange differences, generated after 1 January 2004, are recorded in equity under the caption "Currency translation reserve". Exchange differences generated up to 1 January 2004 (IFRS transition date) were transferred to the caption "Other reserves and retained earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are treated as assets and liabilities of those companies and translated to Euro in accordance with the exchange rates in force at the reference date of the consolidated statement of financial position.

Whenever a foreign company is disposed of, the corresponding amount of the accumulated exchange difference is recognized in the income statement as a gain or a loss of disposal, if there is loss of control, or transferred to non-controlling interests if no loss of control occurs.

At 31 December 2020 and 2019, the functional currencies used by the main subsidiaries of the GROUP in the preparation of its financial information were as follows:

Subsidiary	2020			2019		
	Business segment	Local currency	Functional currency	Business segment	Local currency	Functional currency
Eco Eburnie	Africa	CFA Franc (XOF)	CFA Franc (XOF)	Africa	CFA Franc (XOF)	CFA Franc (XOF)
ME África NV	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
Mota-Engil Angola	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
Mota-Engil Camarões	Africa	CFA Franc (XOF)	CFA Franc (XOF)	Africa	CFA Franc (XOF)	CFA Franc (XOF)
Mota-Engil Construction South Africa	Africa	South African Rand (ZAR)	South African Rand (ZAR)	Africa	South African Rand (ZAR)	South African Rand (ZAR)
Mota-Engil Costa do Marfim	Africa	CFA Franc (XOF)	CFA Franc (XOF)	Africa	CFA Franc (XOF)	CFA Franc (XOF)
Mota-Engil Engenharia e Construção África (MEECA)	Africa	Euro (EUR)	Euro (EUR)	Africa	Euro (EUR)	Euro (EUR)
Mota-Engil Guiné	Africa	Guinean Franc (GNF)	US Dollar (USD)	Africa	Guinean Franc (GNF)	US Dollar (USD)
Mota Maurícias	Africa	Mauritian Rupee (MUR)	Euro (EUR)	Africa	Mauritian Rupee (MUR)	Euro (EUR)
Mota-Engil África Angola Branch	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
Mota-Engil África Costa do Marfim Branch	Africa	CFA Franc (XOF)	CFA Franc (XOF)	Africa	CFA Franc (XOF)	CFA Franc (XOF)
Mota-Engil África Malawi Branch	Africa	Malawian Kwacha (MWK)	Malawian Kwacha (MWK)	Africa	Malawian Kwacha (MWK)	Malawian Kwacha (MWK)
Mota-Engil África Moçambique Branch	Africa	Metical (MZN)	Metical (MZN)	Africa	Metical (MZN)	Metical (MZN)
Mota-Engil África Rwanda Branch	Africa	Rwandian Franc (RWF)	Euro (EUR)	Africa	Rwandian Franc (RWF)	Euro (EUR)
Mota-Engil África Uganda Branch	Africa	Ugand Shilling (UGX)	Euro (EUR)	Africa	Ugand Shilling (UGX)	Euro (EUR)
Vista Waste	Africa	Kwanza (AOA)	Kwanza (AOA)	Africa	Kwanza (AOA)	Kwanza (AOA)
Consortio Lamat	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	-	-	-
Empresa Construtora Brasil	Latin America	Real (BRL)	Real (BRL)	Latin America	Real (BRL)	Real (BRL)
FSE Suministradora Fenix SAPI	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Generadora Fenix	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Mota-Engil México	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)	Latin America	Mexican Peso (MXN)	Mexican Peso (MXN)
Mota-Engil Peru	Latin America	Peruvian Nuevo Sol (PEN)	Peruvian Nuevo Sol (PEN)	Latin America	Peruvian Nuevo Sol (PEN)	Peruvian Nuevo Sol (PEN)
EGF Group Companies	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Glan Agua (Ireland)	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Central Europe Polónia	Europe	Zloty (PLN)	Zloty (PLN)	Europe	Zloty (PLN)	Zloty (PLN)
Mota-Engil Engenharia e Construção (MEEC)	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil Ireland Construction	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Suma	Europe	Euro (EUR)	Euro (EUR)	Europe	Euro (EUR)	Euro (EUR)
Mota-Engil SGPS	Holding	Euro (EUR)	Euro (EUR)	Holding	Euro (EUR)	Euro (EUR)
Mota-Engil Real Estate SGPS	Other, eliminations and intragroup	Euro (EUR)	Euro (EUR)	Other, eliminations and intragroup	Euro (EUR)	Euro (EUR)
Mota-Engil Real Estate Portugal	Other, eliminations and intragroup	Euro (EUR)	Euro (EUR)	Other, eliminations and intragroup	Euro (EUR)	Euro (EUR)

The (closing and average) exchange rates used at 31 December 2020 and 2019 in the translation to Euro of the financial statements of the main foreign subsidiaries, associated and jointly controlled companies (entities that do not use Euro as a functional currency) were as follows:

Currency		Closing exchange rates		Average exchange rates	
		2020	2019	2020	2019
US Dollar (USD)	EUR / USD	1.23	1.12	1.15	1.12
CFA Franc	EUR / XOF	655.96	655.96	655.96	655.96
Angolan Kwanza	EUR / AOA	798.43	540.82	669.78	419.07
Malawian Kwacha	EUR / MWK	946.09	824.43	853.68	824.41
Mozambican Metical	EUR / MZN	91.70	69.59	79.15	69.98
Peruvian Nuevo Sol	EUR / PEN	4.54	4.00	4.13	3.83
Mexican Peso	EUR / MXN	24.42	21.22	24.73	21.61
South African Rand	EUR / ZAR	18.02	15.78	18.91	16.17
Brazilian Real	EUR / BRL	6.37	4.52	6.00	4.42
Polish Zloty	EUR / PLN	4.56	4.26	4.47	4.30

i) Companies in hyperinflationary economies

According to IAS 29 – “Financial reporting in hyperinflationary economies”, the financial statements of entities / companies whose functional currency is the currency of a hyperinflationary economy must be expressed in terms of the current measuring unit at the reference date of the consolidated statement of the financial position being the gain or loss in the net monetary position included in the consolidated net profit or loss of the year.

Hyperinflationary economies are defined by the GROUP as those where some of the following situations occur:

- i) The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. The amounts of local currency held are immediately invested in order to maintain the purchasing power;
- ii) The general population looks at monetary amounts not in terms of the local currency but in terms of a stable foreign currency. The prices may be expressed in that currency;
- iii) The credit sales and purchases take place at prices that offset the expected loss of purchasing power during the credit period, even in case of a short one;
- iv) The interest rates, the wages and prices are linked to a price index; and
- v) The cumulative inflation rate of the last three years is near, or exceeds, 100%.

Taking into consideration the above mentioned, and since some of those situations occur, Angola (in the years of 2017 and 2018) and Zimbabwe (in the years of 2019 and 2020) were considered hyperinflationary economies. However, in the year 2019, as some of the situations mentioned above have ceased to occur in Angola, the GROUP, from 1 January 2019 onwards, suspended the application of IAS 29. Nevertheless, the impacts generated in previous years arising from the adoption of that standard, namely those associated with the remeasurement of non-monetary assets and liabilities, will remain until the assets are sold, consumed or amortized and until the liabilities are sold or liquidated.

According to IAS 29, the restatement of the financial statements of the entities which have the Kwanza / Zimbabwean dollar as functional currency to the current measuring unit was carried out as follows:

Statement of financial position

- The amounts of the statement of financial position not yet expressed in terms of current measuring unit at the reference date of that statement were restated by the application of a general price index;
- The monetary items were not restated because they were already expressed in terms of the current measuring unit at the reference date of the statement of financial position. The monetary items represent money held and items to be received or paid in cash;
- Assets and liabilities linked by agreement to changes in prices, such as index linked bonds and loans, were adjusted in accordance with the agreement terms in order to determine the outstanding amount at the reference date of the statement of financial position;
- All other assets and liabilities were considered as non-monetary. However, some non-monetary items were recorded at their current amounts at the statement of financial position date, like the net realizable value and the fair value, and so they were not restated. All other non-monetary assets and liabilities were restated;

- The majority of the non-monetary items was recorded at cost or at cost less depreciations and accumulated impairment losses, and so they were expressed by their current amounts at their acquisition date. The restated cost of each item was determined by the application to its historical cost and to its depreciation / accumulated impairment losses of the change occurred in a general price index from the date of their acquisition (or the date of functional currency change) up to the reference date of the statement of financial position. Therefore, the tangible and intangible assets, the financial investments, the inventories and goodwill were restated from the dates of their acquisition or the dates of the functional currency change;

- Where applicable, the restated amount of the non-monetary items was reduced to its recoverable amount taking in consideration the estimated future use of the item or its disposal. Therefore, in certain situations, the restated amounts of tangible assets were reduced to their recoverable amounts, the restated amounts of the inventories were reduced to their net realizable value and the restated amounts of the financial investments were reduced to their fair value;

- Items expressed by its current cost (fair value) were not restated since they were already expressed in terms of the current measuring unit at the date of the statement of financial position; and

- The equity captions, except the ones of retained earnings and of revaluations surplus, were restated through the application of a general price index from the dates in which the respective amounts were generated. On the other hand, any revaluations surplus which had been generated in previous years were eliminated. Finally, the restated retained earnings were determined taking in consideration all the other restated amounts of the statement of financial position.

Income statement

- The income statement, before restatement, generally reports the current expenses and income in the time on which the transactions occur or the underlying events took place. Therefore, the cost of sales and the amortization of fixed assets are recorded at their current costs at the time of their consumption; and the income and other current expenses are recorded at their current amounts at the time in which they were generated / incurred;

- All items of the income statement were restated in terms of current measuring unit at the reference date of the statement of financial position. Thus, all amounts were restated from the dates in which the items of income and expenses were initially recorded in the income statement through the application of the respective general price index;

- The restatement of the financial statements in accordance with IAS 29 generated differences between the taxable profit and the accounting one. Those differences, were accounted for in accordance with IAS 12.

Net monetary position

In a period of inflation, a company that holds an excess of monetary assets over monetary liabilities (debtor net monetary position) loses purchasing power and, consequently, generates a loss; on the other hand, a company that holds an excess of monetary liabilities over monetary assets (creditor net monetary position) gains purchasing power and, consequently, generates a gain.

The gain or loss in the net monetary position was included in the net profit of the year.

In order to determine the above-mentioned general price indexes, the GROUP used the information disclosed by the National Bank of Zimbabwe regarding the levels of inflation verified in that country in the last years. Those indexes, can be summarized as follows:

Price index in Zimbabwe	
Date	Price index
31.12.2016	4,095.95
31.03.2017	4,060.27
30.06.2017	4,066.67
30.09.2017	4,071.10
31.12.2017	3,959.13
31.03.2018	3,954.19
30.06.2018	3,951.73
30.09.2018	3,862.88
31.12.2018	2,786.40
31.03.2019	2,370.67
30.06.2019	1,433.57
30.09.2019	852.13
31.12.2019	448.59
31.03.2020	305.34
30.06.2020	171.23
30.09.2020	112.21
31.12.2020	100.00

Detailed information regarding the impact of the aforementioned restatements in the years ended 31 December 2020 and 2019 can be found in Note 47.

1.4. MAIN ACCOUNTING POLICIES

The main accounting policies adopted in the preparation of the accompanying consolidated financial statements were as follows:

i) Intangible assets

Intangible assets are recorded at their acquisition cost, less amortizations and any accumulated impairment losses and are recognized only if they are likely to generate future economic benefits for the GROUP, if their cost can be reasonably measured and if the GROUP held control over them.

Intangible assets are basically comprised by concessions operating rights (arising from the adoption of IFRIC 12), intangible assets recognized within the allocation process of fair value to assets and liabilities acquired in business combinations, and software.

IFRIC 12 applies to concession contracts of public service under which the concession owner controls (regulates):

- the services to be provided by the concessionaire company (by means of use of the infrastructure), to whom and at what price; and
- any residual interest on the infrastructure at the end of the contract.

IFRIC 12 applies to infrastructures:

- that were built or purchased by the operator from third parties; and
- that already exist and to which the operator is granted access.

Therefore, taking in consideration the above referred, the concessions held by the GROUP, mainly those assigned to the waste treatment and recovery business (EGF SUBGROUP), are covered by that IFRIC due to the following reasons:

- The GROUP has concession contracts of public service established with the State ("Concession owner") during a pre-set period;
- The GROUP provides public services through the usage of the infrastructures;

- The Concession owner controls the services provided and the conditions under which they are provided (as regards concessions in the waste treatment and recovery business namely through ERSAR the regulating body); and
- The several assets used for the provision of the services fall to the Concession owner at the end of the concession contracts.

On the other hand, IFRIC 12 also establishes the generic principles of recognition and measurement of the rights and obligations associated with concession contracts with the above-mentioned characteristics and defines the following recognition models:

- Financial asset model – applicable when the operator has an unconditional contractual right to receive cash or another financial asset from the Concession owner corresponding to a specific or a determinable amount. In these situations, the operator should record a financial asset (account receivable). In this model, the Concession owner has few or no discretionary power to avoid the payment since the agreement is generally binding;
- Intangible asset model – applicable when the operator receives from the Concession owner the right to charge a fee according to the usage of the infrastructure. In these situations, the operator should record an intangible asset; and
- Mixed model – applicable when the concession contract simultaneously includes guaranteed remuneration commitments ensured by the Concession owner and remuneration dependent on the level of usage of the infrastructure under concession.

Considering the terms of the concession contracts entered into by the concessionaires companies of EGF, namely its remuneration model, the operations of those concessionaires were considered to be covered by the intangible asset model, mainly due to the fact that the concessionaires have the right to charge a fee to the users and since they assume the operational, investment and financing risks of the concessions.

In order to amortize the assets assigned to the concessions, the method that best reflected the model by which future economic benefits of the assets are expected to be consumed by the concessionaires was taken into account. Therefore, the GROUP is using the useful lives defined and approved by the regulator (ERSAR), since those are the basis of its annual income, i.e., the concession assets are amortized on a straight line basis in accordance with the remuneration model underlying the tariff regulation.

The useful lives defined and approved by ERSAR for the main infrastructures assign to the waste treatment and recovery business are as follows:

Classes	Years
Landfill	Depletion method
Landfill sealing	Concession period
Mechanical treatment	3 - 36
Organic and biological recovery	3 - 36
Incineration	3 - 36
Screening and ecocenters	3 - 36
Transfers and transportation	10 - 36
Selective collection	3 - 10
Landfill biogas	7 - 36
WWTP - ETAL	3 - 36
CDR production	7 - 36
Others	2 - 12

The amortizations of intangible assets are recorded by twelfths under the caption “Amortizations and depreciations” of the consolidated income statement. Any potential changes to the estimated useful life of the intangible assets are carried out prospectively.

Furthermore, it should be highlighted that the right granted within the scope of the concession contracts corresponds to the possibility of the concessionaires to charge tariffs according to the incurred costs with the infrastructures. Thus, taking in consideration the tariff calculation methodology, the remuneration is calculated based on each specific concession asset, which implies the need to divide the right. Therefore, the right can be divided into several components as the different remunerations basis are fulfilled. Thus, intangible assets increase as the several infrastructures related to the concession are being fulfilled, and are recorded at their acquisition / construction cost and decrease as future economic benefits are being consumed.

Regarding the investment grants linked to the concession assets, those are recognized in the consolidated income statement in the same rhythm of the amortization of the underlying assets.

Lastly, within the scope of the existing concession contracts, the construction activity is subcontracted to external specialized entities. Therefore, EGF concessionaires earn no margin in the construction of the assets allocated to the concessions and so the revenue and the costs with the construction of those assets present an equal amount and are recorded under the captions of “Sales and services rendered” and “Third-party supplies and services”.

The remaining intangible assets associated with concessions operating rights are being amortized using the straight-line method, by twelfths, during the remaining term of the respective rights (60 years for those allocated to AMGP AGRICULTURA, 20 years for those allocated to ESTRADAS DO ZAMBEZE and 7 years for those allocated to ECOEBURNIE and CLEAN EBURNIE).

At 31 December 2020, there are no intangible assets of material value with an indefinite useful life or intangible assets of material value generated internally.

ii) Real estate assets for own use

Real estate assets (land and buildings) for own use are initially recorded at their acquisition or production cost. However, the GROUP adopted the revaluation method (revalued amount less accumulated amortizations) as the accounting policy for the subsequent measurement of those real estate assets. The respective revalued amount corresponds to its fair value as at the revaluation date. The revaluations are carried out regularly (in a time frame which does not exceed three years) by independent real estate appraisers in order that the revalued amount does not differ materially from the fair value of the respective real estate asset. Fair value is determined basically through the comparative market method or through the income method.

In the comparative market method are used as relevant inputs the acquisition, construction or lease cost per square meter of real estate assets with similar characteristics, whereas in the income method are used as relevant inputs the lease rents in force, the lease rents to be in force after the term of the current contracts and a discount rate that better reflects the risks inherent to the real estate assets.

Adjustments arising from revaluations performed to real estate assets for own use are recorded against equity. When a land / building which had been revalued positively in previous years is subsequently revalued negatively, the adjustment is recorded against equity up to the amount corresponding to the increased equity arising from the previous revaluation, less the amount realized through depreciation, with its excess being recorded as a cost in the consolidated income statement of the year.

Depreciation is allocated on a systematic basis using the straight line method during the estimated useful life of the buildings, which varies between 20 and 50 years. Land is not depreciated.

Depreciation of real estate assets for own use is recorded by twelfths under the caption “Amortizations and depreciations” of the consolidated income statement. Any potential changes to the estimated useful life of real estate assets for own use are carried out prospectively.

iii) Land assigned to quarries exploration

Land related to the exploration of quarries is recorded at acquisition cost, deducted from accumulated depreciation and impairment losses. Depreciation of these assets is carried out according to the depletion method, i.e. taking into account the ratio between the quantities of inerts extracted annually and the estimated total reserves of existing inerts, which are assed at each reporting period.

iv) Other tangible assets

Other tangible assets are recorded at acquisition cost, less accumulated depreciation and impairment losses.

Tangible assets in progress represent assets still under construction / development and are recorded at acquisition cost, less any potential accumulated impairment losses.

Depreciations are calculated after the assets be in condition to be used, that is, when the assets are available for use and in the necessary conditions, in terms of quality and technical reliability, to operate as intended by the GROUP's Board of Directors, and are imputed systematically using the straight line method during its useful life, which is determined based on the asset's expected usage by the GROUP, its expected natural wear, its predictable technical obsolescence and the potential residual value attributable to the asset.

The depreciation rates used correspond to the following estimated useful lives (in years):

Equipments	Years
Basic equipment (excluding the one related to concessions)	3 - 10
Administrative equipment	4 - 10
Transport equipment	3 - 10
Tools and utensils	3 - 6
Other tangible assets	3 - 10

Depreciations of other tangible assets are recorded by twelfths under the caption “Amortizations and depreciations” of the consolidated income statement. Any potential changes to the estimated useful life of other tangible assets are carried out prospectively.

Subsequent expenses incurred by the GROUP associated with the replacement of tangible assets’ components are added to the respective assets, with the net value of the replaced components being written off and recorded as an expense under the caption “Other operating income / (expenses)”.

Maintenance and repairment expenses that neither increase the useful life nor give rise to significant improvements in the items of tangible assets are recorded as an expense of the year when they occur.

Gains or losses arising from the disposal or the write-off of tangible assets are determined through the difference between its sale price and the net book value on the disposal / write-off date being those recorded in the consolidated income statement under the caption “Other operating income / (expenses)”.

v) Impairment of tangible and intangible assets

At each reporting date the carrying amounts of the GROUP’s tangible and intangible assets are revised in order to determine if there is any evidence that those assets are impaired. In case there is such evidence, the recoverable amount of those assets (or of the CGU) is estimated, in order to determine the extent of the impairment loss (if any).

The recoverable amount of the asset or of the CGU is the highest between: (i) the fair value less costs to sell or (ii) the value in use. In determining the value in use, the estimated future cash flows are discounted using a discount rate which reflects the market expectations regarding the time value of money and the specific risks of the asset or the CGU in relation to which the estimated future cash flows were not adjusted.

Whenever the carrying amount of the asset (or of the CGU) is higher than its recoverable amount an impairment loss is immediately recorded in the consolidated income statement under the caption “Impairment losses”, unless that loss compensates a revaluation excess recorded in equity. In this last case, that loss will be treated as a revaluation decrease.

Impairment losses are assigned to the carrying amount of the CGU's assets as follows: first to the goodwill allocated to the CGU (if any) and then to the other assets of the CGU on a pro rata basis taking in consideration the respective carrying amounts.

The reversal of impairment losses recorded in previous years only occur when there is evidence that the impairment losses no longer exist or decreased. The reversal of impairment losses is recorded in the consolidated income statement under the caption “Impairment losses”. The reversal of impairment losses is recognized up to the limit of the amount that would have been recorded (net of depreciation), if the previous impairment losses had not been accounted.

vi) Leases

At the inception date of a contract, the GROUP assesses if its scope corresponds to a lease, or if it contains a lease. A lease corresponds to a contract, or part of a contract, through which it is granted the right to control the use of an identifiable asset for a defined period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identifiable asset for a defined period of time, the GROUP assesses, if, during the usage period of the asset, it has cumulatively:

- The right to obtain substantially all of the economic benefits arising from the use of the identifiable asset; and
- The right to control the use of the identifiable asset.

The GROUP recognizes the right of use of an asset and the lease liability at the inception date of the lease contract. The right of use of an asset is initially measured at cost, which includes the initial amount of the lease liability adjusted by any lease payments made on or before the commencement date, plus any initial direct costs incurred, as well as, an estimate of the costs required to dismantle and remove the underlying asset (if applicable), less any lease incentives received.

The right of use of an asset is depreciated by twelfths using the straight-line method during its estimated useful life or during the term of the lease contract, if lower.

The right of use of an asset is periodically subject to impairment tests being the potential impairment losses identified recorded immediately in the consolidated income statement of the year.

The lease liability is initially measured by the present value of the lease payments that have not yet been paid at the inception date of the contract, discounted using the implicit interest rate of the lease or, if that rate cannot be possible to be determined, using the incremental borrowing rate of the respective affiliate company. In the majority of the situations, the GROUP uses its incremental borrowing rate as the discount rate to be used in the above referred calculation.

The types of lease payments considered in the measurement of the lease liability include the following ones:

- Fixed payments, deducted from any incentives already received;
- Variable payments, dependent only of a pre-established index or rate;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price of purchase options, if it is reasonably certain that the lessee will exercise them; and
- Penalty payments associated with the early termination of the contract, if it is reasonably certain that the lessee will cancel it.

The lease liability is subsequently measured by the amortized cost, using the effective interest rate method, being remeasured when the following conditions occur: (i) changes in the future lease payments arising from a change in an index or a rate specified in the contract; (ii) a change in the GROUP's estimate of the amount expected to be payable under the residual value guarantee of the asset; or (iii) if the GROUP changes its assessment over the exercise of a purchase option, or over its extension or termination.

When the lease liability is remeasured, the carrying amount of the right of use asset is adjusted by the same amount, except if the carrying amount of the right of use is zero, situation that will generate the recognition of a gain in the consolidated income statement.

vii) Investment properties

Investment properties comprise land and buildings held with the aim of obtaining rents and / or the appreciation of the invested capital, and not for the use in the production or supply of products or services, or for administrative purposes (situations in which they are classified as tangible assets), or for sale during the ordinary course of business (situations in which they are classified as inventories). The classification of certain land and buildings as investment properties instead of inventories and / or tangible assets is based, essentially, on the use that the GROUP's Board of Directors defines for those real estate assets taking in consideration namely the maximization of their return.

Investment properties, including those that are under construction, are recorded at their fair value, determined in an annual basis by specialized external appraisers.

Changes in the fair value of investment properties are recorded directly in the consolidated income statement of the year under the caption "Other operating income / (expenses) – Changes in fair value in investment properties".

Costs incurred with investment properties in use, namely maintenances, repairs, insurances and property taxes are recognized in the consolidated income statement of the year to which they refer.

viii) Non-current assets held for sale

Non-current assets are classified as held for sale if its carrying amount is expected to be recovered essentially through a disposal or through a distribution to the shareholders instead of its continued use. In order to be classified as such, those assets must be available for immediate sale under their current conditions, the sale must be highly probable, the Board of Directors must be committed to execute such sale and the disposal should occur within a 12 months period.

Non-current assets held for sale may include a separate asset, a group of assets or a financial investment.

Non-current assets classified as held for sale are recorded at the lowest amount between its carrying amount and its fair value less the estimated costs with its sale. Its amortization ceases at the time of classification as non-current assets held for sale.

In order to determine the fair value of non-current assets held for sale, binding offers for the assets to be dispose of and valuations performed by external entities were taken in consideration.

Due to a change in circumstances, the non-current assets may cease to be classified as held for sale. If such happens, those assets shall be reclassified according to its underlying nature.

ix) **Financial assets and liabilities**

Financial assets and liabilities are recognized in the consolidated statement of the financial position of the GROUP when it becomes a contracting party of the financial instrument.

Financial assets and liabilities are initially recorded at their fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities measured at fair value through the income statement) are added or deducted to the fair value of the financial asset or liability, as the case may be, in the initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or liabilities recognized at fair value through the income statement are immediately recorded in the consolidated income statement.

Financial assets

All purchases and sales of financial assets are recognized on the date the respective purchase and sale agreements are signed, regardless of the financial settlement date.

All financial assets recognized are subsequently measured at amortized cost, or at fair value, (through other comprehensive income or through the income statement), depending on the business model adopted by the GROUP and the characteristics of its contractual cash flows.

Classification of financial assets

a) **Debt instruments and accounts receivable**

The fixed income debt instruments and the accounts receivable that meet the following requirements are subsequently measured at amortized cost:

- (i) the financial asset is held taking in consideration a business model whose purpose is to keep the asset in order to receive its contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows which are just payments of capital and interest over the outstanding principal amount.

The effective interest rate method is a method for calculating the amortized cost of a financial instrument and to allocate the respective interest during its term.

For financial assets which were not acquired or originated with impairment (i.e., impaired assets in the initial recognition), the effective interest rate is the rate which discounts exactly the estimated future cash flows (including fees and commissions paid or received that make part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the instrument in its gross carrying amount on the date of its initial recognition.

The amortized cost of a financial asset is the amount by which it is measured in the initial recognition minus the repayments of capital, plus the accumulated amortization, using the effective interest rate method, of any difference between that initial amount and the amount of its repayment, adjusted by potential impairment losses.

The income associated with interest is recorded in the consolidated income statement under the caption "Financial income and gains", through the effective interest rate method, for financial assets subsequently recorded at amortized cost or at fair value through the income statement. The interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.

The debt instruments and the accounts receivable which meet the following requirements are subsequently measured at fair value through other comprehensive income:

- (i) the financial asset is held taking in consideration a business model whose purpose allows both the receipt of its contractual cash flows and its disposal; and
- (ii) the contractual terms of the financial asset give rise, on specific dates, to cash flows which are just payments of capital and interest over the outstanding principal amount.

b) Equity instruments designated at fair value through other comprehensive income

In the initial recognition, the GROUP may irrevocably choose (financial instrument to financial instrument) to designate certain investments in equity instruments (shares) at fair value through other comprehensive income.

The designation at fair value through other comprehensive income is not allowed if the investment is held for trading purposes or if it results from a contingent consideration recognized within the scope of a business combination.

An equity instrument is held for trading if:

- i) it is acquired essentially for purposes of short-term disposal;
- ii) in the initial recognition, is part of a portfolio of identified financial instruments that the GROUP jointly manages and in which there is evidence of a recent real pattern of short-term profit generation; and
- iii) if it is a derivative financial instrument (unless if it is assigned to a hedging operation).

The investments in equity instruments recorded at fair value through other comprehensive income are initially measured at their fair value plus transaction costs. Subsequently, they are measured at fair value with the gains and losses arising from its change recognized in other comprehensive income. At the date of their disposal, the accumulated gain or loss generated with these financial instruments is not reclassified to the consolidated income statement but instead it is transferred to the caption "Other reserves and retained earnings".

The dividends associated with investments in equity instruments are recorded in the consolidated income statement at the date they are attributed / declared, unless they clearly represent a recovery of part of the investment cost. The dividends are recorded in the consolidated income statement under the caption "Financial income and gains".

In the first application of IFRS 9, at 1 January 2018, the GROUP designated the investments in equity instruments which were not kept for trading purposes as recorded at fair value through other comprehensive income.

c) Financial assets at fair value through the income statement.

Financial assets which do not meet the criteria for being measured at amortized cost or at fair value through other comprehensive income are measured at fair value through the income statement.

Financial assets recorded at fair value through the income statement are measured at fair value determined at the end of each reporting period, being the respective gains or losses recognized in the consolidated income statement, unless they are assigned to a hedge relationship.

Impairment of financial assets

The GROUP recognizes expected impairment losses for debt instruments measured at amortized cost or at fair value through other comprehensive income, as well as, for accounts receivable from customers and for contract assets.

The amount of expected impairment losses for the financial assets above referred is updated on each reporting date in order to reflect the changes in the credit risk occurred since the initial recognition of the respective financial assets.

The expected impairment losses for credit granted (accounts receivable from customers and contract assets) are estimated using an uncollectability matrix based on the credit history of the GROUP's debtors over the last five years, adjusted by specific factors attributable to the debtors, as well as, by the forecasted macroeconomic conditions for the future. Therefore, the balances of customers and other debtors were segmented taking in consideration similar types of credit risk (by country, by business unit, by type of debtor - public or private, etc.) and by aging.

The GROUP recognizes the expected impairment losses for credit granted for the whole life of the accounts receivable from customers as well as for contract assets.

Regarding accounts receivable from jointly controlled and associated companies, which are not part of the financial investment in those companies, the credit impairment is assessed taking in consideration the following criteria: i) if the account receivable is immediately payable ("on demand"); ii) if the account receivable risk is low; (iii) if the account receivable term is lower than 12 months.

In the situations where the account receivable is immediately due and the affiliated company has the ability to pay it, the probability of default was considered close to 0% and therefore the impairment was considered equal to zero. In the situations where the account receivable is not immediately payable, it was assessed the credit risk of the affiliated company and if it is "low" or if its term is lower than 12 months, the GROUP only assesses the probability of a default occurring for the cash-flows that will expire in the next 12 months.

For all other situations and natures of accounts receivable, the GROUP applies the general approach of the impairment model assessing in each reporting date if there was a significant increase in the credit risk since the initial date of recognition of the asset. If the credit risk has not increase, the GROUP calculates an impairment loss corresponding to the amount of the expected loss in a 12 months period. If there has been an increase in the credit risk, the GROUP calculates an impairment loss corresponding to the expected loss for all contractual cash flows until the maturity of the asset. The credit risk assessment is performed in accordance with the criteria disclosed in the credit risk policies included in Note 45.

Presentation of accounts receivable

Accounts receivable are recorded in the consolidated statement of financial position under the caption "Customers and other debtors".

Accounts receivable are classified as current assets, except in cases where their maturity is greater than the normal business cycle, in which case they are classified as non-current assets.

In some geographies, namely in Africa and Latin America, the normal business cycle may exceed 12 months from the date of the consolidated statement of financial position and, for this purpose, the current value of those accounts receivable is estimated, under the terms explained in the Note 23.

Write-off policy

The GROUP writes off a financial asset when there is sufficient information proving that the debtor is in a very weak financial situation, namely if it is involved in winding-up or insolvency proceedings, and when there are no realistic perspectives regarding the credit recovery. However, the written-off financial assets may still be subject to recovery proceedings by the GROUP. Any subsequent recoveries shall be recorded in the consolidated income statement.

Derecognition of financial assets

The GROUP only derecognizes a financial asset when the contractual rights to the asset's cash flows expire or when it transfers the financial asset together with all substantial risks and rewards associated with the respective ownership to other entity. If the GROUP neither transfer, neither retain, substantially all the risks and rewards associated with the ownership of a financial asset but still carries on controlling that asset, the GROUP recognizes its interest in the asset retained and a liability equivalent to the amount that it must return. If the GROUP substantially retains all risks and rewards associated with the ownership of a financial asset transferred, it continues to recognize it and recognizes in addition a loan for the amount received.

In the derecognition of a financial asset measured at amortized cost the difference between its carrying amount and the sum of the consideration received or receivable is recognized in the consolidated income statement.

Moreover, in the derecognition of a financial asset represented by a debt instrument recorded at fair value through other comprehensive income, the gain or loss accumulated in the fair value reserve is reclassified to the consolidated income statement.

However, in the derecognition of a financial asset represented by an equity instrument irrevocably designated in the initial recognition as recorded at fair value through other comprehensive income, the gain or loss accumulated in the fair value reserve is not reclassified to the consolidated income statement being instead transferred to the caption of "Other reserves and retained earnings".

Financial liabilities and equity instruments

Classification as financial liability or as equity instrument

Financial liabilities and equity instruments are classified as liability or as equity instruments according to the contractual substance of the transaction.

Equity

The GROUP defines equity instruments as those where the underlying contract of the transaction evidences that the GROUP holds a residual interest in a set of assets after deduction of a set of liabilities.

The equity instruments issued by the GROUP are recognized by the amount received net of the costs directly attributable to them.

The repurchase of equity instruments issued by the GROUP (own shares) is recorded by its acquisition cost as a deduction of equity. Gains or losses arising from the disposal of own shares are recorded under the caption "Other reserves and retained earnings".

Financial liabilities

Following the initial recognition, all financial liabilities are subsequently measured at amortized cost or at fair value through the income statement.

Financial liabilities are recorded at fair value through the income statement when:

- (i) the financial liability results from a contingent consideration arising from a business combination;
- (ii) when the liability is held for trading; or
- (iii) when the liability is designated for being recorded at fair value through the income statement.

A financial liability is classified as being held for trading if:

- (i) it is acquired mainly for purposes of short-term disposal;
- (ii) in the initial recognition, it is part of a portfolio of identified financial instruments that the GROUP jointly manages and in which there is evidence of a recent real pattern of short-term profit generation; and
- (iii) if it is a derivative financial instrument (unless if it is assigned to a hedging operation).

Financial liabilities recorded at fair value through the income statement are measured at fair value with the respective gains or losses arising from its change being recognized in the consolidated income statement, unless they are assigned to hedging operations.

Financial liabilities subsequently measured at amortized cost

Financial liabilities which are not designated to be recorded at fair value through the income statement are subsequently measured at amortized cost, using the effective interest rate method.

The effective interest rate method is a method for calculating the amortized cost of a financial liability and to allocate the respective interest during its term.

The effective interest rate is the rate which discounts exactly the estimated future cash flows (including fees and commissions paid or received that make part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the financial liability in its carrying amount at the date of its initial recognition.

Types of financial liabilities

Loans represented by issued commercial paper are classified as non-current liabilities when there is a placement guarantee for more than a year and the GROUP's Board of Directors intends to use that financing source also for more than a year.

Loans without recourse correspond to loans in which only the assets of the financed companies secure the payment of the debt (Project finances). In loans with recourse, the debt's settlement is always ensured by the GROUP.

Other financial liabilities refer, essentially, to factoring and lease operations, which are initially recorded at their fair value. These financial liabilities are, subsequent to its initial recognition, measured at the amortized cost using the effective interest rate method.

Derecognition of financial liabilities

The GROUP derecognizes financial liabilities when, and only when, its obligations are settled, cancelled or have expired.

The difference between the carrying amount of the derecognized financial liability and the consideration paid or payable is recognized in the consolidated income statement.

When the GROUP exchanges with a creditor a debt instrument by another with substantially different terms that exchange is recorded as an extinguishment of the original financial liability and the recognition of a new one.

Similarly, the GROUP records the substantial changes in the terms of an existing liability, or part thereof, as an extinguishment of the original financial liability and the recognition of a new one. The terms are assumed to be substantially different if the present value of the cash flows of the renegotiated financial liability, including any commissions paid net of any commissions received, discounted using the original effective interest rate is at least 10 percent different from the present value of the remaining cash flows of the original financial liability.

If the change is not substantial, the difference between: (i) the carrying amount of the liability prior to the change; and (ii) the present value of the future cash flows following the change is recognized in the consolidated income statement as a gain or loss of the change.

Derivative financial instruments

The GROUP uses a set of derivative financial instruments (forwards, swaps and options) to manage its exposure to the interest rate risk and to the exchange rate risk but it never uses derivative financial instruments for trading purposes. The use of derivative financial instruments is duly regulated by the GROUP.

Derivative financial instruments are initially recorded at their fair value on the date they are established and are subsequently remeasured at fair value on each reporting date. The gain or loss arising therefrom is immediately recognized in the consolidated income statement unless the derivative financial instrument has been designated as a hedge instrument, situation on which the recognition in the income statement depends upon the nature of the hedging relationship.

As referred above, the derivative financial instruments used by the GROUP refer, essentially, to interest rate and exchange rate hedge instruments mainly related to loans obtained. The amount of the loans, the interest payment dates and the reimbursement plans are similar to the conditions established for the interest rate and for the exchange rate hedge instruments, and therefore the hedge are highly effective.

In the initial recognition, the following criteria is used by the GROUP to classify derivative financial instruments as cash flows hedge instruments:

- a) The hedging relationship is solely comprised by eligible hedging instruments and eligible hedged items;
- b) At the beginning of the hedging relationship there is a designation and formal documentation concerning the hedging relationship and the entity's risk management goal and strategy to carry out the hedging;
- c) The hedging relationship meets all the following hedging effectiveness requirements:
 - i) There is an economic relationship between the hedged item and the hedging instrument;
 - ii) The effect of the credit risk does not dominate the changes resulting from that economic relationship;
 - iii) The hedge ratio of the hedging relationship is the same which results from the quantity of the hedged item that an entity effectively hedges and the quantity of the hedging instrument that the entity effectively uses to hedge that quantity of the hedged item; and
 - iv) There is an expectation that the value of the hedging instrument and of the hedged item will move in opposite directions as a result of the common underlying assumptions or the hedged risk.

Interest rate and exchange rate hedge derivative financial instruments are initially recorded at their fair value. Subsequent changes in the fair value of the derivative financial instruments assign to cash flows hedges, associated to the portion that is effectively hedged, are recognized in the consolidated statement of other comprehensive income under the caption "Changes in the fair value of derivative financial instruments of cash flow hedges", and are transferred to the consolidated income statement in the same period that the hedged instrument affects the net profit.

The potential existing hedge inefficiencies are recorded under the captions "Financial income and gains" and "Financial costs and losses" of the consolidated income statement of the year.

The cash-flow hedge accounting must be discontinued if the hedging instrument matures or terminates earlier, if the hedge is no longer efficient, when there is no longer an economic relationship between the hedged item and the hedging instrument or if the hedging relationship fails to meet the risk management objective, or if a decision is taken to terminate the designation of the hedging relationship. In those situations, the gain or loss arising from the hedging instrument must remain recognized separately in other comprehensive income, being reflected in the consolidated income statement in the same period of the recognition in the net profit of the gains or losses in the hedged item.

If the coverage ratio for risk management purposes is no longer optimized, but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced adjusting both the volume of the hedging instrument and the volume of the hedged item, in order that the coverage ratio will be aligned with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and recognized in the net profit or loss for the year when the hedge relationship is rebalanced.

A derivative financial instrument with positive fair value is recognized as a financial asset, whereas a derivative financial instrument with negative fair value is recognized as a financial liability.

The derivative financial instruments are not offset in the accompanying consolidated financial statements unless the GROUP is legally entitled and intends to offset them.

A derivative financial instrument is presented as a non-current asset or a non-current liability if its residual term exceeds 12 months counting from the reporting date and if it is not expected to be realized or settled within 12 months from the aforementioned date. The remaining derivative financial instruments are presented as current assets or current liabilities.

x) Cash and its equivalents

a) Cash and cash equivalents – Demand deposits

The amounts included under the captions “Cash and cash equivalents with / without recourse - Demand deposits” correspond to cash, demand and term bank deposits and other treasury applications falling due within less than three months which can be repayable on demand with an insignificant risk of change in value.

b) Cash and cash equivalents – Term deposits

The amounts included under the caption “Cash and cash equivalents with recourse - Term deposits” correspond to cash, demand and term bank deposits and other treasury applications that are not immediately available, since they have been pledged as a guarantee or have been blocked.

The amounts of Cash and cash equivalents without recourse correspond to the funds held by the companies financed under a *project finance* regime, namely the ones of the EGF SUBGROUP.

xi) Inventories

Merchandise and raw materials, subsidiaries and consumables are recorded at the lowest of their average acquisition cost and their net realizable value (estimate of its sale price less the costs to be incurred with the disposal).

Finished and semi-finished products, the subproducts, and work in progress are recorded at production cost, which is lower than its net realizable value. Production cost includes the cost of the incorporated raw material, direct labour and other direct production general costs.

Adjustments are recorded to reflect the difference between the inventories carrying amount and the corresponding net realizable value, whenever this last one is lower on the reporting date.

Regarding inventories, adjustments to their net realizable value are determined based on market values and several rotation indicators.

The costing of goods sold and materials consumed is determined by the following rules:

- Real estate properties – specific cost; and
- Materials and remaining inventories – average cost.

xii) Revenue

Revenue is measured according to the specific consideration established in the contracts entered into with the customers, excluding any amount received on behalf of third parties. The GROUP recognizes revenue when it transfers to the customer the control of a given good or service, depending on the business unit where it performs its activity.

The main business areas / sources of revenue of the GROUP can be detailed as follows:

- (i) Engineering and Construction – In this area, the GROUP develops, in the three regions where it operates, projects of civil construction and public works, namely the construction of several infrastructures, such as roads, motorways, airports, ports, dams, railways, residential and commercial buildings, etc. This area also comprises the services provided by the GROUP in the mining sector (extraction and transport of ore), as well as, in the operation and maintenance of infrastructures.
- (ii) Environment and Services – In this area, the GROUP develops the following activities:
 - a. Collection, treatment and recovery of waste – In this subarea, the GROUP develops, in the three regions where it operates, waste urban collection services, as well as, the treatment and recovery of said waste. In the waste treatment and recovery business, it should be highlighted the organic recovery of waste, as well as, the production of energy through biogas and energy recovery plants.
 - b. Energy – This subarea comprises, essentially, the activity of generation and trading of energy in Mexico.

Nature, performance obligations and timing of revenue recognition

- (i) Engineering and Construction – In this business area, the GROUP establishes with several public and private entities contracts for the provision of construction services which include several components / tasks. Although in the vast majority of the contracts the customers may benefit from the several components / tasks separately, since they are negotiated in a bundle the promise of transfer of each of them may not be separate from the others. Furthermore, since the aforementioned components / tasks are generally highly correlated and dependent upon each other, the GROUP considers that they must be treated as a single performance obligation. Thus, each construction contract is generally treated as a single performance obligation.

On the other hand, since the customers are able to control the use of the asset as the asset is being built and are able to substantially obtain all remaining economic benefits therefrom, the GROUP's performance obligation in these situations is fulfilled throughout time, being the revenue recognized according to the cost-to-cost method (described below).

Thus, the GROUP recognizes the revenue of each construction contract in accordance with the cost-to-cost method (also called percentage-of-completion method), which is defined as the ratio between the costs incurred in each contract up to a given period and the sum of these costs with the costs estimated to complete it. The differences obtained between the amounts arising from the application of the percentage-of-completion to the total estimated revenue and the amounts already invoiced are recorded under the caption of Contract assets / Contract liabilities. Additionally, the GROUP's Board of Directors considers that the cost-to-cost method is the most appropriate method to measure the degree of fulfilment of the performance obligations in the construction contracts.

In order to apply the cost-to-cost method, costs with training, budgeting, displacement, among others, are not considered since they do not reflect the progress and transfer of control to the customer.

In order to deal with the costs to be incurred during the warranty period of the construction contracts, the GROUP recognizes a liability to face up to such legal obligation, which is calculated taking in consideration the historic levels of production and the incurred costs with the contracts during the warranty period. Due to the fact that the quality warranties provided by the GROUP arise solely from a legal obligation (both in its scope and in its term), they were not treated as autonomous performance obligations.

In the situations in which the GROUP is able to control the use of the asset as the asset is being built and is able to obtain substantially all remaining economic benefits therefrom (namely in the real estate activity), revenue is recognized when the GROUP transfers to the customer the control of the asset (normally when the public deed of purchase of the asset occurs).

Regarding the mining and operation and maintenance services, since the customers simultaneously receive and consume the economic benefits arising from the GROUP's performance as it carries out its activity (extraction and transportation of ore or operation and maintenance of the infrastructure) the GROUP's performance obligation in these situations is satisfied throughout time, being the revenue recognized when the GROUP is entitled to invoice the services rendered since there is not a material delay between the moment that the GROUP performs the services and the moment it invoice them.

(ii) Environment and Services

- a. Collection, treatment and recovery of waste – In this business subarea, the GROUP enters into several contracts for the collection, treatment and recovery of waste, essentially, with public entities. Since in the majority of the situations the customers may benefit from the aforementioned services separately, each one of them is regarded as an autonomous performance obligation. On the other hand, since the customers simultaneously receive and consume the economic benefits arising from the GROUP's performance as it carries out its activity (collection, treatment and recovery of waste), the GROUP's performance obligation in these situations is satisfied throughout time, being the revenue recognized when the GROUP provides the services.

Moreover, the revenue arising from the regulated activities carried out by the companies of the EGF SUBGROUP (treatment and recovery of waste) is determined based on the tariff approved by the regulator (ERSAR), taking in consideration the allowed revenues and the quantities of waste arising from the undifferentiated collection.

The aim of the tariff is to recover:

- i) The amortization of the concession assets associated with the regulated activity;
- ii) The return of the average net book value of the assets associated with the regulated activity, according to the rates defined by the regulator; and
- iii) The operational costs associated with the regulated activity.

Tariff deviations

The tariff regulation, issued by ERSAR, defines the formula for the calculation of the allowed revenues for the regulated activities, as well as, the formula for the quantification of the tariff deviations which should be recovered until the second year after the date in which they were generated.

Therefore, in each reporting date, the GROUP determines, according to the criteria defined in the tariff regulation, the tariff deviations that exist between the allowed revenues recalculated based on the real amounts and the invoiced revenues.

Taking in consideration the regulatory framework described above, the tariff deviations determined by the GROUP in each year meet a set of requirements (reliability of measurement, right to its recovery, possibility of transfer and interest rate incidence) which support their recognition as revenue, and as an asset, in the year in which they are determined. Such rationale is also applicable when tariff deviations to be delivered (payable) are determined, which are regarded as liabilities and less revenue.

- b. Energy – In this business subarea, under the contracts entered into, the GROUP sells, namely to energy managing network companies, the energy that it produces. Thus, each energy sale contract is considered an autonomous performance obligation. On the other hand, since the customers simultaneously receive and consume the economic benefits arising from the GROUP's performance as it carries out its activity (energy production), the GROUP's performance obligation in these situations is satisfied throughout time, being the revenue recognized when the GROUP is entitled to invoice it.

Generally, and due to the type of services rendered by the GROUP, the allocation of the price to the different performance obligations is already defined in the contracts established with the customers.

Significant financing components

Whenever there is a significant time lag (more than 12 months) between the moment in which a good or service becomes available to the customer and the moment in which it is received, the GROUP assesses the existence of a significant financing component in the contract. If such component exists, it is considered as an autonomous performance obligation, being the respective interest recognized as income throughout the estimated financing period.

Additionally, the GROUP also assesses the existence of a significant financing component in the advances received from customers. If such component exists, it is considered as an autonomous performance obligation, being the respective interest recognized as an expense throughout the estimated financing period.

Variable revenue components

In order to determine the total amount of revenue of a contract, the GROUP takes into consideration all variable components of it, namely, discounts, bonus, price revisions, penalties, costs recovery requests, among others. Nevertheless, the GROUP only recognizes revenue associated with variable components when it is highly probable that a significant reversal of said revenue will not occur in the future. Therefore, in what concerns price revisions, since the calculation formula inherent to its quantification generally includes some indices of difficult estimation, the revenue associated is only recognized when it can be reliably measured. Similarly, since historically the GROUP has not been subject to penalties applied by its customers, those are only recognized when their occurrence is highly probable to occur. Lastly, the costs recovery requests (which include claims, among others) are only recognized as revenue when it is highly probable that a significant reversal will not occur in the future.

Contract assets

Contract assets correspond to the performance obligations already fulfilled by the GROUP under the scope of the contracts established with customers for which the respective invoice has not yet been issued (essentially production executed under construction contracts recognized by the cost-to-cost method). When the respective invoice is issued and the right to its receipt is unconditional, the balance of this caption is transferred to the caption "Customers and other debtors".

Contract liabilities

Contract liabilities correspond to advances received from customers associated with performance obligations to be fulfilled by the GROUP in the future or to deferred income arising from the adoption of the cost-to-cost method, namely, in construction contracts in progress.

Costs associated with the fulfillment of a contract

The costs associated with the fulfillment of a contract are recognized in the consolidated statement of the financial position when:

- (i) They are related with an already existing contract or with a specific future contract;
- (ii) They create resources that will be used for fulfilling one or more performance obligations in the future;
- (iii) Their recovery is expectable; and
- (iv) They are not covered yet by the scope of another IFRS standard, such as, for example, inventories, tangible assets or intangible assets.

Therefore, the costs with direct labour, materials and other indirect costs or other specific costs with the set-up, mobilization and demobilization of construction sites associated with construction contracts are recognized under this caption.

The costs associated with the fulfilment of a contract for a customer are recognized throughout the period of the construction contract under operating expenses captions.

When it is probable that the total costs foreseen for completing a construction contract exceed the revenue defined therein, the expected loss is recognized immediately in the consolidated income statement of the year.

Advances denominated in foreign currency

When there are advances received from customers regarding contracts denominated in foreign currency, the revenue associated with such advances is recognized at the exchange rate of the date of its receipt.

xiii) Accrual basis

The GROUP adopts the accrual basis of accounting for the majority of the captions of the financial statements. Therefore, expenses and income are recorded as they are generated, regardless of when they are paid or received.

xiv) Assets, liabilities and transactions in foreign currency

At initial recognition, all transactions in foreign currency are recorded in the functional currency of the respective entity through the application to the amount in foreign currency of the spot exchange rate between the functional currency and the foreign currency as at the transaction date.

At the end of each reporting period: a) monetary items expressed in foreign currency are translated at the closing exchange rate; b) non-monetary items which are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the transaction date; and c) non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of monetary items or from the translation of monetary items at rates which were different from those used to translate them in the initial recognition or, in previous financial statements, are recognized in the income statement of the year, unless they arise from monetary items that are part of the net investment in a foreign operating unit. In this case, the exchange differences are initially recognized in other comprehensive income and are reclassified to the net profit of the year when occurs the full or partial disposal of that operating unit.

Exchange differences related to investment / financing transactions (financial) are recorded under the sub-captions "Financial income and gains" and "Financial costs and losses".

Exchange differences related to operating transactions are recorded under a sub caption of "Other operating income / (expenses)".

In the preparation process of the accompanying consolidated financial statements, the results, the cash-flows and the financial position of the entities included in the consolidation perimeter, whose functional currencies are not the ones of a hyperinflationary economy, have been translated to Euro at the exchange rates detailed in item h) of Note 1.3..

xv) Income tax

Income tax for the year is determined based on the taxable profit of the companies included in the consolidation (in accordance with the tax rules in force in the country where they operate) and considers deferred taxes.

Deferred taxes are determined based on the balance sheet liability method and refer to existing temporary differences between the amounts of the assets and liabilities reported for accounting purposes and their respective amounts for tax purposes.

Deferred tax assets and liabilities are determined and assessed annually using the tax rates in force, or announced to be in force, at the date of the reversal of the temporary differences.

Deferred tax liabilities are recorded for all taxable temporary differences except for the ones associated with: (i) the initial recognition of goodwill; or (ii) initial recognition of assets and liabilities which do not arise from business combinations, which at the transaction date do not impact the tax or the accounting profit. Deferred tax assets are recorded for the deductible temporary differences only if there are reasonable expectations about the existence of sufficient future tax profits to use them. At each statement of financial position date a reassessment is made regarding the temporary differences underlying the deferred tax assets in order to recognize deferred tax assets not recorded previously, since they did not meet the requirements for their recording, and / or to reduce the amount of those assets according to the current expectations of their future recovery. More specifically, in what concerns the recognition of deferred tax assets associated with tax losses carried forward, these ones are only recorded if the business plans of the respective companies support their full recovery during the legal deadlines set.

The offset between deferred tax assets and liabilities is only allowed when: (i) the GROUP has the legal right to offset such assets and liabilities for settlement purposes; (ii) such assets and liabilities relate to income taxes levied by the same tax authority; and (iii) the GROUP intends to offset them for settlement purposes.

The amount of tax to be recognized, both in current tax and deferred tax, arising from transactions or events recognized under captions of other comprehensive income is recorded directly under these same captions, not affecting the net profit of the year.

The amount of taxes recognized in the consolidated financial statements corresponds to the GROUP's assessment over the tax treatment applicable to specific transactions, being liabilities related to income tax or other type of taxes recognized based on the interpretation that is made and which is considered to be the most appropriate.

In the situations where such interpretations will be challenged by the Tax Authorities, within the scope of their competences, as its interpretation is different from the one considered by the GROUP, that situation is subject to a reanalysis. In case such reanalysis reconfirms the GROUP's position, concluding that the probability of losing a certain tax lawsuit is less than 50%, the GROUP treats the situation as a contingent liability, which results in the non-recognition of any amount of tax since the most probable decision is that no tax will be paid. In the situations where the probability of loss is greater than 50%, a liability is recognized, or, if the payment has already been made, the correspondent expense is recognized.

xvi) Financial costs with loans obtained

Financial costs associated with loans obtained for the acquisition, construction or manufacturing of qualifying assets are capitalized and are part of the asset cost. The capitalization of these costs begins with the preparation of the construction or development activities of the asset and is stopped after the beginning of its use, at the end of its construction, or when the construction of the asset is suspended.

The remaining financial costs associated with loans obtained are recognized as a cost in the year in which they were incurred.

xvii) Provisions

Provisions are recognized if, and only if, the GROUP has a present obligation (legal or implicit) arising from a past event, it is probable that an outflow of resources will occur to settle that obligation and the amount of the obligation can be reasonably estimated. Provisions are reviewed on each consolidated statement of financial position date and are adjusted to reflect the best estimate on that date (expected amount of the outflow to incur), taking in consideration the risks and uncertainties inherent to such estimates. When a provision is determined taking in consideration the future cash flows required to settle the obligation, those cash flows are subject to a financial discount. The discount rate used in the above-mentioned financial discount corresponds to the average interest rate of financing of the respective company at the reporting date.

Provisions for onerous contracts - The present obligations arising from onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist when the GROUP is in a situation in which the inevitable costs to fulfill the contractual obligations exceed the economic benefits expected to be received under that contract.

Provisions for work warranties - The provisions to deal with the costs to be incurred during the warranty period of the construction contracts are recorded as the construction revenue is recognized, according to the best estimate of the Board of Directors regarding the outflows required to fulfill that obligation.

Provisions for legal proceedings - The provisions for legal proceedings are recorded when the occurrence of an outflow of resources by the GROUP is probable, being those reassessed on an annual basis taking in consideration the opinion of the respective lawyers / legal consultants in charge of the processes.

Provisions for restructuring are only recognized by the GROUP when there is a formal and detailed restructuring plan that is already in progress and/or that it has been disclosed to the parties involved.

xviii) Employee benefits

a) Benefits granted to employees – current and non-current

A liability is recognized to deal with the benefits granted to employees associated with wages, vacations and holiday pay in the period in which the employees provide the services, being it recognized by the amount of benefits expected to be paid.

Recognized liabilities concerning current benefits granted to employees are measured at the undiscounted amount of the benefits expected to be paid in exchange for the services provided.

Recognized liabilities concerning non-current benefits granted to employees are measured at the present value of the future expected payments associated with the services provided by the employees up to the reporting date.

b) Pensions

Liabilities associated with the defined benefit pension plan, attributed to some former employees and to some current directors of the GROUP, are determined in accordance with the Projected Unit Credit Method being the respective actuarial appraisals performed on each reporting date, using the actuarial and financial assumptions more adequate to the established plan. The discount rate is determined based on the market rates of bonds issued by companies with a good credit risk and with a duration similar to the one of the settlement of the liabilities.

The GROUP records under the caption "Wages and salaries" of the consolidated income statement the following components associated with the above-mentioned pension plan:

- Cost of current services;
- Net cost of interest with the pension plan; and
- Gains and losses arising from the change of plan conditions.

The net cost of interest with the pension plan is determined by the GROUP multiplying the net liability with retirement pensions by the discount rate used in the determination of the corresponding liabilities. At 31 December 2020 and 2019, the GROUP's liabilities with retirement pensions were solely secured through the recognition of a provision under the caption "Provisions" in the consolidated statement of the financial position, not existing an autonomous Fund.

Actuarial gains and losses arising from differences between actuarial assumptions used and the amounts effectively verified (gains and losses from experience), as well as, gains and losses arising from changes in actuarial assumptions are recognized against the consolidated statement of other comprehensive income.

xix) Government grants

Grants attributed to fund staff training actions are recognized as income during the period on which the GROUP incurred the respective training costs and are presented in the consolidated income statement as a deduction to those costs.

Grants attributed to fund investments in tangible or intangible assets are deferred and recorded as liabilities. Investments grants are recognized in the consolidated income statement during the estimated useful life of the corresponding assets under the caption "Other operating income / (expenses)".

xx) Contingent assets and liabilities

Contingent assets are not recognized in the accompanying consolidated financial statements but are disclosed in these Notes whenever it is probable that there will be a future economic benefit.

Contingent liabilities are not recognized in the accompanying consolidated financial statements but are disclosed in these Notes, unless the probability of an outflow of resources affecting future economic benefits is remote.

xxi) Subsequent events

Events occurring between the consolidated statement of the financial position date and the issuance date of the consolidated financial statements that provide additional information on conditions that exist at the consolidated statement of the financial position date (adjusting events) are reflected in the consolidated financial statements. Events occurring between the consolidated statement of the financial position date and the issuance date of the consolidated financial statements that provide additional information on conditions which occur after the consolidated statement of the financial position date (non-adjusting events), if material, are disclosed in these notes to the consolidated financial statements.

xxii) Judgments and estimates

In preparing the accompanying consolidated financial statements, the GROUP's Board of Directors used its best knowledge and experience of past and / or current events, considering certain assumptions regarding future events.

The most significant accounting estimates reflected in the accompanying consolidated financial statements (and the corresponding sources of uncertainty) include:

- a) Fair value of tangible assets and investment properties and determination of the net realizable value of real estate assets recorded in inventories

Some of the GROUP's real estate assets (namely land and buildings) are measured through the revaluation model, or the fair value model, namely the investment properties, which imply the determination of the respective fair value. Furthermore, the real estate assets which present evidence of impairment are subject to impairment tests which are based on the determination of its net realizable value. The fair value and the net realizable value of those assets is often determined through appraisals, which inevitably have underlying uncertainties associated with several factors, such as market prices, yields, demand, among others. To mitigate the effect of those uncertainties the Board of Directors uses, whenever possible, qualified and independent appraisers to conduct the appraisals.

When the appraisals are conducted by in-house technicians, those must always use as much observable market data as possible.

The information regarding the most relevant assumptions used in the determination of the fair value or the net realizable value for the main real estate assets held by the GROUP, as well as, the sensitivity of the corresponding results to some changes in the assumptions is disclosed in Notes 16, 21 and 22.

- b) Impairment analyses of goodwill, of investments in associated and jointly controlled companies, of tangible and intangible assets

Impairment analyses require the determination of the fair value and / or the value in use of the respective assets (or of some CGU's). This process requires a high number of assumptions, namely the estimation of future cash flows associated to the assets or the respective CGU's, and the determination of an appropriate discount rate to compute the present value of those cash flows. Therefore, once again, the GROUP established as a requirement the usage of as much observable market data as possible. Furthermore, the GROUP also established monitoring mechanisms over the calculations based on the critical challenge of the assumptions used, on its coherence and consistency (in similar situations).

The information regarding the most relevant assumptions used in the impairment analyses, as well as, the sensitivity of the corresponding results to some changes in the assumptions is disclosed in Notes 14, 15, 16, 18 and 19.

- c) Determination of impairment losses in accounts receivable and in other financial investments recorded at amortised cost

Impairment losses in accounts receivable are determined in accordance with the described in Note 1.4. ix). Therefore, the determination of impairment through an individual analysis corresponds to the GROUP's judgment regarding the economic and financial situation of its customers and its estimate of the value attributed to potential existing guarantees, with the consequent impact on expected future cash flows. On the other hand, the expected impairment losses in the credit granted and in other financial investments recorded at amortised cost are determined taking in consideration a set of historical information and assumptions (described in Note 45 for other financial investments recorded at amortised cost), which may not be representative of the future uncollectability of the GROUP's debtors.

The information regarding the most relevant assumptions used in the determination of the impairment losses in accounts receivable is disclosed in Notes 23 and 45.

- d) Revenue recognition in construction contracts in progress

The revenue of construction contracts in progress is recognized based on the cost-to-cost method, i.e., according to the stage of completion of the contract. The determination of the stage of completion is a very relevant estimate based on the projections of costs to be incurred until the conclusion of the contracts. This process is based, essentially, in the inputs received from the technicians involved in the execution of the contracts, due to their detailed knowledge, their experience and their technical skills.

- e) Valuation of financial instruments not traded in active markets

In the valuation of financial instruments not traded in active markets (such as derivative financial instruments established by the GROUP and the shares of Banco Angolano de Investimento, S.A. – BAI), valuation techniques based on discounted cash flows and market multipliers were used.

The determination of the fair value of the derivate financial instruments is generally performed by the entities before which those instruments were contracted (counterparties). The GROUP's Board of Directors recognizes competence and objectivity to the counterparties. Moreover, the GROUP has also access the main assumptions and methodologies used to determine the fair value of those instruments, and those assumptions and methodologies were considered appropriate.

The determination of the fair value of the shares of BAI was performed taking in consideration the public information available regarding market transactions at Reuters / Bloomberg or other credible sources of financial data.

The information regarding the most relevant assumptions used in the valuation of the financial instruments not traded in active markets is disclosed in Notes 20 and 32.

f) Determination of the outcome of legal proceedings in progress

The outcome of the legal proceedings in progress, as well as, the respective need for provisions, is estimated based on the opinion of the GROUP's lawyers / legal consultants. The GROUP's lawyers / legal consultants have the technical skills and the detailed knowledge of the proceedings necessary to deal with the uncertainty inherent to the outcome of such proceedings (Note 37).

g) Measurement and recognition of deferred taxes

The recognition of deferred tax assets is dependent upon the existence of future positive results and tax basis. Furthermore, deferred tax assets and liabilities are determined based on the interpretation of the tax legislation in force in the several jurisdictions in which the GROUP operates. Therefore, changes in the tax legislation or in its interpretation by the competent authorities may impact the amount of the recognized deferred taxes. Lastly, the recovery of deferred tax assets also depends upon the performance of the several entities included in the consolidation perimeter, situation which the GROUP does not fully control. In order to mitigate the degree of uncertainty associated to these estimates, particularly the one regarding the interpretation of the applicable tax legislation, the GROUP and the several companies included in its consolidation perimeter hire specialized external tax consultants.

The several aforementioned estimates were determined based on the best available historical information at the date of preparation of the accompanying consolidated financial statements. The underlying judgments to those estimates took in consideration the overall economic environment of the sector and of the geography in which the several companies included in the consolidation perimeter operate, as well as, their expected future developments. Due to its nature, those judgments are subject to a reasonable degree of uncertainty. Therefore, in subsequent periods, there may be situations which, due to their unforeseeable nature, were not taken in consideration in the estimates and which may produce an outcome different from the one expected. Changes in estimates occurred after the issuance date of the accompanying consolidated financial statements will be corrected in net profit prospectively, pursuant to IAS 8.

At the preparation date of the accompanying consolidated financial statements no relevant changes in the estimates produced are foreseen and, therefore, no material changes in the recognized assets and liabilities based on those estimates are expected.

xxiii) Cash flow statement

The consolidated statement of cash flows is prepared in accordance with IAS 7, through the direct method. The GROUP classifies under the caption "Cash and cash equivalents" investments falling due in less than three months and for which the risk of change in value is insignificant, excluding blocked sums of term deposits of concessionaire companies assigned to the debt service, as well as, deposits given in guarantee under contractual clauses, which are recorded under the caption "Cash and cash equivalents with recourse - Term deposits". On the other hand, bank overdrafts are not included in the caption "Cash and cash equivalents" as they are not part of the GROUP's treasury management.

The consolidated statement of cash flows is classified into operating, investment and financing activities.

Operating activities comprise receipts from customers, payments to suppliers, payments to employees, and others related to operating activities. The cash flows related to investment activities include, essentially, acquisitions and disposals of investments in affiliates, as well as, the balances of cash equivalents of the acquired / disposed companies and the payments and receipts arising from the purchase and disposal of fixed assets. The cash flows related to financing activities include, essentially, the payments and receipts related to loans obtained and leases, as well as, the payment of dividends.

2. Sales and services rendered

Sales and services rendered in the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019 ⁽¹⁾
Sales		
Energy	149,005	230,057
Recyclable materials	48,653	53,127
Real estate	68,741	26,280
Inert materials	15,543	9,836
Others	52,698	50,671
Services rendered		
Construction contracts	1,550,356	2,050,902
Waste - collection	205,813	186,946
Waste - treatment	106,311	65,144
Waste - treatment - associated with the construction of concession assets	43,626	85,693
Others	188,388	153,783
	2,429,134	2,912,440

⁽¹⁾ See Note 2

The decrease occurred in the year ended 31 December 2020 in the caption "Sales – Energy" is justified, essentially, by the decrease in the production and sale of energy in Mexico, which results, namely, from the negative impacts caused by the pandemic (demand decrease).

The increase occurred in the year ended 31 December 2020 in the caption "Sales – Real estate" is justified, essentially, by the sale of several apartments associated with three real estate projects promoted in Poland.

In the year ended 31 December 2020, as a result of ERSAR's decision to correct the tariffs to be applied by the concessionaires of the EGF SUBGROUP in the regulatory period 2019-2021, the caption "Sales and services rendered" includes a positive amount of circa of 22,200 thousand euros associated with this matter (Note 15).

In the years ended 31 December 2020 and 2019, sales and services rendered by operating segment can be analysed as follows:

	2020	2019 ⁽¹⁾
Europe - Engineering and Construction	715,138	623,079
Europe - Environment and Services	335,112	350,528
Africa	760,907	1,006,586
Latin America	595,401	948,924
Other, eliminations and intragroup	22,577	(16,677)
	2,429,134	2,912,440

⁽¹⁾ See Note 2

In the years ended 31 December 2020 and 2019, the caption "Others, eliminations and intragroup" included, essentially, sales and services rendered from the subsidiaries of MOTA-ENGIL CAPITAL and from subsidiaries of the Europe - Engineering and Construction segment to the Africa segment.

In the years ended 31 December 2020 and 2019, no customer of the GROUP represented more than 10% of the total amount of the caption "Sales and services rendered".

In the years ended 31 December 2020 and 2019, there was no significant discontinuation in the activities carried out by the GROUP.

As of 31 December 2020 and 2019, the component of future revenue allocated to performance obligations not yet fulfilled, or partially fulfilled, can be analysed as follows:

Segment	2021	2022 and subsequent	Total
Europe - Engineering and Construction	533,309	424,384	957,693
Europe - Environment and Services	85,863	100,743	186,607
Europe - Total	619,172	525,127	1,144,299
Africa - Engineering and Construction	905,980	1,795,911	2,701,891
Africa - Environment and Services	95,067	273,658	368,726
Africa - Total	1,001,047	2,069,569	3,070,616
Latin America - Engineering and Construction	632,421	1,085,504	1,717,925
Latin America - Environment and Services	24,682	93,994	118,676
Latin America - Total	657,103	1,179,498	1,836,601
Group - Engineering and Construction	2,071,709	3,305,799	5,377,508
Group - Environment and Services	205,613	468,396	674,009
Group - Total	2,277,322	3,774,195	6,051,517

Segment	2020	2021 and subsequent	Total
Europe - Engineering and Construction	616,061	418,917	1,034,978
Europe - Environment and Services	74,721	96,138	170,859
Europe - Total	690,781	515,055	1,205,837
Africa - Engineering and Construction	1,012,783	1,222,024	2,234,807
Africa - Environment and Services	87,946	388,652	476,598
Africa - Total	1,100,729	1,610,676	2,711,405
Latin America - Engineering and Construction	612,622	597,423	1,210,045
Latin America - Environment and Services	38,337	96,255	134,592
Latin America - Total	650,959	693,678	1,344,637
Group - Engineering and Construction	2,241,466	2,238,364	4,479,830
Group - Environment and Services	201,004	581,045	782,049
Group - Total	2,442,470	2,819,409	5,261,879

3. Cost of goods sold, materials consumed and changes in production

The cost of goods sold, materials consumed and changes in production for the years ended 31 December 2020 and 2019 can be analysed as follows:

2020	Merchandise	Raw and subsidiary materials and consumables	Total
Opening balance	92,065	120,722	212,788
Exchange differences and other movements	230	(3,941)	(3,711)
Impact of hyperinflation in Zimbabwe	(21)	-	(21)
Changes in the perimeter	-	990	990
Purchases	82,384	400,255	482,639
Closing balance (Note 22)	(82,774)	(98,882)	(181,657)
	91,884	419,144	511,029
Changes in production			49,562
Cost of goods sold, materials consumed and changes in production			560,591

2019 ⁽¹⁾	Merchandise	Raw and subsidiary materials and consumables	Total
Opening balance	84,697	121,236	205,933
Exchange differences and other movements	7,909	161	8,070
Impact of hyperinflation in Angola	-	(880)	(880)
Impact of hyperinflation in Zimbabwe	(521)	-	(521)
Changes in the perimeter	-	2,841	2,841
Purchases	40,401	619,567	659,968
Closing balance (Note 22)	(92,065)	(120,722)	(212,788)
	40,420	622,203	662,623
Changes in production			(1,583)
Cost of goods sold, materials consumed and changes in production			661,040

⁽¹⁾ See Note 2

In the year ended 31 December 2019, the amount recorded under the caption "Changes in the perimeter" was justified, essentially, by the sale of the subsidiary MOTA-ENGIL CONSTRUCTION SOUTH AFRICA.

The amounts included under the caption "Changes in production" refer, essentially, to the cost of the apartments built and sold by the GROUP, namely in Poland.

4. Third-party supplies and services

Third-party supplies and services for the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019 ⁽¹⁾
Subcontracts	452,115	561,524
Specialised works	107,620	111,654
Leases and rents	98,864	134,215
Conservation and repairs	52,841	53,644
Expenses associated with the construction of concession assets	43,626	85,693
Transport, travel and lodging	38,127	55,710
Fuel	37,512	46,388
Transport of goods	29,017	31,221
Insurance	27,255	28,460
Water and electricity	17,456	17,357
Vigilance and security	16,109	16,616
Commissions and fees	14,007	15,252
Utensils, other materials and office equipment	8,879	19,450
Communications	5,217	6,259
Cleaning	4,701	3,851
Advertising and publicity	3,745	7,993
Other supplies and services	13,102	50,024
	970,194	1,245,312

⁽¹⁾ See Note 2

In the years ended 31 December 2020 and 2019, the caption “Subcontracts” refers, essentially, to expenses incurred with subcontractors associated with the performance of the construction contracts that the GROUP was carrying out. On those dates, 241,378 thousand euros and 229,994 thousand euros, respectively, refer to the Europe region - Engineering and Construction, 113,665 thousand euros and 195,118 thousand euros, respectively, refer to the Latin American region and 88,798 thousand euros and 187,469 thousand euros, respectively, refer to the Africa region.

In the years ended 31 December 2020 and 2019, the caption “Specialised works” included, among others, technical assistance works, outsourcing, audit and consulting services.

In the years ended 31 December 2020 and 2019, the caption “Leases and rents” refers, essentially, to expenses incurred with the lease of equipment, machinery, vehicles and facilities, leases which did not comply with the definition of lease under IFRS – 16 and leases that did comply with that definition but which are short-term or low value leases, or include a variable price component (see Note 1.4. vi).

