

APPENDIX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

ISSUER'S PARTICULARS

FINANCIAL YEAR END	31/12/2015
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COMPANY TAX ID NO. (CIF).	A-28013811
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CORPORATE NAME

SACYR, S.A.

REGISTERED OFFICE

PASEO DE LA CASTELLANA, 83-85, MADRID

ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED COMPANIES

A OWNERSHIP STRUCTURE

A.1 Complete the following table on the Company's share capital.

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
15/07/2015	517,430,991.00	517,430,991	517,430,991

Indicate whether different types of shares exist with different associated rights.

Yes

No

A.2 List the direct and indirect holders of significant ownership interests in your Company at year-end, excluding directors.

Name or corporate name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
TAUBE HODSON STONEX PARTNERS LLP	0	15,840,790	3.06%
CONCERTED ACTION	0	76,241,807	14.73%
GRUPO EMPRESARIAL FUERTES, S.L.	0	32,448,477	6.27%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
TAUBE HODSON STONEX PARTNERS LLP	COLLECTIVE INVESTMENT UNDERSTAKINGS	15,840,790
CONCERTED ACTION	GRUPO SATOCAN, S.A.	10,747,783
CONCERTED ACTION	DISA CORPORACIÓN PETROLÍFERA, S.A.	65,494,024
GRUPO EMPRESARIAL FUERTES, S.L.	GRUPO CORPORATIVO FUERTES, S.L.	32,448,477

Indicate the most significant movements in the shareholder structure during the year.

Name or corporate name of shareholder	Date of the operation	Description of the operation
GRUPO EMPRESARIAL FUERTES, S.L.	18/12/2015	5% of share capital exceeded

A.3 Complete the following tables on company directors holding voting rights through company shares:

Name or corporate name of the Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
JUAN MARÍA AGUIRRE GONZALO	10,818	0	0.00%
MATIAS CORTES DOMINGUEZ	100	0	0.00%
AUGUSTO DELKADER TEIG	108	0	0.00%
RAIMUNDO BAROJA RIEU	4,935	0	0.00%
MANUEL MANRIQUE CECILIA	264	0	0.00%
DEMETRIO CARCELLER ARCE	5,553	209,510	0.04%

Name or corporate name of the Director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
FRANCISCO JAVIER ADROHER BIOSCA	150,000	0	0.03%
CYMOFAG, S.L.	26,200,530	0	5.06%
GRUPO SATOCAN DESARROLLOS, S.L.	0	0	0.00%
GRUPO CORPORATIVO FUERTES, S.L.	32,448,477	0	6.27%
BETA ASOCIADOS, S.L.	26,303,750	0	5.08%
PRILOU, S.L.	16,345,987	0	3.16%
PRILOMI, S.L.	24,086,563	0	4.66%
ISABEL MARTÍN CASTELLA	219	0	0.00%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
DEMETRIO CARCELLER ARCE	RELATED PARTIES	209,510

% of total voting rights held by the Board of Directors	24.30%
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Complete the following tables on share options held by directors.

A.4 Indicate, as applicable, any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as these are known by the Company, unless they are insignificant or arise from ordinary trading or exchange activities.

Related-party name or corporate name
PRILOU, S.L.
PRILOMI, S.L.

Type of relationship: Corporate

Brief description:

José Manuel Loureda Mantiñán (natural person representative of Prilou, S.L) holds 49% of the capital of Prilou, S.L. and Prilou, S.L. in turn holds 86% of the capital of Prilomi, S.L.

Related-party name or corporate name
MANUEL MANRIQUE CECILIA
CYMOFAG, S.L.

Type of relationship: Corporate

Brief description:

Manuel Manrique Cecilia owns 100% of the share capital of Telbasa Construcciones e Inversiones, S.L., which in turn controls 100% of the share capital of Cymofag, S.L.

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant shareholdings, and the Company and/or its group, unless they are insignificant or arise from ordinary trading or exchange activities.

Related-party name or corporate name
MANUEL MANRIQUE CECILIA
SACYR, S.A.

Type of relationship: Contractual

Brief description:

EXECUTIVE CHAIRMAN AND CEO OF SACYR, S.A.

A.6 Indicate whether the Company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Corporate Enterprises Act ("LSC"). Provide a brief description and list the shareholders bound by the agreement, as applicable.

Yes

No

Shareholders bound by agreement
GRUPO SATOCAN DESARROLLOS, S.L.
DISA CORPORACIÓN PETROLÍFERA, S.A.
GRUPO SATOCAN, S.A.

% of share capital affected: 15.89%

Brief description of agreement:

The relationships between the parties as shareholders of the Company is articulated in the formation of a shareholder syndicate, which seeks to regulate the exercise of voting rights at shareholders' meetings and, where appropriate, to ensure that Grupo Satocan, S.A. maintains a representative on the Board of Directors.

There are 23,315,883 syndicated voting rights, of which Disa Corporación Petrolífera, S.A. contributes 11,657,942, Grupo Satocan, S.A. 10,624,466 and Grupo Satocan Desarrollos, S.L. 1,033,475, with the remainder of its voting rights not included in the syndicate agreement. However, each party has signed a unilateral declaration, submitted to the CNMV, through which it undertakes that all non-syndicated shares will vote in the same way as their syndicated shares.

Registration date: 23/02/2011, and registration number: 138707

Registration date: 15/03/2011, and registration number: 140223

Registration date: 16/03/2011, and registration number: 140260

Indicate whether the company is aware of the existence of any concerted actions among its shareholders. Give a brief description as applicable.

Yes

No

% of share capital affected: 15.89%

Brief description of concerted action:

The relationships between the parties as shareholders of the Company is articulated in the formation of a shareholder syndicate, which seeks to regulate the exercise of voting rights at shareholders' meetings and, where appropriate, to ensure that Grupo Satocan, S.A. maintains a representative on the Board of Directors.

There are 23,315,883 syndicated voting rights, of which Disa Corporación Petrolífera, S.A. contributes 11,657,942, Grupo Satocan, S.A. 10,624,466 and Grupo Satocan Desarrollos, S.L.

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Registration date: 23/02/2011, and registration number: 138707

Registration date: 15/03/2011, and registration number: 140223

Registration date: 16/03/2011, and registration number: 140260

Shareholders involved in concerted actions
GRUPO SATOCAN DESARROLLOS, S.L.
DISA CORPORACIÓN PETROLÍFERA, S.A.
GRUPO SATOCAN, S.A.

Expressly indicate any amendments to or termination of such agreements or concerted actions during the year.

None.

A.7 Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the Company in accordance with article 4 of the Securities' Market Act. If so, identify.

Yes

No

Remarks

A.8 Complete the following tables on the Company's treasury stock.

At year end:

Number of shares held directly	Number of shares held indirectly (*)	% of total share capital
4,898,800	0	0.94%

(*) Through:

Give details of any significant changes during the year, pursuant to Royal Decree 1362/2007.

Explain any significant changes

The CNMV was notified that the 1% threshold of treasury shares had been exceeded as a result of successive purchases, with no deduction of transfers, with the following breakdown:

On 30/04/2015

Total number of direct shares acquired: 5,082,392

% of total share capital: 1.012%.

On 20/07/2015: Change in number of voting rights due to capital increase.

Total number of direct shares acquired: 4,138,878

% of total share capital: 0.824%.

On 09/09/2015:

Total number of direct shares acquired: 5,193,237

% of total share capital: 1.004%.

On 27/10/2015:

Total number of direct shares acquired: 5,323,295

% of total share capital: 1.029%.

On 17/11/2015:

Total number of direct shares acquired: 5,241,714

% of total share capital: 1.013%.

On 14/12/2015:

Total number of direct shares acquired: 5,532,905

% of total share capital: 1.069%.

A.9 Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer treasury stock.

At the General Shareholders' Meeting held on 12 June 2014, shareholders granted authorisation to the Board of Directors for the derivative acquisition of treasury shares by Sacyr Vallehermoso, S.A. or its group companies.

The text of the fifth resolution adopted was the following:

"To authorise the derivative acquisition of shares of Sacyr Vallehermoso, S.A. by the Company or group companies within the scope of article 146 and related provisions of the LSC, complying with current legislation at all times and subject to the following conditions:

- Methods of acquisition: The shares may be acquired either directly by the Company or indirectly through group companies, by purchase, swap or any other lawful transaction.
- Maximum number of shares acquired: The nominal amount of shares acquired, plus any already held directly or indirectly, shall not exceed the maximum allowable by law at any time.
- Maximum and minimum value: The acquisition price per share shall be at least par value and at most the price quoted on the stock market on the date of acquisition.
- Term of authorisation: This authorisation is granted for a five-year term.

This authorisation also extends to the acquisition of any shares that may have been delivered directly to the employees and directors or the Company and group companies or as a consequence of exercising stock options.
This authorisation renders null and void the unused portion of the authorisation given at the General Meeting of 21 June 2012".

A.10 bis estimated floating capital:

	%
Estimated floating capital	60.00

A.11 Give details of any restriction on the transfer of securities or voting rights. Indicate, in particular, the existence of any restrictions on the takeover of the company by means of share purchases on the market.

Yes

No

A.12 Indicate whether the General Shareholders' Meeting has agreed to take neutralisation measures to prevent a public takeover bid by virtue of the provisions of Act 6/2007.

Yes

No

If applicable, explain the measures adopted and the terms under which these restrictions may be lifted.

A.13 Indicate whether the Company has issued securities not traded in a regulated market of the European Union.

Yes

No

If so, identify the various classes of shares and, for each class of shares, the rights and obligations they confer.

B GENERAL MEETING

B.1 Indicate the quorum required for constitution of the General Shareholders' Meeting established in the Company's Bylaws. Describe how it differs from the system of minimum quorums established in the LSC

Yes

No

B.2 Indicate and, as applicable, describe any differences between the Company's system of adopting corporate resolutions and the framework established in the LSC.

Yes

No

Describe how they differ from the rules established under the LSC.

B.3 Indicate the rules governing amendments to the Company's Bylaws. In particular, indicate the majorities required to amend the Bylaws and, if applicable, the rules for protecting shareholders' rights when changing the Bylaws.

The rules governing amendments to the Bylaws are detailed in article 24.2 of the Company's Bylaws, which states that:

"Should the General Shareholders' Meeting be required to discuss any amendments to the Bylaws, including capital increases or decreases, as well as the issuance of bonds, the suspension or limitation of pre-emptive subscription rights for new shares, the transformation, merger, spin-off of the Company, the global transfer of assets and liabilities, and the transfer of the Company's registered business address to a foreign address, at the first notice of meeting, shareholders representing at least 50 per cent of the equity with the right to vote must be present or represented. At the second notice, twenty-five per cent of the shareholders will suffice."

With regard to the rules for protecting shareholders' rights when amending the Bylaws, the General Shareholders' Meeting Regulations stipulate that General Meetings shall be called in such a way that ensures rapid and non-discriminatory access to information for all shareholders. To that end, the communication means used will provide effective public disclosure of the call, as well as free access thereto for all shareholders, anywhere in the European Union.

The call notice shall include all information required by law, including the Meeting agenda which shall include, if applicable, the amendment of the Bylaws as a separate item. The agenda is written clearly and concisely and includes all matters to be addressed during the Meeting as well as how and where to access the full text of meeting documents and proposed resolutions, and the corporate website on which this information is published.

In accordance with prevailing legislation, when the General Meeting is convened, the Company will establish an Online Shareholder Forum on its website. The shareholder forum will be used for the legal purpose and under the guarantees and terms of use established by the Company. Duly authorised shareholders and groups of shareholders can use this feature. The Board of Directors may enact and further develop the aforementioned rules, determining the procedures, time periods and other conditions of operation of this shareholder forum.

Once the General Meeting is announced, the Company shall post and maintain on its website the full meeting notice, complete texts of proposed resolutions for each item on the agenda, or in relation to purely informative items, a report from the competent bodies commenting on each of these items. Any proposals for resolutions subsequently submitted by shareholders will be posted online as they are received.

From the date the notice of the General Meeting is published and until five days prior to the scheduled meeting date (inclusive), shareholders may submit written requests for information or clarification they deem pertinent, and submit written questions regarding the agenda items.

Once the General Meeting has been called to order, shareholders who, in exercise of their rights, wish to speak at the meeting or, as applicable, request information or clarification in respect of agenda items or put forth proposals, shall attest to their identity before the notary or, as the case may be, the Secretary, or, before any assistant duly indicated by the notary or the Secretary. In doing so, the shareholder must indicate his or her full name, the number of shares owned, and the number of shares represented. If the shareholder wishes his or her intervention to be recorded word-for-word in the minutes to the General Meeting, the written text must be submitted at that precise time to the notary or, as applicable, the Secretary, or to any assistant thereof, so that the notary or, as applicable, the Secretary, may verify the accuracy of the written text against the shareholders' spoken words.

Furthermore, each item on the Meeting agenda shall be voted on separately, and, although appearing under the same item of the agenda, when amendments are being made to company bylaws, each independent article or group of articles should be voted on separately.

There is also a shareholder relations office to answer any questions shareholders may have regarding the General Meeting.

B.4 Indicate the attendance figures for the General Shareholders' Meetings held during the year.

Date of general meeting	Attendance data				Total
	% attending in person	% by proxy	% remote voting		
			Electronic means	Other	
12/06/2014	19.73%	40.86%	0.00%	0.00%	60.59%
11/06/2015	28.75%	25.80%	0.00%	0.00%	54.55%

B.5 Indicate whether the Bylaws impose any minimum requirement on the number of shares required to attend the General Shareholders' Meetings.

