

## **POLICY FOR THE SELECTION, APPOINTMENT AND RE-ELECTION OF DIRECTORS OF SACYR, S.A.**

The article 529 decies of the Corporate Law, (hereinafter referred to as "LSC") provides that the proposal for the appointment or re-election of the members of the Board of Directors is the responsibility of the Board of Directors, with the exception of the proposal for the appointment of independent directors, which is the responsibility of the Appointments and Remuneration Committee.

Regardless of the origin of the proposal, it must in any case be accompanied by a supporting report from the Board of Directors assessing the competence, experience and merits of the proposed candidate, and, in the case of the appointment or re-election of any non-independent director, it must also be preceded by a report from the Appointments and Remuneration Committee.

Recommendation 14 of the Code of Good Governance of Listed Companies (2015) states:

*“The Board of Directors should approve a policy for the selection of directors which:*

- a) Be concrete and verifiable.*
- b) Ensure that proposals for appointment or re-election are based on a prior analysis of the needs of the Board of Directors.*
- c) Promote diversity of knowledge, experience and gender.*

*That the results of the prior analysis of the needs of the Board of Directors be included in the report of the Nominating Committee that is published when the general meeting of shareholders to which the ratification is submitted is convened, the appointment or re-election of each adviser.*

*And that the policy for the selection of directors promotes the objective that by 2020 the number of directors should represent at least 30% of the total number of board members.*

*The appointments and remuneration committee shall annually verify compliance with the policy on the selection of directors and report thereon in the annual corporate governance report.*

As part of the ongoing review and updating process carried out by the Company in relation to its internal corporate governance rules, in accordance with the Code of Good Governance of Listed Companies and within its general and non-delegable competence to determine the general policies and strategies of the Company, the Board of Directors of Sacyr has agreed to complete and modify the "Directors Selection Candidates Policy", replacing the current wording with the following "Policy for the selection, appointment and re-election of directors of Sacyr, SA (hereinafter referred to as the "Policy"), which constitutes an integral part of its Corporate Governance System.

### **1. Objective of the Policy**

The Board of Directors of Sacyr S.A. (the "Company") approves this Policy of selection of candidates for board, concrete and verifiable, to ensure that the selection process and subsequent proposals for the appointment of Directors comply with the principles of transparency and objectivity, that they are based on a prior analysis of the Board's needs, and that they favor diversity of expertise, experiences and gender.

### **2. Scope of application**

This Policy shall apply to the selection of candidates for the Board of Directors of the Company who are natural persons, regardless of the body of the Company to which the proposal of appointment corresponds.

In the case of candidates for Board of Directors of the Company who are legal persons, the provisions of this Diversity Policy in the composition of the Board of Directors and the selection of candidates for it shall be extended to the natural persons who will represent them.

### **3. Objectives of the selection of candidates**

The selection of candidates for the Board of Directors will be based on an analysis of the needs of the Company and its group of companies, to be carried out by the Board of Directors with the advice and report of the Appointments and Remuneration Committee.

To this end, persons will be sought who meet the conditions set out in the following paragraphs and whose appointment favors the diversity of skills, knowledge, experience and gender within the Board of Directors.

#### **4. Common requirements for applicants**

Candidates for appointment to the Board of Directors must be persons of good repute, competence, competence, experience, qualifications, training, availability and commitment to their duties and possess the knowledge appropriate to the performance of their duties.

In particular, they must be full-fledged professionals whose conduct and professional career are in line with the principles set out in the Sacyr Group's Code of Conduct and with the rest of its Corporate Governance System.

#### **5. Additional requirements for executive directors**

The performance of executive functions requires additionally proven experience in management positions and responsibilities, especially in the sectors of activity in which the Company operates.

Without being an unavoidable requirement, the prior performance of executive functions in the Company or its Group provides a greater knowledge of its activities and its internal functioning, which provides candidates with a shorter process of adaptation to their duties as Executive Director. At the same time, it enables the Board to gain first-hand knowledge of the candidate's skills, ability to work, commitment to the position and potential.

Therefore, in the selection of executive directors, preference will be given to candidates who have previous experience of executive functions in the Group.

#### **6. Additional requirements for independent directors**

In the case of independent directors, in addition to the common requirements to be met by any candidate, they must meet personal and professional conditions which enable them reasonably to ensure that they are able to carry out their duties without being conditioned by

relations with the company or its group, its significant shareholders or its directors; in accordance with the legislation in force and the Rules of Procedure of the Board of Directors.

In addition, independent directors should have complementary qualities that increase the diversity of the Board of Directors, both in its composition and in the knowledge and experience of the directors, that contribute to enrich the debate and contribute, where appropriate, expertise in the various Board committees.

