



M O R R O W
S O D A L I

CHAIRMAN REELECTION REPORT

AGM 2023



Sacyr, S.A.
Construction & Engineering
**Sustainability
Yearbook Member**
S&P Global ESG Score 2022



Pedemontana Veneta, Italy

Preamble

This report has been prepared by Morrow Sodali at the request of Grupo Sacyr S.A. (hereinafter "Sacyr") in order to compile, organize and present, in the most informative manner for shareholders, the profile, performance and evaluation of the Chairman, Sacyr's corporate governance framework, engagement with its stakeholders and the actions identified as an Action Plan to improve its corporate governance.

The content and images presented are of a public nature and have been compiled for informational purposes, and both the statements and commitments contained in the report are a faithful transcription of the information provided by Sacyr's governing bodies.

The information contained in this document is therefore presented to the shareholder as merely illustrative material related to the re-election of the Chairman Mr. Manuel Manrique at the 2023 General Shareholders' Meeting.

CONTENT STRUCTURE

The current analysis has been prepared to assess Chair & CEO Manuel Manrique's contributions at Sacyr and his reelection at AGM 2023.

This analysis has been performed by Morrow Sodali and covers the following contents:

1. PERSONAL AND PROFESSIONAL PROFILE

- Personal and professional profile
- Career at Sacyr
- Skills

2. SACYR DURING CHAIRMAN MANUEL MANRIQUE'S LEADERSHIP

- Share price evolution
- Analysts' coverage
- Shareholder return
- Financial achievements
- ESG achievements
- Strategic Plan 2015-2020
- Strategic Plan 2021-2025
- Sacyr Sustainable Action Plan 2021-2025

3. CORPORATE GOVERNANCE FRAMEWORK


- Division of executive duties
- Sacyr's shareholder structure
- Board and Committee composition
- Statement of the Lead Independent Director
- Statement of the Appointments & Remuneration Committee Chair
- Changes to the internal governance rules and policies

4. PERSONAL ASSESSMENT

5. THE SPLIT OF THE COMBINED CHAIR & CEO ROLE

6. STAKEHOLDER ENGAGEMENT

7. SUMMARY OF GOVERNANCE CHANGES AND COMMITMENTS



Personal and Professional Profile



Ulster University, Belfast, Ireland

PERSONAL PROFILE

Biographical data:

- Born in Navas de San Juan (Jaén, Spain) in 1954.
- *Favorite Son* of Navas de San Juan (Jaén, Spain).
- Holds a Civil Engineering Degree from the *Universidad Politécnica de Madrid*.

Accomplishments and recognition:

- *Best CEOs Small & Midcap –Buy side only*: 2nd place. Ranking organized by Institutional Investor magazine with the votes of investment banking's, institutional investors', and asset managers' analysts.
- Winner of *Empresario Destacado* 2015 Prize, awarded by the Spanish Chamber of Commerce in Chile.
- Medal of honor of the Civil Engineering Bar of Spain.
- Winner of *Engineer of the Year José María Almendral* 2017 Prize, awarded by the Civil Engineering Bar of Jaén.
- Chairman of Sacyr Foundation.
- External independent director of Spanish issuer Repsol.
- *Cavaliere dell'Ordine della Stella d'Italia*, awarded by the Italian Embassy in Spain.



CAREER AT SACYR

As Sacyr executive:

- He is part of the founding members of Sacyr, and since then a member of its Board.
- He began his career in Sacyr as a Delegate in Andalusia, and later rose to the post of Regional Director.
- Manuel Manrique was named Sacyr's Director of International Construction in 1998.
- In 2000 he was named Sacyr's General Manager of Construction.
- In 2003, coinciding with the merger with Vallehermoso and the creation of the Sacyr Vallehermoso Group, Manrique was appointed President and CEO of the holding company's construction division.
- In November 2004, Manrique was elected CEO of the Sacyr Vallehermoso Group.
- He was appointed President of the Sacyr Vallehermoso Group (Sacyr today) in October 2011.
- He was named member of the Board of Directors and Second Vice President of Repsol on April 25, 2013. Currently, he is a non-executive director of Repsol.

Chair & CEO Manuel Manrique has dedicated his professional career to Sacyr. His current mandate proves his commitment

As Sacyr's Director, listed company:

- First board appointment: November 10, 2004 → executive director, CEO.
- October 20, 2011 → First appointment as executive Chair and CEO.

Board Evaluation 2022:

- Mr. Manrique leadership in the Board invites to an open dialogue and consensus.
- Mr. Manrique clearly understands the roles played within the Board and respects different point of views as way to improve the deliberation process.

Dedication at Sacyr Boardroom:

| Year | Chairman board meeting attendance |
|------|-----------------------------------|
| 2022 | 100% (10 out of 10) |
| 2021 | 100% (10 out of 10) |
| 2020 | 100% (11 out of 11) |
| 2019 | 100% (10 out of 10) |

SKILLS

Skills: Upon the review of the Board skills matrix

- As one of the company's founding members, Manrique has in-depth expertise in executive management in the construction, infrastructure and services sectors both in Spain and internationally (mainly Latam and U.S.A).
- Manuel Manrique's professional background and experience in engineering, finance, the construction sector, remuneration, risk management and auditing makes a highly valuable contribution to the skills set required for the adequate functioning of the Board.

Sacyr's Chairman & CEO Manuel Manrique is in possession of material business-specific and transversal skills, all relevant for the Board and for Sacyr's success -hence being the right candidate for Sacyr's joint executive leadership.

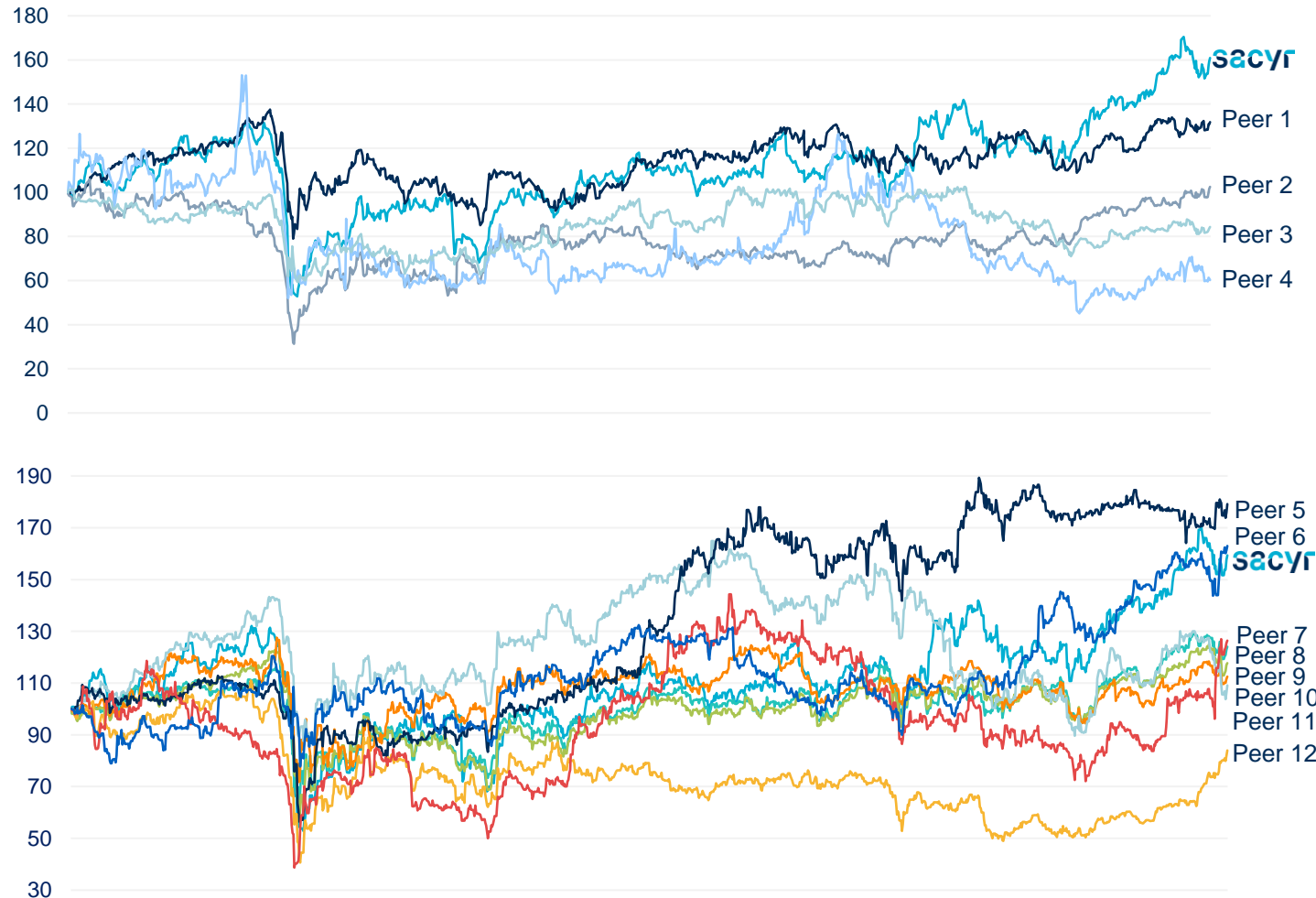
| | Chairman & CEO Manrique |
|---|-------------------------|
| Top level business management (CEO, COO) | √ |
| Public Administration | |
| Board of Directors /Committees | √ |
| Chairman / Committee Chair/ Lead Independent Director | √ |
| Construction | √ |
| Concessions | √ |
| Services | √ |
| Europe | √ |
| Latam | √ |
| U.S.A | √ |
| CFO / Risk Management/ Auditing | √ |
| Construction work | √ |
| Talent / Senior Management / Remuneration | √ |
| Corporate Governance | |
| Legal and fiscal | |
| ESG | |
| Cybersecurity | |
| Engineering | √ |
| Finance | √ |