Yes

No

Number of shares required to attend the General Meetings	150
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B.6 Section withdrawn.

B.7 Indicate the address and mode of accessing corporate governance content on your Company's website as well as other information on General Meetings which must be made available to shareholders on the website

The Group's corporate website (www.sacyr.com) contains all the information required pursuant to the LSC and other applicable legislation.

Information on corporate governance and other information on the General Meeting can be accessed as follows:

http://www.sacyr.com/es_es/canales/canal-accionistas-e-inversores/gobierno-corporativo/default.aspx

The call notice for the General Meeting is included under the AGM section as well as additional documentation.

C COMPANY MANAGEMENT STRUCTURE

C.1 Board of Directors

C.1.1 List the maximum and minimum number of directors included in the Bylaws.

Maximum number of directors	19
Minimum number of directors	9

C.1.2 Complete the following table with board members' details.

Name or corporate name of director	Representative	Directorship	Position on the board	Date of first appointment	Date of last appointment	Election procedure
MANUEL MANRIQUE CECILIA		Executive	CHAIRMAN-CEO.	10/11/2004	11/06/2015	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
DEMETRIO CARCELLER ARCE		Proprietary	1st DEPUTY CHAIRMAN	29/01/2003	27/06/2013	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
FRANCISCO JAVIER ADROHER BIOSCA		Proprietary	CEO	19/05/2011	19/05/2011	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
CYMOFAG, S.L.	GONZALO MANRIQUE SABATEL	Proprietary	DIRECTOR	19/05/2011	19/05/2011	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
GRUPO SATOCAN DESARROLLOS, S.L.	JUAN MIGUEL SANJUÁN JOVER	Proprietary	DIRECTOR	27/06/2013	27/06/2013	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
GRUPO CORPORATIVO FUERTES, S.L.	TOMÁS FUERTES FERNÁNDEZ	Proprietary	DIRECTOR	19/05/2011	19/05/2011	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
BETA ASOCIADOS, S.L.	JOSÉ DEL PILAR MORENO CARRETERO	Proprietary	DIRECTOR	19/05/2011	19/05/2011	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
PRILOU, S.L.	JOSÉ MANUEL LOUREDA MANTIÑÁN	Proprietary	DIRECTOR	15/12/2004	11/06/2015	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
PRILOMI, S.L.	JOSÉ MANUEL LOUREDA LÓPEZ	Proprietary	DIRECTOR	11/05/2005	11/06/2015	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
ISABEL MARTÍN CASTELLA		Independent	DIRECTOR	11/06/2015	11/06/2015	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
JUAN MARÍA AGUIRRE GONZALO		Independent	DIRECTOR	27/06/2013	27/06/2013	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
MATIAS CORTES DOMINGUEZ		Other external	DIRECTOR	12/06/2002	27/06/2013	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
AUGUSTO DELKADER TEIG		Independent	DIRECTOR	27/06/2013	27/06/2013	APPOINTED AT GENERAL SHAREHOLDERS' MEETING
RAIMUNDO BAROJA RIEU		Proprietary	DIRECTOR	27/06/2013	27/06/2013	APPOINTED AT GENERAL SHAREHOLDERS' MEETING

Total number of directors: 14

Indicate any board members who left during this period.

Name or corporate name of director	Category of the director at the time of leaving	Leaving date
DIOGO ALVES DINIZ VAZ GUEDES	Independent	11/06/2015

C.1.3 Complete the following tables on board members and their respective categories.

EXECUTIVE DIRECTORS

Name or corporate name of director	Position held in the Company
MANUEL MANRIQUE CECILIA	CHAIRMAN AND CEO

Total number of executive directors	1
% of the board	7.14%

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Name or corporate name of significant shareholder represented or proposing appointment
RAIMUNDO BAROJA RIEU	DISA CORPORACIÓN PETROLÍFERA, S.A.
DEMETRIO CARCELLER ARCE	DISA CORPORACIÓN PETROLÍFERA, S.A.
FRANCISCO JAVIER ADROHER BIOSCA	DISA CORPORACIÓN PETROLÍFERA, S.A.
CYMOFAG, S.L.	CYMOFAG, S.L.
GRUPO SATOCAN DESARROLLOS, S.L.	GRUPO SATOCAN DESARROLLOS, S.L.
GRUPO CORPORATIVO FUERTES, S.L.	GRUPO EMPRESARIAL FUERTES, S.L.
BETA ASOCIADOS, S.L.	BETA ASOCIADOS, S.L.
PRILOU, S.L.	PRILOU, S.L.
PRILOMI, S.L.	PRILOMI, S.L.

Total number of proprietary directors	9
% of the board	64.29%

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director:

JUAN MARÍA AGUIRRE GONZALO

Profile:

Degree in Economics and Business from ICADE and Master's in Finance Management from Instituto de Empresa.
Currently director of Eom Grupo, Compañía General Urbana, Mantbraca Corporation and Quántica Asesores, S.A.

Name or corporate name of director:

AUGUSTO DELKADER TEIG

Profile:

Degree in law and journalism, with further studies in England and the US.
Currently chairman of Prisa Radio, S.L. and Cadena SER.

Name or corporate name of director:

ISABEL MARTÍN CASTELLA

Profile:

Degree in Economics and Business from Universidad Complutense. In 1977, she passed the entrance exams to join the body of government commercial technicians and economists (Cuerpo Superior de Técnicos Comerciales y Economistas del Estado). Since 2013, she has been a member of the Supervisory Boards of ING GROEP N.V. (of ING Verzekeringen N.V.) and ING Bank N.V. Holding and banking group (Group and holdings - banking and insurance) with operations in more than 40 countries.

Total number of independent directors	3
% of the board	21.43%

List any independent directors who receive from the company or group any amount or payment other than standard director remuneration or who maintain or have maintained during the period in question a business relationship with the company or any group company, either in their own name or as a significant shareholder, director or senior manager of an entity which maintains or has maintained the said relationship.

No

If applicable, include a statement from the board detailing the reasons why the said director may carry on their duties as an independent director.

OTHER EXTERNAL DIRECTORS

List the other external directors and explain why they cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders.

Name or corporate name of director:

MATIAS CORTES DOMINGUEZ

Company, executive or shareholder with whom the relationship is maintained:

TESCOR PROFESIONALES ASOCIADOS SLP.

Reasons:

Is not a proprietary director as it does not represent any shareholder, and is not independent given the relationship to a firm that advised the company, in exchange for consideration, during the year.

Total number of other external directors	1
% of the board	7.14%

List any changes in the category of each director that have occurred during the year.

C.1.4 Complete the following table on the number of female directors over the past four years and their category.

	Number of female directors				% of total directors of each type			
	2015	2014	2013	2012	2015	2014	2013	2012
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	1	0	0	0	7.14%	0.00%	0.00%	0.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	1	0	0	0	7.14%	0.00%	0.00%	0.00%

C.1.5 Explain the measures, if applicable, which have been adopted to ensure that there is a sufficient number of female directors on the board to guarantee an even balance between men and women.

Explanation of measures

As part of the amendment to the Board of Directors Regulations approved on 28 January 2016 a specific clause was included to ensure the Board of Directors, when exercising its powers to propose the appointment of directors, includes an appropriate variety of knowledge, experience and gender.

The Appointments and Remuneration Committee has also been tasked with setting an objective for the inclusion of female directors on the Board of Directors and preparing guidelines as to how this objective can be achieved.

Sacyr, S.A. is aware of the importance of having a sufficient number of female directors in its governing bodies, and at the 2015 General Shareholders' Meeting a new female director (Isabel Martín Castella) was appointed to fill a vacancy. The company is firmly committed to increasing the number of female employees in both positions of responsibility and all other professional categories over the next few years.

C.1.6 Explain the measures taken, if applicable, by the Nomination Committee to ensure that the selection processes are not subject to implicit bias that would make it difficult to select female directors, and whether the Company makes a conscious effort to search for female candidates who have the required profile.

Explanation of measures

Sacyr, S.A.'s policy for covering vacancies ensures that no candidates are discriminated against at any stage of the selection process.

The rules of the corporate governance system relating to this subject ensure that the best candidates are always considered at all stages of the selection process for company directors, members of the management committee and members of management teams.

All candidates are assessed according to professional criteria, ensuring that their knowledge, skills and capabilities are correctly evaluated.

When board vacancies arise, the Appointments and Remuneration Committee ensures that it appoints a variety of director types and that there is a mix between male and female directors thereby guaranteeing that the selection processes are not subject to implicit bias that would make it difficult to select directors based on personal circumstances, particularly their gender.

It is worth noting the influence exerted by significant shareholders when electing the proprietary directors, which must be based on the trust of the shareholder proposing the appointment. Sacyr has a large number of proprietary directors: 9 to 14.

When, despite the measures taken, there are few or no female directors, explain the reasons.

Explanation of the reasons

See section above.

C.1.6 (bis). Explain the conclusions drawn by the nominations committee on verifying compliance with the selection process for board members. And particularly how this policy is aimed at achieving the objective that by 2020 the number of female directors accounts for at least 30% of the total.

Explanation of conclusions

In 2015, the Company did not approve a board selection process, although as part of the amendment made to the Board of Directors' Regulations approved on 26 January 2016, the Appointments and Remuneration Committee has been tasked with setting an objective for the number of female directors on the Board of Directors and to establish guidelines as to how to achieve this target.

C.1.7 Explain how shareholders with significant holdings are represented on the board.

Significant shareholders are represented on the board by the proprietary directors they appoint.

C.1.8 Explain, when applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 3% of the share capital:

Provide details of any rejections of formal requests for board representation from shareholders whose equity interest is equal to or greater than that of other shareholders who have successfully requested the appointment of proprietary directors. If so, explain why these requests have not been entertained.

Yes

No

C.1.9 Indicate whether any director has resigned from office before their term of office has expired, whether that director has given the board their reasons and through which channel. If made in writing to the whole board, list below the reasons given by that director.

C.1.10 Indicate what powers, if any, have been delegated to the Chief Executive Officer(s).

Name or corporate name of director:

MANUEL MANRIQUE CECILIA

Brief description:

All powers of the Board except those that legally or according to the Bylaws cannot be delegated or those which the Board retains for itself in accordance with article 5 of Board of Directors' Regulations..

C.1.11 List the directors, if any, who hold office as directors or executives in other companies belonging to the listed Company's group.

Name or corporate name of director	Corporate name of the group entity	Position	Are executive functions held?
MANUEL MANRIQUE CECILIA	SOMAGUE SGPS, S.A.	DEPUTY CHAIRMAN	NO
MANUEL MANRIQUE CECILIA	TESTA INMUEBLES EN RENTA, S.A.	DIRECTOR (until 29 June 2014)	NO
MANUEL MANRIQUE CECILIA	SACYR CONSTRUCCIÓN, S.A.	CHAIRMAN AND DIRECTOR	NO
MANUEL MANRIQUE CECILIA	INCHISACYR, S.A.	CHAIRMAN AND DIRECTOR (until 18 March 2015)	NO
ANUEL MANRIQUE CECILIA	VALORIZA GESTIÓN, S.A.	DIRECTOR	NO
MANUEL MANRIQUE CECILIA	SACYR VALLEHERMOSO PARTICIPACIONES MOBILIARIAS, S.L.	Representative of the sole director, Sacyr, S.A.	YES
MANUEL MANRIQUE CECILIA	SACYR CONCESIONES, S.L.	CHAIRMAN AND DIRECTOR	NO
MANUEL MANRIQUE CECILIA	SACYR GESTIÓN DE ACTIVOS, S.L.	Representative of the sole director, Sacyr, S.A.	YES
MANUEL MANRIQUE CECILIA	SACYR FLUOR, S.A.	DIRECTOR (from 30 September 2015)	NO
MANUEL MANRIQUE CECILIA	SACYR FINANCE, S.A.	Representative of the sole director, Sacyr, S.A. (from 5 June 2015)	YES

C.1.12 List any board members who likewise sit on the boards of directors of other non-group companies that are listed on official securities markets in Spain, insofar as these have been disclosed to the Company.

Name or corporate name of director	Corporate name of the group entity	Position
MANUEL MANRIQUE CECILIA	REPSOL, S.A.	2nd DEPUTY CHAIRMAN
DEMETRIO CARCELLER ARCE	GAS NATURAL SDG, S.A.	DIRECTOR
DEMETRIO CARCELLER ARCE	EBRO FOODS, S.A.	DEPUTY CHAIRMAN
ISABEL MARTÍN CASTELLA	ING GROUP N.L.	DIRECTOR
JUAN MARÍA AGUIRRE GONZALO	GARDAMA DE INVERSIONES SICAV, S.A.	DIRECTOR
JUAN MARÍA AGUIRRE GONZALO	QUANTOP INVESTMENTS, SICAV, SA	DIRECTOR
JUAN MARÍA AGUIRRE GONZALO	MALLORQUINA DE TITULOS SICAV, SA	DIRECTOR

C.1.13 Indicate and, where appropriate, explain whether the Company has established rules about the number of boards on which its directors may sit.

Yes

No

C.1.14 Section withdrawn.

C.1.15 List the total remuneration paid to the Board of Directors in the year.

Board remuneration (thousands of euros)	3,931
Amount of pension rights accumulated by current board members (thousands of euros)	1,451
Amount of pension rights accumulated by former board members (thousands of euros)	0

C.1.16 List any members of senior management who are not executive directors and indicate total remuneration paid to them during the year.

