

APPENDIX I

ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES

ISSUER'S PARTICULARS

FINANCIAL YEAR END

31/12/2014

COMPANY TAX ID NO. (C.I.F.):

A81939209

CORPORATE NAME

FERROVIAL, S.A.

REGISTERED OFFICE

PRÍNCIPE DE VERGARA, 135, 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
29/12/2014	146,477,834.80	732,389,174	732,389,174

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:

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

Name or corporate name of shareholder	Date of the transaction	Description of the transaction
SOUTHEASTERN ASSET MANAGEMENT INC	24/04/2014	Disposal of 3% of share capital
BLACKROCK INC.	17/12/2014	Disposal of 3% of share capital
MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.P.A.	30/09/2014	Addition of 3% of share capital
MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.P.A.	14/10/2014	Disposal of 3% of share capital
MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.P.A.	11/11/2014	Addition of 3% of share capital
MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.P.A.	13/11/2014	Disposal of 3% of share capital

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

Name or corporate name of director	Number of direct voting rights	Voting rights held indirectly	% of total voting rights
SANTIAGO FERNÁNDEZ VALBUENA	20,101	0	0.00%
SANTIAGO BERGARECHE BUSQUET	2,466,322	0	0.34%
JOAQUÍN AYUSO GARCÍA	128,360	3,647	0.02%
JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	170,952	0	0.02%
MARIA DEL PINO Y CALVO-SOTELO	22,036	0	0.00%
JAIME CARVAJAL URQUIJO	75,879	2,244	0.01%
JUAN ARENA DE LA MORA	72,050	0	0.01%
RAFAEL DEL PINO Y CALVO-SOTELO	211,605	4,632,708	0.66%
IÑIGO MEIRÁS AMUSCO	158,672	0	0.02%
PORTMAN BAELA, S.L.	301,129,144	0	41.12%
KARLOVY, S.L.	17,511	0	0.00%
HOWARD LEE LANCE	1,016	0	0.00%

Name or corporate name of indirect shareholder	Through: Name or corporate name of direct shareholder	Number of voting rights
JOAQUÍN AYUSO GARCÍA	MONTSERRAT DE PAUL CRESPO	3,647
JAIME CARVAJAL URQUIJO	ISABEL HOYOS MARTINEZ DE IRUJO	2,244
RAFAEL DEL PINO Y CALVO-SOTELO	RIJN CAPITAL BV	4,632,708

% of total voting rights held by the Board of Directors	42.20%
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Complete the following tables on company directors holding voting rights through company shares.

Name or corporate name of director	Number of direct voting rights	Voting rights held indirectly	Number of equivalent shares	% of total voting rights
JOAQUÍN AYUSO GARCÍA	609,600	0	609,600	0.08%
RAFAEL DEL PINO Y CALVO-SOTELO	1,179,600	0	1,179,600	0.16%
IÑIGO MEIRÁS AMUSCO	558,000	0	558,000	0.08%

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
PORTMAN BAELA, S.L.
KARLOVY, S.L.

Type of relationship Corporate

Brief description

As declared on the "Voting rights notification" form lodged with the CNMV and with the Company on 9 January 2015, the family group consisting of María, Rafael, Joaquín and Leopoldo del Pino y Calvo-Sotelo has control, according to the meaning in article 4 of the Securities Market Act, through Karlovy, S.L. ("Karlovy"), of a majority of the share capital of Portman Baela, S.L. ("Portman"). Similarly, Casa Grande de Cartagena, S.L.U. is controlled by certain members of this family group. At 31 December 2014, Portman and Karlovy had direct shareholdings of 41.116% and 0.002% in Ferrovial. The family group comprising the aforementioned persons had control at that date, through Karlovy and Portman, of 41.118% of the share capital of Ferrovial.

Continued in section H.

Related-party name or corporate name
KARLOVY, S.L.
PORTMAN BAELA, S.L.

Type of relationship Corporate

Brief description

See the section above regarding Portman Baela, S.L.

Related-party name or corporate name
CASA GRANDE DE CARTAGENA, S.L.U.
PORTMAN BAELA, S.L.

Type of relationship Corporate

Brief description

See the section above regarding Portman Baela, S.L.

Related-party name or corporate name
SHAREHOLDERS OF PORTMAN BAELA, S.L. AND KARLOVY, S.L.
PORTMAN BAELA, S.L.

Type of relationship Corporate

Brief description

See the section above regarding Portman Baela, S.L.

A.5 Indicate, as applicable, any commercial, contractual or corporate relationships between owners of significant holdings 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
RAFAEL DEL PINO Y CALVO-SOTELO
FERROVIAL, S.A.

