



**Report by the Board of Directors of ACS, Actividades de Construcción y Servicios, S.A., on delegation of power to the Board to issue, on one or more occasions, within a maximum term of five years, securities that are convertible and/or exchangeable for shares of the Company, and warrants or other similar securities that may directly or indirectly provide the right to subscribe or acquire shares of the Company, for a total amount of up to three billion euros (EUR 3,000,000,000); and the power to increase the capital stock by the necessary amount, along with the power to exclude, where appropriate, the pre-emption rights up to a limit of 20% of the share capital, repealing the powers delegated by the General Meeting on 10 May 2019.**

Madrid, 21 March 2024

**REPORT BY THE BOARD OF DIRECTORS OF ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A., ON DELEGATION OF POWER TO THE BOARD TO ISSUE, ON ONE OR MORE OCCASIONS, WITHIN A MAXIMUM TERM OF FIVE YEARS, SECURITIES THAT ARE CONVERTIBLE AND/OR EXCHANGEABLE FOR SHARES OF THE COMPANY, AND WARRANTS OR OTHER SIMILAR SECURITIES THAT MAY DIRECTLY OR INDIRECTLY PROVIDE THE RIGHT TO SUBSCRIBE OR ACQUIRE SHARES OF THE COMPANY, FOR A TOTAL AMOUNT OF UP TO THREE BILLION EUROS (EUR 3,000,000,000); AND THE POWER TO INCREASE THE CAPITAL STOCK BY THE NECESSARY AMOUNT, ALONG WITH THE POWER TO EXCLUDE, WHERE APPROPRIATE, THE PRE-EMPTION RIGHTS UP TO A LIMIT OF 20% OF THE SHARE CAPITAL, REPEALING THE POWERS DELEGATED BY THE GENERAL MEETING ON 10 MAY 2019.**

## **1. PURPOSE OF THIS REPORT**

The Board of Directors of ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ("ACS" or the "Company") resolved, at its meeting held on 21 March, to submit to the Annual General Meeting a proposal regarding (i) delegating the Board of Directors the power to issue bonds convertible into newly issued shares of ACS and/or exchangeable for outstanding shares of the Company, and warrants or other similar securities that may give the direct or indirect right to subscribe or acquire shares in the Company, for an aggregate amount of up to three billion euros (EUR 3,000,000,000) (or the equivalent in another currency); (ii) delegating the Board of Directors the necessary power to increase the share capital by the amount required pursuant to the above; and (iii) delegating the Board of Directors the power to exclude pre-emptive subscription rights, if applicable, although in this case, the capital increase required to cover the conversion of the bonds would be limited to a maximum of 20% of the Company's share capital at the time of the delegation.

In this regard, and in compliance with sections 286, 297, 401, 417, 510 and 511 of the revised text of the Corporate Enterprises Act enacted by Royal Legislative Decree 1/2010, of 2 July (the "**Corporate Enterprises Act**"), the Board of Directors of ACS has issued this report to justify the above proposal to be submitted to the Company's Annual General Meeting, scheduled for 9 May 2024, at first call, and on the following day, 10 May 2024, at second call, under item Ten on the Agenda.

## **2. GROUNDS FOR DELEGATING THE BOARD THE POWER TO INCREASE THE COMPANY'S CAPITAL.**

The current global situation of market volatility makes it very necessary for any company, especially those whose shares are admitted to trading, to be able to adopt, as quickly and flexibly as possible, the decisions that are appropriate or necessary in each case, taking

into account the particular circumstances of the company, while also reducing the costs arising from those actions.

One of the financial instruments commonly used to raise stable borrowed funds is issuing bonds in their various forms: simple, subordinated, convertible, exchangeable, convertible, etc. On the one hand, convertible and/or exchangeable debentures have the advantage of offering investors the possibility of converting their claims on the company into shares in the company, obtaining a potentially higher return than that offered by other debt instruments, and on the other hand, they can allow the company to increase its equity.

As the Board is the most immediate decision-making body and is responsible for the management and representation of the Company, it must be given the necessary flexibility to be able to adopt the appropriate measures at any time without having to resort to the General Meeting, in view of the time it takes and the costs due to the legal requirements for convening and holding a meeting, which would affect adopting those measures and could result in significant damage to the Company, in line with the usual practice in most listed companies.

Thus, by giving the Board the flexibility permitted by law, the Company will have a fast and efficient financing mechanism to strengthen its balance sheet, reinforce its financial structure and even undertake investment and growth initiatives that may be of strategic interest to the Company's corporate interests.

