

**BOARD OF DIRECTORS OF SACYR, S.A.'S REPORT IN
RELATION TO THE PROPOSED AMENDMENT OF THE BYLAWS
REFERRED TO IN THE EIGHTH POINT OF THE AGENDA OF THE
ORDINARY GENERAL MEETING CONVENED ON 14 AND
15 JUNE 2023, FIRST AND SECOND CALLS, RESPECTIVELY**

1. Introduction

The Board of Directors of Sacyr, S.A. (the "**Company**") issues this report in accordance with the provisions of Article 286 of the Capital Companies Act, in order to justify the proposal to modify the Articles of Association (the "**Articles of Association**") that is submitted for approval by the General Meeting under point eight of its agenda. For all appropriate purposes, this report also includes the full text of the proposed amendments.

Likewise, to facilitate the shareholders' comparison between the new wording of the articles of the Articles of Association that are proposed to be modified and the one currently in force, a literal transcript of the text of the articles that are proposed to be modified is included as an annex to this report, in a double column, highlighting in the right column the changes that are proposed to be introduced over the current text, which is transcribed in the left column.

2. General Rationale for Proposal

The proposed amendments to the Company's Articles of Association are framed by the Company's desire to advance continuous improvements in good corporate governance, based on the recommendation to amend the Articles of Association reported positively by the Sustainability and Corporate Governance Commission in which investor and *proxy adviser* reports have also been taken into account in relation to these matters.

The reform of the Articles of Association that is submitted for the approval of the General Meeting under point 8 of the agenda has the main purposes:

- a) Statutorily reduce the maximum number of members of the Board of Directors (Art. 41).
- b) Reinforce the functions of the coordinating director and limit the duration of said function (Art. 42).
- c) Limit the quality vote of the Chairman of the Board of Directors (Art. 51).
- d) Reinforce the compulsory causes of termination of the executive directors (Art. 54).

In the following sections of this report, the justification for the amendments affecting each of the articles of the aforementioned Articles of Association is included in more detail and

within the corporate governance improvements proposed by the Company at this General Meeting.

3. Specific Justification for Amendment

3.1. Quantitative composition of the Board of Directors (Art. 41)

The Company proposes, through this General Meeting and in the coming years, to further promote its good corporate governance practices to achieve the highest level of compliance both nationally and internationally and following the recommendations made by investors and *proxy advisers*. Some of these improvements require in some cases statutory amendments, such as those contemplated in this report, which, as will be seen, are supplemented by other measures taken by the Company.

In relation to the makeup of the Board of Directors, the Company proposes two important measures:

- a) On the one hand, through this amendment of the Articles of Association, to further comply with Recommendation No 13 of the Code of Good Governance in which it is established that the Board of Directors has the precise dimension to achieve an effective and participatory operation, it being advisable that there be between five and fifteen members. To this end, it is proposed that the maximum number of directors be reduced from nineteen, as provided for today in Article 41 of the Bylaws, to fifteen.
- b) Moreover, point (5.6) of the agenda also proposes to the shareholders to increase the number of board members currently approved by the General Meeting, adding one member and moving from thirteen to fourteen members. This increase is intended to achieve the following:
 - i) Propose a director with the independent rating as a candidate to fill this new vacancy, which would allow, on the one hand, the makeup of the Board of Directors to reach 50 of every 100 independent directors and the percentage of women will be increased from 23 to 29 percent (with the Company's commitment to reach 40 percent in 2025).
 - ii) Likewise, this new vowel occupied by an independent counsellor would allow us to reduce the percentage of executives (from 8 to 7 percent); reduce the percentage of externals (from 8 to 7 percent) and also the reduction of Sundays (from 38 to 36 percent).

The statutory proposal regarding the maximum number of members in the Board of Directors shall, in turn, entail an amendment to Article 41 of the Regulations of the Board of Directors, whose competence corresponds to the Board of Directors.