5. Wages and salaries

Wages and salaries for the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Payroll	405,285	461,567
Social security charges:		
Pensions (defined benefit plan) - Note 39	442	496
Others	113,917	125,167
	519,644	587,229

In the years ended 31 December 2020 and 2019, the caption “Others” included, essentially, expenses incurred with Social Security and other similar social contribution schemes abroad, meals and sickness subsidies, occupational accident insurance and severance pay.

In the years ended 31 December 2020 and 2019, the wages and salaries by operating segment can be analysed as follows:

	2020	2019
Europe - Engineering and Construction	111,440	115,732
Europe - Environment and Services	96,741	95,565
Africa	123,642	141,257
Latin America	146,785	188,296
Others, eliminations and intragroup	41,036	46,380
	519,644	587,229

Number of employees

As of 31 December 2020 and 2019, the number of employees working in the GROUP (taking into consideration the region in which those employees effectively carry out its activity) can be analysed as follows:

	2020	2019
Directors and board members	147	128
Employees	15,382	14,798
Temporary workers	19,802	26,380
	35,331	41,306
Europe	8,551	8,440
Africa	15,555	18,229
Latin America	10,161	13,423
Others, eliminations and intragroup	1,064	1,214
	35,331	41,306

6. Other operating income / (expenses)

Other operating income / (expenses) for the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019 ¹⁾
Operating income		
Favourable exchange differences	387,227	416,403
Changes in fair value in investment properties - Increases (Note 21)	18,581	54,925
Investment grants (Note 35)	19,440	20,978
Gains arising from the sale of tangible assets	6,322	11,543
Other income	8,519	6,458
	<u>440,090</u>	<u>510,308</u>
Operating expenses		
Unfavorable exchange differences	397,402	426,868
Taxes	22,428	32,219
Losses arising from the sale of tangible assets	1,886	8,327
Changes in fair value in investment properties - Decreases (Note 21)	1,953	4,869
Donations	2,611	1,549
Other expenses	12,260	38,265
	<u>438,539</u>	<u>512,096</u>
	<u>1,550</u>	<u>(1,788)</u>

¹⁾ See Note 2

In the years ended 31 December 2020 and 2019, the net exchange differences were originated, essentially, in the Africa region.

In the years ended 31 December 2020 and 2019, the caption "Investment grants" referred, essentially, to the recognition of investment grants by the EGF SUBGROUP companies.

In the years ended 31 December 2020 and 2019, the caption "Taxes" included several taxes supported by the different companies of the GROUP, with particular emphasis to the ones located in Angola and Colombia.

7. Amortizations and depreciations

Amortizations and depreciations for the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Amortizations for the year of intangible assets (Note 15):		
Development costs	4,033	2,772
Software and other rights	1,158	1,353
Concessions operation rights	61,339	53,506
Other intangible assets	1,358	899
	<u>67,889</u>	<u>58,529</u>
Depreciations for the year of tangible assets (Note 16):		
Land and buildings	7,668	8,490
Equipments		
Europe - Engineering and Construction	5,917	8,857
Europe - Environment and Services	7,623	4,659
Africa	37,084	54,372
Latin America	9,672	11,509
Others	186	236
Other tangible assets	1,688	1,453
	<u>69,838</u>	<u>89,577</u>
Depreciations for the year of rights of use assets (Note 17):		
Land and buildings	4,547	3,673
Equipments	54,462	54,333
Other tangible assets	6	430
	<u>59,016</u>	<u>58,436</u>
	<u>196,743</u>	<u>206,542</u>

8. Provisions and impairment losses

Provisions and impairment losses for the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020			2019		
	Increases	Decreases	Net	Increases	Decreases	Net
Provisions (Note 37)	15,666	(13,757)	1,909	38,584	(21,936)	16,648
Total of provisions	15,666	(13,757)	1,909	38,584	(21,936)	16,648
Adjustments and impairment losses:						
In inventories (Note 22)	1,574	(464)	1,110	3,644	(1,138)	2,506
In goodwill (Note 14)	406	-	406	686	-	686
In tangible assets (Note 16)	425	(2,836)	(2,411)	8,489	-	8,489
In other financial investments recorded at amortised cost (Note 20)	8,008	-	8,008	-	-	-
In customers and other debtors (Note 23)	37,717	(9,002)	28,715	25,683	(31,217)	(5,534)
In rights of use assets (Note 17)	1,290	-	1,290	3,685	(2,281)	1,404
Total of impairment losses	49,420	(12,302)	37,118	38,501	(32,355)	6,147
Total of provisions and impairment losses	65,086	(26,059)	39,027	77,085	(54,291)	22,794

The net increase in the year ending 31 December 2020 under the captions "Provisions" and "Impairment losses" was due, essentially, to the recognition of impairment losses for accounts receivables in the Africa and Latin America regions and to the recognition of a provision in Latin America to cover an agreement established with a third party (Note 40).

The net increase occurred in the year ended 31 December 2019 under the captions "Provisions" and "Impairment losses" was due, essentially, to the recognition of impairment losses for accounts receivables in the Latin America region, for impairment losses on tangibles assets in the Africa region and for several contingencies in the Africa region and in some companies of EGF SUBGROUP.

9. Financial income and gains and Financial costs and losses

Financial income and gains and financial costs and losses (financial results) for the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Financial income and gains		
Financial assets recorded at amortised cost:		
Interest income	42,145	44,410
Prompt payment discounts received	1,054	760
Favourable exchange differences	205,018	157,174
Other financial assets:		
Income from equity investments - Other financial investments recorded at fair value through other comprehensive income	2,258	1,556
Fair value gains - Derivative financial instruments	937	338
Other financial income and gains	5,008	5,627
	256,419	209,865
Financial costs and losses		
Financial liabilities recorded at amortised cost		
Interest expenses	131,347	135,678
Interest expenses - Rights of use assets (Note 17)	10,254	10,286
Prompt payment discounts granted	416	927
Unfavourable exchange differences	203,654	68,612
Other financial liabilities:		
Other financial costs and losses	45,545	58,801
	391,216	274,305
	(134,797)	(64,440)

In the years ended 31 December 2020 and 2019, the caption "Interest income" included, essentially, the interests associated with Angola and Mozambique (only in 2020) sovereign bonds held by the GROUP.

In the years ended 31 December 2020 and 2019, net exchange differences were, essentially, generated in the regions of Africa and Latin America (only in 2020).

Dividends are recognized when the GROUP'S right to receive the corresponding amount is established. In the years ended 31 December 2020 and 2019, the caption "Income from equity investments" referred, essentially, to dividends received from BAI – Banco Angolano de Investimentos (1,664 thousand Euros in 2020 and 1,552 thousand Euros in 2019).

In the years ended 31 December 2020 and 2019, the financial costs capitalized to assets under construction / development can be analysed as follows:

	2020	2019
Inventories	1,031	1,452
	1,031	1,452

In the years ended 31 December 2020 and 2019, in order to capitalize financial costs to the assets under construction / development above-mentioned, an average interest rate of 3.88% and 3.92%, respectively, was used.

In the years ended 31 December 2020 and 2019, the caption “Other financial costs and losses” included, essentially, costs with guarantees and with the set-up of loans, as well as, several commissions and costs charged by financial institutions, part of which are being recognised through the effective interest rate method.

In the year ended 31 December 2019, the aforementioned caption also included the amount of circa 760 thousand euros associated with the effect of the non-substantial modifications performed to some loans obtained by the GROUP (Note 1.4.ix).

10. Gains / (losses) in associates and jointly controlled companies

Gains in associates and in jointly controlled companies for the years ended 31 December 2020 and 2019 can be analysed as follows:

Gains in associates and jointly controlled companies	2020	2019
AUSUR (Latin America segment)	1,064	-
Haçor (Others, eliminations and intragroup segment)	701	510
Sistemas Eléctricos Metropolitanos (Latin America segment)	614	4,866
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	552	775
Agrupamentos Complementares de Empresas – ACE's held by Mota-Engil Engenharia e Construção (Europe - Engineering and Construction segment)	426	200
APP Tamaulipas (Latin America segment)	384	601
Concessionária Autopista Cardel Poza Rica (Latin America segment)	345	-
APP Coatzacoalcos Villahermosa (Latin America segment)	109	-
Estradas do Zambeze and associated company (Africa segment)	-	881
Others	2,231	2,498
	6,428	10,331

Losses in associates and in jointly controlled companies for the years ended 31 December 2020 and 2019 can be analysed as follows:

Losses in associates and jointly controlled companies	2020	2019
Fideicomiso el Capomo (Latin America segment)	9,357	7,477
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	2,657	2,669
Concessionária Autopista Cardel Poza Rica (Latin America segment)	-	4,146
Logz (Others, eliminations and intragroup segment)	-	655
Others	463	791
	12,476	15,738
Gains/(Losses) in associates and jointly controlled companies	(6,049)	(5,407)

11. Gains / (losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies

Gains / (losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies in the years ended 31 December 2020 and 2019 can be analysed as follows:

Gains on the acquisition and disposal of subsidiaries, jointly controlled and associated companies	2020	2019
Immo Park (ME Central Europe Polónia)	2,381	-
APP Coatzacoalcas Villahermosa (Mota-Engil México)	1,959	-
Logz (Mota-Engil Capital) (Note 42)	1,853	-
Vector Diálogo (Mota-Engil SGPS)	1,639	-
Tertir price adjustment (Mota-Engil Ambiente e Serviços)	1,146	-
Nortenha Angola (ME 3I SGPS)	1,001	-
GISA (Mota-Engil México)	982	-
Rutas del Este (Mota-Engil Engenharia e Construção)	-	4,189
Others	327	20
	11,288	4,209

Losses on the acquisition and disposal of subsidiaries, jointly controlled and associated companies	2020	2019
Mercado Urbano (Mota-Engil Real Estate Portugal)	71	-
ME Investment South Africa (Mota Internacional)	-	11,698
Sangobiar Peru (ME 3I SGPS)	-	125
Others	71	372
	142	12,195
Gains / (losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies	11,146	(7,986)

In the years ended 31 December 2020 and 2019, Note 44 presents, for the most relevant transactions, the details of the calculation of the respective gains / (losses).

12. Income tax

Income tax for the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Current tax	30,548	42,403
Deferred tax - Impact of hyperinflation in Zimbabwe	(271)	(345)
Deferred tax	(12,552)	(584)
	17,725	41,474

As of 31 December 2020 and 2019 the detail and the movement of deferred tax assets and liabilities, in accordance with the temporary differences that gave rise to them, can be analysed as follows:

Deferred Tax Assets 2020	2019	Changes in the perimeter	Effect in results	Effect in reserves	Transfers and others	2020
Provisions and impairment losses not accepted for tax purposes	62,107	-	3,784	(130)	3,561	69,322
Tax losses carried forward	40,776	-	10,790	(840)	(538)	50,188
Accrued expenses not accepted for tax purposes	44,878	-	4,150	(7,298)	(86)	41,646
Accrued expenses associated with investments to be performed not accepted for tax purposes	23,182	-	720	149	-	24,051
Temporary differences in the liquidation of subsidiaries	9,189	-	-	-	-	9,189
Others	6,163	-	8,057	(6,699)	-	7,521
	186,296	-	27,501	(14,817)	2,938	201,918

Deferred Tax Assets 2019	2018	Changes in the perimeter	Effect in results	Effect in reserves	Transfers and others	2019
Provisions and impairment losses not accepted for tax purposes	53,343	-	6,964	3,044	(1,245)	62,107
Accrued expenses not accepted for tax purposes	42,049	-	11,814	(7,976)	(1,009)	44,878
Tax losses carried forward	38,175	(6,129)	9,788	(1,058)	-	40,776
Accrued expenses associated with investments to be performed not accepted for tax purposes	23,376	-	(344)	-	149	23,182
Temporary differences in the liquidation of subsidiaries	9,189	-	-	-	-	9,189
Others	18,185	-	(2,651)	(2,948)	(6,423)	6,163
	184,318	(6,129)	25,572	(8,938)	(8,527)	186,296

Deferred Tax Liabilities 2020	2019	Changes in the perimeter	Effect in results	Effect in reserves	Transfers and others	2020
Revaluation of fixed assets and investment properties	44,838	-	(1,869)	7,020	2,094	52,082
Untaxed accrued income	25,423	-	18,320	(9,492)	-	34,252
Fair value allocation in business combinations	29,510	11,264	(1,008)	-	-	39,766
Amortizations associated with future investments to be performed not accepted for tax purposes	24,046	-	(43)	-	-	24,002
Exchange differences not accepted for tax purposes	14,230	-	(380)	-	-	13,850
Amortizations not accepted for tax purposes	8,741	-	39	(0)	-	8,780
Impact of hyperinflation in Angola	9,227	-	(264)	(3,159)	-	5,803
Others	5,970	-	155	(3,077)	113	3,160
	161,984	11,264	14,949	(8,709)	2,207	181,695

Deferred Tax Liabilities 2019	2018	Changes in the perimeter	Effect in results	Effect in reserves	Transfers and others	2019
Revaluation of fixed assets and investment properties	26,112	-	15,214	9,447	(5,935)	44,838
Fair value allocation in business combinations	30,517	-	(1,008)	-	-	29,510
Untaxed accrued income	16,797	-	6,795	1,832	-	25,423
Amortizations associated with future investments to be performed not accepted for tax purposes	25,233	-	(1,187)	-	-	24,046
Exchange differences not accepted for tax purposes	14,411	-	(181)	-	-	14,230
Impact of hyperinflation in Angola	16,427	-	(1,302)	(6,207)	310	9,227
Amortizations not accepted for tax purposes	8,948	-	(207)	-	-	8,741
Others	9,631	-	6,863	(5,395)	(5,130)	5,970
	148,075	-	24,988	(324)	(10,755)	161,984

As of 31 December 2020, the share of deferred tax assets expected to be used within a period of more than 12 months amounts to approximately 146,000 thousand euros.

In the year ended 31 December 2020, the column “Changes in the perimeter” refers, essentially, to the acquisition and consolidation for the first time of AMGP AGRICULTURA.

In the year ended 31 December 2019, the column “Changes in the perimeter” referred, essentially, to the disposal of MOTA-ENGIL CONSTRUCTION SOUTH AFRICA.

In the years ended 31 December 2020 and 2019, the column “Effect in reserves” included, essentially: (i) the exchange differences arising from the translation of the financial statements of affiliated companies expressed in a foreign currency, namely the ones located in Angola and (ii) the effect of the revaluations carried out in 2020 and 2019 regarding the GROUP’ investment properties and regarding the land and buildings held by the GROUP for its own use.

In the years ended 31 December 2020 and 2019, the captions “Accrued expenses not accepted for tax purposes” and “Untaxed accrued income” included, essentially, the effect of the temporary differences between the tax and the accounting treatment of the construction contracts (namely, recognition for tax purposes of expenses and income only in the moment when the respective financial flow occurs).

In the year ended 31 December 2019, the column “Transfers and others” was justified, essentially, by the affiliate MERCADO URBANO which in 2019 was reclassified to “Non-current assets held for sale”.

As of 31 December 2020 and 2019, according to the tax estimates and the tax returns of companies that recorded deferred tax assets associated with tax losses and tax credits, those tax losses and tax credits were carried forward as follows:

2020	Tax credits and losses	Deferred tax assets
Year of recognition:		
up to 2016 (inclusive)	30,976	1,340
2017	18,377	6,091
2018	53,440	12,330
2019	44,873	12,735
2020	57,685	17,692
	205,352	50,188

2020	Tax credits and losses	Deferred tax assets
Time limit:		
2021	9,110	1,675
2022	3,203	2,288
2023	10,165	4,138
2024	31,769	7,015
after 2024	151,105	35,072
	205,352	50,188

As of 31 December 2020 and 2019, an assessment was performed regarding the deferred tax assets recognized arising from taxes losses carried forward and other temporary deductible taxable differences. As a result, those were only recorded when it was considered probable, according to the information provided below, that there would be taxable profits in the future and those could be used to recover the tax losses or to offset existing temporary taxable differences. That assessment was based, essentially, taking in consideration the business plans of the several companies of the GROUP, which are periodically reviewed and updated.

Likewise, in order to assess the recovery of the deferred tax assets generated under MOTA-ENGIL SGPS tax consolidation group (Special Taxation Regime for Company Groups, “RETGS” on the Portuguese abbreviation), the business plans of the companies included in this tax consolidation group were used, namely the one of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, whose main assumptions are described in Note 16 and the one of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO AFRICA.

As of 31 December 2020 and 2019, if the taxable profits considered in the business plans of the companies included in the MOTA-ENGIL SGPS tax consolidation group were higher or lower in 5%, the recognized deferred tax assets would increase and decrease in 142 thousand euros and 160 thousand euros, respectively (431 thousand euros and 534 thousand euros, respectively, as of 31 December 2019).

In addition, the term for using tax losses carried forward is 14 years for those generated in 2016, 7 years for those generated in the period comprised between 2017 and 2019, and 12 years for those generated after that date, which deduction is limited to 70% of the taxable profit of the year, except for the deduction of tax losses generated in the years of 2020 and 2021, which deduction is limited to 80% of the taxable profit. These terms include the changes introduced by Law No. 27-A / 2020 of 24 July which introduced a suspension in the counting of the term for using tax losses carried forward, applicable to tax losses in force on the first day of the 2020 tax period during the fiscal years of 2020 and 2021.

In addition, as of 31 December 2020 and 2019, there were tax losses carried forward in the amount of 192,267 thousand euros and 81,541 thousand euros, respectively, whose deferred tax assets, from a cautious perspective and taking into consideration the uncertainty of its recovery, were not recorded.

2020	Tax losses	Deferred tax assets
Year of recognition:		
up to 2016 (inclusive)	50,469	8,974
2017	29,774	5,923
2018	90,297	18,033
2019	13,758	2,772
2020	7,969	1,518
	192,267	37,220

2020	Tax losses	Deferred tax assets
Time limit:		
2021	16,299	2,921
2022	28,489	5,591
2023	89,263	17,926
2024	7,343	1,144
after 2024	50,873	9,637
	192,267	37,220

2019	Tax losses	Deferred tax assets
Year of recognition:		
up to 2015 (inclusive)	19,300	2,173
2016	18,759	3,399
2017	18,887	3,570
2018	17,670	2,916
2019	6,926	1,359
	81,541	13,416

2019	Tax losses	Deferred tax assets
Time limit:		
2020	7,782	941
2021	17,268	3,089
2022	18,710	3,515
2023	18,792	3,140
after 2023	18,989	2,732
	81,541	13,416

MOTA-ENGIL SGPS is covered since January 2010 by the Special Tax Regime for Groups of Companies ("Regime Especial de Tributação dos Grupos de Sociedades – RETGS"), and therefore its current tax is calculated based on the taxable profits of the companies included in the consolidation and in that special regime, according to the rules of such regime.

RETGS includes all the subsidiaries held, directly or indirectly, at least by 75% of its share capital, located in Portugal and subject to the general regime of taxation established in the Corporate Income Tax (CIT).

For the companies not subject to that special tax regime, current tax is calculated based on the respective taxable profit determined in accordance with the tax rules in force at the location of the head office of each affiliated company.

Since 1 January 2007, municipalities began to be entitled to charge an annual municipal surcharge up to the maximum limit of 1.5% of the taxable profit subject to and not exempt from CIT. Therefore, in the years ended 31 December 2020 and 2019, MOTA-ENGIL SGPS and its subsidiaries located in Portugal were subject to a CIT rate of 21%, plus a municipal surcharge at a maximum rate of 1.5% applicable to the taxable profit, reaching a maximum aggregate tax rate of, around, 22.5%.

Furthermore, in the years ended 31 December 2020 and 2019, the taxable profits of the affiliated companies located in Portugal that exceeded 1,500,000 euros were subject to a state surcharge determined in accordance with article 87-A of the Portuguese Code of CIT, at the following rates:

- 3% for taxable profits between 1,500,000 euros and 7,500,000 euros;
- 5% for taxable profits between 7,500,000 euros and 35,000,000 euros; and
- 9% for taxable profits over 35,000,000 euros.

On the other hand, in the years ended 31 December 2020 and 2019, the deduction of the net financing costs in the determination of the taxable profit became limited to the highest of the following thresholds:

- 1,000,000 Euros; and
- 30% of earnings before depreciation, net financing costs and taxes.

Lastly, in accordance with article 88 of the Portuguese Code of CIT, the affiliated companies located in Portugal are additionally subject to an autonomous taxation over a set of costs at the rates provided for in the aforesaid article.

Therefore, in order to determine deferred tax assets / liabilities in Portugal, the rates of 21% (for tax losses and tax credits carried forward) and 22.5% (for the remaining temporary differences) were used since those rates are estimated to be the ones in force at the date of the reversal of the respective temporary differences.

In the years ended 31 December 2020 and 2019, the reconciliation between the nominal and the effective income tax rate can be analysed as follows:

2020	Rate	Tax basis	Tax
Nominal tax rate and tax on income	22.5%	25,534	5,745
Results of associated and jointly controlled companies recorded by the equity method	-2.8%	6,049	1,361
Tax losses and other temporary differences of the year for which no deferred tax assets were recognized and / or write-off of deferred tax assets recognized in previous years	45.4%	71,374	16,059
Differentiated nominal tax rates	12.2%	-	4,327
Differences between tax and accounting capital gains and losses	-7.4%	(11,617)	(2,614)
Autonomous taxation	3.3%	-	1,158
Financial costs not deductible	36.9%	58,095	13,071
Income taxed under Capital Investment Tax instead of Income Tax	-39.5%	-	(13,996)
Prior year corrections	-19.1%	-	(6,750)
Other effects	-4.8%	(7,582)	(638)
Effective rate and income tax	69.4%		17,725

2019	Rate	Tax basis	Tax
Nominal tax rate and tax on income	22.5%	111,647	25,121
Results of associated and jointly controlled companies recorded by the equity method	1.1%	5,407	1,217
Tax losses and other temporary differences of the year for which no deferred tax assets were recognized and / or write-off of deferred tax assets recognized in previous years	25.2%	125,280	28,188
Temporary differences from previous years that have generated the recognition of deferred tax assets/liabilities in the year	-5.9%	-	(6,623)
Differentiated nominal tax rates	11.5%	-	12,882
Income taxed under Capital Investment Tax instead of Income Tax	-19.7%	-	(21,951)
Differences between tax and accounting capital gains and losses	-1.9%	(9,340)	(2,101)
Autonomous taxation	1.4%	-	1,517
Financial costs not deductible	6.5%	32,380	7,285
Prior year corrections	-5.1%	-	(5,640)
Other effects	1.4%	7,020	1,580
Effective rate and income tax	37.1%		41,474

The amounts included under the caption “Differentiated nominal tax rates” are justified, essentially, by the fact that companies located outside Portugal are subject to tax rates different from 22.5%.

As of 31 December 2020 and 2019, the nominal tax rates in force in the main countries in which the GROUP operates, which were also the basis for the quantification of deferred tax assets and liabilities, since those rates are estimated to be the ones at the date of reversal of the respective temporary differences, were as follows:

Country	Rate	
	2020	2019
South Africa	28%	28%
Angola	25%	30%
Brazil	34%	34%
Colombia	32%	33%
Malawi	35%	35%
Mexico	30%	30%
Mozambique	32%	32%
Peru	29.5%	29.5%
Poland	19%	19%

Pursuant to the national legislation, tax returns are subject to review and correction by tax authorities during a period of four years (five years for Social Security), except when tax losses have occurred, tax benefits have been granted or inspections, claims or other objections are under way, situations in which, depending on the circumstances, those periods are extended or suspended. Therefore, the tax returns of the GROUP companies located in Portugal, for the years 2017 to 2020, may still be subject to review and correction. Nevertheless, the GROUP's Board of Directors is of the opinion that potential corrections arising from different interpretations of the legislation in force by the tax authorities will not have a significant effect on the accompanying consolidated financial statements.

On the other hand, it is the GROUP's Board of Directors belief, supported by its lawyers and tax consultants, that there are no material liabilities related with tax contingencies, taking into consideration the dispositions of IFRIC-23 – Uncertainties on the income tax treatment, that should give rise to the recognition of provisions or the need to disclose them in the accompanying consolidated financial statements.

13. Earnings per share

MOTA-ENGIL, SGPS has only issued ordinary shares and so there are no special rights to dividends or voting rights.

There are no situations in the GROUP which might lead to a reduction of earnings per share as a result of options, warrants, convertible bonds or other rights linked with ordinary shares. Therefore, there is no dissimilarity between the calculation of basic earnings per share and the calculation of diluted earnings per share.

As of 31 December 2020 and 2019, the share capital of MOTA-ENGIL, SGPS, fully subscribed and paid, was represented by 237,505,141 ordinary shares with the nominal value of 1 Euro each.

Therefore, in the years ended 31 December 2020 and 2019, the calculation of the earnings per share may be analysed as follows:

		2020	2019
Consolidated net profit of the year attributable to the Group	(I)	(19,944)	26,728
Number of ordinary shares	(II)	237,505,141	237,505,141
Number of own shares at the year-end	(III)	6,091,581	6,091,581
Weighted average number of ordinary shares	(IV)	237,505,141	237,505,141
Weighted average number of own shares	(V)	6,091,581	6,091,581
Average number of shares outstanding	(IV - V)	231,413,560	231,413,560
Earnings per share in Euros:			
basic	(I) / (IV - V)	- 0.09 €	0.12 €
diluted	(I) / (IV - V)	- 0.09 €	0.12 €

14. Goodwill

Information regarding goodwill for the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020			2019		
	Gross Goodwill	Accumulated impairment losses	Net Goodwill	Gross Goodwill	Accumulated impairment losses	Net Goodwill
Europe Engineering and Construction						
Mota-Engil Central Europe Poland	8,152	(3,015)	5,137	8,536	(2,772)	5,764
Mota-Engil Central Europe Czech Rep.	1,308	(1,308)	-	1,351	(1,351)	-
Others	1,726	(1,726)	-	1,726	(1,726)	-
	11,186	(6,049)	5,137	11,613	(5,849)	5,764
Europe Environment and Services						
Suma Group	13,609	(4,229)	9,380	13,609	(4,229)	9,380
Others	1,139	(116)	1,023	1,139	(116)	1,023
	14,748	(4,345)	10,403	14,748	(4,345)	10,403
Africa						
Others	920	-	920	1,166	-	1,166
	920	-	920	1,166	-	1,166
Latin America						
Empresa Construtora Brasil	3,139	-	3,139	4,430	-	4,430
Consita	333	-	333	470	-	470
	3,472	-	3,472	4,900	-	4,900
Others, eliminations and intragroup						
Others	785	-	785	-	-	-
	785	-	785	-	-	-
	31,112	(10,394)	20,717	32,427	(10,194)	22,233

The movements occurred in goodwill in the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Goodwill at the beginning of the year	22,233	33,741
Impairment losses in Goodwill (Note 8)		
Mota-Engil Central Europe Poland	(244)	(481)
Mota-Engil Central Europe Czech Rep.	(162)	(205)
	(406)	(686)
Changes in Goodwill due to changes in the perimeter (acquisitions)		
Others	785	-
	785	-
Changes in Goodwill due to changes in the perimeter (disposal)		
ME Construction South Africa	-	(11,215)
Others	-	13
	-	(11,201)
Changes in Goodwill due to exchange differences		
Mota-Engil Central Europe Poland	(383)	29
Mota-Engil Central Europe Czech Rep.	162	205
Empresa Construtora Brasil	(1,291)	(71)
ME Construction South Africa	-	231
Others	(382)	(15)
	(1,895)	379
Goodwill at the end of the year	20,717	22,233

In the years ended 31 December 2020 and 2019, the impairment losses recorded in goodwill were justified, essentially, by the write-off of goodwill allocated to the bridges and electromechanical businesses in Poland.

As of 31 December 2020 and 2019, the methods and the main assumptions used in the assessment over the existence, or not, of impairment for the most significant amounts of goodwill recorded in the accompanying consolidated financial statements, were as follows:

2020			
Assumptions	ECB*	Mota-Engil Central Europe Poland	Suma Group (except EGF)
Method used	Value in use	Value in use	Value in use
Basis used	Forecasts with perpetuity	Forecasts with perpetuity	Forecasts with perpetuity
Period used	5 years	5 years	5 years
Growth rate of sales:			
Year n+1	30.0%	7.5%	2.0%
Year n+3	10.0%	1.1%	2.0%
In perpetuity	3.3%	1.1%	1.0%
Discount rate used	10.2%	7.0%	6.2%

* Valuation expressed in local currency, taking in consideration 3 scenarios (conservative, central and optimistic). The data disclosed refer to the central scenario.

2019			
Assumptions	ECB*	Mota-Engil Central Europe Poland	Suma Group (except EGF)
Method used	Value in use	Value in use	Value in use
Basis used	Forecasts	Forecasts	Forecasts
Period used	5 years	5 years	5 years
Growth rate of sales:			
Year n+1	3.5%	1.0%	1.0%
Year n+3	3.5%	1.0%	1.0%
In perpetuity	3.5%	1.1%	1.0%
Discount rate used	11.1%	6.7%	5.1%

* Valuations expressed in local currency.

As of 31 December 2020 and 2019, the sensitivity of the results of the impairment tests performed to goodwill to the major key assumptions, namely to the discount rate, to the sales growth rate in perpetuity and to the projected cash-flows was as follows (impact on the recoverable amount of the net assets to which the goodwill was assigned):

in million Euros						
2020	Sensitivity to key assumptions					
	Discount rate		Sales growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5%	-5%
ECB	(5)	6	4	(4)	3	(3)
Mota-Engil Central Europe Poland	(7)	9	7	(6)	5	(5)
Suma	(16)	20	16	(13)	10	(10)

in million Euros						
2019	Sensitivity to key assumptions					
	Discount rate		Sales growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5%	-5%
ECB	(7)	8	5	(5)	5	(5)
Mota-Engil Central Europe Poland	(8)	10	8	(7)	5	(5)
Suma	(14)	18	14	(11)	6	(6)

As of 31 December 2020 and 2019, if a discount rate higher in 0.5% or a growth sales rate in perpetuity lower in 0.5% or projected cash-flows lower in 5% had been used, the results of the above-mentioned tests would not lead to the recognition of additional impairment losses.

The value in use refers to the estimation of the present value of future cash flows of the respective CGU's, determined based on budgets and business plans duly approved by the GROUP'S Board of Directors, which cover, on average, a period of five years.

In resume, the assumptions used in the determination of the value in use were the following: (i) the revenue cash flows were projected based on historical knowledge of the business, in market analyses, both in terms of growth and market share, in the backlog already obtained, as well as, in the prospects of obtaining new contracts in the future, based on historical probabilities of success; (ii) the operating margin was projected based on historical data and on management experience and knowledge; (iii) cash flows after the projection period were extrapolated using a perpetual growth rate similar to the inflation rate expected for the market where the affiliate operates; and (iv) estimated cash flows were discounted at their present value using a weighted average cost of capital rate.

Between 31 December 2020 and the date of approval of these consolidated financial statements, the GROUP did not acquired any material financial investment that would have generated Goodwill.

15. Intangible assets

The information regarding the net book value of intangible assets by operating segment, as of 31 December 2020 and 2019, can be analysed as follows:

	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intragroup	Mota-Engil Group
2020						
Development costs	0	22,079	12	-	-	22,091
Software and other rights	198	212	1,176	1,238	940	3,764
Concessions operating rights	-	457,762	100,276	-	-	558,038
Assets in progress	-	51,116	25	53,524	92	104,758
Other intangible assets	87	-	255	18,997	-	19,338
	284	531,169	101,744	73,759	1,033	707,988
2019						
Development costs	49	14,681	12	-	-	14,741
Software and other rights	179	275	1,392	2,005	1,544	5,395
Concessions operating rights	4,327	470,428	44,139	-	-	518,894
Assets in progress	-	27,991	38	50,601	18	78,648
Other intangible assets	93	-	331	11,709	-	12,132
	4,648	513,375	45,911	64,315	1,562	629,811

The information regarding the gross amount of intangible assets, as of 31 December 2020 and 2019 can be analysed as follows:

	Development costs	Software and other rights	Concessions operating rights	Assets in progress	Other intangible assets	Total
2020						
Opening balance	22,689	22,678	1,432,682	78,648	15,870	1,572,568
Increases	5,311	272	15,847	61,638	-	83,068
Disposals	-	(136)	(1,406)	-	-	(1,542)
Write-offs	(121)	(229)	(7,481)	(39)	(1,110)	(8,980)
Exchange differences	(217)	(839)	(1,196)	(6,635)	(1,979)	(10,867)
Changes in the perimeter	233	0	52,797	-	-	53,030
Transfers and other movements	6,468	(534)	42,403	(28,855)	9,666	29,148
	34,363	21,212	1,533,647	104,758	22,447	1,716,427
2019						
Opening balance	15,205	23,046	1,345,162	21,645	15,685	1,420,743
Increases	4,689	419	35,611	90,503	8	131,230
Disposals	-	-	(4,402)	-	-	(4,402)
Write-offs	(4)	(235)	(14,424)	(40)	(10)	(14,712)
Exchange differences	(12)	(94)	(1,831)	515	687	(735)
Transfers and other movements	2,811	(459)	72,566	(33,974)	(499)	40,444
	22,689	22,678	1,432,682	78,648	15,870	1,572,568

In the years ended 31 December 2020 and 2019, the main increases / disposals / write-offs in intangible assets were associated with the execution of the investment plan of the EGF SUBGROUP companies and by the investments performed by GENERADORA FÉNIX, associated with the construction of a combined cycle plant.

In the year ended 31 December 2020, the changes in the perimeter include the amounts of approximately 50,000 thousand euros and 7,900 thousand euros associated with the acquisition differences generated in the acquisition of 100% of AMGP AGRICULTURA and 55% of ESTRADAS DO ZAMBEZE, respectively, which were allocated to the caption of concessions operating rights (Note 42).

The information regarding the amount of accumulated amortizations of intangible assets and the respective net book value at 31 December 2020 and 2019 can be analysed as follows:

	Development costs	Software and other rights	Concessions operating rights	Assets in progress	Other intangible assets	Total
2020						
Opening balance	(9,436)	(18,006)	(913,787)	-	(3,223)	(944,453)
Increases (Note 7)	(4,033)	(1,158)	(61,339)	-	(1,358)	(67,889)
Disposals	-	136	1,406	-	-	1,542
Write-offs	1,094	952	7,404	-	595	10,045
Exchange differences	77	541	43	-	326	987
Changes in the perimeter	9	(0)	848	-	436	1,293
Transfers and other movements	17	88	(10,182)	-	115	(9,963)
	(12,273)	(17,448)	(975,609)	-	(3,109)	(1,008,438)
2019						
Opening balance	(6,254)	(16,587)	(874,377)	-	(2,032)	(899,249)
Increases (Note 7)	(2,772)	(1,353)	(53,506)	-	(899)	(58,529)
Disposals	-	-	4,401	-	-	4,401
Write-offs	4	234	14,101	-	10	14,349
Exchange differences	3	121	39	-	(15)	148
Transfers and other movements	557	301	(4,446)	-	(288)	(3,876)
	(8,463)	(17,283)	(913,787)	-	(3,223)	(942,757)
Net book value						
2020	22,091	3,764	558,038	104,758	19,338	707,988
2019	14,226	5,395	518,894	78,648	12,647	629,811

In the year ended 31 December 2020, the line of transfers and other movements includes approximately 9,000 thousand euros transferred from the tangible assets caption associated with the contract for the exploitation of a landfill at Ivory Coast (Note 16).

In addition, in the year ended 31 December 2019, it should be also highlighted the transfer of approximately of 39,500 thousand euros from the tangible assets caption associated with the waste collection concession contract of ECOEBURNIE at Ivory Coast.

As of 31 December 2020 and 2019, the caption "Concessions operating rights" can be detailed as follows:

	2020	2019
Concessions granted to EGF Subgroup	457,762	470,428
AMGP Agricultura	50,658	-
Eco Eburnie	29,301	40,776
Others	20,317	7,690
	558,038	518,894

At the end of 2014, a decision was announced which declared SUMA the winner of the public tender for the privatisation of 95% of the share capital of EGF, entity that manages the concession operators of multi-municipal systems for the treatment and recovery of municipal solid waste in Portugal. After obtaining a no-objection statement from the Competition Authority, the privatisation process was completed by the end of the first half of 2015 and EGF and its subsidiaries were consolidated in MOTA-ENGIL GROUP after July 1, 2015.

Concessions granted on an exclusive basis for 19 years to the companies of the EGF SUBGROUP (ALGAR, AMARSUL, ERSUC, RESIESTRELA, RESINORTE, RESULIMA, SULDOURO, VALNOR, VALORLIS, VALORMINHO and VALORSUL) will end on 2034.

As of 31 December 2020 and 2019, about 66% and 66%, respectively, of the total amount of the concessions operating rights of EGF SUBGROUP was justified by 5 concessionaires (VALORSUL, ERSUC, RESINORTE, ALGAR and AMARSUL).

The activity covered by the concessions comprises the treatment of municipal waste produced in the user municipalities area, including their recovery and the provision of by-products, as well as, the selective collection of municipal waste. Municipalities are required to provide concessionaires with all municipal waste whose management is under their responsibility.

The supervision of the concessions is the responsibility of ERSAR, which is empowered to set the tariffs to be applied, as well as, to approve the regulated accounts and the investment plans of the concessionaires.

The operation and management of the concessions also includes the design, construction, acquisition, extension, repair, renewal, maintenance and optimisation of the works and equipment's necessary for the execution of the business of the concessionaires.

The concession basis determine that concessionaires will have as its main activity the operation and management of the multimunicipal system of urban waste, including the treatment of urban waste arising from the undifferentiated collection, as well as, the selective collection of urban waste, including its sorting, and as complementary activities, concessionaires will have activities that, although not being part of its main activity, use assets related thereto, enabling the optimisation of the corresponding profitability. The performance of complementary activities depends upon authorisation from the Concession owner, after the opinions of the Competition Authority and of ERSAR.

The assets considered to be assigned to the concession are as follows:

- Infrastructures related to the treatment and recovery of undifferentiated and selective urban waste, as well as, assets used in the selective collection of urban waste: transfer stations, eco-centres, plants for processing, sorting and recovery and corresponding points of access, related infrastructures, landfills, ecopoints and waste transport vehicles;
- Equipment required to operate infrastructures and to monitor and control its use;
- All works, machines and apparatuses and corresponding accessories used to collect and treat waste and to maintain equipment and manage the multimunicipal system that were not mentioned above;
- Equipment, machines, vehicles, apparatuses and corresponding accessories used to collect urban waste selectively.

In addition, the following assets are also considered to be assigned to the concession:

- Property purchased using the private right or by means of expropriation to set infrastructures;
- Exclusive rights of intellectual and industrial property that the concessionaires hold;
- Other assets and rights related to the continuity of the operations of the concessions, such as the ones related to labour, construction, lease and provision of services.

Concessionaires should prepare and keep the inventory of assets and rights related to the concessions and should send annually to ERSAR detailed information regarding them, as well as, the write-offs carried out.

During the period in force of the concessions, the concessionaires have the obligation to keep the assets in proper conditions of operation, conservation and safety, performing all repairs, renewals and adjustments necessary to keep assets in the required technical conditions.

The concessionaires have the right to use the assets related to the concessions until their extinguishment. Assets assigned to the concessions can only be used for the purposes foreseen in the concessions. At the extinguishment date of the concessions, assets assigned thereto are reverted to an inter-municipal entity, to the Association of Municipalities, to the group of using municipalities, or to the State, through the exercise of the corresponding option right and the payment to the concessionaires, under the terms established in the Basis and on the concession contracts, of a compensation that corresponds to the net book value of those assets, net of grants.

Concessionaires are liable for the risks inherent to the concessions under the applicable law, assuming the corresponding operating risks. On the other hand, the concessionaires are liable for the financing to develop the concession object, in order to meet all obligations established in the concession contracts in due time, assuming also the corresponding investment and financing risks.

The remuneration regime of the concessions is based on the recognition to concessionaires of allowed revenues that should be reflected in the tariffs to be applied to the users of the system.

Revenues allowed to concessionaires within the scope of the regulated activity are set by ERSAR for a period of three to five years ("Regulatory period"). The regulatory model is set by ERSAR and is based on the following assumptions, among others:

- Eligibility of operating costs, for the purposes of determination of allowed revenues, by reference to a context of operation production efficiency and management of the multimunicipal system;
- Return on capital based on the weighted average cost, with parameters set by reference to market values and in accordance to the performance of comparable representative entities;
- Definition of an asset basis comprised by the assets allocated to the concessions as a basis for the capital remuneration;
- Adoption of mechanisms to promote efficiency; and
- Suitable impact on allowed revenues of the differences recorded between the estimated quantities and the quantities of urban waste delivered to the concessionaires.

Furthermore, the definition of the operating cost basis should take in consideration its effective control by the concessionaires, the technologies and capacity installed, as well as, the fluctuations in demand.

Therefore, tariffs to be applied to the users must provide concessionaires with the allowed revenues determined under the terms of the previous basis and correspond to the division between the allowed revenues attributed each year to the concessionaires by the estimated delivered quantities for that year.

Concession contracts can be terminated by the Concession owner if one of the following situations occurs, with a significant impact on the concession operations: deviation from the purpose of the concession; long-lasting interruption of operation due to a fact attributable to the concessionaires; repeated objection to supervision or repeated non-compliance with the instructions of the Concession owner, or if laws and regulations applicable to the operation are not fully complied; refusal to carry out a proper conservation and repair of the infrastructures; repeated collection of amounts that exceed those set in the concession contracts and in the contracts entered into with users; dissolution or insolvency of the concessionaires; unauthorised transfer of the concession or sub concession; unauthorised disposal of shares in the share capital of concessionaires; encumbrance of shares in the share capital of the concessionaires that breach provisions in the concession contracts; unauthorised increase or decrease, when applicable, in the share capital of the concessionaires; lack of provision of guarantees or its renewal under the terms and deadlines foreseen; and concessionaires refusal or impossibility to resume concessions.

In addition, the Concession owner can bail out the concessions, assuming the direct management of the granted public service, whenever this arise for public interest and after at least two thirds of the contract term, with at least one year in advance in relation to the date the bailout takes effect.

As a result of the bailout, concessionaires are entitled to a compensation that must take in consideration the net book value on the bailout date of the regulated assets, net of grants, the amount of existing credits, as well as, the amount of future non realized profits, considering the remaining number of years until the term of the concession.

On the other hand, in September 2018, it was awarded to ECOEBURNIE a concession for the collection and treatment of urban waste in Abidjan, in Ivory Coast, during a period of 7 years. In this concession, the remuneration of ECOEBURNIE is indexed to the quantities of waste collected and treated, which exposes it to the risk of demand. At the end of the concession, the assets assigned to it will revert to the Concession owner in exchange of the receipt of their net book value.

In addition, also in Ivory Coast, and related to the concession described above, it was awarded to CLEAN EBURNIE a concession to operate a landfill for a period of 7 years. In this concession, the remuneration of CLEAN EBURNIE consists in two amounts: (i) an unconditional fixed rent irrespective of the amount of waste deposited in the landfill (and which was treated according to the financial asset model - see Note 23); and (ii) a variable income based on the amount of waste deposited at the landfill (which was treated according to the intangible asset model). At the end of the concession, the assets assigned to it will revert to the Concession owner.

Additionally, in 2010, the Mozambican State granted to ESTRADAS DO ZAMBEZE the concession to operate two bridges and some roads for a period of 30 years. In this concession, the remuneration of ESTRADAS DO ZAMBEZE consisted of the receipt of a guaranteed minimum net income that would allow it to face the debt service, the operating and maintenance costs of the concessioned assets, as well as the major repairs to be carried out in the future on such assets. However, in April 2015, as a result of the contestation from local economic agents, the tolls on some of those infrastructures were suspended by the Mozambican Government, and after that date, and until the conclusion of the ongoing renegotiation process of the concession, ESTRADAS DO ZAMBEZE is, under the provisions of the concession contract, receiving in full the tolls charged on the remaining infrastructure. Thus, and until the new concession model is clarified, ESTRADAS DO ZAMBEZE is recognizing its operation right as an intangible asset to the extent that, in this period, ESTRADAS DO ZAMBEZE is supporting the demand risk.

Lastly, during the year of 2020, it was renewed to EMPRESA AGRÍCOLA E FLORESTAL (subsidiary of AMGP AGRICULTURA) the right of surface and exploitation for 60 years of a land located in Cabinda with an area of circa of 16,000 hectares for agricultural and forestry activities. This right was temporarily granted for 5 years, becoming permanent if certain conditions are met. In addition, that right may be renewable for another 60 years, provided that neither party proceeds with its termination with one year in advance of the date of its initial termination date, moment when it will revert to the Angolan State. In this business, the demand risk is fully assumed by the EMPRESA AGRÍCOLA E FLORESTAL.

As of 31 December 2020 and 2019, the most significant amounts included in the caption “Assets in progress” referred to the following projects:

Description	2020	2019
Analysis and development of Jorge Luque project (Generadora Fenix)	44,580	44,081
Urban waste containment, preparation and treatment unit (Resulima)	17,113	10,974
Solid waste treatment plant (Algar)	4,871	4,355
Increase in the processing capacity in Riba D'Ave (Resinorte)	4,224	-
Nova Fenix project (Generadora Fenix)	3,282	4,752
Expansion of the Aveiro landfill (Ersuc)	3,101	-
Other ongoing investments made by companies of the Subgroup EGF	21,168	11,228
	77,170	64,163

As of 31 December 2020 and 2019, regarding the assets assigned to the caption “Concessions operating rights”, those cannot be traded without the previous approval of the Concession owner and of the Regulator (in the case of the companies of EGF SUBGROUP). On the other hand, apart from the investment commitments assumed by the EGF SUBGROUP companies to be set / approved by ERSAR (circa of 62,000 thousand euros for 2021), there are no other contractual commitments for the acquisition of other intangible assets.

As of 31 December 2020, there were approximately 30,900 thousand euros of intangible assets whose assets were pledged as collateral to the respective creditors.

The assessment over the existence of impairment indicators in intangible assets and the preparation of the corresponding tests, if applicable, were performed on an annual basis as referred to in Note 1.4. v).

In order to assess the existence of impairment indicators in intangible assets, the following topics were considered by the GROUP:

- Physical / technical obsolescence of the asset;
- Asset / EBITDA ratio above a given parameter (according to the type and location of the asset);
- Changes in interest rates and in capital remuneration rates;
- Generation of negative cash flows; and
- Interruption / delay in the development / construction of the respective assets.

As of 31 December 2020 and 2019, the methods and the main assumptions used by the GROUP in the preparation of the impairment tests regarding the intangible assets which presented indicators of impairment were as follows:

2020	
Assumption	Project Jorge Luque
Method used	Value in use
Basis used	Forecasts
Period used	20 years
Growth rate of sales	26.71%
Discount rate used	9.14%
Net amount of the CGU	44,580

The Jorge Luque project corresponds to the construction of a combined cycle plant in Mexico (which is in progress), under a concession contract.

As of 31 December 2020, if a discount rate higher in 0.5%, or a sales growth rate lower in 0.5%, or projected cash-flows lower in 5% had been used, the results of the above-mentioned test would not lead to the recognition of impairment losses.

2020	
Assumption	Ecoeburnie
Method used	Value in use
Basis used	Forecasts
Period used	5 years (term of the concession period)
Growth rate of sales	10.00%
Discount rate used	11.45%
Net amount of the CGU	29,301

As of 31 December 2020, if a discount rate higher in 0.5%, or a sales growth rate lower in 0.5%, or projected cash-flows lower in 5% had been used, the results of the above-mentioned test would not lead to the recognition of impairment losses.

2020	
Assumption	EGF Subgroup (a)
Method used	Value in use
Basis used	Forecasts
Period used	14 years (Remaining period of the concessions)
Regulated average asset basis approved for 2021	327,612
Regulated asset basis estimated for 2034	324,404
Average discount rate used in the period 2021 - 2034	5.08%
Net amount of the CGU	292,957

(a) Net assets allocated to the treatment and recovery of waste activity carried out by the concessionaires of the EGF Subgroup.

Assumption	2019
	EGF Subgroup (a)
Method used	Value in use
Basis used	Forecasts
Period used	15 years (Remaining period of the concessions)
Regulated average asset basis approved for 2020	333,051
Regulated asset basis estimated for 2034 (excluding the inflation effect)	334,152
Average discount rate used in the period 2020 - 2034	5.25%
Net amount of the CGU	260,051

(a) Net assets allocated to the treatment and recovery of waste activity carried out by the concessionaires of the EGF Subgroup.

As of 31 December 2020 and 2019, if a discount rate higher in 0.25% or a regulated asset basis (RAB) lower in 5% had been used, the results of the above-mentioned tests would not lead to the recognition of impairment losses.

Regarding the concessionary companies of EGF SUBGROUP, it should be highlighted that the decisions of ERSAR related with the allowed revenues and the regulated tariffs for the regulatory period of 2019-2021 were subject to a special administrative action in 2019, with an impugnation request by EGF presented in Court.

Thus, following the aforementioned, in 2020, ERSAR proposed to EGF, as a way to find a balanced, sustainable and stable solution in terms of the results of the EGF SUBGROUP' concessionaires, in an operational efficiency framework, to carry out an analysis, together with an independent auditor, that would allow to identify the causes of the deviations occurred in the results of the companies between 2018 and 2019 (between the forecast accounts that determined the estimated tariffs and the actual accounts) and quantify them, in order to make corrections to the benchmark operating costs of 2019. This process took place during the year 2020, with the final decision of ERSAR being received during the month of December. Consequently, the effects of the ERSAR decision, both those relating to the years of 2018 and 2019, and those relating to the year of 2020, were reflected in the accompanying consolidated financial statements and were related to:

- Adjustment to 2019 tariff in the amount of 1,395 thousand euros determined in accordance with the provisions of article 37 of the Tariff Regulation;
- Correction to the regulated accounts of 2018 in the amount of 1,131 thousand euros related to the correction of the 2018 tariff adjustment; and
- Correction of the benchmark operating costs used for 2019, as a result of the insufficiency of costs approved in the forecasted regulated accounts in the regulatory period of 2019-2021, which will also be reflected in the allowed revenues of 2022 and 2023. Therefore, the amount recorded in 2020 includes the 2019 correction, in the amount of 10,871 thousand euros, and the 2020 correction in the amount of 11,291 thousand euros.

Following the aforementioned, and since they are not fully agreeing with ERSAR's final decision, the EGF SUBGROUP concessionaires continue to negotiate with the Regulator in order to increase the values of the respective tariffs, namely, in those companies that shown in 2020 negative results.

Following the above, the outcome of those negotiations may influence the assumptions used in the aforementioned impairment test and, consequently, the future valuation attributed to those intangible assets. However, with the information available, at the date of the accompanying consolidated financial statements, the assets of the EGF SUBGROUP concessionaires are not impaired.

16. Tangible assets

The information regarding the net book value of tangible assets by operating segment as of 31 December 2020 and 2019, can be analysed as follows:

	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Others, eliminations and intragroup	Mota-Engil Group
2020						
Land and buildings	56,862	11,146	75,527	18,853	1,861	164,249
Equipments	26,017	15,235	85,701	38,791	(2,148)	163,595
Tangible assets in progress	4,953	3,405	32,459	11,162	176	52,155
Other tangible assets	172	467	1,276	2,676	-	4,591
	88,003	30,252	194,964	71,482	(112)	384,589
2019						
Land and buildings	61,701	12,361	108,374	21,773	1,723	205,932
Equipments	27,978	18,768	108,513	50,103	(2,526)	202,835
Tangible assets in progress	4,696	2,495	31,570	8,260	-	47,020
Other tangible assets	76	339	594	3,231	-	4,241
	94,451	33,963	249,051	83,366	(803)	460,028

The information regarding the gross amount of tangible assets at 31 December 2020 and 2019 can be analysed as follows:

	Land and buildings	Equipments	Tangible assets in progress	Other tangible assets	Total
2020					
Opening balance	328,783	740,262	47,020	25,409	1,141,473
Increases	1,362	67,465	24,032	2,001	94,861
Disposals	(3,074)	(110,829)	-	(39)	(113,942)
Write-offs	(1,188)	(7,895)	(6)	(2,756)	(11,845)
Impact of hyperinflation in Zimbabwe	-	(718)	-	-	(718)
Revaluations	21,441	-	-	-	21,441
Exchange differences	(41,806)	(66,969)	(5,788)	(2,226)	(116,789)
Changes in the perimeter	899	2,666	17	491	4,073
Transfers and other movements	(35,495)	1,111	(13,120)	251	(47,252)
	270,922	625,094	52,155	23,132	971,302
2019					
Opening balance	349,069	1,081,976	47,577	28,678	1,507,300
Reclassification to the caption "Rights of use assets"	(49,406)	(308,342)	(542)	(91)	(358,382)
Increases	5,258	98,060	16,153	(1,831)	117,640
Disposals	(365)	(60,674)	(82)	(3,009)	(64,130)
Write-offs	(1,566)	(18,685)	-	(912)	(21,163)
Impact of hyperinflation in Zimbabwe	-	735	-	-	735
Revaluations	33,213	1	-	-	33,213
Exchange differences	(35,068)	(23,790)	(1,514)	(648)	(61,020)
Changes in the perimeter	29,149	(4,321)	-	-	24,829
Transfers and other movements	(1,501)	(24,698)	(14,571)	3,221	(37,549)
	328,783	740,262	47,020	25,409	1,141,474

In the year ended 31 December 2020, the increases occurred in tangible assets were justified, essentially, by the investments performed in Guiné Conacri, associated with the execution of a new medium and long term mining contract, and the investments performed in Mozambique and in Portugal in the engineering and construction segment and in Ivory Coast in the Environment and Services segment.

In the year ended 31 December 2019, the increases occurred in tangible assets were justified, essentially, by the investments performed in Mozambique, associated with the execution of medium and long-term mining contracts, and the investments performed in Ivory Coast and in SUMA, associated with the waste collection and treatment business.

In the years ended 31 December 2020 and 2019, the disposals of tangible assets were justified, essentially, by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO AFRICA and by its branches.

In the years ended 31 December 2020 and 2019, the amount included in the caption "Revaluations" was originated, essentially, from the update of the fair value of a set of buildings held by the GROUP in Angola and in Portugal.

In the year ended 31 December 2019, the amount included in the caption "Changes in the perimeter" resulted, essentially, from the change of the consolidation method of the affiliate CLEAN EBURNIE.

In the year ended 31 December 2020, the amount included in the caption "Transfers and other movements" was justified, essentially, by the transfer of the assets assigned to the landfill concession of CLEAN EBURNIE at Ivory Coast to the caption "Intangible assets" (circa of 9,000 thousand euros) and to the caption "Customers, current account" (circa of 45,000 thousand euros).

In the year ended 31 December 2019, the amount included in the caption "Transfers and other movements" was justified, essentially, by the transfer of the assets assigned to the waste collection and treatment concession of ECOEBURNIE to the caption "Intangible assets".

In the years ended 31 December 2020 and 2019, the exchange differences were justified, essentially, by the depreciation of the Angolan Kwanza (in 2020 and 2019) and by the depreciation of the Mozambican Metical and the Malawian kwacha (in 2020).

The information regarding the accumulated depreciations and impairment losses of tangible assets and their respective net amounts as of 31 December 2020 and 2019, can be analysed as follows:

	Land and buildings	Equipments	Tangible assets in progress	Other tangible assets	Total
2020					
Opening balance	(122,852)	(537,427)	-	(21,168)	(681,446)
Increases (Note 7)	(7,668)	(60,483)	-	(1,688)	(69,838)
Impairment losses (Note 8)	2,411	-	-	-	2,411
Disposals	3,073	92,377	-	37	95,487
Write-offs	1,162	6,851	-	2,719	10,732
Revaluations	(823)	-	-	-	(823)
Exchange differences	13,629	41,196	-	1,516	56,341
Changes in the perimeter	(20)	(2,200)	-	(3)	(2,223)
Transfers and other movements	4,413	(1,814)	-	45	2,645
	(106,674)	(461,499)	-	(18,541)	(586,714)
2019					
Opening balance	(130,972)	(617,797)	-	(18,084)	(766,853)
Reclassification to the caption "Rights of use assets"	19,044	85,989	-	3	105,035
Increases (Note 7)	(8,490)	(79,634)	-	(1,453)	(89,577)
Impairment losses (Note 8)	(8,489)	-	-	-	(8,489)
Disposals	297	31,612	-	2,940	34,849
Write-offs	984	11,904	-	912	13,800
Revaluations	(184)	1	-	-	(184)
Exchange differences	9,904	23,412	-	574	33,889
Changes in the perimeter	(4,764)	3,293	-	-	(1,471)
Transfers and other movements	(182)	3,794	-	(6,057)	(2,446)
	(122,852)	(537,427)	-	(21,168)	(681,446)
Net amount					
2020	164,249	163,595	52,155	4,591	384,588
2019	205,932	202,835	47,020	4,241	460,028

As of 31 December 2020 and 2019, the most significant amounts included under the caption "Tangible assets in progress" refer to the following projects:

Description	2020
Dry Port Liwonde land (MEECA - Malawi Branch)	16,323
Miscellaneous equipments (Tarucani)	6,022
Hotel Fairmont (Fideicomiso Fairmont Costa Canuva)	3,606
Miscellaneous equipment (ME Railway Engineering)	2,901
Miscellaneous equipments (Clean Eburnie)	2,418
Lands (Citrave)	1,972
Biske Plaza land (ME Real Estate Hungary)	1,156
Construction site of Viana (Vista Waste)	695
	35,092
Description	2019
Dry Port Liwonde land (MEECA - Malawi Branch)	18,669
Official structure and overhead bridge crane (MEECA - Mozambique Branch)	1,667
Lands (Citrave)	1,662
Biske Plaza land (ME Real Estate Hungary)	1,246
Construction site of Viana (Vista Waste)	1,188
	24,432

The assessment over the existence of impairment indicators in tangible assets and the preparation of the corresponding tests, if applicable, were performed on an annual basis as referred to in Note 1.4.v).

In order to assess the existence of impairment indicators in tangible assets, the following topics were considered by the GROUP:

- Physical / technical obsolescence of the asset;
- Asset / EBITDA ratio above a given parameter (according to the type and location of the asset);
- Changes in interest rates and in return on capital rates;
- Generation of negative cash flows; and
- Interruption / delay in the development / construction of the respective assets.

As of 31 December 2020 and 2019, the methods and the main assumptions used in the preparation of the impairment tests regarding the GROUP's main tangible assets which presented indicators of impairment can be analysed as follows:

Assumption	2020	
	MEEC (a)	Novicer (b)
Method used	Value in use	Value in use
Basis used	projections with perpetuity	projections with perpetuity
Period used	5 years	5 years
Growth rate of sales		
Year n+1	7.50%	24.01%
Year n+3	3.75%	11.90%
Discount rate used	7.00%	20.52% (c)
Net amount of the CGU	35,135	2,022

(a) Net assets allocated to the construction business of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, excluding the quarries exploration and the apartment's sale activity.

(b) Net assets allocated to the manufacture of clay materials in Angola.

(c) In Novicer's valuation, different discount rates were used for each projection period in order to incorporate the expected annual inflation level in Angola (between 16.21% and 28.39%).

Assumption	2020
	Malawi Gateway Project (logistic business)
Method used	Value in use less costs of sale
Basis used	projections for the estimated useful life of the assets
Period used	32 years
Average growth rate of cash-flows	8.08%
Discount rate used	14%
Net amount of the CGU	20,224

Assumption	2019	
	MEEC (a)	Novicer (b)
Method used	Value in use	Value in use
Basis used	projections with perpetuity	projections with perpetuity
Period used	5 years	5 years
Growth rate of sales		
Year n+1	7.50%	12.80%
Year n+3	1.00%	11.00%
Discount rate used	5.94%	20.52% (c)
Net amount of the CGU	78,465	3,194

(a) Net assets allocated to the construction business of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO, excluding the quarries exploration and the apartment's sale activity.

(b) Net assets allocated to the manufacture of clay materials in Angola.

(c) In Novicer's valuation, different discount rates were used for each projection period in order to incorporate the expected annual inflation level in Angola (between 18.4% and 25.4%).

Assumption	2019
	Malawi Gateway Project (logistic business)
Method used	Value in use
Basis used	projections for the estimated useful life of the assets
Period used	33 years
Average growth rate of cash-flows	12.10%
Discount rate used	14.00%
Net amount of the CGU	21,020

Additionally, in the year ended 31 December 2020, the equipment's of EMPRESA CONSTRUTORA BRASIL were subject to an impairment test where the recoverable amount was determined based on its fair value (in accordance with the market method) less its cost of sale, determined by an external appraiser, which showed that the fair value of those was higher by approximately 9,000 thousand euros to its carrying amount.

As of 31 December 2020 and 2019, the sensitivity of the results of the impairment tests performed to tangible assets to the main key assumptions, namely the discount rate, the sales growth rate in perpetuity and the projected cash-flows was as follows:

in million Euros						
2020	Sensitivity to key assumptions					
	Discount rate		Sales growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5%	-5%
MEEC	(16)	19	15	(13)	9	(9)
Malawi Gateway project	(1,643)	1,761	n.a.	n.a.	1,349	(1,349)
Novicer	(0.3)	0.3	0.2	(0.2)	0.1	(0.1)

in million Euros						
2019	Sensitivity to key assumptions					
	Discount rate		Sales growth rate in perpetuity		Projected cash-flows	
	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%
MEEC	(13)	16	13	(10)	7	(7)
Novicer	(0.2)	0.2	0.1	(0.1)	0.2	(0.2)

As of 31 December 2020 and 2019, if a discount rate higher in 0.5% or a sales growth rate in perpetuity lower in 0.5% or projected cash-flows lower in 5% had been used, the results of the above-mentioned tests would not lead to the recognition of material additional impairment losses.

The value in use corresponds to the estimation of the present value of future cash flows, determined based on budgets and business plans duly approved by the GROUP'S Board of Directors, which cover, on average, a period of five years.

In general terms, the assumptions used in the determination of the value in use included: (i) the cash flows were project based on historical business knowledge, in market analyses, both in terms of growth and market share, in the backlog already awarded, as well as, the prospects of obtainment new contracts in the future, based on historical probabilities of success; (ii) the operating margin was projected based on historical data and management experience and knowledge; (iii) cash flows after the projection period were extrapolated using a perpetual growth rate similar to the inflation rate expected for the market where the affiliate operates; and (iv) estimated cash flows were discounted at their present value using a weighted average cost of capital rate.

In the year ended 31 December 2019, as a result of the impairment tests performed, the GROUP recorded net impairment losses of 8,489 thousand euros assigned, essentially, to the MALAWI GATEWAY PROJECT and to other fixed assets located in Malawi.

GROUP'S land and buildings (real estate properties) are recorded at their revalued cost, having part of them been subject to revaluations in 2020 or 2019. According to the GROUP'S policy, the real estate properties recorded under the caption tangible assets must be revalued at least every three years.

The appraisals of the land and buildings were carried out in accordance with one of the following methods, used according to the specific situation of each asset:

a) Market method

The criterion for market comparison is based on the value of transactions of similar real estate properties that can be compared to the property under examination obtained through market research in the area where the property is located.

b) Income method

This method consists in estimate the value of the property from the capitalisation of its net rent, discounted to the present moment, using the discounted cash flows method.

c) Cost method

The cost method consists in the determination of the replacement value of the property under analysis taking in consideration the construction cost of another property with similar functionalities deducted from the amount related to functional, physical and economic depreciation / obsolescence observed.

The majority of the appraisals performed were carried out by external and specialised entities, which, for the assets located in Portugal, are accredited by the *Comissão dos Mercados dos Valores Mobiliários* (CMVM).

Regarding the appraisals performed to the real estate properties located in Angola, those were also carried out by an independent and specialized entity, accredited by the *Comissão de Mercado de Capitais de Angola* that integrates an international group that provides that kind of services.

The most significant inputs used in the appraisals of the above referred real estate properties were as follows:

- Land cost per square meter;
- Construction cost per square meter;
- Sale price per square meter;
- Rent per square meter; and
- Capitalisation / discount rate.

The most relevant information regarding the appraisals performed in 2020 and 2019 to the main real estate properties held by the GROUP can be summarised as follows:

2020				Key assumptions		
Property	Company	Valuation method	Valuation	Rent per square meter / month	Discount rate	Sale price per square meter
Building in Angola - I	MEA	Market method	22,288	n.a.	n.a.	816.39
Building in Angola - II	MEA and MEECA - Angola Branch	Market method	17,537	n.a.	n.a.	2,481.78
Building in Angola - III	MEA	Market method	10,062	n.a.	n.a.	818.04
Building in Angola - IV	MEA and MEECA - Angola Branch	Market method	9,470	n.a.	n.a.	1,425.61
Head office - I	MEEC	Income method	17,435	13.50 €	8.3%	n.a.
Head office - II	MEEC	Income method	11,366	9.78 €	7.0%	n.a.

2019				Key assumptions		
Property	Company	Valuation method	Valuation	Rent per square meter / month	Discount rate	Sale price per square meter
Building in Angola - I	MEA	Market method	25,097	n.a.	n.a.	919.27
Building in Angola - II	MEA and MEECA - Angola Branch	Market method	19,725	n.a.	n.a.	2,791.53
Building in Angola - III	MEA	Market method	11,376	n.a.	n.a.	924.89

The sensitivity of the results of the appraisals performed to the real estate properties above referred to the main key assumptions, namely to the rent per square meter, to the discount rate and to the sale price per square meter, can be analysed as follows:

2020				Sensitivity to key assumptions					
Property	Company	Valuation method		Discount rate		Rent per square meter / month		Sale price per square meter	
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%
Building in Angola - I	MEA	Market method		n.a.	n.a.	n.a.	n.a.	1,114	(1,114)
Building in Angola - II	MEA and MEECA - Angola Branch	Market method		n.a.	n.a.	n.a.	n.a.	877	(877)
Building in Angola - III	MEA	Market method		n.a.	n.a.	n.a.	n.a.	503	(503)
Building in Angola - IV	MEECA - Angola branch	Market method		n.a.	n.a.	n.a.	n.a.	474	(474)
Head office - I	MEEC	Income method	(909)	1,025		803	(803)	n.a.	n.a.
Head office - II	MEEC	Income method	(731)	843		548	(548)	n.a.	n.a.

2019				Sensitivity to key assumptions					
Property	Company	Valuation method		Discount rate		Rent per square meter / month		Sale price per square meter	
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%
Building in Angola - I	MEA	Market method		n.a.	n.a.	n.a.	n.a.	1,255	(1,255)
Building in Angola - II	MEA and MEECA - Angola Branch	Market method		n.a.	n.a.	n.a.	n.a.	986	(986)
Building in Angola - III	MEA	Market method		n.a.	n.a.	n.a.	n.a.	569	(569)

If an increase occurs in the rent price per square meter, in the sale price per square meter or a decrease occurs in the capitalization / discount rate, the fair value of the real estate properties will increase. On the other hand, if a decrease occurs in the rent price per square meter, in the sale price per square meter or an increase occurs in the capitalization / discount rate, the fair value of the real estate proprieties will decrease.

Although the above-mentioned appraisals were carried out based on market data and transactions (essentially released by real estate agencies), their reduced liquidity and the different characteristics of each property do not allow to qualify the market as active. Thus, the determination of the fair value of the GROUP's real estate properties falls under the level 3 of IFRS 13.

The carrying amount which would have been recognised if the tangible assets of the GROUP had been recorded pursuant to the cost model, would be as follows:

	Historical cost	Reevaluation	Total
2020			
Land and buildings			
- Real estate assets for own use	55,921	51,086	107,008
- Others (of an industrial nature or of low value)	57,241	-	57,241
Equipments	163,053	541	163,595
Tangible assets in progress	52,155	-	52,155
Other tangible assets	4,588	3	4,591
	332,959	51,630	384,589
2019			
Land and buildings	151,586	54,346	205,932
Equipments	202,283	553	202,835
Tangible assets in progress	47,020	-	47,020
Other tangible assets	4,238	3	4,241
	405,127	54,901	460,028

Additionally, as of 31 December 2020, according to external appraisals carried out on the main heavy equipment's associated with construction and mining activities, in the region of Africa and in Brazil, its fair value was approximately 71,000 thousand euros (amount determined temporarily, not audited) and in 9,000 thousand euros, respectively, higher than its net book value.

As of 31 December 2020 and 2019, the GROUP's main assets and liabilities assigned to quarries exploration are as follows:

	2020	2019
Fixed assets:		
Land under exploration	25,581	24,935
Buildings assigned to the operations	1,100	1,195
Equipments assigned to the operations	4,571	5,000
Inventory:		
Ore stock	3,638	5,159
Accounts receivables	9,922	8,913
Accounts payables	4,557	4,186
	40,255	41,017

In order to perform impairment tests over the carrying amount of the net assets assigned to the quarries exploration, its fair value (determined taking into consideration the value in use) was determined using the income method through a discounted cash-flows model. The income method used as relevant inputs the amounts of inert materials to be extracted in the following years, taking in consideration the licensed area and its availability, the respective sale prices, the costs to be incurred with the restoration of the quarries' landscape, the value of the underlying lands and in addition the following financial assumptions:

Assumptions	2020	2019
Method used	Value in use	Value in use
Basis used	Forecasts	Forecasts
Period used	Estimated period of exploration of the quarries	Estimated period of exploration of the quarries
Sales growth rate:		
Year n+1	Between 1% and 4%	Between 0% and 2%
Year n+3	Between 1% and 2.5%	0.0%
Yearly average growth rate after n+3	1.00%	1.0%
Discount rate used	7.00%	5.94%

As of 31 December 2020 and 2019, if a discount rate higher in 0.5% or an annual average sales growth rate lower in 0.5% had been used, the results of the above-mentioned tests would not lead to the recognition of impairment losses.

17. Rights of use assets and lease liabilities

As of 31 December 2020 and 2019, the detail of rights of use assets was as follows:

Rights of use assets	2020	2019
Land and buildings	48,954	45,440
Equipments	168,175	197,577
Other tangible assets	1,117	3,394
	218,246	246,411

As of 31 December 2020 and 2019, the detail of lease liabilities was as follows:

Lease liabilities	2020	2019
Current	57,554	69,999
Non-current	243,707	203,883
	301,261	273,882

As of 31 December 2020 and 2019, there were circa of 193,300 thousand euros and 214,500 thousand euros, respectively, of rights of use assets whose underlying assets have been given as a guarantee to the respective creditors.

In the years ended 31 December 2020 and 2019, the impact in the consolidated income statement arising from the lease contracts was as follows:

	2020	2019
Depreciations of the year (Note 7):		
Land and buildings	4,547	3,673
Equipments	54,462	54,333
Other tangible assets	6	430
	59,016	58,436
Interest expenses (Note 9):		
Interest expenses - Rights of use assets	10,254	10,286
	10,254	10,286
Rents (Note 4):		
Short-term, low-value rentals, variable or associated with contracts without identifiable lease assets	98,864	134,215
	98,864	134,215

In the years ended 31 December 2020 and 2019, the increases occurred in the rights of use assets amounted to approximately 40,000 thousand euros and 43,000 thousand euros, respectively, having also been transferred, in the year of 2019, the amount of approximately 27,300 thousand euros to "Non-current assets held for sale" caption assigned to the affiliate Takargo.