Name or corporate name	Position
VICTOR DE ÁVILA RUEDA	GENERAL MANAGER OF STRATEGY AND CORPORATE DEVELOPMENT.
PEDRO SIGUENZA HERNÁNDEZ	CEO OF SACYR INDUSTRIAL, S.L.
ELENA OTERO-NOVAS MIRANDA	SECRETARY OF THE BOARD OF DIRECTORS AND GENERAL MANAGER OF THE LEGAL DEPARTMENT
JOSÉ MARIA ORIHUELA UZAL	CEO OF SACYR CONSTRUCCIÓN, S.A.
MIGUEL HERAS DOLADER	CORPORATE GENERAL MANAGER.
FERNANDO LOZANO SAINZ	CEO OF VALORIZA GESTIÓN, S.A.
DON CARLOS MIJANGOS GOROZARRI	GENERAL MANAGER OF FINANCE.
ELENA DINESEN VILLACIEROS	GENERAL MANAGER OF TALENT MANAGEMENT AND HUMAN RESOURCES.
DON RAFAEL GÓMEZ DEL RÍO SANZ HERNÁNZ	CEO OF SACYR CONCESIONES, S.L.
JUAN EDUARDO GORTAZAR SÁNCHEZ- TORRES	GENERAL MANAGER OF FINANCE (who stood down during the year)
FERNANDO LACADENA AZPEITIA	CEO OF TESTA INMUEBLES EN RENTA, S.A. (change in controlling shareholder).
AQUILINO DE PRAVIA MARTÍN	DIRECTOR OF INTERNAL AUDIT.
PEDRO ALONSO RUÍZ	GENERAL MANAGER OF COMMUNICATION.

Total remuneration received by senior management (thousands of euros)	3,226
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C.1.17 List, if applicable, the identity of those directors who are likewise members of the boards of directors of companies that own significant holdings and/or group companies.

Name or corporate name of director	Corporate name of significant shareholder	Position
MANUEL MANRIQUE CECILIA	CYMOFAG, S.L.	SOLE DIRECTOR
DEMETRIO CARCELLER ARCE	DISA CORPORACIÓN PETROLÍFERA, S.A.	CHAIRMAN
RAIMUNDO BAROJA RIEU	DISA CORPORACIÓN PETROLÍFERA, S.A.	DEPUTY CHAIRMAN

List, if appropriate, any relevant relationships, other than those included under the previous heading, that link members of the Board of Directors with significant shareholders and/or their group companies:

Name or corporate name of director

PRILOMI, S.L.

Name or corporate name of significant shareholder

DON JOSÉ MANUEL LOUREDA MANTIÑÁN

Relationship:

José Manuel Loureda Mantiñán (natural person representative of Prilou, S.L) holds 49% of the capital of Prilou, S.L. and Prilou, S.L. in turn holds 86% of the capital of Prilomi, S.L.

C.1.18 Indicate whether any changes have been made to the board regulations during the year.

Yes

No

C.1.19 Indicate the procedures for appointing, re-electing, evaluating and removing directors. List the competent bodies, procedures and criteria used for each of these procedures.

Appointment and reappointment of directors

Pursuant to article 21 of the Board of Directors' Regulations (consolidated text approved on 26 January 2016), directors shall be appointed at the General Shareholders' Meeting or by the board (in the case of co-opted directors), in accordance with the laws in force and the Company's governance regulations.

The Appointments and Remuneration Committee shall propose to the board the appointment or re-appointment of members of the Board of Directors, in the case of independent directors, and the Board of Directors itself in all other cases. A justificatory report from the Board of Directors must also be submitted with the proposal, assessing the skills, experience and merit of the candidate put forward, to be attached to the General Meeting or Board meeting minutes. All proposals to appoint or reappoint any non-independent director must also include a prior report from the Appointments and Remuneration Committee.

Appointments and changes in the natural person representative of Board members who are legal persons will also require a report from the Appointments and Remuneration Committee.

When the board fails to follow the recommendations of the Appointments and Remuneration Committee, it must state its reasons for so doing and record them in the minutes.

Evaluation of directors.

Article 22 of the Board of Directors' Regulations establishes that the Board of Directors and the Appointments and Remuneration Committee, as part of their responsibilities, will, in the candidate selection process work to ensure a suitable diversity of knowledge, experience and gender and that the candidates appointed possess recognised solvency, skills and experience.

Removal of directors.

Pursuant to article 54 of the Bylaws, directors shall stand down or be removed from office when so resolved by the shareholders at the General Meeting, when they tender their resignation to the Company, or when the period for which they were appointed expires. In this latter case, directors shall effectively step down from their posts upon the first General Shareholders' Meeting held after their elected mandate has elapsed or upon expiration of the term for holding the General Shareholders' Meeting at which the annual financial statements for the preceding year are to be approved.

In accordance with article 54 of the Bylaws, directors must tender their resignation to the Board of Directors in the following cases: a) when they reach the age of 65 (executive directors), b) when they leave the executive posts with which their appointment as director was associated; c) when they are involved in any of the cases of conflict of interest or disqualification foreseen in prevailing legislation; d) when they are seriously reprimanded by the Audit Committee for infringing their obligations as directors and, in particular, the obligations set out in the Internal Code of Conduct; e) when their continued presence on the Board could jeopardise the interests of the Company or adversely affects its image and reputation; or f) in the case of proprietary directors, when the shareholder they represent sells their entire ownership interest in the Company or reduces this interest to a level that requires a corresponding reduction in its representation on the Board.

C.1.20 Explain to what extent this annual evaluation of the board has prompted significant changes in its internal organisation and the procedures applicable to its activities:

Description of amendments

The board conducted a self-assessment of its functions in 2015 pursuant to article 529 of the LSC, and it was found that these were efficient and of good quality.
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C.1.20 (bis) Describe the evaluation process and the areas evaluated performed by the board of directors aided, where applicable, by an external consultant, with regard to its diversity of composition and competences, the functions and composition of its committees, the performance of the chairman of the board of directors and the company's chief executive and the performance and contribution of each director.

In 2015, the board conducted a self-assessment of its functions in 2014, estimating that it has performed its activities with quality and efficiency.

The evaluation of the functions of the Audit Committee, the Appointments and Remuneration Committee and the Executive Committee was highly satisfactory, in accordance with the obligations and requirements arising in 2014.

Additionally, the Appointments and Remuneration Committee reported that the activities performed by the executive chairman in 2014 were considered to be highly satisfactory, as established in the recommendations of the Unified Good Governance Code. The Board of Directors accepted this conclusion, on the basis of its own observations and the report submitted by the Appointments and Remuneration Committee.

C.1.20 (ter) Breakdown, where applicable, of the business relations held by the consultant or any of its group companies with the Company or any of its group companies.

Not applicable

C.1.21 Indicate the cases in which directors must resign.

In accordance with article 54 of the Bylaws, directors must tender their resignation to the Board of Directors in the following cases: a) when they reach the age of 65, in the case of executive directors, although they may, in the event, continue as non-executive directors; b) when they leave the executive posts with which their appointment as director was associated; c) when they are involved in any of the cases of incompatibility or prohibition foreseen in legislation; d) when they are seriously reprimanded by the Board of Directors for infringing on their obligations as director, and, in particular the duties outlined in the Internal Code of Conduct; e) when their continuation on the Board could put the Company's interests at risk or negatively affect the credit and reputation of the Company, in which case their removal shall be proposed by the Appointments and Remuneration Committee; or f) in the case of proprietary directors, when the shareholder they represent sells their entire ownership interest in the Company or reduces this interest to a level that requires a corresponding reduction in its representation on the board.

C.1.22 Section withdrawn.

C.1.23 Are qualified majorities, other than those prescribed by law, required for any type of decision?

Yes

No

If applicable, describe the differences.

Description of differences

Any amendments to the Regulations of the Board of Directors must obtain the vote in favour of at least two-thirds of the directors present at the meeting in person or by proxy.

C.1.24 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman.

Yes

No

C.1.25 Indicate whether the Chairman has a casting vote.

Yes

No

Matters where the Chairman has the casting vote

Articles 51.3 of the Bylaws and 18.3 of the Board of Directors' Regulations stipulate that board resolutions will be passed by an absolute majority of those present, except for those matters subject to other higher quorum either by law or under the Company Bylaws. In the event of a tie, the Chairman has the casting vote.

C.1.26 Indicate whether the Bylaws or the board regulations set any age limit for directors.

Yes

No

Age limit for Chairman:

Age limit for CEO: 65

Age limit for directors:

C.1.27 Indicate whether the Bylaws or the board regulations set a limited term of office for independent directors.

Yes

No

C.1.28 Indicate whether the Bylaws or board regulations stipulate specific rules on appointing a proxy to the board, the procedures thereof and, in particular, the maximum number of proxy appointments a director may hold. Also indicate if any limits have been established on the number of categories that may be appointed as a proxy, other than those established by prevailing legislation. If so, give brief details.

Pursuant to articles 51.1 of the Bylaws and 18.1 of the Regulations of the Board of Directors, directors shall do all they can to attend board meetings and, when they cannot do so personally, they will confer their representation on another member of the Board.

Representation must be conferred in writing and for each meeting separately. Voting instructions must also be included.

There is no maximum permitted number of proxies nor any limitation on the categories that may be delegated other than those established under prevailing legislation.

C.1.29 Indicate the number of board meetings held during the year and how many times the board has met without the Chairman's attendance. Attendance will also include proxies appointed with specific instructions.

Number of board meetings	16
Number of board meetings held without the Chairman's attendance	0

If the chairman is an executive director, indicate the number of meetings held, without the attendance or representation of any executive director and chaired by the coordinating director.

Number of meetings	0
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Indicate the number of meetings of the various board committees held during the year.

Committee	Number of meetings
EXECUTIVE COMMITTEE	4
EXECUTIVE COMMITTEE	4
AUDIT COMMITTEE	11
AUDIT COMMITTEE	11
APPOINTMENTS AND REMUNERATION COMMITTEE	8
APPOINTMENTS AND REMUNERATION COMMITTEE	8

C.1.30 Indicate the number of board meetings held during the year with all members in attendance. Attendance will also include proxies appointed with specific instructions.

Number of meetings held with the attendance of all directors	12
% of attendances of the total votes cast during the year	97.77%

C.1.31 Indicate whether the consolidated and individual financial statements submitted for authorisation by the board are certified previously.

Yes

No

Indicate, where applicable, the person(s) who certified the company's individual and consolidated financial statements prior to their authorisation for issue by the board.

Name	Position
MANUEL MANRIQUE CECILIA	CHAIRMAN AND CEO
JOSE CARLOS OTERO FERNÁNDEZ	GENERAL ADMINISTRATION MANAGER.

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being laid before the General Shareholders' Meeting with a qualified Audit Report.

Pursuant to article 59.3 of the Bylaws and article 40 of the Board of Directors' Regulations, the Board of Directors will seek to draw up the financial statements in such a way that there is no room for a qualified opinion from the auditor. However, when the Board believes it must keep to its criterion, it will publicly explain the contents and scope of the discrepancy.

To do this, the Audit Committee is tasked with the following basic responsibilities, among others:

- To monitor the preparation and presentation of regulated financial information, and present recommendations and proposals to the Board of Directors, with the aim of safeguarding its integrity.
- Report, through the Chairman and/or his Secretary, to the General Shareholders' Meeting on issues arising therein relating to subjects within the remit of the Audit and Corporate Governance Committee, and particularly on the results of the audit, explaining how this contributes to the integrity of the financial information and the function performed by the committee in the process.
- Supervise the effectiveness of the Company's internal control systems and units, such as internal audit and risk management and discuss with the auditors any significant weaknesses which may have been discovered in the audit, while not allowing this to affect their independence. For these purposes, and where applicable, they may submit recommendations or proposals to the Board of Directors in addition to their corresponding term.

In addition, article 45.4 of the Board of Directors' Regulations states that the Board of Directors, on the basis of the certified accounts and the reports from the Audit Committee and, where relevant, after consultation with the external auditor, with all the necessary information at its disposal, will draw up the financial statements and the management report clearly and precisely so that they can easily be understood.

C.1.33 Is the Secretary of the board also a director?

Yes

No

If the Secretary of the board is not also a director please complete the following table:

Name or corporate name of secretary	Representative
ELENA OTERO-NOVAS MIRANDA	

C.1.34 Section withdrawn.

C.1.35 Indicate and explain, where applicable, the mechanisms implemented by the Company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

Article 16 of the Board Regulations (amended text approved on 28 January 2016), extends to the Audit and Corporate Governance Committee the following powers, among others, with respect to the external auditor:

Take to the Board of Directors all proposals for the selection, appointment, reappointment and replacement of the external auditor, and the terms of the contract, in addition to regularly compiling information on the audit plan and its execution while conserving its independence in the exercise of its functions.

Establish appropriate relations with the external auditors in order to receive information on those matters that might jeopardise their independence, so that this may be examined by the committee, and any other matters related to the auditing process, in addition to authorising, when necessary, services other than those prohibited in the terms set down under prevailing legislation and any other communications as stipulated in audit legislation and the auditing regulations. In any event, the Audit Committee must receive an annual statement from the external auditor of its independence from the Company and any companies linked directly or indirectly to the Company, in addition to detailed and individualised information on any type of additional services provided and the fees received from these bodies by the aforementioned auditor, or by persons or entities linked to the external auditor, pursuant to prevailing regulations on audit activities.

On an annual basis, and prior to issuing an audit report on financial statements, the Committee shall issue a report containing an opinion on the auditor's independence. This report must include a reasoned assessment of the additional services provided referred to above, on an individual basis and as a whole, distinct from the legal audit and in compliance with the policy of independence and prevailing audit regulations.

