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**Explanatory report issued by the board of directors of ACS, Actividades de Construcción y Servicios, S.A. on the proposal to amend articles 14 and 25 of the statutes of the General Shareholders' Meeting**

**EXPLANATORY REPORT ISSUED BY THE BOARD OF DIRECTORS OF ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ON THE PROPOSAL TO AMEND ARTICLES 14 AND 25 OF THE STATUTES OF THE GENERAL SHAREHOLDERS' MEETING**

**1- PURPOSE OF THE REPORT**

The Corporate Governance Code establishes in its article 512 that the general shareholders' meetings of publicly traded companies must pass a statute specific to the standards of operation of this body. To this end, article 3 of the Statutes of the General Meeting of ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ("**ACS**" or the "**Corporation**") provides that an approval in the form of a modification of the Statutes of Meeting must be submitted to the ACS General Shareholders' Meeting.

In this respect, and within the scope of the commitment of the Board of Directors of ACS to the best practices of corporate governance, at its meeting on February 27, 2019, the Board of Directors amended the Statutes of the Board for the purposes of adapting them to the new legislation and more recent recommendations, in the terms and conditions that will be explained in the next Ordinary General Shareholders' Meeting, and it also has revised the rules governing the General Meeting, thus deeming it to be appropriate to modify the respective articles 14 and 25, so as to coordinate the estimates concerning the rules on priority between representation and voting remotely.

In accordance with the foregoing, the Company's Board of Directors hereby formalizes this explanatory Report for the proposal to amend articles 14 and 25 of the Statutes of the ACS General Shareholders' Meeting.

**2- EXPLANATION OF MODIFICATIONS**

It is hereby proposed to amend articles 14 and 25 of the Statutes of the General Shareholders' Meeting of ACS in order to coordinate the rules governing priority between representation and voting remotely.

**Amendment of Article 14 (“Representation”):**

It is proposed to amend article 14 in order to clarify the rules on priority between representation and voting remotely, under the following terms:

- In all cases, attendance in person of the represented party at the Shareholders' General Meeting will prevail;

- As a general rule, the last action taken by the shareholder before the Meeting will be deemed valid, in the sense that the last delegation revokes all those prior to it; and
- In the event that the shareholder has cast the vote remotely and has also delegated the respective representation, the delegations made prior to the casting of the remote vote shall be deemed revoked and those conferred subsequently shall be considered to not have taken place.

#### **Amendment of article 25 ("Voting through remote means of communication"):**

It is proposed to delete the provision "*In the event of the shareholder granting representation validly subsequent to the date of the casting of the vote remotely*", in order to coordinate the rules of priority between representation and voting remotely of article 25 with the rules of article 14 of the Statutes.

### **3.- PROPOSED AMENDMENT**

By virtue of the foregoing, the wording of articles 14 and 25 of the Company's Statutes of the General Meeting will be as follows (the new text has been indicated in bold and underlined to facilitate the identification of the modifications and, for the same purpose, the text replaced has been maintained, although crossed out).

#### **“Article 14. Representation**

All shareholders entitled to attend may be represented at the General Meeting through another person, even if said person is not a shareholder.

Power of representation shall be granted in the terms and with the scope established by Law, in writing, and specially for every Meeting, unless the representative is the shareholder's spouse (or any other person in a similar position to that of spouse, pursuant to the applicable legislation), ascendant, descendant, or general proxy who has the power, by public deed, to manage the shareholders' entire property in Spain.

The documents including the power of representation for the General Shareholders' Meeting shall mention at least the following:

- The date when the General Shareholders' Meeting is to be held and the meeting agenda.
- The identities of the represented and the representing parties. If not specified, it will be understood that the representation has been granted without distinction to the Chairman of the Board of Directors or the Secretary of the Board of Directors, or any other member of

the Board of Directors who is deemed suitable for this purpose as a special circumstance, in each call.

- The number of shares owned by the shareholder granting the power of representation.
- The instructions regarding the vote given by the represented shareholders for each of the points in the agenda.
- The proxy may also include items that are not included on the agenda established in the notice of the general meeting but which are dealt with, in accordance with the law, in the general meeting.

Unless otherwise specified by the shareholder, the proxy shall extend to any matters which, even if not included in the agenda, and are thus ignored on the date when the power of representation was given, may be subject to vote in the Meeting, in which case the representative shall cast the vote that they deem most suitable for the interests of the Company and the represented party. This rule shall also apply to any proposals subjected to the Meeting's decision which were not presented by the Board of Directors, and, in the case of any power of representation granted by Law and under the statutes herein with no explicit voting instructions.