As of 31 December 2020 and 2019, the movement occurred in the lease liabilities was as follows:

	2020	2019
Opening balance	273,882	303,935
Transactions with impact in cash-flow:		
Amortizations and repayments of loans	(30,197)	(60,642)
	(30,197)	(60,642)
Transactions with no impact in cash-flow:		
Exchange differences	(3,934)	837
Contracting of new operations	61,510	65,490
Transfers and changes in the perimeter	-	(35,738)
Closing balance	301,261	273,882

18. Financial investments in associated companies

As of 31 December 2020 and 2019, the breakdown of the financial investments in associated companies was as follows:

	2020	2019
Autopista Urbana Siervo de la Nación (Latin America segment)	31,903	27,638
Concessionaria Autopista Cardel Poza Rica (Latin America segment)	28,553	29,908
Concessionaria Autopista Tuxpan-Tampico (Latin America segment)	18,856	25,046
APP Coatzacoalcos Villahermosa (Latin America segment)	13,211	-
Fideicomiso el Capomo (Latin America segment)	9,401	-
APP Tamaulipas (Latin America segment)	6,722	4,042
Estradas do Zambeze and associated company (Africa segment)	-	5,556
Others	14,959	11,718
	123,606	103,908

As of 31 December 2020 and 2019, the book value of the main financial investments in associated companies can be detailed as follows:

2020	Associates equity ⁽¹⁾	% held	Goodwill	Loans equivalent to net investment	Book value
Autopista Urbana Siervo de la Nación (Latin America segment)	(599)	17%	-	32,503	31,903
Concessionaria Autopista Cardel Poza Rica (Latin America segment)	(5,064)	29%	-	33,617	28,553
Concessionaria Autopista Tuxpan-Tampico (Latin America segment)	(5,961)	26%	-	24,817	18,856
APP Coatzacoalcos Villahermosa (Latin America segment)	12,794	19%	417	-	13,211

2019	Associates equity ⁽¹⁾	% held	Goodwill	Loans equivalent to net investment	Book value
Concessionaria Autopista Cardel Poza Rica (Latin America segment)	(5,741)	29%	-	35,649	29,908
Autopista Urbana Siervo de la Nación (Latin America segment)	(239)	17%	-	27,876	27,638
Concessionaria Autopista Tuxpan-Tampico (Latin America segment)	(3,508)	26%	-	28,555	25,046

⁽¹⁾ Excluding supplementary capital and capital calls and considering the percentage of detention held by the Group

In the years ended 31 December 2020 and 2019, the movement occurred in financial investments in associated companies was as follows:

2020	Opening balance	Effect on profit and loss	Effect on reserves ⁽¹⁾	Transfers and changes in the perimeter	Other increases and decreases	Closing balance
Autopista Urbana Siervo de la Nación (Latin America segment)	27,638	(401)	(3,608)	-	8,275	31,903
Concessionária Autopista Cardel Poza Rica (Latin America segment)	29,908	345	(4,415)	(0)	2,715	28,553
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	25,046	(2,657)	(3,534)	(0)	0	18,856
APP Coatzacoalcos Villahermosa (Latin America segment)	-	109	5,570	7,532	-	13,211
Fideicomiso el Capomo (Latin America segment)	-	(9,357)	-	0	18,758	9,401
APP Tamaulipas (Latin America segment)	4,042	384	2,296	-	-	6,722
Estradas do Zambeze and associated company (Africa segment)	5,556	-	(1,864)	(3,693)	-	-
Others	11,718	4,361	(891)	(228)	(1)	14,959
	103,908	(7,215)	(6,445)	3,611	29,747	123,606

2019	Opening balance	Effect on profit and loss	Effect on reserves ⁽¹⁾	Transfers and changes in the perimeter	Other increases and decreases	Closing balance
Concessionária Autopista Cardel Poza Rica (Latin America segment)	26,867	(4,146)	471	-	6,716	29,908
Autopista Urbana Siervo de la Nación (Latin America segment)	25,347	234	1,462	-	595	27,638
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	21,502	(2,669)	789	-	5,425	25,046
Estradas do Zambeze and associated company (Africa segment)	4,721	881	(46)	-	-	5,556
APP Tamaulipas (Latin America segment)	-	601	11	(1,647)	5,077	4,042
Others	11,979	(3,632)	7,001	(3,624)	(6)	11,718
	90,416	(8,732)	9,688	(5,271)	17,807	103,908

⁽¹⁾ Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

In the year ended 31 December 2020, the main movements occurred in the caption "Transfers and changes in the perimeter" were justified, essentially: (i) by the change in the consolidation method of ESTRADAS DO ZAMBEZE, following the acquisition of control occurred in that year and (ii) by the change in the consolidation method of APP COATZACOALCOS VILLAHERMOSA, following the loss of control that occurred during the year.

In the years ended 31 December 2020 and 2019, the main movements occurred under the caption "Other increases and decreases" were due, essentially, to increases of share capital and to calls/returns of supplementary capital performed in the Mexican motorways concessionaires (AUTOPISTA URBANA SIERVO DE LA NACION, CONCESSIONÁRIA AUTOPISTA CARDEL POZA RICA, CONCESSIONARIA AUTOPISTA TUXPAN-TAMPICO and APP TAMAULIPAS) and in FIDEICOMISO EL CAPOMO (in 2020).

As of 31 December 2020 and 2019, the summarised information regarding the main financial investments in associated companies, extracted from their separate financial statements, can be analysed as follows:

2020	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Autopista Urbana Siervo de la Nación (Latin America segment)	17%	461,181	54,405	35,666	409,150	70,770	90,638	92
Concessionária Autopista Cardel Poza Rica (Latin America segment)	29%	292,798	24,724	-	262,086	55,436	39,355	(2,398)
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	26%	264,995	26,742	-	254,376	37,361	25,021	(7,649)
APP Coatzacoalcos Villahermosa (Latin America segment)	19%	69,660	40,128	2,310	76,819	30,660	19,924	5,557

2019	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Concessionária Autopista Cardel Poza Rica (Latin America segment)	29%	304,608	37,573	16,955	267,697	57,529	46,387	(3,533)
Autopista Urbana Siervo de la Nación (Latin America segment)	17%	426,541	36,998	50,992	354,184	58,363	86,585	679
Concessionária Autopista Tuxpan-Tampico (Latin America segment)	26%	295,369	31,780	6,089	275,898	45,163	53,686	(3,414)

In the year ended 31 December 2015, the GROUP and a Mexican entity entered into an agreement for the disposal of two motorways concessionaires in Mexico (CONCESSIONÁRIA AUTOPISTA CARDEL – POZA RICA and CONCESSIONÁRIA AUTOPISTA TUXPAN TAMPICO). Following that agreement, the GROUP granted a call option to the counterparty that could be exercised in the three years period after the inauguration of the respective motorways and the latter attributed to the GROUP a put option of those investments to be exercised in a two years period after the date on which its call options expire. The exercise of those put options by the GROUP depend upon the level of revenue generated by the motorways and, if they are exercised, the GROUP will dispose the corresponding financial investments at their acquisition cost plus a variable amount determined taking in consideration the time elapsed between the signature date of the aforementioned agreement and the date the options are exercised.

Additionally, since those options have as underlying assets shares of non-listed entities and since there are no sufficient and trustworthy elements for determine its fair value, that fair value was not recorded nor disclosed in the accompanying consolidated financial statements.

On the other hand, as of 31 December 2020 and 2019, the GROUP recorded under the caption "Advances on sales of financial investments", circa of 47,400 thousand euros and 45,500 thousand euros, respectively, received from the potential buyer associated with the transactions above referred (Note 33).

As of 31 December 2020 and 2019, the summarised information regarding the Agrupamentos Complementares de Empresas – ACE in which the GROUP holds a financial interest, extracted from their separate financial statements, can be analysed as follows:

2020	Country	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
MESOFEI, ACE	Portugal	37%	-	2,073	-	2,073	-	21,843	-
MOTA-ENGIL/ACCIONA/ EDIVISA - OBRAS DO APROVEITAMENTO HIDROELECTRICO DE ALTO TÁMEGA, A.C.E.	Portugal	43%	-	5,965	513	6,581	(1,130)	3,087	(3)
SOMAGUE, BPC, ENGIL, SPIE, ACE - LINHA VERMELHA, ACE	Portugal	24%	-	2,323	-	308	2,016	2,300	2,016

2019	Country	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
MOTA-ENGIL/ACCIONA/ EDIVISA - OBRAS DO APROVEITAMENTO HIDROELECTRICO DE ALTO TÁMEGA, A.C.E.	Portugal	43%	-	4,703	-	5,830	(1,127)	18,113	(1,625)
MESOFEI, ACE	Portugal	38%	-	1,852	-	1,852	-	11,516	-
APROVEITAMENTO HIDROELECTRICO DE FOZ TUA	Portugal	33%	-	5,475	2,637	559	2,280	3,465	2,280
PINHAL, ACE	Portugal	54%	-	2,691	454	1,960	278	618	(193)
VENDA NOVA III, ACE	Portugal	28%	-	2,129	1,510	219	400	3	2
VRICECL, ACE	Portugal	36%	-	2,410	1,352	691	367	-	367

As of 31 December 2020, there are no commitments, contingent liabilities or material restrictions regarding the distribution of funds by the companies mentioned above.

The list of ACE in which the GROUP holds financial interests is exhibited in Appendix A to these Notes.

19. Financial investments in jointly controlled companies

As of 31 December 2020 and 2019, the breakdown of the financial investments in jointly controlled companies was as follows:

	2020	2019
Sistemas Electricos Metropolitanos (Latin America segment)	13,287	14,349
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	2,749	2,597
Automatriz (Africa segment)	459	703
Others	1,001	2,254
	17,496	19,902

In the years ended 31 December 2020 and 2019, the movement occurred in financial investments in jointly controlled companies was as follows:

2020	Opening balance	Effect on profit and loss	Effect on reserves ⁽¹⁾	Transfers and changes in the perimeter	Other increases and decreases	Closing balance
Sistemas Electricos Metropolitanos (Latin America segment)	14,349	614	(1,676)	-	-	13,287
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	2,597	552	(401)	-	-	2,749
Automatriz (Africa segment)	703	33	(276)	-	-	459
Others	2,254	(33)	195	(1,463)	48	1,001
	19,902	1,166	(2,158)	(1,463)	48	17,496

2019	Opening balance	Effect on profit and loss	Effect on reserves ⁽¹⁾	Transfers and changes in the perimeter	Other increases and decreases	Closing balance
Sistemas Electricos Metropolitanos (Latin America segment)	9,005	4,866	477	-	-	14,349
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	2,675	775	(854)	-	-	2,597
GISA (Latin America segment)	999	51	27	-	-	1,077
Manvia II Condutas (Others, eliminations and intragroup segment)	1,143	162	(67)	(165)	-	1,072
Automatriz (Africa segment)	676	106	(261)	-	182	703
Others	482	(251)	82	(209)	-	105
	14,981	5,710	(596)	(374)	182	19,902

⁽¹⁾ Includes essentially exchange differences and changes in the fair value of derivative financial instruments.

As of 31 December 2020 and 2019, the summarised information regarding the main financial investments in jointly controlled companies, extracted from their separate financial statements, can be analysed as follows:

2020	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Sistemas Electricos Metropolitanos (Latin America segment)	26%	53,397	15,812	12,859	34,796	21,554	78,761	4,006
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	50%	4,658	83,156	61,482	20,836	5,497	3,627	1,104
Automatriz (Africa segment)	26%	595	6,187	39	6,044	698	6,420	130

2019	% held	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sales and services rendered	Net profit
Sistemas Electricos Metropolitanos (Latin America segment)	26%	53,119	19,609	4,498	45,298	22,932	88,637	9,733
HL - Sociedade Gestora do Edifício (Others, eliminations and intragroup segment)	50%	4,405	84,499	64,856	18,853	5,194	3,711	1,551
Automatriz (Africa segment)	26%	693	6,609	43	6,132	1,126	5,257	415
Manvia II Condutas (Others, eliminations and intragroup segment)	45%	858	6,927	53	5,410	2,321	6,846	359
GISA (Latin America segment)	25%	4,045	2,936	-	2,727	4,255	6,255	208

On the other hand, in the years ended 31 December 2020 and 2019, the GROUP developed several joint operations with partners, namely through consortiums (Note 1.3. d), which are listed in Appendix A to these Notes.

At 31 December 2020 and 2019, the summarised information regarding the main joint operations carried out by the GROUP, integrated in the accompanying consolidated financial statements in the proportion of assets, liabilities, expenses and income that are contractually attributable to the GROUP, extracted from their individual financial statements, was as follows:

2020	Country	% held	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
CCPSM-Consorcio Constructor Del Puerto de San Martín	Peru	33%	46	3,101	-	647	2,501	25,950	7,479
BEME VOF	Netherlands	50%	-	16,415	-	15,509	906	15,616	1,037
Consorcio Puentes de Loreto	Peru	34%	1,547	15,586	174	12,512	4,447	15,492	2,876
Consorcio Vial Vizcachane	Peru	50%	197	1,332	-	829	699	4,009	798
Consorcio Vial Acobamba	Peru	50%	81	796	-	162	714	2,737	690

2019	Country	% held	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Sales and services rendered	Net profit
CCPSM-Consorcio Constructor Del Puerto de San Martín	Peru	33%	3,011	20,308	-	20,995	2,324	78,631	8,368
Consorcio Puentes de Loreto	Peru	34%	2,173	21,304	1,362	18,533	3,582	34,512	4,214
Consorcio Vial Vizcachane	Peru	50%	272	3,721	230	2,092	1,670	6,380	1,866
Consorcio Conservacion Vial Santa Rosa	Peru	50%	329	5,901	11	1,875	4,344	4,681	1,564
Consorcio Mota-Engil Dominicana SAS/EMCA	Dominican Republic	42%	1	4,342	-	3,771	572	3,711	314

As of 31 December 2020, there are no commitments, contingent liabilities or material restrictions regarding the distribution of funds by the companies mentioned above.

20. Other financial investments

At 31 December 2020 and 2019, the breakdown of other financial investments was as follows:

	2020	2019
Other financial investments recorded at amortised cost		
Non-current		
Angolan sovereign bonds	156,463	201,118
Ivory Coast sovereign bonds	12,143	10,960
Mozambique sovereign bonds	9,310	-
	177,915	212,078
Current		
Angolan sovereign bonds	20,388	8,741
Ivory Coast sovereign bonds	-	1,827
Mozambique sovereign bonds	700	-
	21,088	10,568
	199,003	222,646
Other financial investments recorded at fair value through other comprehensive income		
BAI-Banco Angolano de Investimentos	30,796	40,776
STI	3,904	5,144
Auto - Sueco Angola	2,724	2,724
Concessionária Alternativa Vialles	82	1,480
Others	5,169	3,964
	42,675	54,088

Other financial investments recorded at amortised cost

As of 31 December 2020 and 2019, the Angolan and Mozambique sovereign bonds, held under a business model whose purpose is holding financial assets in order to collect its contractual cash flows, as well as to ensure protection for the exchange risk and allow an adequate treasury management in local currency, exhibited the following characteristics:

			Maturity according to the carrying amount			
2020	Amount (Nominal value)	Interest rate	1 year	1 - 3 years	3 - 5 years	> 5 years
Angolan sovereign bonds in Kwanzas	52,477	12% - 16.5%	16,588	24,996	5,166	-
Angolan sovereign bonds in Kwanzas indexed to USD	75,411	0	1,893	66,825	-	-
Angolan sovereign bonds in USD	68,862	0	1,329	2,964	57,090	-
Mozambican sovereign bonds in Metical	15,123	variable	700	1,617	1,630	6,063
	211,872		20,510	96,402	63,886	6,063
Difference between nominal value and amortised cost and accumulated impairment losses	(25,011)					
Carrying amount	186,861					

			Maturity according to the nominal amount			
2019	Amount (Nominal value)	Interest rate	1 year	1 - 3 years	3 - 5 years	> 5 years
Angolan sovereign bonds in Kwanzas	59,930	12% - 16.5%	2,353	42,497	15,080	-
Angolan sovereign bonds in Kwanzas indexed to USD	88,347	5%	6,387	12,888	69,071	-
Angolan sovereign bonds in USD	74,589	5%	-	-	74,589	-
	222,866		8,741	55,386	158,740	-
Difference between nominal value and amortised cost and accumulated impairment losses	(13,007)					
Carrying amount	209,859					

Payment of interest and capital reimbursement of the bonds issued in Kwanza indexed to USD will be performed in that currency but indexed to the USD exchange rate in force on the settlement date.

Moreover, as of 31 December 2020 and 2019, a portion of the aforementioned bonds, in an amount of approximately 110,000 thousand euros and of 43,000 thousand euros (nominal values), respectively, were used as collaterals to bank loans and bank guarantees obtained in Angola.

As of 31 December 2020 and 2019, the Ivory Coast sovereign bonds were not traded in an active market but up to the date of approval of these consolidated financial statements they have been fully disposed by its nominal value.

Other financial investments recorded at fair value through other comprehensive income

In previous years, the GROUP purchased a financial investment of 3% in BAI – Banco Angolano de Investimentos, S.A.. As of 31 December 2020, the GROUP determined the fair value of that financial investment through market transaction multiples collected in the last years in Angola and in the African continent (Price-to-Book Value and Price to Earnings), using a sample of 24 transactions occurred in markets with foreign capital flow restrictions (15 in 2019). The final fair value corresponded to the simple average of the two multiples mentioned above.

As a result of the aforementioned calculations, the GROUP, in the years 2020 and 2019, reduced the fair value of that financial investment in approximately 9,976 thousand euros and 6,200 thousand euros, respectively.

As of 31 December 2020, if the average Price-to-Book Value and Price to Earnings were higher or lower in 10%, the fair value of the financial investment in BAI would increase or decrease by 3,080 thousand euros (4,080 thousand euros as of 31 December 2019), respectively.

Furthermore, for the remaining financial assets included in this caption (shares in non-listed companies), the GROUP's Board of Directors considered that its acquisition cost, less, when applicable, the respective impairment losses identified, corresponded to the best estimate of its fair value as of 31 December 2020 and 2019.

In the years ended 31 December 2020 and 2019 the movement occurred in other financial investments was as follows:

	2020	
	At amortised cost	At fair value
Balance at 1 January 2020	222,646	54,088
Increases	60,501	-
Reimbursements	(47,329)	-
Changes in fair value	-	(9,980)
Impairment losses (Note 8)	(8,008)	-
Other changes and exchange differences	(28,806)	(1,433)
	<u>199,003</u>	<u>42,675</u>

	2019	
	At amortised cost	At fair value
Balance at 1 January 2019	166,363	59,224
Increases	74,197	2,616
Reimbursements	(21,399)	-
Changes in fair value	-	(6,200)
Disposals (Rutas Del Este)	-	(1,546)
Other changes and exchange differences	3,485	(6)
	<u>222,646</u>	<u>54,088</u>

In accordance with the general model for determining impairment losses provided for in IFRS-9 for financial assets, in the year ended 31 December 2020, the GROUP recorded approximately 8,000 thousand euros of estimated impairment losses for the sovereign bonds it held in its portfolio.

In the year ended 31 December 2020, the GROUP received approximately 61,000 thousand euros of sovereign bonds of Angola, Mozambique and Ivory Coast in order to settle some accounts receivable that it held with public entities in those countries.

In the year ended 31 December 2019, the GROUP received approximately 68,000 thousand euros of sovereign bonds of Angola and Ivory Coast in order to settle some accounts receivable that it held with public entities in those countries.

21. Investment properties

The information regarding the GROUP'S investment properties, as of 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Europe - Engineering and Construction	42,195	42,542
Europe - Environment and Services	3,383	3,710
Africa	27,463	31,616
Latin America	85,524	83,886
Others, eliminations and intragroup	15,000	-
	173,565	161,753

In the years ended 31 December 2020 and 2019 the movement occurred in investment properties can be analysed as follows:

	2020	2019
Opening balance	161,753	133,685
Increases	185	1,680
Changes in fair value (Note 6)	16,628	50,056
Disposals	(1,316)	-
Exchange differences	(20,793)	(10,475)
Changes in perimeter	15,000	-
Transfers and other movements	2,108	(13,193)
	173,565	161,753

The changes in fair value occurred in the year ended 31 December 2020 were justified, essentially, by three plots of land in Mexico and by one plot of land in Angola. However, it should be analysed together with the exchange differences caption.

The changes in fair value occurred in the year ended 31 December 2019 were justified, essentially, by the appreciation of two plots of land in Mexico and by one plot of land in Angola. However, it should be analysed together with the exchange differences caption.

The exchange differences that occurred in the year ended 31 December 2020 arise, essentially, from the lands held by the GROUP in Mexico and Angola.

The exchange differences occurred in the year ended 31 December 2019 arise, essentially, from the land held by the GROUP in Angola.

The transfers and other movements occurred in the year ended 31 December 2020 were justified, essentially, by the change in the consolidation method of the affiliate LOGZ, following the acquisition of 70% of its share capital (Note 42).

The transfers and other movements occurred in the year ended 31 December 2019 were justified, essentially, from the classification of the affiliate MERCADO URBANO (and its assets and liabilities) as a non-current asset held for sale (Note 28).

Investment properties, including those that are under construction, are recorded at their fair value determined annually with reference to the reporting date by independent and specialized appraisers.

As of 31 December 2020, except for one of the investment properties in Mexico in the amount of approximately 17,600 thousand euros, in which a tourism development project is being developed with a partner, there are no other obligations of construction, improvement or development in relation to investment properties held by the GROUP.

The results generated by investment properties in the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020		
	Assets value	Rental income	Gains / losses due to changes in fair value (Note 6)
In Portugal			
Building in Matosinhos	33.180	1.235	79
Land in Logz	15.000	-	-
Mota Galiza	8.319	280	364
Others	4.079	6	-
	60.578	1.521	444
Outside Portugal			
Lands in México	67.953	-	13.166
Property in Luanda	25.717	-	4.535
Land in Peru	14.213	-	(888)
Others	5.105	-	(629)
	112.987	-	16.185
Total	173.565	1.521	16.628

	2019		
	Assets value	Rental income	Gains / losses due to changes in fair value (Note 6)
In Portugal			
Building in Matosinhos	33.103	1.492	(2.395)
Bom Sucesso Market	-	1.126	(1.842)
Mota Galiza	8.674	351	-
Others	4.474	6	-
	46.251	2.975	(4.237)
Outside Portugal			
Lands in México	62.843	-	39.221
Property in Luanda	29.088	-	14.447
Land in Peru	16.431	-	(633)
Others	7.140	-	1.258
	115.501	-	54.292
Total	161.753	2.975	50.056

In the year ended 31 December 2020, the investment property located in Matosinhos was collateralizing loans obtained in the amount of approximately 17,000 thousand euros.

The appraisals of investment properties were carried out in accordance with one of the following methods, used according to the specific situation of each property:

a) Market method

The criterion for market comparison is based on the value of transactions of similar real estate properties that can be compared to the property under examination obtained through market research in the area where the property is located.

b) Income method

This method consists in estimate the value of the property from the capitalisation of its net rent, discounted to the present time, using the discounted cash flows method.

The appraisals performed to the aforementioned real estate properties were carried out by independent and specialised entities that, as regards real estate properties located in Portugal, are accredited by the *Comissão dos Mercados dos Valores Mobiliários* (CMVM).

For the main investment properties held by the GROUP, their fair value was determined taking in consideration the following relevant inputs:

- Vacancy rate;
- Land cost per square meter;
- Cost of sale per square meter;
- Sale price per square meter;
- Rent per square meter; and
- Capitalisation / discount rate.

The most relevant information regarding the appraisals performed in 2020 and 2019 to the main investment properties held by the GROUP can be summarised as follows:

2020					Key assumptions			
Property	Company	Valuation method	Valuation		Sale price per square meter	Rent per square meter / month	Construction cost per square meter	Discount rate
Building in Matosinhos	MERE	Discounted cash flows	33,180		1,732.59 €	n.a.	473.35 €	9.6%
Mota Galiza building	MERE	Income method	8,319		n.a.	4.44 €	n.a.	7.4%
Land in Peru	Promotora e Inmobiliaria Santa Clara	Market method	14,213		134.65 €	n.a.	n.a.	n.a.
Land in Luanda	MEA	Market method	25,717		187.42 €	n.a.	n.a.	n.a.
Lands in Mexico - Plot I	ME Turismo	Market method	20,726		444.17 €	n.a.	n.a.	n.a.
Lands in Mexico - Plot II	ME Turismo	Market method	18,061		294.01 €	n.a.	n.a.	n.a.
Lands in Mexico - Plot III	ME Turismo	Discounted cash flows	17,625		7,100.78 €	n.a.	3,821.39 €	18.5%
Lands in Mexico - Plot IV	ME Turismo	Market method	10,630		980.65 €	n.a.	n.a.	n.a.

2019					Key assumptions			
Property	Company	Valuation method	Valuation		Sale price per square meter	Rent per square meter / month	Construction cost per square meter	Discount rate
Building in Matosinhos	MERE	Discounted cash flows	33,103		1,683.76 €	n.a.	473.35 €	9.4%
Mota Galiza building	MERE	Income method	8,674		n.a.	4.17 €	n.a.	7.5%
Land in Peru	Promotora e Inmobiliaria Santa Clara	Market method	16,431		155.66 €	n.a.	n.a.	n.a.
Land in Luanda	MEA	Market method	29,088		212.57 €	n.a.	n.a.	n.a.
Lands in Mexico - Plot I	ME Turismo	Discounted cash flows	20,062		7,667.37 €	n.a.	4,366.33 €	16.2%
Lands in Mexico - Plot II	ME Turismo	Market method	20,563		334.90 €	n.a.	n.a.	n.a.

Additionally, despite considering the values above to be the most representative of the fair value of the assets evaluated, the external appraisers in their appraisal reports mention the existence of a relevant uncertainty as to the possible impacts that the Covid-19 pandemic may have in the future on the prices of the real estate assets.

In the year ended 31 December 2020, the determination of the fair value of the LogZ's land was determined through a sale proposal received.

The sensitivity of the results of the appraisals performed to the investment properties to the main key assumptions, namely to the discount rate, the sale price per square meter, the construction cost per square meter and the rents per square meter was as follows (impact on the fair value of the real estate properties):

2020					Sensitivity to key assumptions							
Property	Company	Valuation method	Discount rate		Sale price per square meter		Construction cost per square meter		Rent per square meter / month			
			0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	5.0%	-5.0%		
Building in Matosinhos	MERE	Discounted cash flows	(1,967)	2,086	8,041	(8,041)	5,000	(5,000)	6,287	(6,287)	n.a.	n.a.
Mota Galiza building	MERE	Income method	(524)	599	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	415	(415)
Land in Peru	Promotora e Inmobiliaria Santa Clara	Market method	n.a.	n.a.	711	(711)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Land in Luanda	MEA	Market method	n.a.	n.a.	1,282	(1,282)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lands in Mexico - Plot I	ME Turismo	Discounted cash flows	(1,649)	1,704	6,836	(6,836)	5,883	(5,883)	5,883	(5,883)	n.a.	n.a.
Lands in Mexico - Plot II	ME Turismo	Market method	n.a.	n.a.	896	(896)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lands in Mexico - Plot III	ME Turismo	Market method	n.a.	n.a.	823	(823)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lands in Mexico - Plot IV	ME Turismo	Market method	n.a.	n.a.	520	(520)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

2019					Sensitivity to key assumptions							
Property	Company	Valuation method	Discount rate		Sale price per square meter		Construction cost per square meter		Rent per square meter / month			
			0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	5.0%	-5.0%		
Building in Matosinhos	MERE	Discounted cash flows	(1,894)	2,000	8,757	(8,757)	5,996	(5,996)	6,996	(6,996)	n.a.	n.a.
Mota Galiza building	MERE	Income method	(559)	645	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	433	(433)
Land in Peru	Promotora e Inmobiliaria Santa Clara	Market method	n.a.	n.a.	822	(822)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Land in Luanda	MEA	Market method	n.a.	n.a.	1,454	(1,454)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lands in Mexico - Plot I	ME Turismo	Discounted cash flows	(1,818)	1,894	7,020	(7,020)	4,934	(4,934)	4,934	(4,934)	n.a.	n.a.
Lands in Mexico - Plot II	ME Turismo	Market method	n.a.	n.a.	1,028	(1,028)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

If an increase occurs in the sale price per square meter, in the rent per square meter or a decrease occurs in the construction cost per square meter or in the capitalization / discount rate, the fair value of the investment properties will increase. On the other hand, if a decrease occurs in the sale price per square meter, in the rent per square meter or an increase occurs in the construction cost per square meter or in the capitalization / discount rate, the fair value of the investment properties will decrease.

Although the above referred appraisals were carried out based on market data and transactions (essentially released by real estate agencies), their reduced liquidity and the different characteristics of each real estate property do not allow to qualify the market as active. Therefore, the determination of the fair value of the GROUP'S investment properties falls under the level 3 of IFRS 13.

22. Inventories

The information regarding inventories as of 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Gross amount:		
Raw and subsidiary materials and consumables	98,882	120,722
Products and work in progress	73,828	126,286
Finished goods	11,612	13,438
Merchandise	82,774	92,065
Advances on purchases	10,838	9,637
	277,934	362,149
Inventories adjustments:		
Raw and subsidiary materials and consumables	(3,463)	(3,117)
Products and work in progress	(11,285)	(12,024)
Finished goods	(2,575)	(2,801)
Merchandise	(8,391)	(11,608)
	(25,714)	(29,550)
	252,220	332,599

As of 31 December 2020 and 2019, the balance of the caption “Raw and subsidiary materials and consumables” included, essentially, construction materials located in Africa (about 72,000 thousand euros and 85,000 thousand euros, respectively), in Portugal (about 14,000 thousand euros and 10,000 thousand euros, respectively) and in Poland (about of 4,300 thousand euros and 7,000 thousand euros, respectively).

As of 31 December 2020 and 2019, the balance of the caption “Products and work in progress” referred, essentially, to real estate projects under development in Poland and to real estate projects to be developed in Portugal.

In the year ended 31 December 2020, the reduction in the caption “Products and work in progress” was essentially due to the conclusion and sale of several apartments in three real estate projects in Poland.

As of 31 December 2020 and 2019, the balance of the caption “Merchandise” referred, essentially, to real estate projects located in Portugal which aim is their sale.

As of 31 December 2020 and 2019, the inventories caption included approximately 126,800 thousand euros and 177,000 thousand euros, respectively, associated with real estate projects.

As of 31 December 2020, the portion of inventories expected to be sold over a period higher than 12 months amounts to approximately 157,000 thousand euros.

As of 31 December 2020, there are some real estate properties registered under the caption of inventories that are collateralizing loans obtained in the amount of approximately 18,700 thousand euros.

In the years ended 31 December 2020 and 2019 the movement occurred in inventories adjustments can be analysed as follows:

	2020	2019
Opening balance	29,550	31,592
Increases (Note 8)	1,574	3,644
Decreases (Note 8)	(464)	(1,138)
Utilization	(4,083)	-
Transfers, exchange differences and changes in the perimeter	(863)	(4,548)
	25,714	29,550

In order to determine the net realizable value of the inventories, namely the real estate properties, the valuation methods used were the ones described in Note 16.

As of 31 December 2020 and 2019, the most relevant information regarding the appraisals performed to the main real estate properties (classified in inventories) held by the GROUP can be summarised as follows:

2020	Property	Company	Valuation method	Valuation	Key assumptions			
					Construction cost / per square meter	Sale price per square meter	Rent per square meter / month	Discount rate
	Real estate project - Portugal	MERE	Discounted cash-flow method	37,629	528.92 €	3,055.38 €	n.a.	9.9%
	Real estate project - Poland - V	MECE	Discounted cash-flow method	11,137	1,577.42 €	1,902.60 €	n.a.	6.4%
	Real estate project - Poland - VI	MECE	Discounted cash-flow method	8,170	2,051.64 €	2,273.18 €	n.a.	6.5%
	Real estate project - Poland - I	MECE	Discounted cash-flow method	7,992	859.06 €	1,858.51 €	n.a.	6.4%
	Real estate project - Poland - II	MECE	Discounted cash-flow method	6,483	817.05 €	2,180.42 €	n.a.	6.6%

2019	Property	Company	Valuation method	Valuation	Key assumptions			
					Construction cost / per square meter	Sale price per square meter	Rent per square meter / month	Discount rate
Real estate project - Portugal		MERE	Discounted cash-flow method	37,378	526.45 €	2,941.32 €	n.a.	9.7%
Real estate project - Poland - I		MECE	Discounted cash-flow method	25,984	846.21 €	1,587.78 €	n.a.	6.4%
Real estate project - Poland - II		MECE	Discounted cash-flow method	25,117	954.55 €	2,097.09 €	n.a.	6.5%
Real estate project - Poland - III		MECE	Discounted cash-flow method	15,366	n.a.	1,211.94 €	n.a.	6.4%
Real estate project - Poland - IV		MECE	Discounted cash-flow method	10,652	368.15 €	1,109.81 €	n.a.	6.7%

The sensitivity of the results of the appraisals performed to the real estate properties above-mentioned to the main key assumptions, namely to the discount rate, the construction cost per square meter and the sale price per square meter was as follows (impact on the fair value of the real estate properties):

2020	Property	Company	Valuation method	Sensitivity to key assumptions							
				Discount rate		Construction cost / per square meter		Sale price per square meter / month			
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	5.0%	-5.0%
Real estate project - Portugal		MERE	Discounted cash-flow method	(2,045)	2,175	(3,226)	3,226	5,162	(5,162)	5,162	(5,162)
Real estate project - Poland - V		MECE	Discounted cash-flow method	(31)	31	n.a.	n.a.	575	(575)	575	(575)
Real estate project - Poland - VI		MECE	Discounted cash-flow method	(73)	56	(327)	327	718	(718)	718	(718)
Real estate project - Poland - I		MECE	Discounted cash-flow method	(17)	17	(6)	6	405	(405)	405	(405)
Real estate project - Poland - II		MECE	Discounted cash-flow method	(7)	7	n.a.	n.a.	336	(336)	336	(336)

2019	Property	Company	Valuation method	Sensitivity to key assumptions							
				Discount rate		Construction cost / per square meter		Sale price per square meter / month			
				0.5%	-0.5%	5.0%	-5.0%	5.0%	-5.0%	5.0%	-5.0%
Real estate project - Portugal		MERE	Discounted cash-flow method	(1,956)	2,076	(3,569)	3,569	5,499	(5,499)	5,499	(5,499)
Real estate project - Poland - I		MECE	Discounted cash-flow method	(182)	183	n.a.	n.a.	1,311	(1,311)	1,311	(1,311)
Real estate project - Poland - II		MECE	Discounted cash-flow method	(404)	408	(841)	841	284	(284)	284	(284)
Real estate project - Poland - III		MECE	Discounted cash-flow method	(75)	75	(124)	124	1,449	(1,449)	1,449	(1,449)
Real estate project - Poland - IV		MECE	Discounted cash-flow method	(26)	26	n.a.	n.a.	778	(778)	778	(778)

23. Customers and other debtors

The information regarding customers and other debtors as of 31 December 2020 and 2019 can be analysed as follows:

	Non-current		Current	
	2020	2019	2020	2019
Customers, current account				
Gross amount:				
Europe Engineering and Construction	6,435	4,801	135,927	182,005
Europe Environment and Services	633	428	100,321	90,693
Africa	41,876	2,243	515,805	593,590
Latin America	124	46	164,103	177,145
Other, eliminations and intragroup	(62)	(73)	(49,521)	(40,556)
	49,006	7,447	866,634	1,002,878
Accumulated impairment losses	(50)	(62)	(193,985)	(181,714)
	48,956	7,385	672,650	821,164
Customers, notes receivables	-	-	15	15
Total customers	48,956	7,385	672,665	821,179
Associates and related companies				
Gross amount	23,545	48,627	2,607	6,026
Accumulated impairment losses	(3,567)	(3,663)	-	-
	19,978	44,964	2,607	6,026
Advances to suppliers	-	-	31,483	43,930
State and other public entities (except Corporate income tax)	6,762	6,252	48,105	50,527
Other				
Gross amount				
Europe Engineering and Construction	3,128	4,332	363,769	282,388
Europe Environment and Services	795	9	71,803	78,480
Africa	75,108	90,836	134,161	88,663
Latin America	40,707	48,622	38,614	54,663
Other, eliminations and intragroup	4	8,014	(379,237)	(321,919)
	119,743	151,813	229,110	182,274
Accumulated impairment losses	(19,011)	(25,982)	(42,293)	(44,476)
	100,732	125,831	186,818	137,799
Other debtors	127,472	177,047	269,013	238,283
Total customers and other debtors	176,428	184,433	941,678	1,059,462

As of 31 December 2020, the balance of the caption "Customers, current account - Gross amount - Africa" includes approximately 45,000 thousand euros (of which 38,000 thousand euros classified as non-current) associated with a landfill concession in Ivory Coast. This concession was granted by the State of Ivory Coast for a period of 7 years to CLEAN EBURNIE, which has an unconditional right to receive a monthly rent in return for the construction of the referred landfill.

As of 31 December 2020 and 2019, the balance of the caption "Associates and related companies" referred, essentially, to loans granted to the GROUP' associated companies.

As of 31 December 2019, the balance of the caption “Other - Gross amount – Africa - Non-current” referred, essentially, to an account receivable from MOTA ENGIL CONSTRUCTION SOUTH AFRICA, which, following its disposal process, saw its reimbursement plan modified (5 equal annual instalments of 17 million euros, from June 2021). Additionally, since that account receivable does not bear interest, the GROUP recorded in the year 2019 an impairment loss of approximately 23,000 thousand euros to account for the effect of the time value of money. As of 31 December 2020, the amount of 68,000 thousand euros from that account receivable is classified as non-current and 17,000 thousand euros are classified as current. On the other hand, on that date, the impairment losses recorded for that account receivable amounted to 17,000 thousand euros.

As of 31 December 2020 and 2019, the balance of the caption “Other - Gross amount - Latin America - Non-current” referred, essentially, to accounts receivable from the Latin America GROUP partners, which bear interest.

In the years ended 31 December 2020 and 2019, the movement occurred in the accumulated impairment losses of customers and other debtors can be analysed as follows:

	2020	2019
Customers and others debtors:		
Opening balance	255,897	228,782
Increases (Note 8)	37,717	25,683
Decreases (Note 8)	(9,002)	(31,217)
Utilization	(1,943)	(1,260)
Transfers, exchange differences and changes in the perimeter	(23,762)	33,909
	258,907	255,897

In the year ended 31 December 2020, the caption “Transfers, exchange differences and changes in the perimeter” included approximately 8,600 thousand euros associated with exchange differences generated, essentially, by companies / entities located in Angola.

In the year ended 31 December 2019, the caption “Transfers, exchange differences and changes in the perimeter” included an impairment loss of approximately 23,000 thousand euros associated with the disposal of MOTA-ENGIL CONSTRUCTION SOUTH AFRICA which has been recorded against the capital loss generated in that transaction.

As of 31 December 2020 and 2019, expected credit impairment losses were recorded for accounts receivables, which were determined taking in consideration a provision matrix based on the credit history of the debtors of the GROUP over the last five years, adjusted by specific factors attributable to the debtors, as well as, by the forecasted macroeconomic conditions foreseen in the future (Note 45). Furthermore, on those dates, adjustments to accounts receivable were also recorded for impairment losses incurred when there is objective evidence that the GROUP would not collect the full amounts to which it was entitled pursuant to the original terms of the established contracts. The adjustments are determined considering the age of the accounts receivable, the risk profile of the debtor, as well as, its economic-financial condition. On the other hand, for the accounts receivable whose expected time of collection exceeds one year, the GROUP updated those balances to its present value (considering an additional term between one and two years to recover the credit) and discount rates between 7% and 25% in the Africa segment (7% and 8% in the year of 2019) and 11.8% in the Latin America segment (11.2% in the year of 2019).

The exposure of the GROUP to credit risk is attributable, mostly, to the accounts receivable of its operating activity.

It is the GROUP’s Board of Directors belief that the amount at which those assets are recorded in the consolidated statement of financial position is similar to its fair value.

The GROUP does not charge any interests when the collection terms established with their customers are observed (usually less than 1 year). Once those terms are not accomplished, interests are charged, as contractually established or in accordance with the applicable law linked to each situation.

24. Contract assets

The information regarding contract assets by operating segment as of 31 December 2020 and 2019 can be analysed as follows:

	2020		2019	
	Non-current	Current	Non-current	Current
Europe Engineering and Construction	-	55,799	-	56,573
Europe Environment and Services	-	11,862	-	14,072
Africa	-	297,974	-	191,302
Latin America	-	297,783	-	306,367
Others	-	5,464	-	47
	-	668,882	-	568,360

The movement occurred in the years ended 31 December 2020 and 2019 in the contract assets and liabilities, excluding the advances component, can be analysed as follows:

Balance at 1 January 2020	543,625
Transfers to customers and other debtors	(465,367)
Increases due to the accomplishment of new performance obligations not yet invoiced	599,206
Changes to the estimates performed in previous years	(17,124)
Exchange differences, changes in the perimeter and others	(20,213)
Balance at 31 December 2020	640,126
Contract assets	668,882
Contract liabilities - Deferred income (Note 34)	(28,756)
	640,126
Balance at 1 January 2019	468,939
Transfers to customers and other debtors	(408,855)
Increases due to the accomplishment of new performance obligations not yet invoiced	581,630
Changes to the estimates performed in previous years	(52,637)
Exchange differences, changes in the perimeter and others	(45,452)
Balance at 31 December 2019	543,625
Contract assets	568,360
Contract liabilities - Deferred income (Note 34)	(24,736)
	543,625

In the year ended 31 December 2020, the changes to the estimates performed in previous years were justified, essentially, on the negative side, by the markets of Brazil, Angola, Uganda and Malawi, and on the positive side, by the Mexican market.

In the year ended 31 December 2019, the changes to the estimates performed in previous years were justified, essentially: (i) by the unilateral termination of a contract in Colombia; (ii) by the suspension / postponement of three contracts (two in Brazil and one in Angola) at the request of the respective customers with a negative impact on the total estimated costs to complete them; and (iii) by the delays in the expropriation (of the responsibility of the customer) in two contracts in Mexico, which also led to a deterioration of the estimated margin.

25. Other assets

The information regarding other assets as of 31 December 2020 and 2019 can be analysed as follows:

	Non-current		Current	
	2020	2019	2020	2019
Accrued income				
Interest receivable	-	-	3,422	5,868
	-	-	3,422	5,868
Deferred costs				
Insurance	239	135	13,395	12,093
Costs associated with the fulfilment of a contract	-	-	11,647	14,101
Other deferred costs (Others)	9,307	5,291	47,779	22,737
	9,546	5,427	72,821	48,931
	9,546	5,427	76,243	54,799

As of 31 December 2020 and 2019, the caption "Costs associated with the fulfilment of a contract" included, essentially, deferred costs associated with the production carried out in the Africa and Latin America regions, namely assigned to the mobilisation / demobilisation of equipment's and construction sites.

26. Corporate income tax

The information regarding the corporate income tax by operating segment as of 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Europe - Engineering and Construction	1,069	1,313
Europe - Environment and Services	534	619
Africa	11,972	12,344
Latin America	9,919	19,681
Others, eliminations and intragroup	329	1,189
	23,824	35,146

27. Cash

The information regarding the captions “Cash and cash equivalents with recourse - Demand and Term deposits” as of 31 December 2020 and 2019 can be analysed as follows:

	Demand deposits		Term deposits		Total	
	2020	2019	2020	2019	2020	2019
Other treasury applications	2,995	525	-	-	2,995	525
Bank deposits and cash in hand						
Bank deposits	325,944	296,895	79,646	98,303	405,589	395,198
Cash in hand	9,760	2,537	-	-	9,760	2,537
	338,699	299,957	79,646	98,303	418,344	398,260

The information regarding the caption “Cash and cash equivalents without recourse - Demand deposits” at 31 December 2020 and 2019 can be analysed as follows:

	Demand deposits	
	2020	2019
Bank deposits and cash in hand		
Bank deposits	31,479	34,572
Cash in hand	28	21
	31,507	34,593

The amounts of “Cash and cash equivalents without recourse - Demand deposits” are related, essentially, with the EGF SUBGROUP companies.

As of 31 December 2020 and 2019, in order to prepare the consolidated statement of cash flows, the balance of the caption “Cash and cash equivalents” presented the following breakdown:

	Total	
	2020	2019
With recourse	418,344	398,260
Without recourse	31,507	34,593
Amounts blocked or pledged	(79,646)	(98,303)
	370,206	334,550

As of 31 December 2020 and 2019, there were 79,646 thousand euros and 98,303 thousand euros, respectively, recorded under the caption of “Cash and cash equivalents” not immediately available since they have been given as a guarantee or are held captive under financing contracts established with third parties.

As of 31 December 2020 and 2019, the amounts included under the caption “Cash and cash equivalents” presented the following geographic source:

	2020	2019
Portugal	199,396	202,313
Poland	64,042	61,305
Mexico	37,396	27,969
Ivory Coast	27,169	897
Mozambique	24,956	5,555
Zimbabwe	20,229	23,328
Angola	19,216	33,753
Peru	16,354	19,238
Brazil	5,906	23,685
Mauritius	4,106	4,534
Others	31,081	30,276
	449,851	432,853

28. Non-current assets and liabilities held for sale

The information regarding non-current assets and liabilities held for sale as of 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Financial investment in Lineas subgroup (Others, eliminations and intragroup segment)	89,396	89,396
Assets of Takargo (Others, eliminations and intragroup segment)	31,278	31,092
Assets of APP Coatzacoalcas Villahermosa (Latin America segment)	-	131,347
Assets of Mercado Urbano (Others, eliminations and intragroup segment)	-	14,577
Others (Others, eliminations and intragroup segment)	6,293	7,995
Non-current assets held for sale	126,967	274,407

	2020	2019
Liabilities of Takargo (Others, eliminations and intragroup segment)	30,229	23,804
Liabilities of APP Coatzacoalcos Villahermosa (Latin America segment)	-	97,964
Liabilities of Mercado Urbano (Others, eliminations and intragroup segment)	-	7,832
Non-current liabilities held for sale	30,229	129,600

In the last quarter of 2015, the MOTA-ENGIL SGPS Board of Directors decided to dispose the financial investment held in LINEAS. Therefore, in accordance with IFRS 5, the assets and liabilities associated with such affiliate were reclassified to the captions “Non-current assets held for sale” and “Non-current liabilities held for sale”.

Following the aforesaid, and in order to execute the disposal of that financial investment, an agreement was established in February 2016 with Ardian Infrastructure for the disposal of the financial investments held by LINEAS in ASCENDI PT and in ASCENDI PT II, companies which directly or indirectly held the financial investments in the concessionaires and operators ASCENDI NORTE, ASCENDI BEIRAS LITORAL E ALTA, ASCENDI COSTA DE PRATA, ASCENDI GRANDE PORTO and ASCENDI GRANDE LISBOA.

The above-mentioned agreement also included the disposal of the assets directly or indirectly held by LINEAS in the sub concessionaires and operators ASCENDI PINHAL INTERIOR and ASCENDI DOURO INTERIOR, in AUVISA, in VIA VERDE PORTUGAL, in ASCENDI O&M, in ASCENDI IGI and in ASCENDI SERVIÇOS, for a total amount of circa of 600 million euros, to which 53 million euros can be added through a variable price mechanism.

The first stage of the agreement was completed by the end of December 2016 through the disposal of ASCENDI PT and of ASCENDI PT II, being complemented in January 2017 with the disposal of VIA VERDE PORTUGAL and with the disposal of 75% of ASCENDI SERVIÇOS.

On the other hand, during the years 2017 and 2018, the disposals of AUVISA, ASCENDI PINHAL INTERIOR, SCUTVIAS and VIALITORAL were concluded.

In the year ended 31 December 2019, against its initial intention, Ardian Infrastructure informed LINEAS about its intention of not acquiring ASCENDI DOURO INTERIOR.

Additionally, during the year ended 31 December 2020, the sale of 25% of the share capital held in ASCENDI SERVIÇOS was concluded and agreements were established with third parties for the sale of ASCENDI DOURO INTERIOR, CRT and COPEXA.

Thus, at the present date, the sales of LINEAS, LUSOPONTE, CRT, COPEXA and ASCENDI DOURO INTERIOR have not yet been concluded, and, as mentioned above, the GROUP has already received proposals for their disposal, which are being operationalized. However, it is the intention of the Board of Directors to conclude the disposal process of LINEAS and its subsidiaries in the short term, always dependent on the authorizations of the Grantors and of the financing entities.

Taking in consideration the proposals received for the disposal of the remaining assets of LINEAS, as well as, its financial debt, the fair value of the financial investment held at that entity, less the estimated costs with its sale, exceeds its carrying amount.

In the years ended 31 December 2020 and 2019, as a result of the application of the equity method has been suspended, the GROUP did not record any results associated with the LINEAS SUBGROUP in those years. As of 31 December 2020 and 2019, the breakdown of the non-current assets and liabilities held for sale associated with the LINEAS SUBGROUP was as follows:

	2020	2019
Financial investments in associated companies	89,396	89,396
	89,396	89,396

Furthermore, in the year 2018, the GROUP's Board of Directors decided to proceed with the partial disposal of the financial investment it holds in APP COATZACOALCOS-VILLAHERMOSA (Latin America segment), operation which was realized in 2020 and resulted in the GROUP's loss of control over that entity. The impact of this transaction on the consolidated net profit for the year is presented in Note 42.

As of 31 December 2019, the detail of the non-current assets and liabilities held for sale associated with APP COATZACOALCOS-VILLAHERMOSA was as follows:

	2019
Assets	
Non-current	
Tangible assets	20
Customers and other debtors	79,618
Deferred tax assets	913
	80,550
Current	
Customers and other debtors	9,804
Other current assets	11,894
Cash and cash equivalents without recourse – Demand deposits	29,099
	50,797
Total Assets	131,347
Liabilities	
Non-current	
Loans without recourse	80,963
Suppliers and sundry creditors	2,248
	83,211
Current	
Loans without recourse	9,251
Suppliers and sundry creditors	2,595
Other current liabilities	2,907
	14,752
Total Liabilities	97,964

In the years ended 31 December 2020 and 2019, the contribution of APP COATZACOALCOS-VILLAHERMOSA to the consolidated income statement of the GROUP up to the date of its disposal (April 2020) was as follows:

	2020	2019
Sales and services rendered	6,507	16,814
Cost of goods sold, materials consumed and changes in production	-	(220)
Third-party supplies and services	(2,106)	(1,484)
Other operating income / (expenses)	-	(10,409)
Amortizations and depreciations	-	(6)
Financial income and gains	517	16,785
Financial costs and losses	(2,482)	(9,319)
Income before taxes	2,434	12,161
Income tax	(729)	(2,179)
Net profit of the year	1,705	9,981

Furthermore, in the year ended 31 December 2019, the GROUP's Board of Directors decided to proceed with the disposal of the financial investments held in TAKARGO - TRANSPORTES DE MERCADORIAS, SA (others, eliminations and intragroup segment) and in MERCADO URBANO - GESTÃO IMOBILIÁRIA, SA (others, eliminations and intragroup segment).

As of 31 December 2020 and 2019, the detail of the non-current assets and liabilities held for sale associated with TAKARGO was as follows:

	2020	2019
Assets		
Non-current		
Intangible assets	509	545
Tangible assets	1,831	1,215
Rights of use assets	22,839	24,019
Financial investments in associated companies	484	460
Customers and other debtors	-	21
Deferred tax assets	2	95
	25,665	26,356
Current		
Customers and other debtors	4,435	3,601
Other current assets	906	697
Cash and cash equivalents with recourse – Demand deposits	272	437
	5,613	4,735
Total Assets	31,278	31,092
Liabilities		
Non-current		
Lease liabilities	13,353	13,589
Suppliers and sundry creditors	2,622	459
Provisions	980	1,380
	16,955	15,427
Current		
Loans with recourse	2,774	1,558
Lease liabilities	917	744
Suppliers and sundry creditors	8,655	5,205
Other current liabilities	928	870
	13,274	8,377
Total Liabilities	30,229	23,804

As of 31 December 2019, the detail of the non-current assets and liabilities held for sale associated with MERCADO URBANO was as follows:

	Mercado Urbano
Assets	
Non-current	
Intangible assets	10
Tangible assets	87
Investment properties	14,146
	14,243
Current	
Customers and other debtors	153
Other current assets	65
Cash and cash equivalents with recourse – Demand deposits	116
	334
Total Assets	14,577
Liabilities	
Non-current	
Lease liabilities	5,259
Suppliers and sundry creditors	1,693
	6,952
Current	
Loans with recourse	543
Suppliers and sundry creditors	255
Other current liabilities	82
	879
Total Liabilities	7,832

In February 2020, the disposal of MERCADO URBANO - GESTÃO IMOBILIÁRIA, SA was concluded, generating a residual result (Note 42).

In the year ended 31 December 2019, the contribution of MERCADO URBANO to the consolidated income statement of the GROUP was as follows:

	Mercado Urbano
Sales and services rendered	1,445
Third-party supplies and services	(643)
Other operating income / (expenses)	(1,776)
Amortizations and depreciations	(51)
Impairment losses	1
Financial costs and losses	(451)
Income before taxes	(1,476)
Income tax	358
Net profit of the year	(1,118)

29. Share capital and reserves

Share capital

The share capital of MOTA-ENGIL SGPS, as of 31 December 2020 and 2019, fully subscribed and paid up, arise to 237,505,141 euros and was represented by 237,505,141 shares with a nominal value of 1 Euro each.

In the years ended 31 December 2020 and 2019, the GROUP fulfilled the capital requirements set out in the Portuguese commercial law, namely the ones provided for in article 35 of the Portuguese Commercial Companies Code.

Own shares

In the years ended 31 December 2020 and 2019, the GROUP did not acquire nor dispose own shares.

As of 31 December 2020 and 2019 the GROUP held 6,091,581 own shares with an average cost per share of 1.68 euros amounting to a total of 10,232 thousand euros.

Shares premiums

Shares premiums correspond to premiums arising from the issuance or increases of share capital. Pursuant to the Portuguese commercial legislation, the amounts included under this caption follow the regime established for the "Legal reserves", that is, the amounts are not distributable, except in the event of liquidation, but they may be used to absorb losses after all other reserves have been depleted and for incorporation in the share capital.

Fair value reserve – Financial investments

The "Fair value reserve – Financial investments" reflects the changes in the fair value of financial assets recorded at fair value through other comprehensive income and cannot be distributed or used to absorb losses.

Fair value reserve – Fixed assets

The "Fair value reserve – Fixed assets" cannot be distributed to shareholders, unless it has been fully amortized or if the respective revalued assets have been disposed.

Fair value reserve – Derivatives

The "Fair value reserve – Derivatives" reflects the changes in the fair value of cash flow hedge derivative financial instruments which are considered effective and cannot be distributed to shareholders or used to absorb losses.

Currency translation reserve

The "Currency translation reserve" reflects the exchange differences arising from the translation of financial statements of affiliates expressed in a currency other than Euro and cannot be distributed to shareholders or used to absorb losses.

In the years ended 31 December 2020 and 2019, the movements in this caption were essentially due to the devaluation of the Angolan Kwanza (in 2020 and 2019), the Zimbabwe Dollar (in 2020 and 2019), the Mozambican Metical (in 2020), the Malawian Kwacha (in 2020) and the Mexican Peso (in 2020).

The effects of applying IAS 29 to Zimbabwe's operations (Note 47), as well as the accumulated exchange rate effect of applying this standard in previous years (Zimbabwe until 2019 and Angola until 2018) are not considered in this caption, but rather in the caption "Other reserves and retained earnings".

Legal reserves

The Portuguese commercial legislation establishes that at least 5% of the annual net profit, if positive, must be assigned to the legal reserve until it represents at least 20% of the share capital. This reserve is not distributable, except in the event of liquidation, but may be used to absorb losses after all other reserves have been depleted and for incorporation in the share capital.

Under the terms of the Portuguese commercial legislation, the amount of distributable reserves is determined in accordance with the separate financial statements of MOTA-ENGIL SGPS, prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union.

Distributions

As approved in the General Shareholders Meeting held at 18 June 2020, the net profit of the year ended 31 December 2019 was fully transferred to the caption "Free reserves".

As approved in the General Shareholders Meeting held at 23 May 2019, the net profit of the year ended 31 December 2018 has the following application:

Legal reserves	2,567
Other reserves	424,640
Dividends (0.074 euros per share)	17,575

The dividend above referred, excluding the one related to own shares, in the net amount of 17,125 thousand euros was paid on 7 June 2019.

Capital management policy

The capital structure of MOTA-ENGIL GROUP, determined by the proportion between its equity and its net debt, is managed in order to ensure the continuity and the development of its operating activities, the maximization of the return of the shareholders and the optimisation of its financing costs.

MOTA-ENGIL GROUP periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures in order to achieve the above referred targets.

As of 31 December 2020 and 2019, MOTA-ENGIL GROUP presented an accounting gearing of 12% and 27%, respectively.

Gearing = total equity / net debt, with net debt corresponding to the algebraic sum of the following captions in the consolidated statement of financial position: loans with recourse; loans without recourse; cash and cash equivalents with recourse - term and demand deposits; cash and cash equivalents without recourse - demand deposits and other financial investments recorded at amortised cost.

Proposal for the application of the net profit of the year

The standalone Management Report presents the following proposal:

"The Board of Directors proposes to the General Shareholders Meeting the transfer of the negative net income of the year, amounting to 28,100,076 euros and 99 cents, to the caption "Retained earnings"."

30. Loans

The amounts regarding loans with recourse as of 31 December 2020 and 2019 can be analysed as follows:

	Current (until 1 year)	between 1 and 2 years	between 2 and 5 years	more than 5 years	Non-current	Total
2020						
Non-convertible bond loans	20,155	119,310	219,551	-	338,862	359,016
Amounts owe to credit institutions:						
Bank loans	594,059	211,012	228,126	9,083	448,221	1,042,279
Overdraft facilities	118,232	-	-	-	-	118,232
Revolving facilities	50,818	-	-	-	-	50,818
Other loans obtained:						
Commercial paper issues	131,032	8,250	2,500	-	10,750	141,782
Others	329	82	2	-	84	414
	914,624	338,654	450,180	9,083	797,917	1,712,541
2019						
Non-convertible bond loans	61,059	21,737	331,575	-	353,312	414,371
Amounts owe to credit institutions:						
Bank loans	560,606	176,790	273,234	10,924	460,948	1,021,554
Overdraft facilities	55,075	-	-	-	-	55,075
Revolving facilities	64,616	-	-	-	-	64,616
Other loans obtained:						
Commercial paper issues	99,990	24,500	28,000	-	52,500	152,490
Others	246	-	-	-	-	246
	841,592	223,027	632,809	10,924	866,760	1,708,352

Although the commercial paper issues are due in one year or less, they are generally covered by medium and long term programmes which ensure their automatic renewal over time. Under these circumstances, and since the GROUP's Board of Directors intends to pursue the use of those programmes while they are in force, it recorded those commercial paper issues as due in the medium and long term.

As of 31 December 2020 and 2019, there were financing operations with commitments of maintenance of some covenants related with gearing and debt ratios based on the consolidated financial statements of the GROUP and of its sub holdings, whose conditions were negotiated in accordance with normal market practices.

As of 31 December 2020, as a result of the non-compliance by MOTA-ENGIL SGPS and some of its subsidiaries of some of the covenants established in the financing contracts they entered into and since the respective creditors may request their early repayment, an amount of approximately 228,000 thousands euros (165,000 thousand euros as of 31 December 2019) of non-current loans were reclassified to current loans. However, at the present date, and according to the information received from the respective financial institutions, none of those loans will be due in the next 12 months.

The amounts regarding loans without recourse as of 31 December 2020 and 2019 can be analysed as follows:

	Current (until 1 year)	between 1 and 2 years	between 2 and 5 years	more than 5 years	Non-current	Total
2020						
Amounts owed to credit institutions:						
Bank loans	15,503	19,689	90,970	13,955	124,614	140,117
Overdraft facilities	2,056	-	-	-	-	2,056
Revolving facilities	25,384	-	-	-	-	25,384
Other loans obtained:						
Commercial paper issues	2,500	2,500	6,189	-	8,689	11,189
	45,443	22,189	97,158	13,955	133,303	178,746
2019						
Amounts owed to credit institutions:						
Bank loans	27,596	13,228	71,079	14,929	99,236	126,833
Overdraft facilities	2,039	-	-	-	-	2,039
Revolving facilities	18,013	-	-	-	-	18,013
Other loans obtained:						
Commercial paper issues	2,500	2,500	7,500	1,189	11,189	13,689
	50,148	15,728	78,579	16,118	110,425	160,573

As of 31 December 2020 and 2019, the amounts of loans without recourse were associated to the companies of the EGF SUBGROUP and to the company used to finance its acquisition (SUMA TRATAMENTO).

Additionally, as of 31 December 2020 and 2019, the average maturity of the loans (with and without recourse) was 2.4 and 2.5 years, respectively.

As of 31 December 2020 and 2019, the movement occurred in loans was as follows:

2020	Non-convertible bond loans	Bank loans	Overdrafts facilities	Revolving facilities	Commercial paper issues	Other loans	Total
Opening balance	414,371	1,148,387	57,114	82,629	166,179	246	1,868,924
Transactions with impact in cash-flow:							
Loans receipts	57,119	359,594	93,652	734,634	283,720	187	1,528,906
Amortizations and repayments of loans	(114,263)	(280,143)	(29,818)	(733,907)	(296,812)	(230)	(1,455,173)
	(57,144)	79,451	63,835	727	(13,092)	(43)	73,733
Transactions with no impact in cash-flow:							
Exchange differences	-	(48,051)	(660)	(7,154)	-	211	(55,654)
Recognition of amortized cost	1,790	1,603	-	-	(116)	-	3,277
Changes in the perimeter and transfers	-	1,006	-	-	-	-	1,006
Closing balance	359,016	1,182,397	120,288	76,202	152,971	414	1,891,287

2019	Non-convertible bond loans	Bank loans	Overdrafts facilities	Revolving facilities	Commercial paper issues	Other loans	Total
Opening balance	369,580	796,171	78,600	113,244	211,683	2,528	1,571,806
Transactions with impact in cash-flow:							
Loans receipts	166,918	798,894	31,363	355,740	386,666	101	1,739,682
Amortizations and repayments of loans	(119,961)	(445,567)	(53,149)	(376,915)	(432,158)	(2,383)	(1,430,133)
	46,957	353,327	(21,786)	(21,174)	(45,492)	(2,282)	309,550
Transactions with no impact in cash-flow:							
Exchange differences	-	(15,325)	299	(6,556)	-	-	(21,582)
Mergers	-	(43)	-	-	-	-	(43)
Recognition of amortized cost	(2,167)	(4,356)	-	-	(12)	-	(6,535)
Changes in the perimeter and transfers	-	18,614	-	(2,885)	-	-	15,729
Closing balance	414,371	1,148,387	57,114	82,629	166,179	246	1,868,924

As of 31 December 2020 and 2019, the main bond loans and commercial paper programmes issued by the GROUP in force on those dates were as follows:

2020						
Type of issue / Issuer	Date of issue	Date of reimbursement	Indexation	Reimbursement conditions	Current nominal amount	Maturity
Bond loans:						
Mota-Engil SGPS	Oct-19	Oct-24	Fixed rate 4.8%	i)	168,000	
Mota-Engil SGPS	Nov-18	Nov-22	Fixed rate 4.5%	ii)	110,000	
Mota-Engil SGPS	Jan-18	Jan-23	Fixed rate 4%	ii)	60,510	
Mota-Engil Engenharia e Construção África	Dec-17	Dec-23	Euribor 6M+5.00%	iii)	20,000	
Mota-Engil SGPS	Jun-18	Jun-21	Euribor 3M 360 + 3.5%	ii)	12,570	
Mota-Engil Latin America BV	Dec-17	Dec-23	Euribor 6M+5%	iv)	7,500	
Commercial paper programmes:						
Mota-Engil SGPS	Aug-19	Feb-21	Euribor of the period + 2.75%		27,584	7 to 181 days
Mota-Engil SGPS	Dec-15	Jun-22	Rate determined by agreement between the issuer and the placement entities		25,900	3 to 397 days
Mota-Engil Europa	Jun-19	Dec-21	Euribor of the period + 4.70%		25,000	Direct placement: from 7 days to 6 months
Resinorte	Aug-16	Feb-25	Euribor 6M + 3%		11,189	104 months
Suma	Dec-18	Dec-21	Euribor 12M + 2%		10,000	37 months
Mota-Engil SGPS	Oct-17	Oct-22	Euribor 3M + 4%		7,650	90 days
Suma	Dec-18	Dec-23	Euribor 6M + 1.7%		7,500	61 months
Mota-Engil SGPS	May-19	May-23	Euribor 6M + 2.25%		6,250	7 days to 6 months
Suma	Dec-18	Dec-21	Euribor 12M + 1.5%		5,500	37 months
Mota-Engil SGPS	Feb-18	Jan-21	Euribor of the period + 3%		5,000	7 to 365 days
Mota-Engil Europa	Dec-18	Nov-21	Euribor of the period +1.5%		5,000	Direct placement: from 7 days to 6 months
Mota-Engil Engenharia e Construção	May-19	May-23	Euribor of the period + 2.25%		3,125	Direct placement: from 7 days to 6 months

i) Half-yearly interest with repayment in two installments, 50% in 30/10/23 and 50% in 30/10/24;

ii) Half-yearly interest with a single repayment upon the term of the contract;

iii) Interest and repayment in 12 half-yearly instalments;

iv) Interest and repayment in 10 half-yearly instalments.

2019						
Type of issue / Issuer	Date of issue	Date of reimbursement	Indexation	Reimbursement conditions	Current nominal amount	Maturity
Bond loans:						
Mota-Engil SGPS	Oct-19	Oct-24	Fixed rate 4.8%	i)	168,000	
Mota-Engil SGPS	Nov-18	Nov-22	Fixed rate 4.5%	ii)	110,000	
Mota-Engil SGPS	Jan-18	Jan-23	Fixed rate 4%	ii)	60,510	
Mota-Engil SGPS	Jul-15	Feb-20	Fixed rate 3.90%	ii)	55,097	
Mota-Engil Engenharia e Construção África	Dec-17	Dec-23	Euribor 6M + 5%	iii)	26,667	
Mota-Engil SGPS	Jun-18	Jun-21	Euribor 3M + 3.5%	ii)	12,570	
Mota-Engil Latin America BV	Dec-17	Dec-23	Euribor 6M + 5%	iv)	10,000	
Commercial paper programmes:						
Mota-Engil SGPS	Jun-19	Dec-20	Rate determined by agreement between the issuer and the placement entities		30,945	3 to 397 days
Mota-Engil Europa	Dec-15	Jun-22	Euribor of the period + 4.70%		25,000	Direct placement: from 7 days to 6 months
Mota-Engil SGPS	Aug-19	Feb-20	Euribor of the period + 2.75%		14,928	7 to 181 days
Resinorte	Aug-16	Feb-25	Euribor 6M + 3%		13,689	104 months
Mota-Engil SGPS	Oct-17	Oct-22	Euribor 3M + 4%		11,136	90 days
Mota-Engil SGPS	May-19	May-23	Euribor 6M + 2.25%		8,750	7 days to 6 months
Mota-Engil SGPS	Feb-18	Jan-20	Euribor of the period + 3%		5,000	7 to 365 days
Mota-Engil Europa	Dec-18	Nov-21	Euribor of the period + 1.5%		5,000	Direct placement: from 7 days to 6 months
Suma	Oct-19	Apr-20	Euribor 12M + 3.5%		5,000	6 months
Suma	Dec-18	Dec-21	Euribor 12M + 1.5%		10,000	36 months
Suma	Dec-18	Dec-21	Euribor 12M + 2%		10,000	36 months
Suma	Dec-18	Dec-23	Euribor 6M + 1.7%		10,000	60 months
Mota-Engil Engenharia e Construção	May-19	May-23	Euribor of the period + 2.25%		4,375	Direct placement: from 7 days to 6 months

i) Half-yearly interest with repayment in two installments, 50% in 30/10/23 and 50% in 30/10/24;

ii) Half-yearly interest with a single repayment upon the term of the contract;

iii) Interest and repayment in 10 half-yearly instalments;

iv) Interest and repayment in 12 half-yearly instalments.

As of 31 December 2020 and 2019, the loans obtained through other financing contracts higher than 10,000 thousand Euros can be analysed as follows:

2020		
Issuer	Type of loan	Amount in debt
Other operations:		
Mota-Engil, SGPS	Medium and long term loan	38,644
Mota-Engil, SGPS	Short term loan	208,955
Mota-Engil, SGPS	Revolving facilities	10,600
Mota-Engil Engenharia e Construção	Medium and long term loan	34,937
Mota-Engil Engenharia e Construção	Short term loan	27,972
Mota-Engil Engenharia e Construção	Overdraft	12,025
Mota-Engil Europa	Medium and long term loan	25,643
Mota-Engil Europa	Short term loan	35,065
Mota-Engil Real Estate Portugal	Short term loan	11,986
Mota-Engil Angola	Short term loan	13,277
Mota-Engil Engenharia e Construção África	Medium and long term loan	133,408
Mota-Engil Engenharia e Construção África	Short term loan	100,552
Mota-Engil Engenharia e Construção África	Overdraft	41,564
Geradora Fenix	Short term loan	16,825
Mota-Engil Peru	Medium and long term loan	10,718
Mota-Engil México	Medium and long term loan	19,500
Clean Eburnie	Medium and long term loan	15,866
Mota-Engil Ambiente e Serviços	Medium and long term loan	10,371
Suma Tratamento	Medium and long term loan	43,495

2019		
Issuer	Type of loan	Amount in debt
Other operations:		
Mota-Engil, SGPS	Medium and long term loan	218,159
Mota-Engil Engenharia e Construção	Medium and long term loan	66,400
Mota-Engil Engenharia e Construção	Overdraft facilities	7,020
Mota-Engil Europa	Medium and long term loan	25,000
Mota-Engil Real Estate Portugal	Medium and long term loan	17,000
Mota-Engil Angola	Medium and long term loan	22,087
Mota-Engil Engenharia e Construção África	Medium and long term loan	208,027
Mota-Engil Engenharia e Construção África	Short term loan	15,970
Mota-Engil Engenharia e Construção África	Overdraft facilities	3,205
Geradora Fenix	Medium and long term loan	20,538
Mota-Engil Peru	Medium and long term loan	19,583
Mota-Engil México	Medium and long term loan	15,000
Suma Tratamento	Medium and long term loan	51,918
Kilinski Property Investment	Medium and long term loan	15,329
Project Development 2	Medium and long term loan	17,068

The amounts included under the caption “Others” refer, essentially, to loans obtained from the Portuguese Agency for Investment (Agência Portuguesa para o Investimento - AICEP) and from the Institute of Support to Small and Medium-sized Companies and to Investment (Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento - IAPMEI) as a support to investment, which bear no interest, having been measured at fair value on the date of initial recognition with the differential to the amount received treated as a subsidy.

31. Other financial liabilities

The information regarding the other financial liabilities as of 31 December 2020 and 2019 can be analysed as follows:

	Non-current		Current	
	2020	2019	2020	2019
Factoring	-	-	224,233	112,481
Sale of credits	-	-	-	95,674
	-	-	224,233	208,156

As of 31 December 2019, the caption “Sale of credits” corresponded to the counterpart of the collection in cash of some credits whose definitive transfer to the acquirer was solely dependent on the completion of some administrative procedures. When those procedures took place, in 2020, the amount of this caption was derecognized against an account receivable of the same amount.