3.2. Reinforce the functions of the coordinating director and limit the duration of said function (Art. 42).

The Company proposes to complete the measures of the qualitative composition of the Board of Directors, identified in section 3.1 of this Report, with the amendment of Article 42 of the Articles of Association (Qualitative Composition of the Board of Directors) reinforcing the functions already recognised to the Coordinating Director in the Articles of Association and limiting the duration of said function in the same person to promote more independence in the execution of that position.

Thus, on the one hand, to the functions already provided by statute (request the call of the Board of Directors, inclusion of new points on the agenda of the Board of Directors, coordinate and meet the non-executive directors, direct the periodic evaluation of the Chairman of the Board of Directors) the following would be added:

- i) Chair the Board of Directors in the absence of the President and Vice Presidents.
- ii) Maintain contact with investors and shareholders to obtain their views in order to form an opinion on their concerns, in particular, in relation to the corporate governance of the Company, when so decided by the Board of Directors.

On the other hand, the exercise of this function by the same director shall be limited to four years.

The statutory proposal regarding the maximum number of members in the Board of Directors shall, in turn, entail an amendment to Article 12 of the Regulations of the Board of Directors, whose competence corresponds to the Board of Directors.

3.3. Limit the casting vote of the Chairman of the Board of Directors (Art. 51)

The current drafting of Article 51 of the Articles of Association includes, in its section 3, a casting vote in favour of the Chairman of the Board of Directors in relation to any matter that is the competence of this body. The Company wants to limit this casting vote right to exceptional situations and for specific matters. In particular, it wishes to have the possibility of introducing the right to a casting vote through the Regulations of the Board of Directors, to avoid situations of blocking the body in relation to the voting of matters that cannot be delegated by the Board of Directors in accordance with the provisions of current legislation. To this end, it introduces a modification by which this right of quality may only be exceptionally recognised to the President, if expressly provided for in the Regulations of the Board of Directors.

The statutory proposal regarding the maximum number of members in the Board of Directors shall, in turn, entail an amendment to Article 9 of the Regulations of the Board of Directors, whose competence corresponds to the Board of Directors.

3.4. Reinforce the compulsory causes of termination of the executive directors (Art. 54).

The Company also proposes as a measure of qualitative improvement of the composition of the Board of Directors two proposals relating to the known *overboarding* situation (to be a member of a plurality of boards) that, although it is not a current problem in Sacyr, the limitation of directors to be appointed to other boards in the following terms is to be further reduced in its Corporate Governance Code:

- i) As for the executive directors, it is proposed that the executive director has the status of executive director in another listed company to introduce as a cause for the termination of the directors and to make available to the Board of Directors the position in Article 54 of the Articles of Association.
- ii) In relation to all directors, the number of boards of directors of listed companies of which they are a party will be reduced by reducing from five to four boards with a modification of Article 28 of the Regulations of the Board of Directors of Sacyr.

The statutory proposal regarding the maximum number of members in the Board of Directors shall, in turn, entail an amendment to Articles 24 and 28 of the Regulations of the Board of Directors, whose competence corresponds to the Board of Directors.

4. Proposed amendment to the Ordinary General Meeting

The full text of the proposed statutory amendment is transcribed literally below:

Article 41. Quantitative Makeup of the Board of Directors

1. The Board of Directors shall consist of a minimum of nine and a maximum of fifteen members.

2. The General Meeting is responsible for determining the number of components of the Board of Directors. For this purpose, it will proceed straight away by setting said number by means of an express agreement or, indirectly, by providing vacancies or the appointment of new directors, within the maximum limit established in the previous section.

Article 42. Qualitative composition of the Board of Directors

1. The General Meeting shall ensure that in the composition of the Board of Directors, the number of external or non-executive directors constitutes a majority with respect to that of executive directors.

2. In the event that the President has the status of executive director, the Board of Directors, with the abstention of the executive directors, must call for the appointment a coordinating director among the independent directors, that it will be specially empowered to request the call of the Board of Directors or the inclusion of new points on the agenda of a Board of Directors already convened, coordinate and bring together non-executive directors and direct, if applicable, the periodic evaluation of the Chairman of the Board of Directors. Likewise, the Board of Directors must chair in the absence of the President and vice presidents, if any; maintain contact with investors and shareholders to know their views for the purpose of forming an opinion on their concerns, in particular, in relation to the corporate governance of the Company, when so agreed by the Board of Directors; and coordinate the succession plan of the President.

