



# REPORT OF THE BOARD OF DIRECTORS OF SACYR, S.A. IN IN RELATION TO THE PROPOSED AMENDMENT OF THE BOARD OF DIRECTORS' REGULATION FOR THE BOARD OF DIRECTORS MEETING OF 27 JULY 2023

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## 1. Introduction

The Board of Directors of Sacyr, S.A. (the "Company") issues this report in accordance with the provisions of Article 548 of the Capital Companies Act and Article 3 of the Regulations of the Board of Sacyr, S.A. in relation to the proposal to modify certain articles contained in the Regulations of the Board at the proposal of the Sustainability and Corporate Governance Committee. For all appropriate purposes, this report also includes the full text of the proposed modifications.

## 2. General Rationale for the Proposal

The proposed amendments to the Regulations of the Board are caused by the amendments to the Corporate Bylaws approved by the Ordinary General Assembly held, in the second call, on 15 June 2023, relating to:

- a) Reduce, in the bylaws, the number of maximum members of the Board of Directors (Art. 41).
- b) Reinforce the functions of the coordinating director (Art. 42).
- c) Limit the deciding vote of the Chairman of the Board of Directors (Art. 51).
- d) Reinforce the compulsory causes of termination of the executive directors (art. 54).

Some of these statutory amendments necessarily entail a modification of the Regulations of the Board, in particular those relating to reinforcing the functions of the coordinating director, the limitation of the deciding vote of the Chairman of the Board of Directors and the reinforcement of the mandatory causes of cessation of the executive directors, in the terms that are established below.

## 3. Specific Rationale for Modification

### 3.1. Limit the deciding vote of the Chairman of the Board of Directors (Art. 9.3 of the Regulation)

Article 51 of the Corporate Bylaws has been modified limiting the veto right of the President to the cases expressly provided for in the Regulations of the Board. This statutory amendment entails the modification of Article 9 of the Regulations of the Board of Directors, which is proposed in the following terms:



*"9.3.- It is envisaged that the Chairperson of the Board of Directors shall have the right to veto only in relation to votes on matters that the Board of Directors cannot delegate, as established in current legislation".*

### **3.2. Reinforce the functions of the coordinating director (Art. 12)**

The modification of Article 42 of the Corporate Bylaws, relating to reinforcing the functions of the coordinating director, implies the modification of Article 12 of the Regulations of the Board in the following wording:

"1. In the event that the Chairman of the Board of Directors exercises executive functions, the Board of Directors must appoint, at the proposal of the Appointments and Compensation Committee, a coordinating director from among the independent directors, who will be specially empowered to:

- a. Request that the Chairman of the Board of Directors issue a call to meeting when he/she deems it appropriate.
- b. Request the inclusion of matters on the agenda of the meetings of the Board of Directors already convened.
- c. Coordinate and bring together external advisors.
- d. Promote and direct the periodic evaluation of the Chairman of the Board of Directors carried out by the Appointments and Compensation Committee, without prejudice to the powers of the Chairman of the Appointments and Compensation Committee.
- e. Chair the Board of Directors in the absence of the President and Vice Presidents, if any.
- f. Maintain contact with investors and shareholders to find out 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
- g. Coordinate the plan to succeed the Chairperson.

2. The Coordinating Director will be appointed by the Board of Directors itself from among the independent directors and must be replaced every four (4) years. The Coordinating Director may be re-elected once a term of two (2) years from their replacement has elapsed. Executive Directors must refrain from participating in the deliberation and voting when agreeing to appoint the Coordinating Director."



### **3.3. Reinforce the compulsory causes of termination of the executive directors (Art. 24.2 and 28.2)**

The Company has agreed, as a measure to create a qualitative improvement of the composition of the Board of Directors, and in relation to the executive directors, to make it a cause for termination as director, and thus make their position available as per Article 54 of the Corporate Bylaws, if the executive director has the status of executive director in another listed company.