As of 31 December 2020 and 2019, the movement occurred in other financial liabilities was as follows:

2020	Factoring	Sale of credits	Total
Opening balance	112,481	95,674	208,156
Transactions with impact in cash:			
Loans receipts	264,622	-	264,622
Amortization and reimbursement of loans	(152,859)	(95,674)	(248,533)
	111,763	(95,674)	16,088
Transactions without impact in cash:			
Exchange differences	(11)	-	(11)
Closing balance	224,233	-	224,233

2019	Factoring	Sale of credits	Total
Opening balance	119,928	28,000	147,927
Transactions with impact in cash:			
Loans receipts	40,704	95,674	136,378
Amortization and reimbursement of loans	(50,454)	(28,000)	(78,454)
	(9,750)	67,674	57,924
Transactions without impact in cash:			
Exchange differences	2,304	-	2,304
Closing balance	112,481	95,674	208,156

32. Derivative financial instruments

The information regarding the derivative financial instruments entered into by the GROUP as of 31 December 2020 and 2019 can be analysed as follows:

Cash-flows hedges							Fair value	
Affiliates	Type	Counterpart	Begin	Notional	Contracted rates	Term	2020	2019
Mota-Engil, SGPS	Swap	Bank of China	Jun-18	27,511	Swap 6M -0.4% if Euribor 6M > 0.4%, otherwise 0	Dec-22	1	4
Mota-Engil, SGPS	Swap	Bank of China	Apr-20	64,200	Swap 6M -0.5% if Euribor 6M > 0.5%, otherwise 0	Mar-25	38	-
							39	4
Mota-Engil, SGPS	Swap	JP Morgan	Sep-17	22,500	Swap Euribor 6M for fixed rate -0.02%	Jun-21	(57)	(137)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	11,000	Swap Euribor 3M for fixed rate -0.03%	Dec-21	(44)	(83)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	4,000	Swap Euribor 6M for fixed rate -0.01%	Aug-21	(7)	(25)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	7,250	Swap Euribor 3M for fixed rate -0.03%	Oct-22	(30)	(60)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	6,144	Swap Euribor 12M for fixed rate -0.05%	Jan-20	-	(0)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	6,144	Swap Euribor 12M for fixed rate -0.05%	Jan-20	-	(1)
Mota-Engil, SGPS	Swap	JP Morgan	Jun-18	1,778	Swap Euribor 6M for fixed rate -0.02%	Dec-20	-	(3)
Mota-Engil, SGPS	LimitSwapFloor	SG	Nov-19	95,156	Swap Euribor 6M for fixed rate 0.128%	Aug-24	(240)	(80)
Mota-Engil Engenharia e Construção África	Swap	CAIXA BI	Jun-18	10,000	Swap Euribor 6M for fixed rate 0.54%	Dec-23	(95)	(163)
Mota-Engil Latin America BV	Swap	CAIXABI	Mar-18	7,500	Swap Euribor 6M for fixed rate -0.381%	Dec-23	(117)	(140)
ME Peru	Swap	Citibank	Dec-15	4,406	Swap Libor 3M +1.70% for fixed rate 4.35%	Dec-20	-	(4)
ME Peru	Currency Option	Citibank	Aug-16	4,406	Currency swap USD/PEN between [3.413 - 3.80 PEN]	Dec-20	-	-
							(590)	(697)
Total non-current assets							39	4
Total current assets							-	-
Total non-current liabilities							(482)	(688)
Total current liabilities							(108)	(9)
							(551)	(693)

The determination of the fair value of the derivative financial instruments entered into by the GROUP was carried out by the respective counterparties, which are considered to be respectable / independent financial entities of recognised merit. The valuation models employed were based on the discounted cash flow method, using par rates of swaps, listed on the interbank market and available on Reuters and Bloomberg pages for the relevant periods, being calculated the respective forward rates and discount factors which were used to discount the fixed cash flows (fixed leg) and variable cash flows (floating leg). The sum of the two legs determines the net present value (NPV). Regarding options, the Black-Scholes model and the volatility data available on Reuters and Bloomberg pages were used.

Following the above-mentioned, the fair value of the derivative financial instruments entered into by the GROUP was determined based on valuation techniques whose main inputs can be observed in the market, and so it can be included in level 2 of IFRS 13.

33. Suppliers and sundry creditors

The information regarding suppliers and sundry creditors at 31 December 2020 and 2019 can be analysed as follows:

	Non-current		Current	
	2020	2019	2020	2019
Suppliers				
Europe Engineering and Construction	13,914	17,616	198,846	191,291
Europe Environment and Services	-	60	38,792	40,632
Africa	6,122	1,037	265,184	297,851
Latin America	1,534	6,935	155,743	171,162
Others, eliminations and intragroup	(493)	(731)	(108,988)	(146,355)
	21,076	24,918	549,577	554,581
Suppliers of fixed assets	-	-	28,199	51,201
Associates and other shareholders	23,940	23,055	5,014	12,181
Advances on sales of financial investments	-	0	47,371	45,477
State and other public entities (except Corporate income tax)	-	-	86,679	85,918
Other creditors	25,401	45,969	84,477	136,474
	49,341	69,024	251,740	331,251
	70,418	93,943	801,317	885,832

As of 31 December 2020 and 2019, the caption "Suppliers" included the amounts of approximately 32,800 thousand euros and 16,300 thousand euros, respectively, related to confirming contracts. These amounts concern, essentially, to accounts payables arising from the subcontracting of third parties for the construction contracts awarded to the GROUP.

As of 31 December 2020 and 2019, the caption "Others, eliminations and intragroup" included, essentially, balances between the companies from the Africa segment and the companies of the Europe Engineering and Construction segment.

As of 31 December 2020 and 2019, the caption "Associates and other shareholders" included, essentially, the balances due to GROUP partners, namely the ones of MOTA-ENGIL MEXICO and CLEAN EBURNIE in 2020 and to the ones of MOTA-ENGIL ANGOLA, SUMA SUBGROUP, EGF SUBGROUP and MOTA-ENGIL MEXICO in 2019.

As of 31 December 2020 and 2019, the caption "Advances on sales of financial investments" included the amounts of approximately 47,400 thousand euros and 45,500 thousand euros, respectively, associated with the future sale of two motorways concessionaires in Mexico (Note 18).

It is the GROUP's Board of Directors belief that the amount at which the above-mentioned financial liabilities are recorded in the consolidated statement of financial position is similar to its fair value.

34. Contract liabilities

The information regarding contract liabilities by operating segment as of 31 December 2020 and 2019 can be analysed as follows:

	2020		2019	
	Non-current	Current	Non-current	Current
Advances received from customers:				
Europe - Engineering and Construction	-	40,879	17,894	60,231
Europe - Environment and Services	6,614	6,990	13,016	4,395
Africa	-	123,559	13,337	76,256
Latin America	-	76,916	-	68,021
	6,614	248,344	44,247	208,903
Deferred income:				
Europe - Engineering and Construction	-	14,270	-	9,638
Africa	-	13,253	-	8,578
Latin America	-	1,233	-	6,172
Others	-	-	-	348
	-	28,756	-	24,736
	6,614	277,100	44,247	233,639

The movement occurred in the years ended 31 December 2020 and 2019 in the advances received from customers can be analysed as follows:

Balance at 1 January 2020	253,149
Revenue recognized in the year associated with liabilities recorded in previous years	(122,828)
Advances received in the year, net of revenue recognized in the same year	142,109
Exchange differences, changes in the perimeter and others	(17,473)
Balance at 31 December 2020	254,958
Balance at 1 January 2019	299,635
Revenue recognized in the year associated with liabilities recorded in previous years	(136,637)
Advances received in the year, net of revenue recognized in the same year	89,693
Exchange differences, changes in the perimeter and others	458
Balance at 31 December 2019	253,149

35. Other liabilities

The information regarding to other non-current liabilities as of 31 December 2020 and 2019 can be analysed as follows:

Other non-current liabilities	2020	2019
Investment grants	147,677	145,890
Work in progress not invoiced by suppliers	4,973	4,178
Others	12,649	7,679
	165,299	157,746

As of 31 December 2020 and 2019, the caption "Investment grants" referred, essentially, to the companies of EGF SUBGROUP.

The information regarding other current liabilities as of 31 December 2020 and 2019 can be analysed as follows:

Other current liabilities	2020	2019
Accrued costs		
Holiday pay and holiday bonus	34,715	38,857
Interest payable	29,132	14,654
Work in progress not invoiced by suppliers	484,469	402,409
Other accrued costs	8,281	34,607
	556,596	490,527
Deferred income		
Investment grants	19,440	20,970
Other deferred income	19,051	19,408
	38,491	40,378
	595,088	530,905

As of 31 December 2020 and 2019, the caption “Work in progress not invoiced by suppliers” presented the following breakdown by business segment (before intragroup eliminations): 203,900 thousand euros in the Africa segment (202,500 thousand euros in 2019), 170,000 thousand euros in the Latin America segment (192,500 thousand euros in 2019) and 87,100 thousand euros in the Europe Engineering and Construction segment (13,900 thousand euros in 2019).

As of 31 December 2020 and 2019, the caption “Other deferred income” included the amounts of 4,300 thousand euros and 4,500 thousand euros, respectively, related to interest in arrears charged to customers which were deferred until the moment of their receipt and 6,800 thousand euros and 5,200 thousand euros, respectively, related to the tariff deviations arising from the companies of the EGF SUBGROUP.

The main information regarding the investment grants awarded to the GROUP is as follows:

Beneficiary company	Grants recognition			
	Asset value	Deferred income	Income recognised in 2020	Income recognised in 2019
Algar	76,188	9,469	1,166	1,162
Amarsul	67,735	15,047	1,897	1,540
Correia & Correia	3,158	75	12	12
Enviroil II	4,187	1,474	451	37
Ersuc	161,449	26,071	6,302	6,454
Mota-Engil Real Estate Portugal	1,331	671	-	-
Resiestrela	32,156	9,652	983	1,122
Resinorte	130,510	42,028	3,188	3,373
Resulima	38,925	18,797	211	166
Suldouro	46,430	9,586	1,027	765
Valnor	47,444	10,457	1,108	1,344
Valorlis	34,739	5,434	564	604
Valorminho	6,007	2,203	212	132
Valorsul	188,675	16,150	2,317	4,252
Vibeiras	35	1	-	1
Triu	1,139	2	2	13
		167,117	19,440	20,978

36. Corporate income tax

The information regarding corporate income tax by operating segment as of 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Europe Engineering and Construction	1,903	561
Europe Environment and Services	2,559	1,582
Africa	8,399	5,259
Latin America	7,729	22,611
Others, eliminations and intragroup	150	382
	20,740	30,395

37. Provisions

The information regarding provisions as of 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Provisions for investments accounted under the equity method	575	5,688
	575	5,688
Sundry provisions		
Provisions for construction warranties	34,411	37,011
Liabilities arising from defined benefit pension plans (Note 39)	18,000	13,796
Legal proceedings	15,842	5,607
Sealing and monitoring of landfills	7,319	6,180
Other contingencies	27,451	38,306
	103,023	100,899
	103,598	106,587

Provisions for construction warranties arise from the construction contracts carried out by the GROUP and refer, essentially, to MOTA-ENGIL ANGOLA and to MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO.

Provisions for legal proceedings include 10,431 thousand euros (60,000,000 Peruvian Soles – nominal value – equivalent as of 31 December 2020 to 13,636 thousand euros) related to the agreement established with INDECOPI (Note 40).

Provisions for the sealing and monitoring of landfills refer, essentially, to the companies of the SUMA SUBGROUP.

Provisions for other contingencies include the estimated costs with numerous contingencies of legal, tax and judicial nature.

The information regarding the movement occurred in provisions in the years ended 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Provisions for investments accounted under the equity method		
Opening balance	5,688	9,259
Increases	108	822
Decreases	(340)	(4,393)
Transfers, exchange differences and changes in the perimeter	(4,881)	-
	575	5,688
Sundry provisions		
Opening balance	100,899	94,739
Increases (Note 8)	15,666	38,584
Decreases (Note 8)	(13,757)	(21,936)
Utilizations	(3,968)	(140)
Transfers, exchange differences and changes in the perimeter	14,093	(10,348)
	103,023	100,899

As of 31 December 2019, the provisions for investments accounted under the equity method referred, essentially, to the affiliate LOGZ.

In the years ended 31 December 2020 and 2019, the caption of “Transfers, exchange differences and changes in the perimeter” was justified, essentially, by exchange differences generated mostly by affiliate companies located in Angola.

As of 31 December 2020 and 2019, except for the provisions recorded for the sealing and monitoring of landfills, for the liabilities arising from defined benefit pension plans and for the provision associated with INDECOPI, the date of use of the remaining provisions cannot be estimated for and, therefore, those provisions were not recorded at its present value.

Likewise, except for the provision associated with INDECOPI, due to the uncertainty regarding the moment on which the above-mentioned provisions will be converted into liabilities, it was not possible to disclose the expected moments for the respective future outflows of resources, and so, those provisions have been classified as non-current.

As of 31 December 2020, the dates on which the provision associated with INDECOPI will be used are as follows:

Date	Amount
September 30, 2021	682
September 30, 2022	1,364
September 30, 2023	2,045
September 30, 2024	2,727
September 30, 2025	3,409
September 30, 2026	3,409
	13,636
Difference to present value	(3,206)
Provision present value	10,431

38. Non-controlling interests

As of 31 December 2020 and 2019, the companies controlled by the GROUP which present the most significant non-controlling interests were as follows:

2020	Percentage of detention held by non-controlling interests	Net profit attributable to non-controlling interests	Accumulated non-controlling interests	Main shareholders
Mota-Engil Angola	49%	16,672	56,521	Sonangol (20%) Rosenberg (29%)
Valorsul	68.67%	1,141	30,673	Municipality of Lisboa (20.00%) Municipality of Loures (11.51%) Municipality of Amadora (5.16%) Municipality of Vila Franca de Xira (4.61%) Municipality of Odivelas (0.54%) Other municipalities (5.25%); (a)
Suma	38.50%	1,444	24,345	Urbaser (38.5%)
Fideicomiso Fairmont Costa Canuva	73.14%	535	20,394	Instituto de Pensiones del Estado de Jalisco (26.86%)
Vista Waste	43.86%	5,815	17,569	Vista Energy (41%) Mota-Engil Angola (10%); (a)
Mota-Engil Turismo	56.87%	4,563	(9,071)	Askora Capital (48.04%) Other investments (8.83%)
Others		(2,417)	94,214	
		27,753	234,646	

(a) This company is also, directly or indirectly, held by SUMA (entity held by MOTA-ENGIL GROUP in 61.5% and by Urbaser Group in 38.5%).

2019	Percentage of detention held by non-controlling interests	Net profit attributable to non-controlling interests	Accumulated non-controlling interests	Main shareholders
Mota-Engil Angola	49%	37,229	70,807	Sonangol (20%) BPA (5%) Finicapital (15%) Globalpactum (9%)
Valorsul	68.67%	(1,234)	29,532	Municipality of Lisboa (20.00%) Municipality of Loures (11.51%) Municipality of Amadora (5.16%) Municipality of Vila Franca de Xira (4.61%) Municipality of Odivelas (0.54%) Other municipalities (5.25%); (a)
Fideicomiso Fairmont Costa Canuva	73.14%	(1)	22,842	Instituto de Pensiones del Estado de Jalisco (26.86%)
Suma	38.5%	216	20,564	Urbaser (38.5%)
Vista Waste	43.86%	11,787	20,367	Vista Energy (41%) Mota-Engil Angola (10%); (a)
Mota-Engil Turismo	56.87%	9,917	(11,791)	Askora Capital (48.04%) Other investors (8.83%)
Others		(14,469)	99,381	
		43,445	251,703	

(a) This company is also, directly or indirectly, held by SUMA (entity held by MOTA-ENGIL GROUP in 61.5% and by Urbaser Group in 38.5%).

As of 31 December 2020 and 2019, the amounts included under the caption “Others – Accumulated non-controlling interests” refer, essentially, to SUMA TRATAMENTO, to the remaining affiliates of EGF SUBGROUP, to MOTA-ENGIL MEXICO, to EMPRESA CONSTRUTORA BRASIL, to GENERADORA FENIX and to FSE SUMINISTRADORA FENIX (only in 2020).

As of 31 December 2020 and 2019, and in the years ended on those dates, the summarised financial information (contributions) of the major subsidiaries controlled by the GROUP with non-controlling interests was as follows:

2020	Mota-Engil Angola	Valorsul	Suma	Fideicomiso Fairmont Costa Canuva	Vista Waste	Mota-Engil Turismo
Financial Position						
Current assets	131,488	13,728	158,714	6,626	12,085	48
Non-current assets	229,144	92,647	29,687	21,260	45,791	56,453
Current liabilities	239,437	26,162	73,590	-	13,009	50,582
Non-current liabilities	40,673	35,546	51,578	-	4,804	21,871
Equity attributable to shareholders	24,001	13,995	38,888	7,491	22,493	(6,881)
Non-controlling interests	56,521	30,673	24,345	20,394	17,569	(9,071)
	80,522	44,668	63,233	27,886	40,063	(15,952)
Income Statement						
Income	199,282	58,026	48,803	3,592	70,980	17,780
Expenses	165,258	56,364	45,052	2,860	57,722	9,755
Net profit	34,024	1,661	3,751	732	13,259	8,025
attributable to:						
shareholders	17,352	520	2,307	197	7,444	3,461
non-controlling interests	16,672	1,141	1,444	535	5,815	4,563

2019	Mota-Engil Angola	Valorsul	Fideicomiso Fairmont Costa Canuva	Suma	Vista Waste	Mota-Engil Turismo
Financial Position						
Current assets	150,008	8,214	11,780	151,686	4,606	146
Non-current assets	259,775	94,086	19,453	28,208	60,965	45,463
Current liabilities	231,619	34,540	-	62,977	12,668	55,374
Non-current liabilities	71,869	24,754	-	63,504	6,462	10,970
Equity attributable to shareholders	35,488	13,475	8,390	32,849	26,074	(8,944)
Non-controlling interests	70,807	29,532	22,842	20,564	20,367	(11,791)
	106,295	43,006	31,233	53,413	46,441	(20,735)
Income Statement						
Income	325,839	55,016	-	53,189	79,090	38,983
Expenses	249,861	56,813	1	52,628	52,213	21,543
Net profit	75,978	(1,797)	(1)	561	26,877	17,439
attributable to:						
shareholders	38,749	(563)	(0)	345	15,090	7,522
non-controlling interests	37,229	(1,234)	(1)	216	11,787	9,917

In the years ended 31 December 2020 and 2019 the movement occurred in non-controlling interests can be analysed as follows:

	2020
Balance at 31 December 2019	251,703
Net profit attributable to non-controlling interests	27,753
Items of other comprehensive income that may be reclassified to the income statement:	
Exchange differences arising from the translation of financial statements expressed in foreign currencies	(53,814)
Changes, net of tax, in the tangible assets revaluation surplus	5,235
Other comprehensive income	(4,016)
Dividend distribution (a)	(4,673)
Share capital Increases / decreases	(885)
Changes in the consolidation perimeter and in the non-controlling interests (b)	13,869
Others	(526)
	234,646

(a) Of which circa of 2,040 thousand euros related to FENIX and circa of 2,065 thousand euros related to MOTA-ENGIL ANGOLA;

(b) Of which circa of (7,000) thousand euros related to the partial disposal of APP COATZCOALCOS and circa of 11,500 thousand euros related to capital increases in FIDEICOMISO EL CAPOMO.

	2019
Balance at 31 December 2018	268,998
Net profit attributable to non-controlling interests	43,445
Items of other comprehensive income that may be reclassified to the income statement:	
Exchange differences arising from the translation of financial statements expressed in foreign currencies	(51,986)
Changes, net of tax, in the tangible assets revaluation surplus	7,576
Other comprehensive income	15
Dividend distribution (c)	(12,972)
Share capital Increases / decreases (d)	(14,908)
Changes in the consolidation perimeter and in the non-controlling interests (e)	16,854
Others	(5,319)
	251,703

(c) Of which circa of 7,600 thousand euros related to FENIX and circa of 3,700 thousand euros related to the EGF GROUP;

(d) Of which circa of 15,650 thousand euros performed in FIDEICOMISO EL CAPOMO;

(e) Of which circa of 5,651 thousand euros related with the purchase and sale of MOTA-ENGIL INVESTMENTS SOUTH AFRICA (Note 42) and circa of 11,780 thousand euros related with FIDEICOMISO FAIRMONT COSTA CANUVA (Note 42).

As of 31 December 2020, there are no protective agreements or rights established with minority shareholders that limit the use or realization of the assets listed above by the GROUP.

39. Pension plans with defined benefits

As of 31 December 2020 and 2019, the GROUP had assumed responsibilities related to pension plans with defined benefits towards some former employees and towards the founding shareholders directors. These last ones are beneficiaries of a pension plan with defined benefits which broadly allow them to receive a pension equivalent to 80% of their salary on their retirement date (or the salary of the Chairman of the Board of Directors or of another director of the GROUP if higher).

As of 31 December 2020 and 2019, the information regarding the responsibilities with the pensioners and with the founding shareholders directors, as well as, the respective coverage, can be analysed as follows:

	2020	2019
Responsibilities to pensioners	1,408	1,438
Responsibilities to founding shareholders directors	16,592	12,358
Provisions	18,000	13,796
% of coverage	100%	100%

The information regarding the movement occurred in the liabilities with pension plans in the years ended as of 31 December 2020 and 2019 can be analysed as follows:

	2020	2019
Liabilities at beginning of the year	13,796	12,737
Benefits paid	(95)	(96)
Current service cost	303	303
Interest cost	139	193
Actuarial losses / (Gains)	3,857	659
Liabilities at year end	18,000	13,796

In the year ended 31 December 2020, the actuarial deviations were justified by the reduction in the discount rate, by the increase in the wage bill higher than the estimated and by an increase in the expected retirement age of the beneficiaries.

In the years ended 31 December 2020 and 2019, the amounts recognised in the consolidated income statement regarding pension plans with defined benefits amounted to 442 thousand euros and 496 thousand euros, respectively. In addition, in those years, the amounts of -3,587 thousand euros and -659 thousand euros, respectively, referring to the actuarial and financial deviations verified, were recognized in the consolidated statement of other comprehensive income.

As of 31 December 2020 and 2019, the actuarial valuations prepared to quantify the responsibilities with the pension plans were prepared by an independent actuary expert accredited by the Supervisory Authority for Insurance and Pension Funds (Autoridade de Supervisão de Seguros e Fundos de Pensões - ASF) and assumed the following assumptions:

	2020	2019
Mortality table	TV 73/77	TV 73/77
Invalidity table	EKV80	EKV80
Discount rate	0.75%	1.0%
Expected salary increase rate	1.0%	1.0%
Pensions discount rate	0.75%	1.0%
Pensions growth rate	0%/1.5%	0%/1.5%
Number of payments of the benefit	12/13/14	13/14

The liabilities arising from pension plans with defined benefits were determined in accordance with the Projected Unit Credit Method, based on the most suitable actuarial and financial assumptions for the established plan.

The discount rate used in the determination of the liabilities was established by reference to market rates of bonds issued by companies with low risk and with a duration similar to the one of the settlement of the liabilities.

Based on the actuarial valuation carried out at 31 December 2020, the best estimate for the pensions to be paid in 2021 arise to 425 thousand euros.

The pension plans with defined benefits expose the GROUP to the following risks:

- Interest rate risk – the present value of the liabilities is determined using a discount rate established with reference to the interest rates of bonds denominated in euros with high quality in terms of credit risk; if the discount rate decreases, liabilities increase.

- Longevity risk – the present value of the liabilities is determined assuming the best estimate of the expected date of death of the participants before and after the retirement date. An increase in the life expectancy of the participants will increase the liabilities with retirement plans.

- Salary / pension risk - the present value of the liabilities is determined assuming the estimated future salaries / pensions of the participants. Therefore, an increase in the participants' salaries / pensions will increase the liabilities with retirement plans.

As of 31 December 2020 and 2019, if the salaries growth rate increased 0.5%, the present value of the liabilities would be increased circa of 248 thousand euros and 110 thousand euros, respectively.

As of 31 December 2020 and 2019, if the discount rate was higher or lower 0.5% the present value of the liabilities would be decreased and increased by 971 and 1,052 thousand euros and by 704 and 764 thousand euros, respectively.

As of 31 December 2020, the duration of the liabilities amounted to 11 years.

40. Contingent Assets and Liabilities

As of 31 December 2020 and 2019, the guarantees provided by the GROUP to third parties in the form of bank guarantees and surety insurances, namely to customers whose construction contracts are undertaken by the several GROUP companies, detailed by currency, are as follows:

	2020	2019
Czech Crown	5,703	6,201
US Dollar	312,590	166,031
Cape Verdean Escudo	243	243
Euros	366,875	389,166
Angolan Kwanza	25,809	36,130
Malawian Kwacha	23,470	21,843
Mozambican Metical	4,339	9,315
Peruvian Nuevo Sol	42,801	54,346
Colombian Peso	203,043	214,891
Mexican Peso	59,602	51,099
Brazilian Real	85,344	112,601
Polish Zloty	153,131	129,140
Others	105,471	135,162
	1,388,421	1,326,169

As of 31 December 2020 and 2019, the detail of the guarantees provided by company of the GROUP is as follows:

	2020	2019
Areagolfe	118	120
Empresa Construtora Brasil	54,927	86,057
Generadora Fenix	1,795	7,103
Suma/EGF Group	47,775	56,022
Manvia	2,837	2,975
Mota-Engil Engenharia e Construção África	213,987	95,232
Mota-Engil Angola	26,469	36,611
Mota-Engil Central Europe Polónia	162,423	147,325
Mota-Engil Central Europe República Checa	3,139	3,552
Mota-Engil Engenharia e Construção	157,678	162,448
Mota Engil México	46,036	45,362
Mota-Engil Peru	88,512	105,154
Mota Engil Engenharia e Construção África - Ivory Coast Branch	40,695	39,247
Mota Engil Engenharia e Construção Colombia / Mota Engil Colômbia Branch	108,059	123,108
Mota Engil Engenharia e Construção África - Malawi Branch	40,188	43,008
Mota Engil Engenharia e Construção África - Mozambique Branch	35,248	47,175
Vibeiras	11,595	9,253
Others	346,941	316,418
	1,388,421	1,326,169

As of 31 December 2020 and 2019, the amount of guarantees provided by the GROUP to the Portuguese tax authorities associated with tax proceedings amounted to 80,613 thousand euros (80,523 thousand euros in 2019) with the following breakdown: 73,194 thousand euros through surety insurances (72,116 thousand euros in 2019); 848 thousand euros through guarantees (848 thousand euros in 2019); 4,913 thousand euros through bank guarantees (4,913 thousand euros in 2019); and 1,659 thousand euros through the pledge of shares (2,646 thousand euros in 2019). In addition, during the year 2020, the GROUP was subject to two corrections made by the Portuguese tax authorities, one relating to CIT and the other relating to Property Transfer Tax, which involve tax amounts of, respectively, 14,400 thousand euros and 4,200 thousand euros. Nevertheless, the GROUP proceeded and will proceed with the judicial challenge of the respective additional assessments, being the understanding of its Board of Directors, based on the opinion of its legal / tax advisors, that the referred legal challenges will be precedent, reason why no liabilities were recorded in the accompanying consolidated financial statements.

On the other hand, as of 31 December 2020, the GROUP was involved in several legal proceedings, both as defendant and claimant, which, considering only the proceedings over 500 thousand euros, arise to approximately 113,000 thousand euros in the quality of defendant (95,000 thousand euros as of 31 December 2019). In this regard, it should be highlighted that out of the amount above-mentioned 51,000 thousand euros are concentrated on two proceedings (one in Portugal and other in Slovakia) which go on for more than ten years, and that circa of 30,000 thousand euros are associated with six administrative proceedings raised by the General Inspection of Agriculture, Sea, Environment and Spatial Planning, corresponding to the maximum fine that can be applied, and in the past, for similar proceedings in which GROUP companies were condemned, the respective fines ranged between 10 and 30 thousand euros.

Regarding the first of those proceedings, the fact that the counterpart did not manage to prove in court over the last 15 years the subject on which the legal action pertains (and for which the counterpart demands a compensation of circa of 36,000 thousand euros) supports the belief of the Board of Directors that the outcome of that proceeding will be favourable to the GROUP.

Regarding the second of those proceedings, for which it was expected that the Constitutional Court of Slovakia would confirm the favourable verdict issued in the past, regarding facts occurred in 2004, it changed its position, despite the facts and the legal framework being the same. However, and without prejudice to the right to appeal, namely within the scope of the European jurisdiction and institutions, the Board of Directors considers, based on the opinion of reputed legal advisers, that, taking in consideration a very peculiar procedural framework and distorted assumptions, the basis of the administrative decision underlying the referred proceeding, namely the respective (pecuniary) penalty, shall always lack implementation, due to the remote probability of its enforceability.

On the other hand, from 2018, two former employees of MOTA-ENGIL GROUP are being investigated by the Peruvian Public Ministry following its alleged involvement in a set of practices, performed between 2011 and 2014, by some construction companies operating in Peru that would not be fully compliant with the legislation in force. Additionally, following that investigation, MOTA-ENGIL PERU was involved in that process and some of its assets amounting to circa of 300 thousand euros were pledged. Finally, in 2020, the GROUP joined the Special Volunteer Regime provided for in Law No. 30737, which allows it to activate the mechanisms that the referred law establishes to limit the amount of the potential liability that may be imposed in the event of a conviction (maximum of 3,400 thousand euros at the exchange rate on 31 December 2020). However, at the date of this report, due to the fact that the aforementioned process is still in its preparatory investigation stage (which was prolonged until May 22, 2021), any potential contingencies associated with the evolution of that investigation are not currently possible to measure and quantify.

In addition, in January 2020, the Peruvian Competition Authority (INDECOPI) initiated an investigation procedure regarding anti-competitive practices, occurred between 2002 and 2016, which involved some companies / entities of MOTA-ENGIL GROUP, as well as, 35 other construction companies operating in Peru and 28 individual people. During 2020, following conversations with INDECOPI, an agreement was established with this entity through which the GROUP companies / entities involved compromised to: (i) strengthen their compliance procedures; (ii) comply with the competitive parameters determined by INDECOPI; and (iii) make a cash endowment of approximately 14,200 thousand euros over the next six years for activities related to research, promotion and defence of anti-competitive practices. As of 31 December 2020, that liability is recorded under the caption "Provisions" (Note 37).

41. Related parties

As of 31 December 2020 and 2019, as well as in the years ended on those dates, the balances and transactions maintained with related parties, corresponding to associated and jointly controlled companies (recorded under the equity method), GROUP' shareholders which held control or with other companies held by those shareholders were as follows:

2020	Accounts receivable	Accounts payable	Loans granted	Loans obtained
Associated and jointly controlled companies	78,697	45,831	15,566	16,366
Shareholders and companies with common shareholders to the Group	5,032	11,104	272	692
2019	Accounts receivable	Accounts payable	Loans granted	Loans obtained
Associated and jointly controlled companies	84,552	48,470	38,143	22,879
Shareholders and companies with common shareholders to the Group	8,642	1,046	-	-

2020	Sales and services rendered	Cost of goods sold, materials consumed	Interest income	Interest expense
Associated and jointly controlled companies	187,675	1,717	1,458	1,788
Shareholders and companies with common shareholders to the Group	73	8	-	-
2019	Sales and services rendered	Cost of goods sold, materials consumed	Interest income	Interest expense
Associated and jointly controlled companies	276,071	2,039	4,175	234
Shareholders and companies with common shareholders to the Group	73	8	-	-

As of 31 December 2020, the list of associated and jointly controlled companies are presented in Appendix A.

As of 31 December 2020, MOTA-ENGIL SGPS is directly held in 56.48% by MOTA GESTÃO E PARTICIPAÇÕES, SGPS, S.A. (MGP) and 1.30% by ANTÓNIO DO LAGO CERQUEIRA, S.A., which in turn is owned in 51% by MGP. Likewise, on that date, MGP is owned by FM – SOCIEDADE DE CONTROLO, SGPS, S.A. in 100%, which in turn is owned in 100% by the following individual shareholders:

António Manuel Queirós Vasconcelos da Mota (also director of Mota-Engil SGPS)
Maria Manuela Queirós Vasconcelos Mota dos Santos (also director of Mota-Engil SGPS)
Maria Paula Queirós Vasconcelos Mota de Meireles (also director of Mota-Engil SGPS)
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (also director of Mota-Engil SGPS)

In addition, and due to the fact that they hold management positions at MGP, the following individuals were considered as key management personnel at MGP:

Carlos António Vasconcelos Mota dos Santos (also director of Mota-Engil SGPS)
José Manuel Mota Neves da Costa
José Pedro Matos Marques Sampaio de Freitas (also director of Mota-Engil SGPS)
Manuel António da Fonseca Vasconcelos da Mota (also director of Mota-Engil SGPS)
Maria Sílvia Fonseca Vasconcelos Mota

On the other hand, at 31 December 2020, the following entities / individuals were included in the category “Shareholders and companies with common shareholders to the GROUP”:

- (i) Entities, individuals and their immediate family members who are direct or indirect shareholders of MOTA-ENGIL SGPS;
- (ii) Key management personnel and their immediate family members of MOTA-ENGIL SGPS;
- (iii) The entities referred to in (i) where they hold interests or management positions;
- (iv) The entities controlled by the people referred to in (ii).

As of 31 December 2020, the main companies held by the above-mentioned entities / individuals with whom the GROUP had transactions and balances during 2020 were as follows:

Eaglestone, N.V.
Mota Gestão e Participações, SGPS, S.A.
Sociedade Agrícola Moura Bastos, S.A.
Sunvianto - Indústria de Componentes Automóveis, S.A.

Lastly, in the year ended 31 December 2020, MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA acquired, for 22,730 thousand euros, 100% of the share capital of AMGP AGRICULTURA, S.A. (AMGP AGRICULTURA) from MGP (Note 42), as well as an amount of 1,600 thousand euros of loans that MGP had granted to AMGP AGRICULTURA. As of 31 December 2020, circa of 7,000 thousand euros were still to be settled and justified, on that date, the majority of the amount of accounts payable to shareholders and companies with common shareholders to the GROUP.

That transaction, carried out between related parties, taking into consideration the amounts involved and the fact that it does not fit into the GROUP’s current activity, was subject to approval by its Board of Directors during the year of 2019, as well as, it obtained a favorable opinion from the Statutory Audit Board.

As of 31 December 2020, the directors of MOTA-ENGIL SGPS considered as key management personnel were as follows:

António Manuel Queirós Vasconcelos da Mota
Gonçalo Nuno Gomes de Andrade Moura Martins
Arnaldo José Nunes da Costa Figueiredo
Jorge Paulo Sacadura Almeida Coelho
Ana Paula Chaves e Sá Ribeiro
António Bernardo A. da Gama Lobo Xavier
António Manuel da Silva Vila Cova
Carlos António Vasconcelos Mota dos Santos
Eduardo João Frade Sobral Pimentel
Emídio José Bebbiano e Moura da Costa Pinheiro ⁽¹⁾
Francisco Manuel Seixas da Costa
Helena Sofia Salgado Cerveira Pinto
Ismael Antunes Hernandez Gaspar
João Pedro dos Santos Dinis Parreira
José Pedro Matos Marques Sampaio de Freitas
Luís Filipe Cardoso da Silva
Luís Valente de Oliveira
Manuel António da Fonseca Vasconcelos da Mota
Maria Manuela Queirós Vasconcelos Mota dos Santos
Maria Paula Queirós Vasconcelos Mota de Meireles
Maria Teresa Queirós Vasconcelos Mota Neves da Costa

⁽¹⁾ Appointed by cooptation as a member of the Board of Directors on February 12, 2020.

The remuneration attributed to the members of the Board of Directors during the years ended 31 December 2020 and 2019 arise to 4,692 thousand euros (of which 4,073 thousand euros as fixed remuneration, 281 thousand euros as other remuneration, 0 thousand euros as variable remuneration and 338 thousand euros as attendance fees) and 6,285 thousand euros (of which 4,126 thousand euros as fixed remuneration, 829 thousand euros as other remuneration, 1,025 thousand euros as variable remuneration and 305 thousand euros as attendance fees), respectively.

The above-mentioned remunerations were determined by the Remuneration Committee, taking in consideration the individual performance of each director and the evolution of this type of labour market.

The following founding shareholders directors are also beneficiaries of a pension plan with defined benefits:

- António Manuel Queirós Vasconcelos da Mota
- Maria Manuela Queirós Vasconcelos Mota dos Santos
- Maria Paula Queirós Vasconcelos Mota de Meireles
- Maria Teresa Queirós Vasconcelos Mota Neves da Costa

As of 31 December 2020 and 2019, information regarding the above-mentioned pension plan is disclosed in Note 39, being the liability of the GROUP towards the above-mentioned directors of 16,592 thousand euros and 12,358 thousand euros, respectively.

In the years ended 31 December 2020 and 2019, there were no transactions with directors of MOTA-ENGIL SGPS neither outstanding balances with them at the end of those years.

Accordingly, as mentioned above, there were no transactions with related parties that exceeded the threshold of 2.5% of the consolidated assets as established in Law No. 50/2020.

42. Consolidation perimeter

As of 31 December 2020, the companies / entities included in the accompanying consolidated financial statements, respective consolidation methods, head offices, effective holding percentages, activities, incorporation dates and acquisition dates are presented in Appendix A.

In the years ended 31 December 2020 and 2019, the changes occurred in the consolidation perimeter were as follows:

Acquisition of companies

2020:

Business Area - Africa	
AMGP Agricultura, S.A.	
Empresa Agrícola e Florestal, Lda.	

The impacts on the accompanying consolidated financial statements resulting from the acquisition of AMGP AGRICULTURA can be detailed as follows:

	At the acquisition date	Adjustments to fair value	Total	2020
Net assets acquired				
Tangible and intangible assets	861	50,063	50,924	50,658
Customers and other debtors and other assets	14	-	14	14
Cash and cash equivalents	102	-	102	102
Suppliers and sundry creditors and other liabilities	(2,649)	-	(2,649)	(2,649)
Deferred tax liabilities	-	(11,264)	(11,264)	(11,324)
Total net assets acquired	(1,672)	38,799	37,127	36,800
Percentage acquired - 55%		[I]	20,420	
Acquisition cost:		[II]	(22,370)	
Payments in cash 2019			(5,000)	
Payments in cash 2020			(9,000)	
Outstanding amounts			(8,370)	
Revaluation of previously held interests		[III]	16,707	
			(5,663)	
Acquisition difference determined and recorded in the consolidated statement of changes in equity		[I] + [II] + [III]	14,757	
Net cash flow from the acquisition (Note 43)				
Amounts paid			(9,000)	
Cash and cash equivalents acquired			102	
			(8,898)	

	Since the acquisition date (September 2020)	12 months
Third-party supplies and services	(4)	(5)
Other operating income / (expenses)	-	(0)
Amortizations and depreciations	(267)	(267)
Financial gains and losses	(0)	(0)
Income before taxes	(271)	(272)
Income tax	60	60
Net profit of the year	(211)	(212)

On September 9, 2020, the GROUP acquired 100% of AMGP AGRICULTURA, which in turn held 55% of the share capital of EMPRESA AGRÍCOLA E FLORESTAL. The remaining 45% of the share capital of EMPRESA AGRÍCOLA E FLORESTAL was held by MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO. Following this transaction, maintained with an entity under common control, the GROUP recorded the same in accordance with the purchase method and proceeded with the reevaluation of the interests previously held in EMPRESA AGRÍCOLA E FLORESTAL (Note 1.3 e)).

AMGP AGRICULTURA is a Portuguese entity that, indirectly through a 55% owned company (EMPRESA AGRÍCOLA E FLORESTAL, LDA.) dedicates itself to the planting, exploitation, industrial transformation and commercialization in agricultural-forestry products (namely cashew and cocoa) in the province of Cabinda in Angola. As explained in Note 15, in August 2020, the surface right was renewed (for 60 years renewable) over an area of approximately 16,000 hectares.

Lastly, for the purposes of determining the transaction price, it was considered, essentially, an external appraisal requested to a specialized company (Zenki Real Estate, Lda. - entity registered as an expert appraiser with the *Comissão de Mercado de Capitais de Angola* and a subsidiary of CBRE).

Participation increases

2020:

Business Area - Africa
Estradas do Zambeze, S.A. (company not controlled previously held in 40%)
Operadora Estradas do Zambeze, S.A. (company not controlled previously held in 40%)
Holding and others
Manvia II Condutas, Lda. (company not controlled previously held in 45%)
Logz - Atlantic Hub, S.A. (company not controlled previously held in 30%)

On April 2, 2020, the GROUP acquired, from LINEAS (40%) and from a third party (15%), an additional stake of 55% in ESTRADAS DO ZAMBEZE and OPERADORA ESTRADAS DO ZAMBEZE share capital, as well as, the GROUP acquired an additional stake of 70% in LOGZ share capital.

The impacts on the accompanying consolidated financial statements resulting from the additional acquisitions of ESTRADAS DO ZAMBEZE, OPERADORA ESTRADAS DO ZAMBEZE and LOGZ can be detailed as follows:

Estradas do Zambeze	At the acquisition date	Adjustments to fair value	Total	2020
Net assets acquired				
Tangible and intangible assets	241	7,910	8,151	7,748
Inventories	-	-	-	99
Customers and other debtors and other assets	29,871	(20,832)	9,040	6,426
Deferred tax assets	-	-	-	55
Cash and cash equivalents	776	-	776	128
Loans	(2,292)	-	(2,292)	(1,006)
Suppliers and sundry creditors and other liabilities	(20,655)	10,987	(9,668)	(8,487)
Deferred tax liabilities	(63)	-	(63)	-
Total net assets acquired	7,878	(1,935)	5,943	4,962
Percentage acquired - 55%		[I]	3,219	
Acquisition cost 1 (settled through an offsetting of accounts)		[II]	(878)	
Acquisition cost 2 (settled through an offsetting of accounts)		[III]	967	
Revaluation of previously held interests		[IV]	(3,406)	
			(3,317)	
Acquisition difference temporarily determined and recorded in the consolidated income statement		[I] + [II] + [III] + [IV]	(98)	
Net cash flow from the acquisition (Note 43)				
Amounts paid			-	
Cash and cash equivalents acquired			776	
			776	

Estradas do Zambeze	Since the acquisition date (April 2020)	12 months
Sales and services rendered	9,220	13,250
Cost of goods sold, materials consumed and changes in production	(3,089)	(4,867)
Third-party supplies and services	(3,998)	(4,626)
Wages and salaries	(738)	(1,141)
Other operating income / (expenses)	706	540
Amortizations and depreciations	(476)	(525)
Financial gains and losses	(900)	(1,191)
Income before taxes	725	1,440
Income tax	(136)	(343)
Net profit of the year	589	1,097

This acquisition difference was determined temporarily considering the constraints explained in Note 15.

The fair value of the assets and liabilities acquired, as well as the respective revaluation of interests previously held, were determined based on the transaction price established with the entity external to the GROUP.

Logz	At the acquisition date	Adjustments to fair value	Total	2020
Net assets acquired				
Investment properties	26,170	(11,170)	15,000	15,000
Customers and other debtors and other assets	92	-	92	100
Cash and cash equivalents	722	-	722	722
Loans	(10,608)	-	(10,608)	-
Suppliers and sundry creditors and other liabilities	(27,657)	25,273	(2,384)	(15,828)
Other liabilities	(6,075)	1,047	(5,028)	(12)
Total net assets acquired	(17,355)	15,150	(2,206)	(18)
Percentage acquired - 70%		[I]	(1,544)	
Acquisition cost (settled through an offsetting of accounts)		[II]	(1,156)	
Revaluation of previously held interests		[III]	4,553	
			3,397	
Acquisition difference determined and recorded in the consolidated income statement - Note 11		[I] + [II] + [III]	1,853	
Net cash flow from the acquisition (Note 43)				
Amounts paid			-	
Cash and cash equivalents acquired			722	
			722	

Logz	Since the acquisition date (January 2020)	12 months
Sales and services rendered	295	295
Third-party supplies and services	(55)	(55)
Wages and salaries	(56)	(56)
Other operating income / (expenses)	(1)	(1)
Financial gains and losses	(802)	(802)
Income before taxes	(618)	(618)
Income tax	(1)	(1)
Net profit of the year	(619)	(619)

The fair value of the investment property was determined taking in consideration a purchase received by a third party.

2019:

Business Area - Europe Engineering and Construction
Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. (Company already controlled)
VBT - Projectos e Obras de Arquitectura Paisagística, Lda. (Company already controlled)
Vibeiras - Sociedade Comercial de Plantas, S.A. (Company already controlled)

During the year 2019, the GROUP acquired an additional stake of 6.66% of the share capital of VIBEIRAS and its subsidiaries.

Business Area - Europe - Environment and Services
Nova Beira - Gestão de Resíduos, S.A. (Company already controlled)
Enviroil II - Reciclagem de Óleos Usados, Lda. (Company already controlled)

During the year 2019, INVESTAMBIENTE acquired an additional stake of 34% in NOVA BEIRA share capital and SRI acquired an additional stake of 5% in ENVIROIL II share capital.

As a result of the above referred transactions, no material impacts arise in the accompanying consolidated financial statements.

Companies consolidated through the full consolidation or by the equity method for the first time in the year

2020:

Holding and others
Botelho, Silva & Abreu, Lda.

Business Area - Latin America
AUSUR S.A.

2019:

Business Area - Latin America
Administradora Desarrollo MEM
Concesionaria Urbana Arco Oriente
Consórcio EE Canoas
Consórcio ME Carrera 43
Empresa Constructora de Honduras
ME Honduras
Trans Tamaulipas

As a result of the first consolidation of the companies above referred, no material impacts arise in the accompanying consolidated financial statements.

Incorporation of companies

2020:

Holding and others
Luso Global Mining, S.A.
Mota-Engil Mediação de Seguros, S.A.
Business Area - Europe Engineering and Construction
ME-Central Europe PPP 4
MEREM - Asset Management Sp. Z.o.o.
Project Development 4 Sp. Z.o.o.
Project Development 5 Sp. Z.o.o.
Project Development 6 Sp. Z.o.o.
Business Area - Africa
Mota-Engil Engenharia e Construção África PTY LTD
Mota-Engil Guinée Mandiana, SARL
Twine, Lda

2019:

Business Area - Europe Engineering and Construction
Belém Grid Lda.
Streamgrest Limited
Business Area - Latin America
Desarrolladora Cuatro Caminos
Desarrolladora Patzcuaro
ECOSS Ambiental
Fideicomiso Fairmont Costa Canuva
ME Imobiliária SAPI
Mota-Engil Servicios Compartidos
Operadora Maritima Matamoros

Furthermore, during the year 2019, and after its incorporation, a third party subscribed a share capital increase in FIDEICOMISO FAIRMONT COSTA CANUVA which granted it 40% of its share capital. As a result of this transaction, which had not generated any gain or loss, the non-controlling interests increased circa of 11,780 thousand euros (Note 38).

Merger of companies and corporate reorganisations

2019:

Holding and others
CH&P Anadia (merged into Manvia)
CH&P Coja (merged into Manvia)
Business Area - Latin America
Mota-Engil Col (merged into Mota-Engil Colômbia)

Exit of companies

2020:

Holding and others
Hungária Hotel Ingatlanforgalmazó, Kereskedelmi, és Szolgáltató Kft. (liquidated)
Mercado Urbano - Gestão Imobiliária, S.A. (sold)
Nortenha Angola, SGPS, S.A. (sold)
Vetor Diálogo (sold)
Business Area - Africa
Busegera Airport Rwanda (sold)
Mota-Engil Africa (PTY) Limited (liquidated)
Business Area - Latin America
Eco Innovacion Ambiental SAPI de CV (sold)
Gestion e Innovacion en Servicios Ambientales SA de CV (sold)

In the year ended 31 December 2020, the GROUP sold 100% of the share capital of MERCADO URBANO – GESTÃO IMOBILIÁRIA, S.A.. The result generated by that transaction can be summarized as follows:

		2020
Book value of the assets sold	(I)	(6,676)
Amount received in cash	(II)	6,605
Gain recognized (recorded in Gains / (losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies - Note 11)	(I) + (II)	(71)

In the year ended 31 December 2019, the contribution of the aforementioned company to the consolidated statement of financial position and to the consolidated income statement is disclosed in Note 28.

As a result of the sale of the other companies above-mentioned, in addition to the generated gains disclosed in Note 11, there were no material impacts in the accompanying consolidated financial statements.

2019:

Holding and others
Manvia Condutas Moçambique (liquidated)
ME Minerals Mining Malawi (liquidated)
ME Minerals & Mining Zimbabwe (liquidated)
Sampaio (liquidated)
Sangobiar Peru (sold)
Business Area - Europe Engineering and Construction
Bay Park (liquidated)
Metroepszolg (liquidated)
Mota Engil Central Europe Hungria (liquidated)
Nador Obol (liquidated)
Wilenska Project Development (liquidated)
Business Area - Africa
ME Investment South Africa (sold)
ME Construction South Africa (sold)
STM (liquidated)

In the year ended 31 December 2019, the GROUP proceeded to the acquisition of an additional stake of 49% in the share capital of MOTA-ENGIL INVESTMENT SOUTH ÁFRICA, having afterwards proceeded to the full disposal of that entity. The impact of these transactions in the consolidated income statement and in the consolidated statement of comprehensive income can be summarized as follows:

	2019
Book value of the non-controlling interests acquired	(5,651)
Amount paid (59 ZAR)	-
Result generated in the operation recognized in the consolidated statement of other comprehensive income	(5,651)
Book value of the net assets sold (I)	(11,533)
Amount received	-
Fair value of the renegotiation of the account receivable from Mota-Engil Construction South Africa	(23,231)
Total compensation received (II)	(23,231)
Result generated in the operation recognized in the consolidated income statement - Note 11 (II) - (I)	(11,698)

Participation decreases

2020:

Business Area - Latin America
APP Coatzacoalcos Villahermosa SAPI de C.V.
Business Area - Europe Engineering and Construction
Immo Park, Sp. z o.o.

During the year 2020, the GROUP sold 94.97% of IMMO PARK's share capital (losing control over this entity), as well as sold 37% of APP COATZACOALCOS VILLAHERMOSA's share capital (losing control over this entity, but maintaining significant influence). As of 31 December 2019, the assets and liabilities related with APP COATZACOALCOS VILLAHERMOSA were recorded in the captions of non-current assets and liabilities held for sale.

The results generated with the transactions above-mentioned can be summarized as follows:

	Immo Park	APP
Partial sale transaction:		
Book value of the net assets sold	(I) 2,012	9,610
Amount received (in cash)	(II) 4,253	10,536
Result generated with the sale	(III) = (II) - (I) 2,240	926
Revaluation effect due to loss of control:		
Revaluation of previousIt held interests	IV 141	1,033
Total result	(V) = (III) + (IV) 2,381	1,959

As of 31 December 2019, the contribution of IMMO PARK to the consolidated statement of financial position and to the consolidated income statement was as follows:

	Immo Park
Assets	
Non-current	
Intangible assets	3,980
Tangible assets	12
Deferred tax assets	60
	4,052
Current	
Customers and other debtors	21
Other current assets	80
Cash and cash equivalents with recourse – Demand deposits	442
	543
Total Assets	4,595
Liabilities	
Non-current	
Loans with recourse	1,283
Suppliers and sundry creditors	1,295
	2,578
Current	
Suppliers and sundry creditors	328
Other current liabilities	16
	344
Total Liabilities	2,923

	Immo Park
Sales and services rendered	458
Cost of goods sold, materials consumed and changes in production	(4)
Third-party supplies and services	(61)
Wages and salaries	(30)
Other operating income / (expenses)	(31)
Amortizations and depreciations	(116)
Financial income and gains	1
Financial costs and losses	(95)
Income before taxes	121
Income tax	(24)
Net profit of the year	97

As of 31 December 2019, the contribution of APP COATZACOALCOS VILLAHERMOSA to the consolidated statement of financial position and to the consolidated income statement is disclosed in Note 28.

Changes in the consolidation method

2019:

Change in the consolidation method from equity method to full integration method - Africa:
Clean Eburnie, SARL

43. Appendix to the Consolidated Statement of Cash-Flows

In the years ended 31 December 2020 and 2019, the amounts paid related with the acquisition of financial investments can be detailed as follows:

	2020	2019
Capital contributions and capital increases at Concessionária Autopista Cardel, Concessionária Autopista Tuxpan-Tampico and Autopista Urbana Siervo de la Nación (Latin America segment)	10,990	12,736
Acquisition of AMGP Agricultura (Africa segment)	8,898	-
Capital contributions in the APP Tamaulipas (Latin America segment)	-	5,077
Additional acquisition of Vibeiras (Europe - Engineering and Construction segment)	-	694
Others	220	271
	20,108	19,108

In the years ended 31 December 2020 and 2019, the amounts received related with the disposal / reimbursement of financial investments can be detailed as follows:

	2020	2019
Reimbursement / disposal of public debt securities from Angola, Malawi and Ivory Coast (Africa segment)	47,329	21,399
Disposal of APP Coatzacoalcos Villahermosa (Latin America segment)	10,536	-
Disposal of Mercado Urbano (Others, eliminations and intragroup segment)	6,605	-
Disposal of Immo Park (Europe - Engineering and Construction segment)	3,706	-
Impact in cash from the acquisition of Estradas do Zambeze (Africa segment)	776	-
Impact in cash from the acquisition Logz (Others, eliminations and intragroup segment)	722	-
Receipt of supplementary capital from Haçor Domus (Environment and Services segment)	-	580
Others	259	355
	69,933	22,334

In the years ended 31 December 2020 and 2019, the amounts paid related with dividends can be detailed as follows:

	2020	2019
Shareholders of EGF's affiliates	2,369	3,609
Shareholders of Generadora Fenix	2,022	6,590
Shareholders of Mota-Engil SGPS	-	17,125
Shareholders of Consortium GDL Viaducto	-	1,055
Others	483	611
	4,874	28,990

In the years ended 31 December 2020 and 2019, the amounts received related with dividends can be detailed as follows:

	2020	2019
BAI	1,664	1,552
Others	472	523
	2,136	2,075

44. Business segments

The GROUP uses its internal organisation for management purposes as the basis for its reporting of information by operating segments.

The GROUP is organised according to geographical areas: EUROPE ENGINEERING AND CONSTRUCTION, EUROPE ENVIRONMENT AND SERVICES, AFRICA AND LATIN AMERICA.

The amounts related to MOTA-ENGIL, SGPS and to MOTA-ENGIL CAPITAL and its subsidiaries (holding incorporated during 2018) were included under the caption "Other, eliminations and intragroup", which also includes the amounts related to the transactions and balances maintained between the companies of the different operating segments.

These segments were identified taking in consideration the fact that they correspond to the GROUP units that develop activities where it is possible to identify separately income and expenses, for which separate financial information is produced, for which the operating results are reviewed by management and over which decisions are taken.

The accounting policies used in the preparation of the financial information by segments were the same as those described in Note 1.4.

The consolidated income statement by operating segment can be analysed as follows:

2020	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intra-group	Mota-Engil Group
Sales and services rendered (a)	715,138	335,112	760,907	595,401	22,577	2,429,134
Cost of goods sold, materials consumed and changes in production (b)	(205,037)	(17,462)	(193,642)	(131,607)	(12,842)	(560,591)
Gross margin (c) = (a) + (b)	510,100	317,650	567,265	463,794	9,735	1,868,544
Third-party supplies and services (d)	(362,779)	(150,467)	(241,422)	(224,514)	8,989	(970,194)
Wages and salaries (e)	(111,440)	(96,741)	(123,642)	(146,785)	(41,036)	(519,644)
Other operating income / (expenses) (f)	(168)	13,823	(12,052)	(7,885)	7,832	1,550
EBITDA (g) = (c) + (d) + (e) + (f)	35,713	84,264	190,150	84,609	(14,481)	380,256
Amortizations and depreciations (h)	(23,335)	(65,353)	(81,419)	(22,586)	(4,050)	(196,743)
Provisions and impairment losses (i)	1,237	(1,677)	(13,567)	(21,894)	(3,127)	(39,027)
[of which, impairment for non-current assets]	1,554	-	(7,556)	-	(1,290)	(7,293)
EBIT (j) = (g) + (h) + (i)	13,616	17,235	95,164	40,129	(21,658)	144,485
Financial income and gains	15,189	4,988	213,580	33,919	(11,256)	256,419
Financial costs and losses	(17,513)	(16,445)	(255,569)	(72,503)	(29,185)	(391,216)
Gains/(losses) in associates and jointly controlled companies	426	4,277	143	(8,625)	(2,270)	(6,049)
Gains/(losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies	2,381	1,146	327	2,896	4,397	11,146
Income before taxes	14,099	11,201	64,392	(4,185)	(59,972)	25,534

As of 31 December 2020, the caption “Sales and services rendered - Others, eliminations and intragroup” can be analysed as follows:

2020	Sales and services rendered
Eliminations and intragroup	(80,152)
Others (Companies not included in the four segments above referred)	102,729
Others, eliminations and intragroup	22,577

As of 31 December 2020, intragroup sales and services rendered can be analysed as follows:

2020	Intragroup sales and services rendered
Europe Engineering and Construction	(24,183)
Environment and Services	(9,481)
Africa	(1,441)
Latin America	(1,124)
Others	(43,924)
	(80,152)

2019 ¹⁾	Europe Engineering and Construction	Europe Environment and Services	Africa	Latin America	Other, eliminations and intra-group	Mota-Engil Group
Sales and services rendered (a)	628,079	350,528	1,006,586	948,616	(21,370)	2,912,440
Cost of goods sold, materials consumed and changes in production (b)	(140,806)	(20,001)	(240,155)	(279,188)	19,110	(661,040)
Gross margin (c) = (a) + (b)	487,273	330,527	766,431	669,428	(2,260)	2,251,400
Third-party supplies and services (d)	(339,449)	(188,495)	(394,670)	(428,061)	105,364	(1,245,312)
Wages and salaries (e)	(115,732)	(95,565)	(141,257)	(188,296)	(46,380)	(587,229)
Other operating income / (expenses) (f)	(896)	15,760	(16,974)	65,114	(64,792)	(1,788)
EBITDA (g) = (c) + (d) + (e) + (f)	31,196	62,228	213,530	118,185	(8,068)	417,071
Amortizations and depreciations (h)	(21,146)	(63,488)	(91,414)	(27,725)	(2,769)	(206,542)
Provisions and impairment losses (i)	4,512	(16,514)	457	(19,036)	7,787	(22,794)
[of which, impairment for non-current assets]	(694)	-	(8,481)	-	-	(9,175)
EBIT (j) = (g) + (h) + (i)	14,562	(17,774)	122,572	71,423	(3,049)	187,734
Financial income and gains	10,719	3,847	165,891	33,043	(3,635)	209,865
Financial costs and losses	(16,725)	(15,270)	(149,745)	(58,099)	(34,466)	(274,305)
Gains/(losses) in associates and jointly controlled companies	200	80	1,065	(7,411)	659	(5,407)
Gains/(losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies	4,188	-	(11,698)	2	(478)	(7,986)
Income before taxes	12,944	(29,117)	129,832	38,958	(40,969)	111,647

¹⁾ See Note 2

In the years ended 31 December 2020 and 2019, the intragroup sales and services rendered were carried out at prices similar to those practised for sales and services rendered to external customers.

As of 31 December 2020 and 2019, the consolidated financial position by operating segment can be analysed as follows:

	Assets		Liabilities	
	2020	2019	2020	2019
Europe Engineering and Construction	1,013,784	986,933	754,357	761,127
Europe Environment and Services	971,440	953,345	801,462	771,425
Africa	1,983,278	1,989,463	1,660,644	1,620,215
Latin America	1,135,261	1,320,677	1,027,830	1,146,067
Other, eliminations and intra-group	(288,281)	(195,854)	425,177	427,701
Mota-Engil Group	4,815,482	5,054,564	4,669,470	4,726,535

As of 31 December 2020 and 2019, the investment and the financial investments in associated and jointly controlled companies by operating segment can be analysed as follows:

	Investment (a)		Investments in associated and jointly controlled companies	
	2020	2019	2020	2019
Europe Engineering and Construction	24,629	19,456	-	-
Europe Environment and Services	78,751	100,670	18,738	2,834
Africa	63,046	70,864	3,458	8,739
Latin America	28,814	69,354	118,154	104,153
Other, eliminations and intra-group	1,814	2,022	752	8,084
Mota-Engil Group	197,054	262,366	141,102	123,810

(a) Net increase (acquisitions-disposals) in intangible assets, tangible assets and rights of use assets.

As of 31 December 2020 and in the year ended on that date, the non-current assets and sales and services rendered by country can be analyzed as follows:

2020	Non-current assets	Sales and services rendered
Portugal	1,027,676	708,241
Mexico	377,591	318,010
Angola	303,155	250,207
Mozambique	109,204	174,169
Ivory Coast	103,641	88,324
Peru	71,519	109,508
Poland	66,397	310,002
Guinea	56,936	55,378
Malawi	32,682	57,523
Brazil	27,926	133,430
Rest of the world	78,004	224,343
	2,254,729	2,429,134

45. Financial instruments

Financial instruments, in accordance with the accounting policies described in Note 1.4 ix), were classified as follows:

	2020	2019
Financial assets		
Financial assets recorded at amortised cost		
Cash and cash equivalents - Term and demand deposits	449,851	432,853
Customers - current	672,665	821,179
Other debtors - others - current	186,818	137,799
Customers - non-current	48,956	7,385
Other debtors - others - non-current	100,732	125,831
Associates and related companies - current	2,607	6,026
Associates and related companies - non-current	19,978	44,964
State and other public entities (except corporate income tax)	54,867	56,779
Other financial investments recorded at amortised cost - current	21,088	10,568
Other financial investments recorded at amortised cost - non-current	177,915	212,078
	1,735,478	1,855,463
Other financial investments recorded at fair value through other comprehensive income	42,675	54,088
Derivative financial instruments	39	4
Carrying amount of financial assets	1,778,192	1,909,555
Financial liabilities		
Derivative financial instruments	590	697
	590	697
Financial liabilities recorded at amortised cost		
Loans with and without recourse - current	955,488	891,739
Loans with and without recourse - non-current	935,799	977,185
Other financial liabilities - current	224,233	208,156
Suppliers and sundry creditors - current	801,317	885,832
Suppliers and sundry creditors - non-current	70,418	93,943
	2,987,256	3,056,854
Financial liabilities outside the scope of IFRS - 9		
Lease liabilities - current	57,554	69,999
Lease liabilities - non-current	243,707	203,883
	301,261	273,881
Carrying amount of financial liabilities	3,289,107	3,331,433

The impacts on the consolidated statement of comprehensive income arising from the above-mentioned financial instruments can be summarised as follows:

	2020			2019		
	Income statement		Other comprehensive income	Income statement		Other comprehensive income
	Financial expenses (Note 9)	Financial income (Note 9)	Fair value reserve	Financial expenses (Note 9)	Financial income (Note 9)	Fair value reserve
Financial assets						
At amortised cost	-	42,145	-	-	44,410	-
At fair value	-	3,195	(9,976)	-	1,894	(6,200)
	-	45,340	(9,976)	-	46,304	(6,200)
Financial liabilities						
At fair value	-	-	559	-	-	180
At amortised cost	141,601	-	-	145,964	-	-
	141,601	-	559	145,964	-	180

MOTA-ENGIL GROUP is exposed to a variety of financial risks with special focus given to the interest rate, exchange rate, liquidity and credit risks.

The risk management process is an integral part of the internal control system which consists of the development of management policies and procedures with a view to ensuring the creation of value, protection of its assets, compliance of laws and regulations, and a controlled environment that ensures the fulfilment of the GROUP's ethical principles and the reliability of information reported.

Therefore, risk management at the MOTA-ENGIL GROUP and its subsidiaries, is based on a process intended to be evolutionary regarding the constant identification and monitoring of exposure to the different types of risks inherent to its business, considering the various regions and geographies in which it operates, with the promotion of study and implementation of strategies for the mitigation of the main risks.

The overall risk management of the MOTA-ENGIL GROUP is the responsibility of the Executive Committee of MOTA-ENGIL SGPS and of the Management and Supervisory Boards of the companies integrating the GROUP. At the level of the Executive Committee, the Corporate Risk Function area of responsibility is assigned to an executive director.

The MOTA-ENGIL GROUP, due to its geographical diversification, operating in 3 continents and 23 countries, is exposed to a variety of financial risks. The GROUP's financial risk management policy aims at reducing impacts and adverse effects deriving from the uncertainty that characterizes the financial markets. This uncertainty, reflected in various facets, demands special attention and concrete and effective management measures.

The financial risk management activity is coordinated by the Corporate Finance Function, who coordinates and monitors the treasury and debt portfolio management, with the aid and support of the Corporate Business Control Function, and is carried out according to the guidelines approved by the Board of Directors, with the consultative interventions of the Audit, Investment and Risk Committee, without ever ceasing to be the responsibility of the boards of directors of each of the business units of the GROUP.

The GROUP's position as to the management of financial risks is cautious and conservative, using, when advisable, hedge instruments, always considering that these are related to the normal and current activity of the company, never taking positions in derivatives or other financial instruments of a speculative nature.

The different types of financial risk are inter-related and the different management measures are aimed at ensuring the pursuance of the same goal, that is, the protection of its assets and the reduction of cash-flow volatility and expected profitability.

Interest rate risk

The interest rate risk management policy aims at optimizing the cost of debt and obtaining a reduced level of volatility in financial charges, that is, it intends to control and mitigate the risk of losses deriving from variations in the interest rate that serves as index for the GROUP's financial debt, mainly denominated in Euros. It should be noted that the strategy of allocation of debt to local markets, close to cash flow generation, has contributed to a diversification of currency in terms of debt assumption.

On the other hand, as a consequence of the stagnation of the short-term and medium-term interest rates, which remained stabled and reached historic lows, new interest rate risk hedging operations have been carried out to a lesser extent. In cases where loan maturity is longer, the GROUP is, however, still conveniently analysing and assessing the contracting of hedging instruments that ensure possible future alterations to the interest rates, with the GROUP keeping an eye out for the inversion of that trend that will certainly accompany the recovery of economies in the coming years.

In the years ended 31 December 2020 and 2019, the sensitivity of the financial results of the GROUP to changes in the interest rate index used in the loans obtained can be analysed as follows:

	Estimated Impact	
	2020	2019
Change in the interest expenses due to a 1 p.p. change in the interest rate applied to the average gross debt of the year (excluding leasing and factoring)	18,801	17,204
Fixed-rate coverage	(7,023)	(7,149)
Interest-rate derivative financial instruments coverage	(2,676)	(2,555)
Sensitivity of the financial results to interest rate changes	9,102	7,500

The average interest rates supported in the main loans obtained by the GROUP in the years ended 31 December 2020 and 2019 were as follows:

	2020		2019	
	Average rates (%)	Rates range (%)	Average rates (%)	Rates range (%)
Non-convertible bond loans	4.86	[3.86; 6.33]	4.81	[3.86 ; 6]
Amounts owed to credit institutions:				
Bank loans	5.44	[0.002 ; 28.17]	5.83	[0.07 ; 21.82]
Overdraft facilities	6.14	[2; 20.25]	5.49	[2 ; 19.8]
Revolving facilities	6.01	[1.75; 21.84]	9.23	[2.13 ; 23.67]
Commercial paper issues	3.40	[1.5; 6.05]	3.42	[1.5 ; 6.05]

As of 31 December 2020 and 2019, 48% and 48% of gross debt (corresponding to loans with and without recourse), including the effect of derivative financial instruments, was contracted at a variable interest rate and its average cost arise to 5.0% and 5.2%, respectively.

As of 31 December 2020 and 2019, the detail of the financial instruments of the GROUP in accordance with the type of interest rate established is as follows:

	Fixed rate	Variable rate	Not subject to interest rate	Total
Financial assets				
Financial assets recorded at amortised cost				
Cash and cash equivalents - term and demand deposits	165,778	-	284,073	449,851
Customers	45,312	-	676,309	721,621
Other debtors - others	-	-	287,550	287,550
Associated and related companies	5,083	11,447	6,055	22,585
State and other public entities (except corporate income tax)	-	-	54,867	54,867
Other financial investments recorded at amortised cost	199,003	-	-	199,003
	415,176	11,447	1,308,854	1,735,478
Other financial investments recorded at fair value through other comprehensive income	-	-	42,675	42,675
Derivative financial instruments	39	-	-	39
Carrying amount of financial assets	415,216	11,447	1,351,529	1,778,192

	Fixed rate	Variable rate	Not subject to interest rate	Total
Financial liabilities				
Financial liabilities recorded at amortised cost				
Loans with and without recourse	986,646	904,641	-	1,891,287
Other financial liabilities	155,650	68,583	-	224,233
Suppliers and sundry creditors	47,371	-	824,364	871,735
Derivative financial instruments	590	-	-	590
	1,190,258	973,224	824,364	2,987,846
Financial liabilities outside the scope of IFRS - 9				
Lease liabilities	209,372	91,889	-	301,261
Carrying amount of financial liabilities	1,399,630	1,065,113	824,364	3,289,107

2019	Fixed rate	Variable rate	Not subject to interest rate	Total
Financial assets				
Financial assets recorded at amortised cost				
Cash and cash equivalents - term and demand deposits	181,325	-	251,528	432,853
Customers	-	-	828,564	828,564
Other debtors - others	-	-	263,630	263,630
Associated and related companies	14,878	25,640	10,472	50,991
State and other public entities (except corporate income tax)	-	-	56,779	56,779
Other financial investments recorded at amortised cost	222,646	-	-	222,646
	418,848	25,640	1,410,974	1,855,463
Other financial investments recorded at fair value through other comprehensive income	-	-	54,088	54,088
Derivative financial instruments	4	-	-	4
Carrying amount of financial assets	418,853	25,640	1,465,062	1,909,555

2019	Fixed rate	Variable rate	Not subject to interest rate	Total
Financial liabilities				
Financial liabilities recorded at amortised cost				
Loans with and without recourse	841,294	1,027,630	-	1,868,924
Other financial liabilities	134,078	74,078	-	208,156
Suppliers and sundry creditors	45,477	-	934,297	979,774
Derivative financial instruments	697	-	-	697
	1,021,546	1,101,708	934,297	3,057,551
Financial liabilities outside the scope of IFRS - 9				
Lease liabilities	198,578	75,304	-	273,881
Carrying amount of financial liabilities	1,220,124	1,177,011	934,297	3,331,433

Exchange rate risk

MOTA-ENGIL GROUP operationalises its business on an international level through various companies in different jurisdictions, and is therefore exposed to exchange rate risk.

It should be noted that regarding the analysis of the exchange rate risk, there is a continuous and systematic monitoring of the variations to which the GROUP is subjected. This monitoring is made by the Corporate Finance and Business Control Departments, consolidating and reporting information from all companies operating in different geographies, in terms of cash flows, balances and debt.

The GROUP's exposure to exchange rate risk results mainly from the presence of several of its subsidiaries in different markets, namely in Africa, Central Europe and Latin America, which bring new challenges with the exposure to new currencies and new economic and financial realities.

The exchange rate risk management policy aims at reducing the volatility in investments and operations expressed in foreign currency (other than Euro), contributing to a smaller sensitivity to the exchange rate fluctuations.

The risk of exchange rate in the MOTA-ENGIL GROUP is summarized in two ways:

- Transaction risk - risk associated with cash flows and the values of the financial instruments recorded in the statement of financial position, in which changes to exchange rates have an impact on the results and on the cash flows.
- Translation risk - risk associated with fluctuations in the value of equity invested in foreign GROUP companies, due to exchange rate changes.

In terms of exchange rate risk management, it is seek, where possible or advisable, natural hedges to manage exposure by means of financial debt denominated in foreign currency in which the values at risk are expressed. Whenever such is not possible or advisable, the contracting or performance of operations based on derivative is promoted, structured aiming at reducing their cost, namely for covering risks in future exchange transactions, with a large level of certainty as to the amount and date of performance. On the other hand, and mainly in the African markets, a significant part of the contracts executed by the GROUP are denominated in Euro or US Dollar, and the exchange rate is, whenever possible, indexed to the contract value recorded in national currency with the purpose to eliminate any volatility risk with value loss.

As of 31 December 2020 and 2019, the assets and liabilities of the GROUP expressed in accordance with the functional currency of the country in which each affiliate operates, were as follows:

Currency	2020		2019	
	Assets	Liabilities	Assets	Liabilities
US Dollar (USD)	6,642	37,734	8,485	35,599
Euro (EUR)	2,931,139	3,110,765	2,724,245	2,850,426
CFA Franc (Western Africa)	111,756	107,928	83,927	82,765
Angolan Kwanza (AOK)	475,217	314,000	543,115	351,726
Malawian Kwacha (MWK)	79,623	50,558	123,073	78,228
Mozambican Metical (MZM)	130,226	44,716	183,229	77,311
Peruvian Novo Sol (PEN)	126,244	88,650	176,622	127,579
Mexican Peso (MXN)	649,611	552,014	712,304	620,743
Brazilian Real (BRL)	88,400	87,190	169,876	139,360
Polish Zloty (PLN)	215,096	180,661	278,523	248,182
Others	1,528	95,254	51,167	114,615
	4,815,482	4,669,470	5,054,564	4,726,535

In the years ended 31 December 2020 and 2019, the sensitivity of the net profit and the equity of the GROUP to exchange rate changes in the major currencies on which it is exposed can be analysed as follows:

2020	Net profit	Equity
Estimated impact of the appreciation by 1%:		
of US Dollar (USD) to Euro (EUR)	(61)	(264)
of Angolan Kwanza (AOK) to Euro (EUR)	391	566
of Malawian Kwacha (MWK) to Euro (EUR)	19	276
of Mozambican Metical (MZM) to Euro (EUR)	52	812
of Peruvian Novo Sol (PEN) to Euro (EUR)	(61)	442
of Mexican Peso (MXN) to Euro (EUR)	173	241
of Brazilian Real (BRL) to Euro (EUR)	(91)	83
of Polish Zloty (PLN) to Euro (EUR)	47	318
2019	Net profit	Equity
Estimated impact of the appreciation by 1%:		
of US Dollar (USD) to Euro (EUR)	31	(483)
of Angolan Kwanza (AOK) to Euro (EUR)	662	337
of Malawian Kwacha (MWK) to Euro (EUR)	(192)	645
of Mozambican Metical (MZM) to Euro (EUR)	230	837
of Peruvian Novo Sol (PEN) to Euro (EUR)	28	468
of Mexican Peso (MXN) to Euro (EUR)	57	265
of Brazilian Real (BRL) to Euro (EUR)	(17)	154
of Polish Zloty (PLN) to Euro (EUR)	(66)	388

Regarding the above-mentioned analysis, the impact of +1% exchange rate change was taken into consideration in the translation of the financial statements of the affiliates with a functional currency different from Euro to Euro in the net profit and in the equity of the GROUP.