This delegation would provide the Company's governing body with the room for manoeuvre and responsiveness required by the competitive environment in which the Company operates, where the success of a strategic initiative or financial transaction often depends on the possibility of undertaking it quickly, without the delays and costs that inevitably come with convening and holding a General Meeting.

It is therefore considered appropriate to delegate to the Board the power to issue bonds that are convertible into newly issued shares of ACS and/or exchangeable for outstanding shares of the Company for an amount not to exceed three billion euros (EUR 3,000,000,000) (or the equivalent in another currency). For the purposes of calculating the above limit, in the case of warrants, the sum of the premiums and exercise prices of the warrants of the issues resolved under this delegation will be taken into account. This amount is considered sufficient to enable the Board, within a maximum of five years, to obtain borrowed funds from the issue of bonds convertible into newly issued shares of ACS and/or exchangeable for outstanding shares of the Company or other similar securities that may directly or indirectly entitle the Board to subscribe for or acquire shares of the Company, to meet the needs that may arise from time to time for the Company, or to meet the financing needs that the Company may have, and to make any other investments that may be considered advisable for the Company from time to time or, if appropriate, to refinance part of the Company's debt.

The Board will be empowered to determine, within the margins indicated by the General Meeting and always in compliance with the provisions for this type of issues in the applicable legislation, the specific terms and conditions, including the power to establish the criteria for determining the bases and modalities of the conversion of each issue of

this type of bonds, so that they may be adapted to the real situation of the Company and the market at any given time, always in the best interests of the Company. For these purposes, the Corporate Enterprises Act's provisions on bonds that may be converted into shares will apply to warrants or other similar securities, insofar as they are compatible with the nature of those securities and, specifically, its section 415, which prohibits converting these bonds into shares of the Company if their nominal value is less than the shares' par value.

The proposal that is the subject of this report also refers to delegating the Board the power to pass and carry out resolutions to increase the share capital, in accordance with section 297(1)(b) Corporate Enterprises Act. This delegation is justified to provide this flexibility to the resolutions on issuing the bonds and subsequently converting them into shares in the Company, all without prejudice to the reports that the Board must prepare for each issue, together with, if required by applicable legislation, a report from an independent expert, other than the company's auditor, appointed for this purpose by the Commercial Registry, in accordance with section 510 Corporate Enterprises Act in relation to its section 414. Both reports will be made available to the shareholders and submitted to the first General Meeting following the resolution approving the issue, in accordance with the sections cited above.

In addition, the proposal provides for the delegation of the power to exclude pre-emptive subscription rights, although, in this case, the capital increase to cover the conversion of the bonds would be limited to a maximum amount equivalent to 20% of the Company's share capital at the time of the delegation. The calculation of this limit will take into account both any capital increases resolved to be made under other authorisations granted by the General Meeting, and any issues of convertible securities in which the pre-emptive subscription right has been totally or partially excluded, a possibility also provided for in section 511 Corporate Enterprises Act cited above in relation to its section 417, provided that this is justified in the company's interest. In this regard, and as stated above, the purpose of this proposal is to obtain, depending on the Company's capital needs at any given time, the appropriate borrowed funds the Company needs to meet its objectives, ensuring as far as possible that the time and financial cost of entering into those agreements is minimised. It follows, therefore, that the above-mentioned proposal protects the interests of the Company and seeks to achieve its objectives, optimising them and without prejudice to the Board drawing up the relevant report for each issue, justifying the exclusion of pre-emptive subscription rights, insofar as applicable. Those reports will be accompanied, where appropriate, and as specified above, by a report from an independent expert other than the Company's auditor. In this regard, excluding pre-emptive subscription rights may allow the Company to optimise the financial terms of the transaction, by being able to tailor it more precisely to the expectations of the eligible investors to whom these issues are usually addressed, while at the same time reducing the execution risks by reducing the exposure of the transaction to changes in market conditions, although, as noted above, excluding pre-emptive subscription rights is merely a power attributed to the Board of Directors by the General Meeting, which the Board itself may decide whether to exercise in view of the circumstances in each case and in compliance with the legal requirements.

Lastly it should be noted that this delegation of powers to the Board in this proposed resolution would replace the delegation of powers conferred by the Company's General Meeting held on 10 May 2019, which would consequently no longer be valid.