Sacyr During Chairman Manrique's Leadership



SHARE PRICE EVOLUTION

Sacyr share behaved in an outstanding manner –TSR was not penalised by the Chair/CEO role, outperforming most peers with a separate board leadership. Due to the resilient low demand-risk mechanism strategy defined by Chair & CEO Manuel Manrique, Sacyr has outperformed its peers after the Covid-19 pandemic.



| Peer | Country | Market cap | Combined Ch/CEO** | Period performance |
|---------|---------|------------|-------------------|--------------------|
| Sacyr | Spain | 1.9 | Yes | 60,87% |
| Peer 1 | Spain | 19.7 | Yes | 31,77% |
| Peer 2 | Spain | 8.1 | No | 2,51% |
| Peer 3 | Spain | 3.9 | No | 13,88% |
| Peer 4 | Spain | 0.3 | No | -39,76% |
| Peer 5 | Austria | 39.4 | No | 79,10% |
| Peer 6 | UK | 2.1 | No | 62,92% |
| Peer 7 | Italy | 2.1 | No | 26,45% |
| Peer 8 | France | 62.4 | Yes | 24,08% |
| Peer 9 | France | 9.7 | Yes | 17,70% |
| Peer 10 | France | 12.8 | No | 12,49% |
| Peer 11 | Sweden | 15.2 | No | 9,15% |
| Peer 12 | Germany | 5.9 | No | -16,04% |

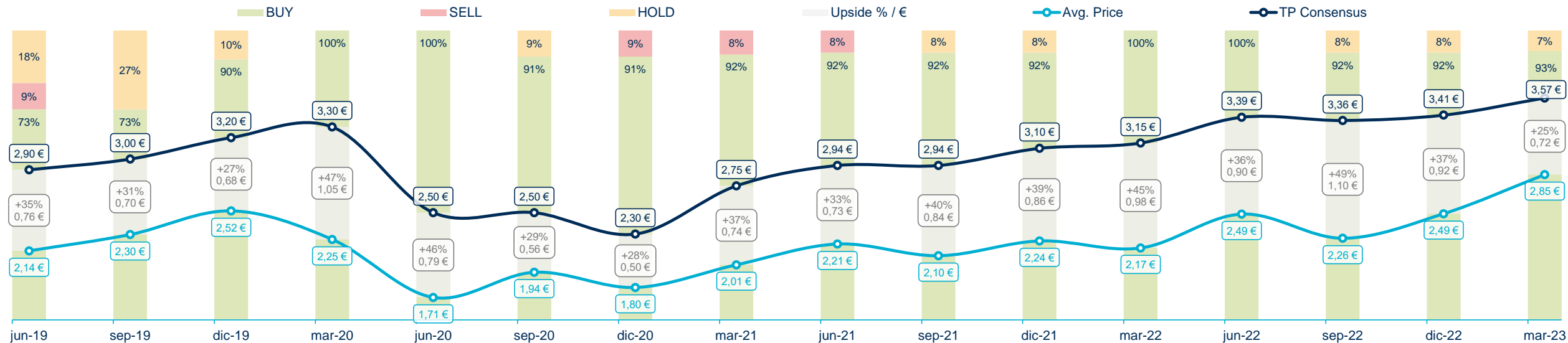
* Period 20/06/2019 – 31/03/2023

** According to ISS

*** These graphs include paid dividends

ANALYSTS' COVERAGE (I)

The Chair & CEO leadership is supported by the analysts' community, where there has been a consensus to set the target price steadily above the market price (between +25% and +49%), making Sacyr an investment opportunity.

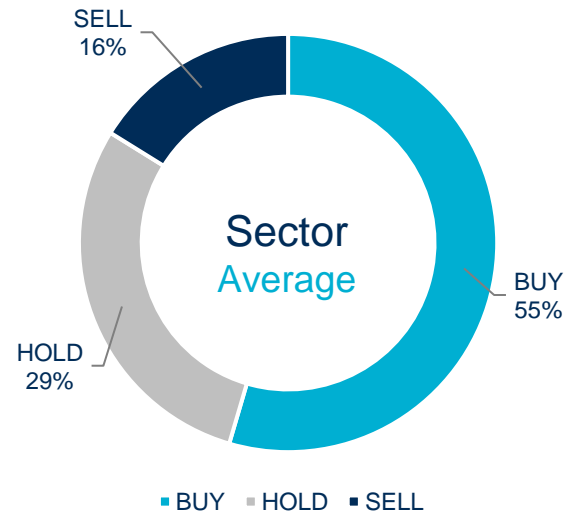


- “The Management Team discussed the various value levers and the strategies to fulfill them, as well as the strengths and competitive advantages of its Infrastructure business. Sacyr seems to be in a good position to meet its strategic and operative targets in the following years” (JB capital)
- “The Management Team performance is highly positive, and we believe that the very precise roadmap they have set until 2025 reinforces the story of Sacyr” (Kepler Cheuvreux)
- “Sacyr’s Capital Markets Day is a positive driver for the stock story, promoting two key factors: (i) debt reduction, and (ii) the valuation of Concession business” (Bestinver)
- “We deem positive Sacyr’s Investor Day. The growth of the Concession business should make Sacyr a more predictable, less-volatile and less-risk-taking company” (Alantra)

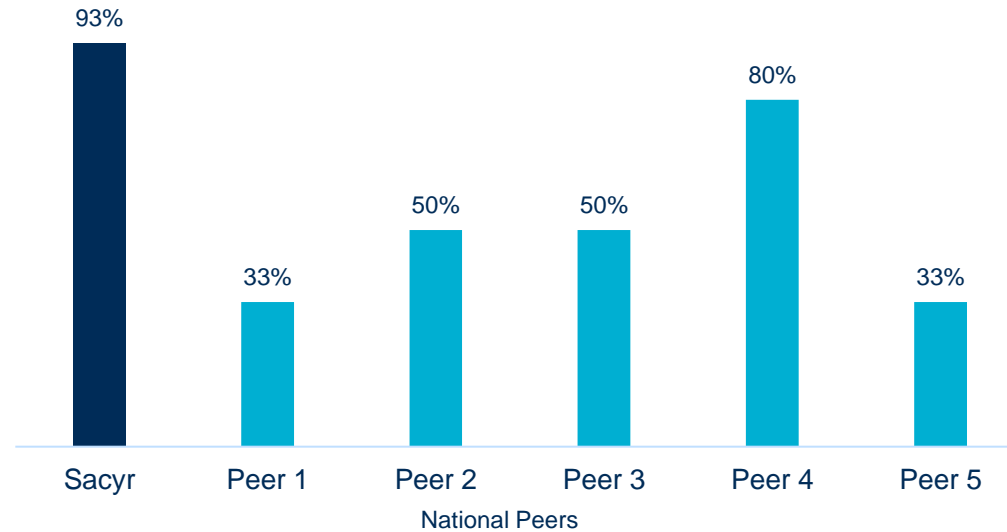
ANALYSTS' COVERAGE (II)

Sacyr is one of only two companies in its sector in Spain to have no “sell” recommendations. The company has a very positive view amongst analysts, resulting in 13 “buy” recommendations out of the 14 analysts covering the company.