Pursuant to article 60.3 of the Bylaws, the Audit and Corporate Governance Committee shall authorise the contracts between the Company and the Auditors which are outside the remit of the audit itself. The aforementioned authorisation shall not be granted if the Audit and Corporate Governance Committee considers that these contracts might reasonably compromise the auditor's independence in the performance of the audit.

Lastly, the Board of Directors must include in the annual report information on (i) services other than those involved in the audit rendered by the auditor or by any other firm with which the auditor has a significant relationship, and (ii) total fees paid for said services (article 60.3 of the Bylaws).

C.1.36 Indicate whether the company has changed its external audit firm during the year. If so, identify the incoming audit firm and the outgoing auditor.

Yes

No

Explain any disagreements with the outgoing auditor and the reasons for the same.

C.1.37 Indicate whether the audit firm performs other non-audit work for the Company and/or its group. If so, state the amount of fees paid for such work and the percentage they represent of the fees invoiced to the Company and its group.

Yes

No

	Company	Group	Total
Amount of non-audit work (in thousands of-euros)	288	605	893
Amount of non-audit work as a % of the total amount billed by the audit firm	71.30%	25.30%	31.90%

C.1.38 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of those reservations or qualifications.

Yes

No

C.1.39 Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Likewise, indicate for how many years the current firm has been auditing the financial statements as a percentage of the total number of years over which the financial statements have been audited.

	Company	Group
Number of consecutive years	13	13
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	56.52%	56.52%

C.1.40 Indicate and give details of any procedures through which directors may receive external advice.

Yes

No

Procedures

In accordance with article 26 of the Board of Directors' Regulations (amended text approved on 28 January 2016), in order to receive assistance in the exercise of their functions, all directors may request that legal, accounting, and financial advisers and other experts be hired at the Company's expense.

The request must necessarily be in relation to specific problems of some importance and complexity which may arise in the exercise of the director's functions. The decision to contract an expert must be reported to the Chairman of the Board of Directors and may be vetoed by the Board of Directors if it proves that:

- it is not necessary for the due performance of the functions of external directors;
- the cost of such advice is not reasonable in relation to the significance of the issue and the Company's assets and revenues;
- or
- the technical advice required may be provided adequately by the Company's own experts and technicians.

C.1.41 Indicate whether there are procedures for directors to receive the information they need in sufficient time to prepare for meetings of the governing bodies.

Yes

No

Procedures

In performing their duties, directors must be informed of and adequately prepared for the meetings of the Board and of any consultative committees to which they may belong (article 28.2b of the Board of Directors' Regulations).

For these purposes, directors are granted the widest powers to obtain information about any aspect of the Company, to examine the books, registers, documents and other records of the Company's operations and to inspect all its facilities. This right to information extends to all Group companies.

In order not to disrupt the ordinary running of the Company, the exercise of these powers of information is channelled through the Chairman or the Secretary to the Board of Directors, who will tend to the director's requests and directly facilitate the information, offering the appropriate interlocutors from the relevant level of the organisation or taking the necessary measures for the desired procedures of examination and inspection to be carried out in situ (article 55 of the Bylaws).

According to article 18.2 of the Board of Directors' Regulations (amended on 28 January 2016) the call to board meetings must always include the meeting agenda and whenever possible all relevant information duly summarised and prepared.

The Chairman of the Board is responsible for ensuring that prior to each meeting all directors have received sufficient information to be able to discuss the items on the agenda (article 44 of the Bylaws).

C.1.42 Indicate and, where appropriate, give details of whether the Company has established rules obliging directors to inform the board of any circumstances that might harm the organisation's name or reputation, tendering their resignation as the case may be.

Yes

No

Details of rules

Pursuant to article 54.2 of the Bylaws, directors must formally tender their resignation to the Board of Directors and resign if the Board considers it appropriate when, among other situations, their continued presence on the Board may jeopardise the interests of the Company or adversely affect its credit and reputation or when advised to do so by the Appointments and Remuneration Committee.

C.1.43 Indicate whether any director has notified the Company that they have been indicted or tried for any of the offences stated in article 213 of the LSC.

Yes

No

Name of director

DEMETRIO CARCELLER ARCE

Criminal charge

214/2009

Remarks:

-

Indicate whether the Board of Directors has examined this matter. If so, provide a justified explanation of the decision taken as to whether or not the director should continue to hold office or, if applicable, detail the actions taken or to be taken by the board.

Yes

No

Decision made/action taken

The Board of Directors reviewed the allegations made against Mr. Carceller based on a notification submitted by this Director decided that no further action was necessary.

Explanation:

The Board took the presumption of innocence applicable to all charged individuals into account, as well as the fact the nature of the charges were are family-related.

C.1.44 List the significant agreements entered into by the Company which come into force, are amended or terminate in the event of a change of control of the Company due to a takeover bid, and their effects

Sacyr, S.A. does not have in place any agreements which come into force, are amended or terminate in the event of a change of control of the Company due to a takeover bid nor does it foresee any circumstances which would make these necessary. However, it does have certain financing agreements with various financial entities and other financial transactions, which, as is common practice in the financial markets, state that should there be a change in the current shareholder structure, these will be amended or expire, should the Company lose control.

C.1.45 Identify, in aggregate form and provide detailed information on agreements between the Company and its officers, executives and employees that provide indemnities for the event of resignation, unfair dismissal or termination as a result of a takeover bid or other.

Number of beneficiaries: 2

Type of beneficiary:

CEO AND A MEMBER OF SENIOR MANAGEMENT

Description of the agreement

1st AGREEMENT (CEO):

In accordance with Article 43.2 of the Bylaws, termination benefits in the event of dismissal on various grounds are established, consisting of a total amount equal to 2.5 times the sum of the fixed remuneration and the variable remuneration received during the year immediately prior to the date that the event that gave rise to such termination took place.

2nd AGREEMENT (member of Senior Management):

If the employment contract is terminated unilaterally by the Company or is due to a substantial change in responsibilities that would imply a demotion and the termination or change occurred within the first two years after the employee joined the company, the employee is entitled to receive, as a termination benefit, an amount equal to one year of gross fixed annual remuneration payable, as appropriate, in two equal parts, the first at the time of the termination and the second one year after the termination.

Indicate whether these agreements must be reported to and/or authorised by the governing bodies of the company or its group.

	Board of Directors	General Shareholders' Meeting
Body authorising clauses	No	No

	Yes	No
Are the shareholders, in general meeting, informed of such clauses?	X	

C.2 Board Committees

C.2.1 Give details of all the board committees, their members and the proportion of executive, proprietary, independent and other external directors:

EXECUTIVE COMMITTEE

Name	Position	Category
MANUEL MANRIQUE CECILIA	CHAIRMAN	Executive
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
PRILOU, S.L.	MEMBER	Proprietary

% of executive directors	33.33%
% of proprietary directors	66.67%
% of independent directors	0.00%
% of other external directors	0.00%

Explain the functions attributed to this committee, describe the procedures and organisational and operational rules and summarise its most significant actions during the year.

Article 15 of the Board of Directors' Regulations (amended text approved on 28 January 2016), governs the Executive Committee under the following terms:

- 1.- If it exists, the Executive Committee shall comprises the number of directors deemed appropriate by the Board of Directors, subject to the requirements established in the Bylaws.
- 2.- The adoption of resolutions to appoint directors to the Executive Committee shall require the vote in favour of at least two-thirds of the Board's members.
- 3.- :
 - a) The Chairman of the Board of Director shall act as Chairman of the Executive Committee when (i) all the powers that may be delegated in him have been delegated in accordance with applicable legislation or (ii) he has been appointed a member of the

committee pursuant to the provisions set down in section 2 above. If the Chairman of the Board of Directors does not meet these requirements, this position will be filled by the Committee from among its members.

b) The Chairman of the Executive Committee is appointed by the committee from among its members. In the event the Chairman is absent, indisposed or otherwise unable to attend a committee meeting, the Deputy Chairman will assume the Chairman's functions.

c) The Secretary of the Board of Directors shall serve as the Secretary of the Executive Committee (participating in meetings but without voting rights). In the event the Secretary is absent, indisposed or otherwise unable to attend a committee meeting, the Deputy Secretary of the Board of Directors shall assume the Secretary's functions in that regard.

4.- The powers delegated permanently by the Board of Directors in the Executive Committee encompass all the Board's powers other than those that are reserved to the Board under law, the Company Bylaws or by virtue of the Board Regulations.

5.- The Executive Committee may be called to meeting by the Chairman when he considers it necessary for the good governance of the Company.

6.- In those cases where, in the opinion of the Chairman or the majority of members of the Executive Committee, the importance of the matter makes it advisable, the agreements adopted by the Executive Committee will be submitted for ratification to the whole of the Board.

The same policy applies for matters that the Board has sent the Executive Committee to study before it takes the final decision on them.

In any other cases, the agreements adopted by the Executive Committee will be valid and binding without the need for subsequent ratification by the whole Board.

7.- The Executive Committee must inform the Board of the matters discussed and the decisions taken at its meetings.

8.- For any matters not addressed in the Bylaws or the aforementioned article, the Executive Committee shall regulate its own operation, and, failing that, the operating rules established for the Board of Directors shall apply, provided they are compatible with the nature and function of this committee.

Indicate whether the composition of the Executive Committee reflects the participation within the board of the different categories of director:

Yes

No

If the answer is no, explain the composition of the Executive or Delegate Committee.

The Executive Committee comprises three members, one executive and two external proprietary members.

AUDIT COMMITTEE

Name	Position	Category
JUAN MARÍA AGUIRRE GONZALO	CHAIRMAN	Independent
AUGUSTO DELKADER TEIG	MEMBER	Independent
ISABEL MARTÍN CASTELLA	MEMBER	Independent
RAIMUNDO BAROJA RIEU	MEMBER	Proprietary
GRUPO SATOCAN DESARROLLOS, S.L.	MEMBER	Proprietary

% of proprietary directors	40.00%
% of independent directors	60.00%
% of other external directors	0.00%

Explain the functions attributed to this committee, describe the procedures and organisational and operational rules and summarise its most significant actions during the year.

Article 16 of the Board of Directors' Regulations (amended text approved on 28 January 2016), stipulates that:

1.- All members of the Audit and Compliance Committee shall be non-executive directors appointed by the Board of Directors. The majority of members must be independent directors and one must be appointed in light of his/her knowledge and experience of accounting, auditing or both. As a whole, members of the Committee must have the technical knowledge relevant to the sector in which the Company operates.

2.- The Audit and Corporate Governance Committee will have a minimum of three and a maximum of five directors. The Board will decide on the number and the appointments.

The members of the Audit and Corporate Governance Committee shall be elected for a maximum term of four years, and may be re-elected for the same maximum term on one or more occasions.

3.- The Chairman of the Audit Committee will be appointed by the Board from among its independent directors and must be replaced every four years. The Chairman may be re-elected one year after leaving the position.

4.- The Secretary of the Board of Directors shall serve as the Secretary of the Audit and Corporate Governance Committee, participating in the meetings but without voting rights. In the event the Secretary is absent, indisposed or otherwise unable to attend a committee meeting, the Deputy Secretary of the Board of Directors shall assume the Secretary's functions in that regard. In this case, the Deputy Secretary may also speak at the committee meetings but shall not have voting rights.

5.- The Audit and Corporate Governance Committee meets at least once a quarter or as often as is deemed necessary. Meetings must be called by the Chairman either on his/her own initiative or at the request of three of its members or of the Executive Committee.

6.- The Audit and Corporate Governance Committee will be validly convened when at least more than half of its members are present or represented. Discussions will be moderated by the Chairman. Agreements will be adopted with the favourable vote of the majority of members present at the meeting and if the vote is inconclusive, the Chairman will have the casting vote. Unless otherwise stipulated, the Audit and Corporate Governance Committee is empowered to make proposals to and respond to consultations from the Board.

(These functions are described in detail in section H) Other Information of Interest).

Identify the member of the audit committee that has been appointed on the basis of his/her knowledge and background in accounting, auditing or both and disclose the number of years the Chairman of this committee has occupied this position.

Name director with experience	JUAN MARÍA AGUIRRE GONZALO
Number of years as chairman	2

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
AUGUSTO DELKADER TEIG	CHAIRMAN	Independent
ISABEL MARTÍN CASTELLA	MEMBER	Independent
DEMETRIO CARCELLER ARCE	MEMBER	Proprietary
GRUPO CORPORATIVO FUERTES, S.L.	MEMBER	Proprietary
PRILOU, S.L.	MEMBER	Proprietary

% of proprietary directors	60.00%
% of independent directors	40.00%
% of other external directors	0.00%

Explain the functions attributed to this committee, describe the procedures and organisational and operational rules and summarise its most significant actions during the year.

Article 17 of the Board of Directors' Regulations approved on 28 January 2016, governs the Appointments and Remuneration Committee under the following terms:

1.- The Appointments and Remuneration Committee shall be comprised fully by non-executive directors appointed by the Board of Directors, two of which at least shall be independent directors, appointed on the basis of their professional experience and knowledge.

2.- The Appointments and Remuneration Committee will have a minimum of three and a maximum of five directors. The Board will decide on the number and the appointments.

The members of the Appointments and Remuneration Committee shall be elected for a maximum term of four years, and may be re-elected for the same maximum term on one or more occasions.

3.- The Board of Directors shall appoint the Chairman of the Appointments and Remuneration Committee from among the independent members of the Committee.

4.- Additionally, the Secretary of the Board of Directors shall serve as the Secretary of the Appointments and Remuneration Committee, participating in the meetings but without voting rights. In the event the Secretary is absent, indisposed or otherwise unable to attend a committee meeting, the Deputy Secretary of the Board of Directors shall assume the Secretary's functions in that regard. In this case, the Deputy Secretary may also speak at the committee meetings but shall not have voting rights.