As of 31 December 2020 and 2019, the loans obtained by the GROUP were denominated in the following currencies:

	Non-convertible bond loans	Amounts owed to credit institutions	Commercial paper issues	Other loans	Total
2020					
US Dollar	-	56,024	-	-	56,024
Euros	355,727	1,142,700	152,971	-	1,651,397
CFA Franc	-	38,146	-	-	38,146
Angolan Kwanza	-	51,967	-	-	51,967
Peruvian Nuevo Sol	-	384	-	-	384
Colombian Peso	-	714	-	-	714
Mexican Peso	-	31,486	-	-	31,486
Brazilian Real	-	35,216	-	-	35,216
Omani Rial	-	3,364	-	-	3,364
Polish Zloty	3,290	15,738	-	-	19,028
Others	-	3,147	-	414	3,560
	359,016	1,378,886	152,971	414	1,891,287
2019					
US Dollar	-	75,247	-	-	75,247
Euros	414,371	909,703	166,179	246	1,490,498
CFA Franc	-	40,176	-	-	40,176
Angolan Kwanza	-	68,621	-	-	68,621
Peruvian Nuevo Sol	-	3,930	-	-	3,930
Colombian Peso	-	4,342	-	-	4,342
Mexican Peso	-	40,765	-	-	40,765
Brazilian Real	-	75,196	-	-	75,196
Omani Rial	-	3,239	-	-	3,239
Polish Zloty	-	57,994	-	-	57,994
Others	-	8,917	-	-	8,917
	414,371	1,288,129	166,179	246	1,868,924

Liquidity risk

Liquidity risk management involves the maintenance of an adequate level of cash as well as negotiating credit limits that ensure the funds needed to meet commitments when they become due.

The MOTA-ENGIL GROUP's policy of managing liquidity risk seeks to guarantee that there are funds available (balances and financial revenue flows) at every moment in the GROUP and its subsidiaries, sufficient for them to meet, in a timely manner, all the financial obligations assumed (financial expenditure flows).

Obtaining high levels of financial flexibility, fundamental for managing this risk, has been achieved by using the following management measures:

- Establishment of partnerships with financial entities, ensuring their financial support to the GROUP with a medium and long-term vision, regardless of the context that may condition business;
- Contracting and maintaining short-term exceeding credit lines, created as liquidity reserves, available for use at any moment;
- Performing an accurate financial planning for the company by creating and periodically reviewing treasury budgets, allowing an anticipated forecast of future treasury excess and deficit;
- Financing of medium and long term investments, adapting debt maturity and payment plan deriving from financing to the ability to generate cash flows in each project or company;
- Starting the negotiation process for refinancing of medium and long term loans due for that year with at least one year of antecedence regarding relevant maturity;
- Procurement of medium-term and long-term financing so as to reduce its dependence on more volatile short-term funds and to create some immunisation against circumstantial factors of the financial markets;
- Scaling financial debt maturity throughout time, seeking to extend average maturity of the debt to make it coincide with the level of permanence of some long-term assets held by the GROUP;
- Search for new financing sources and new financiers with the purpose of:
 - Geographical diversification – capturing resources in the different markets here the GROUP operates;
 - Diversification of debt instruments – capture of funds from alternative sources, strengthening the strategic objective of obtaining a greater banking disintermediation.

As of 31 December 2020 and 2019, the liquidity position of the GROUP (including capital and interests) is detailed as follows:

	2020				
	< 1 year	Between 1 and 2 years	More than 2 years	Undetermined	Total
Financial assets					
Financial assets recorded at amortised cost					
Cash and cash equivalents - Term and demand deposits	449,851	-	-	-	449,851
Customers	640,316	61,999	32,650	-	734,965
Other debtors - others	186,818	100,732	-	-	287,550
Associates and related companies	4,544	21,692	-	-	26,235
State and other public entities (except corporate income tax)	48,105	6,762	-	-	54,867
Other financial investments recorded at amortised cost	35,867	46,572	157,781	-	240,220
Financial investments recorded at fair value					
Other financial investments recorded at fair value through other comprehensive income	-	-	-	42,675	42,675
Derivative financial instruments	-	-	39	-	39
Total financial assets inside the of scope IFRS - 9	1,365,501	237,756	190,471	42,675	1,836,403
Other non financial assets					
Inventories	252,220	-	-	-	252,220
Contract assets	668,882	-	-	-	668,882
Other current and non-current assets	76,243	9,546	-	-	85,789
Corporate income tax	23,824	-	-	-	23,824
Non-current assets held for sale	126,967	-	-	-	126,967
Total non financial assets	1,148,135	9,546	-	-	1,157,682
Total assets	2,513,636	247,302	190,471	42,675	2,994,084
Financial liabilities recorded at amortised cost					
Loans with and without recourse	1,054,821	407,498	581,806	-	2,044,125
Other financial liabilities	232,785	-	-	-	232,785
Suppliers and sundry creditors	807,002	60,839	9,578	-	877,420
Financial liabilities recorded at fair value					
Derivative financial instruments	108	482	-	-	590
Financial liabilities inside the scope of IFRS - 9	2,094,716	468,819	591,385	-	3,154,920
Financial liabilities outside the scope of IFRS - 9					
Lease liabilities	68,031	78,486	176,112	-	322,630
Total financial liabilities	2,162,747	547,306	767,497	-	3,477,550
Other non financial liabilities					
Contract liabilities	277,100	6,614	-	-	283,714
Other current and non-current liabilities	595,088	165,299	-	-	760,387
Corporate income tax	20,740	-	-	-	20,740
Non-current liabilities held for sale	30,229	-	-	-	30,229
Total non financial liabilities	923,157	171,913	-	-	1,095,069
Total liabilities	3,085,904	719,218	767,497	-	4,572,619
Liquidity gap	(572,268)	(471,916)	(577,026)	42,675	(1,578,535)

	2019				
	< 1 year	Between 1 and 2 years	More than 2 years	Undetermined	Total
Financial assets					
Financial assets recorded at amortised cost					
Cash and cash equivalents - Term and demand deposits	432,853	-	-	-	432,853
Customers	821,179	7,385	-	-	828,564
Other debtors - others	137,799	125,831	-	-	263,630
Associates and related companies	10,797	49,171	-	-	59,968
State and other public entities (except corporate income tax)	50,527	6,252	-	-	56,779
Other financial investments recorded at amortised cost	27,118	38,781	214,729	-	280,628
Financial investments recorded at fair value					
Other financial investments recorded at fair value through other comprehensive income	-	-	-	54,088	54,088
Derivative financial instruments	-	-	4	-	4
Total financial assets inside the scope IFRS - 9	1,480,273	227,420	214,733	54,088	1,976,514
Other non financial assets					
Inventories	332,599	-	-	-	332,599
Contract assets	568,360	-	-	-	568,360
Other current and non-current assets	54,799	5,427	-	-	60,226
Corporate income tax	35,146	-	-	-	35,146
Non-current assets held for sale	274,407	-	-	-	274,407
Total non financial assets	1,265,311	5,427	-	-	1,270,738
Total assets	2,745,584	232,847	214,733	54,088	3,247,251
Financial liabilities recorded at amortised cost					
Loans with and without recourse	988,923	289,569	757,629	-	2,036,121
Other financial liabilities	215,996	-	-	-	215,996
Suppliers and sundry creditors	891,289	80,703	13,240	-	985,232
Financial liabilities recorded at fair value					
Derivative financial instruments	9	688	-	-	697
Financial liabilities inside the scope of IFRS - 9	2,096,217	370,960	770,869	-	3,238,045
Financial liabilities outside the scope of IFRS - 9					
Lease liabilities	81,554	77,297	138,039	-	296,890
Total financial liabilities	2,177,770	448,257	908,908	-	3,534,935
Other non financial liabilities					
Contract liabilities	233,639	44,247	-	-	277,885
Other current and non-current liabilities	530,905	157,746	-	-	688,651
Corporate income tax	30,395	-	-	-	30,395
Non-current liabilities held for sale	129,600	-	-	-	129,600
Total non financial liabilities	924,538	201,993	-	-	1,126,531
Total liabilities	3,102,308	650,250	908,908	-	4,661,466
Liquidity gap	(356,724)	(417,403)	(694,175)	54,088	(1,414,215)

In accordance with the liquidity management policy defined by the GROUP, and in addition to that mentioned in Note 46 concerning the measures adopted regarding this matter in 2020 and 2021, and in order to mitigate the liquidity gap presented above, at 31 December 2020, the GROUP maintained unused credit lines of circa of 153 million euros. Furthermore, after 31 December 2020, the GROUP has already refinanced or is in the process of refinancing around 578 million euros of bank debt, of which 228 million euros are related to contracts that on 31 December 2020 were reclassified to current liabilities because of the non-compliance with the established covenants, and approved, at the General Shareholders' Meeting, a capital increase of up to 150 million euros, of which approximately 100 million euros will be subscribed by MGP and by CCCC.

Credit risk

The policy of credit risk management seeks to guarantee that the GROUP's affiliates promote the effective collection and receipt of their credits over third parties within terms established and / or negotiated for the purpose.

The mitigation of this risk is achieved preventively, before the exposure to risk, through the use of entities that provide information and credit risk profiles that allow a substantiated decision to grant credit.

Subsequently, after the credit is granted, the GROUP promotes the maintenance of credit and collection control structures implemented at the level of each market, and in some more particular cases, it is promoted the use of credit insurance with reputable specialized insurance companies. These measures contribute to the maintenance of credits over customers within levels not likely to affect the financial health of the GROUP's affiliates.

In addition, the significant development of the GROUP's activity in Africa and Latin America was in part promoted by the development of a close business strategy, focused on a large and growing number of customers, spread across various business areas and geographic poles, which allowed to mitigate the risk.

Furthermore, it should be noted that some of the largest projects that the GROUP has in progress are promoted by some of the largest private conglomerates in the world, which gives added security in terms of financial strength and credit coverage. The growing number of infrastructure projects in the Africa and Latin America regions, supported by multi-lateral entities acting as project financiers that promote the economic and social development in areas such as Environment, Energy and Logistics, ensures added comfort where credit risk is regarded.

Lastly, despite the trend strengthened in recent years towards the development of larger projects, the GROUP has significantly widespread commercial relationships, often relying in these projects on the receipt of advances that allow a significant reduction in credit risk.

As of 31 December 2020 and 2019, the GROUP's exposure to credit risk was as follows:

	2020	2019
Financial assets		
Financial assets recorded at amortised cost		
Cash and cash equivalents - Term and demand deposits	449,851	432,853
Customers - current	672,665	821,179
Other debtors - others - current	186,818	137,799
Customers - non-current	48,956	7,385
Other debtors - others - non-current	100,732	125,831
Associates and related companies - current	2,607	6,026
Associates and related companies - non-current	19,978	44,964
State and other public entities (except corporate income tax)	54,867	56,779
Other financial investments recorded at amortised cost - current	21,088	10,568
Other financial investments recorded at amortised cost - non-current	177,915	212,078
	1,735,478	1,855,463
Derivative financial instruments	39	4
Financial assets outside the scope of IFRS - 9		
Contract assets	668,882	568,360
	668,882	568,360
Carrying amount of financial assets	2,404,399	2,423,828

As of 31 December 2020 and 2019, the quality of the GROUP's credit risk was as follows:

	Customers and other debtors - others	Cash equivalents
2020		
Aaa; Aa1; Aa2; Aa3	-	57
A3; A2; A3	66,241	9,819
Baa1; Baa2; Baa3	30,886	26,295
Ba1; Ba2; Ba3	38,943	175,788
B1; B2; B3	349,351	3,745
Caa2; Caa3	47,178	11,538
Without rating or information	476,573	222,609
Total	1,009,171	449,852
2019		
Aaa; Aa1; Aa2; Aa3	-	57
A3; A2; A3	66,241	9,819
Baa1; Baa2; Baa3	30,886	26,295
Ba1; Ba2; Ba3	38,943	175,788
B1; B2; B3	349,351	3,745
Caa2; Caa3	47,178	11,538
Without rating or information	559,596	205,610
Total	1,092,194	432,853

As of 31 December 2020 and 2019, the aging of the accounts receivable associated with customers and other debtors – others, which were not impaired, was as follows:

	Customers and other debtors - others
Aging in the balance sheet 2020	
Overdue amounts	
] 0 ; 3] months	184,076
] 3 ; 12] months	184,359
] 1 ; 3] years	177,149
Over 3 years	67,747
	613,330
Non overdue amounts	395,841
Total	1,009,171
Aging in the balance sheet 2019	
Overdue amounts	
] 0 ; 3] months	221,190
] 3 ; 12] months	175,066
] 1 ; 3] years	120,875
Over 3 years	118,589
	635,721
Non overdue amounts	456,473
Total	1,092,194

As of 31 December 2020 and 2019, the GROUP's exposure to current balances older than one year, net of accumulated impairment losses and credit balances maintained with the respective third parties, resulted, essentially from confirmed debts of public organisms (State and public institutions of Angola, Mozambique and Malawi), of balances receivable from GROUP partners, namely from the ones of MOTA-ENGIL ANGOLA and MOTA-ENGIL MÉXICO and accounts receivables from associated companies.

The GROUP's credit risk arise essentially from: i) the risk of recovery of the monetary items delivered to the custody of third parties, and ii) the risk of recovery of the credit granted to entities outside the GROUP. The credit risk is assessed in its initial recognition and throughout time, in order to monitor its evolution.

A significant part of the accounts receivable from customers and other debtors is widespread among a high number of entities which contributes to the reduction of the credit risk concentration. Generally, a significant portion of the GROUP's customers have not a credit rating attributed.

For financial assets other than those recorded under the captions "Customers and other debtors" and "Contract assets", the GROUP considers the probability of default at the initial recognition of the asset and depending upon the occurrence of a significant increase in the credit risk on each reporting period.

In order to assess whether there was a significant increase in the credit risk, the GROUP takes in consideration, among others, the following indicators:

- Internal credit risk;
- External credit risk (if available);
- Current or expectable adverse changes regarding the debtor's operating results;
- Significant increase in the credit risk of other financial instruments issued by the debtor;
- Significant changes in the fair value of the collaterals received or in the quality of third parties' guarantees; and
- Significant changes in the performance and in the expectable behaviour of the debtor, including changes in the debtor's payment conditions regarding the group to which it belongs, as well as, others that affect its operating results.

With regard to public debt securities held by the GROUP, recorded under the captions "Other financial investments recorded at amortized cost", it is assumed that there is a significant increase in credit risk (and the determination of impairment for all contractual cash flows of the assets until their maturity date) if the debtor's external rating falls by 3 notches (determined taking into account the ratings assigned by at least two of the three main rating agencies - Moody's, Standard & Poor's and Fitch) and provided that the final rating is below the Caa2 or CCC level. In general, the loss determined results from the application of the following formula: exposure to risk X probability of default x loss in case of default.

In the year ended 31 December 2020, as a result of the deterioration of the credit rating of Angola, and consequently of the increase in the probability of default in the next 12 months, the GROUP recorded estimated impairment losses for the public debt securities it held in its portfolio. For the purpose of determining those impairment losses, the GROUP used the values of probability of default in the next 12 months (for entities rated CCC) and loss in case of default (for entities located on the African continent) included in a report produced by Moody's in the second half of the year.

As of 31 December 2020, for the reasons listed above, no estimated impairment losses were recognized for the entire life of any financial asset recorded at amortized cost.

Regardless the analysis above, and regarding the remaining cases, a significant increase in the credit risk is presumed if a debtor delays its payments more than 90 days counted from the payment date established in the respective contract.

For financial assets recorded under the captions "Customers and other debtors" and "Contract assets", the GROUP applies the simplified approach in order to determine and record the expected credit losses required by IFRS 9 (Note 1.4 ix)).

In the year ended 31 December 2020, the main information used to determine the expected impairment losses (average rates) was as follows:

Aging	Private customers	Public customers
Non overdue amounts	1.17%	0.00%
Overdue amounts		
] 0 ; 3] months	6.52%	0.01%
] 3 ; 6] months	12.71%	0.02%
] 6 ; 12] months	19.08%	0.02%
] 1 ; 2] years	31.93%	0.02%
] 2 ; 3] years	41.20%	0.02%
Over 3 years	56.03%	0.02%
Forward looking ratios	98.79%	96.00%

Fair value

As of 31 December 2020 and 2019, the GROUP's financial instruments recorded at fair value were as follows:

	2020				Total	Fair value hierarchy
	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Fair value through other comprehensive income designated at initial recognition		
Financial assets						
Assets recorded at amortised cost						
Cash and cash equivalents - term and demand deposits	449,851	-	-	-	449,851	
Customers - current	672,665	-	-	-	672,665	
Other debtors - others - current	186,818	-	-	-	186,818	
Customers - non-current	48,956	-	-	-	48,956	
Other debtors - others - non-current	100,732	-	-	-	100,732	
Associated and related companies - current	2,607	-	-	-	2,607	
Associated and related companies - non-current	19,978	-	-	-	19,978	
State and other public entities (except corporate income tax)	54,867	-	-	-	54,867	
Other financial investments recorded at amortised cost - current	21,088	-	-	-	21,088	
Other financial investments recorded at amortised cost - non-current	177,915	-	-	-	177,915	
Other financial investments recorded at fair value through other comprehensive income	-	-	-	42,675	42,675	Level 3
Derivative financial instruments	-	-	39	-	39	Level 2
Carrying amount of financial assets	1,735,478	-	39	42,675	1,778,192	

	2020			Total	Fair value hierarchy
	Amortised cost	Fair value through other comprehensive income			
Financial liabilities					
Derivative financial instruments	-	590		590	Level 2
Financial liabilities recorded at amortised cost					
Loans with and without recourse - current	960,068	-		960,068	
Loans with and without recourse - non-current	931,220	-		931,220	
Other financial liabilities - current	224,233	-		224,233	
Suppliers and sundry creditors - current	801,317	-		801,317	
Suppliers and sundry creditors - non-current	70,418	-		70,418	
Financial liabilities outside the scope of IFRS - 9					
Lease liabilities - current	57,554	-		57,554	
Lease liabilities - non-current	243,707	-		243,707	
Carrying amount of financial liabilities	3,288,517	590		3,289,107	

	2019				Total	Fair value hierarchy
	Amortised cost	Fair value through profit and loss	Fair value through other comprehensive income	Fair value through other comprehensive income designated at initial recognition		
Financial assets						
Assets recorded at amortised cost						
Cash and cash equivalents - term and demand deposits	432,853	-	-	-	432,853	
Customers - current	821,179	-	-	-	821,179	
Other debtors - others - current	137,799	-	-	-	137,799	
Customers - non-current	7,385	-	-	-	7,385	
Other debtors - others - non-current	125,831	-	-	-	125,831	
Associated and related companies - current	6,026	-	-	-	6,026	
Associated and related companies - non-current	44,964	-	-	-	44,964	
State and other public entities (except corporate income tax)	56,779	-	-	-	56,779	
Other financial investments recorded at amortised cost - current	10,568	-	-	-	10,568	
Other financial investments recorded at amortised cost - non-current	212,078	-	-	-	212,078	
Other financial investments recorded at fair value through other comprehensive income	-	-	-	54,088	54,088	Level 3
Derivative financial instruments	-	-	4	-	4	Level 2
Carrying amount of financial assets	1,855,463	-	4	54,088	1,909,555	

	2019			Fair value hierarchy
	Amortised cost	Fair value through other comprehensive income	Total	
Financial liabilities				
Derivative financial instruments	-	697	697	Level 2
Financial liabilities recorded at amortised cost				
Loans with and without recourse - current	891,739	-	891,739	
Loans with and without recourse - non-current	977,185	-	977,185	
Other financial liabilities - current	208,156	-	208,156	
Suppliers and sundry creditors - current	885,832	-	885,832	
Suppliers and sundry creditors - non-current	93,943	-	93,943	
Financial liabilities outside the scope of IFRS - 9				
Lease liabilities - current	69,999	-	69,999	
Lease liabilities - non-current	203,883	-	203,883	
Carrying amount of financial liabilities	3,330,736	697	3,331,433	

46. Covid-19 Impact

Following the emergence and spread of the Covid-19 pandemic, which has impacted the planet since the beginning of the year 2020, the following are some of its impacts on the GROUP's financial report for the year 2020:

In terms of activity and profitability

As evidenced in the accompanying consolidated financial statements, the GROUP's activity in 2020 decreased by around 17%, compared to 2019, with particular impact in the Engineering and Construction business, due, in particular, to the various constraints that the pandemic caused, namely the interruptions / stops of production in the various projects that the GROUP was executing, either caused by restrictive public health measures implemented in the different countries by the respective local authorities, or by logistical difficulties in moving people, goods and equipment. That decrease was felt mainly in the regions of Africa and Latin America.

With regard to the Environment and Services business, which comprises the collection, treatment and recovery of waste, the impact caused by the pandemic was slight as those activities constitute essential and strategic services for the normal functioning of the communities and therefore they continued to be provided with some normality.

In terms of profitability, as a result of the interruptions / stops that occurred in some of the projects carried out by the GROUP, their productivity was affected, as well as the respective dilution of fixed costs. In this regard, it should be noted that it is the GROUP's expectation that as the projects return to its normal pace, profitability will improve. On the other hand, and under the established contracts, several contracts were immediately initiated with customers in order to recover part of the abnormal costs incurred in the meantime, as well as to recalendar the deadlines for the completion of the projects in order to mitigate the risk of occurrence of future defaults.

Additionally, taking into account the estimated turnover in the GROUP's budget for 2020 and an acceptable margin of error of deviation, complemented by some operational information collected in the meantime, it is estimated that the pandemic may have been responsible for a reduction in the turnover of the GROUP in 2020 of approximately 360 million euros and in the EBITDA (taking into consideration the historical margins reached by the regions of Africa and Latin America in the last 5 years) of approximately 45 million euros.

On the other hand, with regard to the Engineering and Construction business, after the sharp decrease in the production in April and May 2020, in the following months there has been a continuous recovery, having only been interrupted in the months of January and February 2021 as a result of the adverse weather conditions typical of this time of year and the new confinement measures enacted in some countries where the GROUP operates. However, in the next three months, it is estimated that the production will return to the growth rate shown in the last three months of the year. Regarding the Environment and Services business, although still slightly below the levels presented in the pre-pandemic period, it is estimated a gradual recovery of its activity during the year 2021.

At the level of financing

In this chapter, despite the lower profitability of the operations, the GROUP's financing needs have not significantly worsened, having managed to finance its activity through the credit facilities available in Portugal or in the other countries in which it operates. In this regard, we highlight the Covid lines obtained in Portugal and the adherence to the moratorium process established by the Portuguese State / financial system that allowed the GROUP to postpone circa of 460 million euros of capital and interest repayments to the financial institutions with which maintained active financial responsibilities in Portugal. On the other hand, as a result of the massive injections of liquidity by the central banks and the measures to support the economy implemented by the various States, up to this date there has not been a material increase in the GROUP's financing costs. Finally, up to the present date, no significant increase in the average collection period from customers occurs that has affected the GROUP's financing needs.

At the investment level

In this chapter, as a result of the constraints arising from the pandemic, namely the postponement / interruption of some relevant projects, the GROUP postponed part of the planned investment so as not to overburden its treasury. In this way, the investment performed during the year was directed mainly towards the waste treatment and collection business in Portugal and in the Ivory Coast, where the GROUP had investment commitments, and for some Engineering and Construction projects where the process of procurement and acquisition was already underway (namely for a medium and long-term mining project in Guinea-Conakry).

At the level of liquidity

As shown in Note 45, the GROUP's liquidity gap at 1 year as of 31 December 2020 amounted to -572 million euros. Additionally, in accordance with the liquidity management policy defined by the GROUP, and in order to mitigate the liquidity gap mentioned above, as of 31 December 2020 the GROUP had available and unused credit lines of approximately 153 million euros. On the other hand, after 31 December 2020, the GROUP has already refinanced or is in the process of refinancing approximately 578 million euros of bank debt, of which 228 million euros are related to contracts that at 31 December 2020 were reclassified to current liabilities due to the noncompliance of the established covenants, as well as it has approved in the General Shareholders' Meeting a capital increase of up to 150 million euros, of which approximately 100 million euros will be provided by MGP and by CCCC. Finally, and in the event of an extreme worsening of economic and financial conditions, the GROUP also has the possibility to dispose of some non-current assets, namely some of the public debt securities it keeps recorded in its statement of financial position and which amount to approximately 200 million euros. In this way, it is the understanding of the GROUP's Board of Directors, even in a scenario of some uncertainty regarding the future, that within 12 months the GROUP has the appropriate financial resources to fulfill all its responsibilities when they become due.

At the level of the main estimates and assumptions used in the preparation of the accompanying consolidated financial statements

As a result of the uncertainty and negative impacts triggered by the pandemic, the GROUP proceeded, for the purpose of preparing the accompanying consolidated financial statements, to a review of the main estimates and assumptions used in such financial statements, with a special focus on the impairment tests carried out on Goodwill (Note 14), on intangible assets (Note 15), on tangible assets (Note 16), as well as on the recognition of deferred tax assets (Note 12) and on the measurement of estimated impairment losses for accounts receivable (Notes 23 and 45) and for other financial investments recorded at amortized cost (Notes 20 and 45). As a result of the analyzes carried out, in which: (i) for the impairment tests, the discount rates were higher than those used in 2019 and the values projected for 2021 were lower than the real values of 2019; (ii) to measure estimated impairment losses, matrices with higher uncollectable rates were applied (Note 45); and (iii) for the estimated impairment losses for other financial investments, it was used the latest available data of probability of default and loss in case of default published by Moody's, and in a perspective of prudence, uncollectable the GROUP recorded in the year 2020 total impairment losses of approximately 37 million euros (Note 8).

At the level of continuity of the operations

Although there is still uncertainty about the normalization of the world economy and the GROUP's activity, which is highly dependent on the success of the Covid-19 pandemic vaccination process, particularly in some countries in Africa and in most countries in Latin America, due to (1) the strong backlog that the GROUP already has to execute, which inclusively reached a record volume at the end of the year; (2) the GROUP's liquidity position for the next 12 months; (3) the absence of recurring losses in the year (excluding the abnormal amount of provisions and impairment losses); and (4) the internal management measures that have been adopted in the meantime (implementation of efficiency programs, postponement of investments, closure of less profitable or small markets, renegotiation of contracts with clients, etc.), it is the understanding of the GROUP that it has the adequate resources to maintain its activities, and there is no intention to terminate them in the short term, and therefore the Board of Directors emphasizes that it is appropriate to use the going concern assumption in the preparation of the accompanying consolidated financial statements.

At the level of subsequent events

Between 31 December 2020 and the date of approval for the issuance of the accompanying consolidated financial statements, there were no relevant events or additional uncertainties about the evolution of the pandemic and the future activity of the GROUP that have or may have a material impact on the accompanying consolidated financial statements.

47. Impact of Hyperinflation

In the years ended 31 December 2020 and 2019, the Zimbabwe economy was considered a hyperinflationary economy. Therefore, the Zimbabwe branch of MOTA-ENGIL ENGENHARIA E CONSTRUÇÃO ÁFRICA, whose functional currency was the Zimbabwe Dollar, carried out the restatement of its financial statements to the current measuring unit.

As of 31 December 2020 and 2019 and in the years ended on those dates, the impact of considering the Zimbabwe economy as a hyperinflationary economy on the accompanying consolidated financial statements can be summarized as follows:

2020	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Sales and services rendered	2,429,134	-	2,429,134
Cost of goods sold, materials consumed and changes in production	(560,570)	(21)	(560,591)
Third-party supplies and services	(970,792)	599	(970,194)
Wages and salaries	(519,605)	(40)	(519,644)
Other operating income / (expenses)	1,174	377	1,550
Amortizations and depreciations	(196,740)	(4)	(196,743)
Impairment losses	(37,118)	-	(37,118)
Provisions	(1,999)	90	(1,909)
Financial income and gains	256,419	-	256,419
Financial costs and losses	(400,435)	9,218	(391,216)
Gains / (losses) in associates and jointly controlled companies	(6,049)	-	(6,049)
Gains / (losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies	11,146	-	11,146
Net monetary position	0	10,748	10,748
Income before taxes	4,567	20,968	25,534
Income tax	(17,996)	271	(17,725)
Consolidated net profit of the year	(13,430)	21,239	7,809
Attributable:			
to non-controlling interests	27,753	-	27,753
to the Group	(41,183)	21,239	(19,944)

2020	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Assets			
Non-current			
Goodwill	20,717	-	20,717
Intangible assets	707,988	-	707,988
Tangible assets	384,573	16	384,589
Rights of use assets	218,246	-	218,246
Financial investments in associated companies	123,606	-	123,606
Financial investments in jointly controlled companies	17,496	-	17,496
Other financial investments recorded at amortised cost	177,915	-	177,915
Other financial investments recorded at fair value through other comprehensive income	42,675	-	42,675
Investment properties	173,565	-	173,565
Customers and other debtors	176,428	-	176,428
Other non-current assets	9,546	-	9,546
Derivative financial instruments	39	-	39
Deferred tax assets	201,918	-	201,918
Total non-current assets	2,254,713	16	2,254,729
Current			
Inventories	252,220	-	252,220
Customers and other debtors	941,678	-	941,678
Contract assets	668,882	-	668,882
Other current assets	76,243	-	76,243
Corporate income tax	23,824	-	23,824
Other financial investments recorded at amortised cost	21,088	-	21,088
Cash and cash equivalents with recourse – Term deposits	79,646	-	79,646
Cash and cash equivalents without recourse – Demand deposits	31,507	-	31,507
Cash and cash equivalents with recourse – Demand deposits	338,699	-	338,699
Non-current assets held for sale	126,967	-	126,967
Total current assets	2,560,753	-	2,560,753
Total assets	4,815,466	16	4,815,482
Liabilities			
Non-current			
Loans without recourse	133,303	-	133,303
Loans with recourse	797,917	-	797,917
Lease liabilities	243,707	-	243,707
Derivative financial instruments	482	-	482
Suppliers and sundry creditors	70,418	-	70,418
Contract liabilities	6,614	-	6,614
Other non-current liabilities	165,299	-	165,299
Provisions	103,598	-	103,598
Deferred tax liabilities	181,691	4	181,695
Total non-current liabilities	1,703,029	4	1,703,033
Current			
Loans without recourse	45,443	-	45,443
Loans with recourse	914,624	-	914,624
Other financial liabilities	224,233	-	224,233
Lease liabilities	57,554	-	57,554
Derivative financial instruments	108	-	108
Suppliers and sundry creditors	801,317	-	801,317
Contract liabilities	277,100	-	277,100
Other current liabilities	595,088	-	595,088
Corporate income tax	20,740	-	20,740
Non-current liabilities held for sale	30,229	-	30,229
Total current liabilities	2,966,437	-	2,966,437
Total Liabilities	4,669,466	4	4,669,470
Shareholders' equity			
Share capital	237,505	-	237,505
Own shares	(10,232)	-	(10,232)
Reserves, retained earnings and share premiums	(274,737)	(21,226)	(295,963)
Consolidated net profit of the year	(41,183)	21,239	(19,944)
Own funds attributable to the Group	(88,646)	12	(88,634)
Non-controlling interests	234,646	-	234,646
Total shareholders' equity	146,000	12	146,012
Total shareholders' equity and liabilities	4,815,466	16	4,815,482

2019 ⁽¹⁾	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Sales and services rendered	2,830,811	(4,064)	2,826,746
Cost of goods sold, materials consumed and changes in production	(1,222,789)	225	(1,222,564)
Third-party supplies and services	(599,495)	1,400	(598,095)
Wages and salaries	(587,085)	(144)	(587,229)
Other operating income / (expenses)	(6,762)	4,974	(1,788)
Amortizations and depreciations	(206,280)	(262)	(206,542)
Impairment losses	(6,147)	-	(6,147)
Provisions	(16,648)	-	(16,648)
Financial income and gains	194,749	15,116	209,865
Financial costs and losses	(274,305)	-	(274,305)
Gains / (losses) in associates and jointly controlled companies	(5,407)	-	(5,407)
Gains / (losses) on the acquisition and disposal of subsidiaries, jointly controlled and associated companies	(7,986)	-	(7,986)
Net monetary position	(0)	1,746	1,746
Income before taxes	92,656	18,991	111,647
Income tax	(41,129)	(345)	(41,474)
Consolidated net profit of the year	51,527	18,646	70,173
Attributable:			
to non-controlling interests	43,445	-	43,445
to the Group	8,082	18,646	26,728

⁽¹⁾ See Note 2

2019	Before the application of IAS 29	Impact of IAS 29	After the application of IAS 29
Assets			
Non-current			
Goodwill	22,233	-	22,233
Intangible assets	629,811	-	629,811
Tangible assets	459,294	734	460,028
Rights of use assets	246,411	-	246,411
Financial investments in associated companies	103,908	-	103,908
Financial investments in jointly controlled companies	19,902	-	19,902
Other financial investments recorded at amortised cost	212,078	-	212,078
Other financial investments recorded at fair value through other comprehensive income	54,088	-	54,088
Investment properties	161,753	-	161,753
Customers and other debtors	184,433	-	184,433
Other non-current assets	5,427	-	5,427
Derivative financial instruments	4	-	4
Deferred tax assets	186,296	-	186,296
Total non-current assets	2,285,637	734	2,286,371
Current			
Inventories	332,078	521	332,599
Customers and other debtors	1,059,462	-	1,059,462
Contract assets	568,360	-	568,360
Other current assets	54,740	59	54,799
Corporate income tax	35,146	-	35,146
Other financial investments recorded at amortised cost	10,568	-	10,568
Cash and cash equivalents with recourse – Term deposits	98,303	-	98,303
Cash and cash equivalents without recourse – Demand deposits	34,593	-	34,593
Cash and cash equivalents with recourse – Demand deposits	299,957	-	299,957
Non-current assets held for sale	274,407	-	274,407
Total current assets	2,767,613	581	2,768,193
Total assets	5,053,249	1,315	5,054,564
Liabilities			
Non-current			
Loans without recourse	110,425	-	110,425
Loans with recourse	866,760	-	866,760
Lease liabilities	203,883	-	203,883
Derivative financial instruments	688	-	688
Suppliers and sundry creditors	93,943	-	93,943
Contract liabilities	44,247	-	44,247
Other non-current liabilities	157,746	-	157,746
Provisions	106,587	-	106,587
Deferred tax liabilities	161,659	325	161,984
Total non-current liabilities	1,745,937	325	1,746,263
Current			
Loans without recourse	50,148	-	50,148
Loans with recourse	841,592	-	841,592
Other financial liabilities	208,156	-	208,156
Lease liabilities	69,999	-	69,999
Derivative financial instruments	9	-	9
Suppliers and sundry creditors	885,832	-	885,832
Contract liabilities	233,639	-	233,639
Other current liabilities	530,905	-	530,905
Corporate income tax	30,395	-	30,395
Non-current liabilities held for sale	129,600	-	129,600
Total current liabilities	2,980,272	-	2,980,272
Total Liabilities	4,726,209	325	4,726,535
Shareholders' equity			
Share capital	237,505	-	237,505
Own shares	(10,232)	-	(10,232)
Reserves, retained earnings and share premiums	(160,018)	(17,656)	(177,674)
Consolidated net profit of the year	8,082	18,646	26,728
Own funds attributable to the Group	75,337	990	76,327
Non-controlling interests	251,703	-	251,703
Total shareholders' equity	327,040	990	328,030
Total shareholders' equity and liabilities	5,053,249	1,315	5,054,564

48. Subsequent events

In 2021, up to the date of issuance of this report, we highlight the following relevant facts, whose detail has been properly released as privileged information on the MOTA-ENGIL and CMVM websites:

4 January 2021:

"MOTA-ENGIL INFORMS ABOUT THE AWARD OF A NEW CONTRACT IN GHANA, AMOUNTING TO 570 MILLION DOLARS

MOTA-ENGIL informs about the award of a new contract to its subsidiary MOTA-ENGIL ENGENHARIA & CONSTRUÇÃO ÁFRICA, S.A., in Ghana, in the total amount of 570 million dollars.

The works now awarded correspond to the Design and build (rehabilitation and expansion) of the Accra-Tema Motorway and Extensions, in a total of 27.7 km, and will take place over a period of 48 months."

11 January 2021:

"MOTA-ENGIL INFORMS ABOUT THE SIGNING OF A NEW CONTRACT IN NIGERIA, AMOUNTING TO 1,820 MILLION USD

MOTA-ENGIL informs that its subsidiary for the Africa region has signed a contract for the design, construction and financing of a railway infrastructure in the Federal Republic of Nigeria and in the Republic of Niger.

The contract above referred established with the Ministry of Transport of Nigeria amounts to circa of 1,820 million USD and will include the project, the procurement, the construction, as well as the financing (EPCF), of the railway line with circa of 284 km + 94 km, "Kano-Danbatta-Kazaure-Daura-Mashi-Katsina-JibiyaMaradi (Niger Republic) with a branch line to Dutse".

During the coming months, MOTA-ENGIL will, together with the Government of Nigeria and the financial institutions, work on the completion of the ESIA (Environmental and Social Impact Assessment), on the necessary expropriations, on the initial mobilization and preparation of the project, towards its completion and towards the final approval of the financing by the Government of Nigeria.

That financing is being structured and negotiated by KFW-IPEX BANK, Africa Finance Corporation and Credit Suisse, as Financial Advisors of MOTA-ENGIL and Mandated Lead Arrangers for the transaction, will have the support of several international Export Credit Agencies (ECA) and will be taken by the Republic of Nigeria.

Once that phase is complete, the railway construction works will begin, lasting for 32 months."

1 March 2021:

"MOTA-ENGIL INFORMS ABOUT THE AWARD OF A NEW CONTRACT IN POLAND, AMOUNTING TO 150 MILLION EUROS

MOTA-ENGIL S.G.P.S., S.A., informs about the award of a new contract to its subsidiary in Poland, MOTA-ENGIL CENTRAL EUROPE, S.A., in the total amount of 150 million euros. The project now awarded corresponds to the Design and Build (rehabilitation and extension) of the motorway S19 between the "Lubartów Północ" junction (including this junction) and the "Lublin Rudnik" junction (excluding this junction), in a total of 23 km, and will take place over a period of 36 months.

INVESTMENT AGREEMENT WITH CCCC

On 27 November 2020, MOTA-ENGIL S.G.P.S., S.A. publicly announced that it had concluded with CHINA COMMUNICATIONS CONSTRUCTION COMPANY, LTD. (CCCC), an investment agreement (Agreement) whose essential aspects had already been disclosed to the market through the release issued on August 27, 2020. One of the conditions precedent of the Agreement, as previously disclosed, is the confirmation by the Portuguese Securities Markets Commission (CMVM) that the Agreement and the transactions provided for therein do not impose on the CCCC an obligation to launch a public takeover bid (Takeover Bid). On the other hand, the MOTA-ENGIL by-laws currently in force confer on a shareholder, or group of shareholders, holding at least 30% of the share capital, the right to prevent the approval by the General Meeting of resolutions on various matters, as well as the right to appoint 1/3 of the members of the Board of Directors, which is particularly relevant bearing in mind that the decision-making, by that Board, on a broad set of matters, depends on the non-opposition of at least 1/3 of the Directors. Taking into account the risk that the situation described may be seen as going beyond the purpose of protecting minority shareholders, which could subject the future shareholder CCCC to the duty to launch a Takeover Bid when it becomes the holder of a stake equal to or greater than 30% of the share capital of MOTA-ENGIL - which, moreover, would never happen, since the investment by CCCC was precisely conditioned to the CMVM confirming that the transaction did not generate a takeover bid obligation - the Board of Directors decided to propose a change of the company's by-laws to the shareholders, in order to reduce the rights referred to hereinabove and to eliminate such risk.

Following the foregoing, on February 24, 2021, CCCC formally requested the CMVM to confirm that the Agreement and the operations provided for therein do not impose on CCCC the obligation to launch a takeover bid. This confirmation was communicated by the CMVM on March 5, provided that the statutory amendment proposed by the Board of Directors will be approved on March 19.

Please note that, once all the conditions precedent have been verified:

- MOTA-ENGIL, in the use of the authorization which has already been granted by the General Meeting, will decide on a capital increase of 100 million euros, respecting the preference rights of the shareholders, at the price per share of 1.50;
- CCCC, in turn, undertook to participate in this increase, exercising the rights inherent in the 55 million shares it will acquire from MOTA GESTÃO E PARTICIPAÇÕES, SGPS, S. A. (MGP), as well as the subscription rights inherent to another 20.66% of the current share capital, also transferred by MGP;
- MGP, finally, also committed to subscribe to the capital increase a minimum of 22,598,927 new shares. We recall that the whole operation (including the capital increase) depends on the verification of several conditions precedent, with emphasis on the one mentioned above, and on the obtaining of all authorizations and consents from public entities that are legally required, in particular by competition authorities in any jurisdiction, which has already happened in relation to the European Union and Brazilian Competition Authorities.

On the other hand, and still within the scope of the implementation of the Agreement, at the General Meetings of Bondholders to be held on March 23, 2021, the updating of the "Events of Default" clause will be considered in order that the change in the holding by MGP will not trigger the early repayment of the MOTA-ENGIL 2018 / 2021 and MOTA-ENGIL 2018 / 2023 bonds.

Finally, before the end of the future public offer for subscription, a meeting of the General Meeting will be called to deliberate on the global recomposition of the Board of Directors.

49. Fees paid to the auditor / statutory auditor

In the year ended 31 December 2020, the amount of fees paid to the auditor / statutory auditor was as follows:

Nature of the service	By the company Amount (euros)	By other entities which are part of the Group Amount (euros)	Total Amount (Euros)
Audit and statutory audit	144,800	1,397,618	1,542,418
Other assurance services	-	94,350	94,350
Tax consultancy	-	19,162	19,162
Other services than statutory audit	-	1,395	1,395
Total	144,800	1,512,525	1,657,325

The services other than audit provided by the Auditor and the Statutory Auditor during the financial year of 2020 are detailed below:

- Provision of authorisation to access the Inforfisco database, which consists of a repository of a tax nature from public sources (ranging from legislation to jurisprudence);
- Issue of reports ensuring the reliability of the regulated accounts of some concessionaire companies to be submitted to the regulatory body (ERSAR);
- Limited reviews to the individual and consolidated financial statements of some affiliated companies, in accordance with the International Standard on Review Engagements ISRE 2410;
- Issue of reports ensuring the reliability regarding the validation of financial ratios associated with loans obtained and calls for tenders in which the GROUP companies took part;
- Issue of reports ensuring the reliability regarding the invoicing reports submitted by a GROUP company to the Entidade de Serviços Partilhados da Administração Pública, I. P.;
- Issue of reports ensuring the reliability regarding the matter of ascertainment of fair value of a financial investment held by the GROUP;
- Attendance of some GROUP workers in online training courses promoted by the Auditor/Statutory Auditor (open to other participants) and focused on various subjects;
- Provision of tax compliance services to GROUP entities located in the Sultanate of Oman;
- Provision of tax support services associated with the implementation of value added tax in Angola.

50. Approval of financial statements

These consolidated financial statements were approved by the GROUP's Board of Directors on the 15 March 2021. However, those are still pending approval by the General Shareholders Meeting, although the GROUP's Board of Directors believes that they will be approved without changes.

Appendix A. Consolidated companies

COMPANIES/ENTITIES INCLUDED IN THE CONSOLIDATION BY THE FULL CONSOLIDATION METHOD

The companies/entities included in the attached consolidated financial statements using the full consolidation method, their head offices, effective holding percentage, activity, incorporation and acquisition date were as follows:

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
Parent Company of the Group and related activities					
Mota-Engil, SGPS, S.A., Sociedade Aberta ("Mota-Engil SGPS")	Portugal (Porto)	-	Management of financial holdings	Aug-90	-
Bay-Park Koriátolt Felelősségű Társaság Kft. ("Bay Park") Through Obol Invest	Hungary (Budapest)	76.73 76.73	Real Estate development	-	Dec-08
Botelho, Silva & Abreu, Lda. Through Largo do Paço	Portugal (Porto)	100.00 100.00	Restoration	Aug-43	Jun-19
Corgimobil - Empresa Imobiliária das Corgas, Lda. ("Corgimobil") Through Mota-Engil Real Estate Portugal	Portugal (Cascais)	97.25 97.25	Construction works, studies and real estate	-	Nov-00
Dmowski Project Development, Sp. z o.o. ("Dmowski") Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00 100.00	Real Estate development	Aug-07	-
Gesar - Gestão de Águas Residuais do Algarve ("GESAR ACE Manvia") Through Manvia	Portugal (Linda-a-Velha)	54.00 54.00	Wastewater treatment	Apr-15	-
Kordylewski Project Development W Likwidacji Sp. z o.o. ("Kordylewski") Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00 100.00	Real Estate development	Feb-05	-
Largo do Paço - Investimentos Turísticos e Imobiliários, Lda. ("Largo do Paço") Through Mota-Engil Capital	Portugal (Amarante)	100.00 100.00	Real Estate development	-	Oct-01
Logz - Atlantic Hub, S.A. ("Logz") Through Mota-Engil Capital	Portugal (Lisbon)	100.00 100.00	Maintenance and operation of facilities	Jul-08	Feb-20
Luso Global Mining B.V. ("Luso Global Mining BV", former "ME Minerals Mining Investment BV") Through Luso Global Mining	Netherlands (Amsterdam)	100.00 100.00	Management of financial holdings	Oct-10	-
Luso Global Mining, S.A. ("Luso Global Mining") Through Mota-Engil Capital	Portugal (Porto)	100.00 100.00	Mineral exploration and exploration	Aug-20	-
Manvia - Manutenção e Exploração de Instalações e Construção, S.A. ("Manvia") Through Mota-Engil Ambiente e Serviços	Portugal (Linda-a-Velha)	90.00 90.00	Maintenance and operation of facilities	Jul-94	Jun-98
Manvia II Condutas, Lda. ("Manvia II Condutas") Through Manvia	Portugal (Linda-a-Velha)	90.00 90.00	Construction and maintenance of sanitation water or other fluids ducts	Dec-10	Nov-20
ME Investitii AV s.r.l. ("Mota-Engil Investitii") Through Mota-Engil Real Estate, SGPS	Romania (Bucharest)	100.00 100.00	Real Estate development	-	Sep-07
MESP - Mota Engil Serviços Partilhados, Administrativos e de Gestão, S.A. ("Mota-Engil Serviços Partilhados") Through Mota-Engil SGPS	Portugal (Porto)	100.00 100.00	Administrative Services	Dec-02	-
ME 3I, SGPS, S.A. ("ME 3I SGPS") Through Mota-Engil Indústria e Inovação	Portugal (Linda-a-Velha)	61.20 61.20	Management of financial holdings	Oct-11	-
MK Contractors, LLC ("MKC") Through Mota-Engil Engenharia e Construção	USA (Miami)	100.00 100.00	Real Estate development	Mar-02	-
Mota-Engil África, N.V. ("ME África NV") Through Mota-Engil SGPS	Netherlands (Amsterdam)	100.00 100.00	Management of financial holdings	Oct-12	-
Mota-Engil Capital, S.A. ("Mota-Engil Capital") Through Mota-Engil SGPS	Portugal (Porto)	100.00 100.00	Management of financial holdings	Feb-18	-
Mota-Engil Indústria e Inovação, SGPS, S.A. ("Mota-Engil Indústria e Inovação") Through Mota-Engil SGPS	Portugal (Linda-a-Velha)	100.00 100.00	Management of financial holdings	Nov-10	-
Mota-Engil Mediação de Seguros, S.A. ("Mota-Engil Mediação") Through Mota-Engil SGPS	Portugal (Porto)	100.00 100.00	Insurance mediation	Jul-20	-
Mota-Engil Real Estate Hungary Ingatlanforgalmazó, Kereskedelmi és Szolgáltató Kft. ("Mota-Engil Real Estate Hungria") Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	100.00 100.00	Real Estate development	Jul-05	-
Mota-Engil Real Estate Portugal, S.A. ("Mota-Engil Real Estate Portugal") Through Mota-Engil Real Estate, SGPS	Portugal (Porto)	100.00 100.00	Real Estate development	Sep-01	-
Mota-Engil Real Estate, SGPS, S.A. ("Mota-Engil Real Estate SGPS") Through Mota-Engil Capital	Portugal (Porto)	100.00 100.00	Management of financial holdings	Dec-02	-
Mota-Engil Renewing, S.A. ("ME Renewing") Through Mota-Engil Capital	Portugal (Porto)	100.00 100.00	Energy, sustainable mobility, recycling and reuse and resource utilization	Aug-18	-
Obol Invest Befektetési és Üzletviteli Tanácsadó Koriátolt Felelősségű Társaság Kft. ("Obol Invest") Through Mota-Engil Real Estate, SGPS	Hungary (Budapest)	77.50 77.50	Real Estate development	-	May-05
Obol XI. Ingatlanhasznosítási Beruházó és Szolgáltató Koriátolt Felelősségű Társaság Kft. ("Obol XI") Through Obol Invest	Hungary (Budapest)	76.73 76.73	Real Estate development	-	Dec-03
Proempar - Promoção e Gestão de Parques Empresariais e Tecnológicos, S.A. ("Proempar") Through Mota-Engil Real Estate Portugal	Portugal (Porto)	100.00 100.00	Marketing, management and exploitation of technological and industrial business parks	Oct-06	-
PTT - Parque Tecnológico do Tâmega, S.A. ("PTT") Through Mota-Engil Real Estate Portugal	Portugal (Felgueiras)	90.00 90.00	Marketing, management and exploitation of technological and industrial business parks	Dec-06	-
Sikorki Project Development Sp. z o.o. ("Sikorki") Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00 100.00	Real Estate development	Oct-12	-
Soltysowska Project Development Sp. z o.o. ("Soltysowska") Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00 100.00	Real Estate development	Nov-05	-
Takargo - Transportes de Mercadorias, S.A. ("Takargo") Through Mota-Engil Ambiente e Serviços	Portugal (Linda-a-Velha)	100.00 100.00	Railway transportation of goods	Oct-06	-
Turalgo-Sociedade de Real Estate development e Turística do Algarve, S.A. ("Turalgo") Through Mota-Engil Real Estate Portugal	Portugal (Oeiras)	51.00 51.00	Real Estate development	May-92	-
Wilanow Project Development SP. z o.o. ("Wilanow") Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00 100.00	Real Estate development	Jun-07	-

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
Europe					
Mota-Engil Europa, S.A. ("Mota-Engil Europa") Through Mota-Engil SGPS	Portugal (Linda-a-Velha)	100.00 100.00	Management of financial holdings	Jun-10	-
Engineering and Construction					
Áreagolfe - Gestão, Construção e Manutenção de Campos de Golfe, S.A. ("Áreagolfe") Through Vibeiras	Portugal (Torres Novas)	77.78 77.78	Golf courses construction, management and maintenance	-	Jul-07
Arkona Property Development Sp z o.o. ("Arkona", former "Project Development 1") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Nov-15	-
Balice Project Development Sp. z o.o. ("Balice") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Oct-12	-
Belém Grid - Real Estate development e de Animação Turística, S.A. ("Belém Grid") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	100.00 100.00	Real Estate development and tourist entertainment	Oct-19	-
Bukowinska Project Development ("Bukowinska Project Development") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Design and construction of social housing	Mar-15	-
Carlos Augusto Pinto dos Santos & Filhos S.A. ("Capsfil") Through Mota-Engil Engenharia e Construção	Portugal (Vila Flor)	100.00 100.00	Extraction of gravel, sand and crushed stone	Mar-77	Oct-09
Diace - Construtoras das Estradas do Douro Interior A.C.E. ("Diace ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	53.10 53.10	Realization of construction works and services and providing design	Nov-08	Dec-15
Dzieci Warszawy Project Development Sp. z o.o. ("Dzieci") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Nov-15	-
Ekosrodowisko z.o.o. In Liquidation ("Ekosrodowisko") Through MES	Poland (Bytom)	61.50 61.50	Urban solid waste	Feb-05	Dec-05
Glace - Construtoras das Auto-estradas da Grande Lisbon A.C.E. ("Glace ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	52.87 52.87	Realization of construction works and services and providing design	Dec-06	Dec-15
Glan Agua, Ltd ("Glanagua") Through MEIS	Ireland (Ballinasloe)	70.00 70.00	Realization of construction works and services and providing design	Jan-08	-
Glan Agua (UK), Ltd ("Glan Agua UK") Through MEIS	UK (St Albans)	70.00 70.00	Treatment of waste, exploitation and management of water sytems	Jul-15	-
Grodowska Project Development Sp. z o.o. ("Grodowska") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Design and construction of social housing	Mar-14	-
Hygeia - Edifícios Hospitalares, SGPS, S.A. ("Hygeia") Through Mota-Engil Engenharia e Construção	Portugal (Lisbon)	99.00 98.99	Management of financial holdings	Dec-18	-
Immo Park Gdańsk, Sp. z o.o. ("Immo Park Gdańsk") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Mar-13	-
Immo Park Warszawa, Sp. z o.o. ("Immo Park Warszawa") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Oct-12	-
Kilinskiego Project Development Sp. z o.o. ("Kilinskiego") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Aug-07	-
Kilinskiego Property Investment Sp. z o.o. ("Kilinskiego PI") Through Kilinskiego Project Development Sp. z o.o. Through Mota-Engil Real Estate, SGPS	Poland (Krakow)	100.00 99.99 0.01	Real Estate development	Sep-11	-
La Scala Property Development Sp z o.o. ("Scala", former "Grotta") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Oct-12	-
Listopada Project Development ("Listopada Project Development") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Nov-15	-
Lusitânia - Construtoras das Auto-estradas das Beiras Litoral e Alta A.C.E. ("Lusitânia ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	83.95 83.95	Realization of construction works and services and providing design	Apr-01	Dec-15
MEREM - Asset Management Sp. z o.o. ("MEREM", former "Project Development 3") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Feb-20	-
MES, Mota-Engil Srodowisko, Sp. z o.o. ("MES") Through Suma	Poland (Krakow)	61.50 61.50	Urban solid waste	Dec-05	-
Mota-Engil Central Europe Ceska Republika, AS ("Mota-Engil Central Europe República Checa") Through Mota-Engil Europa	Czech Rep. (Prague)	100.00 100.00	Construction and public works	Jan-97	-
Mota-Engil Central Europe Management, SGPS, S.A. ("Mota-Engil Central Europe Management") Through Mota-Engil Europa	Portugal (Porto)	100.00 100.00	Management of financial holdings	Aug-17	-
Mota-Engil Central Europe PPP 2 Sp. z o.o. ("ME Central Europe PPP 2") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Dec-13	-
Mota-Engil Central Europe PPP 3 Sp. z o.o. ("ME Central Europe PPP 3") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Apr-14	-
Mota-Engil Central Europe PPP 4 Sp. z o.o. ("ME Central Europe PPP 4") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Oct-20	-
Mota-Engil Central Europe PPP Road Sp. z o.o. ("ME Central Europe PPP Road") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	-	Nov-13
Mota-Engil Central Europe PPP Sp. z o.o. ("ME Central Europe PPP") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Design, construction, management and exploitation of parking	Mar-12	-
Mota-Engil Central Europe, S.A. ("ME Central Europe Poland") Through Mota-Engil Central Europe Management	Poland (Krakow)	100.00 100.00	Real Estate development	Feb-53	Mar-99
Mota-Engil Engenharia e Construção, S.A. ("Mota-Engil Engenharia e Construção") Through Mota-Engil Europa	Portugal (Amarante)	100.00 100.00	Real Estate development	Dec-00	-
Mota-Engil International Construction (UK) Ltd ("Mota-Engil UK") Through Mota-Engil Engenharia e Construção	UK (St Albans)	60.00 60.00	Construction works	Jul-15	-
Mota-Engil Ireland Construction Limited ("Mota-Engil Irlanda") Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	60.00 60.00	Construction works	Oct-07	-
Mota-Engil Ireland Services Ltd. ("MEIS") Through Mota-Engil Engenharia e Construção	Ireland (Dublin)	70.00 70.00	Treatment of waste, exploitation and management of water sytems	Jan-08	-
Mota-Engil Magyarország Beruházási És Építőipari Zrt. ("Mota-Engil Magyarország") Through Mota-Engil Europa	Hungary (Budapest)	100.00 100.00	Real Estate development	Jan-96	-
Mota-Engil Railway Engineering, S.A. ("ME Railway Engineering") Through Mota-Engil Engenharia e Construção Through MEEC África Through Mota-Engil Latin America BV	Portugal (Porto)	100.00 96.15 1.92 1.92	Study, projects, execution of works and representation of materials and equipment related to railway works	Jun-18	-
Mota-Engil Real Estate Management, sp. z o.o. ("Mota-Engil Real Estate Management") Through Mota-Engil Central Europe Poland	Poland (Krakow)	100.00 100.00	Real Estate development	Jun-05	-
Mota-Engil Vermelo Sp. z o.o. ("ME Vermelo") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Mar-12	-
Norace - Construtoras das Auto-estradas do Norte A.C.E. ("Norace ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	82.87 82.87	Realization of construction works and services and providing design	Jun-99	Dec-15
Oriental Hub, S.A. ("Oriental Hub") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	100.00 100.00	Design, construction, rehabilitation and operation of the Old Industrial Slaughterhouse of Porto	Nov-18	-
Pinhal - Construtoras das Auto-estradas do Pinhal Interior A.C.E. ("Pinhal ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	53.52 53.52	Realization of construction works and services and providing design	Apr-10	Dec-15
Portuscale - Construtoras das Auto-estradas do Grande Porto A.C.E. ("Portuscale ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	83.95 83.95	Realization of construction works and services and providing design	Jul-02	Dec-15
Project Development 2 Sp. z o.o. ("Project Development 2") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Nov-15	-
Project Development 4 Sp. z o.o. ("Project Development 4") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Feb-20	-

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
Project Development 5 Sp. z.o.o. ("Project Development 5") Through Mota-Engil Real Estate Management	Poland (Krakow)	51.00 51.00	Real Estate development	Feb-20	-
Project Development 6 Sp. z.o.o. ("Project Development 6") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Feb-20	-
Senatorska Project Development Sp. z.o.o. ("Senatorska") Through Mota-Engil Real Estate Management	Poland (Krakow)	100.00 100.00	Real Estate development	Nov-15	-
Streamgrest Limited ("Streamgrest") Through Mota-Engil Irlanda Through GlanÁgua	Ireland (Galway)	65.00 30.00 35.00	Comercial	Feb-18	-
VBT - Projectos e Obras de Arquitectura Paisagística, Lda ("VBT") Through Vibeiras Through Mota-Engil Ambiente e Serviços	Angola (Luanda)	48.89 38.89 10.00	Landscape gardening	Sep-08	-
Vianor - Construtoras das Auto-estradas da Costa de Prata A.C.E. ("Vianor ACE MEEC") Through Mota-Engil Engenharia e Construção	Portugal (Porto)	83.95 83.95	Realization of construction works and services and providing design	Apr-00	Dec-15
Vibeiras – Sociedade Comercial de Plantas, S.A. ("Vibeiras") Through Mota-Engil Engenharia e Construção	Portugal (Torres Novas)	77.78 77.78	Landscape gardening	Jul-88	Oct-98
Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
Environment and Services					
AGIR - Ambiente e Gestão Integrada de Resíduos, Lda. ("Agir") Through Mota-Engil Ambiente e Serviços Through Suma	Cape Green (Praia)	80.75 50.00 30.75	Treatment and recovery of urban solid waste	Dec-07	-
Algar - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Algar") Through EGF	Portugal (Loulé)	33.15 33.15	Treatment and recovery of urban solid waste	-	Jun-15
Amarsul- Valorização e Tratamento de Resíduos Sólidos, S.A. ("Amarsul") Through EGF	Portugal (Setúbal)	30.19 30.19	Treatment and recovery of urban solid waste	-	Jun-15
Citrave - Centro Integrado de Tratamento de Resíduos de Aveiro, S.A. ("Citrave") Through Novaflex Through Suma Through Suma Esposende	Portugal (Lisbon)	61.50 0.05 61.41 0.05	Treatment and disposal of non-hazardous waste Treatment and disposal of non-hazardous waste	Dec-87	Oct-06
Correia & Correia, Lda. ("Correia & Correia") Through Enviroil	Portugal (Sertão)	48.18 48.18	Trade and collection of used oils	Sep-88	Feb-00
Eco Vision LLC ("Eco Vision") Through Suma	Oman (Muscat)	31.37 31.37	Treatment and recovery of urban solid waste	Jul-15	-
Empresa Geral de Fomento, S.A. ("EGF") Through Suma Tratamento	Portugal (Lisbon)	59.19 59.19	Treatment and recovery of urban solid waste	-	Jun-15
Enviroil II – Reciclagem de Óleos Usados, Lda. ("Enviroil II") Through Enviroil Through SRI	Portugal (Torres Novas)	45.77 43.37 2.41	Oil recycling, electricity production and bulk trade of fuels and related products	Apr-11	-
Enviroil SGPS, Lda. ("Enviroil") Through Suma	Portugal (Torres Novas)	48.18 48.18	Management of financial holdings	Nov-97	-
Ersuc - Resíduos Sólidos do Centro, S.A. ("Ersuc") Through EGF Through Suma	Portugal (Coimbra)	34.14 30.46 3.68	Treatment and recovery of urban solid waste	-	Jun-15
InvestAmbiente - Recolha de Resíduos e Gestão de Sistemas de Saneamento Básico, S.A. ("Investambiente") Through Novaflex	Portugal (Lisbon)	31.98 31.98	Collection of non-hazardous waste	Feb-00	Dec-07
Mota-Engil, Ambiente e Serviços, SGPS, S.A. ("Mota-Engil Ambiente e Serviços") Through Mota-Engil Europa	Portugal (Porto)	100.00 100.00	Management of financial holdings	Jun-97	-
Nova Beira - Gestão de Resíduos, S.A. ("Nova Beira") Through Novaflex Through Investambiente	Portugal (Lisbon)	41.72 20.30 21.42	Treatment and disposal of non-hazardous waste	-	Dec-07
Novaflex - Técnicas do Ambiente, S.A. ("Novaflex") Through Suma	Portugal (Lisbon)	61.50 61.50	Treatment and disposal of non-hazardous waste	-	Dec-07
Real Verde - Técnicas de Ambiente, S.A. ("Real Verde") Through Novaflex	Portugal (Vila Real)	61.50 61.50	Treatment and disposal of non-hazardous waste	Dec-07	-
Resiestrela - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resiestrela") Through EGF	Portugal (Castelo Branco)	37.26 37.26	Treatment and recovery of urban solid waste	-	Jun-15
Resiges - Gestão de Resíduos Hospitalares, Lda. ("Resiges") Through Novaflex	Portugal (Setúbal)	61.50 61.50	Collection of hazardous waste	May-98	Dec-07
Resilei – Tratamento de Resíduos Industriais, S.A. ("Resilei") Through Suma	Portugal (Leiria)	30.75 30.75	Treatment and disposal of non-hazardous waste	-	Jun-03
Resinorte - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resinorte") Through EGF	Portugal (Braga)	44.46 44.46	Treatment and recovery of urban solid waste	-	Jun-15
Resulima - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Resulima") Through EGF	Portugal (Viana do Castelo)	30.19 30.19	Treatment and recovery of urban solid waste	-	Jun-15
Rima – Resíduos Industriais e Meio Ambiente, S.A. ("Rima") Through Suma	Portugal (Lousosa)	59.12 59.12	Treatment of industrial waste	Aug-01	-
SIGA - Sistema Integrado de Gestão Ambiental, S.A. ("Siga") Through Suma	Portugal (Ponta Delgada)	43.05 43.05	Treatment and disposal of non-hazardous waste	Oct-08	-
SIGAMB - Sistemas de Gestão Ambiental, Lda. (Angola) ("SIGAMB") Through Novaflex	Angola (Luanda)	61.44 61.44	Technical studies, consultancy and formation in the environmental area	Feb-14	-
SRI - Gestão de Resíduos, Lda ("SRI") Through Correia & Correia	Portugal (Sertão)	48.18 48.18	Collection of hazardous waste	Jul-08	-
Suldouro - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Suldouro") Through EGF	Portugal (Vila Nova de Gaia)	35.52 35.52	Treatment and recovery of urban solid waste	-	Jun-15
Suma (Douro) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Douro") Through Suma	Portugal (Murça)	61.50 61.50	Treatment and recovery of urban solid waste	Jul-00	-
Suma (Esposende) - Serviços Urbanos e Meio Ambiente, Lda. ("Suma Esposende") Through Suma	Portugal (Esposende)	61.50 61.50	Treatment and recovery of urban solid waste	Dec-99	-
Suma (Macau), Lda. ("Suma Macau") Through Suma	China (Macau)	60.89 60.89	Treatment and recovery of urban solid waste	-	Dec-13
Sumalab, S.A. ("Sumalab", anteriormente designada por "Suma Matosinhos") Through Suma	Portugal (Matosinhos)	61.50 61.50	Treatment and recovery of urban solid waste	Dec-00	-
Suma (Porto) - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Porto") Through Suma	Portugal (Porto)	61.50 61.50	Treatment and recovery of urban solid waste	Nov-08	-
Suma Tratamento, S.A. ("Suma Tratamento") Through Suma Through Suma Esposende Through Novaflex Through Mota-Engil Ambiente e Serviços	Portugal (Lisbon)	59.20 49.19 0.01 0.01 10.00	Management of financial holdings	Oct-14	-
Suma – Serviços Urbanos e Meio Ambiente, S.A. ("Suma") Through Mota-Engil Ambiente e Serviços	Portugal (Lisbon)	61.50 61.50	Treatment and recovery of urban solid waste	Jun-94	-
Triaza - Tratamento de Resíduos Industriais da Azambuja, S.A. ("Triaza") Through Suma	Portugal (Azambuja)	61.50 61.50	Treatment and recovery of urban solid waste	Nov-15	-
Triu - Técnicas de Resíduos Industriais e Urbanos, S.A. ("Triu") Through Enviroil	Portugal (Loures)	48.18 48.18	Collection of non-hazardous waste	Apr-91	Sep-08
Valnor - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valnor") Through EGF	Portugal (Portalegre)	31.57 31.57	Treatment and recovery of urban solid waste	-	Jun-15
Valorlis - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorlis") Through EGF	Portugal	30.19 30.19	Treatment and recovery of urban solid waste	-	Jun-15

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
Valorminho - Valorização e Tratamento de Resíduos Sólidos, S.A. ("Valorminho")	Portugal	30.19	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Valença)	30.19			
Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisbon e do Oeste, S.A. ("Valorsul")	Portugal	31.33	Treatment and recovery of urban solid waste	-	Jun-15
Through EGF	(Loures)	31.33			
Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
Africa					
Akwangola, S.A. ("Akwangola")	Angola	51.00	Exploitation of water market	Dec-10	Dec-13
Through Mota-Engil Angola	(Luanda)	51.00			
AMGP Agricultura, S.A. ("AMGP")	Portugal	100.00	Management of farm projects	Feb-19	Sep-20
Through MEEC África	(Porto)	100.00			
Cecot - Centro de Estudos e Consultas Técnicas, Lda. ("Cecot")	Mozambique	100.00	Construction works' projects and inspection	Sep-98	Apr-11
Through MEEC África	(Maputo)	100.00			
Clean Eburnie SARL ("Clean Eburnie")	Ivory Coast	60.00	Technical studies, conception, finance, constructions and exploration of landfills	Dec-17	-
Through MEEC África	(Abidjan)	60.00			
Cosamo (Proprietary) Limited ("Cosamo")	South Africa	100.00	Comercial	Dec-76	-
Through Mota Internacional	(Joanesburgo)	100.00			
Eco Eburnie, S.A. ("Eco Eburnie")	Ivory Coast	100.00	Treatment and recovery of urban solid waste and cleaning and maintenance of streets	Oct-17	-
Through MEEC África	(Abidjan)	100.00			
Ecolife, S.A. ("Ecolife")	Mozambique	58.45	Treatment and recovery of urban solid waste	Dec-13	-
Through Mota-Internacional	(Maputo)	40.00			
Through Suma		18.45			
Empresa Agrícola Florestal Portuguesa, S.A. ("Empresa Agrícola Florestal")	Portugal	100.00	Forestry exploration	Feb-18	Sep-20
Through AMGP	(Porto)	55.28			
Through Mota-Engil Engenharia e Construção		44.72			
Estradas do Zambeze ("Estradas do Zambeze")	Mozambique	95.00	Road concession	Nov-09	Apr-20
Through MEEC África	(Maputo)	95.00			
Fatra - Fábrica de Trefilaria de Angola, S.A. ("Fatra")	Angola	70.00	Manufacturing of iron-derived products	May-08	Nov-10
Through Mota Internacional	(Luanda)	70.00			
Fibreglass Sundlete (Mozambique), Lda. ("Fibreglass")	Mozambique	100.00	Comercial	Aug-62	Mar-99
Through ME Maurícias	(Maputo)	100.00			
Indimo, Lda. ("Indimo")	Mozambique	100.00	Real Estate development	-	Oct-04
Through Cecot		50.00			
Through MEEC África	(Maputo)	50.00			
Liwonde Logistics Platform Limited ("Liwonde")	Malawi	99.49	Management of financial holdings	Jun-15	-
Through ME Investments Malawi	(Lilongwe)	50.00			
Through MEEC África – Sucursal do Malawi		49.49			
Malawi Ports Company Limited ("Malawi Ports Company")	Malawi	100.00	Shipping	Nov-10	-
Through MEEC África	(Lilongwe)	88.00			
Through ME Malawi		12.00			
Malawi Shipping Company Limited ("Malawi Shipping Company")	Malawi	100.00	Shipping	Nov-10	-
Through ME Malawi	(Lilongwe)	100.00			
Martinox, S.A. ("Martinox")	Angola	51.00	Stainless steel works	Feb-08	Dec-11
Through Mota-Engil Angola	(Benguela)	51.00			
Mota & Companhia Maurícias, Lda. ("ME Maurícias")	Maurícias	100.00	Construction works	May-10	-
Through MEEC África	(Ebene)	100.00			
Mota-Engil África, SGPS, S.A. ("Mota-Engil África")	Portugal	100.00	Management of financial holdings	May-10	-
Through MEEC África	(Porto)	100.00			
Mota-Engil África Global Technical Services B.V. ("ME África GTS BV")	Netherlands	100.00	Management of financial holdings	May-14	-
Through MEEC África	(Amesterdam)	100.00			
Mota-Engil Angola, S.A. ("Mota-Engil Angola")	Angola	51.00	Public works and /or construction works contractor	May-10	-
Through Mota Internacional	(Luanda)	51.00			
Mota-Engil Cameroon SARL ("Mota-Engil Cameroon")	Cameroon	100.00	Public works and /or construction works contractor	Jan-18	-
Through MEEC África	(Douala)	100.00			
Mota-Engil Côte D'Ivoire, SARL ("Mota-Engil Ivory Coast")	Ivory Coast	100.00	Public works and /or construction works contractor	Apr-18	-
Through MEEC África	(Abidjan)	100.00			
Mota-Engil Engenharia e Construção África PTY LTD ("Mota-Engil Engenharia e Construção África PTY")	South Africa	100.00	Real Estate development	Feb-17	-
Through MEEC África	(Joanesburgo)	100.00			
Mota-Engil Engenharia e Construção África, S.A. ("MEEC África")	Portugal	100.00	Real Estate development	Aug-12	-
Through Mota-Engil SGPS	(Porto)	100.00			
Mota-Engil Guinée Conakry, SARL ("Mota-Engil Guiné")	Guinea Conakry	100.00	Public works and /or construction works contractor	Aug-17	-
Through MEEC África	(Conacri)	100.00			
Mota-Engil Guinée Mandiana, SARL ("Mota-Engil Guiné Mandiana")	Guinea Conakry	100.00	Mining and forestry extraction	Feb-20	-
Through MEEC África	(Conacri)	100.00			
Mota-Engil Investments (Malawi) Limited ("ME Investments Malawi")	Malawi	99.00	Public works and /or construction works contractor	Mar-11	-
Through Mota-Engil África	(Lilongwe)	99.00			
Mota-Engil (Malawi) Limited ("ME Malawi")	Malawi	99.99	Public works and /or construction works contractor	Jul-11	-
Through MEEC África	(Lilongwe)	99.99			
Mota-Engil Mozambique, Lda. ("ME Mozambique")	Mozambique	100.00	Real Estate development	Jul-94	-
Through MEEC África		50.00			
Through Indimo	(Maputo)	50.00			
Mota-Engil S. Tomé e Príncipe, Lda. ("Mota-Engil S. Tomé")	S. Tomé e Príncipe	100.00	Public works and /or construction works contractor	Dec-04	-
Through Mota Internacional		95.00			
Through MEEC África	(S. Tomé)	5.00			
Mota Internacional – Comércio e Consultadoria Económica, Lda. ("Mota Internacional")	Portugal	100.00	Management of financial holdings	Sep-97	Dec-98
Through Mota-Engil África	(Funchal)	100.00			
Novicer - Cerâmicas de Angola, (SU) Limitada. ("Novicer")	Angola	51.00	Manufacture and trade of clay materials	Sep-07	-
Through Mota-Engil Angola	(Luanda)	51.00			
Operadora Estradas do Zambeze ("Operadora Estradas do Zambeze")	Mozambique	95.00	Road operation and maintenance	Nov-09	Apr-20
Through MEEC África	(Maputo)	95.00			
Penta - Engenharia e Construção, Lda. ("Penta")	Cape Green	100.00	Public works and /or construction works contractor	Apr-07	-
Through MEEC África	(Praia)	96.00			
Through Mota Internacional		4.00			
Prefal – Préfabricados de Luanda, Lda. ("Prefal")	Angola	45.90	Manufacturing of prestressed goods	Dec-93	-
Through Mota-Engil Angola	(Luanda)	45.90			
Rentaco Angola - Equipamentos e Transportes, (SU) Limitada. ("Rentaco Angola")	Angola	51.00	Rental of construction equipment	Jan-08	-
Through Mota-Engil Angola	(Luanda)	51.00			
Sonauta - Sociedade de Navegação, Lda. ("Sonauta")		100.00	Sea transportation, excluding coastal transport	Nov-94	-
Through Mota Internacional	(Luanda)	100.00			
Tracevia Angola - Sinalização, Segurança e Gestão de Tráfego, Lda. ("Tracevia Angola")	Angola	51.00	Road signs	-	Sep-07
Through Mota-Engil Angola	(Luanda)	51.00			
Vista Energy Environment & Services, S.A. ("Vista SA")	Angola	51.00	Management of financial holdings	Jul-08	Dec-13
Through Mota-Engil Angola	(Luanda)	51.00			
Vista Multi Services, Lda. ("Vista Multi Services")	Angola	51.00	Urban services	May-09	Dec-13
Through Vista SA	(Luanda)	40.80			
Through Mota-Engil Angola		10.20			
Vista Waste Management, Lda. ("Vista Waste")	Angola	56.15	Collection of waste	Dec-09	Dec-13
Through Mota-Engil Angola		5.10			
Through Vista SA	(Luanda)	20.91			
Through Suma		30.14			