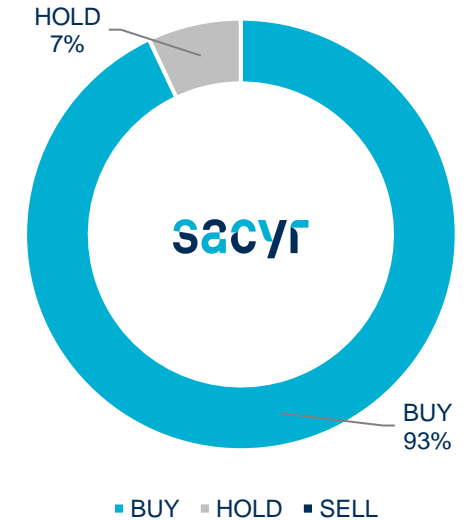
National Sector Recommendations



National Sector Buy Recommendations



Sacyr's Recommendation



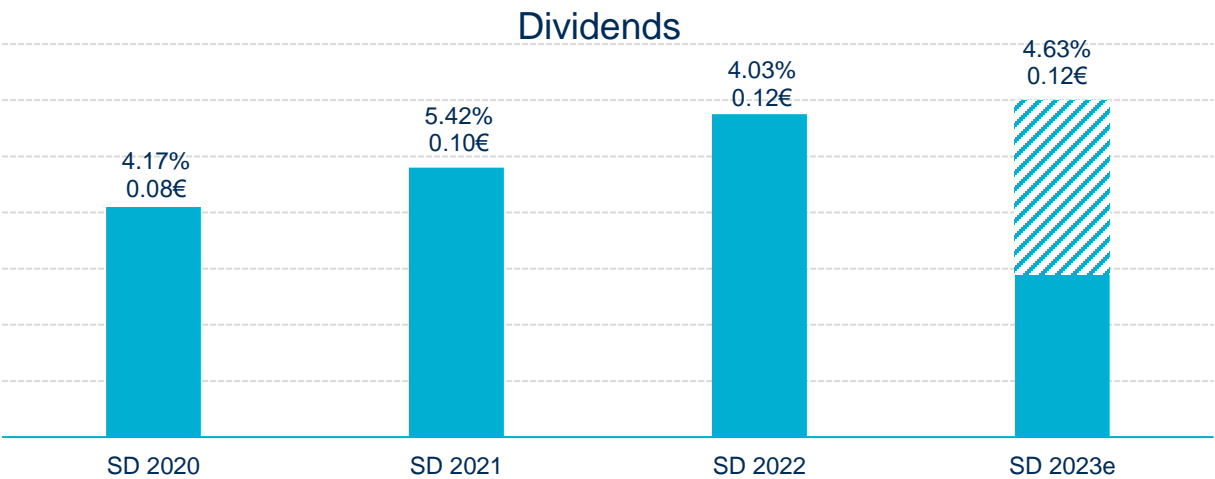
SHAREHOLDER RETURN

Shareholder return is highly significant in market capitalization and dividends

The current mandate of Chair & CEO Manuel Manrique (2019-2023), Sacyr market cap. has duplicated its size.

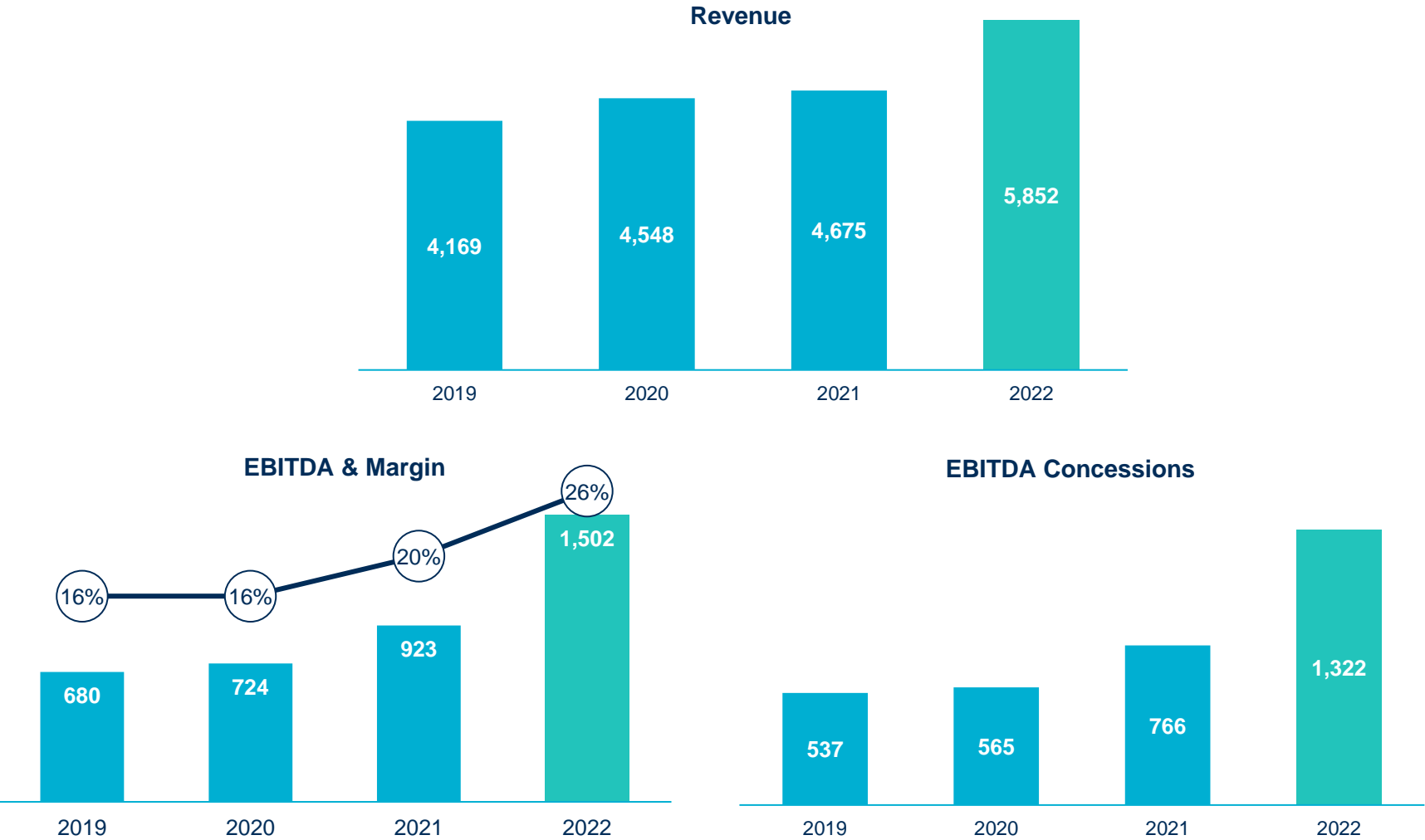
Under the mandate of Chair & CEO Manuel Manrique, Sacyr has established a regular dividend policy - which is a key part of the Strategic Plan 2021-2025.

Paid shareholder remuneration of the last years approximates 4-5% meeting the target set in the Strategic Plan for dividends.



FINANCIAL ACHIEVEMENTS (I)

Sacyr business and profitability has significantly grown, showing a strong and robust trend.