5.- The Appointments and Remuneration Committee will meet every time the Board or its Chairman requests the issue of a report or adoption of proposals and, in any event, whenever it is deemed opportune for the correct exercise of its duties. Irrespectively, it will meet once a year to prepare the information on directors' remuneration which the Board of Directors must approve. The Appointments and Remuneration Committee will meet when it is called by the Chairman, on her/his own initiative or in response to the request of three of its members or of the Executive Committee.

6.- The Appointments and Remuneration Committee will be validly convened when at least more than half of its members are present or represented. Discussions will be moderated by the Chairman. Agreements will be adopted with the favourable vote of the majority of members present at the meeting and if the vote is inconclusive, the Chairman will have the casting vote. Unless otherwise stipulated, the Appointments and Remuneration Committee is empowered to make proposals and respond to consultations.

(These functions are described in detail in section H) Other Information of Interest).

C.2.2 Complete the following table on the number of female directors on the various board committees over the past four years.

	Number of female directors							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
EXECUTIVE COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
AUDIT COMMITTEE	1	20.00%	0	0.00%	0	0.00%	0	0.00%
APPOINTMENTS AND REMUNERATION COMMITTEE	1	20.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Section withdrawn.

C.2.4 Section withdrawn.

C.2.5 Indicate, as appropriate, whether there are any regulations governing the board committees. If so, indicate where they can be consulted, and whether any amendments have been made during the year. Also, indicate whether an annual report on the activities of each committee has been prepared voluntarily.

EXECUTIVE OR DELEGATE COMMITTEE

Brief description

Article 47 of the Bylaws and article 15 of the Board of Directors' Regulations implements the committee's powers and functioning. These texts are available on the Company's website, under both "Shareholder and Investor Information" and a sub-section called "Corporate Governance". Under the "Corporate Governance" section is the list of the various delegated committees and all relevant information and regulations.

The Executive Committee prepares an annual activities report which is submitted to the board for approval.

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Brief description

Article 48 of the Bylaws and article 16 of the Board of Directors' Regulations implements the committee's powers and functioning. These texts are available on the Company's website, under both "Shareholder and Investor Information" and a sub-section called "Corporate Governance". Under the "Corporate Governance" section is the list of the various delegated committees and all relevant information and regulations.

The Audit Committee prepares an annual activities report which is submitted to the board for approval.

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

Article 49 of the Bylaws and article 17 of the Board of Directors' Regulations implements the committee's powers and functioning. These texts are available on the Company's website, under both "Shareholder and Investor Information" and a sub-section called "Corporate Governance". Under the "Corporate Governance" section is the list of the various delegated committees and all relevant information and regulations.

Each year the Appointments and Remuneration Committee evaluates its performance and that of the executive chairman. These reports are then submitted to the Board for approval.

C.2.6 Section withdrawn.

D RELATED-PARTY OR INTRAGROUP TRANSACTIONS

D.1 Explain, if applicable, the procedures for approving related-party or intragroup transactions.

Procedures for approving related-party transactions.

Article 34 of the Board of Directors' Regulations (amended text approved on 28 January 2016), governs transactions with directors and significant shareholders in the following terms:

- 1.- The Board of Directors shall be informed of and approve the transactions, described in article 33, carried out by the Company or Group companies with directors or shareholders with a significant stake held individually or jointly with others, including shareholders represented on the Board of the Company or Group companies, or with related parties ("related party transaction"), unless expressly authorised by the General Shareholders' Meeting.
- 2.- It is necessary to ensure that all transactions approved will not negatively impact equity and, where applicable, that they have been conducted under market conditions and ensuring the transparency of the process. There must also be a favourable report from the Audit and Corporate Governance Committee.
- 3.- Exceptions include related-party transactions that are exempt from approval under prevailing legislation.

4.- The directors involved, or parties that represent or are related to the shareholders involved, may not take part in the discussions and voting on the resolution in question.

5.- All transactions conducted by the Company with significant shareholders, directors, senior management and group companies must be publicly disclosed in compliance with the terms required under prevailing legislation.

D.2 List any relevant transactions, by virtue of their amount or importance, between the Company or its group of companies and the Company's significant shareholders.

Name or corporate name of significant shareholder	Name or corporate name of the company or group company	Nature of the relationship	Type of transaction	Amount (thousands of euros)
GRUPO CORPORATIVO FUERTES, S.L.	SACYR CONSTRUCCIÓN, S.A	Contractual	Purchases of goods, finished or not.	4,889
GRUPO CORPORATIVO FUERTES, S.L.	PRINUR, S.A.	Contractual	Purchases of goods, finished or not.	125
GRUPO CORPORATIVO FUERTES, S.L.	SACYR CONSTRUCCIÓN, S.A.	Contractual	Rendering of services	887
DISA CORPORACIÓN PETROLÍFERA, S.A.	SACYR CONSTRUCCIÓN, S.A.	Contractual	Purchases of goods, finished or not.	892

D.3 List any relevant transactions, by virtue of their amount or importance, between the Company or its group of companies and the Company's managers or directors.

Name or corporate name of senior managers or directors	Name or corporate name of the related party	Relationship	Nature of the relationship	Amount (thousands of euros)
MATIAS CORTES DOMINGUEZ	TESCOR PROFESIONALES ASOCIADOS SLP.	INVESTEES	Rendering of services	3,500
MATIAS CORTES DOMINGUEZ	LUIS JAVIER CORTES DOMINGUEZ	Family	Rendering of services	2,883

D.4 List any relevant transactions undertaken by the company with other companies in its group that are not eliminated in the process of drawing up the consolidated financial statements and whose subject matter and terms set them apart from the company's ordinary activities:

In any case, list any intragroup transactions carried out with entities in countries or territories considered to be tax havens.

Corporate name of the group company:

AP-1 EUROPISTAS CONCESIONARIA DEL ESTADO, S.A.

Amount (thousands of euros): 1,144

Brief description of the transaction:

ROAD MAINTENANCE AND CONSERVATION

Corporate name of the group company:

AUTOPISTA ASTUR LEONESA (AUCALSA)

Amount (thousands of euros): 1,869

Brief description of the transaction:

ROAD MAINTENANCE AND CONSERVATION

Corporate name of the group company:

AUTOPISTAS DE GALICIA (AUTOESTRADAS)

Amount (thousands of euros): 2,399

Brief description of the transaction:

ROAD MAINTENANCE AND CONSERVATION

Corporate name of the group company:

AUTOPISTAS DEL ATLANTICO (AUDASA)

Amount (thousands of euros): 4,822

Brief description of the transaction:

ROAD MAINTENANCE AND CONSERVATION

D.5 Indicate the amount from related-party transactions.

0 (thousands of euros)

D.6 List the mechanisms established to detect, determine and resolve any possible conflicts of interest between the Company and/or its group, and its directors, management or significant shareholders.

According to article 33-3 of the Board of Directors' Regulations (amended text approved on 28 January 2016), directors must notify the Board of Directors, through its Secretary, of any conflict of interest, either direct or indirect, which they or any of their related-parties could have. In case of conflict, the director involved must refrain from participating and voting in the deliberations over the transactions to which the conflict relates. In any event, the subject conflict of interest will be disclosed in the Annual Corporate Governance Report.

Additionally, one of the functions of the Audit Committee is to report to the Board of Directors on related-party transactions prior to their occurrence, (16.7.g-3) of the Regulations).

The Board of Directors' Regulations contains specific obligations for directors relating to their duty of loyalty, with special regard to conflicts of interest and related-party transactions. Under article 34 of the Board of Directors' Regulations (amended text approved on 28 January 2016), the Board of Directors shall be informed of and approve the transactions, described in article 229-1 of the Corporate Enterprises Act, carried out by the Company or Group companies with directors or shareholders with a significant stake held individually or jointly with others, including shareholders represented on the Board of the Company or Group companies, or with related parties, except for cases that must be approved by the General Shareholders' Meeting.

It is necessary to ensure that the transaction approved will not negatively impact equity and, where applicable, that it has been conducted under market conditions and ensuring the transparency of the process. There must also be a favourable report from the Audit and Corporate Governance Committee.

Exceptions include related-party transactions that are exempt from approval under prevailing legislation.

The directors involved, or parties that represent or are related to the shareholders involved, may not take part in the discussions and voting on the resolution in question.

All transactions conducted by the Company with significant shareholders, directors, senior management and group companies must be publicly disclosed in compliance with the terms required under prevailing legislation.

D.7 Is more than one group Company listed in Spain?

Yes

No

Identify the listed subsidiaries in Spain.

Listed subsidiaries

Indicate whether they have provided detailed disclosure on the type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.

Define the business dealings between the listed company and the parent company as well as between the subsidiary and other group companies

Indicate the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies.

Mechanisms

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Company's Risk Management System, including fiscal risk management-

Due to its considerable international presence, the Sacyr Group carries out its activity in a number of sectors, social and economic environments and regulatory frameworks. Accordingly, the Company is exposed to a variety of risks related to the businesses and sectors in which it operates.

Sacyr has established a comprehensive and ongoing risk management system, organised by business units and support areas at corporate level and has a sound policy in place to efficiently identify, evaluate and manage risks in order to reasonably guarantee the efficiency and effectiveness of operations, reliability of information and compliance with legislation.

As established in the Sacyr risk control and management policy, the process begins with identification and a preliminary evaluation of risks. Due to the changing nature of the environments in which the organisation operates, this identification and evaluation process must be regularly updated.

The outcome of the first stage entails risk maps and profiles identifying and grouping the main strategic, fiscal and operating risks into different categories (business environment, regulation, image and reputation, human resources, operations, financial, information for decision-making, technology and IT systems and good governance), and an evaluation of the possible impact and likelihood that each risk will materialise.

After identifying the risks facing the Group, management's knowledge of each risk is analysed, as are the appropriateness and effectiveness of decisions taken to mitigate risk. Armed with this information, each business unit's management, under the supervision of the Risk Committee, the Risk Control and Management Department and the Internal Audit Department, establishes its risk priorities and determines the measures to be implemented, taking into account operating viability, possible effects, and the cost/benefit ratio of implementation.

E.2 Identify the bodies responsible for preparing and implementing the risk management system, including fiscal risk management.

It is the responsibility of the Board of Directors, with the support of the Audit Committee that oversees the Risk Committee, to formally approve the Group's risk management and control policy and regularly review information and control systems. This guarantees the Board of Director's direct involvement in overseeing the risk identification process and implementation and monitoring of proper control and information systems.

The Risk Committee is the most senior body responsible for Sacyr's Risk Management and Control System and for all decisions associated with this in all business units. It is designated by the Company's most senior executive and its functions include providing support to the Board in making critical decisions, establishing risk tolerance levels and defining and promoting the risk culture across the organisation.

The Risk Management and Control Department supports the Risk Committee and with help of the different business areas of the Group that have assigned control and management personnel to carry out risk assessments and support the CEO and Business division in taking critical decisions.

Additionally, the general objective of the Internal Audit Department, which reports directly to the Sacyr Group Chairman and is supervised by the Audit Committee, is the systematic assessment of the efficiency of risk identification, control and management procedures. To do this, an Internal Audit Plan is drawn up annually and submitted to the Audit Committee for approval.

E.3 Indicate the main risks, including fiscal risks, which may prevent the company from achieving its business targets.

The following sections analyse the Sacyr Group's management of certain compliance risks that require a more detailed explanation due to their relevance or specific characteristics.

Compliance risks

According to the Sacyr Code of Conduct, compliance with legislation is one of the basic principles underlying the conduct of the Sacyr Group and its employees. The Sacyr Group is committed to reliable and respectful compliance with all legal obligations to which it is subject in any country in which it carries out activities.

Compliance with the various legal provisions is monitored primarily by the Legal Department, and also by the Internal Audit Department, which has had a special Compliance Unit since 2008. Other organisational areas, including the Quality and Environmental Department and the Occupational Health and Safety Service, also help guarantee respect for prevailing legislation in the corresponding activity areas.

In view of the high volume of the Group's activities and its diverse and complex nature, claims occasionally arise in respect of the supply and use of products and services or other causes derived from the different regulatory and sector regulation environments applicable to Sacyr subsidiaries. These claims are processed accordingly, and are either accepted or challenged by the Group. The number of claims is not significant in respect of the Group's overall activity.

Corruption and bribery

The Group's Code of Conduct expressly prohibits any behaviour by its employees which could be considered to entail corruption or bribery.

This Compliance Unit, made up by members of the Group's Senior Management, in addition to managing the conduct hotline, is also responsible for ensuring strict compliance with the Code of Conduct.

Among other provisions, the Code expressly prohibits Sacyr employees from offering any type of payment to illicitly obtain benefits, and from accepting gifts or any considerations that could compromise employees' objectivity or influence a commercial, professional or administrative relationship.

The Group's Internal Audit Department is responsible for detecting and investigating any cases of corruption that may arise. The Department has specific fraud-detection software and avails itself of external experts whenever necessary, and also deploys specialist personnel to prevent and detect any such instances.

Any signs of corruption are analysed in depth and specific actions are taken for the particular case. In all cases the department reviews and analyses possible solutions for the specific business procedure which did not serve to preclude corruption practices, and improvements are sought.