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
Latin America					
Administradora Desarrollo MEM ("Administradora Desarrollo MEM")	Mexico	51.49	Business Administration	Feb-18	-
Through Mota-Engil Mexico	(Mexico City)	50.49			
Through Mota-Engil América Latina SAPI		1.00			
Ambiente y Servicios Peru S.A. ("Ambiente y Servicios Peru")	Peru	100.00	Terminals exploration	-	-
Through Mota-Engil Engenharia e Construção	(Lima)	0.00			
Through Mota-Engil Peru		100.00			
Concesionaria Cua SAPI de C.V. ("Concesionaria Cua")	Mexico	50.83	Road construction and maintenance	Nov-16	Nov-20
Through Mota-Engil Mexico	(Mexico City)	34.00			
Through Vias y Comunicaciones Cua		16.83			
Concesionaria Tultepec AIFA Pirâmides, S.A. de C.V. ("Concesionaria Tultepec")	Mexico	51.00	Motorway concessionaire	Dec-20	-
Through Mota-Engil América Latina SAPI	(Mexico City)	0.00			
Through Mota-Engil Mexico		51.00			
Consórcio EE Canoas ("Consórcio EE Canoas")	Colombia	87.50	Construction and public works	Sep-18	-
Through Empresa Construtora do Brazil	(Bogotá)	21.88			
Through Mota-Engil Latam Colombia SAS		65.63			
Consórcio Fanning ("Consórcio Fanning")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio GDL Viaduto, SAPI de C.V. ("Consórcio GDL Viaduto")	Mexico	21.88	Construction and public works	Jun-14	-
Through Mota-Engil Mexico	(Mexico City)	21.88			
Consórcio La Pontiana ("Consórcio La Pontiana")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio Lamat Tramo 1 SAPI ("Consórcio Lamat")	Mexico	29.58	Construction and public works	Apr-20	-
Through Mota-Engil Mexico	(Mexico City)	29.58			
Consórcio Los Castaños ("Consórcio Los Castaños")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio ME Carrera 43 ("Consorcio ME Carrera 43")	Colombia	51.00	Construction and public works	Feb-18	-
Through Mota-Engil Engenharia e Construção - Sucursal da Colombia	(Bogotá)	0.00			
Through Mota-Engil Latam Colombia SAS		51.00			
Consórcio MEC Arroyo Carrera 65 ("Consórcio MEC Arroyo Carrera")	Colombia	51.00	Construction and public works	Sep-16	-
Through Mota-Engil Engenharia e Construção - Sucursal da Colombia	(Bogotá)	0.00			
Through Mota-Engil Colombia		51.00			
Consórcio MEC-Av.Malecon-UF1 ("Consórcio MEC-Av.Malecon-UF1")	Colombia	51.00	Construction and public works	May-16	-
Through Mota-Engil Engenharia e Construção - Sucursal da Colombia	(Buenaventura)	0.00			
Through Mota-Engil Colombia		51.00			
Consórcio MEC-Av.Malecon-UF2 ("Consórcio MEC-Av.Malecon-UF2")	Colombia	51.00	Construction and public works	Nov-16	-
Through Mota-Engil Engenharia e Construção - Sucursal da Colombia	(Bogotá)	0.00			
Through Mota-Engil Colombia		51.00			
Consórcio ME-Contrato Colegios ("Consórcio ME Colegios")	Colombia	100.00	Construction works	May-16	-
Through Mota-Engil Engenharia e Construção - Sucursal da Colombia	(Buenaventura)	75.00			
Through Mota-Engil Peru		25.00			
Consórcio Mota-Engil Ojeda & Iju Paracas ("Consórcio ME Ojeda & Iju")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio Porta ("Consórcio Porta")	Peru	100.00	Real Estate Development	Dec-11	-
Through Mota-Engil Peru	(Lima)	100.00			
Consórcio Túnel Guadalajara, SAPI de C.V. ("Consórcio GDL Túnel")	Mexico	21.88	Construction and public works	Jul-14	-
Through Mota-Engil Mexico	(Mexico City)	21.88			
Constructora APP Tabasvera S.A. de C.V. ("Constructora APP Tabasvera")	Mexico	38.25	Construction and public works	Jul-16	-
Through Mota-Engil Mexico	(Mexico City)	38.25			
Constructora Autopista Cardel-Poza Rica, S.A. de C.V. ("Constructora Cardel-Poza Rica")	Mexico	40.80	Construction and public works	-	Nov/17
Through Mota-Engil Mexico	(Mexico City)	40.80			
Desarrolladora Cuatro Caminos SAPI de C.V. ("Desarrolladora Cuatro Caminos")	Mexico	49.99	Construction works	Jun-19	-
Through ME Inmobiliaria SAPI	(Mexico City)	49.99			
Desarrolladora Patzcuaro, SAPI de C.V. ("Desarrolladora Patzcuaro")	Mexico	49.99	Construction works	Aug-19	-
Through ME Inmobiliaria SAPI	(Mexico City)	49.99			
Desarrollos DOT Mexico, S.A. de C.V. ("Desarrollos DOT Mexico")	Mexico	43.35	Construction and public works	Apr-18	-
Through Mota-Engil Mexico	(Mexico City)	43.35			
Empresa Construtora Brazil, S.A. ("Empresa Construtora Brazil")	Brazil	50.00	Construction and public works	Nov-12	-
Through MEBR	(Belo Horizonte)	50.00			
Empresa Construtora de Honduras, S.A. ("Empresa Construtora Honduras")	Honduras	35.70	Construction and public works	Aug-18	Sep-18
Through Mota-Engil Mexico	(Villanueva)	35.70			
Fideicomiso de Vivienda de Bajo Costo Mota Engil, S.R.L. ("Fideicomiso VBC")	Dominican Republic	100.00	Construction, renovation and repair of residential buildings	Nov-15	-
Through Mota-Engil Dominicana	(Santo Domingo)	100.00			
Fideicomiso Fairmont Costa Canua ("Costa Canua")	Mexico	26.86	Real Estate and Tourism	Aug-19	-
Through Mota-Engil Turismo	(Mexico City)	26.86			
Flame Investments, B.V. ("Flame Investments")	Netherlands	51.96	Management of financial holdings	Mar-15	-
Through Mota-Engil Latin America BV	(Amsterdam)	51.96			
FSE Comercializadora Fenix, SAPI de C.V. ("FCE Comercializadora Fenix")	Mexico	28.88	Energy trading	Sep-16	-
Through Mota Engil America Latina SAPI	(Mexico City)	0.00			
Through ME Energia operacional		28.88			
FSE Suministradora Fenix, SAPI de C.V. ("FSE Suministradora Fenix")	Mexico	28.88	Energy distribution	Aug-16	-
Through Mota Engil America Latina SAPI	(Mexico City)	0.00			
Through ME Energia operacional		28.88			
Generadora Fenix, SAPI de C.V. ("Generadora Fenix")	Mexico	26.27	Energy production	Sep-15	-
Through ME Energia operacional	(Mexico City)	26.27			
Geres Participações, S.A. ("Geres Participações")	Brazil	54.93	Management of financial holdings	Dec-14	-
Through Tracevia Mexico	(Belo Horizonte)	28.58			
Through Suma		26.35			
Global Technical Services Latam BV ("GTS Latam BV")	Netherlands	100.00	Management of financial holdings	Jul-16	-
Through Mota-Engil Latin America BV	(Amsterdam)	100.00			
Luso Energy del Peru S.A. ("Luso Energy del Peru")	Peru	100.00	Other business activities	May-11	-
Through Mota-Engil Peru	(Lima)	99.98			
Through Mota-Engil Engenharia e Construção		0.02			
MEBR Construções, Consultoria e Participações, S.A. ("MEBR")	Brazil	100.00	Construction and public works	Mar-11	-
Through Mota-Engil Latin America BV	(São Paulo)	33.75			
Through Mota-Engil Latam Peru		66.25			
Mota-Engil América Latina SAPI de C.V. ("Mota-Engil América Latina")	Mexico	100.00	Management of financial holdings	Nov-13	May-14
Through Mota-Engil SGPS	(Mexico City)	0.02			
Through Mota-Engil Latin America BV		99.98			
Mota-Engil Argentina, SAU ("Mota-Engil Argentina")	Argentina	100.00	Construction and public works	Apr-18	-
Through Mota-Engil Latin America BV	(Buenos Aires)	100.00			
Mota-Engil Aruba Construction Company VBA ("Mota-Engil Aruba Construction")	Aruba	100.00	Construction and public works	Jan-12	Apr-16
Through Mota-Engil Aruba Holding	(Oranjestad)	100.00			
Mota-Engil Aruba Holding Company VBA ("Mota-Engil Aruba Holding")	Aruba	100.00	Management of financial holdings	Dec-15	-
Through Mota-Engil Latin America BV	(Oranjestad)	100.00			
Mota-Engil Chile S.A. ("Mota-Engil Chile")	Chile	100.00	Construction and public works	Feb-13	-
Through Mota-Engil Portugal	(Santiago)	99.00			
Through Mota-Engil Engenharia e Construção		1.00			
Mota-Engil Colombia, S.A.S. ("Mota-Engil Colombia")	Colombia	100.00	Construction and public works	Feb-11	-
Through Mota-Engil Engenharia e Construção	(Bogotá)	99.00			
Through Mota-Engil Latam Peru		1.00			
Mota-Engil Dominicana S.A.S. ("Mota-Engil Dominicana")	Dominican Republic	60.00	Construction and public works	Nov-14	-
Through Mota-Engil Latin America BV	(Santo Domingo)	60.00			
Mota-Engil Energia, S.A. de C.V. ("ME Energia operacional")	Mexico	28.87	Development and operationalization of energy production	Sep-15	-
Through Mota-Engil Energy Holding	(Mexico City)	28.87			
Through Mota-Engil América Latina SAPI de CV		0.00			

Designation	Head Office	Effective holding percentage	Activity	Incorporation date	Acquisition date
Mota-Engil Energy Holding Mexico, SAPI de C.V. ("ME Energy Holding ")		28.87			
Through Mota-Engil Mexico	Netherlands (Amsterdam)	0.01	Management of financial holdings	Nov-15	-
Through Mota-Engil Energy BV		28.86			
Mota-Engil Energy B.V. ("Mota-Engil Energy BV")		28.86			
Through Flame Investments	Netherlands (Amsterdam)	28.86	Finance and consulting	Sep-15	-
Mota-Engil Honduras, S.A. ("Mota-Engil Honduras")		51.20			
Through Mota-Engil Mexico	Honduras (Tegucigalpa)	50.80	Construction and provision of civil engineering and architecture services	Jun-18	-
Through Mota-Engil Latin America BV		0.40			
Mota-Engil Inmobiliaria SAPI de C.V. ("ME Inmobiliaria SAPI")		50.49			
Through Mota-Engil Mexico	Mexico (Mexico City)	50.49	Real Estate development	Jul-18	-
Mota-Engil Latam Col, S.A.S. ("Mota-Engil Latam Col")		100.00			
Through Mota-Engil Colombia	Colombia (Bogotá)	99.00	Construction and public works	Feb-11	-
Through Mota-Engil Engenharia e Construção		1.00			
Mota-Engil Latam Colombia S.A.S. ("ME Latam Colombia SAS")		100.00			
Through Mota-Engil Engenharia e Construção	Colombia (Bogotá)	49.00	Construction and public works	Dec-16	-
Through Mota-Engil Latin America BV		51.00			
Mota-Engil Latam Peru, S.A. ("Mota-Engil Latam Peru")		100.00			
Through Mota-Engil Latin America BV	Peru (Lima)	99.90	Management of financial holdings	Dec-15	-
Through Mota-Engil Engenharia e Construção		0.10			
Mota-Engil Latam Portugal, S.A. ("Mota-Engil Latam Portugal")		100.00			
Through Mota-Engil SGPS	Portugal (Porto)	100.00	Management of financial holdings	Jul-15	-
Mota-Engil Latin America B.V. ("ME Latin America")		100.00			
Through Mota-Engil Latam Portugal	Netherlands (Amsterdam)	100.00	Management of financial holdings	Nov-15	-
Mota-Engil Mexico, S.A. de C.V. ("Mota-Engil Mexico")		51.00			
Through Mota-Engil Latin America BV	Mexico (Mexico City)	19.18	Construction and public works	Jan-10	-
Through Mota-Engil América Latina SAPI		31.82			
Through Mota Internacional		0.00			
Mota-Engil O&M Mexico, SAPI de C.V. ("Mota-Engil O&M Mexico SAPI")		51.00			
Through Mota-Engil Mexico	Mexico (Mexico City)	51.00	Construction and public works	Sep-17	-
Mota-Engil Peru, S.A. ("Mota-Engil Peru")		100.00			
Through Mota-Engil Latin America BV	Peru (Lima)	99.90	Construction and public works	Sep-86	-
Through Mota-Engil Engenharia e Construção		0.10			
Mota-Engil Servicios Compartidos, S.A. de C.V. ("Mota-Engil Servicios Compartidos")		51.00			
Through Mota-Engil Mexico	Mexico (Mexico City)	51.00	Administrative Services	Sep-19	-
Through Mota-Engil América Latina SAPI		0.00			
Mota-Engil Tourism, B.V. ("Mota-Engil Tourism BV")		43.13			
Through Mota-Engil Latin America BV	Netherlands (Amsterdam)	9.17	Management of financial holdings	Sep-15	-
Through Flame Investments		33.96			
Mota-Engil Turismo Holding, S.A.P.I. de C.V. ("Mota-Engil Turismo Holding")		43.13			
Through Mota-Engil Mexico	Mexico (Mexico City)	0.01	Management of financial holdings	Jun-15	-
Through Mota-Engil Tourism BV		43.13			
Mota-Engil Turismo, S.A. de C.V. ("Mota-Engil Turismo")		43.13			
Through Mota-Engil América Latina SAPI	Mexico (Mexico City)	0.00	Real Estate and Tourism	Feb-15	-
Through Mota-Engil Turismo Holding		43.13			
Operadora APP Coatzacoalcos Villahermosa SAPI de C.V. ("Operadora APP Coatzacoalcos Villahermosa")		38.25			
Through Mota-Engil Mexico	Mexico (Mexico City)	38.25	Road construction and maintenance	Apr-17	-
Promotora Inmobiliaria Santa Clara, S.A. ("Santa Clara")		100.00			
Through Mota-Engil Peru	Peru (Lima)	100.00	Real Estate Development services	May-12	-
Puente Boca del Rio S.A. de C.V. ("Puente Boca del Rio")		58.35			
Through Mota-Engil Mexico	Mexico (Mexico City)	43.35	Construction and public works	May-16	-
Through Mota-Engil Engenharia e Construção		15.00			
Suma Brazil - Serviços Urbanos e Meio Ambiente, S.A. ("Suma Brazil", former "Consita")		54.93			
Through Geres Participações	Brazil (Belo Horizonte)	54.93	Waste treatment	-	Dec-14
Tarucani Generating Company, S.A. ("Tarucani")		100.00			
Through Luso Energy del Peru	Peru (Lima)	99.98	Electricity generation and distribution	Apr-00	-
Through Mota-Engil Peru		0.02			
Tracevia Mexico S.A. de C.V. ("Tracevia Mexico")		50.00			
Through Tracevia Brazil	Mexico (Mexico City)	50.00	Design, installation, development and maintenance of ITS	Jun-17	-
Tracevia S.A. ("Tracevia Brazil")		50.00			
Through MEBR	Brazil (São Paulo)	50.00	Design, installation, development and maintenance of ITS	Mar-11	-
Tuxpan - Tampico Construcciones, S.A. de C.V. ("Construtora Tuxpan Tampico")		51.00			
Through Mota-Engil Mexico	Mexico (Mexico City)	50.99	Construction and public works	-	Nov/17
Through Mota-Engil América Latina SAPI		0.01			

COMPANIES/ENTITIES INCLUDED IN THE CONSOLIDATION BY THE EQUITY METHOD

Companies/entities included in the attached consolidated financial statements by the equity method, their head offices and effective holding percentage at 31 December 2020, were as follows:

Designation	Head Office	Effective holding percentage
Associated and jointly controlled companies		
Parent Company of the Group and related activities		
Haçor, Conc. Edifício do Hospital da Ilha Terceira, S.A. ("Haçor")	Portugal	40.00
HL - Sociedade Gestora do Edifício, S.A. ("HL - Sociedade Gestora do Edifício")	Portugal	50.00
Ibercarga Rail, S.A. ("Ibercarga")	Spain	50.00
Riscos e Diâmetros Angola, SGPS, S.A. ("Riscos e Diâmetros Angola")	Portugal	30.10
Sunviauto Internacional, SGPS, S.A. ("Sunviauto Internacional")	Portugal	29.99
Europe - Environment and Services		
Ambilital – Investimentos Ambientais no Alentejo, EIM ("Ambilital")	Portugal	30.14
Citrup – Centro Integrado de Resíduos, Lda. ("Citrup")	Portugal	18.45
Ecoleziria - Empresa Intermunicipal para Tratamento de Resíduos Sólidos, EIM ("Ecoleziria")	Portugal	15.07
África		
Automatriz, S.A. ("Automatriz")	Angola	25.50
Icer – Indústria de Cerâmica, Lda. ("Icer")	Angola	25.50
Mebisa - Minerais e Britagens, S.A. ("Mebisa")	Angola	15.30
SPRI - Sociedade Portuguesa de Realizações Industriais e Assistência Técnica, Lda. ("SPRI")	Angola	40.00
Twine, Lda. ("Twine")	Mozambique	50.00
Vista Power, Lda. ("Vista Power")	Angola	25.50
Latin America		
APP Coatzacoalcos Villahermosa SAPI de C.V. ("APP Coatzacoalcos Villahermosa")	Mexico	19.38
APP Tamaulipas, SAPI de C.V. ("APP Tamaulipas")	Mexico	23.97
Ausur, S.A. ("Ausur")	Argentina	33.33
Autopista Urbana Siervo de la Nacion, SAPI de C.V. ("Autopista Siervo de la Nacion")	Mexico	17.49
Concessionária Autopista Cardel-Poza Rica S.A. de C.V. ("Concessionária Autopista Cardel")	Mexico	28.73
Concessionária Autopista Tuxpan-Tampico S.A. de C.V. ("Concessionária Autopista Tuxpan-Tampico")	Mexico	25.85
Concessionária Urbana Arco Oriente S.A. de C.V. ("Concessionária Urbana Arco Oriente")	Mexico	17.00
Consortio ME Colombia ("Consortio ME Colombia")	Colombia	38.06
Consortio Mepax Limitada ("Consortio Mepax")	Chile	49.90
Constructora Autopista Perote Xalapa, S.A. de C.V. ("Constructora Perote Xalapa")	Mexico	25.50
Constructora Gran Canal SAPI de C.V. ("Constructora Gran Canal")	Mexico	17.03
Constructora M&R, S.A. de C.V. ("Constructora M&R")	Mexico	10.20
Constructora Tampico Ciudad Victoria, SAPI de C.V. ("Constructora Tampico Ciudad Victoria")	Mexico	20.40
ECOSS Ambiental Serviços de Limpeza Urbana - SPE Ltda. ("ECOSS Ambiental")	Brazil	18.68
Fideicomiso el Capomo ("Fideicomiso el Capomo")	Mexico	43.13
Grupo Constructor y Desarrollador de Puebla, S.A. de C.V. ("Grupo Constructor y Desarrollador de Puebla")	Mexico	25.50
M&R de Occidente SAPI de C.V. ("Concessionária M&R")	Mexico	20.00
Operadora Marítima Matamoros SAPI de C.V. ("Operadora Marítima Matamoros")	Mexico	25.50
Operadora Tampico Ciudad Victoria, SAPI de C.V. ("Operadora Tampico Ciudad Victoria")	Mexico	24.23
Sistemas Eléctricos Metropolitanos ("Sistemas Eléctricos Metropolitanos")	Mexico	25.50
Trans Tamaulipas, S.A. de C.V. ("Trans Tamaulipas")	Mexico	17.00
Vías y Comunicaciones Cua SAPI de C.V. ("Vías y Comunicaciones Cua")	Mexico	50.49
Martifer Group	Portugal	37.50

Agrupamentos Complementares de Empresas" (ACE) included in the consolidation by the equity method and their effective holding percentage at 31 December 2020, were as follows:

Jointly controlled entities - "Agrupamentos Complementares de Empresas"	Effective holding percentage
In activity	
Ecotejo-Serviços Manut. Tejo Atlântico; ACE	50.00%
Haçor M - Manutenção do Edifício do Hospital da Ilha Terceira, ACE	45.00%
Manvia - Lena Ambiente, ACE	50.00%
ME Water - Manvia Efaced Exploração Técn. Sistemas, ACE	50.00%
Mota-Engil/Acciona/Edvisa - Obras do Aproveitamento Hidroelétrico de Alto Tâmega, ACE	42.50%
SOMAGUE/MOTA-ENGIL - COTA 500, ACE	36.42%
In warranty period	
Barragem de Foz Tua ACE	33.34%
DIEXP - Expropriações do Douro Interior, ACE	37.08%
EXPI - Expropriações do Pinhal Interior, ACE	37.08%
GACE - Gondomar ACE	24.00%
GCVC, ACE (Grupo Construtor de Vila do Conde)	42.86%
GLEX - Expropriações da Grande Lisboa, ACE	42.08%
Haçor Hospital da Terceira, ACE	43.25%
HL Construção, ACE	65.00%
LGC - Linha Gondomar, Construtores, ACE	30.00%
Mota-Engil, Soares da Costa, Monteadriano - Matosinhos, ACE	42.86%
Reforço de Potência da Barragem de Venda Nova III, ACE	28.33%
Somague, BPC, Mota-Engil, SPIE - Linha Vermelha do Metropolitano em ACE	23.68%
Via Rápida Câmara Lobos ECL, ACE	36.42%

JOINTLY CONTROLLED OPERATIONS – CONSORTIUMS

Consortiums included in the consolidation by the proportional consolidation method, their head offices and effective holding percentage at 31 December 2020, were as follows:

Designation	Head Office	Effective holding percentage
Latin America		
Consórcio Conservacion Vial Santa Rosa ("Consórcio Conservacion Vial Santa Rosa")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Consórcio Constructor Del Puerto de San Martin ("CCPSM - Consorcio Constructor Del Puerto de San Martin")	Peru	33.30
Through Mota-Engil Peru	(Lima)	33.30
Consórcio Ibagué-Honda-Cambao-Manizales ("Consórcio Ibagué")	Colombia	25.00
Through Mota-Engil Engenharia e Construção - Sucursal da Colômbia	(Bogotá)	25.00
Consórcio Inframe ("Consórcio Inframe")	Colombia	60.00
Through Mota-Engil Engenharia e Construção - Sucursal da Colômbia	(Medellín)	60.00
Consórcio Mota-Engil Dominicana SAS/IEMCA ("Consórcio Mota-Engil Dominicana")	Dominican Rep.	42.00
Through Mota-Engil Dominicana	(Santo Domingo)	42.00
Consórcio Mota-Engil Peru HL Paita ("Consórcio Mota-Engil Peru HL Paita")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Consórcio Mota-Engil TR ("Consórcio Mota-Engil TR")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Consórcio Puentes de Loreto ("Consórcio Puentes Loreto")	Peru	34.00
Through Mota-Engil Engenharia e Construção - Sucursal do Peru	(Lima)	20.00
Through Mota-Engil Peru		14.00
Consórcio Vial Acobamba ("Consórcio Vial Acobamba")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Consórcio Vial el Descanso-Langui ("Consórcio Vial el Descanso-Langui")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Consórcio Vial Jaylli ("Consórcio Vial Jaylli")	Peru	42.00
Through Mota-Engil Peru	(Lima)	42.00
Consórcio Vial Sur del Peru ("Consórcio Vial Sur del Peru")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Consórcio Vial Tambillo ("Consórcio Vial Tambillo")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Consórcio Vial Valle Sagrado ("Consórcio Vial Valle Sagrado")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Consórcio Vial Vizcachane ("Consórcio Vial Vizcachane")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Stracon Translei Joint Venture ("Consórcio Stracon Translei")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
BEME VOF ("BEME VOF")	Netherlands	50.00
Through MEEC África - Sucursal da Holanda	(Dordrecht)	50.00
Translei Consórcio Cosapi ("Translei Consórcio Cosapi")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00
Translei Consórcio Cusco-Quillabamba ("Translei Consórcio Cusco-Quillabamba")	Peru	50.00
Through Mota-Engil Peru	(Lima)	50.00

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MOTÆENGIL

04

Report on Corporate
Governance



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PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHARE CAPITAL STRUCTURE

I. Capital structure

1. Share Capital structure (share capital, number of shares, distribution of capital to shareholders, etc.) including listing of shares not admitted for trading, different categories of shares, rights, and duties inherent to them and the percentage of capital that each category represents (article 245-A, paragraph 1, subparagraph a)).

The share capital of MOTA-ENGIL, SGPS, SA ("MOTA-ENGIL" or "Company") amounts to 237,505,141 Euros and is represented by 237,505,141 ordinary shares with a nominal value of one euro per share. All shares are listed in Euronext Lisbon.

Distribution of share capital among shareholders as at 31 December 2020:

Shareholders	No. of shares	% Capital	% Voting rights
Own shares:	6,091,581	2.56%	-
Qualified holdings:			
FM – Sociedade de Controlo, SGPS, SA	154,312,882	64.97%	66.68%
Mutima Capital Management, LLC	7,423,309	3.13%	3.21%
Azvalor Asset Management, SGIIC SA	4,946,777	2.08%	2.14%
Freefloat	64,730,592	27.25%	27.97%
	237,505,141	100.00%	100.00%

2. Restrictions to the transferability of shares, such as consent for alienation clauses, or limitations to share ownership (article 245-A, paragraph 1, subparagraph b)).

There are no restrictions on the transfer of shares nor limitations on ownership.

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights that would correspond to the own shares (Art. 245-A, paragraph 1, subparagraph a)).

As at 31 December 2020, MOTA-ENGIL held 6,091,581 own shares corresponding to 2.56% of its share capital, which grant no voting rights.

4. Significant agreements in which the Company is a party and that shall come into force, be modified or terminated upon a change in the Company's control, as a result of a public offer of acquisition, as well as their effects, unless if, due to its nature, their disclosure is prejudicial to the Company, except if the Company is obliged to disclose such information under other legal imperatives (article 245-A, paragraph 1, subparagraph j)).

There are no significant agreements in which the Company is a party or that shall come into force, be modified, or terminated in case of change in the Company's control, nor were adopted measures requiring payment or assumption of costs by the Company, in the event of change of control or change in the composition of the Board.

5. System of renewal or revoking of defensive measures, especially those that stipulate the limitation of the number of votes susceptible of being held or exercised by a single shareholder individually or in coordination with other shareholders.

No defensive measures were adopted and there are no statutory limitations on the number of votes that may be exercised by a single shareholder.

6. Shareholder agreements that may be known to the Company and may lead to restrictions in the transmission of securities or voting rights (article 245-A, paragraph 1, subparagraph g)).

The Company has no knowledge of any shareholder agreements that may result in restrictions in the transmission of securities or voting rights.

II. Holdings and securities held

7. Identification of individuals or legal persons which, directly or indirectly, hold qualified holdings (article 245-A, paragraph. 1, subparagraph c) and d), and article 16), with detailed indication of the percentage of capital and of attributable votes, source and causes of attribution.

As at 31 December 2020, and according to the notices received by the Company, the shareholders who, as per article 20 of the Portuguese Securities Code, hold a qualified holding representing at least 2% of the share capital of MOTA-ENGIL are as follows:

Shareholders	No. of shares	% Voting Capital	% Voting rights
Mota Gestão e Participações, SGPS, SA (*)	134,147,973	56.48%	57.97%
Maria Paula Queirós Vasconcelos Mota de Meireles (**) (a)	4,494,211	1.89%	1.94%
António Manuel Queirós Vasconcelos da Mota (**) (a)	4,210,020	1.77%	1.82%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (**) (a)	3,676,836	1.55%	1.59%
Maria Manuela Queirós Vasconcelos Mota dos Santos (**) (a)	3,275,066	1.38%	1.42%
António Lago Cerqueira, S.A. (***)	3,091,577	1.30%	1.34%
Carlos António Vasconcelos Mota dos Santos (**) (a)	480,000	0.20%	0.21%
Manuel António da Fonseca Vasconcelos da Mota (**) (a)	440,000	0.19%	0.19%
Maria Sílvia Fonseca Vasconcelos Mota (****)	437,061	0.18%	0.19%
José Manuel Mota Neves da Costa (****)	40,000	0.02%	0.02%
José Pedro Matos Marques Sampaio de Freitas (**) (a)	20,138	0.01%	0.01%
Attributable to FM – Sociedade de Controlo, SGPS, SA	154,312,882	64.97%	66.68%
Ghotic Corp Mutima Capital (*)	3,604,893	1.52%	1.56%
Ghotic HSP Corp Mutima Capital (*)	1,399,289	0.59%	0.60%
Ghotic JBD LLC Mutima Capital (*)	1,312,787	0.55%	0.57%
Gothic ERP LLC Mutima (*)	925,700	0.39%	0.40%
The Mutima Africa Fund LP (*)	180,640	0.08%	0.08%
Attributable to Mutima Capital Management, LLC	7,423,309	3.13%	3.21%
Azvalor Iberia (*)	1,663,702	0.70%	0.72%
MC SICAV SA - Azvalor International (*)	1,519,365	0.64%	0.66%
Azvalor International (*)	1,018,903	0.43%	0.44%
Azvalor Value Selection, SICAV, SA (*)	744,807	0.31%	0.32%
Attributable to Azvalor Asset Management, SGIIC SA	4,946,777	2.08%	2.14%
Own shares	6,091,581	2.56%	-
Freefloat	64,730,592	27.25%	27.97%
TOTAL	237,505,141	100.00%	100.00%

(*) Direct Shareholder of the Company

(**) Member of the Board of Directors and Manager of the Company

(***) 51% of this company is held by Mota Gestão e Participações, SGPS, SA

(****) Manager of the Company

As at 31 December 2020, MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA was 100% held by FM – SOCIEDADE DE CONTROLO, SGPS, SA, which is 100% held by the members of the Board of Directors mentioned above under (a).

As at the date of this report, 154,312,882 shares corresponding to 64.97% of the share capital of MOTA-ENGIL, granting 66.68% of voting rights, were attributable to FM – SOCIEDADE DE CONTROLO, SGPS, SA.

There are no shareholders, or categories of shareholders, holding special rights.

8. Indication of the number of shares and bonds held by management members and supervisory bodies. [NOTE: the information shall be provided in compliance with article 447, paragraph 5 of the Portuguese Commercial Companies Code]

Shares and bonds held by management members and supervisory bodies of the Company are disclosed and attached to the annual management report under the terms of article 447 of the Portuguese Commercial Companies Code.

9. Special powers of the management body, namely regarding the decision to increase capital (article 245-A, paragraph 1, subparagraph i)), with indication of the date on which such powers were granted, term to which they may be exercised, maximum quantitative limit of the increase in social capital, amount already issued under the powers granted and form of realisation of the powers granted.

As at 31 December 2020, the Company's articles of granted no special power to the Board of Directors, namely regarding decisions to increase capital.

However, after 31 December 2020, the General Meeting of Shareholders dated 7 January 2021 approved the inclusion of a new article to the Company's articles of association (article 6-A), granting to the Board of Directors authorisation to decide, only once, upon the increase of capital through new cash inflows and up to the maximum amount of 100 million euros.

10. Information on the existence of significant relations of commercial nature between the holders of qualifying holdings and the Company.

Except for those mentioned in paragraph 90 of this document, there are no significant relations of commercial nature between the holders of qualifying holdings and the Company.

B. GOVERNING BODIES AND COMMITTEES

I. General Meeting

11. Identification and duties of the members of the Board of the Shareholders' General Meeting and respective mandate (beginning and end)

As at 31 December 2020, the General Meeting was composed of the following members appointed for the 2018-2021 mandate:

Chairman: Mr. António Cândido Lopes Natário

Secretary: Mr. Rui Jorge Teixeira de Carvalho Pedroto

12. Potential restrictions to the right to vote, such as limitations to vote dependent on the ownership of a number or percentage of shares, deadlines set for the exercise of voting rights or systems that highlight ownership rights (article 245-A, paragraph 1, subparagraph f))

According to the articles of association of MOTA-ENGIL, each share corresponds to one vote, except for preferred non-voting shares, thus ensuring the necessary proportionality between the holding of capital and the right to vote.

Even though the articles of association of MOTA-ENGIL provide for the possibility of the Company issuing preferred non-voting shares, this class of shares does not currently exist.

According to article 16, paragraph 3 of the Company's articles of association, for the General Meeting to meet and decide at first notice, shareholders who hold shares corresponding to more than 50% of the share capital must necessarily be present or represented.

The statutory rules on the exercise of voting rights by correspondence are stipulated in article 15 of the Company's articles of association. In accordance with this article, shareholders may vote by correspondence on each matter, there being no restriction in this regard.

The Company provides a form for the exercise of voting rights by correspondence. This form may be obtained through the services of the Investors Relations Office (Mr. Pedro Arrais – e-mail: pedro.arrais@mota-engil.pt).

The votes by correspondence shall only be considered if the explanations of vote by correspondence are received at the Company's head office with at least three days before the date of the General Meeting.

So far in 2020, it has not been possible to participate or exercise voting rights remotely. However, the Company is implementing the necessary mechanisms so that such features will be available in the future.

The shareholders of the Company may access, on the website (www.mota-engil.pt), the necessary information from the General Meeting's minutes, which must be disclosed within five days following the realisation of the respective meetings.

The Company provides, on its website (www.mota-engil.pt), information concerning the resolutions made in the Company's General Meetings for at least the latest three financial years, as well as the corresponding share capital represented and the voting results.

The Company has not adopted any mechanism that causes the mismatch between the right to receive dividends or subscription of new securities and the voting rights of each share.

13. Indication of the maximum percentage of voting rights which may be exercised by a sole shareholder or shareholders who find themselves in one of the relationships covered by article 20, paragraph 1.

The articles of association of the Company do not provide a limitation on the number of votes that may be held or exercised by a sole shareholder, individually or jointly with other shareholders.

14. Identification of the shareholder decisions which, by requirement of the articles of association, can only be taken with a qualified majority, in addition to those provided for under the law, and indication of said majorities.

In accordance with the terms of the articles of association of the Company, the decisions of the Shareholders' General Meeting shall be taken by a simple majority, except where the law requires differently or if related with the issues focused in paragraph 2 of article 16, for which a qualified majority of at least 70.01% is required.

II. Management and Supervision

15. Identification of the governance model adopted

MOTA-ENGIL adopts a Latin/classic model of governance comprising of a Board of Directors, a Statutory Audit Board and a Statutory Auditor who is not a member of the Statutory Audit Board. The Board of Directors is the body responsible for undertaking all the administrative actions relating to the company business, deciding on the strategic direction and the designation and general supervision of the Executive Committee and the expert committees it forms. The other two bodies have the responsibility of supervision and monitoring.

The details of the structure adopted, the bodies of which it is composed, and their corresponding functions and responsibilities are set out below.

16. Regulations in the articles of association regarding procedural and material requirements applicable to the appointment and replacement of members, where applicable, for the Board of Directors, the Executive Administration Board and the General and Supervisory Board (art. 245-A, paragraph 1, subparagraph h))

The members of the Board of Directors are designated in accordance with the law and the articles of association under the terms of the proposal approved at the General Meeting of Shareholders. In addition, and as provided for by the law and the articles of association, the Board of Directors elected an Executive Committee. The articles of association establish that the special rules regarding the designation of the members of the Board of Directors, established in paragraphs 2 to 5 of article 19 will apply, with the necessary adaptations, to their replacement.

As specified in paragraph 21, the Remuneration Committee also assumes performance assessment duties, as well as duties of follow-up and support to the process of appointment of the members of the Board of Directors.

17. Composition, as applicable, of the Board of Directors, the Executive Administration Board and the General Supervisory Board, with indication of the statutory minimum and maximum number of members, the statutory duration of the term, number of full members, date of the first appointment and date of end of office of each member

According to the Company's articles of association, the Board of Directors is composed of an uneven number of members to be established by the General Meeting that elects them. The term of the Board of Directors is three years with their re-election being permitted in legal terms. The current term of the Board of Directors, still under the previous version of the articles of association, corresponds to the four-year period 2018-2021.

As at 31 December 2020, MOTA-ENGIL had a Board of Directors made up of 21 members: one chairman, three deputy-chairmen and seventeen members. At that time, eight of its members performed executive functions and formed an Executive Committee, while the remaining thirteen performed non-executive functions.

Director	First appointment	Current term of office
António Manuel Queirós Vasconcelos da Mota	31 March 2000	31 December 2021
Gonçalo Nuno Gomes de A. Moura Martins	28 March 2008	31 December 2021
Arnaldo José Nunes da Costa Figueiredo	26 May 2008	31 December 2021
Jorge Paulo Sacadura Almeida Coelho	11 May 2018	31 December 2021
Ana Paula Chaves e Sá Ribeiro	11 May 2018	31 December 2021
António Bernardo A. da Gama Lobo Xavier	31 March 2006	31 December 2021
António Manuel da Silva Vila Cova	15 April 2009	31 December 2021
Carlos António Vasconcelos Mota dos Santos	17 April 2012	31 December 2021
Eduardo João Frade Sobral Pimentel	25 May 2016	31 December 2021
Emídio José Bebiano e Moura da Costa Pinheiro	12 February 2020 ⁽¹⁾ 18 June 2020 ⁽²⁾	31 December 2021
Francisco Manuel Seixas da Costa	11 May 2018	31 December 2021
Helena Sofia Salgado Cerveira Pinto	11 May 2018	31 December 2021
Ismael Antunes Hernandez Gaspar	28 March 2008	31 December 2021
João Pedro dos Santos Dinis Parreira	30 April 2014	31 December 2021
José Pedro Matos Marques Sampaio de Freitas	07 January 2013 ⁽¹⁾ 24 April 2013 ⁽²⁾	31 December 2021
Luís Filipe Cardoso da Silva	31 March 2010	31 December 2021
Luís Valente de Oliveira	31 March 2006	31 December 2021
Manuel António da Fonseca Vasconcelos da Mota	25 May 2016	31 December 2021
Maria Manuela Queirós V. Mota dos Santos	31 March 2000	31 December 2021
Maria Paula Queirós V. Mota de Meireles	31 March 2000	31 December 2021
Maria Teresa Queirós V. Mota Neves da Costa	31 March 2000	31 December 2021

(1) Co-optation by the Board of Directors

(2) Ratification of the co-optation in the General Meeting

18. Distinction between executive and non-executive members of the Board of Directors and, regarding the non-executive members, identification of the members who could be considered independent or, where applicable, identification of the independent members of the General and Supervisory Board

Director	Executive / Non-executive ⁽¹⁾	Independent / Non-independent ⁽²⁾
António Manuel Queirós Vasconcelos da Mota	Non-executive	Non-independent
Gonçalo Nuno Gomes de A. Moura Martins	Executive	Non-independent
Arnaldo José Nunes da Costa Figueiredo	Non-executive	Non-independent
Jorge Paulo Sacadura Almeida Coelho	Non-executive	Independent
Ana Paula Chaves e Sá Ribeiro	Non-executive	Independent
António Bernardo A. da Gama Lobo Xavier	Non-executive	Independent
António Manuel da Silva Vila Cova	Non-executive	Independent
Carlos António Vasconcelos Mota dos Santos	Executive	Non-independent
Eduardo João Frade Sobral Pimentel	Executive	Non-independent
Emídio José Bebiano e Moura da Costa Pinheiro	Non-executive	Non-independent
Francisco Manuel Seixas da Costa	Non-executive	Independent
Helena Sofia Salgado Cerveira Pinto	Non-executive	Independent
Ismael Antunes Hernandez Gaspar	Executive	Non-independent
João Pedro dos Santos Dinis Parreira	Executive	Non-independent
José Pedro Matos Marques Sampaio de Freitas	Executive	Non-independent
Luís Filipe Cardoso da Silva	Executive	Non-independent
Luís Valente de Oliveira	Non-executive	Independent
Manuel António da Fonseca Vasconcelos da Mota	Executive	Non-independent
Maria Manuela Queirós V. Mota dos Santos	Non-executive	Non-independent
Maria Paula Queirós V. Mota de Meireles	Non-executive	Non-independent
Maria Teresa Queirós V. Mota Neves da Costa	Non-executive	Non-independent

(1) Executive: Member of the Executive Committee; Non-executive: non-member of the Executive Committee.

(2) Considered independent under the independence criteria set out in paragraph 18.1 of Appendix I to Regulation No. 4/2013 of CMVM (Comissão de Mercado e Valores Mobiliários - Portuguese Securities Market Commission) and the recommendation III.4 of the Corporate Governance Code of the Corporate Governance Portuguese Institute (IPCG - Instituto Português de Corporate Governance) (2018 and revised in 2020), under the terms and subject to the aforementioned provision.

Considering the respective career paths and the reasons listed below, the directors António Bernardo A. da Gama Lobo Xavier, António Manuel da Silva Vila Cova and Luís Valente de Oliveira remain as non-executive independent directors, even though they started in 2018 the fourth term in the Company's board of directors. In this regard, it should be highlighted that, during their participation in the Board of Directors, the referred members contributed, due to their experience in other institutions and due to their participation in civil society, with values, opinions and advice of an independent nature which have been endowing that body with a valuable, heterogeneous and sustained set of opinions and perspectives which, as far as the Company is concerned, meet the spirit of recommendation of the IPCG regarding the requirements for independent members from among the non-executive directors. Likewise, the fact that the referred directors are persons dissociated from any specific interest groups in the Company and keep on acting and expressing their analyses or decisions under a principle of full impartiality only serves to further strengthen their status of independence. Thus, jointly with the other four independent members, it can be observed that the directors António Bernardo A. da Gama Lobo Xavier, António Manuel da Silva Vila Cova and Luís Valente de Oliveira adequately contribute to the intended balance between those 7 members and the remaining non-executive members of the Board of Directors (predominantly representing the majority shareholder).

Additionally, it is understood that the annual remuneration (disclosed in paragraph 77) of management members Jorge Paulo Sacadura Almeida Coelho, Luís Valente de Oliveira, António Bernardo A. da Gama Lobo Xavier, António Manuel da Silva Vila Cova, Francisco Manuel Seixas da Costa, Helena Sofia Salgado Cerveira Pinto and Ana Paula Chaves e Sá Ribeiro does not deprive them of their independence.

Since there are seven independent directors according to the above referred criteria, from a total of thirteen non-executive directors, a proper ratio of independent directors is deemed to exist among the non-executive directors.

On the other hand, given the size and complexity of the GROUP, which pursues various activities in a high number of countries, and considering the benchmarking analysis carried out to other companies listed in Portugal and in the European Union, the current number of non-executive directors is deemed to be adequate for efficiently ensuring the tasks assigned to the GROUP.

19. Professional qualifications and other curricular elements of interest of each member, where applicable, of the Board of Directors, the General and Supervisory Board and the Executive Administration Board.

António Manuel Queirós Vasconcelos da Mota (Chairman)

Professional qualifications

- Bachelor's Degree in Civil Engineering (Transport Links) at the Engineering Faculty of University of Porto

Career path in the last five years

- At least for five years, apart from being chairman of the Board of Directors and chairman of the Remuneration Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies and companies outside the Group

Gonçalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)

Professional qualifications

- Bachelor's degree in Law at the Law Faculty of University of Lisbon
- Postgraduate degree in Management at the Management Higher Institute

Career path in the last five years

- Currently, and at least for five years, apart from being Deputy-chairman of the Board of Directors and Chairman of the Executive Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies

Arnaldo José Nunes da Costa Figueiredo (Deputy-chairman)

Professional qualifications

- Bachelor's Degree in Civil Engineering at the Engineering Faculty of University of Porto

Career path in the last five years

- Currently, and at least for five years, apart from being Deputy-chairman of the Board of Directors of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies and companies outside the Group

Jorge Paulo Sacadura Almeida Coelho (Independent Deputy-chairman)

Professional qualifications

- Bachelor's Degree in Corporate Organisation and Management at the Economy and Management Higher Institute of Technical University of Lisbon

Career path in the last five years

- Apart from being Deputy-chairman of the Board of Directors and Chairman of the Advisory Board of Mota-Engil, SGPS, SA, has been performing/has performed duties in the last five years in various governing bodies of companies outside the Group

Ana Paula Chaves e Sá Ribeiro (Independent Member)**Professional qualifications**

- Bachelor's Degree in Business Management and Administration at the Portuguese Catholic University

Career path in the last five years

- Apart from being a non-executive independent member of the Board of Directors of Mota-Engil, SGPS, SA, has been performing/has performed duties in the last five years in various governing bodies of companies outside the Group

António Bernardo Aranha da Gama Lobo Xavier (Independent Member)**Professional qualifications**

- Bachelor's Degree in Law at the Law Faculty of University of Coimbra
- Master's Degree in Legal-Economic Sciences at the Law Faculty of University of Coimbra

Career path in the last five years

- Currently, and at least for five years, apart from being a non-executive independent member of the Board of Directors of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of companies outside the Group

António Manuel da Silva Vila Cova (Independent Member)**Professional qualifications**

- Bachelor's Degree in Economy at the Economy Faculty of University of Porto

Career path in the last five years

- Currently, and at least for five years, apart from being a non-executive independent member of the Board of Directors of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of companies outside the Group

Carlos António Vasconcelos Mota dos Santos (Member)**Professional qualifications**

- Bachelor's Degree in Civil Engineering at the Engineering Faculty of University of Porto
- Master in Business Administration at University of Porto

Career path in the last five years

- Currently, and at least for five years, apart from being member of the Board of Directors and Executive Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies and companies outside the Group

Eduardo João Frade Sobral Pimentel (Member)**Professional qualifications**

- Bachelor's degree in Civil Engineering at the Technic Higher Institute of Lisbon

Career path in the last five years

- Apart from being member of the Board of Directors and the Executive Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in the last five years in various governing bodies of Group companies

Emídio José Bebiano e Moura de Costa Pinheiro (Member)

Professional qualifications

- Bachelor's Degree in Economy at the Portuguese Catholic University
- MBA at the Portuguese Catholic University
- Advanced Management Program at Católica Lisbon School of Business & Economics and Kellogg Scholl of Management - Northwestern University

Career path in the last five years

- Member of the Board of Directors of Mota-Engil SGPS, SA
- Chairman of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman of the Board of Directors and Chairman of the Executive Committee of Empresa Geral do Fomento, SA
- Chairman of the Environment Higher Council of Suma – Serviços Urbanos e Meio Ambiente, SA
- Chairman of the Board of Directors of BAUC - Business Angels Universidade Católica, SA
- Chairman of the Board of Directors of Sixty Degrees, Sociedade Gestora de Fundos de Organismos de Investimento Coletivo, SA
- Member of the Board of Directors and of the Executive Committee of Caixa Geral de Depósitos, SA
- Chairman of the Executive Committee of Banco de Fomento de Angola, SA
- Manager of Questão Destemida, Consultoria de Negócios, Unipessoal, Lda.
- Chairman of the Advisory Board of Experienced Management

Francisco Manuel Seixas da Costa (Independent Member)

Professional qualifications

- Bachelor's Degree in Social and Political Sciences at University of Lisbon

Career path in the last five years

- Apart from being a non-executive independent member of the Board of Directors and member of the Strategic Consultant Council of Mota-Engil, SGPS, SA, has been performing/has performed duties in the last five years in various governing bodies of companies outside the Group

Helena Sofia Salgado Cerveira Pinto (Independent Member)

Professional qualifications

- Bachelor's Degree in Business Management and Administration at the Portuguese Catholic University
- Master in Business Administration at the Portuguese Catholic University
- Master's Degree in Business Operations Management at the Catholic University - Porto Business School
- PhD in Business Studies at Warwick Business School

Career path in the last five years

- Apart from being a non-executive independent member of the Board of Directors of Mota-Engil, SGPS, SA, has been performing/has performed duties in the last five years in various governing bodies of companies outside the Group

Ismael Antunes Hernandez Gaspar (Member)

Professional qualifications

- Bachelor's degree in Civil Engineering at the Engineering Higher Institute of Lisbon

Career path in the last five years

- Currently, and at least for five years, apart from being member of the Board of Directors and the Executive Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies

João Pedro dos Santos Dinis Parreira (Member)**Professional qualifications**

- Bachelor's degree in Law at the Law Faculty of University of Coimbra
- Post-Graduate Degree in Management at the Portuguese Catholic University

Career path in the last five years

- Currently, and at least for five years, apart from being member of the Board of Directors and the Executive Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies

José Pedro Matos Marques Sampaio de Freitas (Member)**Professional qualifications**

- Bachelor's Degree in Economy at the Portuguese Catholic University – Porto

Career path in the last five years

- Currently, and at least for five years, apart from being member of the Board of Directors and Executive Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies and companies outside the Group

Luís Filipe Cardoso da Silva (Member)**Professional qualifications**

- Bachelor's Degree in Economy at the Economy Faculty of University of Porto

Career path in the last five years

- Currently, and at least for five years, apart from being member of the Board of Directors and the Executive Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies

Luís Valente de Oliveira (Independent member)**Professional qualifications**

- Bachelor's Degree in Civil Engineering at the Engineering Faculty of University of Porto
- PhD in Civil Engineering at the Engineering Faculty of University of Porto
- Retired Full Professor at the Economy Faculty of University of Porto

Career path in the last five years

- Currently, and at least for five years, apart from being a non-executive independent member of the Board of Directors of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of companies outside the Group

Manuel António da Fonseca Vasconcelos da Mota (Member)**Professional qualifications**

- Master's Degree in Civil Engineering at the University College of London

Career path in the last five years

- Apart from being member of the Board of Directors and the Executive Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in the last five years in various governing bodies of Group companies and companies outside the Group

Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)

Professional qualifications

- Bachelor's Degree in Economy at the Economy Faculty of University of Porto.

Career path in the last five years

- Currently, and at least for five years, apart from being member of the Board of Directors of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies and companies outside the Group

Maria Paula Queirós Vasconcelos Mota de Meireles (Member)

Professional qualifications

- Bachelor's Degree in Civil Engineering at the Engineering Faculty of University of Porto

Career path in the last five years

- Currently, and at least for five years, apart from being member of the Board of Directors of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies and companies outside the Group

Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)

Professional qualifications

- Bachelor's Degree in Economy at the Economy Faculty of University of Porto

Career path in the last five years

- Currently, and at least for five years, apart from being member of the Board of Directors and Remuneration Committee of Mota-Engil, SGPS, SA, has been performing/has performed duties in various governing bodies of Group companies and companies outside the Group

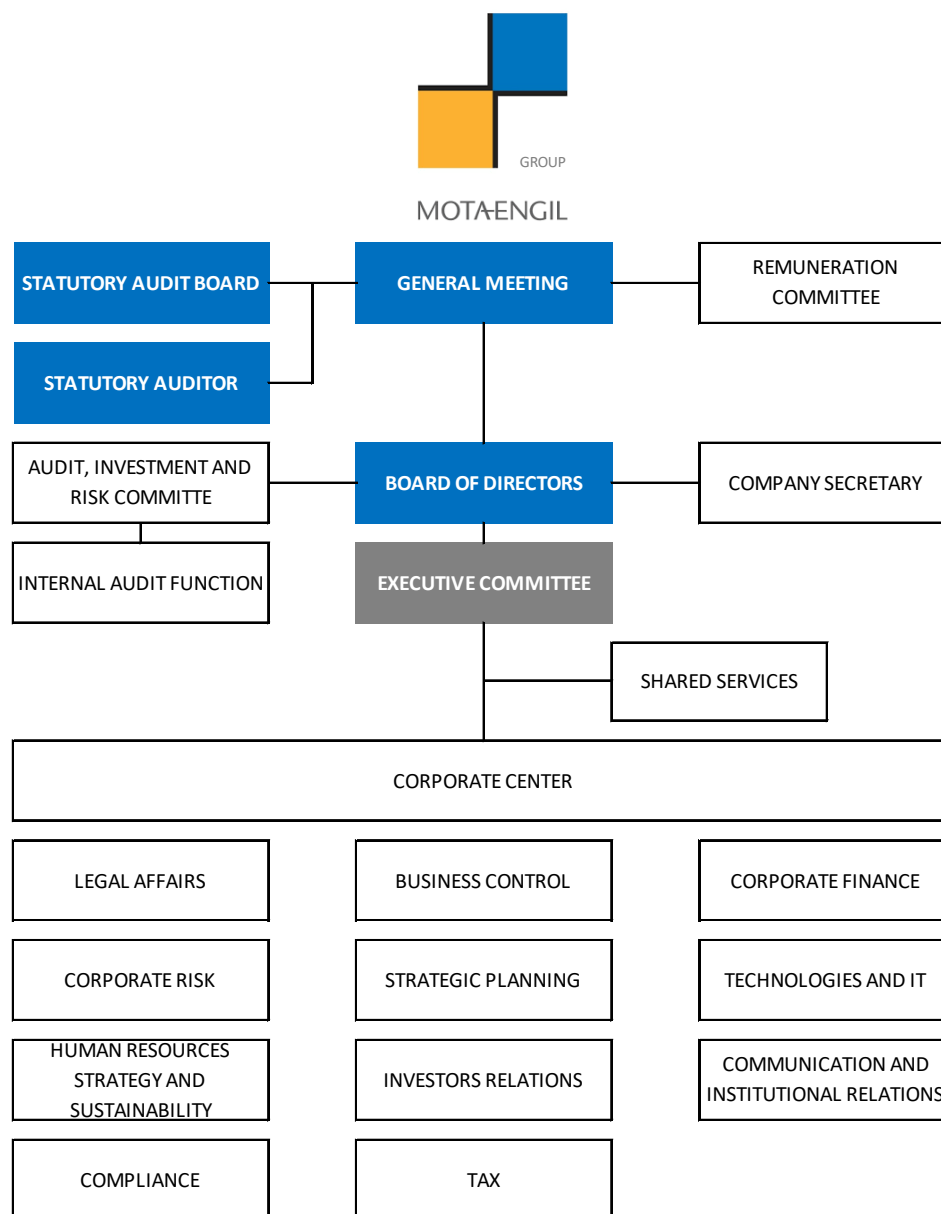
Annex 5 – paragraph 7 of the present report contains a list of positions held by the members of the Board of Directors of MOTA-ENGIL, SGPS, SA in other GROUP companies and outside the GROUP.

20. Family, professional, or commercial relationships which are ongoing and significant, of the members, where applicable, of the Board of Directors, the General and Supervisory Board and the Executive Administration Board with shareholders to whom qualified holding greater than 2% of voting is attributable.

The members of the Board of Directors António Manuel Queirós Vasconcelos da Mota, Maria Manuela Queirós Vasconcelos Mota dos Santos, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, and Maria Paula Queirós Vasconcelos Mota de Meireles are siblings and holders of 100% of the share capital of FM – SOCIEDADE DE CONTROLO, SGPS, SA, to which the control of MOTA-ENGIL's share capital and the respective voting rights are attributed.

Board of Directors member Carlos António Vasconcelos Mota dos Santos is the son of Maria Manuela Queirós Vasconcelos Mota dos Santos, while the member Manuel António da Fonseca Vasconcelos da Mota is the son of António Manuel Queirós Vasconcelos da Mota, and José Pedro Matos Marques Sampaio de Freitas is the son-in-law of Maria Paula Queirós Vasconcelos Mota de Meireles.

21. Organisational charts or tables of duties related to the division of responsibilities between the various corporate bodies, committees and/or departments of the Company, including information regarding the scope of the delegation of responsibilities, as it relates to the delegation of the day-to-day management of the Company.



Management bodies

As at 31 December 2020, MOTA-ENGIL had a Board of Directors made up of 21 members: one Chairman, three deputy-chairmen and seventeen members. At that time, eight of its members performed executive functions and formed an Executive Committee, while the remaining thirteen performed non-executive functions.

The Board of Directors meets at least monthly or whenever convened by its Chairman or two Directors, with the schedule for the meetings of each year being drawn up by the Chairman of the Board of Directors and communicated to all its members and to the members of the Statutory Audit Board, no later than 15 December of the previous year.

Five days prior to each meeting, the Chairman of the Board of Directors distributes the agenda and the respective supporting documentation among all members of the Board of Directors and the Statutory Audit Board. As a rule, the meetings of the Board of Directors are attended, apart from its members, by the Company's Secretary and the members of the Statutory Audit Board. The minutes from each meeting are drafted and validated by all persons attending and shown to all members of the Board of Directors and the Statutory Audit Board.

In addition to the functions that are assigned to it by law, the Board of Directors is essentially tasked with defining and controlling the strategic development of the GROUP and each of its businesses and with taking decisions on matters of greater importance. In this context, no responsibilities were delegated concerning the strategy and general policies of the Company, corporate structure of the GROUP and decisions that must be considered strategic due to their scope, risk, and particular characteristics. Similarly, although all the internal control and risk management system is made operational with the support of the Corporate Risk Function (which reports to the Executive Committee), the main structuring outlines of that system (including the establishment of quantitative limits of risk exposure) are approved and monitored by the Board of Directors.

In sum, the following matters, among others, are not delegated to the Executive Committee:

- To approve the Business Plan of the GROUP, including the strategic objectives, multiannual economic and financial plans, the GROUP's corporate policies, the annual budget, the GROUP's investment, and financing plan.
- To approve the GROUP's entry in new regions, markets, and businesses.
- To approve operations for the purchase, merger, and disposal of holdings and all the strategic and/or capital partnerships (new partners for new investment contracts).
- To approve the guidelines to the GROUP as regards dividend policies, capital structure, investments, debt management, stock exchange operations and issue of bonds, loans, financing, banking relationship, insurance and guarantees.
- To approve the increase in medium and long-term credit ceilings, both at the GROUP and associates (beyond what is provided for in the budget).
- To approve financial operations for associates that require guarantees from MOTA-ENGIL SGPS.
- To approve the Half-Yearly and Annual Reports of the Consolidated and Individual Accounts of the Company.
- To decide on the creation of Committees for advising the Board of Directors on decisions of specific matters falling within its competence.
- To approve the strategic guidelines of the human resources policies of the GROUP, Regions and Markets, regarding the policy for the development of human resources, remuneration and incentives.
- To approve the institutional representation policies for the GROUP, Regions and Markets.
- To approve the Institutional Communication and Marketing guidelines and ensure their alignment with the GROUP's policy.

Additionally, the articles of association of the Company define in article 20 a set of matters that cannot be delegated by the Board of Directors, if there are votes against of, at least, 1/3 of its members.

The Chairman of the Board of Directors has the responsibilities entrusted to him by law and by the articles of association.

As a rule, the members of the Board of Directors and the Remuneration Committee attend the General Meetings of Shareholders.

The Executive Committee was appointed by the Board of Directors, having been entrusted with all the powers related to the management of activities of the Company and all its invested companies, in the strictest interpretation of making tactical options and controlling concrete outlines of development in the various activities, assuming the responsibilities of executive management of the GROUP's business in line with the guidelines and policies defined by the Board of Directors. The Executive Committee can discuss all the matters that are the responsibility of the Board of Directors but may only deliberate on the matters delegated to it. All matters dealt with by the Executive Committee, even if included in its delegated responsibilities, are made known to the non-executive directors, who have access to the corresponding minutes and supporting documents.

The meetings of the Board of Directors take place every three weeks, or whenever convened by its Chairman, with the calendar for the meetings of each year being drawn up by the Chief Executive Officer and communicated to all members no later than 15 December of the previous year.

No later than three days before the date of the meeting, the Chief Executive Officer shall order the distribution of the agenda and respective necessary information for supporting the discussion and decision-making process of the matters on the agenda.

The Chief Executive Officer, through the Institutional Relations and Communication area, submits the notices and the minutes of the respective meetings in a timely manner, to the Chairman of the Board of Directors. Additionally, the Chief Executive Officer regularly informs the Chairman of the Board of Directors about the decisions taken at the meetings of the Executive Committee, the latter being responsible for informing the other members of the Board of Directors. The executive members provide to non-executive members and members of other governing bodies all necessary clarifications for the exercise of the respective powers, either on the initiative of the executive members or at the request of the remaining members, namely during the meetings of the Board of Directors. All these matters are defined in the "Regulation of the Executive Committee" approved and periodically updated by the Board of Directors.

As at 31 December 2020, regarding the assignment of positions to the members of the Board of Directors, particularly within the scope of the Executive Committee, the following should be stressed:

- Gonçalo Nuno Gomes de Andrade Moura Martins
 - Chief Executive Officer
 - Legal Matters
 - Communications and institutional relations
 - Investors Relations
 - Chairman of MOTA-ENGIL África
- Carlos António Vasconcelos Mota dos Santos
 - Deputy-Chief Executive Officer
 - Chairman of MOTA-ENGIL EUROPA
 - Chairman of MOTA-ENGIL AMÉRICA LATINA
 - Chairman of MOTA-ENGIL AMBIENTE E SERVIÇOS
- Eduardo João Frade Sobral Pimentel
 - Human Resources and Sustainability Strategy
- Ismael Antunes Hernandez Gaspar
 - CEO of MOTA-ENGIL CAPITAL
- João Pedro dos Santos Dinis Parreira
 - CEO of MOTA-ENGIL AMÉRICA LATINA
- José Pedro Matos Marques Sampaio de Freitas
 - Chief Financial Officer (CFO)
 - Business Control
 - Corporate Finance
 - Corporate Risk
 - Investors Relations
 - Shared Services
 - Information Technologies

- Luís Filipe Cardoso da Silva
 - Strategic Planning
 - Business Control
 - Corporate tax
 - Compliance
- Manuel António da Fonseca Vasconcelos da Mota
 - CEO of MOTA-ENGIL ÁFRICA
 - CEO of MOTA-ENGIL EUROPA (engineering & construction)

As at 31 December 2020, Mr. Gonalo Nuno Gomes de Andrade Moura Martins, in the capacity of Chief Executive Officer, was identified as the Chief Executive Officer (CEO) of the Company and Mr. Jos  Pedro Matos Marques Sampaio de Freitas, in the capacity of officer responsible for the financial areas of the Company, was considered the Chief Financial Officer (CFO).

The non-executive directors monitored the Company’s business, thus guaranteeing their effectiveness to supervise, inspect and assess the business, specifically through periodic meetings of the Board of Directors, without prejudice to the access to any information or documentation that might have been requested. Specifically, it should be highlighted that the definition of the strategy and its assessment, as well as the definition of the main policies and corporate structure were approved at meetings of the Board of Directors with the essential participation of the non-executive directors.

In exercising their non-executive duties, the directors were not faced with any constraints in the financial year of 2020. The annual management report includes a description of the activity of the non-executive directors.

Mr. Jorge Paulo Sacadura Almeida Coelho, in the quality of sole independent Deputy-Chairman of the Board of Directors, performs the duties of Lead Independent Director. Within the scope of those duties, supplementary to his position as independent director: (a) he acts, when proven necessary, as an interlocutor with the Chairman of the Board of Directors, with the Chief Executive Officer and with the remaining directors; (b) ensures that the remaining non-executive directors, particularly the independent ones, have access to all necessary information and have the conditions and means necessary to the performance of their duties; and (c) organises and supports the assessment of the performance of the Board of Directors and its committees, with a view to support the Remuneration Committee in the respective annual assessment formal process.

Supervisory bodies

Supervision of the Company is performed by a Statutory Audit Board and by a Statutory External Auditor (Auditing Firm), performing the duties called for by law and by the articles of association.

The General Meeting shall elect the Statutory Audit Board and appoint, at the proposal of the Statutory Audit Board, the Statutory Auditor or Auditing Firm.

The Statutory Audit Board of the Company is composed of a minimum of three full members, one Chairman and two other members.

The Statutory Audit Board meets on at least a monthly basis, and the notice of each meeting must be sent at least five working days before the date of the intended meeting.

The agenda is determined by the Chairman of the Statutory Audit Board and the supporting documents concerning the various items of said agenda shall be distributed among all members of the Board at least five days before the date of the meeting.

The minutes from each meeting are drafted and validated by the persons attending and shown to all effective members of the Statutory Audit Board. All these aspects are defined in the “Regulation of the Statutory Audit Board”.

Specialised committees

Remuneration Committee

In accordance with the articles of association, the duties of the Remuneration Committee, elected by the shareholders at a general meeting, are to define the policy for the remuneration of the corporate officers and setting the applicable remuneration considering the duties performed, their performance and the Company's economic situation. In this context, the Remuneration Committee constantly monitors and assesses the performance of the directors, verifying the extent to which the proposed objectives have been accomplished and meets as and when necessary. The directors' remuneration includes a performance-based component.

Moreover, the Company must arrange for the proposals for the election of the new members of the Board of Directors to be accompanied by a statement of grounds concerning the adequacy of the profile, knowledge and resume to the duties to be performed.

Likewise, the scope of action of the Remuneration Committee also encompasses the follow-up and support within the process of appointment of the senior managers.

The Remuneration Committee elected for the four-year period 2018-2021 is composed of the following members: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both of whom are members of the Board of Directors, and Manuel Teixeira Mendes. Minutes are drawn up of all meetings held.

Audit, Investment and Risk Committee

The Audit, Investment and Risk Committee is composed of three full members (three directors, two of whom are non-executive, one being an independent director), and may also invite other officers of the GROUP related to the projects under assessment, whenever applicable and necessary to the performance of its duties. That Committee has the following duties and responsibilities: (i) to approve the audit annual plan, carry out the respective follow-up and speak on the reports of said audits; (ii) to assess and suggest business investment and risk policies and projects to the Board of Directors, (iii) to examine and issue opinions on investment or divestment projects, (iv) to issue an opinion on the entering into and leaving new areas of business, (v) to monitor relevant financial and corporate operations, (vi) to issue an opinion on the risk matrix of the GROUP, whenever it is updated or there are substantial changes to the risks of the external environment and/or the operational risks, (vii) to assess the risk management strategies defined in the context of the corporate level and the implementation of the cross-sectional risk management policies in the regions/areas of business and (viii) to follow up and monitor the risks associated with selected projects. Minutes are drawn up of all meetings held. As at 31 December 2020, the following were members of this committee: Maria Teresa Queirós Vasconcelos Mota Neves da Costa, Luís Filipe Cardoso da Silva, and António Manuel da Silva Vila Cova, the last one being an independent director.

The Audit, Investment and Risk Committee meets on at least a monthly basis or whenever convened by its Chairman, with the calendar for the meetings of each year being drawn up by said Chairman and communicated to all members no later than 15 December of the previous year.

The agenda of each meeting is defined by the Chairman and must be distributed by the day that immediately precedes the day of the meeting. The Chairman arranges for the preparation of the information necessary for supporting the discussion and decision-making process of the matters on the agenda.

The minutes from each meeting are drafted and validated by the persons attending and shown to all members of the Committee and to the Chairman of the Board of Directors. All these aspects are defined in the "Regulation of the Audit, Investment and Risk Committee".

During 2020, 7 meetings of the Audit, Investment and Risk Committee were held.

22. Existence and site where the regulations for the functioning, where applicable, of the Board of Directors, the General and Supervisory Board and Executive Administrative Board may be consulted.

The management and supervisory bodies of the Company have internal regulations for their functioning which are were not released on the Company's website and are not available for consultation. MOTA-ENGIL considers that the regulations go beyond aspects of mere operation of the bodies and contain a confidential content, which is why it does not release them to the public. However, the main functions and responsibilities of those bodies are specified throughout this report, see for example paragraphs 21 and 38.

23. Number of meetings held and the level of attendance, where applicable, of each member of the Board of Directors, the General and Supervisory Board and the Executive Administrative Board to those meetings.

During 2020, 22 meetings of the Board of Directors and 16 meetings of the Executive Committee were held, with the following attendance:

Director	Board of Directors	Executive Committee
António Manuel Queirós Vasconcelos da Mota	100%	n/a
Gonçalo Nuno Gomes de A. Moura Martins	100%	100%
Arnaldo José Nunes da Costa Figueiredo	100%	n/a
Jorge Paulo Sacadura Almeida Coelho	100%	n/a
Ana Paula Chaves e Sá Ribeiro	95%	n/a
António Bernardo A. da Gama Lobo Xavier	100%	n/a
António Manuel da Silva Vila Cova	86%	n/a
Carlos António Vasconcelos Mota dos Santos	100%	100%
Eduardo João Frade Sobral Pimentel	100%	100%
Emídio José Bebiano e Moura da Costa Pinheiro	100%	n/a
Francisco Manuel Seixas da Costa	100%	n/a
Helena Sofia Salgado Cerveira Pinto	95%	n/a
Ismael Antunes Hernandez Gaspar	95%	100%
João Pedro dos Santos Dinis Parreira	100%	100%
José Pedro Matos Marques Sampaio de Freitas	100%	100%
Luís Filipe Cardoso da Silva	100%	100%
Luís Valente de Oliveira	95%	n/a
Manuel António da Fonseca Vasconcelos da Mota	95%	100%
Maria Manuela Queirós V. Mota dos Santos	100%	n/a
Maria Paula Queirós V. Mota de Meireles	95%	n/a
Maria Teresa Queirós V. Mota Neves da Costa	95%	n/a

24. Indication of the Company bodies responsible for assessing the performance of executive directors.

The Remuneration Committee is the body responsible for assessing the performance and approving the remuneration of the members of the Board of Directors in representation of the shareholders, in accordance with the remuneration policy approved by the Shareholders' General Meeting.