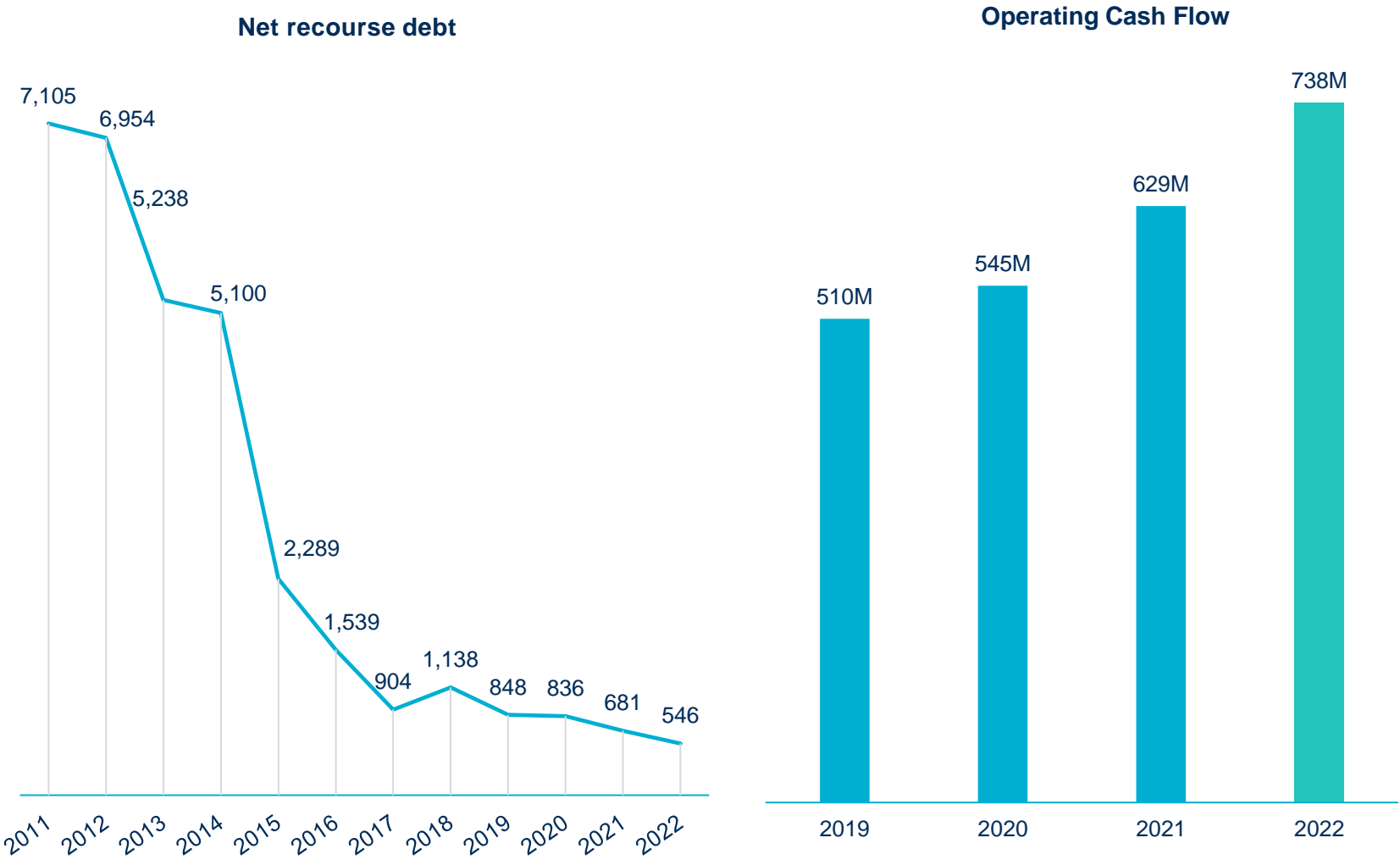
Revenue has yearly grown and anchieved target set in both Strategic Plans during the current mandate of Chair & CEO Manuel Manrique (2019-2022)

EBITDA and Margin EBITDA have also grown meaningfully in the current mandate of Chair & CEO Manuel Manrique.

Concessions business has grown significantly and makes most of Sacyr’s overall EBITDA (88% in 2022)

FINANCIAL ACHIEVEMENTS (II)

Financial discipline and greater control of financial risks have enabled Sacyr to substantially increase operating cash flow and thus reduce recourse net debt.



Mr. Manrique’s contribution as Chairman and CEO in his tenure 2019-2023 is outstanding delivering a strong, robust and shared growth.

Net recourse debt has decreased significantly over the last decade, under mandate of Chair & CEO Manuel Manrique (2011-2022).

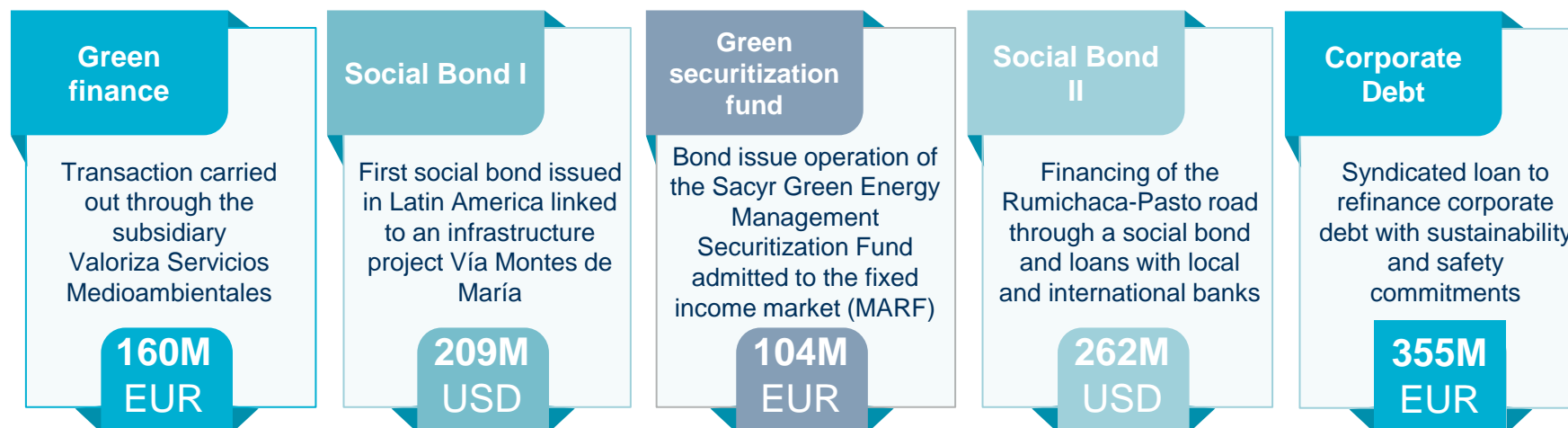
His renewal in 2023’s AGM will allow Sacyr to continue and enhance this performance.

ESG ACHIEVEMENTS (I)

Environmental achievements: Sacyr has achieved significant targets in the most sector-critical environmental indicators. Also, it is working in the achievement of upcoming climate goals.

| GHG Emission Intensity | 2020 | 2021 | 2022 |
|-------------------------------------|--------------|--------------|--------------|
| Scopes 1 & 2 (t CO ₂ eq) | 410,091.20 | 393,653.73 | 373,542.28 |
| Revenue (000 EUR) | 4,547,878.00 | 4,675,366.28 | 5,851,724.18 |
| GHG Intensity | 0.09 | 0.08 | 0.06 |

| Avoided emissions (t CO ₂ eq) | 2020 | 2021 | 2022 |
|--|------------|------------|------------|
| Renewable electricity | 3,722.73 | 105,345.94 | 209,421.89 |
| Fleet renewal | 461.40 | 704.12 | 627.71 |
| GHG Intensity | 257,516.85 | 293,421.81 | 227,895.57 |



Under Chair & CEO Manuel Manrique mandate, Sacyr has achieved its first sustainable financing.