Other risks

In addition to the aforementioned regulatory compliance risks, the Group's Risk Management and Control Policy also establishes control and communication mechanisms for a number of other risks, including the following:

- Risk of inadequate adaptation to the environment or market in which the Company operates.
- Risk of inadequate management of aspects relating to corporate responsibility and sustainability, as well as the corporate image.
- Human resources risks: positioning, training, flexibility, dependence on key personnel, work climate, etc.
- Financial risks: credit, interest rate, exchange rate and liquidity risk.
- Risk of inadequate information for the decision-making process
- Technological and information system risks: network management, physical and programme security and integrity of information.

E.4 Identify if the company has a risk tolerance level, including fiscal risk.

As a general rule, the Sacyr Group's qualitative risk tolerance level can be considered to be medium, with the exception of financial risk which is considered to be high but acceptable, while the Group ensures that its regulation risk, including fiscal risk, and image and reputational risk tolerance level is minimal.

The risk level of each transaction is assessed from a qualitative angle (high, medium, low), or from a quantitative point of view, taking into account growth and return targets and weighing these against possible risks.

For specific risks associated with measurable objectives, the Sacyr Group's risk tolerance level is measured with the same units as the corresponding objectives.

The Group's risk assessment process is described in section E.1.

E.5 Identify any risks, including fiscal risks, which have occurred during the year.

To a greater or lesser extent depending on the business area, the Sacyr Group is exposed to the risks discussed below, especially credit risk, liquidity risk and market risk, particularly changes in interest rates and less so foreign exchange rates.

As regards credit risk, the Group is exposed through its operating activities, basically trade receivables, and its financing activities.

Customer concentration risk is mitigated by the Group's diverse customer base, backed by public sector bodies.

The factors causing liquidity risk are investment based on business plans, which require additional funding, and the excessive concentration of short-term loan repayments which require immediate financing. These circumstances could impair the ability to meet payment obligations, albeit temporarily.

As for market risk, specifically interest rate risk, the Group needs to have a reasonable balance between variable and fixed-rate debt or hedged loans using derivative financial instruments to ensure a balanced financing structure and reduce the exposure of its businesses to the risk of interest-rate fluctuations.

The underlying borrowings that require the greatest degree of hedging against interest-rate fluctuations are project financing loans and those associated with specific assets, because of their exposure for longer periods of time given the terms involved and the strong correlation with the cash flows of the projects.

Moreover, the Group is exposed to other risks, such as the risk of demand for concession projects, as the revenue from the concession businesses depends on the number of vehicles using the toll roads and the capacity of the motorways to absorb traffic.

The Sacyr Group intends to continue expanding the business into new countries, which carries expansion risk as it involves markets in which the Group does not have the same degree of experience as it has in its current markets.

E.6 Explain the response and monitoring plans for the main risks the company is exposed to, including fiscal risk.

Over the last five years, due to the international economic crisis, there have been major changes to the scope and likelihood of occurrence of the various risks. Therefore, throughout 2015 we focused on updating existing risk maps and creating new consolidated Group risk maps, as well as a new criminal risk map.

Furthermore, high-level risk maps have been updated independently of risk maps for the various businesses, and we can use these as tools to manage risks associated with new regulatory frameworks; supervision of internal control over financial reporting by the Audit Committee, and the impact on the Company of Spain's new Criminal Code, under which legal entities are held criminally liable for any offences committed.

In general, the Sacyr Group has monitoring plans for the main risks, which include impairment testing of all its non-financial assets at the end of each reporting period.

Group policy does not permit speculative trading with derivatives.

Each business unit performs an assessment with customers before entering into any contracts, which includes a study of their solvency. During the life of its contracts it monitors its receivables on an ongoing basis and reviews recoverable amounts, recognising impairment as necessary.

To deal with liquidity risks, the Group has identified probable scenarios through monitoring and control of the annual budget and daily updates of its cash flow forecasts, enabling it to take decisions early.

Factors that help mitigate liquidity risk include recurring cash flow generation by the Group's core businesses and the Group's ability to sell assets. The asset rotation strategy allows the Sacyr Group to unlock value from the maturity of top-quality investments and manage the liquidity raised in an attempt to enhance its competitiveness and profitability.

Interest-rate risk is mitigated almost exclusively by the use of derivative instruments.

Regarding demand risk for concession projects, the Group has measured the recoverability of the investment by continuously reviewing its valuation models based on trends in traffic and the economic growth outlook for the market where each concession operates.

The Group has implemented control systems to adequately identify, quantify, evaluate and remedy all these risks, in order to minimise or eliminate the consequences. The Group also takes out and renews insurance policies.

The Group seeks to serve society in all its business areas by applying a sustainable and profitable business model that adds value for all stakeholders through innovation, technological progress and excellence in delivery.

F INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms which comprise the internal control over financial reporting (ICFR) risk control and management system at the company.

F.1 The entity's control environment

Specify at least the following components with a description of their main characteristics:

F.1.1 The bodies and/or functions responsible for: (i) the existence and regular update of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring

Article 38.3 of Sacyr's Bylaws establish that the Board of Directors is responsible for drawing up the Company's general strategy, supervising its execution and exercising all other competencies attributed to it by law, the Bylaws or the Board of Directors' Regulations.

Pursuant to article 47, the Board of Directors must create an Audit Committee with powers to be decided by the Board of Directors.

Article 48.3 of the Bylaws, states that the Audit Committee shall have the functions attributed to it by law, the Bylaws and the Board of Directors' Regulations. Therefore, Sacyr's Audit Committee is responsible for supervising internal control over financial reporting.

The Internal Audit Department is responsible for i) supervising the existence, suitability and maintenance of internal control systems and the quality and reliability of financial and management information, and the continuous improvement thereof; ii) the revision and updating of the risk map in collaboration with the professionals in the Sacyr Group; and iii) active participation in the Group's risk control and management policy.

F.1.2 The existence or otherwise of the following components, especially in connection with the financial reporting process:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying procedures so this structure is communicated effectively throughout the company.

The Sacyr Group has an organisational structure with clearly defined lines of responsibility and authority for the various processes involved in each business unit, and for each geographic area relevant to the Group.

This structure is designed and reviewed by the Organisation Department, Human Resources and the businesses involved in it.

The Sacyr Group has defined the measures necessary to adapt its existing financial information supervision process to the CNMV's requirements. This involves redefining functions and responsibilities and modifying procedures, in addition to establishing permanent communication and information channels with the Audit Committee. The Company is currently at this stage.

- Code of conduct, approving body, dissemination and instruction principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.

The Sacyr Group's Code of Conduct was approved by the Board of Directors at the meeting held on 26 February 2015, and is available both on the corporate intranet and on the external website.

With regards to record keeping and the preparation of financial information, the Sacyr Group considers information transparency to be a fundamental principle underpinning all of its actions. To this end, the Group ensures that information reported to shareholders, the markets on which its shares are listed and the regulatory bodies is true and complete, that it accurately reflects its financial position and the result of its operations, and that it is disclosed in compliance with the deadlines and other requirements established in applicable regulations, with general market principles and with the good governance principles the Company has assumed, including Internal Rules of Conduct in the Equity Markets .

The Sacyr Group has a Compliance Unit, an executive and autonomous collegiate body, comprised by representatives from different Group and areas and appointed by the Audit Committee. It reports exclusively to the Board of Directors' Audit Committee and is classified as a legal person with independent powers of initiative and control for the purposes of the Criminal Code and all functions that correspond to it as a body of compliance with the Code of Conduct, in accordance with its internal regulations.

The Compliance Unit has the authority, resources and means necessary, to, in coordination with Internal Audit and HR, implement and enforce the internal control measures contained in the Compliance Model suitable for detecting and preventing criminal, civil, mercantile, administrative and tax offences chargeable to the legal person, and react appropriately if any of these offences are committed.

The Chairman of the Compliance Unit reports officially to the Audit Committee.

- A 'Whistle-blowing' channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.

The Conduct Hotline (codigoconducta@sacyr.com) is a corporate tool through which any question about the scope and applicability of the Code of Conduct and, in general, the Regulatory Compliance Model can be asked in strict confidence, and through which any breaches or risks relating to the guidelines and behaviour regulated by the Code of Conduct or the Regulatory Compliance Model can be safely reported.

The Conduct Hotline procedure guarantees that all matters reported and the identity of the employee reporting the incident shall remain confidential, fully complying with all personal data protection regulations, that a reliable and objective analysis of the potential breach will be carried out, and that the rights of the persons allegedly involved therein shall be safeguarded.

The Compliance Unit is responsible for the Conduct Hotline and for assessing the complaints and consultations received through this channel, for which purpose it may request the collaboration of other bodies, departments, areas, employees or companies belonging to the Sacyr Group.

Since 2015 the Conduct Hotline can also be accessed from the external website to ensure it can be used by non-Group parties.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

In 2015, the staff involved in the preparation of financial information received training in the following areas:

A number of training programmes were held relating to accounting, tax, audit and commercial regulations; this training related to both new regulations applicable to the 2014 tax year, such as the "Consultations published by the ICAC and new IFRS developments" and "Preparation of Financial Statements", as well as to specific accounting and regulatory issues applicable to Group companies, such as workshops on "the Consolidation of financial statements", "the Valuation of companies", "Financial investment modelling", "End of tax year 2015 and fiscal developments" and "Course of the new income tax law". Training in these areas was given to practically all Group companies, being mainly aimed at staff in the Administration and Accounting, Management Control, Tax, Consolidation, Operating Treasury and Finance, Internal Audit, Accounting Control and Legal Departments. The staff trained range from senior management and heads of areas or departments to technical and support staff. A total of 4,310 hours of training in such areas was invested in 336 employees.

Training was also provided to Internal Control and Risk Management departments. This included courses on "Business management control" and the "Executive management control programme". In this area, the training was aimed at departments with functions related to risk control and management. The staff trained range from senior Group management and heads of department to technical and administrative staff.

This training was both internal and external.

F.2 Risk assessment in financial reporting

Report at least:

F.2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.

This process begins with a preliminary identification, followed by an estimation of risks based on the likelihood of occurrence and the seriousness of any potential impact. This assessment is used to prioritise the risks, with management criteria being reviewed for the most critical of these. The Company further analyses the need for any improvements, and these are then implemented. The whole process is documented.

- The process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), is updated, and with what frequency

The risk identification process covers all financial information objectives and is updated annually.

- A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles or holding companies etc.

The scope of consolidation is clearly identified and updated on a monthly basis, ensuring that the Company is always aware of all the relevant companies for the Sacyr Group. Further details of this process are included in point 3.1.

- The process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.

The Company's general risk management policy also considers other types of risk, such as those concerning the business environment, regulation, image and reputation, human resources, operations, financial, information for decision making, technology and IT systems, good governance and management.

- Finally, which of the Company's governing bodies is responsible for overseeing the process.

The Board of Directors delegates supervision of risk identification to the Audit Committee. To exercise this responsibility, the Audit Committee is supported by the Risk Control and Management Department.

F.3 Control activities

Indicate the existence of at least the following components, and specify their main characteristics:

F.3.1. Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the markets, stating who is responsible in each case and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

The risk control activities related to financial information have been described for all business areas, including the international business. Additionally, specific risk control is in place for regulatory compliance with the new criminal code.

This is established in risk maps and control matrices for each business line analysed and are regularly updated. The risk maps include a specific "reporting risk" category, which covers all risks relating to the control environment of transactions that might materially affect the financial statements.

Furthermore, the Sacyr Group has defined procedures for the closing of accounts, including the consolidation process. This entails procedures for ensuring that the scope of consolidation is correctly identified.

Each month, administration managers for the divisions report any changes in corporate structure in their areas to the division managers in the Consolidation Department. The division managers request supporting documentation for any such changes from each area.

Once a year, the Administration Department analyses and establishes the materiality of the various items in the consolidated Financial Statements of the Sacyr Group and its constituent companies. Based on this analysis, the Group ascertains the various types of transactions that have a material effect on the consolidated financial statements in order to develop and/or update the key processes and procedures associated with such transactions.

The Group currently has an Administrative Procedures Manual (MAP for its initials in Spanish), which is applicable to the entire Group. This manual is updated by the Administration Department, and covers all activities that are economically significant and that directly impact the Group's financial information, as well as the related controls. The procedures for the closing of accounts include the Group's financial information reporting procedures, through which all Group companies report their financial information required for consolidation purposes, as well as the financial information consolidation procedures for the entire Sacyr Group. The Group has also described its accounting estimates procedures, including processes for valuing property, plant and equipment and goodwill and the procedure for estimating receivables, provisions for contingencies and expenses, and other trade provisions.

F.3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

The Sacyr Group has Internal Control procedures and policies in place for the information systems that support significant processes related to the preparation and publication of its financial information.

Actions are carried out to offset the security risks affecting IT systems and platforms, in particular, those relating to operational continuity. To this end, the back-up copies made regularly by an external supplier are available.

Any change or development to these applications is managed through the Organisation and Systems Departments, which establish the processes to be followed to ensure that the implemented solution meets user requirements, and that the quality level meets the reliability, efficiency and maintainability standards required.

The Systems Department has established access security policies by defining segregation of functions policies.

F.3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The areas of activity outsourced to third parties that might affect financial information relate to property valuations. The Group has procedures for selecting the activities performed by property appraisers and for analysing the independence of the auditing firm. This policy complies with CNMV recommendations in this area and is supervised by the Audit Committee to ensure compliance.

F.4 Information and communication

Indicate the existence of at least the following components, and specify their main characteristics:

- F.4.1. A specific function in charge of defining and maintaining accounting policies (accounting policies area or department) and settling doubts or disputes over their interpretation, which is in regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the company's operating units.