The Coordinating Director shall be appointed by the Board of Directors itself from among the independent directors and must be replaced every four (4) years, and may be re-elected once the term of two (2) years from its termination has elapsed.

3. The provisions of the previous sections do not affect the sovereignty of the General Meeting, nor does it diminish the effectiveness of the proportional system, which will be mandatory when the grouping of actions provided for in the applicable regulations occurs.

Article 51. Session Development

1. The Board of Directors shall be validly constituted when more than half of its members, present or represented, attend. The directors shall make their best efforts to attend the meetings of the Board of Directors and, when they cannot do so personally, shall endeavour to confer representation in favour of another member of the Board of Directors. Representation must be provided in writing and on a special basis for each session.

2. The President shall organise the discussion in accordance with the agenda promoting the participation of all directors in the deliberations and ensuring that the body is duly informed. To this end, directors and technicians of the company and the external experts deemed appropriate to participate in the session, with a voice and without vote may be invited.

3. Except where other superior voting quorums have been legally or statutory established, the agreements shall be adopted by an absolute majority of the attendees. Regulatorily, the casting vote of the Chairman of the Board of Directors may be foreseen, on an exceptional basis.

4. In particular, the amendment of the Regulations of the Board of Directors shall require for their validity the favourable vote of at least two-thirds of the directors present or represented at the meeting in question.

Article 54. Termination of Directors

1. The directors shall resign their position when decided by the General Meeting, when they notify their resignation or resignation to the Company or when the period for which they were appointed has elapsed. In the latter case, the termination will be effective when, after the period has expired, the first General Meeting is met or the period for holding the General Meeting to be resolved on the approval of the accounts for the previous fiscal year has elapsed.

2. Directors must make their position available to the Board of Directors and formalise, if it deems it appropriate, the corresponding resignation in the following cases: (a) when they cease in the executive positions to which their appointment as a director is associated; (b) when any of the cases of incompatibility or prohibition legally provided for are invoked and especially when they are in a situation of conflict of interest under the terms of Article 224.2 of the Capital Companies Act; (c) when the Appointments and Remuneration Commission, the Sustainability and Corporate Governance Code and the Audit Committee inform the Board of Directors and the Board of Directors confirms that the director has violated, in a serious or very serious manner, their obligations as an administrator, and in particular, the obligations arising from the duty of loyalty, including



to avoid conflicts of interest and other obligations imposed on them in this regard in the Corporate Governance Code; (d) when his tenure on the Board of Directors may jeopardise the interests of the Company or adversely affect the credit and reputation thereof, and so reported by the Appointments and Remuneration Commission, (e) in the case of executive directors, when they have executive director roles in another listed company; and (f) in the case of proprietary directors, when it comes off, of the entries of the Detail Records of the entities participating in the "Registration Systems Management Company, Clearing and Settlement of Securities" (Iberclear), that the shareholder they represent has ceased to participate in the Company's share capital, or that its participation has decreased to a level that entails the obligation to reduce its proprietary directors.