The representation may also be conferred through electronic means of communication, by duly guaranteeing the identity of the represented party and the representative, as determined by the Board of Directors, as the case may be, on the occasion of the convening of each Meeting. In order to be valid, the power of representation granted by any of the aforementioned means of communication without attending in person shall be received by the Company before twenty-four hours on the third day prior to the date scheduled for the first call to the Meeting. Upon agreeing to the convening of the respective meeting, the Board of Directors may reduce the required notice, providing the same notice as that given to announcing the call.

The Chair and the appointed individuals shall be regarded as entitled to establish the validity of the powers of representation granted and fulfillment of the requirements for attendance of the Meeting.

Attending the Meeting by more than one representative is not allowed, regardless of the provisions in article 27 of these Statutes.

Powers of representation may be revoked. **As a general rule, the last action taken by the shareholder before the Meeting will be deemed valid, in the sense that the last delegation revokes all those prior to it. In any case, personal attendance at the Board Meeting by the represented party shall constitute the revocation of the representation. In addition, delegations made prior to making the vote remotely shall be deemed revoked and those conferred subsequently shall not be recognized.** ~~Attendance of the Meeting by the represented party, either physically or by distance voting, entails the revocation of any power~~

~~of representation, regardless of its date.~~ Power of representation shall also be rendered null and void by any disposal of the shares of which the Company becomes aware.

If the document that contains the power of representation received by the Company does not include the representative's identity, the shareholder shall be regarded as having appointed the Chair of the Board of Directors, the respective Vice Chair by appointment order and the Secretary of the Board as his representative, in this order in case of absence of one or more of them, or if the power of representation contains no voting instructions, in the case of being affected by a conflict of interest. Likewise, should the power of representation received with no voting instructions have been granted to any of the aforementioned individuals and he or she was in conflict of interest, the power of representation shall be understood to have been granted to the corresponding remaining person, also following the order in which they have been listed. In any case, in the absence of voting instructions, the new representative shall vote as they deem most suitable for the interests of the Company and represented party.

In cases where the directors of the Company make a public request for representation, the rules contained in the Corporate Governance Code and the respective development regulations shall be applied."

#### **“Article 25. Voting through remote means of communication**

A vote on the proposals regarding the items included in the agenda of any type of General Meeting may be exercised by the shareholder through postal, electronic or any other means of remote communication, as long as it guarantees the identity of the party exercising its right to vote. In the notice of convening the General Meeting and on the Company's website, the means and procedures for the exercise of voting remotely will be established, in accordance with the rules that develop said system, including, if applicable, the forms to accredit attendance and voting through remote means.

Shareholders voting remotely shall be deemed present for the purpose of convening the meeting.

To cast the vote by postal correspondence, the shareholder must send to the Company, duly completed and signed, the attendance form, proxy and remote vote issued on the behalf of the respective shareholder by the corresponding entity, which will state the meaning of the vote, or to abstain from or cast a null vote.

The vote by electronic correspondence will be issued under a recognized electronic signature or any other type of guarantee that the Board of Directors deems appropriate to ensure the authenticity and identification of the shareholder exercising the right to vote.

The vote cast by any of the means previously mentioned, must be received by the Company before the 24 hours preceding the day immediately prior to the date scheduled for the General Shareholders' Meeting on the first or second call, as relevant.

Furthermore, the Board of Directors, in order to avoid possible duplication, may adopt the necessary measures to ensure that the person who has cast the vote remotely is duly authorized to do so in accordance with the provisions of the Bylaws and these Statutes.

The vote cast remotely referred to in this article will not be recognized:

- By later express revocation by the same means employed for its casting within the period stipulated for this purpose.
- By attendance of the meeting by the shareholder who cast the vote or if the shareholder disposes of their shares prior to the Meeting.
- ~~If the shareholder grants a valid power of representation after the date when the distance vote is cast.~~

Should votes cast remotely be received which, for any reason, do not clearly specify the vote or the specific items to which the vote pertains, the vote shall be presumed to pertain to the maximum number of items and to be a vote in favor.

The Board of Directors has the power to develop the appropriate rules, means and procedures to implement the voting by electronic means. The rules of development adopted by the Board in accordance with the provisions herein will be published on the Company's website."

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