Rating on climate management: "A"

Since 2020, Sacyr is involved in the climate rating of CDP



Goals validated by SBTi

ESG ACHIEVEMENTS (II)

Social achievements: Internally and externally (Sacyr Foundation), Sacyr pursues the highest social goals

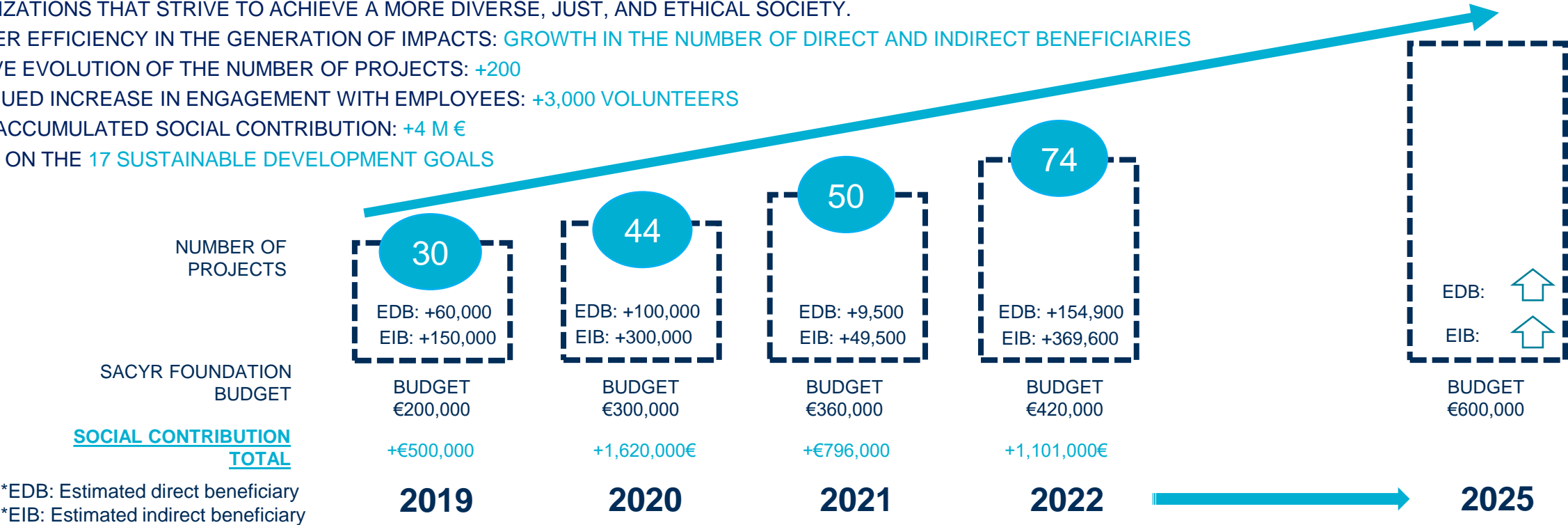
| Personnel by gender | 2021 | 2022 |
|---------------------|-----------------|-----------------|
| Male | 27,477 (59.01%) | 25,406 (56.93%) |
| Female | 19,085 (40.99%) | 19,223 (43.07%) |
| TOTAL | 46,562 (100%) | 44,629 (100%) |

| Members of the Executive Committee | 2019 | 2022 |
|------------------------------------|------|------|
| Male | 10 | 8 |
| Female | 0 | 2 |

SACYR FOUNDATION IMPACT: Chaired by Chair & CEO Manrique

VISION TO 2025: MAXIMIZE THE SOCIAL IMPACT

- DEDICATED TO IMPROVE SOCIETY AND THE ENVIRONMENT, AND THUS, WE PROMOTE DEVELOPMENT THROUGH SEVERAL INITIATIVES AND ORGANIZATIONS THAT STRIVE TO ACHIEVE A MORE DIVERSE, JUST, AND ETHICAL SOCIETY.
- GREATER EFFICIENCY IN THE GENERATION OF IMPACTS: GROWTH IN THE NUMBER OF DIRECT AND INDIRECT BENEFICIARIES
- POSITIVE EVOLUTION OF THE NUMBER OF PROJECTS: +200
- CONTINUED INCREASE IN ENGAGEMENT WITH EMPLOYEES: +3,000 VOLUNTEERS
- TOTAL ACCUMULATED SOCIAL CONTRIBUTION: +4 M €
- IMPACT ON THE 17 SUSTAINABLE DEVELOPMENT GOALS

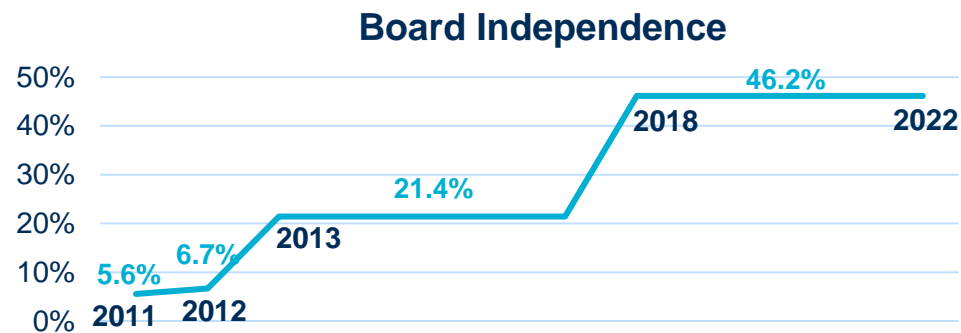


ESG ACHIEVEMENTS (III)

Governance achievements: The governance practice of Sacyr has constantly developed and improved

June 2020: Creation of the Sustainability & Corporate Governance Committee

The creation of a sustainability committee was a milestone in terms of board oversight regarding ESG risks and opportunities.



The independence of the Board has grown progressively –and it will continue growing at AGM 2023

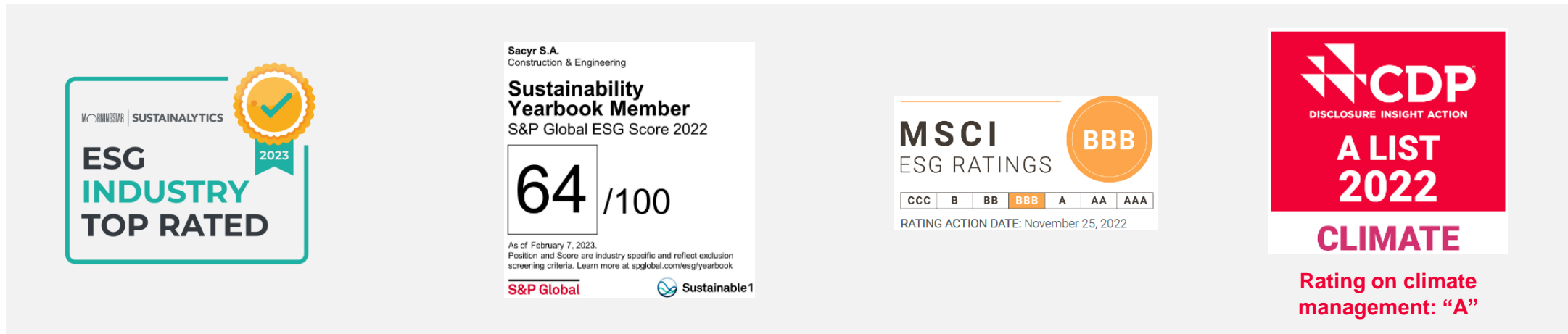
Public policies adopted since Chair appointment

- Human Rights
- Biodiversity
- Innovation
- Data Protection
- Work/life balance
- Road Safety
- Circular Economy
- Supply Chain Management
- Information Security
- Director Selection
- Industrial and Intellectual Property
- Compliance for Criminal Prevention
- Water Management
- Sustainability
- Climate Change
- Quality, Environment and Energy
- Health and Safety
- Diversity, Equality and Inclusion
- Corporate Tax
- Non-Financial and Corporate Reporting
- Risk Control Management
- Anti-Corruption
- Regulatory Compliance
- Internal Rules of Conduct

A significant number of internal ESG policies were created and amended in line with international best practices during the leadership of Chair & CEO Manuel Manrique

ESG ACHIEVEMENTS (IV)

ESG rating agencies: International ESG rating agencies have consistently perceived Sacyr's ESG practices as positive, rating the company as a low-risk ESG profile issuer.