Additionally, according to the provisions of the "Regulation of the Board of Directors", this body is tasked with the following:

- To approve the broad guidelines of the management model of the GROUP and the invested companies and to submit proposals to the Shareholders' General Meeting for changing the structure of the Governance Bodies;
- To agree upon the appointment, termination of appointment and dismissal of the governing bodies of the GROUP, Regions and Markets (including invested companies); and
- To decide on the creation of Committees for advising the Board of Directors on decisions of specific matters fallings within its competence.

Within this context, the Board of Directors carries out an ongoing and thorough assessment of the GROUP's governance model, in a perspective that includes but goes beyond the self-assessment of the body, analysing the adequacy of the defined structure and the composition of each hierarchical level of the whole GROUP, Regions and Markets, namely the performance of the executive directors of each of those levels.

25. Predetermined criteria for the assessment of performance of executive directors.

The quantitative component of the assessment of the executive directors' performance encompasses a set of Key-Performance Indicators (KPI), indexed to the GROUP's Strategic Plan.

The quantitative assessment is subsequently weighed with the individual qualitative assessment of a discretionary nature, and it may result in a pay-out value which ranges between a minimum and a maximum predefined percentage.

26. Availability of each of the members, as applicable, of the Board of Directors, the General and Supervisory Board and the Executive Administrative Board, with indication of the positions simultaneously held in other companies, within and outside the GROUP, and other relevant activities performed by members of those bodies during the period.

The positions held by the directors of MOTA-ENGIL in other companies (predominantly in companies of the GROUP or in representation of the GROUP) and other relevant activities of said directors are broken down in paragraph 7 of Annex 5 "List of positions held by the members of the Board of Directors", from which the availability of each member for the performance of their duties can be made clear, not only due to the positions they hold, but also due to the attendance and active participation of directors both in the meetings of Executive Committee, in the case of executive directors, and in the meetings of the Board of Directors, with regard to all its members (in accordance with paragraph 23 above).

Additionally, the regulation for the functioning of the Executive Committee established that the performance of duties on part of executive directors in entities outside the GROUP must be previously validated by that body and correspond to minor situations and situations of reduced involvement of said directors.

Each of the members of the Board of Directors is responsible for acting in the best interest of the Company and must refrain from acting in a manner that goes against that responsibility, complying with the provisions of chapter 3 of the Code of Ethics and Business Conduct of the MOTA-ENGIL GROUP concerning conflicts of interest. Whenever necessary, the separation of duties within the governing bodies shall be promoted, thus ensuring that the possible member in conflict does not interfere in the decision-making process.

27. Identification of the committees created, where applicable, in the Board of Directors, the General and Supervisory Board and the Executive Administration Board and the site where the regulations for their functioning may be consulted.

In addition to the Executive Committee, the Board of Directors created the Investment, Audit and Risk Committee (according to paragraph 21 above). The respective regulation for internal functioning is not available for consultation, although the main functions and duties of that Committee are described in the paragraph mentioned above.

28. Composition, where applicable, of the executive committee and/or the identification of director(s).

As at 31 December 2020, the composition of the Executive Committee was as follows:

Director	Function
Gonçalo Nuno Gomes de A. Moura Martins	Deputy-chairman of the Board of Directors and Chief Executive Officer
Carlos António Vasconcelos Mota dos Santos	Member of the Board of Directors and Deputy-Chief Executive Officer
Eduardo João Frade Sobral Pimentel	Member of the Board of Directors
Ismael Antunes Hernandez Gaspar	Member of the Board of Directors
João Pedro dos Santos Dinis Parreira	Member of the Board of Directors
José Pedro Matos Marques Sampaio de Freitas	Member of the Board of Directors
Luís Filipe Cardoso da Silva	Member of the Board of Directors
Manuel António da Fonseca Vasconcelos da Mota	Member of the Board of Directors

29. Indication of the responsibilities of each of the committees created and synthesis of the activities carried on in their exercise.

On this matter reference is made to paragraphs 21 and 27 above.

III. Supervision

30. Identification of the supervisory body (Statutory Audit Board, Audit Committee or General and Supervisory Board) corresponding to the model adopted.

The Statutory Audit Board and the Auditing Firm are the Company's supervisory bodies under the governance model adopted.

31. Composition, where applicable, of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Matters with an indication of the statutory minimum and maximum number of members, statutory duration of their term, the number of effective members, the date of appointment and the termination date for each member with reference to the point in the report where this information appears under the provisions of paragraph 18.

In accordance with the Company's articles of association, the Statutory Audit Board should be composed of a minimum of three effective members, the majority of these being independent. The Statutory Audit Board also will have one or two alternate members if constituted with three or more effective members, respectively. It is up to the General Meeting to appoint the Chairman of the Statutory Audit Board from among its members. The current term for members of the Statutory Audit Board lasts four years (three years in the next term).

The members appointed for the current term (four-year period 2019-2022) and currently in office are:

Member	Function	First appointment	Current term of office
José António Ferreira de Barros	Chairman	23 May 2019	31 December 2022
Cristina Maria da Costa Pinto	Full member	23 May 2019	31 December 2022
Susana Catarina Iglésias Couto Rodrigues de Jesus	Full member	23 May 2019	31 December 2022
Pedro Manuel Seara Cardoso Perez	Alternate member	30 March 2007	31 December 2022

On the other hand, given the size and complexity of the GROUP, which pursues various activities in a high number of countries, and considering the benchmarking analysis carried out to other companies listed in Portugal and in the European Union, the current number and profile of members of the Statutory and Audit Board is considered adequate.

32. Identification, where applicable, of the members of the Statutory Audit Board, the General and Supervisory Board and the Committee for Financial Matters who are independent under the terms of art. 414, paragraph 5, of the Portuguese Commercial Companies Code, referring to the point in the report where this information appears under the provisions of paragraph 19.

All the members of the Statutory Audit Board, both full and alternate members, comply with the independence criteria provided for under no. 5 of article 414, along with the incompatibility regulations provided for under no. 1 of article 414-A, both from the Portuguese Commercial Companies Code.

33. Professional qualifications, where applicable, of each member of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Matters and other relevant curricular matters referring to the point in the report where this information appears under the provisions of paragraph 21.

José António Ferreira de Barros (Chairman)

Professional qualifications

- Bachelor's Degree in Chemical and Environmental Engineering at the Engineering Faculty of University of Porto

Career path in the last five years

- Chairman of the Statutory Audit Board of Mota-Engil, SGPS, SA
- Chairman of the Statutory Audit Board of CIN - Corporação Industrial do Norte, SA
- Chairman of the Statutory Audit Board of Instituto Português de Tabacologia (Portuguese Institute of Tobaccology)
- Chairman of the Statutory Audit Board of AMIC - Associação Promotora do Museu da Ciência e Indústria, SA
- Chairman of EMCE - Estrutura de Missão para a Capitalização das Empresas (Mission Structure for Capitalisation of Businesses)
- Manager of SPAL – Sociedade Portuguesa do Ar Líquido, Lda
- Member of the Board of Curators of the Eça de Queiroz Foundation
- Chairman of the General Meeting of STCP - Sociedade de Transportes Coletivos do Porto, SA
- Chairman of the General Meeting of FASE - Estudos e Projectos, SA
- Chairman of the General Meeting of APDL - Administração dos Portos do Douro, Leixões e Viana do Castelo, SA
- Chairman of the General Meeting of AEP - Associação Empresarial de Portugal, Câmara de Comércio e Indústria para o Norte de Portugal, SA
- Founder and Chairman of the Board of Curators of the AEP Foundation

Cristina Maria da Costa Pinto (Permanent Member)

Professional qualifications

- Bachelor's Degree in Management at the Economy Faculty of University of Porto
- Bachelor's Degree in Law at the Portuguese Catholic University

Career path in the last five years

- Member of the Statutory Audit Board of Mota-Engil, SGPS, SA
- Member of the Statutory Audit Board of various companies outside the Grupo
- Tax consultant in the company Pinheiro Pinto – Consultadoria, Lda
- University Lecturer at Universidade Católica and Católica Business School
- Barrister

Susana Catarina Iglésias Couto Rodrigues de Jesus (Permanent Member)

Professional qualifications

- Bachelor's Degree in Management at the Economy Faculty of University of Porto
- Post-Graduate Degree in Risk Management and Derivatives at the Portuguese Catholic University
- Statutory Auditor

Career path in the last five years

- Member of the Statutory Audit Board of Mota-Engil, SGPS, SA
- Member of the Statutory Audit Board of various companies outside the Grupo
- Member of the Statutory Audit Board, as Statutory Auditor, of various companies outside the Grupo
- Member of the Supervision Committee, as Statutory Auditor, of the Supervisory Authority for Insurance and Pension Funds

34. Existence and site where the functional regulations, where applicable, for the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters may be consulted, referring to the point in the report where this information appears under the provisions of paragraph 24.

The Statutory Audit Board of MOTA-ENGIL has an internal regulation for its functioning. However, it is not published on the Company's website nor is it available for consultation. MOTA-ENGIL considers that the regulation goes beyond aspects of mere operation of the bodies and contains confidential content, which is why it does not release it to the public. However, the main duties and responsibilities of the Statutory Audit Board are described in various sections of this chapter III (chapters 30 to 38).

35. Number of meetings held and the level of attendance, where applicable, of each member of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters to those meetings, referring to the point in the report where this information appears under the provisions of paragraph 25.

During 2020 10 meetings of the Statutory Audit Board were held, with the presence of all its members in office.

36. Availability of each of the members, as applicable, of the Statutory Audit Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Matters, with indication of the positions simultaneously held in other companies, within and outside the GROUP, and other relevant activities performed by members of those bodies during the period, referring to the point in the report where this information appears under the provisions of paragraph 26.

José António Ferreira de Barros (Chairman)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in other Mota-Engil Group companies

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Manager of SPAL – Sociedade Portuguesa do Ar Líquido, Lda
- Member of the Board of Curators of the Eça de Queiroz Foundation
- Chairman of the Statutory Audit Board of CIN - Corporação Industrial do Norte, SA
- Chairman of the Statutory Audit Board of Instituto Português de Tabacologia (Portuguese Institute of Tobaccology)
- Chairman of the General Meeting of FASE - Estudos e Projectos, SA
- Chairman of the General Meeting of AEP - Associação Empresarial de Portugal, Câmara de Comércio e Indústria para o Norte de Portugal, SA
- Founder and Chairman of the Board of Curators of the AEP Foundation

Cristina Maria da Costa Pinto (Permanent Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in other Mota-Engil Group companies

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- University Lecturer at Universidade Católica and Católica Business School
- Tax consultant in the company Pinheiro Pinto – Consultadoria, Lda
- Member of the Statutory Audit Board of the following entities:
 - Sogrape SGPS, SA
 - Haitong Bank SGPS, SA
 - Super Bock Group SGPS, SA

Susana Catarina Iglésias Couto Rodrigues de Jesus (Permanent Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in other Mota-Engil Group companies

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Chairman of the Statutory Audit Board of Flexdeal – Sociedade de Investimento Mobiliário para Fomento da Economia, SA
- Chairman of the Statutory Audit Board of Bright Ventures Capital, SCR, SA
- Member of the Statutory Audit Board of Sonae Capital, SGPS, SA
- Member of the Statutory Audit Board of Sociedade Banco Primus, SA
- Member of the Statutory Audit Board, as Statutory Auditor, da Associação Porto Digital (Digital Porto Association)
- Member of the Statutory Audit Board, as Statutory Auditor, of, da Sociedade Lusa - Agências de Notícias de Portugal, SA
- Statutory Auditor of the following entities:
 - Frezite - Ferramenta de Corte, SA
 - Frezigest, SA
 - Imocapital, SA
 - Oftaline, SA
 - Agência para o Investimento e Comércio Externo de Portugal, EPE
 - Comissão de Coordenação e Desenvolvimento Regional do Norte (Northern Coordination and Regional Development Committee)
 - Gestão e Obras do Porto, EM

37. Description of the procedures and criteria applicable to the activities of the supervisory body for the purposes of contracting additional services to the external auditor.

In accordance with article 77, paragraph 11, of the new Regulation of the Statutory Auditor Board, approved by Law no. 140/2015 of 7 September, the Statutory Audit Board of MOTA-ENGIL is responsible for properly assessing threats to the independence of the statutory auditor and auditor arising from the provision of services other than those of audit. These services, which are not forbidden under paragraph 8, must still be subject to a preliminary opinion, duly justified.

Additional service rendering other than that of audit by the statutory auditor or auditor of MOTA-ENGIL was subject to the assessment of the Statutory Audit Board. Therefore, a duly justified opinion on the possibility of its rendering was issued for each service provision request.

Moreover, the Statutory Audit Board also receives, on an annual basis, under article 62-B of Decree Law 487/99 of 16 November (amended by Decree Law 224/2008 of 20 November), an auditor's independence statement, describing the services provided by the auditor and other entities in the same network, the respective fees paid, any threats to their independence and the measures for its safeguarding. All threats to the independence of the statutory auditor / auditor were assessed and discussed with the statutory auditor / auditor, along with the respective safeguarding measures.

38. Other functions of the supervisory bodies and, where applicable, the Committee for Financial Matters.

The Statutory Audit Board is responsible for the following, under the terms of the law and the respective Regulation for Functioning:

- To check the compliance of the law and regulations, Company's articles of association and regulations issued by the supervisory authorities together with the general policies, standards and practices instituted within the GROUP;
- To specifically check the functioning of the Board of Directors and of its delegated committees, as well as the relations between all those bodies;
- To assess, at least on an annual basis, the fulfilment of the GROUP's Business Plan and the GROUP's Annual Budget;
- To check the pursuance of the fundamental goals regarding internal control and risks management set by the Portuguese Securities Market Commission in the GROUP companies subject to supervision on a consolidated basis;

- To assess the reliability of the reports concerning the GROUP and GROUP companies subject to this obligation;
- To check the suitability and supervise the fulfilment of the policies, criteria and accounting practices adopted and the correctness of the documents on which they are based;
- To check whenever considered to be necessary and in the manner felt to be appropriate, the existence of cash and other goods or securities belonging to the Company or received by the Company as guarantee, deposit or otherwise;
- To check the books, accounting records and documents on which they are based, verifying the accuracy of the accountability documents and supervising the process of preparation and disclosure of financial information by the Company;
- To provide an opinion on the report, the accounts and the proposals submitted by the Board of Directors attesting to whether the report on the structure and practices of corporate governance published includes the elements referred to in article 245-A of the Portuguese Securities Code;
- To draw up an annual report on the its supervision activity;
- To justify the selection of the Statutory Auditor by the Executive Committee, including in the proposal on who should provide these services and its fees, proposing its appointment to the General Meeting;
- To supervise the activity of the Statutory Auditor, namely, to supervise the auditing of accounts of the Company's accounting documents and the Statutory Auditor's independence, and assess and decide on the provision of additional services (other than audit) by the Statutory Auditor or by its subsidiaries to the Company, as well as the respective conditions;
- To represent the Company to all intents and purposes with the Statutory Auditor, serving as the primary spokesman for the Company and main recipient of the respective reports; to ensure that adequate conditions be granted by the Company to the provision of the Auditor's services;
- To provide an opinion on keeping the Statutory Auditor beyond a period of eight years, weighing in the conditions of independence and the advantages and costs of the replacement;
- To oversee the supervising activities of CMVM and Tax Authorities over GROUP Companies;
- To ensure the effectiveness of the internal control, internal auditing, and risk management systems;
- To convene the General Meeting when the respective Chairman fails to do so;
- To be aware of the communication of any irregularities detected or disclosed by employees, shareholders, or others;
- To draw up a report on the transactions carried out with holders of qualified holdings or entities related to them under the terms of article 20 of the Portuguese Securities Code, or the respective renewals, when the amount is greater, per entity, than 500,000 Euros per year.
- Establishing the provision of services, rendered by experts, to support one or more of its members in the fulfilment of their duties, taking into consideration, the financial situation of the Company, when establishing fees and contractual agreements;

In particular, in order to submit to the Executive Committee a proposal regarding the Auditor to be hired by the Company, the Statutory Audit Board adopts the following methodology: (1) pre-assessment of entities with potential to provide such services; (2) preparation and transmission to the selected entities of the request for submitting a proposal with indication of the scope and type of services to be globally provided to the GROUP companies, criteria of selection and respective schedule; (3) submission of the proposals by the selected companies; (4) analysis of the proposals and assessment according to objective criteria; (5) selection and proposal of contract.

The Statutory Audit Board is also responsible for following up and assessing the performance of duties by the Compliance, Risk, and Internal Audit corporate areas. In parallel, and within the scope of the respective supervisory function, the Statutory Audit Board monitors the work plans and resources allocated to the areas referred to above, being the recipient of periodical reports issued by those functions, as well as of information on matters related to accountability, identification, or settlement of conflicts of interest and detection of possible illegalities.

IV. Statutory Auditor

39. Identification of the Statutory Auditor and the Statutory Auditor partner representing the former.

The position of Statutory Auditor of the Company is performed by the Audit Firm PricewaterhouseCoopers & Associados – SROC Lda, represented by Mr. António Joaquim Brochado Correia.

40. Indication of the number of consecutive years during which the statutory auditor performs the respective duties with the Company and/or Group.

The position of Statutory Auditor is exercised since 2017 (four years) by PricewaterhouseCoopers & Associados – SROC, Lda.

41. Description of other services provided by the Statutory Auditor to the company.

See response in paragraph 46 below.

V. External Auditor

42. Identification of the external auditor appointed for the purposes of article 8 and the statutory auditor partner representing the former in the fulfilment of these functions together with the respective CMVM registration number.

The Auditor of the Company is PricewaterhouseCoopers & Associados – SROC, Lda, represented by Mr. António Joaquim Brochado Correia, and is registered with CMVM under number 20161485.

43. Indication of the consecutive years during which the external auditor and the statutory auditor partner representing the former in the fulfilment of these functions perform their duties with the Company and/or the Group.

PricewaterhouseCoopers & Associados – SROC, Lda and its representative started to provide their audit services to the Company in 2017 (four years ago).

44. Policy and frequency of rotation of the external auditor and the statutory auditor partner representing the former in the fulfilment of these functions.

The Company's policy in terms of rotation of the Auditor is to carry out a consultation process regularly to select the auditor every four years. However, in 2016, as part of the legal requirement on the need of rotation of the auditors, the Statutory Audit Board of the Company has promoted the launch of a new consultation process for the period between 2017 and 2022 and invited three out of the four large audit firms of international reputation to submit a proposal for the provision of audit services to the MOTA-ENGIL GROUP. As a result of the above mentioned consultation, the Statutory Audit Board of the Company suggested the appointment of PricewaterhouseCoopers & Associados, SROC, Lda. In addition, the policy of the Company and of the Auditor regarding the rate of rotation of the Statutory Auditor representing the former in the performance of its functions, is in accordance with applicable legal requirements, i.e., two or three terms in office, depending on whether it is a four or three years term, respectively.

45. Indication of the body responsible for the assessment of the external auditor and frequency of said assessment.

The Statutory Audit Board on an annual basis assesses the Auditor, taking on the responsibility of supervising its qualifications and independence, and additionally ensures that the appropriate conditions for the provision of the services is provided within the Company; the Statutory Audit Board is also the Company's point of contact and the first recipient of the Auditor's reports.

Although not a specific or exclusive competence of the Shareholders' General Meeting, nothing prevents it to be called upon to decide, in case of questioning by the Statutory Audit Board, on the removal of the Auditor, if a valid reason is identified. In any case, and to date, the Statutory Audit Board of MOTA-ENGIL has found no reason to consider taking steps towards removing the Auditor of the Company.

46. Identification of the tasks other than auditing carried out by the external auditor for the Company and/or for companies which it controls as well as indication of the internal procedures for the approval of the services and the reasons for doing so.

The services other than audit provided by the Auditor and the Statutory Auditor during the financial year of 2020 are detailed below:

- Provision of authorisation to access the Inforfisco database, which consists of a repository of a tax nature from public sources (ranging from legislation to jurisprudence);
- Issue of reports ensuring the reliability of the regulated accounts of some concessionaire companies to be submitted to the regulatory body (ERSAR);
- Limited reviews to the separate and consolidated financial statements of some affiliated companies, in accordance with the International Standard on Review Engagements ISRE 2410;
- Issue of reports ensuring the reliability regarding the validation of financial ratios related with loans obtained and calls for tenders in which the GROUP Companies took part;
- Issue of reports ensuring the reliability regarding the invoicing reports submitted by a GROUP company to the Entidade de Serviços Partilhados da Administração Pública, I. P.;
- Issue of reports ensuring the reliability regarding the fair value valuation of a financial investment held by the GROUP;
- Attendance of some GROUP workers in online training promoted by the Auditor/Statutory Auditor (open to other participants) and focused on various subjects;
- Provision of tax compliance services to GROUP entities located in the Sultanate of Oman;
- Provision of tax support services associated with the implementation of value added tax in Angola.

As mentioned in paragraph 38, it is up to the Statutory Audit Board to scrutinise the independence of the Auditor and, within that scope, assess and issue an opinion on the provision by the Auditor of additional services to the Company (other than audit) or to companies that the Company controls. Therefore, a duly justified analysis was issued for each service provision request.

All threats to the independence of the auditor were assessed and discussed with the auditor together with the respective safeguarding measures. Therefore, on account of the fact: (i) that the services referred to above are not prohibited; (ii) that a significant part thereof correspond to reliability assurance services; (iii) that a part of said services should be preferably (for time efficiency reasons) or mandatorily (due to legal requirement) executed by the Statutory Auditor / Auditor of the Company and (iv) that, on the whole, the global fees for services other than audit or reliability assurance services are negligible, the Statutory Audit Board considered that the independence of the Auditor was not affected by the provision of such services.

In additional to that, within the scope of its work, the Auditor checks the application of the remuneration policies and systems as well as the efficiency and operation of the internal control mechanisms. In case any deficiency or irregularity arises, it is reported to the Statutory Audit Board.

47. Indication of the annual amount paid by the Company and/or legal persons which it controls or are part of the group to the auditor and to other individuals or legal persons belonging to the same network, as well as the percentage for the following services (for the purposes of this information, the concept of “network” is that deriving from the recommendation of the European Commission no. C (2002) 1873, of 16 May)

During 2020, the annual remuneration supported by the Company and by other GROUP and controlled companies with the auditors (PricewaterhouseCoopers & Associados – SROC, Lda), including other entities forming part of the same network, was 1,657,325 Euros, which was distributed among the following services:

Service nature	By the Company		By other Group Entities		TOTAL	
	Amount (Euros)	%	Amount (Euros)	%	Amount (Euros)	%
Audit and statutory audit	144,800	100%	1,397,618	92%	1,542,418	93%
Other reliability guarantee services	-	0%	94,350	6%	94,350	6%
Tax consultancy	-	0%	19,162	1%	19,162	1%
Services other than statutory audit	-	0%	1,395	0%	1,395	0%
TOTAL	144,800	100%	1,512,525	100%	1,657,325	100%

C. INTERNAL ORGANISATION

I. Articles of association

48. Regulations applicable to the amendment of the articles of association of the Company (art. 245-A, paragraph 1, subparagraph h)).

Amendments to the articles of association must be approved by a qualified majority of at least 70.01% of votes cast.

II. Reporting of irregularities

49. Means and policies for the reporting of irregularities which occur in the Company.

The Company has in place a procedure which establishes the mechanisms for reporting irregularities. The procedure considers that 'irregularities' are all acts or omissions, wilful or negligent, practised by workers of the Company during the performance of their duties, which breach: i) the law, standards or regulations in force; ii) the "Code of Ethics and Business Conduct"; and iii) best management practices; in all cases, this regards accounting, internal accounting controls, audit, fight against corruption and financial crimes. Reports received which fall beyond this scope will not be handled by the referred to procedure.

This procedure covers the following aspects:

- (i) handling purpose.
- (ii) voluntary nature of the reporting.
- (iii) rights of the reported individual, particularly of access to information.
- (iv) rights of the whistle-blower protecting against non-retaliation, bullying or discrimination.
- (v) non-misuse or use in bad faith, under penalty of commencement of disciplinary or legal proceedings; and
- (vi) confidentiality of reporting, as well as of the whistle-blower, ensuring the appropriate safety measures.

The reporting of irregularities must be performed in writing, via email or letter, to at least one of the following addresses:

- etica@mota-engil.com
- Internal Audit – Rua do Rego Lameiro, nº 38, 4300 – 454 Porto
- www.mota-engil.pt/Provedoria

By delegation of the Statutory Audit Board, in charge of the reception of whistleblowing under the Portuguese Commercial Companies Code, reception and forwarding of reports of concerns or infringements is the responsibility of the Audit & Compliance Function. Some cases, due to their nature, may be forwarded to the corresponding corporate functional areas of the company.

The stages in the whistleblowing process include receipt and registration; preliminary examination and confirmation of the alleged information; notice; investigation; and final report, with corrective measures and conclusion/opinion on the reported situation, transmitted to the Statutory Audit Board and the Board of Directors.

A yearly report is made summarising the most frequent situations reported and the relevant indicators of the findings made over the year. This report is aimed, among other things, at helping to detect potential weaknesses or opportunities for improving process control and contributes to a proposal of review of said process control and/or review of the whistleblowing mechanism.

III. Internal control and risk management

50. People, bodies, or committees responsible for internal audit and/or implementation of internal control systems.

As the ultimate independent body to safeguard the compliance with processes and procedures, and reporting to the Board of Directors, the Audit, Investment and Risk Committee is aimed to support management of MOTA-ENGIL GROUP, strengthening the means and methods of operation as regards internal control and business risk monitoring. It is also up to this Committee to follow-up the development of the global levels of risk and assess, jointly with the Executive Committee, risk monitoring and control measures.

The Audit, Investment and Risk Committee has under its hierarchical dependence the Internal Audit Function, whose mission is to support the achievement of strategic objectives, the assessment, compliance and continuous improvement and internal control of the management processes of the GROUP.

The Internal Audit Function has a structure specifically allocated to perform the following functions:

- Fulfilment of management, financial, operating, and technologic audits in the various regions and companies of the GROUP;
- Auditing the proper functioning of procedures, established best practises and policies defined;
- Checking the compliance with the internal defined procedures, laws, regulations, and contracts;
- Checking the compliance with the internal control procedures considering the recommendations of the various market regulators as well as with the applicable legislation in the various regions in which the GROUP is present;
- Ensuring the adequate follow-up of the recommendations issued in the reports sent to the Audit, Investment and Risk Committee;
- Obtain previous positioning's from the Audit, Investment and Risk Committee on purchase or sale initiatives defined by the MOTA-ENGIL GROUP;
- Assessment of the reporting and compliance procedures with the GROUP's Code of Ethics and Business Conduct;
- Support to the Board of Directors, the Statutory Audit Board and the Audit, Investment and Risk Committee in the areas related to the relevant management processes and procedures.

The Statutory Audit Board is responsible, among other things, for assessing the functioning of the internal control system and for proposing the respective adjustment to the GROUP's needs. On this point, it should also be noted that, as stipulated in Article 420, paragraph 1, subparagraph i) of the Portuguese Commercial Companies Code, it is up to the Statutory Audit Board to check the effectiveness of the risk management system, the internal control system, and the practice of internal audit.

The Statutory Audit Board accesses the reports and opinions issued by the Investment, Audit and Risk Committee, supervises the adoption of the principles and policies applied to the identification and management of the main financial and operating risks, and oversees the measures aimed at risk monitoring, controlling and dissemination.

The Board of Directors and the Statutory Audit Board acknowledge the importance that the risk management and internal control systems have in the organisation, encouraging the human and technological conditions susceptible of providing an environment of control that is proportionate and suited to the risks of the activity.

The Executive Committee is responsible for ensuring the creation and operation of internal control and risk management systems. With the significant growth of the GROUP's international activity and its consequent geographic and business diversification, the GROUP's organisational structure becomes increasingly bigger and more complex.

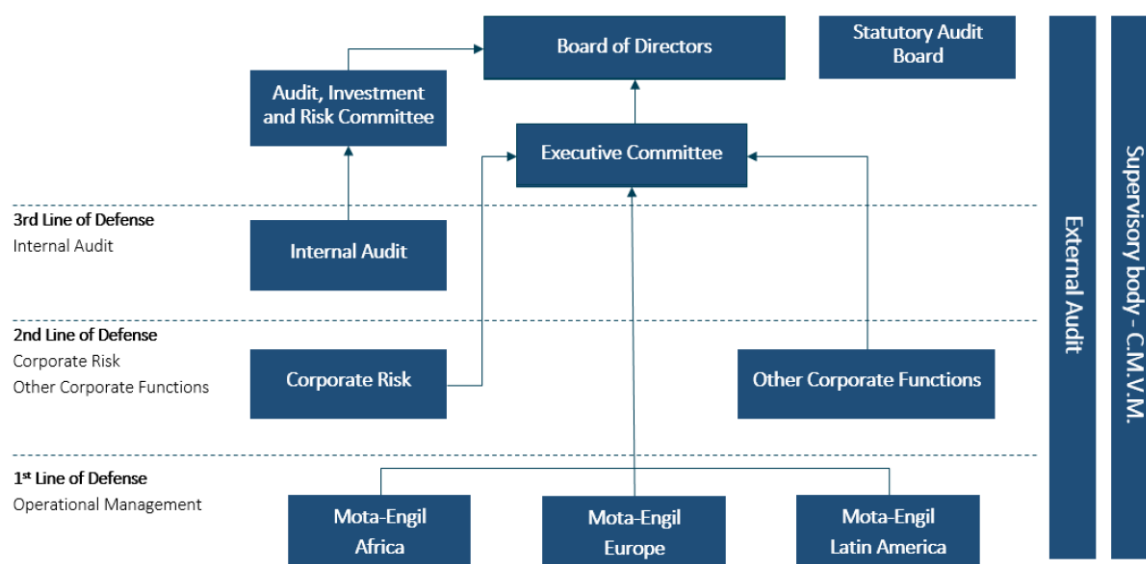
Ensuring the proper operational autonomy to business's, MOTA-ENGIL, within its strategic and financial aspect, has a governance model which includes a structure named Corporate Centre, encompassing all corporate functions supporting the Executive Committee as well as control instruments for business performance and for a more robust and better structured risk management, in accordance with the GROUP's policies, procedures and strategic vision.

The risk management activity and its focus on a specific area, the Corporate Risk Function, is under the responsibility of an executive director, to reinforce risk assessment in a more systematic and efficient manner and with an appropriate communication interface with the various business areas in different regions/markets.

The risk management process is an integral part of the internal control system which consists of the development of management policies and procedures with a view to ensuring the creation of value, protection of its assets, compliance of laws and regulations and a controlled environment that ensures the fulfilment of MOTA-ENGIL's ethical principles and the reliability of information reported.

51. Explanation, even if through the inclusion of an organisational chart, of the hierarchical and/or functional dependence relations regarding other bodies or committees of the Company.

The organisation and governance model of MOTA-ENGIL are based on the implementation of the best international practices regarding Corporate Governance, which ensures a full transparency of processes and procedures and an autonomy and independence of action set out in the "three lines of defence" model, as shown in the organisational chart below, fulfilling the guidelines of the declaration of positioning of the "Institute of Internal Auditors" for an efficient risk and control management of an organisation.



- The first line of defence consists on the management business units, which are responsible for performing their operational activities integrated into the strategic guidelines defined by the Board of Directors, ensuring compliance with the GROUP's rules and procedures, which are aimed at ensuring action in accordance with a cultural identity and are based on ethical principles and conduct embodied in cross-sectional policies.

The management business units are responsible for the identification, assessment, reporting and mitigation of risks, to facilitate, standardize and make more effective the risk management process. Operational management defines risk managers, called Risk Owners, who are responsible for identifying risks in their business area and act as focal points in the relationship with the Corporate Risk Function.

- The second line of defence is represented by the Corporate Centre Functions, which report to the Executive Committee and among which we highlight: Business Control; Strategic Planning; Corporate Finance; Corporate Tax; Corporate Risk; Human Resources and Sustainability Strategy; Investor Relations; Legal Matters; Compliance, Information and Technologies. All these areas contribute, supplementary and within the scope of their functional areas, to the spread of the cross-sectional risk policies, provided that the Executive Committee gives its due consent/approval.

- The third line of defence is represented by the Internal Audit Function, whose main function is to independently and systematically check the activities carried out by the first and second lines in accordance with the rules and regulations established.

The Internal Audit Function reports hierarchically to the Audit, Investment and Risk Committee, which in turn reports directly to the Board of Directors and is composed of three permanent members. Two members are non-executive directors, one director being independent. With the presence of a non-executive independent director in this body, the independence of the Committee from the executive administration body (see paragraphs 21 and 50) is considered to be guaranteed.

The auditors, CMVM, and the Statutory Audit Board are outside the Company's structure, but play an important role in the overall structure of governance and control, as follows:

- The auditors, the regulatory entity and the Statutory Audit Board can be considered as additional lines of defence, since they provide assessments to the Company's stakeholders, including to the governance bodies and the Board of Directors;
- The regulatory bodies establish requirements with the intention of strengthening controls and have an independent and objective function, to evaluate the whole or part of the first, second or third line of defence with respect to these requirements, seeking to operate in a cooperative spirit and in permanent dialogue with the Company.

52. Existence of other functional areas with risk control competences.

The risk management of the Company and its subsidiaries is an integrating element of all organisational processes and decisions, rather than an isolated activity apart from the GROUP's main activities.

Management and risk control are monitored by the Board of Directors, the heads of the business areas and the Company's Corporate functions, highlighting the following: Business Control; Strategic Planning; Corporate Finance; Corporate Tax; Corporate Risk; Human Resources and Sustainability Strategy; Investor Relations; Legal Matters; Compliance, Information and Technologies.

The Corporate Risk Function aims to promote the establishment and implementation of a cross-cutting risk management policy, and to identify and analyse, by way of previously established parameters, the risks that may affect the sustainability of the business/market and value creation.

It also assumes the responsibility of drawing up quarterly reports detailing the levels of exposure to each of the main risks, through Key Performance Indicators (KPI) identified throughout the year, as well as mitigating measures proposed/implemented. These reports are analysed by the Executive Committee, which enables the analysis of the main recommendations and a decision regarding the measures necessary for mitigating the signalled risks, which are also shared with the Audit, Investment and Risk Committee.

This Function reports directly to the Executive Committee and enjoys autonomy in the identification, assessment, monitoring and mitigation of risks.

As regards the Corporate Risk Function, its scope of action envisages the following main activities:

- Mapping transversal risks based on a risk matrix (reviewed on an annual basis) supported by a gathering of information on certain KPI;
- Checking risk levels by collecting and assessing critical information for monitoring transversal risks;
- Defining models and lines of action for mitigating transversal risks;
- Developing and implementing risk action plans and the respective integration into the business management;
- Monitoring and reporting risk evolution and the respective compliance with actions carried out for their mitigation;
- Promoting the impetus and implementation of cross-sectional risk policies in the regions/business areas, properly customised for the relevant markets;
- Organising the risk management policies and systems to be integrated into the GROUP's Reports and Accounts;
- Reporting and discussion at the Executive Committee the main risks and mitigating measures.

There is also a specialist committee, the Investment, Audit and Risk Committee, which reports to the Board of Directors and whose main functions and responsibilities are described in paragraph 21 above.

53. Identification and description of the main risks (economic, financial and legal) that the Company is exposed to during its activities.

Risk management in MOTA-ENGIL GROUP is based on the permanent identification and analysis of the different types of risks inherent to its activity, in the various countries where it operates, that are common to the entire Company – cyclical risks, financial risks, interest rate risks, exchange rate risks, liquidity risks, credit risks, operating risks, legal risks, regulatory risks, among others – and the adoption of profitability maximization strategies.

A separate chapter of the Management Report, which is considered an integral part of this report by reference, contains the detailed description of the main risks to which the GROUP is exposed in its business (part I, chapter C of the Non-financial report).

54. Description of the process of risk identification, assessment, monitoring, control, and management.

Risk management is embedded throughout the organisation and its main objective is to identify, assess and manage the opportunities and threats that the different businesses in different locations face in the fulfilment of the objectives of value creation.

The MOTA-ENGIL GROUP applies the best practices defined for Internal Control and Risk Management and, in that regard, its management comprehends an internal control system based on the international guidelines of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), more specifically regarding the assessment and attribution of degrees of criticalness and priority to risks according to their impact on business objectives and the probability of occurrence.

Risk management is an across-the-board responsibility, particularly of business management units, the different corporate functions, with a special emphasis on the Corporate Risk Function - which coordinates the different risk information and monitors based on an overall perspective and for the Internal Audit Function.

The cyclical and consecutive cluster of risk identification stages of the GROUP is described as follows:

- Risk identification - determination of the risks to which the organisation is exposed and the level of tolerance of exposure to those risks.
- Risk measurement - quantification of risk exposure and production of decision support reports.
- Risk control and management - definition of actions to be taken to cope with risk.
- Implementation of the risk management measures defined - systematic aggregation of risk information and relevant reporting to the Executive Committee.
- Monitoring - evaluation of the risk management process and, if necessary, realignment and redefinition of strategies.

Each year, according to a plan defined and approved by the Audit, Investment and Risk Committee, compliance and financial operational audits are carried out aimed at testing the effectiveness of the internal controls implemented by the GROUP.

All investments or new relevant business are analysed by the various corporate areas and subject to a prior opinion by the Audit, Investment and Risk Committee before being submitted for approval by the Board of Directors.

The Corporate Risk Function ensures the effective implementation of risk management through continuous monitoring of the respective adequacy and effectiveness, monitoring of any mitigation measures regarding deficiencies in internal control and permanent monitoring of risk levels and implementation of control measures.

The evaluation of the internal control and risk management system allows the assessment of its effectiveness, notwithstanding the reference of improvement measures to be implemented in the short and medium term, within a process that intends to achieve an evolution and continuous improvement, as adequate to the development of the company organization and its strategic challenges.

55. Main elements of the internal control and risk management systems implemented in the Company regarding the process of financial information disclosure (article 245-A, paragraph 1, subparagraph m)).

The existence of an effective internal control environment, particularly in the financial reporting process, is a commitment of management and supervisory bodies, as well as from business units and from the corporate centre, which are responsible for the financial information.

The Board of Directors is continually committed to ensure that appropriate policies are implemented, ensuring that the financial statements are reported in accordance with the accounting principles adopted.

The financial information disclosed to the market, is prepared by the people in charge of the Business Control and Investor Relations Function, based on information provided by the business units, and disclosed to the capital market by the representative for Market Relations.

All financial information documents to be submitted to the market are sent to management and supervisory bodies and are only released after being analysed and approved by them.

The workflow for reporting financial information involves a limited number of MOTA-ENGIL's employees, encompassing only those who are directly involved in the process of preparation and development of such information. Additionally, through the processes and controls implemented, some of which are referred to in paragraphs 50 to 54 below, MOTA-ENGIL prepares and discloses in an appropriate and thoroughly manner, to its various stakeholders and within internal defined deadlines (monthly), or within the dates established by law, the financial information necessary to the analysis and assessment of the GROUP's activity.

To this end, and in accordance with the provisions in Regulation (EU) no. 596/2014 of the European Parliament and Council, MOTA-ENGIL drafted a list - constantly updated - of all its workers, whether employed by the Company, who have regular or occasional access to privileged information. Each worker was informed of their inclusion in the corresponding list and provided with an explanation on: (i) the reasons that led to their inclusion in such list; (ii) the rights and obligations set forth in the law; (iii) the consequences resulting from the dissemination or abusive disclosure or use of privileged information; and the respective workers confirmed they were made aware of their inclusion in said list and of their obligations arising therefrom.

Moreover, the Auditor / Statutory Auditor, within the scope of their work, issues a conclusion in its audit report on the inclusion of elements required by the Company under article 245-A of the Portuguese Securities Code regarding the Report on Corporate Governance Practices. In this sense, and in view of subparagraph m) of the referred to article, the workflow for the disclosure of financial information follows the key elements regarding the internal control and risk management systems within the Company.

IV. Investor Relations

56. Responsible service for investor relations, its composition, functions, information provided by such service and contacts.

The Company maintains ongoing contact with investors and analysts through the Investors Relations Board, making up-to-date, relevant, and reliable information available, as well as providing clarifications regarding the GROUP's business, with a view to improving their awareness and understanding of the GROUP.

The Investor Relations office, jointly with the Strategic Planning and the Business Control offices, regularly prepares presentations for the financial community, reports with half a year and yearly results, as well as market-relevant communications whenever this proves necessary for disclosing or clarifying any event which might influence the share price of MOTA-ENGIL. In addition, and when requested, clarifications are provided about the GROUP's activities in response to questions raised by e-mail or telephone.

All information disclosed is made available on the CMVM webpage (www.cmvm.pt) and the MOTA-ENGIL webpage (www.mota-engil.pt).

The head of the Investor Relations office is Pedro Manuel Arrais, whose details are:

Rua Mário Dionísio, 2
2796-957 Linda-a-Velha
Tel.: 351 214 158 200
Fax: +351 214 158 688
E-mail: pedro.arrais@mota-engil.pt

57. Representative for market relations.

The representative for market relations is Luís Filipe Cardoso da Silva, whose details are:

Edifício Mota
Rua do Rego Lameiro, 38
4300-454 Porto
Tel.: +351 225 190 300
Fax: +351 225 190 303
E-mail: investor.relations@mota-engil.pt

58. Information on the proportion and the period for responses to requests for information received in the current year or outstanding from previous years.

As mentioned before, the Company maintains permanent contact, through the Investors Relations Board, with its shareholders and analysts by providing constantly up-to-date information. When requested, it provides clarifications on the relevant facts of the GROUP's activities which have been disclosed pursuant to law. All requested information is analysed and answered in a period not exceeding five working days. Therefore, there are no pending requests from the previous year. The Company believes that its Investor Relations Board ensures permanent contact with investors, keeping a register of applications requested and the respective treatment that was given.

V. Website

59. Address(es).

The institutional website of the Company is made available in Portuguese, Spanish, French and English and may be accessed on the following address www.mota-engil.pt. In the area for investor information, information is provided to enable third parties to analyse the evolution of the Company and its current positioning in economic, financial and governance terms.

60. Web address providing information on the company, its status as an open capital company, registered office and other elements referred to in article 171 of the Portuguese Commercial Companies Code.

<https://www.mota-engil.com/en/investors/corporate-profile/>

61. Web address for the articles of association and the regulations for the function of its bodies and/or committees.

<https://www.mota-engil.com/en/investors/corporate-profile/>

62. Web address where information on the identity of the holders of offices on company bodies, the representative for market relations, the Investor Support Office or equivalent structure and their respective functions and means of access may be found.

<https://www.mota-engil.com/en/institutional/corporate-bodies/>

<https://www.mota-engil.com/en/investors/investor-support/>

63. Web address where documents providing accounts can be found and which should be available for at least five years together with a six-monthly calendar of corporate events published at the beginning of each period including annual general meetings, the publication of annual, six-monthly and, where applicable, quarterly accounts.

<https://www.mota-engil.com/en/investors/financial-information/>

<https://www.mota-engil.com/en/investors/investor-calendar/>

<https://www.mota-engil.com/en/investors/general-meetings/>

64. Web address where the notice of the annual general meeting is published together with all the related preparatory and subsequent information.

<https://www.mota-engil.com/en/investors/general-meetings/>

65. Web address where the company archives are made available including decisions taken at annual general meetings for the Company, the share capital represented and the results of votes for the previous 3 years.

<https://www.mota-engil.com/en/investors/general-meetings/>

D. REMUNERATION

I. Power to Establish

66. Responsibility for determining the remuneration of governing bodies, the members of the executive committee or the managing director and company directors.

In accordance with the articles of association, the duties of the Remuneration Committee, appointed by the shareholders at a general meeting, are to define the policy for the remuneration of the corporate officers, setting the applicable remuneration considering the duties performed, their performance and the Company's economic situation.

The remuneration of officers of the Company is determined by the respective administration body, observing the principles of the remuneration policy submitted by the Remuneration Committee for evaluation of the General Meeting.

On the other hand, it is also up to this Committee to annually confirm the correct implementation of the (fixed and variable) remuneration policy which was approved for the managing bodies' members and for the members of the Company's committees.

II. Remuneration Committee

67. Composition of the remuneration committee including the identification of other individuals or companies hired to provide support and statement of independence of each of its members and advisers.

The Remuneration Committee appointed for the four-year period 2018-2021 is made up of the following members: António Manuel Queirós Vasconcelos da Mota, Maria Teresa Queirós Vasconcelos Mota Neves da Costa, both of whom are members of the management body, and Manuel Teixeira Mendes (independent member).

António Manuel Queirós Vasconcelos da Mota (Chairman, non-executive member of the Board of Directors and relative of two executive members) and Maria Teresa Queirós Vasconcelos Mota Neves da Costa (non-executive member of the Board of Directors and relative of two executive members) form the Remuneration Committee, having been appointed for these duties by the General Meeting, under a proposal from the majority shareholder MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA. Their participation on the Remuneration Committee is limited exclusively to the representation of the shareholder interest, intervening in that capacity and not as members of the management body. To ensure their independence in the performance of these duties, these members do not take part in any discussion or deliberation in which there is or there may be a conflict of interest, specifically when it comes to the setting of their relatives' remuneration as members of the management body. Additionally, it is generally believed, namely by the General Meeting of Shareholders that appointed them to their positions, that the members of the Remuneration Committee accumulate an experience, a weight and the ethics that allow them to fully protect the interests conferred upon them.

The Company did not hire any individual or legal person to support the Remuneration Committee in its functions. Notwithstanding, it is exclusively up to this Committee, within the budgetary limitations of the Company, to decide on the potential hiring of external consultancy services necessary or convenient to the performance of its duties.

Moreover, it is also up to the Remuneration Committee to ensure that the consultancy services are provided with independence and the providers are not hired by the GROUP for execution of other services without its authorisation.

Lastly, to provide information or clarifications to the shareholders, the Chairman or, in the Chairman's absence, other member of the Remuneration Committee attends the annual General Meetings or those in which the agenda includes items related to the remuneration of the members of the managing bodies and committees of the Company.

68. Knowledge and experience of the members of the remuneration committee on remuneration policy.

It is considered that, by virtue of their respective curricula and/or career paths (see Annex 7 "List of positions held by the members of the Board of Directors"), the members of the Remuneration Committee have knowledge and experience in matters of remuneration policy. Additionally, and when proven necessary, the Remuneration Committee is assisted by specialised internal or external resources to support its decisions regarding remuneration policy.

III. Remuneration Structure

69. Description of the remuneration policy for management and other statutory governing bodies referred to in article 2 of Law 28/2009 of 19 June.

As stipulated by Law nº 28/2009, of June 19, a declaration on the remuneration policy of the management and supervisory bodies was submitted on an annual basis to the opinion of the managing and supervisory bodies.

However, with applicability of Law nº 5/2020, the proposal of the GROUP's remuneration policy shall have to be submitted for approval of the General Meeting at least every four years and whenever the existing policy undergoes any relevant change.

During the financial year of 2020, and until the next General Meeting, the general principles observed in the establishment of remuneration were essentially as follows:

a) Functions performed

The functions performed by each member should be considered in the broadest sense of the activity exercised and the associated responsibilities rather than solely in a formal sense. All the directors, executive directors or the members of the Statutory Audit Board shall not be in the same position. Consideration of the functions should be as broad as possible, considering such criteria as responsibility, time spent or value added for the GROUP, which results from a specific type of activity or institutional representation. Such consideration should be taken into account not discounting any functions performed at other companies controlled, which implies an increase in responsibility as well as a cumulative source of income.

In line with the principle expressed, the GROUP has a remuneration policy established, the coverage of which is extended by segments to members of management and workers based on the international Korn Ferry/HayGroup model for marking of functions.

In accordance with the current methodology, functions are assessed based on knowledge, complexity and responsibility/autonomy required and subsequently fitting into predefined functional groups, which constitutes the benchmark vector for the determining of conditions in matters of remuneration.

b) Financial situation of the Company

The financial position of the Company, as well as its interests, should be taken into consideration from a long term perspective, as well as its real growth, and the creation of value to the shareholder.

Within this scope, the GROUP has been supporting its development by means of a short and medium-term plan (GROUP's Strategic Plan), setting goals and preparing initiatives, being its execution subject to periodic assessment through a series of KPIs which guide performance along four dimensions: cash-flow generation, internal control/controlled risk, sustainable growth, and organisational reinforcement.

As the GROUP's Strategic Plan is the instrument guiding its strategy, the KPIs comprise one of the key components for the assessment of members of the GROUP's management and for the determination of their remuneration, driving the incentive mechanisms toward the effective creation of value with a long-term horizon.

c) General market conditions for equivalent situations

The establishment of any remuneration cannot avoid the laws of supply and demand, and the members of governing bodies are no exception. Respect for market practises allows professionals to be maintained within a level of performance which is adequate to the complexity of their functions and their responsibilities. It is important that the remuneration should be in line with the market and stimulating as a means for achieving a high level of individual and collective performance assuring not only their own interests but essentially those of the Company and the creation of shareholder value.

Taking into account the above mentioned principle, the periodic auditing of compensation practice as well as their comparison with the market falls within the remuneration policy of the GROUP. To this end, the international Korn Ferry/HayGroup methodology for the marking of functions is adopted along with Korn Ferry/HayGroup salary studies aimed at the comparative functional groups, thus ensuring competitive rationales of adjustments to the strategy for the development of human capital and the evolution of the salary market.

The remuneration policy specific options submitted and approved were the following:

1. The remuneration of executive members and non-executive non-independent members of the Board of Directors shall be composed of a fixed component and a variable component.

The remuneration policy embodies two fundamental aspects in the compensation of all members of management and workers of the GROUP: first, the equity/competitiveness of salaries, safeguarded by internal analysis and external comparison of the proportion of fixed payments in relation to the function exercised by the holders of the position (using the Korn Ferry/HayGroup methodology as support); secondly, meritocracy, complementing the fixed salary with a variable component dependent upon the assessment of performance.

2. The remuneration of non-executive, independent members of the Board of Directors, the members of the Statutory Audit Board and the members of the Shareholders' General Meeting Board is composed solely of a fixed component.
3. The fixed component of the remuneration of members of the Board of Directors with executive functions along with the non-executive members who are not independent will consist of a monthly sum payable 14 times per year.
4. The setting of the monthly amount of the fixed component of the remuneration of Board members will be made for all of those who are members of the Executive Committee and for those which, although not part of this committee, are not considered to be independent.
5. The setting of a predetermined sum for each participation in meetings to the members of the Board of Directors will be made for those considered to be independent and to have essentially non-executive functions.
6. All the fixed remuneration of the members of the Statutory Audit Board and the General Meeting will consist of a fixed amount payable 12 times per year.
7. The process of attribution of variable remuneration to executive members as well as to non-executive non-independent members of the Board of Directors shall obey the criteria proposed by the Remuneration Committee based on the performance assessment carried out, of their rank in the hierarchy, of long-term Company performance criteria, of the real growth of the performance and of the selected performance variables.

Under the remuneration policy defined for the GROUP, the variable remuneration is dependent on the assessment of performance, whose general principles and respective mode of application are to be found in the Performance Management Corporate Model.

The assessment of performance in the GROUP covers two components: quantitative evaluation, measured through the fulfilment of the KPIs indexed to the GROUP's Strategic Plan and expressed in annual targets at the beginning of each evaluation cycle; and qualitative evaluation which results from an individual assessment covering key skills for the GROUP.

The determination of variable remuneration within the GROUP presupposes the observance of two cumulative conditions: achievement of barrier-targets, defined for each annual evaluation cycle and drawn from the GROUP's Strategic Plan; and the satisfactory average achievement of the quantitative targets, weighed with the individual qualitative evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages.

In addition, preventive mechanisms are established which inhibit the payment of variable remuneration to minimise the incentive for unaligned results with a perspective of the creation of sustainable value with a long-term horizon.

Therefore, no variable remuneration will be allocated were any of the following conditions is found:

- a. One of the barrier-targets (which corresponds to the minimum to be attained in each KPI so that the payment of variable remuneration is eligible) not being attained in accordance with the parameters set for each annual assessment cycle.
 - b. The attainment on average of the targets defined by KPI weighed with the individual qualitative assessment being unsatisfactory.
8. In the setting of all remuneration, namely in the specific distribution of the total sum for variable remuneration among the Board members, the general principles mentioned above will be observed: duties performed, situation of the Company and market criteria.

The GROUP's remuneration policy is extended to cover members of management and workers and is segmented into predefined functional groups (members of the Board of Directors being included in Top Executives), using the international Korn Ferry/HayGroup model for the marking of functions. Under the GROUP's remuneration policy, it is ensured that the fixed remuneration for each functional group (for both the fixed and the variable components) is based on internal equity and salary benchmarking for the reference market, produced periodically.

Regarding the groups of companies whose policy and remuneration practices were used for comparison for remuneration setting purposes, the Remuneration Committee considers, within the limits of available information, all Portuguese companies of an equivalent size, specifically within PSI-20, as well as companies in other international markets with characteristics equivalent to those of the GROUP.

No agreements for payments by the GROUP are set by the Remuneration Committee for the dismissal or termination by agreement of directors.

As already mentioned, the remuneration of non-executive and non-independent members of the Board of Directors includes one variable component. The Company believes that, besides having the duty to reward the long-term strategy carried out by the entire Board of Directors, including the non-executive and non-independent directors, this does not pervert their non-executive function.

Apart from the Articles of Association, which determine that, in overall terms, the variable remuneration of the Board of Directors may not exceed 5% of the profits for the financial year, there are mechanisms in the remuneration policy in force that aim, on one hand, at rewarding the effective creation of value in a long-range perspective, whilst on the other hand they seek to discourage the assumption of excessive risks and behaviours that are out of line with the strategy outlined for the GROUP.

In this way, the fixed and variable remuneration are delimited by remuneration place holders that are based on the function, the corresponding functional group, and the benchmarking in the market of reference. The fixed remuneration has an underlying predefined minimum and maximum value by functional group and the variable remuneration is dependent on performance evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages. In aggregate terms, the mix of fixed and variable remuneration is balanced through the setting of minimum and maximum limits, provided for within the scope of the remuneration policy.

The Remuneration Committee considers that the way the remuneration of directors is structured is appropriate and believes that it is unnecessary to fix possible maximum, aggregate and/or individual limits regarding the remuneration payable to the members of the managing body, especially considering that the remuneration policy adopted is in line with the remuneration practices of most similar companies included in the PSI-20, when considering the characteristics of the Company.

The members of the Board of Directors did not conclude any contracts with the Company or third parties that will have the effect of mitigating the risk inherent to the variability of their remuneration as fixed by the Company.

70. Information on the method by which remuneration is structured to allow for the alignment of the interests of members of management with the long-term interests of the Company, as well as is based on assessment of performance while acting as a disincentive to the excessive assumption of risk.

The GROUP's current remuneration policy, as approved by the General Meeting, seeks to promote the alignment of the interests of the directors, other governing bodies, and managers with the interests of the Company in a medium and long-term perspective, and is set on a fixed basis with a variable component (where applicable) according to the results of the activities carried out and the economic and financial situation of the Company.

As described in paragraph 69, the GROUP's remuneration policy has underlying variable remuneration instruments structured to promote the alignment of the interests of the members of the management board with Company's interests in the long term, which acts as a deterrent to the assumption of excessive risks, particularly by monitoring KPIs associated with the "internal control/controlled risk" dimension.

To this end, the remuneration policy defines indexation mechanisms for variable remuneration based on the assessment of performance which, in turn, is based on KPIs set by the GROUP's Strategic Plan, defined for the long term.

Under the quantitative component of the assessment of performance, at the start of the assessment cycle, targets are defined for each KPI.

The determination of the variable remuneration in the GROUP requires an average satisfactory attainment of the targets set, weighed by the individual qualitative assessment (which may result in a pay-out sum which varies between predefined minimum and maximum percentages).

In addition, preventive mechanisms for the inhibition of the payment of the variable remuneration are established should any of the following conditions be met:

- One of the barrier-targets (which corresponds to the minimum to be attained in each KPI so that the payment of variable remuneration is eligible) not being attained, in accordance with the parameters set for the annual assessment cycle;
- The attainment on average of the targets defined by KPI, weighed with the individual qualitative assessment, being unsatisfactory.

71. Reference, if applicable, to the existence of a variable component of remuneration and information regarding the way this component depends on the performance.

The remuneration and compensation policy for executive members of the Company's Board of Directors, as well as for non-executive and non-independent members, abides by a plan comprised of: (i) a fixed component defined in accordance with the function, the corresponding position within the functional groups predefined for the GROUP and market benchmarking (supported by the Korn Ferry/HayGroup international methodology for the marking of functions), which includes the base gross remuneration paid in reference to the period of one year; and (ii) a variable component paid as performance bonus, taking into consideration the progress of performance, based upon criteria defined and revised annually by the Remuneration Committee.

The criteria for allocating variable remuneration to members of the GROUP's management bodies are indexed to performance evaluation, which falls under the responsibility of the Remuneration Committee.

Performance evaluation comprises two components: quantitative evaluation, measured through the fulfilment of the KPIs indexed to the GROUP's Strategic Plan and expressed in annual targets, which are set at the beginning of each evaluation cycle; and qualitative evaluation that results from a discretionary individual evaluation.

The payment of variable remuneration applicable to members of management within the GROUP presumes the observance of two cumulative conditions: achievement of barrier-targets, defined at the beginning of each annual evaluation cycle, and drawn from the GROUP's Strategic Plan; and the satisfactory average achievement of the quantitative targets, weighed with individual qualitative evaluation, which can result in a pay-out amount that varies between predefined minimum and maximum percentages.

72. Deferral in the payment of the variable component of the remuneration, with mention to the deferment period.

There is no deferral in the payment of the aforesaid variable remunerations mentioned. Nevertheless, the Remuneration Committee structures the remuneration of the members of the management body in a way that allows for long-term continuous positive performance of the Company. Ex ante, monitoring of positive performance is carried out through the periodic assessment of KPIs drawn from the GROUP's Strategic Plan, which allows for monitoring the Company's performance evolution. Ex-post, there are mechanisms defined in the remuneration policy that are aimed at inhibiting the payment of the variable remuneration when one of the following conditions is not met:

- One of the barrier-targets (which corresponds to the minimum to be attained in each KPI so that the payment of variable remuneration is eligible) not being attained, in accordance with the parameters set for each annual assessment cycle.
- The attainment on average of the targets defined by KPI, weighed with the individual qualitative assessment, being unsatisfactory.

The Remuneration Committee considers that the way the directors' remuneration is structured, particularly the lack of any deferment mechanism for the variable component, is appropriate and allows for the alignment of their interests with the interests of the Company in the long run. For the same reason, the Remuneration Committee deems it unnecessary to set any possible maximum, aggregate and/or individual limits to the remuneration payable to the members of the governing bodies, especially considering that the adopted remuneration policy is in line with the remuneration practices of most of the similar companies included in the PSI-20, considering the characteristics of the Company.

73. Criteria for the allocation of variable remuneration in shares, as well as criteria regarding the maintenance, by executive directors, of such shares, criteria for the potential conclusion of contracts related to those shares, specifically hedging or risk transfer contracts, their respective limits and relation with the value of total annual remuneration.

The Company does not have, nor plans to have, any remuneration measure in force that includes the allocation of shares and/or any other incentive system with shares.

74. Criteria for the attribution of variable remuneration in shares and indication of the period of deferral and the price of exercise.

The Company presently does not, nor plans to have, any remuneration measures in force that includes the awarding of the rights to acquire stock options.

75. Main parameters and grounds of any annual bonus system or any other non-monetary benefits.

The Company does not have any annual bonus system or other non-monetary benefits.

76. Main characteristics of the complementary pension or early retirement schemes for directors and date on which they were approved individually in a General Meeting.

Apart from founding shareholders who are directors, the Company does not currently have complementary pension or early retirement schemes for directors. The founding shareholders who are directors are also beneficiaries of a retirement plan with defined benefits, which will largely allow them to receive a pension equivalent to 80% of the salary on the date of retirement: This plan was already in effect prior to MOTA-ENGIL's admission to stock exchange.

As at 31 December 2020 and 2019, the accrued amounts of liabilities related to retirement plan benefits set for the abovementioned directors was as follows:

Members	Value in Euros		
	2020	2019	Variation
António Manuel Queirós V. da Mota	4,313,609	5,271,571	(957,962)
Maria Manuela Queirós V. Mota dos Santos	3,369,697	2,273,844	1,095,853
Maria Paula Queirós V. Mota de Meireles	5,309,921	2,414,547	2,895,375
Maria Teresa Queirós V. Mota Neves da Costa	3,598,784	2,397,805	1,200,980
	16,592,011	12,357,766	4,234,245

The variation that occurred in 2020 in accumulated liabilities was essentially due to the reduction in the discount rate, to the increase in the wages higher than estimated and to an increase in the expected retirement age of beneficiaries.

IV. Disclosure of remuneration

77. Indication of the annual sum of the remuneration received from the company, in aggregate and individually, by the members of the company's management bodies, including fixed and variable remuneration and, regarding the latter, reference to the various components which gave rise to it.

					Value in Euros
Members	Fixed component	Other remunerations	Variable component	Attendance fees	Total
Executive directors					
Carlos António Vasconcelos Mota dos Santos	297,000	3,071			300,071
Eduardo João Frade Sobral Pimentel	254,000	6,010			260,010
Gonçalo Nuno Gomes de Andrade Moura Martins	376,000	66,619			442,619
Ismael Antunes Hernandez Gaspar	286,000	82,993			368,993
João Pedro Santos Dinis Parreira	301,142	11,332			312,473
José Pedro Matos Marques Sampaio de Freitas	235,000	3,480			238,480
Luís Filipe Cardoso da Silva	238,000	52,000			290,000
Manuel António Fonseca Vasconcelos da Mota	310,004	10,943			320,947
Non-executive non-independent directors					
António Manuel Queirós Vasconcelos da Mota	476,000	35,370			511,370
Arnaldo José Nunes da Costa Figueiredo	286,000				286,000
Emídio Jose Bebianio Moura Costa Pinheiro	260,461	2,818			263,280
Maria Manuela Queirós Vasconcelos Mota dos Santos	251,000				251,000
Maria Paula Queirós Vasconcelos Mota de Meireles	251,000	5,167			256,167
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	251,000				251,000
Independent non-executive directors					
Ana Paula Chaves e Sá Ribeiro				40,000	40,000
António Bernardo Aranha da Gama Lobo Xavier				50,000	50,000
António Manuel da Silva Vila Cova				43,000	43,000
Francisco Manuel Seixas da Costa				70,000	70,000
Helena Sofia Salgado Cerveira Pinto				40,000	40,000
Jorge Paulo Sacadura Almeida Coelho				51,120	51,120
Luís Valente de Oliveira				45,000	45,000
					4,691,530

There are no plans for allocation of shares or rights to acquire options on shares or any other incentive system with shares, since the criteria related to the variable components of the management bodies' remuneration are those listed in the remuneration policy described in paragraph 69.

Information regarding the link between remuneration and the performance of management bodies is the one stated in the remuneration policy described in paragraph 69.

Information regarding the main parameters and the grounds for any system of annual premiums is that which is stated in the remuneration policy described in paragraph 69.

There are no other amounts paid for any reason by other controlled companies or within a group relationship.

78. Amounts paid for any reason by other companies in a control or GROUP relationship or subject to a common control.

The amounts paid by other GROUP companies are set out in the table of the caption above.

79. Remuneration paid as share of profits and/or payment of bonuses and the reasons for said bonuses and/or the profit share granted.

The variable component of remuneration of the members of the Board of Directors corresponds to a performance bonus and depends on performance assessment, whose general principles and application method are provided for in the Performance Management Corporate Model, as previously explained in paragraph 69.

80. Compensation paid or due to former executive directors relating to the termination of their functions during the period.

No compensation was paid to former executive directors relating to the termination of their functions during the period.

81. Indication of the annual remuneration received, in aggregate and individually, by members of the Company's supervisory bodies for the purposes of Statute no. 28/2009, of 19 June.

		Value in Euros
Members	Company	Total
José António Ferreira de Barros	Mota-Engil SGPS	30,000
Susana Catarina Iglésias Couto Rodrigues de Jesus	Mota-Engil SGPS	30,000
Cristina Maria da Costa Pinto	Mota-Engil SGPS	30,000
		90,000

Additionally, the Auditing Firm PricewaterhouseCoopers & Associados – SROC, Lda, including other entities belonging to the same network, received, in the Company and in companies in a control or GROUP relationship, the amount of 1,657,325 Euros (see paragraphs 46 and 47).

82. Indication of the remuneration of the chairperson of the general meeting for the period.

During 2020, the current chairman of the Shareholder's General Meeting received 6,000 Euros and the current secretary received 3,000 Euros.

V. Agreements with remunerative implications

83. Contractual limitations for the compensation to be paid for unjustified dismissal of a director and its relationship with the variable component of the remuneration.

No limits are contractually set for the compensation to be paid for unjustified dismissal of a director other than that provided for in law. On the other hand, there is no agreement established with directors requiring the Company to pay any damages or compensation beyond what is legally required.

84. Reference to the existence and description, with disclosure of the amounts involved, of agreements between the Company and management members and managers in the context of article 248-B, paragraph 3 of the Portuguese Securities Code, which foresee for compensation in case of dismissal, unjustified dismissal or termination of the employment relationship following a change in control of the Company. (Article 245-A, paragraph 1, subparagraph I)).

No agreements were entered into between the Company, its members of management, directors and managers which foresee for compensation in case of dismissal, unjustified dismissal or termination of the employment relationship following a change in control of the Company.

VI. Plans for the awarding of shares or stock options

85. Identification of the plan and awardees.

The Company presently does not have, or foresees, any remuneration measure that includes the awarding of the rights to acquire stock options.

86. Characterisation of the plan (conditions for the awarding, clauses prohibiting the disposal of shares, criteria relating to the price of the shares and the price for the exercise of options, the period during which the options may be exercised, characteristics of the shares or options to be awarded, the existence of incentives for the acquisition of shares and/or the exercise of options).

The Company presently does not have, or foresees, any remuneration measure that includes the awarding of the rights to acquire stock options.

87. Option rights awarded for the acquisition of shares (stock options) of which employees and workers of the company are beneficiaries.

The Company presently does not have, or foresees, any remuneration measure that includes the awarding of the rights to acquire stock options.

88. Mechanisms of control in any system of employee participation in the Company's capital where the rights to vote are not exercised directly by the latter (art. 245-A, paragraph 1, subparagraph e)).

The Company presently does not have, or foresees, any remuneration measure that includes the awarding of the rights to acquire stock options.

E. TRANSACTIONS WITH RELATED PARTIES

I. Mechanisms and control procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties.

All business carried out by the Company with related parties' respects the interest of the Company and its subsidiaries and is carried out under normal market conditions. The mechanisms implemented in force to control such transactions go through specific administrative procedures that essentially result from legislation impositions and the approval by the Board of Directors.

However, following Law no. 5/2020, the Company prepared an internal procedure, pending approval by the Board of Directors and favourable prior opinion from the Statutory Audit Board, on the control mechanisms to be adopted in relation to the periodic verification of transactions carried out with related parties, namely if those: (i) were carried out within the scope of its current activity and (ii) under market conditions.

According to that procedure, if the transactions carried out with related parties do not comply with the requirements (i) and (ii) mentioned above, they will have to be submitted for the approval of the Board of Directors, preceded by an opinion of the Statutory Audit Board.

In the meantime, mechanisms for capturing transactions with related parties have already been implemented so that the Board of Directors can periodically analyze them, and every six months the Statutory Audit Board can also comment on the reasonableness of the analysis carried out.

90. Indication of the transactions which were subject to control in the period in question.

During the year 2020, as it corresponds to a transaction carried out outside the current activity of the Company, and although its amount is not very significant, the incorporation of a company by the MOTA-ENGIL GROUP in which one of the shareholders would also be one of its Board Members, was subject to analysis and approval. This company is engaged in mining operations and mining.

On the other hand, in the year 2020, the acquisition of 100% of AMGP AGRICULTURA SA from MOTA - GESTÃO E PARTICIPAÇÕES, SGPS, SA was completed, a transaction that had been approved by the Board of Directors and by the Statutory Audit Board of MOTA-ENGIL SGPS in 2019. For more information on this transaction, it is recommended the analysis of Notes 41 and 42 of the Notes to the consolidated financial statements for 2020.

91. Description of the procedures and criteria for intervention of the supervisory body for the purposes of preliminary assessment of the transactions to be carried out between the Company and the holders of qualified positions or entities with which there is a relationship under the terms of article 20 of the Portuguese Securities Code.

As provided for in the bylaws of the Statutory Audit Board, and as the internal procedure referred to in point 89 has not been approved, it is incumbent upon this body to assess, prior to approval by the Board of Directors, transactions to be carried out with holders of qualified participation or with entities related, under the terms of article 20 of the Portuguese Securities Code, or respective renewals, whose aggregate value per entity is greater than 500 thousand euros per year (threshold defined by the Board of Directors).

II. Elements relative to the business

92. Indication of where can be found the accounting documents related with business with related parties, in accordance with IAS 24 or, alternately, the reproduction of this information.