Madrid, 8 May 2023

Annex I. Comparative Version of the Articles to be Modified

| Original Article | Modified Article |
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| <p>Article 41. Quantitative Composition of the Board of Directors</p> <p>1. The Board of Directors shall consist of a minimum of nine and a maximum of nineteen members.</p> <p>2. The General Meeting is responsible for determining the number of components of the Board of Directors. For this purpose, it will proceed straight away by setting said number by means of an express agreement or, indirectly, by providing vacancies or the appointment of new directors, within the maximum limit established in the previous section.</p> <p>Article 42. Qualitative composition of the Board of Directors</p> <p>1. The General Meeting shall ensure that in the composition of the Board of Directors, the number of external or non-executive directors constitutes a majority with respect to that of executive directors.</p> <p>2. In the event that the President has the status of executive director, the Board of Directors, with the abstention of the executive directors, must call for the appointment a coordinating director among the independent directors, that it will be specially empowered to request the call of the Board of Directors or the inclusion of new points on the agenda of a Board of Directors already convened, coordinate and bring together non-executive directors and direct, if applicable, the periodic evaluation of the Chairman of the Board of Directors.</p> | <p>Article 41. Quantitative Makeup of the Board of Directors</p> <p>1. The Board of Directors shall consist of a minimum of nine and a maximum of nineteen fifteen members.</p> <p>2. The General Meeting is responsible for determining the number of components of the Board of Directors. For this purpose, it will proceed straight away by setting said number by means of an express agreement or, indirectly, by providing vacancies or the appointment of new directors, within the maximum limit established in the previous section.</p> <p>Article 42. Qualitative composition of the Board of Directors</p> <p>1. The General Meeting shall ensure that in the composition of the Board of Directors, the number of external or non-executive directors constitutes a majority with respect to that of executive directors.</p> <p>2. In the event that the President has the status of executive director, the Board of Directors, with the abstention of the executive directors, must necessarily appoint a coordinating director among the independent directors, that it will be specially empowered to request the call of the Board of Directors or the inclusion of new points on the agenda of a Board of Directors already convened, coordinate and bring together non-executive directors and direct, if applicable, the periodic evaluation of the Chairman of the Board of Directors. <i>Likewise, the Board of Directors must preside in the absence of the President and vice presidents, if any; maintain contact with investors and</i></p> |

3. The provisions of the previous sections do not affect the sovereignty of the General Meeting, nor does it diminish the effectiveness of the proportional system, which will be mandatory when the grouping of actions provided for in the applicable regulations occurs.

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shareholders to know their views for the purposes of forming an opinion on their concerns, in particular, in relation to the corporate governance of the company, when so agreed by the Board of Directors; and coordinate the succession plan of the President.

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2. Directors must make their position available to the Board of Directors and formalise, if it deems it appropriate, the corresponding resignation in the following cases: (a) when they cease in the executive positions to which their appointment as a director is associated; (b) when any of the cases of incompatibility or prohibition legally provided for are invoked and especially when they are in a situation of conflict of interest under the terms of Article 224.2 of the Capital Companies Act; (c) when the Appointments and Remuneration

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| <p>Commission, the Sustainability and Corporate Governance Commission and the Audit Committee inform the Board of Directors and the Board of Directors confirms that the director has violated, of a serious or very serious nature, their obligations as an administrator, and in particular, the obligations arising from the duty of loyalty, including to avoid conflicts of interest and other obligations imposed on them in this regard in the Corporate Governance Code; (d) when his tenure on the Board of Directors may jeopardise the interests of the Company or adversely affect the credit and reputation thereof, and so reported by the Appointments and Remuneration Committee and (e) in the case of proprietary directors, when it comes off, of the entries of the Detail Records of the entities participating in the "Registration Systems Management Company, Clearing and Settlement of Securities" (Iberclear), that the shareholder they represent has ceased to participate in the Company's share capital, or that its participation has decreased to a level that entails the obligation to reduce its proprietary directors.</p> | <p>a serious or very serious nature, your obligations as an administrator, and in particular, the obligations arising from the duty of loyalty, including to avoid conflicts of interest and other obligations imposed on them in this regard in the Corporate Governance Code; (d) when his tenure on the Board of Directors may jeopardise the interests of the Company or adversely affect the credit and reputation thereof, and so reported by the Appointments and Remuneration Commission, (e) in the case of executive directors, when they have executive director roles in another listed company; and (f) in the case of proprietary directors, when it comes off, of the entries of the Detail Records of the entities participating in the "Registration Systems Management Company, Clearing and Settlement of Securities" (Iberclear), that the shareholder they represent has ceased to participate in the Company's share capital, or that its participation has decreased to a level that entails the obligation to reduce its proprietary directors.</p> |
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