ESG initiatives, reporting frameworks, and stock indexes: The company is aligned with the most relevant, newest and global sustainability initiatives and reporting frameworks.

In coherence with the above, Sacyr is part of FTSE4Good index. The rating achieved by Sacyr after the assessment was 4 out of 5 points, improving by 0.7 points on the rating obtained in the 2021 assessment. Sacyr is therefore in the 95th percentile, (Environment 4.2/5, Social 3.5/5 and Governance 4.3/5) being higher than the averages for the Construction and Engineering sector and the Heavy Construction subsector.



STRATEGIC PLAN 2015-2020

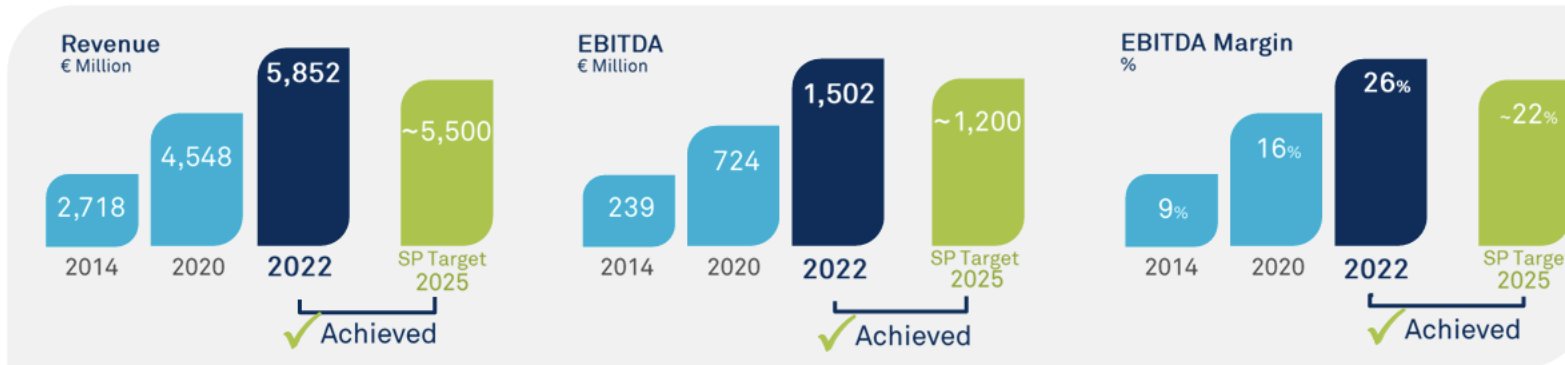
Sacyr fully complied with the Strategic Plan 2015-2020 targets. The most important objectives were the focus on the concessional business and profitability, the reduction of recourse debt, and cash generation

| | |
|--|---|
| Focuss on concession | EBITDA from concessional assets has grown by +468% from €100 M in 2014 to €568 M in 2020. EBITDA of concessional assets amounts for 78% of the group's total EBITDA from 26% in 2014. |
| Increase the operating margin | Operating margin grows +710 bp, from 8.8% in 2014 to 15.9% in 2020. It is one of the best margins in the sector. |
| Reduce the leverage | Strict financial discipline and strong commitment to reduce recourse net debt. Since 2014 -83% from €5,100 M to €836 M. Change in debt typology, Project Finance debt accounts for more than 80%, from 20% in 2014. |
| Priority in the cash generation | Exhaustive cost control and priority in the selection of profitable projects that generate cash. Operating Cash Flow grows to €545 M, 13 times more than the 2014 €43 M. |
| Shareholder remuneration | Return to the shareholder remuneration, through "scrip dividend" and with annual returns of more than 4%. In 2020 the dividend distributed was 0.082 €/share. |
| Strategic markets | Rigorously selected markets, controlling risks and taking advantage in our experience. Mainly south of Europe, LatAm and English-speaking markets. Entry into the US in 2018 with several construction projects and in 2020 with the first concession in Idaho. |
| Management of Repsol stake | Active management of our Repsol's stake through financial instruments that have reduced risk and maximized value. Limited exposure to variations in Repsol's price and oil price. |
| Transformation of construction | Adapting the construction area to the current situation of the markets. Strict risk control. 50% portfolio for the Concessions division. Stable margins ~5%. |
| Real estate market | Exit of the real estate market. Sale of Testa. 100% Vallehermoso debt reduction. |

STRATEGIC PLAN 2021-2025

Some of the Sacyr' Strategic Plan 2021 – 2025 has been completed in advance.

Key Strategic Plan milestones already met in 2022



Shareholder remuneration ✓

4.8% dividend yield in 2022
(+0.2 pp vs 2021)

Balance sheet simplification ✓

Exit from Repsol's capital

Commitment with sustainability ✓

The most relevant Sustainability Rating agencies rank us as **leaders** within our industry

Reduce recourse net debt ✓

-135€M in 2022
Divestment processes initiated that will advance the achievement of the 2023 recourse net debt reduction target

Key milestones for the concession business in 2022



From June 20, 2022 Sacyr is part of the stock market index of the top 35 listed companies in Spain, the IBEX 35.

SACYR SUSTAINABLE ACTION PLAN 2021-2025

Together with the Strategic Plan 2021-2025, at year end 2022, the achievement level of the 2021-2025 Sacyr Sustainable Action Plan reaches 71% and keeps progressing in 2023.

PLAN
DE ACCIÓN
SACYR
sostenible
**2021
2025**



Ambition At the Highest Level



Development of a corporate governance system permanently updated according to the best national and international practices.

- **Detection, assessment, treatment and control of ESG risks** in all business areas and key projects.
- **Doubling investment in innovation** by 2025, with a focus on **sustainable projects**.



Planet Ambition



42% reduction in absolute GHG emissions of **Scopes 1 and 2** (vs. 2020)

- 25% reduction in absolute **Scope 3** emissions (vs. 2020)
- Being **carbon neutral** before 2050
- Reducing our **water footprint** by at least 10% by 2025
- Include **biodiversity conservation** objectives in 100% of new contracts.
- **Increasing investment in environmental protection** by **50%** by **2025**
- **Sacyr Zero Waste**: increase reuse of waste to 80% by 2025



Team Ambition



100% of employees trained in environmental, health and safety and innovation issues

- **Reduce** the accident rate to a **minimum**
- **Increased presence of women** at all levels, reaching at least 25% in management positions by 2025



Positive Impact Ambition



Double investment in social action projects by 2025

- Implement **certified social impact measurement systems** in 100% of new concession contracts

STRATEGIC PLAN 2021-2025 (III)

What shall be expected in the remaining time of the strategic plan.

Sacyr is still involved in other key aspects:

- Selling out its **Services division**.
- Consolidate penetration in the **US market**.
- Increasing **shareholder's remuneration**.
- Further alignment of Sacyr's **corporate governance** with international practices.
- Increasing **gender diversity** within the Group.
- Sacyr **Sustainable Action Plan 2021-2025**.

Several strategic developments are in progress. Once concluded, Sacyr will have a better view of its new context in order to define the new Strategic Plan

Corporate Governance Framework



DIVISION OF EXECUTIVE DUTIES

The strategic achievements previously described, are the result of the division of responsibilities amongst Chair & CEO Manuel Manrique and the sub-CEOs of the Business Units -which is similar to other industry peers' where the Group CEO's role is limited to the Strategy and Risk oversight of the whole group.

- ***Decentralization***
- ***Agile management***
- ***Coordination***
- ***Oversight Vs. Management***

Corporate
strategy &
oversight

Day-to-day
business
management

Sacyr, S.A.