### 3. PROPOSED RESOLUTION.

Therefore the proposed resolution regarding Item Ten on the Agenda which is submitted for approval by the shareholders at the Company's Annual General Meeting, is the following:

To authorise the Board of Directors, in accordance with the general rules on bond issues and pursuant to sections 286, 297, 401, 417 and 511 Corporate Enterprises Act and section 319 of the Spanish Commercial Registry Regulations [*Reglamento del Registro Mercantil*], and Articles 7 and 12 of the Articles of Association, to issue negotiable securities in accordance with the following conditions:

- a. Securities covered by the issue: Debentures and bonds exchangeable for outstanding shares of ACS or any other company, in its Group or otherwise, and/or convertible into newly issued shares of ACS, and warrants (options to subscribe new shares of ACS or to acquire old shares of ACS or any other company, whether or not it belongs to its Group), or other similar securities that may give the right, directly or indirectly, to subscribe or acquire shares of the Company.
- b. Term of the delegation: The delegated issuance of securities may be carried out on one or more occasions within a maximum of five years from the date this resolution is passed.
- c. Maximum amount: The maximum total amount of the issue(s) of securities will be three billion euros (EUR 3,000,000,000) or its equivalent in any other currency. For the purposes of calculating the above limit, in the case of warrants, the sum of the premiums and exercise prices of the warrants of the issues resolved under this delegation will be taken into account.
- d. Scope of the delegation: This delegation will extend, as broadly as required by law, to setting the various terms and conditions of each issue, which may be offered to all types of investors, whether domestic or foreign. In particular, and by way of illustration only, the Board will be responsible for determining, for each issue, its amount (within the above overall quantitative limit), the place of issue (domestic or foreign) and the currency or currency and, if foreign, its equivalence in euros; the denomination or form, whether bonds or debentures, including subordinated bonds, warrants (which may in turn be settled by physical delivery of the shares or, where applicable, by differences), or any other form permitted by law; the date(s) of issue; the number of securities and their nominal value, which in the case of convertible and/or exchangeable bonds or debentures must not be less than the par value of the shares; in the case of warrants and similar securities, the issue price and/or premium, the exercise price (which may be fixed or variable) and the procedure, time limit and other

terms and conditions applicable to exercising the right to subscribe the underlying shares or, where applicable, the exclusion of that right; the fixed or variable interest rate, the dates and procedures for payment of the coupon, including the possibility of setting remuneration linked to the performance of the Company's share price or any other index or parameter; whether it is perpetual or redeemable and, in the latter case, the term and methods of redemption and the maturity date or dates; and the conversion scenarios. In particular, whether the securities are necessarily or voluntarily convertible, including on a contingent basis and, if they are voluntarily convertible, at the option of the holder of the securities or the issuer; whether the securities are additionally or alternatively exchangeable for outstanding shares of the Company or can be settled by differences; the guarantees, the type of redemption, premiums and lots; the form of representation (by means of certificates, book entries or any other form permitted by law); the anti-dilution clauses and adjustments to the conversion price; the rules governing the exercise or exclusion of pre-emptive subscription rights in respect of shareholders and, in general, the rules governing the subscription and payment of the securities; the rank of the securities and any subordination clauses; the legislation applicable to the issue; applying, where appropriate, to have the securities issued listed on regulated or unregulated markets, whether domestic or foreign, in accordance with the requirements of the legislation in force in each case; and, in general, any other terms and conditions of the issue, and, where appropriate, appointing the commissioner and approving the fundamental rules governing the legal relations between ACS and the syndicate of holders of the securities issued, if it is necessary or it is decided to create such a syndicate.

Furthermore, the Board of Directors is empowered, when it deems it appropriate, and subject, if applicable, to the authorisation or consent of the meetings of the corresponding trade unions or bodies representing the holders of the securities, to modify the terms of retirement of the bonds issued and their respective maturities and the interest rate, if any, accruing on the securities included in each of the issues made under this authorisation.

- e. Bases and modalities of conversion and/or exchange: For the case of issuance of convertible and/or exchangeable debentures or bonds, and for the purpose of determining the bases and modalities of conversion and/or exchange, it is resolved to establish the following criteria:
  - (i) The securities issued under this resolution will be exchangeable for outstanding shares of ACS or of any other company, whether or not belonging to its Group, and/or convertible into newly-issued shares of ACS, in accordance with a fixed or variable, determined or determinable conversion and/or exchange ratio, with the Board authorised to determine whether they are convertible and/or exchangeable, and to determine whether they are necessarily or voluntarily convertible and/or exchangeable, including on a contingent basis, and if they are voluntarily convertible and/or exchangeable, if this is at the option of their holder or ACS, with the frequency and during the term established in the issue

resolution, which may not exceed ten (10) years from the date of issue. This maximum period will not apply to securities of a perpetual nature.