## **7. Causes of incompatibility under the law or the Corporate Governance System**

Candidates for Board of Directors may not be considered those who are engaged in a legal cause of incompatibility or prohibition for the performance of their position, nor those who do not meet the requirements established in the Corporate Governance System to be Board of Directors, in particular:

- a) Companies, whether national or foreign, that are competitors of the Company, as well as their directors or senior managers and persons, if any, proposed by them in their capacity as shareholders.
- b) Those who, in the two years prior to their possible appointment, had held senior positions in the Spanish [or foreign] public administrations that were incompatible with the performance of the post of Director, in accordance with the applicable legislation.
- c) Those who are in an insurmountable situation of effective competition with the company or who otherwise are in a permanent conflict with the interests of the company, in accordance with the Corporate Law.
- d) Persons who are in any of the cases of incompatibility or prohibition provided for in the Corporate Law and other applicable legal provisions.
- e) Those who are in circumstances that determine that their participation in the Board may endanger the interests of the company or adversely affect its credit or reputation.

## 8. Selection process for new directors.

The selection of candidates for the post of Director shall be based on an analysis of the skills, knowledge and experience required within the Board of Directors, to be carried out by the Appointments and Remuneration Committee, taking into account the number of directors established by the General Meeting of Shareholders, the composition of the various categories and classes of directors established by the Board of Directors and the nature of the vacancies to be filled. To this end, the Appointments and Remuneration Committee shall define the profile of the candidates to be filled by each vacancy and shall assess the time and dedication required to enable them to carry out their duties effectively.

Once the profile of the candidates has been established, the Board of Directors shall draw up a list of potential candidates, either by the persons appointed by it or, in the case of independent directors, by the Appointments and Remuneration Committee. For this purpose, any of the Directors may suggest such names as they deem appropriate and appropriate for each vacancy.

The Company may count on external advice, both for the performance of the preliminary analysis of the needs of the Board and for the proposal of the candidates for directors.

Once the list of potential candidates has been drawn up, the candidates will be analyzed in order of preference. To this end, the Appointments and Remuneration Committee shall, taking into account the needs of the Board, assess, among others, the following elements:

- i) the technical-professional skills of the candidates;
- ii) the management experiences of the candidates, also taking into account the context in which Sacyr operates;
- iii) the necessary commitment to the position, also assessing the positions already held by candidates in other companies;
- iv) the availability of women candidates meeting the required profile, with the objective of ensuring that by 2020 the number of women directors represents at least 30 per cent of the total membership of the Board of Directors.
- v) age

In any case, the process of candidate analysis shall avoid any type of bias that may imply any discrimination, inter alia, on grounds of sex, ethnic origin, age or disability.

Once the analysis of the candidates has been carried out, the Appointments and Remuneration Committee will be responsible for formally submitting proposals for the appointment of independent directors to the Board of Directors, and to report to the Board of Directors on proposals for the appointment of Directors who are not considered to be independent.

Where the Board departs from the recommendations of the Appointments and Remuneration Committee, it shall state the reasons for its action and shall record its reasons in the acts.

#### **9. Process of re-election of directors**

In cases where the re-election of any member of the Board of Directors is proposed, the proposal for re-election to the General Meeting of the Board of Directors must be preceded by a report from the Committee on Appointments and Remuneration. The report shall assess in particular the performance of the counsellor whose re-election is proposed and shall give an account of the degree of fulfilment of expectations and the maintenance of the personal qualities that gave rise to his appointment.

Particularly, in the case of executive directors who, at the time of their re-election, have reached retirement age (65-67 years), it shall be expressly assessed whether age constitutes an impediment to or hinders the performance of the executive tasks assigned to it. If so, the Board of Directors shall refrain from proposing the re-election of the Director as Executive, and may, where appropriate, propose his re-election as Non-executive Director, and shall open a process for the selection of Executive Director.

#### **10.- Proposal of the appointment or ratification to the General Meeting**

Once the proposal for appointment has been approved by the Board of Directors or, in the case of independent directors, by the Appointments and Remuneration Committee, it shall be submitted for approval to the General Meeting of Shareholders, accompanied in any case

by: a supporting report prepared by the Board of Directors assessing the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Meeting.

In the case of the appointment of directors by co-optation provided for in Articles 244 and 529 LSC, the Board of Directors shall propose its ratification to the first General Meeting to be held after the appointment, unless the vacancy occurred after the General Meeting had been convened and before it was held, in which case the designation by cooptation shall be deemed to have been made until the next General Meeting. In any event, the proposal for ratification shall be accompanied by a corresponding supporting report drawn up by the Board of Directors stating expressly whether the appointment is proposed for the outstanding term of appointment of the vacant Director or proposes the appointment "ex novo" for the statutory period.

#### **11. Verification of compliance with the Policy.**

The Appointments and Remuneration Committee will annually verify compliance with this Policy and report its findings in the Annual Corporate Governance Report.