Manuel Manrique Cecilia
Chairman and CEO

Holding corporation

- The holding company owns 100% of the head companies and other subsidiaries
- The Board is responsible for the approval of the strategic goals at Group level, supervising the achievement of said goals
- The delegation of the management of the holding company falls under the Chair & CEO –assisted by the Management Committee



Rafael Gómez del Río
CEO of Sacyr Concesiones

Concessions



Pedro Sigüenza Hernández
CEO of Sacyr Engineering and Infrastructure

Engineering & Infrastructure



Eduardo Campos Pozuelo
General Manager of Sacyr Services

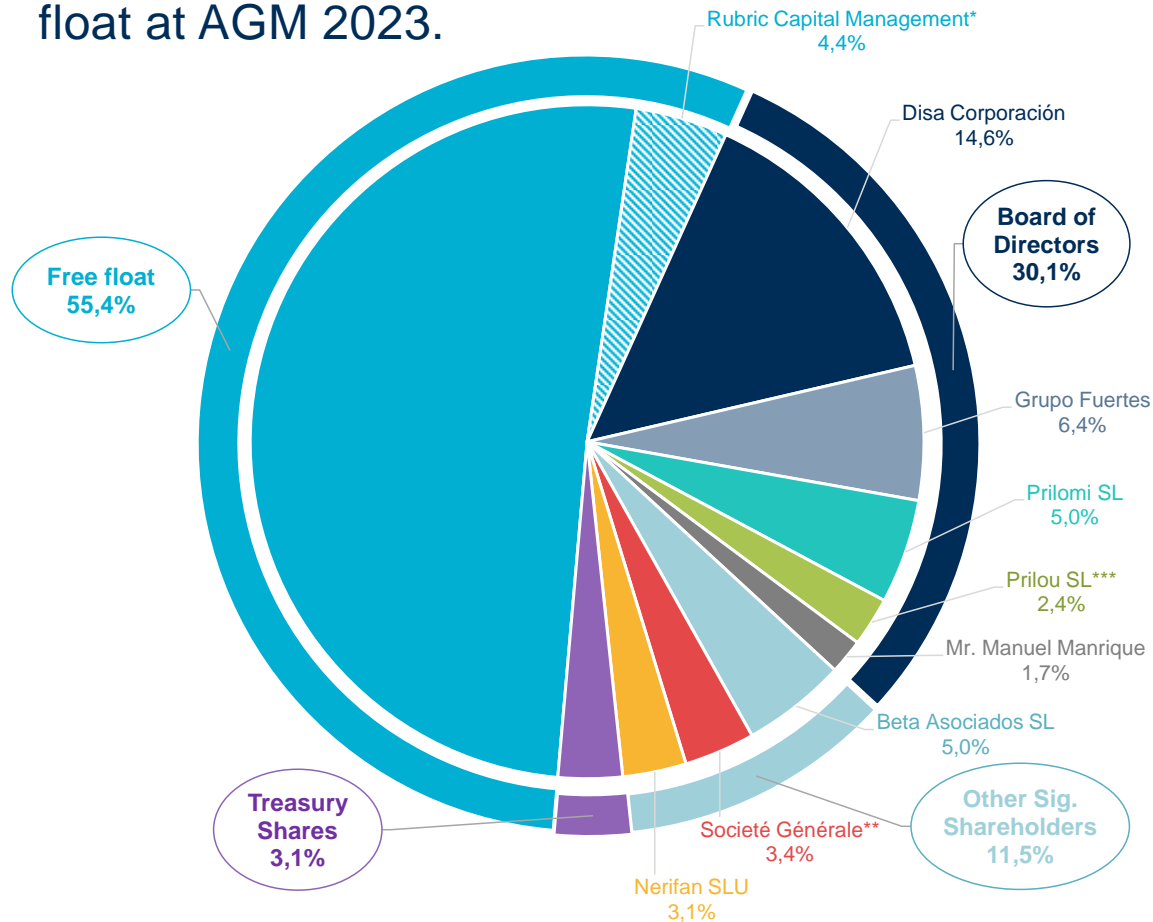
Services

Head companies

- In charge of the day-to-day business management
- The delegation of the management of the head companies falls under their respective CEOs and General Managers, who are members of the Management Committee.

SACYR'S SHAREHOLDER STRUCTURE

Sacyr Board composition mirrors the shareholder structure. The presence of proprietary directors and their respective stakes is correctly balanced. The Board independence will better reflect the importance of the free float at AGM 2023.



- The sum of the stakes of all significant shareholders ($\geq 3\%$ of voting rights) amounts to 44% of total voting rights. (includes Rubric, excludes Treasury Shares).
- The free float is 55.4% of total voting rights (includes Rubric's position).
- Significant shareholders Disa Corporación Petrolífera, Grupo Fuertes, Prilomi SL, and Prilou SL (28.4%) are currently sitting at the Board.
- Chairman Manrique is one of the founding members of Sacyr, his current strategic shareholdings is 1.7%.
- Post-AGM 2023 board composition will be coherent with shareholder structure and the size of the free float (majority independent board).

All proprietary directors (non-independent non-executive) agree on Sacyr's current Board composition and governance structure

* Rubric Capital Management → has its position in CFD, its position is included in the Free Float according to CNMV criteria. They conserve the right to vote.

** Société Générale → only included its position in common shares, excluded its position through financial instruments (1.72%)

*** Prilou SL → is controlled by Prilomi SL, so its stake together sums up to 7.37%.

**** Treasury shares → do not have voting rights at AGMs under Spanish law.

BOARD AND COMMITTEE COMPOSITION (I)

While the current Board meets most international best governance practices...

| BOARD | | | | COMMITTEES | | | | | | | |
|--------------------------|--------|-------------|--------------|-------------|-----------|------------|--------|---------------------|---|------------|----------|
| Director | Gender | Role | Category | Audit | App & Rem | Sust & Gov | Stock | Other Public Boards | | First join | Term end |
| Manuel Manrique | Male | Chair + CEO | Executive | | | | 1.68% | Repsol (NED) | 1 | 2004 | 2023 |
| Juan María Aguirre | Male | LID | Independent | Ch (Expert) | | | 0.02% | Merlin (NED) | 1 | 2013 | 2025 |
| Elena Jiménez de Andrade | Female | | Independent | | M | M | - | - | - | 2019 | 2023 |
| Isabel Martín | Female | | Independent | M (Expert) | | | - | - | - | 2015 | 2023 |
| María Jesús de Jaén | Female | | Independent | | M | Ch | - | - | - | 2018 | 2026 |
| Luis Javier Cortés | Male | | NI-NED Other | | | M | - | - | - | 2019 | 2024 |
| Augusto Delkader | Male | | Independent | | Ch | M | - | - | - | 2013 | 2025 |
| Raimundo Baroja | Male | | NI-NED Prop. | | | | - | - | - | 2021 | 2025 |
| José Joaquín Güell | Male | | Independent | M (Expert) | | | - | - | - | 2018 | 2026 |
| Demetrio Carceller | Male | Vice Chair | NI-NED Prop. | | M | | 14.60% | Ebro Foods (NED) | 1 | 2003 | 2026 |
| Francisco Javier Adroher | Male | | NI-NED Prop. | | | | 0.01% | - | - | 2011 | 2024 |
| Tomás Fuertes | Male | | NI-NED Prop. | | | M | 6.44% | - | - | 2011 | 2024 |
| José Manuel Loureda | Male | | NI-NED Prop. | | M | | 7.40% | - | - | 2004 | 2023 |
| Size | | | 13 | 3 | 5 | 5 | 30.15% | | | | |
| Independence | | | 46% | 100% | 60% | 60% | | | | | |

Average Age: 67

Board tenure distribution

Average = 10 years



BOARD AND COMMITTEE COMPOSITION (II)

... The post-AGM 2023 Board will significantly improve certain governance parameters (independence and gender diversity).

| INDEPENDENCE | |
|--------------------|-----------|
| 46% → 50% | |
| EXECUTIVE | |
| 8% → 7% | |
| OTHER NI-NED | |
| 8% → 7% | |
| PROPRIETARY NI-NED | |
| 38% → 36% | |
| BOARD SIZE | |
| 13 → 14 | |
| GENDER DIVERSITY | |
| Male | 77% → 71% |
| Female | 23% → 29% |

By 2025, board gender diversity will have reached a 40%-60% balance

MOST NOTORIOUS ENHANCEMENTS VISIBLE POST-AGM ARE:

- **Independent Directors** will represent a 50% of the Board
- **Gender diversity** continues the trend achieving post-AGM a 29% of female directors. By 2025, Sacyr is committed to reach at least a 40% of female representation.
- While **Board size** increases from 13 to 14, Sacyr by-laws set a maximum size of 19 Directors. In the 2023 AGM is proposed the amendment of the by-laws to set the limit in 15 in line with international best practices and local Governance Code.
- Despite none of Sacyr’s directors is in an **overboarding** situation, Sacyr, in line with international best practices, is reducing the outside Public Boards limit by modifying the Board Regulations.