- (ii) The Board may also establish, if the issue is convertible and exchangeable, that the issuer reserves the right to choose at any time between converting them into new shares or exchanging them for ACS shares in circulation, specifying the nature of the shares to be delivered at the time of conversion or exchange, including the option to deliver a combination of newly issued shares and pre-existing ACS shares, and even to settle the difference in cash. In any event, the issuer must treat all the holders of debt securities converted and/or exchanged on the same date on an equal footing.
- (iii) For the purposes of converting and/or exchanging them, the securities will be valued at their par value and the shares at the swap price established in the Board resolution making use of this delegation, or at a variable rate to be determined on the date(s) indicated in the same Board resolution, based on ACS's share price on the date(s) or period(s) used as a reference in that resolution. In any event, the fixed exchange rate thus determined may not be less than the average share price of the shares on the Continuous Market of the Spanish Stock Exchanges on which the ACS shares are admitted to trading, according to the closing prices, during a period to be determined by the Board of no more than three months and no less than five calendar days before the date the resolution to issue the fixed-income securities was passed by the Board or the date of payment of the securities by the subscribers, with a share premium or, as the case may be, a discount on that share price, although if a discount on the share price is established, that discount may not exceed twenty per cent (20%) of the value of the shares taken as a reference in accordance with the above. In addition, a minimum and/or maximum reference price for the shares may be established for the purpose of their conversion and/or exchange, on the terms and conditions determined by the Board.
- (iv) It may also be resolved to issue the convertible and/or exchangeable debt securities with a variable conversion and/or exchange ratio. In this case, the price of the shares for the purposes of the conversion and/or exchange will be the arithmetic mean of the closing prices of ACS shares on the Continuous Market during a period to be determined by the Board, which must not exceed three months or be less than fifteen calendar days before the date of conversion and/or exchange, with a premium or, as the case may be, a discount on that share price. The premium or discount may be different for each conversion and/or exchange date of each issue (or, as the case may be, each tranche of an issue), but if a discount on the share price is established, it may not exceed twenty per cent (20%) of the value of the shares taken as a reference in accordance with the above. In addition, a minimum and/or maximum reference price for the shares may be established for the purpose of their conversion and/or exchange, on the terms and conditions determined by the Board.

- (v) In the event of conversion and/or exchange, any fractional shares to be delivered to the holder of the bonds will be rounded down to the nearest whole number and each holder will receive in cash, if so provided in the terms of the issue by the Board, any difference that may arise in this case.
- (vi) In no case may the shares' value for the purposes of the share-for-share conversion ratio be less than their par value. Under section 415(2) Corporate Enterprises Act, bonds may not be converted into shares when the face value of the bonds is lower than the par value of the shares.
- (vii) When approving an issue of convertible and/or exchangeable debentures or bonds pursuant to the authorisation under this resolution, the Board will issue a Directors' report explaining, based on the criteria described above, the bases and modalities of the conversion specifically applicable to the issue, and, if applicable and in accordance with section 510 Corporate Enterprises Act, the reasonableness of the financial terms of the issue, and the suitability of the conversion ratio and its adjustment formulas to avoid dilution of the economic interest of the shareholders.

This report will be accompanied, if mandatory under the applicable legislation, by the corresponding report from an independent expert other than the ACS's statutory auditor appointed for this purpose by the Commercial Registry, as referred to in section 414 Corporate Enterprises Act.

- f. Bases and modalities for calling in warrants and other similar securities: In the case of issues of warrants, it is resolved to establish the following criteria:
  - (i) In the case of issues of warrants, to which the provisions of the Corporate Enterprises Act on convertible bonds will apply by analogy, to determine the bases and methods for exercising these options, the Board is authorised to determine, in the broadest terms, the criteria applicable to exercising the rights to subscribe or acquire shares of ACS or of another company, of the Group or otherwise, or a combination of any of them, deriving from securities of this class issued under the delegation granted here, applying the criteria established in section (e) above in relation to those issues, with the necessary adaptations to make them compatible with the legal and financial regime of this class of securities.
  - (ii) The above criteria will apply, *mutatis mutandis* and to the extent applicable, in relation to the issue of fixed income securities (or warrants) exchangeable for shares in other companies. Any references to the Spanish Stock Exchanges should be understood to refer, where applicable, to the markets where the shares are listed.
- g. Capital increases and exclusion of pre-emptive subscription rights on convertible securities: This authorisation provided to the Board also includes, but is not limited to, delegating it the following powers:



- (i) The power for the Board, pursuant to section 511 Corporate Enterprises Act in relation to its section 417, to exclude, in whole or in part, in the issue of convertible bonds and, if applicable, warrants on newly issued shares of ACS, the pre-emptive subscription rights of the shareholders when this is necessary or advisable for the corporate interest. If the issuance of the convertible securities excludes the preemptive subscription rights of the shareholders, the Company will only issue convertible securities if the capital increase necessary for converting them, plus any increases resolved to be made under other authorisations granted by the General Shareholders' Meeting, does not exceed 20% of that total amount of the share capital at the time of the authorisation. In any event, if the Board decides to exclude shareholders' pre-emptive subscription rights in relation to a specific issue of convertible debentures or bonds, warrants and other similar securities, which it may decide to carry out under this authorisation, when it approves the issue, it will, in accordance with the applicable legislation, issue a report detailing the specific reasons of corporate interest justifying this measure, which will be the subject, if mandatory under the applicable legislation, of a corresponding report by an independent expert appointed by the Commercial Registry other than ACS's statutory auditor, as referred to in sections 414, 417 and 511 Corporate Enterprises Act. These reports will be made available to the shareholders and submitted to the first General Meeting following the resolution approving the issue.
- (ii) The power to increase the share capital by the amount necessary to meet requests for conversion and/or calling in warrants on newly issued ACS shares. This power may only be exercised to the extent that the Board, adding together the capital to be increased to cover the issue of convertible bonds, or the exercise of warrants and other similar securities and the other capital increases resolved under the authorisations granted by the General Meeting, does not exceed the limit of one half of the share capital at the time of authorisation, as required under section 297(1)(b) Corporate Enterprises Act and calculated at the time of this authorisation or, if the issue excludes pre-emptive subscription rights, twenty per cent (20%) of the share capital at the date of this authorisation. This authorisation to increase the share capital includes the authorisation to issue and put in circulation, on one or more occasions, shares representing the amount of capital needed to convert the bonds or exercise the warrants, as well as the authorisation to rewrite the article of the Company By-laws related to the amount of the share capital and, if necessary, to cancel part of the share capital increase that was not needed for converting the bonds into shares or exercising the warrants. Under section 304(2) Corporate Enterprises Act, the capital increase carried out by the Board to cover these conversion requests will not give rise to pre-emptive rights for the Company's shareholders.
- (iii) The power to develop and specify the bases and modalities of the conversion, exchange and/or exercise of the options to subscribe and/or

acquire shares, derived from the securities to be issued, taking into account the criteria established above.

- (iv) The delegation to the Board includes the broadest powers required by law for the interpretation, application, implementation and development of the resolutions to issue securities convertible or exchangeable into ACS shares, on one or more occasions, and the corresponding capital increase, also granting it powers to correct and supplement them as necessary, and to comply with any requirements that may be legally required to bring them to a successful conclusion, and it may correct any omissions or defects in those resolutions. It will also be empowered to adopt any resolutions and execute any public or private documents that it considers necessary or advisable to adapt the above resolutions on issuing convertible or exchangeable securities and the corresponding capital increase to the verbal or written approval of the Commercial Registrar or, in general, of any other competent national or foreign authorities, officials or institutions.
- h. Admission to trading: The Board of Directors of ACS is delegated the power to apply, where appropriate, to have the debentures and/or convertible and/or exchangeable bonds or warrants issued by ACS by virtue of this delegation admitted to trading on regulated or unregulated markets, whether domestic or foreign, empowering the Board, as broadly as is legally necessary, to carry out the procedures and actions required for having them listed before the competent bodies of the various domestic or foreign securities markets.

The Board is also delegated the power to apply to have any new ordinary ACS shares that may be issued to cover the conversion of the securities issued under this resolution admitted to trading on the Spanish Stock Exchanges and on any other markets on which the Company's shares are listed when this resolution is executed, and to have them included in the Spanish Stock Exchange Interconnection System (SIBE).

It is expressly noted that any subsequent applications to have the shares delisted will be subject to the same formalities as when they were submitted for listing, insofar as they apply, and that, in this case, the interest of any shareholders or bondholders that may oppose or vote against the resolution will be guaranteed in the terms envisaged in current legislation. ACS also expressly states that it submits itself to current and future stock exchange regulations and, in particular, the regulations on having shares listed, remaining on the market and being excluded from trading.

- i. Guarantee of convertible and/or exchangeable bonds or warrants issued by subsidiaries: The Board is also authorised to guarantee, on behalf of ACS, within the above limits, new convertible and/or exchangeable bonds or warrants issued by subsidiaries during the term of this resolution.



- j. Powers of substitution.- The Board of Directors is expressly authorised so that it may in turn delegate, pursuant to section 249(bis)(1) Corporate Enterprises Act, the powers referred to in this resolution.

This delegation of powers to the Board replaces the delegation of powers conferred by the Company's General Meeting held on 10 May 2019, which will consequently no longer be valid.

Madrid, 21 March 2024