The Sacyr Group has a specific department responsible for defining and maintaining accounting policies, and for settling doubts or disputes over their interpretation. This is entrusted to the Sacyr Group's Administration Department, which also maintains regular communication with those responsible for operations in the organisation, along with other duties and functions.

The Group is working on a formal document that brings together all applicable accounting policies. The Sacyr Group currently has various regulations that determine the accounting criteria to apply to certain operations and basic accounting policies. The staff responsible for applying these regulations is familiar with them. Furthermore, the MAP details the most important procedures for the Group and is updated whenever a change is detected.

- F.4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning ICFR.

The Sacyr Group has a single standard format mechanism for the collection and preparation of financial information for its consolidated financial statements. This mechanism is applied and used by all Group units. The mechanism entails reporting file that supports its main financial statements and accompanying notes.

The Group also applies a range of controls to ensure the reliability and correct treatment of the information received from its business units; these include analysis of all changes in equity and income.

In addition, the Sacyr Group has a single mechanism that aggregates and consolidates the information reported by all Group units. This mechanism is a specific, tested IT system called Hyperion Financial Management (HFM).

F.5 Monitoring

Indicate the existence of at least the following components, describing their main characteristics:

- F.5.1. The ICFR monitoring activities undertaken by the Audit Committee and an internal audit function whose competencies include supporting the Audit Committee in its role of monitoring the internal control system, including ICFR. Describe the scope of the ICFR assessment conducted in the year and the procedure for the person in charge to communicate its findings. State also whether the company has an action plan specifying corrective measures for any flaws detected, and whether it has taken stock of their potential impact on its financial information.

The Sacyr Group has an Internal Audit Department which reports to the Audit Committee. Article 48.3 of the Sacyr Group's Bylaws, states that the Audit Committee shall have the functions attributed to it by law, the Bylaws and the Board of Directors' Regulations. As part of these functions, Sacyr's Audit Committee is responsible for supervising internal control over financial reporting.

The Audit Committee: i) approves audit plans; (ii) determines who should implement them; (iii) assesses the adequacy of the work carried out; (iv) revises and assesses the results and consideration of impact on financial information; and (v) prioritises and monitors corrective measures.

The internal audit function is responsible for: i) the existence, suitability and maintenance of Internal Control systems and the quality and reliability of financial and management information, and the continuous improvement thereof; ii) the revision and updating of the risk map; and iii) active participation in the Group's risk control and management policy.

In addition, the Administration Department reports and the Internal Audit Committee report on the ICFR to the Audit Committee.

F.5.2. A discussion procedure whereby the auditor (pursuant to TAS), the internal audit function and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its audit committee or board of directors. State also whether the entity has an action plan to correct or mitigate the weaknesses found.

The Audit Committee meets at least once a quarter or as often as is deemed necessary. Meetings must be called by the Chairman either on his/her own initiative or at the request of three members of the Audit or Executive Committee.

These meetings review the consolidated Annual Financial Statements; the interim half-yearly and quarterly financial statements and all other information made available to the market. Additionally, the agenda of at least two Audit Committee meeting should include an item on ICFR reporting by the Administration Committee.

The Audit Committee supervises the effectiveness of the Group's internal control, internal audit, and risk management systems. It also discusses with the auditor any significant weaknesses in the internal control system identified during audit work in order to ensure correct application of accounting principles and the reliability of financial information. It is also responsible for assessing any significant internal control weaknesses encountered, proposing an action plan to correct the weaknesses found and informing on progress on actions implemented.

On an annual basis, the Audit Committee reviews and approves the action plans proposed by the internal audit function to correct or mitigate any weaknesses detected. The work carried out by the Internal Audit Department, which is a tool to supervise the ICFR environment, is reported specifically to the Audit Committee report.

The Auditor has direct access to Senior Management (Chairman and/or CEO), and holds regular meetings to obtain the information needed to perform the audit work and to communicate any weaknesses detected.

F.6 Other relevant information

None.

F.7 External auditor review

State whether:

F.7.1. The ICFR information supplied to the market has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons for the absence of this review.

The 2015 ICFR information for the Sacyr Group has not been reviewed by the external auditor as the corrective measures agreed by the Group are currently being implemented.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with the recommendations of the Code of Good Governance for listed companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons so that shareholders, investors and the market in general have enough information to assess the company's behaviour. General explanations are not acceptable.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

Compliant

Explain

2. When a parent and a subsidiary are stock market listed, the two should provide detailed disclosure on:
a) The activity they engage in and any business dealings between them, as well as between the listed subsidiary and other group companies;
b) The mechanisms in place to resolve possible conflicts of interest.

Compliant

Partially compliant

Explain

Not applicable

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance, and in particular:
- a) Changes taking place since the previous annual general meeting.
 - b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.

Compliant

Partially compliant

Explain

At the 2015 General Shareholders' Meeting as items six and seven on the agenda proposals to amend the Bylaws and the Shareholders' Meeting regulations to adapt them to Law 31/2014 reforming the Corporate Enterprises Act in order to improve corporate governance were submitted to shareholders for approval. Throughout 2015 the Company continued to review its internal corporate governance regulations, which will be explain at the 2016 General Shareholders' Meeting.

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Compliant

Partially compliant

Explain

In its contact with shareholders, institutional investors and proxy advisors the Company complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position, although no specific policy governing these issues was approved by the board in 2015.

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Compliant

Partially compliant

Explain

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor independence.
- b) Reviews of the operation of the audit committee and the nomination and remuneration committee.
- c) Audit Committee report on related-party transactions.
- d) Report on the corporate social responsibility policy.

Compliant

Partially compliant

Explain

The Company publishes the Corporate Social Responsibility report and the reports describing the operations of its Audit and Appointments and Remuneration Committees on its website.

7. The company should broadcast its general meetings live on the corporate website.

Compliant

Explain

For the time being the company is not considering broadcasting its General Shareholders' Meetings live. However, once the General Shareholders' Meeting has finished, Sacyr publishes on its website (www.sacyr.es) the text of the resolutions adopted, the results of the votes and other documents relating to the meeting, including the corporate video shown.

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Compliant

Partially compliant

Explain

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Compliant

Partially compliant

Explain

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

a) Immediately circulate the supplementary items and new proposals.

b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.

c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.

d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Compliant

Partially compliant

Explain

Not applicable

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Compliant

Partially compliant

Explain

Not applicable

12. The Board of Directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Compliant

Partially compliant

Explain

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Compliant

Explain

14. The board of directors should approve a director selection policy that:

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.

c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Compliant

Partially compliant

Explain

With regard to the selection of directors, under article 17 of the Board of Directors' Regulations (amended text approved on 28 January 2016) the Appointments and Remuneration Committee is responsible for assessing the skills, knowledge and experience required by the Board of Directors, defining the functions and aptitudes that candidates for each vacancy must have and the time and dedication needed for them to efficiently carry out their duties.

Therefore, the Committee analyses the profiles of these candidates and assesses whether they have the right profile for the role of the type of directorship that has fallen vacant.

The Appointments and Remuneration Committee has also been tasked with setting an objective for the inclusion of female directors on the Board of Directors and preparing guidelines as to how this objective can be achieved. In 2016 the Committee will draft a report on the female directors represented on the Board.

Lastly, pursuant to the Board of Directors Regulations approved on 28 January 2016, the Board of Directors, when exercising its powers to propose the appointment and co-option of directors to cover vacancies, shall include an appropriate range of knowledge, experience and gender.

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Compliant

Partially compliant

Explain

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Compliant

Explain

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Compliant

Explain

Sacyr's Board has three independent directors out of a total of 14 directors, but there is a plurality of external proprietary directors on the Board who represent the majority of the share capital which belongs to shareholders with no relation to one another. This plurality of proprietary directors allows them to act with complete independence from other directors, with the objective of defending the Company's interests. It also favours encourages a culture of mutual oversight that benefits all shareholders (free float).

18. Companies should disclose the following director particulars on their websites and keep them regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.

e) Shares held in the company, and any options on the same.

Compliant Partially compliant Explain

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Compliant Partially compliant Explain Not applicable

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Compliant Partially compliant Explain Not applicable

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Compliant Explain

22. Companies should establish rules obliging directors to disclose any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Compliant Partially compliant Explain

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendations.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Compliant Partially compliant Explain Not applicable

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.

Compliant Partially compliant Explain Not applicable

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Compliant Partially compliant Explain

The Company does not consider it to be necessary to limit the number of company boards on which directors can serve. Nor does it set any limits on their professional obligations as the directors regularly attend board and committee meetings.

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Compliant Partially compliant Explain

Article 18.1 of the Board of Directors' Regulations establishes that the Company's Board of Directors shall meet at least eight times a year, and be convened by the Chairman with the necessary frequency to properly perform its functions; and paragraph 4 of the same article establishes that the board must draw up an annual calendar of meetings and set an official agenda of items to be addressed.

Although the annual meeting calendar and official agenda of items are discussed by the Board of Directors prior to their approval, the Board of Directors' Regulations makes no mention of any specific provision by which each director may propose the addition of initially unscheduled items.

27. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Compliant Partially compliant Explain

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minutes book.

Compliant Partially compliant Explain Not applicable

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Compliant Partially compliant Explain

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Compliant Explain Not applicable

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Compliant Partially compliant Explain

The directors' consent for the approval of decisions or resolutions that are not on the meeting agenda is considered to implicitly granted with the approval of the resolution, although the Board of Directors' Regulations do not require the express prior consent, duly minuted, of the board.

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Compliant Partially compliant Explain

Directors are informed of these issues if the movement is considered to be significant, and movements in share ownership are included in the annual corporate governance report.

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Compliant Partially compliant Explain

34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairmen give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Compliant Partially compliant Explain Not applicable

Pursuant to the Board of Directors' Regulations (amended text approved on 2016 January), the lead director has been granted the abovementioned powers, except for the power to maintain contact with investors and shareholders and coordinate the Chairman's succession plan, responsibilities that the Board Regulations has assigned to the Appointments and Remuneration Committee, in compliance with article 529n of the Corporate Enterprises Act.

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Compliant Explain

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of its committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Compliant Partially compliant Explain

In 2015 the Board of Directors conducted an evaluation of the Board of Directors performance, the Management Committee, the Audit and Corporate Governance Committee, the Appointments and Remuneration Committee and the performance of the Company's Executive Chairman, under the terms described in point C. 1. 20 bis.

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.

Compliant Partially compliant Explain Not applicable

The composition of the executive committee reflects the structure of participation of executive and proprietary directors on the board, with two independent proprietary directors, encouraging a culture of mutual oversight that benefits all shareholders.

The chairman of the executive committee is the chairman of the Board of Directors and its secretary is the secretary of the board.

38. The board should be kept fully informed of the business transacted and decisions made by the Executive Committee. To this end, all board members should receive a copy of the Committee's minutes.

Compliant Partially compliant Explain Not applicable

The Board of Directors is always informed through the executive chairman of the business transacted and decisions made by the executive committee.

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Compliant Partially compliant Explain

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Compliant Partially compliant Explain

The internal audit function is supervised by the Audit Committee, and the Internal Audit Department reports functionally to the Company's Executive Chairman.

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Compliant Partially compliant Explain Not applicable

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

- a) Monitor the preparation and the integrity of the financial information prepared on the Company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
- b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
- c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.

2. With respect to the external auditor:

- a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Compliant

Partially compliant

Explain

The Company complies with the recommendation, with the exception of point 2 d) as meetings with the external auditor are held within the Audit Committee and the chairman of that committee informs the board of the most significant issues arising; and points 2 a) and c), as these would be considered exceptional situations and therefore the Company understands that they should not be regulated by the Board of Directors' Regulations, although this could be arranged if advisable.

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Compliant

Partially compliant

Explain

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Compliant

Partially compliant

Explain

Not applicable

45. Risk control and management policy should identify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable;
- c) The measures in place to mitigate the impact of identified risk events should they occur.
- d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Compliant

Partially compliant

Explain

46. Companies should establish a risk control and management function in the charge of one of the company's internal department or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Compliant

Partially compliant

Explain

47. Appointees to the nomination and remuneration committee – or of the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Compliant

Partially compliant

Explain

The Appointments and Remuneration Committee has five members, all of them non-executive directors. The Chairman and one member are independent directors.

Sacyr has sought a different composition in the Appointments and Remuneration Committee and the Audit Committee in order for both bodies to be independent and to ensure greater participation among the external directors on the various committees.

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Compliant

Explain

Not applicable

The Company considers that matters relating appointments and remuneration are closely linked and therefore should not be handled by two separate committees. Further, given the required composition of these committees, with a significant presence of independent directors, both committees would practically be formed by the same directors.

49. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.
When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Compliant

Partially compliant

Explain

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officers' pay contained in corporate documents, including the annual directors' remuneration statement.

Compliant

Partially compliant

Explain

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant

Partially compliant

Explain

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting-
- d) They may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Meeting proceedings should be minuted and a copy sent to all board members.

Compliant

Partially compliant

Explain

Not applicable

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:

- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
- b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
- c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.
- d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
- e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
- f) Monitor and evaluate the company's interaction with its stakeholder groups.
- g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks

Compliant

Partially compliant

Explain

The Audit and Corporate Governance Committee is responsible for the Company's corporate and social responsibility policy, except for its communication strategy and shareholder and investors relations strategy, and the evaluation of relationships with different stakeholders.

54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:

- a) The goals of its corporate social responsibility policy and the support instruments to be deployed.
- b) The corporate strategy with regard to sustainability, the environment and social issues.
- c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
- d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) Channels for stakeholder communication, participation and dialogue.
- g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Compliant Partially compliant Explain

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Compliant Partially compliant Explain

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Compliant Explain

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. This condition, however, will not apply to shares that the director must dispose of to defray costs related to their acquisition.