This statutory amendment in turn requires an amendment to Article 24 of the Regulations of the Board of Directors, in the following terms:

"24.2 In addition, the directors must make their position available to the Board of Directors and formalise, if it deems it appropriate, the corresponding resignation:

- a. When any of the cases of incompatibility or prohibition that disables him/her from continuing in his/her position are invoked, and especially in the case provided for by Article 224.2 of the Capital Companies Act;
- b. When the Appointments and Compensation Committee, the Audit Committee, and the Sustainability and Corporate Governance Committee inform the Board of Directors and the Board of Directors confirms through the adoption of the corresponding agreement, that the director has violated, of a serious or very serious nature, his/her obligations as an administrator, and in particular, obligations arising from duties of diligence and loyalty, including those to avoid conflicts of interest and other obligations established by the Corporate Governance System; or
- c. When his/her tenure on the Board of Directors may jeopardise the interests of the Company or adversely affect its credit and reputation, and is so reported by the Appointments and Compensation Committee.
- d. When the director moves into new positions or takes on new obligations that prevent him/her from devoting the necessary time to the performance of the functions of the director's position or circumstances apply that cause him/her to lose his/her status as independent, in accordance with the provisions of the applicable legislation;
- e. In the case of executive directors, when they have the role of executive director in another listed company; and
- f. In the case of proprietary directors, when the shareholder to whom they represent fully sells its shareholding in the Company or, doing so partially, reaches a level that entails the obligation to reduce its proprietary directors."



Likewise, it is proposed to reduce the number of boards of listed companies of which the directors may be members, from five to four. For this purpose, the new wording of Article 28.2 letter a) would be as follows:

"2. In the performance of his/her duties, the director shall act with the diligence of an orderly businessman, being obliged, in particular, to:

- a. Continuously dedicate the time and effort necessary to regularly monitor the issues raised by the Company's administration, gathering sufficient information for this and the collaboration and assistance he/she deems appropriate;

In order for the directors to be able to dedicate the necessary time to the performance of the functions of the director's office and provide adequate service to the company, they may not be part of more than four boards of directors of listed companies, including Sacyr. Exceptionally, and for duly justified reasons, the Board may waive this limitation to the director."

Madrid, 27 July 2023

**Annex I. Comparative version of the articles to be modified**

Original item	Modified Item
<p><b>Article 9.3. The Chairman of the Board of Directors</b></p> <p>3. <i>In the event of a tie in the votes, the vote of the President shall be deciding.</i></p>	<p><b>Article 9.3. The Chairman of the Board of Directors</b></p> <p>3. <i>It is envisaged that the Chairperson of the Board of Directors shall have the right to veto only in relation to votes on matters that the Board of Directors cannot delegate, as established in current legislation.</i></p>
<p><b>Article 12. The Coordinating Director</b></p> <p>1. <i>In the event that the Chairman of the Board of Directors exercises executive functions, the Board of Directors must appoint, at the proposal of the Appointments and Compensation Committee, a coordinating director from among the independent directors, who will be specially empowered to:</i></p> <p>a. <i>Request that the Chairman of the Board of Directors issue a call to meeting when he/she deems it appropriate.</i></p> <p>b. <i>Request the inclusion of matters on the agenda of the meetings of the Board of Directors already convened.</i></p> <p>c. <i>Coordinate and bring together external advisors.</i></p> <p>d. <i>Promote and direct the periodic evaluation of the Chairman of the Board of Directors carried out by the Appointments and Compensation Committee, without prejudice to the powers of the Chairman of the Appointments and Compensation Committee.</i></p>	<p><b>Article 12. The Coordinating Director</b></p> <p>1. <i>In the event that the Chairman of the Board of Directors exercises executive functions, the Board of Directors must appoint, at the proposal of the Appointments and Compensation Committee, a coordinating director from among the independent directors, who will be specially empowered to:</i></p> <p>a. <i>Request that the Chairman of the Board of Directors issue a call to meeting when he/she deems it appropriate.</i></p> <p>b. <i>Request the inclusion of matters on the agenda of the meetings of the Board of Directors already convened.</i></p> <p>c. <i>Coordinate and bring together external advisors.</i></p> <p>d. <i>Promote and direct the periodic evaluation of the Chairman of the Board of Directors carried out by the Appointments and Compensation Committee, without prejudice to the powers of the Chairman of the Appointments and Compensation Committee.</i></p>