The information on business carried out with related parties is described in Note 41 to the consolidated financial statements in the Report of Consolidated Accounts 2020.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

The present report is in line with the model contained in the annex to the CMVM Regulation no. 4/2013, of 1 August, and is based on Corporate Governance Code of the Corporate Governance Portuguese Institute (2018 and revised in 2020) available on its webpage www.cgov.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED

Breakdown of the recommendations included in the Corporate Governance Code of the Corporate Governance Portuguese Institute adopted and not adopted by MOTA-ENGIL:

Recommendation/chapter	Sub recommendation	Fulfilment	Report
I. GENERAL SECTION			
I.1. Relations of the Company with investors and information			
I.1.1. The Company must set up mechanisms that ensure, in an adequate and thorough manner, the timely disclosure of information to its governing bodies, to the shareholders, to the investors and remaining stakeholders, to the financial analysts and to the overall market.		In compliance	21, 55, 56 and 58
I.2. Diversity in the composition and operation of the Company's bodies			
I.2.1. The Companies must establish criteria and requirements regarding the profile of the Company bodies' new members that are adequate to the duties to be performed and which must take into consideration not only individual qualities (such as competence, independence, integrity, availability and experience) but also diversity-related requirements, with special focus on the gender, which may contribute to improving the performance of the relevant body and the balance in the respective composition.		In compliance	21
I.2.2. The managing and supervisory bodies and their internal committees must have internal regulations — particularly concerning the fulfilment of the respective responsibilities, chairman duties, frequency of meetings, operation and framework of their members' duties — which should be disclosed on the Company's website with detailed minutes being drawn up from the respective meetings.	Board of Directors	Both sub recommendations in compliance	21
	Statutory Audit Board	Both sub recommendations in compliance	
	Executive Committee	Both sub recommendations in compliance	
	Audit, Investment and Risk Committee	Both sub recommendations in compliance	
	Remuneration Committee	Not in compliance - internal regulation	
I.2.3. The composition and number of annual meetings of the managing, supervisory bodies and their internal committees must be fully disclosed on the Company's website.	Composition	In compliance	21 and 31
	Number of meetings	In compliance	21, 23 and 35
I.2.4. A whistleblowing policy should be adopted to ensure the appropriate means for communicating and handling them, safeguarding the confidentiality of the information transmitted and the identity of the notifier, whenever requested.		In compliance	49
I.3. Relations between Company's bodies			
I.3.1. The articles of association or other equivalent channels adopted by the Company must set out mechanisms so as to guarantee that, within the limits of the applicable legislation, the managing and supervisory bodies' members are permanently granted access to all information and workers of the Company for purposes of assessment of the performance, situation and development of prospects of the Company, including, but not limited to, the minutes, the documentation supporting the decisions taken and the notices and filing of the executive administration body meetings, without prejudice to access to any other documents or persons from whom clarifications may be requested.		In compliance	21
I.3.2. Each body and committee of the Company must ensure, in a timely and adequate manner, the flow of information, starting with the respective notices and minutes, that is necessary to the exercise by each of the remaining bodies and committees of the powers laid down under legislation and in the articles of association.		In compliance	21
I.4. Conflicts of Interest			
I.4.1. By internal regulation or equivalent, the members of the management and supervisory bodies and internal commissions are bound to inform the respective body or commission whenever there are facts that may constitute or cause a conflict between their interests and the social interest.		In compliance	26
I.4.2. Procedures preventing the member in a situation of conflict of interest from interfering in the decision-taking process, without prejudice to the duty to provide information and clarifications that the body, the committee or the respective members may request to said member, must also be adopted.		In compliance	26 and 67
I.5. Transactions with related parties			
I.5.1. The management body must disclose, in the government report or in another publicly available way, the internal procedure for verifying transactions with related parties.		In compliance	89, 90 and 91
I.5.2. The managing body must, at least every six months, report to the supervisory body all business covered by Recommendation I.5.1.		In compliance	89

Recommendation/chapter	Sub recommendation	Fulfilment	Report
II. SHAREHOLDERS AND GENERAL MEETING			
II.1. The Company must not establish an excessively high number of shares necessary for granting the right to one vote, and must clarify in the governance report its option whenever it implies a deviation from the principle that each share corresponds to one vote.	a)	In compliance	12
	b)	Not applicable	
II.2. The Company shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.		Not in compliance	14
II.3. The Company must implement the means adequate for the participation of shareholders in the general meeting by distance, taking in consideration its dimension.		Not in compliance	12
II.4. The Company must implement also the means that enable the voting right by distance, including by correspondence and by electronic means.		In compliance	12
II.5. The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the general meeting, at least every five years, on whether that statutory provision is to be amended or prevails –without higher quorum requirement than that legally in force – and that in said resolution all votes issued be counted, without applying said restriction.		Not applicable	
II.6. Measures that determine payments or assumption of fees by the Company in the event of change of control or change in the composition of the managing body and which appear likely to impair the economic interest in the transfer of shares and the free assessment by shareholders of the performance of the board members shall not be adopted.		In compliance	4
III. NON-EXECUTIVE MANAGEMENT AND SUPERVISION			
III.1. Without prejudice to the legal responsibilities of the chairman of the Board of Directors, if said chairman is not independent, the independent board members must nominate a coordinator from among themselves, particularly for (i) acting, whenever necessary, as an interlocutor, with the chairman of the Board of Directors and with the remaining board members, (ii) arranging that said chairman and directors have a set of conditions and means necessary to the performance of their duties; and (iii) coordinating them in the assessment of the managing body's assessment provided for in recommendation V.1.1.		In compliance	21
III.2. The number of non-executive members of the managing body, as well as the number of members of the statutory audit board and the number of members of the committee for financial matters must be suitable to the size of the Company and to the complexity of the risks inherent to its activity, but sufficient for efficiently ensuring the duties allocated to it, and the formulation of this adequacy judgment must be included in the government report.	a)	In compliance	17 and 18
	b)	In compliance	31
	c)	Not applicable	
III.3. In any case, the number of non-executive board members must be higher than that of executive board members.		In compliance	17 and 18
III.4. Each Company must include a number not less than one third, but always plural, of non-executive board members who meet the independence requirements. For purposes of this recommendation, an independent person is regarded as a person who is in no way associated with any specific group of interests in the Company nor is in any circumstance liable to affect their unbiased analysis of decision-taking, namely due to: i. Having performed, for more than twelve years, in an ongoing or interspersed manner, duties in any body of the Company; ii. Having been a worker of the Company or of company in a control or group relationship with the former in the last three years; iii. Having, in the last three years, provided services or established a significant business relation with the Company or with Company in a control or group relationship with the former, directly or as a partner, director, manager or officer of a legal person; iv. Being the recipient of a remuneration paid by the Company or by company in a control or group relationship with the former apart from the remuneration resulting from the performance of director duties; v. Being the unmarried partner or spouse, lineal and collateral relative up to the third degree of consanguinity or affinity of Company board members, of directors of a legal person with a qualified holding in the Company or of individuals directly or indirectly holding a qualified holding; vi. Having a qualified holding or representing a shareholder holding qualified holdings.		In compliance	18
III.5. The provisions in subparagraph (i) of Recommendation III.4 do not prevent a new director from being deemed as independent provided that at least three years have elapsed (cooling-off period), between the termination of their term of office in any body of the Company and their new nomination.		Not applicable	
III.6. With respect to the powers conferred on it by law, the statutory audit board assesses and pronounces on the strategic lines and the risk policy, prior to its final approval by the management body.	a)	Not in compliance	38
	b)	In compliance	
III.7. Companies must have specialized committees on corporate governance, appointments and performance appraisal, separately or cumulatively. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created, and as this is not prohibited by law, this recommendation can be fulfilled through the attribution to this committee of competence in the aforementioned matters.	Corporate Governance	Not in compliance	16 and 21
	Remuneration and Assessment	In compliance	
	Nominations	In compliance	
IV. EXECUTIVE BOARD			
IV.1. The managing body must approve, through internal regulations or equivalent form, the scheme for the executive board members' action and the performance of their executive duties in entities outside the group.		In compliance	21 and 26
IV.2. The managing body must ensure that the Company acts in accordance with its objectives and may not delegate its responsibilities namely as regards the following: i) definition of the strategy and general policies of the Company; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to the amount, risk and particular characteristics involved.	a)	In compliance	21
	b)	In compliance	
	c)	In compliance	
IV.3. In the annual report, the management body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the Company and what are the main resulting contributions to the community in general.		In compliance	21

Recommendation/chapter	Sub recommendation	Fulfilment	Report
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V. PERFORMANCE ASSESSMENT, REMUNERATIONS AND NOMINATIONS

V.1 Performance Annual Assessment

V.1.1. The managing body must assess, on an annual basis, its assessment as well as the assessment of its committees and delegate board members, considering the fulfilment of the Company's strategic plan and the budget, the risk management, its internal operation and the contribution of each member to that effect, and the relation between bodies and committees of the Company.	Self Assessment	In compliance	21 and 24
	Committees	In compliance	
	Executive Committee	In compliance	

V.2 Remunerations

V.2.1. The Company must set up a remuneration committee, whose composition ensures its independence from the management, which may be the remuneration committee designated under the terms of article 399 of the Portuguese Companies Code.		In compliance	66 to 68
V.2.2. The setting of remunerations should be the responsibility of the remuneration committee or the general meeting, on the proposal of that committee.		In compliance	66
V.2.3. For each mandate, the remuneration committee or the general meeting, on the proposal of that committee, must also approve the maximum amount of all compensation to be paid to the member of any body or committee of the company due to the respective termination of functions, the disclosure of said situation and amounts in the government report or in the remuneration report.		In compliance	24
V.2.4. In order to provide information or clarifications to the shareholders, the chairman or, when unable to do so, another member of the remuneration committee must be present at the annual general meeting and at any other meetings if the respective agenda includes a matter related to the remuneration of the members of the corporate bodies or commissions or if such presence has been required by shareholders.		In compliance	67
V.2.5. Within the company's budgetary limitations, the remuneration committee must be able to freely decide whether to hire, by the company, the necessary or convenient consultancy services for the exercise of its functions.		In compliance	67
V.2.6. The Remuneration Committee must ensure that the services are provided independently and that the respective providers are not contracted to provide any other services to the company itself or to others that are in a controlling or group relationship without the express authorization of the Committee.		In compliance	67
V.2.7. In view of the alignment of interests between the company and the executive directors, part of their remuneration must be of a variable nature that reflects the sustained performance of the company and does not encourage the taking of excessive risks.		In compliance	69
V.2.8. A significant part of the variable component must be partially deferred over time, for a period of not less than three years, associating it, necessarily, to the confirmation of the sustainability of performance, under the terms defined in the company's internal regulations.		In compliance	69
V.2.9. When the variable remuneration comprises options or other instruments directly or indirectly dependent on the value of the shares, the beginning of the exercise period must be deferred for a period of not less than three years.		Not applicable	85
V.2.10. The remuneration of non-executive directors must not include any component whose value depends on the performance of the company or its value.		Not in compliance	69

V.3 Nominations

V.3.1. The Company must, in the manner which it deems most appropriate, but in a way that can be demonstrable, arrange for the proposals for the election of the corporate bodies' members to be accompanied by a statement of grounds with regards to the adequacy of the profile, knowledge and resume to the duties to be performed by each candidate.		In compliance	21, 69 and 70
V.3.2. Unless the size of the Company does not call for it, the function of follow-up and support to the nominations of the senior managers must be attributed to a nominations committee.		In compliance	16 and 21
V.3.3. That committee includes a majority of non-executive independent members.		Not in compliance	67
V.3.4. The nominations committee must provide its terms of reference and encourage, within the limits of its powers, transparent selection processes that include effective mechanisms for the identification of potential candidates, and arrange that the candidates who prove to be of worth, who are better meet the requirements of the relevant function and who represent, within the organisation, an appropriate diversity, namely of gender, are taken into consideration.		Not in compliance	

VI. INTERNAL CONTROL

VI.1. The Managing body must debate and approve the strategic plan and the risk policy of the Company, including the definition of the levels of risk deemed acceptable.	Strategic Plan	In compliance	21 and 50 to 55
	Risk Policy	In compliance	
VI.2. The statutory audit board must organize itself internally, implementing periodic control mechanisms and procedures in order to ensure that the risks effectively incurred by the company are consistent with the objectives set by the management body.		In compliance	38 and 50 to 55
VI.3. The internal control system, comprising the functions of risk management, compliance and internal audit, must be structured in terms appropriate to the size of the company and the complexity of the risks inherent in its activity, with the statutory audit board evaluating it and, in within the scope of its competence to monitor the effectiveness of this system, propose any necessary adjustments.		In compliance	38, 51 and 54
VI.4. The statutory audit board must give its opinion on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose any necessary adjustments.		In compliance	38
VI.5. The statutory audit board should be the recipient of the reports made by the internal control services, including the functions of risk management, compliance and internal audit, at least when matters related to the Company's accounts, identification or resolution of conflicts are at stake and the detection of potential irregularities.		In compliance	38 and 50 to 55
VI.6. Based on its risk policy, the Company must implement a risk management system, identifying (i) the main risks to which it is subject in the course of its activity, (ii) the probability of occurrence of said risks and the respective impact, (iii) the instruments and measures to be adopted with a view to the respective mitigation, and (iv) the monitoring procedures so that they may be followed up.	(i)	In compliance	52 to 54
	(ii)		
	(iii)		
	(iv)		
VI.7. The Company must establish procedures for inspection, periodic assessment and adjustment of the internal control system, including an annual assessment of the degree of internal compliance and the performance of that system, as well as the prospect of changing the risk framework previously defined.		In compliance	52, 54 and 55

Recommendation/chapter	Sub recommendation	Fulfilment	Report
VII. FINANCIAL INFORMATION			
VII.1 Financial Information			
VII.1.1. The internal regulation of the statutory audit board must determine that this body inspects the adequacy of the process of preparation and disclosure by the managing body of financial information, including the adequacy of the relevant accounting policies, estimates, judgements, disclosures and their consistent application between financial years, in a duly documented and disclosed fashion.		In compliance	38
VII.2 Statutory audit and Supervision			
VII.2.1. Through internal regulations, the statutory audit board must define, under the terms of the applicable legal regime, the inspection procedures aimed at ensuring the independence of the statutory auditor.		In compliance	38 and 46
VII.2.2. The statutory audit board must be the main representative of the statutory auditor in the Company and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company.	a)	In compliance	38 and 45
	b)	In compliance	
VII.2.3. The statutory audit board must assess the statutory auditor on an annual basis, the respective independence and adequacy to the performance of their duties and propose to the competent body their dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.		In compliance	37, 38, 45 and 46

3. OTHER INFORMATION

There are no recommendations which, when not observed or applied, require subsequent justification.

**Grow in the
Mining domain,
Act in
Sustainable
ways.**

*Develop specialised mining services
in an efficient, safe and sustainable
manner, to share new and critical
resources with the World for its
development.*

We shape Worlds.

MOTAENGIL



05

Appendix

1 - DECLARATION UNDER THE TERMS OF ARTICLE 245, PARAGRAPH 1, SUBPARAGRAPH C) OF PORTUGUESE SECURITIES CODE

Under the terms of article 245, paragraph 1, subparagraph c) of the Portuguese Securities Code, the members of the Board of Directors declare that, to the best of their knowledge, the financial information contained in this report and accounts has been drawn up according to the International Financial Reporting Standards (IFRS) as adopted by the European Union, providing a true and fair view of assets and liabilities, the financial performance and the results of MOTA-ENGIL and of the companies included in the consolidation perimeter, and that this management report faithfully mirrors the development of the business, the performance and the position of MOTA-ENGIL and the companies included in the consolidation perimeter, and contains a description of the main risks and uncertainties with which they are confronted.

Porto, 15 March 2021

António Manuel Queirós Vasconcelos da Mota
Chairman of the Board of Directors

Gonçalo Nuno Gomes de Andrade Moura Martins
Deputy-chairman of the Board of Directors and
Chief Executive Officer

Arnaldo José Nunes da Costa Figueiredo
Non-executive deputy-chairman of the Board of Directors

Jorge Paulo Sacadura Almeida Coelho
Non-executive and independent Deputy-Chair of the
Board of Directors

Ana Paula Chaves e Sá Ribeiro
Non-executive and independent member of the
Board of Directors

António Bernardo Aranha da Gama Lobo Xavier
Non-executive and independent member of the
Board of Directors

António Manuel da Silva Vila Cova
Non-executive and independent member of the
Board of Directors

Carlos António Vasconcelos Mota dos Santos
Member of the Board of Directors and
Deputy-chairman of the Executive Committee

Eduardo João Frade Sobral Pimentel
Member of the Board of Directors and
Member of the Executive Committee

Emídio José Bebiano e Moura da Costa Pinheiro
Non-executive member of the Board of Directors

Francisco Manuel Seixas da Costa
Non-executive and independent member of the
Board of Directors

Helena Sofia Salgado Cerveira Pinto
Non-executive and independent member of the
Board of Directors

Ismael Antunes Hernandez Gaspar
Member of the Board of Directors and
Member of the Executive Committee

João Pedro dos Santos Dinis Parreira
Member of the Board of Directors and
Member of the Executive Committee

José Pedro Matos Marques Sampaio de Freitas
Member of the Board of Directors and
Member of the Executive Committee (Chief Financial Officer)

Luís Filipe Cardoso da Silva
Member of the Board of Directors and
Member of the Executive Committee

Luís Valente de Oliveira
Non-executive and independent member of the
Board of Directors

Manuel António da Fonseca Vasconcelos da Mota
Member of the Board of Directors and
Member of the Executive Committee

Maria Manuela Queirós Vasconcelos Mota dos Santos
Non-executive member of the Board of Directors

Maria Paula Queirós Vasconcelos Mota de Meireles
Non-executive member of the Board of Directors

Maria Teresa Queirós Vasconcelos Mota Neves da Costa
Non-executive member of the Board of Directors

2 - ARTICLES 324, PARAGRAPH 2 AND ARTICLE 66, PARAGRAPH 5, SUBPARAGRAPH D) OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

During the financial year of 2020, MOTA-ENGIL carried out no transaction on own shares.

As at 31 December 2020, MOTA-ENGIL held 6,091,581 own shares representing 2.56% of its share capital, which granted no voting rights.

3 - ARTICLE 447 OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

Disclosure of shares and other securities held by members of the Board of Directors and by key officeholders, as well as people closely related to them, and transactions on said shares and securities carried out during the financial year.

Annex to which Article 477 of the Portuguese Commercial Companies Code refers:

Directors	Date	Holding shares of								
		MOTA-ENGIL, SGPS, SA					MGP, SGPS, SA		FM, SGPS, SA	
		Qt.	Price	Buy / Sell	Inside/ Outside market	%	Qt.	%	Qt.	%
Maria Paula Queirós Vasconcelos Mota de Meireles										
Opening / Closing balance		4,494,211				1.89%	0	0.0%	17,902	21.51%
António Manuel Queirós Vasconcelos da Mota										
Opening / Closing balance		4,210,020				1.77%	0	0.0%	28,701	34.48%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa										
Opening / Closing balance		3,676,836				1.55%	0	0.0%	17,902	21.51%
Maria Manuela Queirós Vasconcelos Mota dos Santos										
Opening balance	22 June 2020	3,375,066		Donation		1.42%	0	0.0%	17,902	21.51%
Closing balance		-100,000				1.38%	0	0.0%	17,902	21.51%
Carlos António Vasconcelos Mota dos Santos										
Opening balance	22 June 2020	380,000		Donation		0.16%				
Closing balance		100,000				0.20%				
Manuel António da Fonseca Vasconcelos da Mota										
Opening / Closing balance		440,000				0.19%				
Maria Sílvia Fonseca Vasconcelos Mota										
Opening / Closing balance		437,061				0.18%				
José Manuel Mota Neves da Costa										
Opening balance	11 March 2020	35,000				0.01%				
Closing balance		5,000	1.090			0.02%				
José Pedro Matos Marques Sampaio de Freitas										
Opening / Closing balance		20,138				0.01%				
Luís Filipe Cardoso da Silva										
Opening / Closing balance		12,500				0.01%				
Gonçalo Nuno Gomes de Andrade Moura Martins										
Opening / Closing balance		12,435				0.01%				
Emídio José Bebianio e Moura da Costa Pinheiro										
Opening / Closing balance ¹⁾		10,000				0.00%				
António Cândido Lopes Natário										
Opening / Closing balance		10,000				0.00%				
Rui Jorge Teixeira de Carvalho Pedroto										
Opening / Closing balance		2,000				0.00%				
Ismael Antunes Hernandez Gaspar										
Opening / Closing balance		1,000				0.00%				
António Lago Cerqueira, S.A.										
Opening / Closing balance		3,091,577				1.30%				
F.M. - Sociedade de Controlo, SGPS, SA										
Opening / Closing balance		-				-	6,337,640	100.0%		
Mota Gestão e Participações, SGPS, SA										
Opening balance	13 March 2020	133,466,687				56.20%				
	16 March 2020	45,000	1.020							
	15 May 2020	136,286	1.017							
		500,000	1.006							
Closing balance		134,147,973				56.48%	-	-		

1) Position on 31 December of 2020 and on the date of its appointment to the corporate bodies of Mota-Engil SGPS.

The bonds held by the members of the Board of Directors, officials, and members of the supervisory bodies of MOTA-ENGIL as at 31 December 2020 were as follows:

Name	No. of bonds	Bonds ME 2018/2022 (NV - 500€)	Bonds ME 2019/2024 (NV - 500€)
António Manuel Queirós Vasconcelos da Mota	376	376	-
José Pedro Matos Marques Sampaio de Freitas	359	340	19
José Manuel Mota Neves da Costa	340	200	140
António Manuel da Silva Vila Cova	300	300	-
Carlos António Vasconcelos Mota dos Santos	298	224	74
Maria Manuela Queirós Vasconcelos Mota dos Santos	250	140	110
Luís Valente de Oliveira	108	108	-
Manuel António da Fonseca Vasconcelos da Mota	46	46	-
Maria Paula Queirós Vasconcelos Mota de Meireles	40	40	-
Ana Paula Chaves e Sá Ribeiro	40	40	-
Luís Filipe Cardoso da Silva	36	36	-
Gonçalo Nuno Gomes de Andrade Moura Martins	19	-	19
Emídio José Bebianio e Moura da Costa Pinheiro	14	4	10
Maria Teresa Queirós Vasconcelos Mota Neves da Costa	12	-	12
António Cândido Lopes Natário	4	4	-

NV: Nominal value

In addition, the list of the shareholders who, as at 31 December 2020, held at least 10%, 33% or 50% of the share capital of MOTA-ENGIL is presented below:

Shareholder	2020		2019	
	No. of shares	% capital	No. of shares	% capital
Mota Gestão e Participações, SGPS, SA (Direct and indirect through António Largo Cerqueira, SA)	137,239,550	57.78%	136,558,264	57.50%

4 - DECREE-LAW NO. 411/91 OF 17 OCTOBER

Under the terms and for the purposes of article 21 of Decree-Law no. 411/91 of 17 October, we hereby declare that the companies making up the MOTA-ENGIL GROUP have no past-due debt to Social Security.

5 - ARTICLE 66, PARAGRAPH 5, SUBPARAGRAPH G) OF THE PORTUGUESE COMMERCIAL COMPANIES CODE

As at 31 December 2020, the companies included in the MOTA-ENGIL GROUP held branches in the following countries:

Company	Country
Empresa Construtora Brasil SA	Colombia
Manvia II Condutas, Lda.	Angola
Manvia – Manutenção e Exploração de Instalações e Construção, SA	Spain
	France
Mota-Engil Africa, BV	Uganda
Mota-Engil, Engenharia e Construção, SA	Algeria
	Brazil
	Cape Verde
	Colombia
	Spain
	USA
	France
	Hungary
	Ireland
	Morocco
	Panama
	Peru
	Paraguay
	Poland
	United Kingdom
	Romania
Mota-Engil, Engenharia e Construção África, SA	South Africa
	Angola
	Cape Verde
	Cameroon
	Ivory Coast
	Gabon
	Ghana
	Netherlands
	Malawi
	Mozambique
	Kenya
	Rwanda
	Swaziland
	Tanzania
	Uganda
	Zambia
	Zimbabwe
Mota-Engil Peru, SA	Colombia
Mota-Engil Railway Engineering, SA	Malawi
	Mozambique
SUMA - Serviços Urbanos e Meio Ambiente, Lda.	Brazil
	Oman
Vibeiras – Sociedade Comercial de Plantas, SA	Morocco

6 - QUALIFIED HOLDINGS

In compliance with the provisions of article 2, paragraph 4 of CMVM regulation no. 7/2018 (republished by CMVM Regulation no. 7/2018), hereunder is the list of holders of qualifying holdings as at 31 December 2020, with indication of the number of shares held and the corresponding percentage of voting rights vote, under the terms of article 20 of the Portuguese Securities Code:

Shareholders	No. of shares	% Voting Capital	% Voting rights
Mota Gestão e Participações, SGPS, SA (*)	134,147,973	56.48%	57.97%
Maria Paula Queirós Vasconcelos Mota de Meireles (**) (a)	4,494,211	1.89%	1.94%
António Manuel Queirós Vasconcelos da Mota (**) (a)	4,210,020	1.77%	1.82%
Maria Teresa Queirós Vasconcelos Mota Neves da Costa (**) (a)	3,676,836	1.55%	1.59%
Maria Manuela Queirós Vasconcelos Mota dos Santos (**) (a)	3,275,066	1.38%	1.42%
António Lago Cerqueira, S.A. (***)	3,091,577	1.30%	1.34%
Carlos António Vasconcelos Mota dos Santos (**) (a)	480,000	0.20%	0.21%
Manuel António da Fonseca Vasconcelos da Mota (**) (a)	440,000	0.19%	0.19%
Maria Sílvia Fonseca Vasconcelos Mota (****)	437,061	0.18%	0.19%
José Manuel Mota Neves da Costa (****)	40,000	0.02%	0.02%
José Pedro Matos Marques Sampaio de Freitas (**) (a)	20,138	0.01%	0.01%
Attributable to FM – Sociedade de Controlo, SGPS, SA	154,312,882	64.97%	66.68%
Ghotic Corp Mutima Capital (*)	3,604,893	1.52%	1.56%
Ghotic HSP Corp Mutima Capital (*)	1,399,289	0.59%	0.60%
Ghotic JBD LLC Mutima Capital (*)	1,312,787	0.55%	0.57%
Gothic ERP LLC Mutima (*)	925,700	0.39%	0.40%
The Mutima Africa Fund LP (*)	180,640	0.08%	0.08%
Attributable to Mutima Capital Management, LLC	7,423,309	3.13%	3.21%
Azvalor Iberia (*)	1,663,702	0.70%	0.72%
MC SICAV SA - Azvalor International (*)	1,519,365	0.64%	0.66%
Azvalor International (*)	1,018,903	0.43%	0.44%
Azvalor Value Selection, SICAV, SA (*)	744,807	0.31%	0.32%
Attributable to Azvalor Asset Management, SGIIC SA	4,946,777	2.08%	2.14%
Own shares	6,091,581	2.56%	-
Freefloat	64,730,592	27.25%	27.97%
TOTAL	237,505,141	100.00%	100.00%

(*) Direct Shareholder of the Company

(**) Member of the Board of Directors and Manager of the Company

(***) 51% of this company is held by Mota Gestão e Participações, SGPS, SA

(****) Manager of the Company

As at 31 December 2020, MOTA GESTÃO E PARTICIPAÇÕES, SGPS, SA is 100% held by FM – SOCIEDADE DE CONTROLO, SGPS, SA, which is 100% held by the members of the Board of Directors mentioned above under (a).

As at the date of this report, 154,312,882 shares corresponding to 64.97% of the share capital of MOTA-ENGIL, granting 66.68% of voting rights, were attributable to FM – SOCIEDADE DE CONTROLO, SGPS, SA.

7 - LIST OF POSITIONS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS

António Manuel Queirós Vasconcelos da Mota (Chairman)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of AMGP Agricultura, SA
- Chairman of the Board of Directors of Valorsul – Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA
- Chairman of the Annual General Meeting of Mota-Engil Angola, SA
- Chairman of the Annual General Meeting of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman of the Annual General Meeting of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of ÁreaGolfe – Gestão, Construção e Manutenção de Campos de Golfe, SA
- Member of the Remuneration Committee of Belém Grid - Promoção Imobiliária e de Animação Turística, SA
- Member of the Remuneration Committee of Empresa Geral do Fomento, SA
- Member of the Remuneration Committee of Hygeia - Edifícios Hospitalares, SGPS, SA
- Member of the Remuneration Committee of Largo do Paço – Investimentos Turísticos e Imobiliários, SA
- Member of the Remuneration Committee of Manvia – Manutenção e Exploração de Instalações e Construções, SA
- Member of the Remuneration Committee of Martifer, SGPS, SA
- Member of the Remuneration Committee of MESP – Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Mota-Engil Capital, SA
- Member of the Remuneration Committee of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil Railway Engineering, SA
- Member of the Remuneration Committee of Mota-Engil Real Estate Portugal, SA
- Member of the Remuneration Committee of Mota-Engil Renewing, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Angola, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção África, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of Mota-Engil, Europa, SA
- Member of the Remuneration Committee of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Remuneration Committee of Oriental Hub – Reconversão e Exploração do Antigo Matadouro Industrial do Porto, SA
- Member of the Remuneration Committee of Suma – Serviços Urbanos e Meio Ambiente, SA
- Member of the Remuneration Committee of Suma Tratamento, SA
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Supervisory Higher Board of Mota-Engil, Angola, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Chairman of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Chairman of the Board of Directors of Sociedade Agrícola Moura Basto, SA
- Member of the Remuneration Committee of António Lago Cerqueira, SA
- Member of the Board of Curators and Advisory Board of the Manuel António da Mota Foundation
- Member of the Board of Curators of the AEP Foundation, in representation of Mota-Engil, SGPS, SA
- Member of the Advisory Board for Investment and External Trade of AICEP Portugal Global, EPE
- Member of the Municipal Board for Economy of Porto – “Casa dos 24”

Gonçalo Nuno Gomes de Andrade Moura Martins (Deputy-chairman)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Ascendi Mexico SA de CV
- Chairman of the Board of Directors of Lineas – Concessões de Transportes, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil África, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil Engenharia e Construção África, SA
- Chairman of the Board of Directors of Ascendi Douro - Estradas do Douro Interior, SA
- Chairman of the Board of Directors of Ascendi Operadora DI, Operação e Manutenção Rodoviária, SA
- Member of the Board of Directors of Concesionaria Urbana Arco Oriente, SA de CV
- Member of the Board of Directors of Copexa - Concesionaria Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Concessionária Urbana Arco Oriente, SA de CV
- Member of the Board of Directors of Lusoponte – Concessionária para a Travessia do Tejo SA
- Manager of Lineas – Serviços de Administração e Gestão, Lda.
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA
- Member of the Remuneration Committee of Ascendi Douro – Estradas do Douro Interior, SA
- Member of the Remuneration Committee of Ascendi Operadora DI, Operação e Manutenção Rodoviária, SA
- Member of the Remuneration Committee of Largo do Paço - Investimentos Turísticos e Imobiliários, SA
- Member of the Remuneration Committee of Lusoponte – Concessionária para a Travessia do Tejo SA, in representation of Lineas – Concessões de Transportes, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil Capital, SA
- Member of the Remuneration Committee of Mota-Engil Railway Engineering, SA
- Member of the Remuneration Committee of Mota- Engil, Ambiente e Serviços, SGPS, SA
- Member of the Supervisory Higher Board of Mota-Engil, Angola, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Member of the Board of Directors of Dourowood - Entidade de Gestão Florestal, SA
- Member of the Board of Curators of the Manuel António da Mota Foundation
- Member of the International Advisory Board of Católica Lisbon School of Business and Economics

Arnaldo José Nunes da Costa Figueiredo (Deputy-chairman)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Mota-Engil, Indústria e Inovação, SGPS, SA
- Deputy-chairman of the Board of Directors of Martifer, SGPS, SA
- Chairman of the Strategic Coordination Board of Martifer, SGPS, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Member of the General Council of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado (Association of Companies Issuers of Securities Listed in the Market)
- Member of the General Council of Boavista Futebol Clube
- Member of the General Council of PROFORUM - Associação para o Desenvolvimento da Engenharia (Association for the Development of Engineering)
- Member of the General Council of PROFORUM - Associação para o Desenvolvimento da Engenharia (Association for the Development of Engineering)
- Deputy-Chairman of the Strategic Board for International Relations

Jorge Paulo Sacadura Almeida Coelho (Independent Deputy-chairman)**Duties in other companies of the Mota-Engil Group as at 31 December 2020**

- Chairman of the General Meeting of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Supervisory Higher Board of Mota-Engil, Angola, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Managing Partner da Green Horizonte, Lda
- Managing Partner da Horizonte, Lda
- Managing Partner da Soc. Agro-Industrial Terras de Azurara, Lda
- Member of the Board of Directors of VAA - Vista Alegre Atlantis, S.G.P.S., SA
- Chairman of the General Meeting of AIRV (Associação Empresarial da Região de Viseu - Company Association of Viseu Region)
- Member of the Advisory Board of Banco de Investimento Global (BIG)
- Member of the Advisory Board of AICEP (Agência para o Investimento e Comércio Externo de Portugal - Portuguese Agency for the Investment and External Trade)
- Chairman of the Corporate Strategic Council of Sintra
- Deputy-Chairman of the General Council of Universidade Nova de Lisboa

Ana Paula Chaves e Sá Ribeiro (Independent Member)**Duties in other companies of the Mota-Engil Group as at 31 December 2020**

- Does not perform any other duties in other Mota-Engil Group companies

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Member of the Board of Directors of Vila Avenida Hotel, SA
- Member of the Board of Directors of Hotel Vista da Ponte, SA
- Manager of Sítio Valverde - Restauração e Eventos Sociedade Unipessoal, Lda
- Manager of About Town, Imobiliária Lda

António Bernardo Aranha da Gama Lobo Xavier (Independent Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in other Mota-Engil Group companies

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Partner and Member of the Board of Directors of Morais Leitão, Galvão Teles, Soares da Silva & Associados
- Deputy-chairman of the Board of Directors of Banco BPI, SGPS, SA
- Non-executive member of the Board of Directors of BA GLASS - Serviços de Gestão e Investimento, SA
- Non-executive member of the Board of Directors of Fundação Francisco Manuel dos Santos
- Non-executive member of the Board of Directors of NOS, SGPS, SA
- Non-executive member of the Board of Directors of Riopelle, SA
- Non-executive member of the Board of Directors of Casa da Música Foundation
- Chairman of the General Meeting of AEM - Associação de Empresas Emitentes de Valores Cotados em Mercado (Association of Companies Issuers of Securities Listed in the Market)
- Chairman the General Meeting of Associação para o Desenvolvimento da Figueira (Association for the Development of Figueira)
- Chairman of the General Meeting of BERD - Instituto Empresarial do Tâmega - Bridge Engineering Research & Design
- Chairman of the General Meeting of GMG - Grupo Manuel Gonçalves, SGPS, SA
- Chairman of the General Meeting of Mysticinvest Holding, SA
- Chairman of the General Meeting of Têxtil Manuel Gonçalves, SA
- Chairman of the General Meeting of TMG Capital SGPS, SA
- Chairman of the Audit and Internal Control Committee of Banco BPI, SGPS, SA
- Councillor of State
- Member of the Board of Curators of Belmiro de Azevedo Foundation

António Manuel da Silva Vila Cova (Independent Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in other Mota-Engil Group companies

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Non-Executive Chairman of the Board of Directors of Banco Finantia
- Member of the Board of Liga dos Amigos do Hospital de S. João (S. João Hospital Friendship League)

Carlos António Vasconcelos Mota dos Santos (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Empresa Construtora do Brasil, SA
- Chairman of the Board of Directors of Mota-Engil America Latina, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Central Europe Management, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil Real Estate, SGPS, SA
- Chairman of the Board of Directors of Mota-Engil Renewing, SA
- Chairman of the Board of Directors of Mota-Engil, Europa, SA
- Chairman of the Board of Directors of Mota-Engil, Latam Portugal, SA
- Member of the Board of Directors of AMGP Agricultura, SA
- Member of the Board of Directors of Hygeia - Edifícios Hospitalares, SGPS, SA
- Member of the Board of Directors of Valorsul - Valorização e Tratamento de Resíduos Sólidos das Regiões de Lisboa e do Oeste, SA
- Director of Flame Investments, BV
- Director of Global Technical Services Latam, BV
- Director of Mota-Engil Energy, BV
- Director of Mota-Engil Tourism, BV
- Director of Mota-Engil, Latin America, BV
- Member of the Supervisory Board of Mota-Engil Central Europe Česká Republika, A.S.
- Member of the Supervisory Board of Mota-Engil Central Europe, SA
- Member of the Board of Directors of Mota-Engil Magyarország Beruházási És Építőipari Zrt
- Member of the Remuneration Committee of Belém Grid - Promoção Imobiliária e de Animação Turística, SA
- Member of the Remuneration Committee of Hygeia - Edifícios Hospitalares, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil Capital, SA
- Member of the Remuneration Committee of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Real Estate Portugal, SA
- Member of the Remuneration Committee of Oriental Hub, Reconversão e Exploração do Antigo Matadouro Industrial do Porto, SA
- Chairman of the Higher Council of Suma Tratamento, SA
- Member of the Higher Council of Suma – Serviços Urbanos e Meio Ambiente, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Board of Directors of António Lago Cerqueira, SA
- Member of the Board of Directors of Dourowood - Entidade de Gestão Florestal, SA
- Member of the Board of Directors of Mota Global - Planeamento, SA
- Member of the Board of Directors of Motawood - Entidade de Gestão Florestal, SA
- Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
- Manager of Kepler, SGPS, Lda.
- Manager of Morada Certa – Sociedade Imobiliária, Lda
- Manager of Motadossantoswood – Entidade de Gestão Florestal, Lda
- Manager of Portuscale Trading, Lda.

Eduardo João Frade Sobral Pimentel (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Mota-Engil Railway Engineering, SA
- Member of the Board of Directors of Mota-Engil Capital, SA
- Member of the Remuneration Committee of Algar – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Amarsul – Valorização e Tratamento de Resíduos, SA
- Member of the Remuneration Committee of Ersuc – Resíduos Sólidos do Centro, SA
- Member of the Remuneration Committee of Resinorte – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Resisestrela – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Suldouro – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Valnor – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Valorlis – Valorização e Tratamento de Resíduos Sólidos, SA
- Member of the Remuneration Committee of Valorminho – Valorização e Tratamento de Resíduos Sólidos, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in companies outside the Mota-Engil Group

Emídio José Bebiano e Moura de Costa Pinheiro (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Chairman of the Board of Directors and Chairman of the Executive Committee of Empresa Geral do Fomento, SA
- Chairman of the Higher Council of Suma – Serviços Urbanos e Meio Ambiente, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of BAUC - Business Angels Universidade Católica, SA
- Chairman of the Board of Directors of Sixty Degrees, Sociedade Gestora de Fundos de Organismos de Investimento Coletivo, SA
- Manager of Questão Destemida, Consultoria de Negócios, Unipessoal, Lda.
- Chairman of the Advisory Board of Experienced Management

Francisco Manuel Seixas da Costa (Independent Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Independent member of the Board of Directors of Mota-Engil Engenharia e Construção Africa SA
- Member of the Audit Committee of Mota-Engil Engenharia e Construção Africa SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Member of the non-executive Board of Directors of Jerónimo Martins, SGPS, SA
- Independent member of the Board of Directors of EDP Renováveis SA
- Member of the Audit Committee of EDP Renováveis SA
- Chairman of the Statutory Audit Board of Tabaqueira PMM SGPS, SA
- Member of the Appointments and Remunerations Committee of EDP Renováveis SA
- Chairman of the International Strategic Council of the Calouste Gulbenkian Foundation
- President of “Clube de Lisboa”
- Member of the Independent General Council of RTP, SA
- Member of the Council of the Orders of Civil Merit, Presidency of the Republic
- Member of the Committee for Portuguese participation in the International Exhibition of Dubai / 2020

Helena Sofia Salgado Cerveira Pinto (Independent Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in other Mota-Engil Group companies

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Chairman of the Statutory Audit Board of Grupo Media Capital
- University Lecturer at Universidade Católica and Católica Business School
- Member of the International Advisory Board of SKEMA Business School
- Member of the International Advisory Board of Liverpool University Management School

Ismael Antunes Hernandez Gaspar (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Haçor – Concessionária do Edifício do Hospital da Ilha Terceira, S.A.
- Chairman of the Board of Directors of HL – Sociedade Gestora do Edifício, S.A.
- Chairman of the Board of Directors of Hygeia - Edifícios Hospitalares, SGPS, SA
- Chairman of the Board of Directors of Manvia – Manutenção e Exploração de Instalações e Construção, SA
- Chairman of the Board of Directors of Mota-Engil Capital, SA
- Chairman of the Board of Directors of Mota-Engil Real Estate, SA
- Chairman of the Board of Directors of Proempar, Promoção de Empreendimentos Imobiliários para Actividades Recreativas, S.A.
- Member of the Board of Directors of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Board of Directors of Mota-Engil, Europa SA
- Member of the Board of Directors of Largo do Paço - Investimentos Turísticos e Imobiliários, SA
- Member of the Board of Directors of Mota-Engil Real Estate, SGPS, SA
- Member of the Board of Directors of Mota-Engil Renewing, SA
- Member of the Board of Directors of PTT - Parque Tecnológico do Tâmega, SA
- Member of the Board of Directors of Takargo - Transporte de Mercadorias, SA
- Member of the Board of Directors of Turalgo – Sociedade de Promoção Imobiliária e Turística do Algarve, S.A.
- Manager of Botelho, Silva & Abreu, Lda
- Manager of Corgimobil - Empresa Imobiliária das Corgas, Lda
- Member of the Supervisory Higher Board of Mota-Engil, Angola, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Member of the Statutory Audit Board of FUNDIC - Fundo para Desenvolvimento das Ciências da Construção (Fund for the Development of Construction Sciences)

João Pedro dos Santos Dinis Parreira (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Administradora para el Desarrollo – MEM, SA de CV
- Chairman of the Board of Directors of Ambiente y Servicios Peru, SA
- Chairman of the Board of Directors of Autopista Urbana Siervo de La Nación, SAPI de CV
- Chairman of the Board of Directors of Constructora Gran Canal, SAPI de CV
- Chairman of the Board of Directors of Desarrollos Dot Mexico, SA de CV
- Chairman of the Board of Directors of Generadora Fénix SAPI de CV
- Chairman of the Board of Directors of Luso Energy del Peru, SA
- Chairman of the Board of Directors of Mota-Engil Dominicana, SAS
- Chairman of the Board of Directors of Mota-Engil Energia SA de CV
- Chairman of the Board of Directors of Mota-Engil Energy Holdings Mexico, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Latam Peru SA
- Chairman of the Board of Directors of Mota-Engil Peru SA
- Chairman of the Board of Directors of Mota-Engil Turismo Holding, SAPI de CV
- Chairman of the Board of Directors of Mota-Engil Turismo, SA de CV
- Chairman of the Board of Directors of Promotora e Inmobiliaria Santa Clara, SA
- Chairman of the Board of Directors of Puente Boca del Río, SA de CV
- Chairman of the Board of Directors of Tarucani Generating Company, SA
- Deputy - chairman of the Board of Directors of Mota-Engil América Latina SAPI de CV
- Member of the Board of Directors of Ascendi Mexico, S.A. de CV
- Member of the Board of Directors of Concesionaria Urbana Arco Oriente, SA de CV
- Member of the Board of Directors of Concessionária Autopista Perote-Xalapa, SA de CV
- Member of the Board of Directors of Empresa Construtora do Brasil, SA
- Member of the Board of Directors of Mota-Engil Canada, Inc
- Member of the Board of Directors of Mota-Engil Chile, S.A.
- Member of the Board of Directors of Mota-Engil Latam Portugal, SA
- Member of the Board of Directors of Mota-Engil Mexico, SAPI de CV
- Member of the Board of Directors of Operadora Autopista Perote-Xalapa, S.A. de CV
- Chief Executive of Ascendi Mexico, SA de CV
- Secretary of the Board of Directors of Constructora M&R, SA de CV
- Secretary of the Board of Directors of M&R Occidente, SAPI de CV
- Secretary of the Board of Directors of Operadora Maritima Matamoros, SAPI de CV

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in other companies outside the Mota-Engil Group

José Pedro Matos Marques Sampaio de Freitas (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Mota-Engil Mediação de Seguros, SA
- Chairman of the Board of Directors of Mota-Engil, Serviços Partilhados Administrativos e de Gestão SA
- Chairman of the Board of Directors of Sunviauto México, SA de CV
- Member of the Board of Directors of AMGP Agricultura, SA
- Member of the Board of Directors of Ascendi Douro - Estradas do Douro Interior, SA
- Member of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA
- Member of the Board of Directors of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Member of the Board of Directors of Lineas – Concessões de Transportes, SGPS, SA
- Member of the Board of Directors of Mota-Engil Capital, SA
- Member of the Board of Directors of Mota-Engil, Ambiente e Serviços, SGPS, SA
- Member of the Board of Directors of Ascendi Operadora DI, Operação e Manutenção Rodoviária, SA
- Manager of Botelho, Silva & Abreu, Lda
- Manager of Lineas – Serviços de Administração e Gestão, Lda
- Member of the Higher Council of Suma – Serviços Urbanos e Meio Ambiente, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Member of the Board of Directors of António Lago Cerqueira, SA
- Member of the Board of Directors of Dourowood - Entidade de Gestão Florestal, SA
- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Board of Directors of Mota Global - Planeamento, SA
- Member of the Board of Directors of Motawood - Entidade de Gestão Florestal, SA
- Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
- Manager of Kepler, SGPS, Lda
- Chairman of the General Meeting of IET - Instituto Empresarial do Tâmega (Tâmega Business Institute)
- Member of the General Council of AEP - Associação Empresarial de Portugal (Company Association of Portugal)
- Member of the Board of Curators of Fundação AIP
- Member of the Board of EIC - European International Contractors
- Deputy-Chairman of Juventude Foundation

Luís Filipe Cardoso da Silva (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Member of the Board of Directors of Empresa Geral do Fomento, SA
- Member of the Board of Directors of Mota-Engil, Serviços Partilhados Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Resinorte - Valorização de Tratamento de Resíduos Sólidos, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Does not perform any other duties in companies outside the Mota-Engil Group
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Luís Valente de Oliveira (Independent Member)**Duties in other companies of the Mota-Engil Group as at 31 December 2020**

- Does not perform any other duties in other Mota-Engil Group companies

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Founders of Casa da Música
- Chairman of the General Council of University of Minho

Manuel António da Fonseca Vasconcelos da Mota (Member)**Duties in other companies of the Mota-Engil Group as at 31 December 2020**

- Chairman of the Board of Directors of Cosamo (PTY), Ltd
- Chairman of the Board of Directors of Empresa Agrícola Florestal Portuguesa, SA
- Chairman of the Board of Directors of Luso Global Mining BV
- Chairman of the Board of Directors of Luso Resources Limited
- Chairman of the Board of Directors of Mota-Engil Angola, SA
- Chairman of the Board of Directors of Nazare Resources PTY, Ltd
- Sole Director of Luso Global Mining, SA
- Sole Director of Global Mining Cameroon, SA
- Member of the Board of Directors of Mota-Engil África (PTY), Ltd
- Member of the Board of Directors of Mota-Engil África, SGPS, SA
- Member of the Board of Directors of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Board of Directors of Mota-Engil Engenharia e Construção África, SA
- Member of the Board of Directors of Mota-Engil, Europa, SA
- Manager of Mota Internacional, Comércio e Consultadoria Económica, Lda
- Member of the Supervisory Higher Board of Mota-Engil, Angola, SA
- Member of the Supervisory Board of da Mota-Engil Central Europe, SA
- Member of the Supervisory Board of Mota-Engil Central Europe Ceska Republika, AS

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Manager of Kepler, SGPS, Lda.

Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Member of the Board of Directors of AMGP Agricultura, SA
- Member of the Remuneration Committee of Manvia - Manutenção e Exploração de Instalações e Construções, SA
- Member of the Remuneration Committee of Martifer, SGPS, SA
- Member of the Remuneration Committee of Áreagolfe – Gestão, Construção e Manutenção de Campos de Golfe, SA
- Member of the Remuneration Committee of Largo do Paço - Investimentos Turísticos e Imobiliários, SA
- Member of the Remuneration Committee of Mota-Engil Central Europe Management, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil Renewing, SA
- Member of the Remuneration Committee of Mota-Engil, Europa, SA
- Member of the Remuneration Committee of Mota-Engil, Indústria e Inovação, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Takargo – Transporte de Mercadorias, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Deputy-Chairman of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Mineira do Jarmelo, Lda
- Manager of Sem Par – Sociedade Imobiliária e Turística, Lda
- Manager of Serra Lisa, Sociedade de Empreendimentos Imobiliários, Lda
- Member of the Remuneration Committee of António Lago Cerqueira, SA
- Chairman of the Managing Board of Fundación Manuel António da Mota "Asociación Civil"
- Chairman of the Board of Directors and member of the Board of Curators of the Manuel António da Mota Foundation

Maria Paula Queirós Vasconcelos Mota de Meireles (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Chairman of the Board of Directors of Largo do Paço – Investimentos Turísticos e Imobiliários, Lda
- Member of the Board of Directors of AMGP Agricultura, SA
- Member of the Remuneration Committee of Mota-Engil Renewing, SA
- Member of the Remuneration Committee of Vibeiras – Sociedade Comercial de Plantas, SA
- Member of the Supervisory Higher Board of Mota-Engil, Angola, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Member of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
- Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
- Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
- Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
- Manager of Botelho, Silva & Abreu, Lda
- Manager of Mineira de Pensalvos, Lda
- Manager of Mineira do Jarmelo, Lda
- Manager of Sem Par – Sociedade Imobiliária e Turística, Lda
- Manager of Verotâmega – Sociedade Imobiliária, Lda
- Member of the Remuneration Committee of António Lago Cerqueira, SA
- Member of the Board of Curators of the Manuel António da Mota Foundation

Maria Teresa Queirós Vasconcelos Mota Neves da Costa (Member)

Duties in other companies of the Mota-Engil Group as at 31 December 2020

- Member of the Board of Directors of AMGP Agricultura, SA
- Member of the Remuneration Committee of Belém Grid - Promoção Imobiliária e de Animação Turística, SA
- Member of the Remuneration Committee of Hygeia - Edifícios Hospitalares, SGPS, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção África, SA
- Member of the Remuneration Committee of Mota-Engil, Engenharia e Construção, SA
- Member of the Remuneration Committee of Mota-Engil Railway Engineering, SA
- Member of the Remuneration Committee of Mota-Engil, Serviços Partilhados, Administrativos e de Gestão, SA
- Member of the Remuneration Committee of Oriental Hub, Reconversão e Exploração do Antigo Matadouro Industrial do Porto, SA

Duties in other companies outside the Mota-Engil Group as at 31 December 2020

- Deputy-Chairman of the Board of Directors of FM – Sociedade de Controlo, SGPS, SA
 - Member of the Board of Directors of Mota Gestão e Participações, SGPS, SA
 - Member of the Board of Directors of Sociedade Agrícola Moura Basto, SA
 - Manager of Edifícios Galiza – Sociedade Imobiliária, Lda
 - Manager of Empresa Agrícola e Florestal Casa da Costa, Lda
 - Manager of Empresa de Gestão Florestal dos Chões, Lda
 - Manager of Imobiliária Toca do Lobo, Lda
 - Manager of Mineira de Pensalvos, Lda
 - Manager of Mineira do Jarmelo, Lda
 - Manager of Navarras Supermercados, Lda
 - Manager of Sem Par – Sociedade Imobiliária e Turística, Lda
 - Member of the Board of Curators and Advisory Board of the Manuel António da Mota Foundation
-

**Feed
the legacy,
reinforce
confidence.**

*Doing more and better
to preserve our legacy and
consolidate the trust and
reliability that distinguishes
us, we build solidity and
nourish growth.*

We shape Worlds.



MOTAENGIL



Statutory Audit Report and Auditors' Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Mota-Engil, S.G.P.S., S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 (which shows total assets of Euros 4,815,482 thousand and total shareholders' equity of Euros 146,012 thousand including a negative net profit of Euros 19,944 thousand), the consolidated income statement by nature, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Mota-Engil, S.G.P.S., S.A. as at 31 December 2020, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

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Key Audit Matter

Summary of the Audit Approach

Construction contracts revenue recognition

Disclosures related to construction contracts revenue presented in notes 1.4 xii), 1.4 xvii), 1.4 xxii), 2, 8, 24, 34 and 37 to the consolidated financial statements.

The Group operates part of its activities in the construction industry, which is characterized by the existence of pluriennial contracts. Construction contracts revenue at 31 December 2020 amounts to Euros 1,550,356 thousand.

The Group recognizes revenue according to the guidelines of IFRS 15 – Revenue from contracts with customers. In accordance to IFRS 15, revenue and margins related to ongoing construction contracts are recognized in accordance with the percentage of completion method, which corresponds to the proportion of incurred costs to the total estimated contract costs.

Determining the percentage of completion of the contracts requires significant estimates and judgements, namely the total contract income, expenditure to incur until completion and the impact of work to be performed differently from the agreed work, delays in execution and existent or future claims. Additional revenue amounts are estimated when established as contractual rights and assessed as highly probable. These estimates are reviewed in each reporting period, based on management's best knowledge, and material changes in recognized revenue and margins can arise from that review.

Due to the magnitude of the amounts and uncertainty and complexity of the judgements involved in the estimates, we consider this issue as a key audit matter.

The work performed over pluriennial construction contracts revenue recognition included the following procedures:

- understanding and evaluating the control activities related to revenue recognition of construction contracts, and testing control effectiveness, when relevant;
- obtaining construction contract reports that support revenue recognition of pluriennial construction contracts, and its reconciliation with the accounting records;
- confirmation of total estimated income as stated in the reports with contracts agreed with clients and other terms and conditions, and of the total estimated costs with production budgets, for a sample of contracts;
- obtaining and analyzing the incurred costs supporting information, for a sample of transactions, and measurement reports of work performed, for a sample of contracts;
- analysis of management assessment regarding the identification of the existence or not of a significant financial component in the price of contracts and different performance obligations, for a sample of contracts;
- reasonableness tests to the percentage of completion, considering the underlying assumptions;
- analysis of the estimates and judgements of management, concerning the recognized margin, through: (i) analysis of the reliability of historical estimates, considering the final amounts of completed contracts, if possible and comparable; (ii) inquiring of changes in total income and total estimated costs, as well as in incurred costs in comparison with budgeted costs; and (iii) evaluating the sufficiency and strength of the supporting evidence for additional revenue values that result from contractual rights but whose amount is not yet approved by the client; and

Key Audit Matter	Summary of the Audit Approach
	<ul style="list-style-type: none"> analysis of the need to recognize provisions for expected losses in contracts, through inquiry of management or key personnel, as well as through examination of significant contracts and management minutes, external known factors, litigation and disputes with the counterparties or the outcomes of events after the reporting period. <p>We have also revised the disclosures related to construction contracts presented in the consolidated financial statements.</p>
Non-current assets impairment and valuation	
<p><i>Disclosures related to non-current assets impairment and valuation presented in notes 1.4 v), 1.4 ix), 1.4 xxii), 8, 15, 16, 20, 45 and 46 to the consolidated financial statements.</i></p> <p>At 31 December 2020 the Group holds non-current assets allocated to the following cash generating units (CGU), and for which impairment indicators were identified:</p> <ul style="list-style-type: none"> waste treatment and recovery, in the amount of Euros 292,957 thousand; construction of Mota-Engil Engenharia e Construção, S.A., amounting to Euros 35,135 thousand; logistics operation to develop in <i>Malawi Gateway Project</i>, amounting to Euros 20,224 thousand; quarry exploration, amounting to Euros 40,255 thousand; and solid waste collection and treatment in Abidjan (Ivory Cost), amounting to Euros 29,301 thousand. <p>The Group also holds:</p> <ul style="list-style-type: none"> an equity instrument in an entity not listed in a regulated market amounting to Euros 30,796 thousand; and Angolan sovereign bonds amounting to Euros 176,851 thousand. 	<p>The analysis of the evaluation of these assets' impairment losses and equity instrument's fair value consisted of:</p> <ul style="list-style-type: none"> evaluate the underlying criteria to identify the cash generating units (CGU); obtain the models made to determine the recoverable amount of the CGU, the fair value of the equity investment and the expected credit losses of the Angolan sovereign bonds, in order to determine its accordance with the accounting standards; reexecute the model's calculations; critically evaluate, and whenever possible in a corroborative manner, the assumptions used in the models, namely the projection periods used, estimated cash flows, cash flows growth rates in projection period and perpetuity, discount rates, multiples and comparable transactions considered, judgements about the increase in credit risk of the Angolan sovereign bonds, corresponding probabilities of default and loss given default, involving internal experts, whenever relevant; ensure that recoverable amounts based in intentions for future use match the assets/CGU present condition, as well as the viability and consistency with all available information known to date; and

Key Audit Matter	Summary of the Audit Approach
<p>As mentioned in the Group's accounting policies, in each reporting period an evaluation is made to determine if there are indicators that its assets might be impaired, and tests are performed in order to estimate its recoverable amount. With respect to the equity instrument, it is valued at its fair value through other comprehensive income, and the Angolan sovereign bonds are valued at amortized cost net of impairment losses calculated in accordance with the general impairment model of expected credit losses included in IFRS 9.</p> <p>As mentioned, for the CGU above mentioned, impairment indicators were identified, triggering the need to perform impairment tests. The realization of these tests, as well as the determination of the fair value of the equity instrument and the expected credit losses of the Angolan sovereign bonds, involve significant uncertainties and judgements, namely predictions of future profitability and investment amounts, growth rates, obtaining market benchmarks, discount rates, indicators of significant increase of credit risk, probability of default and loss given default, as well as analysis of the documentation related to assets future use. Added to this difficulty is the uncertainty of the impact of the Covid-19 pandemic in the various markets where the Group operates, which sought to be incorporated through the use of more prudent cash-flow estimates and higher discount rates, as shown in note 46.</p> <p>In particular with regard to waste treatment and recovery net assets, and as mentioned in note 15, it should be added that, for some concessions, negotiations with ERSAR on the allowed revenues and regulated tariffs for the current regulatory period (2019-2021) are still ongoing, with the potential impacts that the outcome of these negotiations may have on the future valuation of these assets.</p>	<ul style="list-style-type: none"> review the sensitivity analysis to the models most significant assumptions, whenever the value in use or market value obtained is close to the carrying amount. <p>We have also revised the disclosures related to non-current assets impairment and fair value presented in the consolidated financial statements.</p>

Key Audit Matter	Summary of the Audit Approach
<p>Impairment losses related to Angolan sovereign bonds of approximately Euros 8,000 thousand were recognized in the year.</p> <p>Regarding the equity instrument, a negative fair value change amounting to Euros 9,976 thousand was recognized in the consolidated statement of other comprehensive income.</p> <p>The analysis of the evaluation of these assets impairment losses and fair value was considered a key audit matter due to its complexity and judgement involved in management's estimation of the recoverable amount.</p>	<p>Work performed over recognition and measurement of accounts receivable impairment included the following procedures:</p> <ul style="list-style-type: none"> • understanding and evaluating control activities related to recognition and measurement of accounts receivable impairment, and tests to the effectiveness of controls, when relevant; • obtaining the calculation of matrices of expected impairment loss rates by country, industry and customer segments at the reporting date, in case of existence of historical losses or credit risk; • discussion with the management of the main assumptions used in determining expected impairment losses, namely segmentation of matrices by different groups of credit risk profile, adjustments made to specific debtors, selection of historical periods and base information, as well as expectations of future macroeconomic conditions, in particular considering the impact of the Covid-19 pandemic; • obtaining ageing accounts receivable reports and reconciling with recognized impairment losses;
<p>Accounts receivable valuation and impairment recognition</p>	
<p><i>Disclosures related to Accounts receivable presented in the notes 1.4 ix), 1.4 xxii), 8 and 23 to the consolidated financial statements.</i></p> <p>At 31 December 2020 the Group presents accounts receivable from Customers and Other Debtors – Others amounting to Euros 1,009,171 thousand, (net of cumulative impairment losses of Euros 255,339 thousand, of which Euros 28,715 thousand were recognized, net of reversals, in the consolidated income statement).</p> <p>The Group assesses, in each reporting period, the amount of impairment losses to be recognized under IFRS 9 – Financial instruments. For this purpose, impairment losses are recognized for the estimated non recoverable amount of aged receivables or receivables for which other impairment indicators exist (incurred losses), as well as potential expected impairment losses, using an uncollectibility matrix based on the credit history of the Group's debtors, over the past five years, adjusted for specific debtor issues, as well as for macroeconomic conditions that are estimated for the future. These matrixes were stressed in 2020 due to greater uncertainty in the future due</p>	

Key Audit Matter	Summary of the Audit Approach
<p>to the Covid-19 pandemic, as explained in notes 45 and 46.</p> <p>The identification of impaired accounts receivable, and determining its recoverable amount, and the modelling of matrices for determination of potential impairment losses by type of customer, industry / sector or country, involve significant management judgement, namely in regards to (i) the debtors ability to settle the debt, probability of default of agreed conditions and collection prospects; and (ii) the segmentation of the portfolio of customers and other debtors in different groups of credit risk profiles and subsequent determination of estimated impairment loss rates. The existence, in the many geographies the Group operates in, of significant accounts receivable from government entities, state or entities considered as public entities, raises an additional level of subjectivity and uncertainty to those judgements.</p> <p>Moreover, as reported in 1.4 ix) a), the Group estimates the present value of accounts receivable whenever it is expected that payment extends beyond 12 months. In this case, the estimates made by management require judgement, namely concerning the settlement date and the discount rate to use.</p> <p>Estimates of accounts receivable impairment and present value are a key audit matter because they require a high level of judgement by management.</p>	<ul style="list-style-type: none"> • discussing with management, comparing with previous year, the assumptions used to determine accounts receivable incurred impairment losses, namely for significant amounts outstanding for long time periods; • obtain and analyze available supporting information, used by management in the assessment performed; • verify receipts after the closing date, when relevant; and • in the particular case of significant long time past due accounts receivable of government entities, state or entities considered as public entities, external confirmations, formal correspondence documentation with those entities, measurement reports or other evidence supporting the sale/service rendered were attested, in order to assess if the evidence is consistent with the recognized impairment losses. <p>Our procedures concerning the valuation of accounts receivable were mainly as follows:</p> <ul style="list-style-type: none"> • understanding and evaluation of control activities related to measurement of accounts receivable past due over one year and tests of the controls effectiveness, when relevant; • assessment of the completeness of accounts receivable with settlement conditions beyond normal terms considered by management for recognition at present value; and • test of the calculation of present value measurement impacts and assessment of the management's assumptions reasonableness, concerning the expected settlement date and discount rate used. <p>We have also revised disclosures related to the valuation and impairment of accounts receivable presented in the consolidated financial statements.</p>

Key Audit Matter

Summary of the Audit Approach

Real estate inventory and investment properties valuation

Disclosures related to real estate inventory and investment property presented in 1.4 vii), 1.4 xi), 1.4 xxii), 6, 8, 21 and 22 to the consolidated financial statements.

At 31 December 2020, the Group holds real estate inventory ready for sale or for real estate development and future sale, amounting to Euros 126,800 thousand, measured at the lower of acquisition or production cost and net realizable value. The Group also holds investment property at fair value, amounting to Euros 173,565 thousand, with positive and negative impacts in 2020 consolidated income statement and consolidated other comprehensive income statement of Euros 16,628 thousand and 20,793 thousand, respectively. Real estate inventory and investment property include some projects for which there are no prospects for immediate development or whose sale has been delayed.

Determination of the net realizable value or fair value of these assets requires estimations involving the use of management assumptions, namely market benchmarks, future cash flow projections (sales prices and construction costs to be incurred until completion of the asset), market rents and discount rates.

The high level of judgement embedded in the assumptions used in the net realizable value and fair value estimates, and the related uncertainty, justifies this issue as a key audit matter.

Audit procedures performed, concerning inventory and investment property valuation included:

- assessment of the inventory and investment property presentation reasonableness, considering the expected way of realization, based on meetings with management;
- independence and competence assessment of the external appraisers appointed by management, and of the competence of the internal and external experts to perform/analyze the appraisals;
- review of real estate valuation, namely through the following procedures: (i) meeting with the Group's real estate managers and, when necessary, with the Group's internal and external experts, in order to analyze and discuss the evidence presented and conclusions withdrawn; (ii) analysis of the reasonableness of the underlying data used in appraisals, considering our knowledge and experience, including the comparison with industry and transaction benchmarks, involving in this exercise, whenever necessary, our internal experts.

We have also revised the disclosures related to real estate inventory and to investment property presented in the consolidated financial statements.

Key Audit Matter

Summary of the Audit Approach

Provisions and contingencies

Disclosures related to provisions and contingencies presented in 1.4 xvii), 1.4 xxii), 8, 12, 37 and 40 to the consolidated financial statements.

The Group recognizes provisions for contingencies, namely claims and other liabilities related to construction contracts, including construction guarantees. At 31 December 2020 provisions presented in the consolidated financial statements amount to Euros 103,023 thousand, of which Euros 1,909 thousand were recognized in the 2020 consolidated income statement, net of reversals.

Moreover, due to the dimension, structure and geographical dispersion of its operations, the Group is exposed to different tax and legal frameworks, which originate an increased complexity of the procedures of tax and legal nature. Consequently, the Group has a variety of open tax issues and ongoing legal proceedings, for which no liabilities were accounted for and that are contingent liabilities. According to note 40 to the consolidated financial statements, contingent liabilities related to tax proceedings amount to Euros 99,213 thousand, and related to legal proceedings over Euros 500 thousand, individually, amount to Euros 113,000 thousand, approximately. In the same note, the following litigations in Peru are also mentioned: (i) investigation raised by the Government Agency for Law Enforcement and Prosecution against two former employees of the Group for allegedly engaging in practices developed by some construction companies, that did not comply with the legislation in force, and in which the Group was asked to respond with its own assets in the amount of Euros 300 thousand, and also activated a legal mechanism available to limit its liability; and (ii) investigation on anti-competitive practices initiated by the Competition Authority (INDECOPI), which

Concerning the provisions and contingent liabilities for obligations regarding construction contracts, the procedures we performed included, among others:

- validation of the listing of recognized provisions for obligations arising from construction contracts, considering our knowledge of the business, management inquiries, minutes of meetings and other documents and events after the closing date;
- assessment of the reasonableness of management's assumptions for provisions measurement, namely by comparing previous periods estimates with actual incurred costs; and
- analysis of the calculation of provisions and the supporting documentation.

Concerning the provisions and contingent liabilities for obligations arising from tax and legal litigation, we have performed, among others, the following procedures:

- understanding the procedures to assess contingencies and tax and legal litigation made by management;
 - obtaining and analysis of the listings of tax and legal litigation involving the Group;
 - obtaining and analysis of the confirmations received from internal and external lawyers, regarding the proceedings of which they are in charge;
 - analysis of correspondence exchange with tax authorities, namely regarding claims and appeals by the Group;
 - analysis of the minutes of the Board of Directors and Executive Committee and monitoring of media news that mention the Group or group perimeter companies or related;
 - analysis of tax or legal opinions obtained from external consultants or lawyers that support management's positions regarding potential contingencies or existing litigations, promoting meetings directly with those
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Key Audit Matter	Summary of the Audit Approach
<p>involves some Group companies, together with other companies operating in the construction sector in Peru and a group individuals, and in relation to which the Group established an agreement in 2020 for its regularization, having recognized a provision in the results of the year, net of financial discount, amounting to Euros 10,431 thousand.</p> <p>In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, and presented in note 37, the Group recognizes provisions whenever an unfavorable outcome is expected for the regarded contingency. The assessment of the outcome probability is based on management's judgement about those matters, as well as in Group's tax and legal advisors' opinion.</p> <p>Considering the high level of judgement involved in the assessment of contingent liabilities and estimation of outflows amounts to settle the present obligation, and the high degree of uncertainty of the outcome of the proceedings, we consider this issue as a key audit matter.</p>	<p>whenever necessary to debate the most significant judgments;</p> <ul style="list-style-type: none"> • inquiry to management and to key personnel of tax and legal departments, with the support of our specialists, regarding the most significant estimates and judgements, aiming, whenever possible, to corroborate the assumptions in the classification and measurement of the amounts of provisions recognized and contingent liabilities disclosed; and • scanning of expenses incurred after the reporting date, in order to identify non-circularized lawyers or external consultants for which confirmation requests were not sent and/or possible new tax proceedings or litigation. <p>We have also revised the disclosures related to provisions and contingencies presented in the consolidated financial statements.</p>

Acquisition of entities with control

Disclosures related to business combinations presented in 1.3 e), 15, 21, 41 e 42 to the consolidated financial statements.

During the year the Group acquired control of the entities Logz - Atlantic Hub, SA (Logz), AMGP Agricultura, SA (AMGP) and Estradas do Zambeze, SA (EZ), based, respectively, in Portugal, Angola and Mozambique, in which it had previously held interests.

AMGP, whose net assets, expressed at their fair values, at the acquisition date amounted to Euros 37,127 thousand, was acquired from Mota Gestão de Participações, SA, which is a company under common control of the Group. This transaction generated a positive variation in the consolidated statement of changes in equity

Our audit procedures performed concerning these transactions focused on:

- reading the acquisition contracts, and other documentation made available, in order to identify the parties involved and the net assets acquired, as well as to verify the consideration transferred considered in the accounting for business combinations;
- analyzing the valuation that served as basis for determining the fair value of the AMGP business, the net assets acquired and the interests previously held, which was carried out by Management experts through: (i) the verification of their independence and competence; (ii) the arrangement of meetings with Group personnel involved in the transaction with the purpose of analyzing

Key Audit Matter	Summary of the Audit Approach
<p>in the amount of Euros 14,757 thousand. The acquisition of EZ, whose net assets, expressed at their fair values, at the acquisition date amounted to Euros 5,943 thousand, resulted from the purchase of 55% of its share capital, of which 40% were acquired from Lineas - Concessões de Transportes, SGPS, SA, which is a related party of the Group. The acquisition of Logz, whose negative net assets, expressed at their fair values, at the acquisition date amounted to Euros 2,206 thousand, resulted from an agreement entered into with all previous shareholders pursuing the restructuring of the company's liabilities and its operational and financial viability, and it has generated a gain in the consolidated income statement in the amount of Euros 1,853 thousand.</p> <p>Accounting for the acquisition of control of these entities involved significant judgments, especially in transactions involving related parties, namely in determining the fair value of the net assets acquired, the fair value of previously held interests and the consideration transferred, as well as in the assessment of the accounting policy defined for the acquisition of entities under common control. Consequently, we consider this subject as a key audit matter.</p>	<p>and discussing the evidences presented and conclusions drawn; (iii) the analysis of the reasonableness of the data used in the evaluation, using our internal experts to verify the assumptions and calculations that could be independently validated, and meeting directly with Management experts for the remaining cases, in order to verify and discuss the methodologies and sources used;</p> <ul style="list-style-type: none"> • in the case of EZ and Logz, assessing the reasonableness of the fair value attributed to the net assets acquired and previously held interests by using the price paid in the transactions with non-related parties, evidence that was specifically complemented at Logz case with a third party purchase proposal made for the main asset; and • verifying the consistency of the accounting policy defined for business combinations of entities under common control with the applicable conceptual framework and other pronouncements already published by IASB, as well as evaluating the options followed by Management and its rational. • We have also revised the disclosures related to these transactions presented in the consolidated financial statements.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

- a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;
- b) the preparation of the consolidated Management report, the Report on corporate governance and the consolidated non-financial information, in accordance with the applicable law and regulations;
- c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error;

- d) the adoption of appropriate accounting policies and criteria; and
- e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;
- g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and
- i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the consolidated Management report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law on corporate governance matters, and verifying that the consolidated non-financial information was presented.

***Report on other legal and regulatory requirements
Consolidated Management report***

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the consolidated Management report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the consolidated Management report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Report on corporate governance

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Report on corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs 1 c), d), f), h), i) and m) of that article.

Consolidated non-financial statement

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Group prepared a separate report of the consolidated Management report that includes the consolidated non-financial statement set forth in article No. 508-G of the Portuguese Company Law, which was disclosed together with the consolidated Management report.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

- a) We were first appointed auditors of Mota-Engil, S.G.P.S., S.A. in the Shareholders' General Meeting of 24 May 2017 for the remaining period from 2015 to 2018. Our last appointment was in the Shareholders' General Meeting of 23 May 2019 for the period from 2019 to 2022.
- b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.
- c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of 1 April 2021.
- d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

1 April 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Joaquim Brochado Correia, R.O.C.

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(Translation of a report originally issued in Portuguese)

To the Shareholders of Mota-Engil, SGPS, S.A.

In compliance with the legal and statutory requirements, the Statutory Audit Board of Mota-Engil, SGPS, S.A. (“Company”) presents the report of its activities during the year 2020, as well as, its opinion regarding the documents comprising the consolidated financial report, which include the Management Report and the Consolidated Financial Statements related to that year prepared by the Company’s Board of Directors.

The Statutory Audit Board met regularly and accompanied the progress of the Company, particularly through contacts with the Board of Directors and its members and with the main persons responsible for the Group's services, who provided all the information and justifications requested.

The Statutory Audit Board accompanied, also, the activity of the Statutory Auditor / Auditor gathering elements that were useful in the performance of its supervisory responsibilities. It also supervised the activity of the Statutory Auditor / Auditor, including its independence, in compliance with the subparagraph d), paragraph 2, of article 420 of the Portuguese Commercial Companies Code, and its exemption.

In addition, in the course of the year, and within the scope of its responsibilities, more specifically pursuant to paragraph 2 of article 397 of the Portuguese Commercial Companies Code (“Businesses with the Company”), and article 249 A of the Securities Market Code, this body issued, on July 14, 2020, a favorable opinion on a transaction to be carried out between the Company and a related party.

The Statutory Audit Board analyzed the aforesaid documents of the consolidated financial report, the Consolidated Legal Certification of Accounts / Audit Report, issued by the Statutory Auditor / Auditor, registered in the CMVM (Portuguese Market Securities Commission), having also received and analysed the respective additional report addressed to it.



Pursuant to the terms of Art. 245(1)(c) of the Securities Market Code, the members of the Statutory Audit Board hereby declare that, to the best of its knowledge, the information contained in the Consolidated Report and Accounts for 2020 was drawn up in accordance with the applicable accounting principles and gives a true and fair view of the assets and liabilities, the financial position and the results of Mota-Engil, SGPS, S.A. and the companies included in its consolidation perimeter, and that the Management Report faithfully describes the progress of the business, the financial and non-financial performance and the consolidated position of Mota-Engil, SGPS, S.A., and the companies included in its consolidation perimeter, including a description of the main risks and uncertainties they face.

Consequently, the Statutory Audit Board is of the opinion that the aforementioned documents of the consolidated financial report presented by the Board of Directors should be approved.

Porto, April 1, 2021

José António Ferreira de Barros

Susana Catarina Iglésias Couto Rodrigues de Jesus

Cristina Maria da Costa Pinto

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