The composition of the post-AGM 2023 Board will be in line with international best practices. Also, the 2025 Board is being envisaged.

STATEMENT OF THE LEAD INDEPENDENT DIRECTOR

The LID remains active and evidences the correct functioning of the Board.



Statement of the LID,
Juan María Aguirre:

“Chairman Manrique’s frequently consults with me on matters related the business and corporate governance.”

“Regarding the meetings with independent and other non-independent non-executive directors, we normally hold two meetings a year, where we review the points discussed in previous meetings. Also, I propose an agenda with new topics and ask for suggestions from the rest of the independent and other non-independent non-executive directors.

After this, I share a report with the Chair with our thoughts and requests. I personally explain the details, searching for a joint assessment on which of those can be implemented –and when.

The discussion topics often surround:

- Quantity and quality of information to the Board; use of executive summaries; and business news.*
- Board dynamics; presentations held by committees’ chairpersons; discussion of strategic issues; presence in each board meeting of the business CEOs and other management team members; and interaction amongst members.*
- The composition and performance of committees; periodic reviews of disputes and claims; change of auditor and corporate bodies; messages from de communication area; engagement with investors, analysts, and proxy advisors; risk maps; and compliance unit.”*

CHANGES TO THE INTERNAL GOVERNANCE RULES AND POLICIES

Internal Ruling: Sacyr's governance rules and policies are in line with international best practices to ensure a fair power balance at the Board.

| CURRENT RULES | NEW ADDITIONS & AMENDMENTS (AGM 2023) |
|---|--|
| ON THE BOARD CHAIRMAN | |
| Chair evaluation: Organized by the LID and the Appointments & Remuneration Committee. | Limitation of the casting vote: The Chairman's casting vote shall be limited to very exceptional cases. |
| | Elimination of one-off bonus: One-off executive awards will be cancelled. |
| ON THE BOARD POWER BALANCE, COMPOSITION, AND PRACTICE | |
| Board evaluation: Organized by the LID and the Appointments & Remuneration Committee. | |
| | Reduction of maximum board size: Maximum size will drop from 19 to 15 directors. |
| LID attributions: Request the call notice of board meetings and the inclusion of items to it; chair the Board in absence of the Chairperson and the Vice Chairpersons; coordinate non-executive director meetings; and organization board evaluations. | Enhancement of the LID attributions: Engagement with investors to echo their views, mainly on governance matters, and the coordination of the Chair's succession. |
| | Reduction of outside boards: Directors' outside boards will be capped at four other commitments. Executives' will only hold non-executive outside roles. |
| | Skill matrix: Disclosure of a board skills matrix, to be used in the director selection processes. |
| NEWLY-CREATED POLICIES AND PRACTICES | |
| <i>The company is currently working and discussing (i) the amendment of some of the current practices to further its alignment with international best practices, and (ii) include other features to its governance principles.</i> | Governance engagements: To be annually held with market stakeholders and led by independent directors (LID). |
| | Sacyr Group coordination policy: Definition and coordination of Sacyr Group at corporate and business level. |
| | Board meeting attendance: Individual disclosure of directors' attendance. |



Personal Assessment



Idaho University, United States of America

THE BOARD'S DUE DILIGENCE

The Appointments and Remuneration Committee acknowledges the lack of impediments on the reelection of Chairman & CEO Manuel Manrique in an executive capacity.


Selection Policy

The **Selection Policy of Sacyr** states that “(...) 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.”

In view of the following:

- ✓ **His dedication level:** Full attendance to all board meetings in the 2019-2022 period
- ✓ **Sacyr's successful performance:** The company has delivered optimal business, financial, and ESG results during his executive leadership
- ✓ **The fulfillment of the Strategic Plan 2021-2025:** The high achievement level of this plan -some of its targets are still to be fulfilled by 2025.

The Sacyr Board, upon the proposal of the Appointments and Remuneration Committee, has verified the lack of any impediment for Executive Chairman Manuel Manrique to be re-elected under an executive capacity at AGM 2023.



The split of the combined Chair & CEO role



Cable-stayed bridge of Talavera, Spain

A COMMITMENT TO THE FUTURE

“As a result of an in-depth analysis performed by the Appointments and Remuneration Committee regarding international best practices, investors’ expectations, and Sacyr leadership, there is a commitment in 2025 to split the current combination of Chairman and CEO into two separate executive functions.”

Stakeholder Engagement



KEY MESSAGES RAISED DURING THE GOVERNANCE ROADSHOW

A governance roadshow has been performed to understand market stakeholders' expectations about Sacyr's governance and leadership. The following governance-related topics were discussed in a roadshow held in April 2023. The overall outcome of the engagement was highly positive regarding the proposed changes at AGM 2023.

| | | | |
|-------------------|-----------------------------|---|---|
| Board composition | Board Independence |  Dimensional  Santander  ISS  Vanguard  DWS  renta4  Degroof Petercam  BESTINVER  acciona | <p>"We welcome the many positive changes and acknowledge the company's efforts to adopt improved corporate governance practices"</p> <p>"It is good to see that Sacyr is aware of investors' expectations is taking action".</p> <p>"We imagine your investors -at least a number of them- are very pleased with the changes the company is planning to implement."</p> <p>"Good to see changes for the next couple of years, addressing corporate governance improvements."</p> <p>"We welcome the fact that you have taken into consideration our feedback"</p> <p>"[...] We are pleased to hear about the plans to split the CEO/Chair roles in the near future as we believe this to be very positive".</p> <p>"We value the improvements that have been introduced by the company".</p> <p>"Corporate governance is increasingly important for us and we value positively that the company is engaging with investors to inform them about the planned changes in this field".</p> |
| | Overboarding | | |
| | Chairman – CEO separation | | |
| | LID role | | |
| | Gender Diversity | | |
| Remuneration | Remuneration disclosure | | |
| | ESG metrics | | |
| | One-off Payments | | |
| Other Topics | Shareholder dissent | | |
| | Skills matrix | | |
| | Succession plan | | |
| | Board Attendance Disclosure | | |

Summary of Governance Changes and Commitments



THE ROADMAP OF SACYR GOVERNANCE

The following actions represent Sacyr's roadmap to further align its governance to international best practices

Post-AGM 2023 Board

- ✓ **Suitable board size** → From current 13 to 14 directors
- ✓ **Majority independent Board** → From current 46% to 50%
- ✓ **Every non-independent director category will reduce its board presence**
- ✓ **Lifting board gender diversity** → Female directors will account from current 23% to 29%

Amendments to the governance framework

- ✓ **Limitation of the casting vote** → The Board Chair shall only have a casting vote in exceptional situations.
- ✓ **Elimination of one-off bonus** → Executives will stop being eligible to receive an extraordinary award
- ✓ **More attributions for the LID** → Governance engagements with stakeholders and coordination of the succession of the Board Chair
- ✓ **Reduction of maximum board size** → Maximum size will drop from 19 to 15 directors
- ✓ **Limitation of outside commitments** → Executive directors will only hold non-executive posts at outside boards
- ✓ **Skill matrix** → Disclosure of a board skills matrix
- ✓ **Board meeting attendance** → Disclosure of directors' attendance at individual level
- ✓ **ESG Stakeholder engagement** → To be regularly held and led by independent directors
- ✓ **Sacyr Group coordination policy** → Amongst corporate and business levels

For 2025

- ✓ **Split of the joint Chair & CEO role into two separate executive roles**
- ✓ **Greater board gender balance** → The least represented gender will account for at least 40%

Disclaimer

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M O R R O W
S O D A L I



For further information:
ir@sacyr.com

+34 91 545 50 00

sacyr.com