<p>e. Chair the Board of Directors in the absence of the President and Vice Presidents, if any.</p> <p>2. Executive Directors must refrain from participating in the deliberation and voting when agreeing to appoint the Coordinating Director.</p> <p><b>Article 24.2 Termination of directors and making the position availability</b></p> <p>2. In addition, the directors must make their position available to the Board of Directors and formalise, if it deems it appropriate, the corresponding resignation:</p> <p>a. When any of the cases of incompatibility or prohibition that disables him/her from continuing in his/her position are invoked, and especially in the case provided for by Article 224.2 of the Capital Companies Act;</p> <p>b. When the Appointments and Compensation Committee, the Audit Committee, and the Sustainability and Corporate Governance Committee inform the Board of Directors and the Board of Directors confirms through the adoption of the corresponding</p>	<p>e. Chair the Board of Directors in the absence of the President and Vice Presidents, if any.</p> <p>f. Maintain contact with investors and shareholders to find out 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</p> <p>g. Coordinate the plan to succeed the Chairperson.</p> <p>2. The Coordinating Director will be appointed by the Board of Directors itself from among the independent directors and must be replaced every four (4) years. The Coordinating Director may be re-elected once a term of two (2) years from their replacement has elapsed. Executive Directors must refrain from participating in the deliberation and voting when agreeing to appoint the Coordinating Director.</p> <p><b>Article 24.2 Termination of directors and making the position availability</b></p> <p>2. In addition, the directors must make their position available to the Board of Directors and formalise, if it deems it appropriate, the corresponding resignation:</p> <p>a. When any of the cases of incompatibility or prohibition that disables him/her from continuing in his/her position are invoked, and especially in the case provided for by Article 224.2 of the Capital Companies Act;</p> <p>b. When the Appointments and Compensation Committee, the Audit Committee, and the Sustainability and Corporate Governance Committee inform the Board of Directors and the Board of Directors confirms through the adoption of the corresponding</p>
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<p>agreement, that the director has violated, of a serious or very serious nature, his/her obligations as an administrator, and in particular, obligations arising from duties of diligence and loyalty, including those to avoid conflicts of interest and other obligations established by the Corporate Governance System; or</p> <p>c. When his/her tenure on the Board of Directors may jeopardise the interests of the Company or adversely affect its credit and reputation, and is so reported by the Appointments and Compensation Committee.</p> <p>d. When the director moves into new positions or takes on new obligations that prevent him/her from devoting the necessary time to the performance of the functions of the director's position; and, in particular, when he/she belongs to more than five boards of directors of listed companies, Sacyr included, that position will be available to the Board of Directors;</p> <p>e. When any of the circumstances apply that cause him/her to lose his/her status as independent, in accordance with the provisions of the applicable legislation; and</p> <p>f. In the case of proprietary directors, when the shareholder to whom they represent fully sells its shareholding in the Company or, doing so partially, reaches a level that entails the obligation to reduce its proprietary directors.</p> <p><b>Article 28.2 a) General obligations of the director</b></p> <p>2. In the performance of his/her duties, the director shall act with the diligence of an orderly businessman, taking into account the nature of the position and the duties</p>	<p>agreement, that the director has violated, of a serious or very serious nature, his/her obligations as an administrator, and in particular, obligations arising from duties of diligence and loyalty, including those to avoid conflicts of interest and other obligations established by the Corporate Governance System; or</p> <p>c. When his/her tenure on the Board of Directors may jeopardise the interests of the Company or adversely affect its credit and reputation, and is so reported by the Appointments and Compensation Committee.</p> <p>d. When the director moves into new positions or takes on new obligations that prevent him/her from devoting the necessary time to the performance of the functions of the director's position or circumstances apply that cause him/her to lose his/her status as independent, in accordance with the provisions of the applicable legislation;</p> <p>e. In the case of executive directors, when they have the role of executive director in another listed company; and</p> <p>f. In the case of proprietary directors, when the shareholder to whom they represent fully sells its shareholding in the Company or, doing so partially, reaches a level that entails the obligation to reduce its proprietary directors.</p> <p><b>Article 28.2 a) General obligations of the director</b></p> <p>2. In the performance of his/her duties, the director shall act with the diligence of an orderly businessman, being obliged, in particular, to:</p>
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<p><i>attributed to each of them, and putting, in all cases, his/her particular interests below the interests of the company. He/she is particularly obliged to:</i></p> <p><i>a. Continuously dedicate the time and effort necessary to regularly monitor the issues raised by the Company's administration, gathering sufficient information for this and the collaboration and assistance he/she deems appropriate;</i></p> <p><i>In order for the directors to be able to dedicate the necessary time to the performance of the functions of the director's office and provide adequate service to the company, they may not be part of more than five boards of directors of listed companies, including Sacyr. Exceptionally, and for duly justified reasons, the Board may waive this limitation to the director.</i></p>	<p><i>a. Continuously dedicate the time and effort necessary to regularly monitor the issues raised by the Company's administration, gathering sufficient information for this and the collaboration and assistance he/she deems appropriate;</i></p> <p><i>In order for the directors to be able to dedicate the necessary time to the performance of the functions of the director's office and provide adequate service to the company, they may not be part of more than four boards of directors of listed companies, including Sacyr. Exceptionally, and for duly justified reasons, the Board may waive this limitation to the director.</i></p>
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