

**REPORT OF THE BOARD OF DIRECTORS OF SACYR, S.A. IN RELATION
TO THE PROPOSED AMENDMENTS TO THE REGULATIONS OF THE
GENERAL MEETING REFERRED TO IN ITEM ELEVEN ON THE AGENDA
OF THE ANNUAL GENERAL MEETING CALLED FOR 10 JUNE AND 11
JUNE 2020, AT FIRST AND SECOND CALL, RESPECTIVELY**

1. Introduction

The Board of Directors of Sacyr, S.A. (the “**Company**”) issues this report, in accordance with sections 512 and 518 of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), to justify the proposed amendments to the Company’s Regulations of the General Meeting (the “**Regulations**”) that are submitted at the General Meeting under item nine on the agenda. For all appropriate purposes, this report also includes the full wording of the proposed amendments.

To make it easier for shareholders to understand the changes that have given rise to these proposals, a statement of the purpose and justification of these amendments is provided, followed by the proposed resolutions that are submitted for approval at the General Shareholders Meeting.

2. General justification of the proposal

In line with the report drafted for the purpose of amending the Articles of Association submitted at the Annual General Meeting, the proposed amendments to the Company’s Regulations of the General Meeting are, in general, part of the ongoing process of review and updating carried out by the Company in relation to its internal corporate governance rules.

Specifically, the purpose of these amendments is to update and review the content of the Regulations of the General Meeting to include, on the one hand, the authority of the General Meeting regarding the approval of the statement of non-financial information and, on the other hand, to adapt the Regulations of the General Meeting to the change in the name of the Audit and Corporate Governance Committee, which has been renamed the Audit Committee.

These amendments to the Regulations also complement the amendments to the Articles of Association, which are also submitted to the General Meeting, bringing the wording of some of the articles into line with the changes made to certain articles of the Articles of Association.

3. Structure of the amendments and justification

The recommendation of the Code of Good Corporate Governance and section 197 bis of the Corporate Enterprises Act stipulate that votes must be cast separately for those matters that are substantially independent and, in particular, each article or group of articles that are autonomous.

However, since the proposed amendments have a single specific purpose (to update and review the content of the Regulations of the General Meeting to bring them into line with the amendments to the Articles of Association) and, consequently, as there is no article or group of articles that are autonomous that makes a separate vote necessary or appropriate, the amendments are put forward as a single resolution.

Without prejudice to the fact that they are put forward as a single item for voting purposes, the specific reasons for the proposed amendments are explained and justified below, individually for each article.

It is therefore proposed that the following articles be amended:

- (i) Article 3 (*Functions of the General Meeting*), to bring its wording into line with the amendment to article 19 of the Articles of Association, i.e. the inclusion of the power to pass the resolution relating to the statement on non-financial information as a function of this body.
- (ii) Article 19 (*Right to information during the General Meeting*), for the purpose of placing on record the new name of the Audit Committee so that it is consistent with the amendments made to the Articles of Association and, in particular, the amendment to article 48 of the Articles of Association.

4. Wording of the amendments proposed at the General Shareholders Meeting

The full wording of the proposed amendments to be submitted for approval at the General Meeting is transcribed below:

“Article 3. Functions of the General Meeting

The General Meeting will decide on the matters within its remit in accordance with applicable regulations and the Articles of Association, and in particular the General Meeting will be responsible for passing the following resolutions:

- 1. The approval of the financial statements, distribution of profit or allocation of loss and approval of the conduct of the Company’s business.*
- 2. The approval of the statement of non-financial information.*
- 3. The appointment and removal of directors, liquidators and auditors, as well as the institution of actions for liability against any of them.*
- 4. The approval of the maximum remuneration of all directors, in their capacity as such, and of the remuneration policy in accordance with the Corporate Enterprises Act.*
- 5. The amendments to the Articles of Association.*

6. *The increase and reduction of the share capital, delegating to the Board, if appropriate, within the time limits envisaged in applicable regulations, the power to set the date(s) of execution and other terms of the transaction. It may also delegate to the Board the power to increase share capital under section 297.1.b.) of the Corporate Enterprises Act, and may grant it the power to disapply pre-emption rights in accordance with section 506 of this Act.*
7. *The issuance of bonds and debentures, the delegation to the Board of the power to issue bonds and debentures, whether convertible or not, under the terms envisaged in applicable regulations, the disapplication or limitation of the pre-emption rights of new shares or convertible bonds and debentures and the delegation to the Board of this power, the transfer of the Company's registered office abroad and the authorisation for the derivative acquisition of treasury shares.*
8. *The acquisition, disposal or contribution of essential assets to another company.*
9. *The dissolution, merger, spin-off and alteration of legal form of the Company, the transfer in bloc of assets and liabilities and the transfer of the registered office abroad.*
10. *The transfer to subsidiaries of core activities carried out up until then by the Company itself, even when the Company retains full control over them.*
11. *The approval of any transaction whose effect is equivalent to the liquidation of the Company.*
12. *The approval of the final liquidation balance sheet.*
13. *The approval of specific Regulations of the General Meeting and their amendments.*
14. *The release of directors from the prohibitions arising from the duty of loyalty, and the waiver of the obligation not to compete with the Company, when the authorisation corresponds by law or the Articles of Association to the General Shareholders Meeting.*
15. *Any other matters that the Board of Directors considers appropriate to submit for consideration at the General Meeting.*

Article 19. Right to information during the General Meeting

1. *When the shareholders have the opportunity to take the floor, they may verbally request any reports or clarifications they consider necessary in relation to the items included on the agenda. To do so, they must have been previously identified in accordance with article 16 above.*

2. *The directors will be obliged to provide the information requested in the manner and within the periods established in the applicable regulations, unless this information is unnecessary to protect shareholders' rights, or there are objective reasons to consider that it could be used for non-company purposes or its dissemination could harm the Company or related companies. However, the information requested may not be refused when the request is supported by shareholders representing at least twenty-five per cent of the share capital.*

When the information requested in a specific question is already available clearly, expressly and directly to all shareholders on the Company's website in a question-answer format, the directors may limit their answer by referring the requesting party to the information provided in that format.

If the requested information is not available at the time of the General Meeting, it will be provided in writing within seven days following the end of the General Meeting, and for such purpose the shareholder will indicate the address where the information can be sent.

3. *The information or clarification requested will be provided by the Chairperson or, where appropriate and at the Chairperson's request, by the Chairperson of the Audit Committee, the Secretary, a Director or, if appropriate, any employee or expert in the field who is present."*

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Madrid, 27 February 2020

Appendix-text comparing the articles amended

Appendix

Article 3. Functions of the General Meeting

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2. *[The approval of the statement of non-financial information.](#)*
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4. *~~3.~~The approval of the maximum remuneration of all directors, in their capacity as such, and of the remuneration policy in accordance with the Corporate Enterprises Act.*
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8. *~~7.~~The acquisition, disposal or contribution of essential assets to another company.*

9. ~~8.~~ *The dissolution, merger, spin-off and alteration of legal form of the Company, the transfer in bloc of assets and liabilities and the transfer of the registered office abroad.*
10. ~~9.~~ *The transfer to subsidiaries of core activities carried out up until then by the Company itself, even when the Company retains full control over them.*
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Madrid, 27 February 2020