Compliant Partially compliant Explain

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.
- c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Compliant Partially compliant Explain Not applicable

The contract signed with the Executive Chairman establishes that the concrete amount of variable remuneration shall be set on an annual basis, according to the degree of compliance with the targets set by Sacyr's Board of Directors for this post, with a maximum and minimum amount specified.

Payment of this variable award is not automatic but depends on the targets being met. The degree of compliance achieved shall be determined by the Board of Directors, with a prior report from the Appointments and Remuneration Committee, before the end of the first quarter of the year subsequent to the year the targets refer to.

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Compliant Partially compliant Explain Not applicable

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.

Compliant Partially compliant Explain Not applicable

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Compliant Partially compliant Explain Not applicable

A major part of executive directors' variable remuneration has been linked to the management of the Company and business results but not to the award of shares or financial instruments whose value is linked to the share price.

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Compliant Partially compliant Explain Not applicable

63. Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Compliant Partially compliant Explain Not applicable

Although the contract signed with the executive director does not include any provisions of this type, this does not mean that the company, if required to do so, will not be able to adopt the measure needed to reclaim variable components of remuneration when payment is out of step with the director's actual performance or based on data subsequently found to be misstated.

64. Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.

Compliant Partially compliant Explain Not applicable

In the event of dismissal for reasons not attributable to the executive director, the latter is entitled to receive termination benefits equivalent to 2.5 times the sum of the fixed remuneration and the variable remuneration received during the year immediately prior to that in which the scenario that gave rise to the termination occurred; although it should be noted that directors may receive other types of remuneration as part of their contract that are not included in the benefits calculation.

H OTHER INFORMATION OF INTEREST

1. If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.
2. You may include in this section any other information, clarification or observation related to the above sections of this report.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different to that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the Code and date of adoption.

Section A.1:

The resolution to increase the capital of Sacyr, S.A. was adopted under item eight on the agenda of the Company's General Shareholders' Meeting held on 11 June 2015. The capital increase was filed at the Companies Registry on July 20, 2015.

Section A.2:

The stake held by Taube Hodson Stonex Partners LLP is at 31 December 2015. This company is no longer a significant shareholder after having reduced its stake to 2.92%.

With regard to the most significant movements in the shareholding structure during the year, on 18 December 2015, the CNMV was notified that Grupo Empresarial Fuertes, S.L. had exceeded the 5% threshold following the acquisition of voting rights: 18/12/2015, 21/12/2015 and 22/12/2015.

Section A.3:

Prilou, S.L. has a total holding of 7.814% (3.159% direct and 4.655% indirect through Prilomi, S.L.).

In connection with the holding of Beta Asociados, S.L.; José del Pilar Moreno Carretero controls 100% of Beta Asociados, S.L. through its stakes in Altec, Empresa de Construcción y Servicios, S.A., Marbevelsa, S.L. and Promotora Majariega de Inmuebles, S.L.

With regard to members of the board of directors that hold company share options, it should be noted that according to the notice submitted to the CNMV on 13 October 2015, during the year the director, Beta Asociados, S.L. signed contracts for put options dated 28 September 2015 and maturing in September 2018, where the power or decision to exercise such options does not correspond to Beta Asociados, S.L.

Section B.5:

Regarding the number of shares required to attend the General Meeting in accordance with article 25 of the Bylaws, the shareholder must hold at least a number of shares with a combined nominal value of over one hundred and fifty euros.

Section C.1.11:

For further information, we include a list of the natural person representatives of legal person directors of Sacyr, S.A. who are directors or hold management positions in other companies belonging to the listed company's group.

– José Manuel Loureda Mantiñán (representing Prilou, S.L.), within the Group, is a member of the Board of Directors of Sacyr Construcción, S.A. (Director), Valoriza Gestión, S.A. (Chairman and CEO), Somague SGPS, S.A. (Deputy Chairman) and Testa Inmuebles en Renta (Director since 29/06/2015), holding no executive functions in any of these companies.

José Manuel Loureda López (representing Prilomi, S.L.), within the Group, is a member of the Boards of Directors of Sacyr Nervión, S.L (Chairman and Director, (since 26/10/2015), Somague (Director, Sacyr Construcción México, S.A. (Director until 01/07/2015), Sacyr Construcción Costa Rica, S.A. (Director until 13/08/2015), with no executive functions in any of these boards and of Sacyr Construcción Perú, S.A.C (Chairman until 25/03/2015), holding executive functions under Peruvian legislation.

In addition, he is General Manager for Business Development and Contracting at Sacyr Industrial, S.L, and Manager at Sacyr Ireland Limited, while at Sacyr Panamá, S.A. he stepped down as director on 13/04/2015; he held no executive functions at any of these companies.

Section C.1.12:

Below we detail the natural person representatives of Sacyr, S.A. legal directors who are members of the Boards of Directors of other non-group companies that are listed on official securities markets:

– José Manuel Loureda Mantiñán (natural person representative of Prilou, S.L.) sits on the board of Repsol, S.A.

Section C.1.15

Pursuant to the Bylaws, members of the Sacyr, S.A. Board of Directors are entitled to receive remuneration from the Company comprising a fixed annual sum and per diems for attendance to meetings. For 2015, the remuneration agreed by the Board was as follows:

- For Board members: 59,940 euros gross per year.
- For members of the Executive Committee: 39,960 euros gross per year.
- For members of the Audit Committee or Appointments and Remuneration Committee: 19,980 euros gross per year.

The global remuneration of Sacyr, S.A.'s Board of Directors includes the gross amounts received by directors in their role as directors, fixed and variable remuneration for the executive director and the sum for accumulated pension rights.

Section C.1.16

The total remuneration for members of senior management includes fixed and variable remuneration and a life insurance plan.

In addition to life insurance benefits provided to Group employees that meet certain requirements regarding length of service and professional category, at year-end the Group had assumed obligations regarding the payment of life insurance premiums to members of the Executive Committee that cover death and total permanent disability, with an annual group premium of 47,631 euros.

Section C.1.18:

In 2015, work was carried out to amend the Board of Directors' Regulations and this amendment was finally approved at the board meeting on 28 January 2016.

Section C.1.26:

Pursuant to article 54.2.a) and 23.2.a) of the Bylaws and Board of Directors' Regulations, respectively, executive directors must formally tender their resignation, and where the board deems appropriate, resign when they reach 65 years old, among other conditions. They may, however, remain on the board as non-executive directors.

Section C.1.45:

It should be clarified that the information on agreements between the company and its corporate officers and senior management that provide for compensation, guarantee clauses or binding clauses is submitted to the General Shareholders' Meeting when the ACGR is published.

Section C.2.1:

Audit Committee: Description of duties

Without prejudice to other duties assigned to it by prevailing legislation, the Bylaws and the Board of Directors' Regulations, the Audit and Corporate Governance Committee has the following basic responsibilities:

- a) Report, through the Chairman and/or his Secretary, to the General Shareholders' Meeting on issues arising therein relating to subjects within the remit of the Audit and Corporate Governance Committee, and particularly on the results of the audit, explaining how this contributes to the integrity of the financial information and the function performed by the committee in the process.
- b) Supervise the effectiveness of the Company's internal control systems and units, such as internal audit and risk management and discuss with the auditors any significant weaknesses which may have been discovered in the audit, while not allowing this to affect their independence. For these purposes, and where applicable, they may submit recommendation or proposals to the Board of Directors in addition to the corresponding term.
- c) Monitor the preparation and presentation of regulated financial information, and present recommendations and proposals to the Board of Directors, with the aim of safeguarding its integrity.
- d) Take to the Board of Directors all proposals for the selection, appointment, reappointment and replacement of the external auditor, and the terms of the contract, in addition to regularly compiling information on the audit plan and its execution while conserving its independence in the exercise of its functions.
- e) Establish appropriate relations with the external auditors in order to receive information on those matters that might jeopardise their independence, so that this may be examined by the committee, and any other matters related to the auditing process, in addition to authorising, when necessary, services other than those prohibited in the terms set down under prevailing legislation and any other communications as stipulated in audit legislation and the auditing regulations; In any event, the Audit Committee must receive an annual statement from the external auditor of their independence from the Company and any companies linked directly or indirectly to the Company, in addition to detailed and individualised information on any type of additional services provided and the fees received from these bodies by the aforementioned auditor, or by persons or entities linked to the external auditor, pursuant to prevailing regulations on audit activities.
- f) On an annual basis, and prior to issuing an audit report on financial statements, the Committee shall issue a report containing an opinion on the auditor's independence. This report must include a reasoned assessment of the additional services provided referred to above, on an individual basis and as a whole, distinct from the legal audit and in compliance with the policy of independence and prevailing audit regulations.
- g) Report, in advance to the Board of Directors on all matters governed by law, the Company's Bylaws and the Regulation and in particular on:
 - h) the financial information that the Company must periodically disclose;
 - i) the creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other related-party transactions.
- j) Monitor the independence of the unit that undertakes the internal audit function; report the proposals for the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; approve its strategy and work plans, ensuring that its activities are focused mainly on the risks that are relevant to the Company; receive regular report-backs on its activities; and verify that senior management is acting on the findings and recommendations of its reports.
- k) Review and make proposals to improve the Company's internal corporate governance rules, taking into consideration the recommendations of good governance generally recognised in the international markets in order to foster the Company's interests and attend to the legitimate interests of other stakeholders.
- l) Orientate and supervise the Company's actions with regard to corporate responsibility, reviewing its policies and ensuring that it is focused on value creation.
- m) Supervise compliance with applicable rules on securities market conducts and specifically the Internal Rules of Conduct.
- n) Inform on proposed amendments to the Internal Rules of Conduct.
- o) Supervise the operations of the compliance and crime prevention model and apply the rules of conduct and associated sanctions if any director is involved.

7.- Any member of the Company's management team or personnel, if so required, must attend the Audit and Corporate Governance Committee's meetings and collaborate and provide access to the information they have. The Audit and Corporate Governance Committee may also ask the external auditors to attend meetings.

8.- The Audit and Corporate Governance Committee may also ask for the advice of external experts in order to more effectively perform its functions, pursuant to the provisions of article 26 of the Regulation.

9.- For any matters not addressed in the Bylaws, the Regulations or this article, the Audit and Corporate Governance Committee shall regulate its own operation, and, failing that, the operating rules established for the Board of Directors shall apply, provided they are compatible with the nature and function of this Committee.

Functions of the Appointments and Remuneration Committee:

Without prejudice to other duties assigned to it by prevailing legislation, the Bylaws and the Board of Directors' Regulations, the Appointments and Remuneration Committee has the following basic responsibilities:

- a) To assess the skills, knowledge and experience required by the Board of Directors. For this purpose, it will define the functions and skills required for candidates to fill each vacancy and decide the time and dedication necessary for them to efficiently perform their duties.

- b) To set an objective for the inclusion of female directors on the Board of Directors and prepare guidelines as to how this objective can be achieved.
 - c) To present to the Board the proposals for appointment of independent directors, so the board may co-opt them or submit the proposals to the shareholders at the General Meeting; and advise on proposed reappointments or removal of said directors at the General Meeting.
 - d) To present proposals for appointment of other directors, so the board may co-opt them or submit the proposals to the shareholders at the General Meeting; and advise on the proposed reappointments or removal of said directors at the General Meeting.
 - e) To present proposals for the appointment or removal of the deputy chairmen, Secretary and Deputy Secretary of the Board of Directors.
 - f) To present proposals for the appointment or removal of senior managers and the basic terms of their contracts.
For the purposes of this Regulation, senior management shall be defined as directors who report directly to the Board or the Chief Executive, if such a person exists, and to the head of Internal Audit.
 - g) Propose to the Board of Directors the remuneration policy for directors, general managers and senior managers reporting directly to the Board of Directors, executive committees or CEOs, and the individual remuneration and other contractual terms of the executive directors, ensuring that these are observed.
 - h) To periodically review the remuneration schemes, particularly for senior management and the management team, assessing their suitability and performance;
 - i) To organise and perform the annual assessment of the Chairman of the Board of Directors, under the direction and supervision of the Lead Director, reporting to the Board of Directors.
 - j) To examine or organise, in appropriate form, the succession of the Chairman of the Board of Directors and the Company's chief executive, making recommendations to the board so that the handover proceeds in a planned and orderly manner.
 - k) To inform the Board of Directors of those cases where it deems that continued membership on the Board of one or several directors could jeopardise the interests of the Company or negatively affect its image and reputation
 - l) To report annually to the Board of Directors on the assessment of the Board itself.
- For any matters not addressed in the Bylaws or the aforementioned article, the Appointments and Remuneration Committee shall regulate its own operation, and, failing that, the operating rules established for the Board of Directors shall apply, provided they are compatible with the nature and function of this committee.

Section C.2.2:

The calculation of the percentage of female directors on Board committees in 2015 was based on those existing at the close of the last four years pursuant to CMNV Circular 7/2015, of 22 December.

Section D.7:

At 31 December 2015 there were no other Group companies listed in Spain.

Section G:

Recommendation 16: COMPLIANT

Sacyr complies with the circumstance described in section b) as there are a plurality of shareholders represented on the Board but not otherwise related.

Recommendation 59: COMPLIANT

See section on Recommendation 58.

Finally, note that the company is solely subject to Spanish corporate legislation and no other.

This annual corporate governance report was approved by the company's board of directors at its meeting held on 31 March 2016.

List whether any directors voted against or abstained from voting on the approval of this Report.

Yes

No