Type of relationship Corporate

Brief description

Chairman and Chief Executive Officer of Ferrovial, S.A.

Related-party name or corporate name
MARIA DEL PINO Y CALVO-SOTELO
FERROVIAL, S.A.

Type of relationship Corporate

Brief description

Director of Ferrovial, S.A.

Related-party name or corporate name
PORTMAN BAELA, S.L.
FERROVIAL, S.A.

Type of relationship Corporate

Brief description

Director of Ferrovial, S.A.

Related-party name or corporate name
KARLOVY, S.L.
FERROVIAL, S.A.

Type of relationship Corporate

Brief description

Director of Ferrovial, S.A.

Related-party name or corporate name
LEOPOLDO DEL PINO Y CALVO-SOTELO
FERROVIAL, S.A.

Type of relationship Corporate

Brief description

Individual representing director Portman Baela, S.L.

Related-party name or corporate name
JOAQUÍN DEL PINO Y CALVO-SOTELO
FERROVIAL, S.A.

Type of relationship Corporate

Brief description

Individual representing director Portman Baela, S.L.

A.6. Indicate whether the company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Spanish Limited Liability Companies Law ("LSC"). Provide a brief description and list the shareholders bound by the agreement, as applicable.

Yes ☒

No ☐

Shareholders bound by agreement
KARLOVY, S.L.
SHAREHOLDERS OF KARLOVY, S.L.

% of share capital affected 44.61%

Brief description of agreement

On 28 December 2009, Karlovy, S.L. (the company that has control, within the meaning of article 4 of Securities' Market Act 24/1988, of 28 July, of Portman Baela, S.L. which in turn is the holder of 44.607% of Ferrovial, S.A.), disclosed to Ferrovial, S.A. the agreements entered into by Karlovy shareholders. Under these agreements, a pact was made limiting the transferability of shares in Karlovy, S.L. and imposing an obligation on Karlovy S.L. shareholders to offer their shares in Karlovy S.L. to Karlovy, S.L. and to the other shareholders thereof in the event of any shareholding or voting rights in any corporate shareholder being taken, whether directly or indirectly, by any individual or body corporate other than certain specified persons (as provided by the agreement) descending from or belonging to the family of Rafael del Pino y Moreno.

(Reported through a Significant Event to the CNMV on 29 December 2009 under registry no. 118302). (See section A.4).

Shareholders bound by agreement
PORTMAN BAELA, S.L.
SHAREHOLDERS OF PORTMAN BAELA, S.L.

% of share capital affected 44.61%

Brief description of agreement

On 28 December 2009, Portman Baela, S.L., which holds a 44.607% interest in Ferrovial, S.A., notified the Company of certain agreements entered into by shareholders of this company. Under these agreements, ownership of the share capital and voting rights of all shareholders of Portman Baela, S.L., which are corporate entities, and of their Parents will at all times directly or indirectly devolve to Rafael del Pino y Moreno and/or his direct descendants in a straight line. The representatives of these corporate shareholders hereby assume the obligation on behalf thereof that the ownership of the share capital and voting rights of each of them shall devolve to Rafael del Pino y Moreno and/or his direct descendants in a straight line. (Reported through a Significant Event to the CNMV on 29 December 2009 under registry no. 118302). (See section A.4).

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: 43.01%

Brief description of concerted action

See section A.4.

Shareholders involved in concerted action
KARLOVY, S.L.
PORTMAN BAELA, S.L.
CASA GRANDE DE CARTAGENA, S.L.U.
SHAREHOLDERS OF PORTMAN BAELA, S.L. AND KARLOVY, S.L.

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

No amendments to or termination of any of the agreements described above have been reported to the Company.

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 ☐

Name or corporate name
KARLOVY, S.L.

Remarks
Although the direct and indirect shareholding held by Karlovy, S.L. through Portman Baela, S.L. (41.118% at 31 December 2014) does not imply control pursuant to article 42 of the Commerce Code, to which article 4 of the Securities' Market Act refers, the present situation, described in section A.4 above, is a de facto continuation of the situation that existed in Grupo Ferrovial S.A. prior to its merger with Cintra Concesiones de Infraestructuras de Transporte, S.A. ("Cintra").

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
245,821	0	0.03%

(*) Through:

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

Date of notification	Total number of direct shares acquired	Total number of indirect shares acquired	% of total share capital
10/04/2014	802,527	1,300,000	0.29%
10/10/2014	7,396,146	30,806	1.00%
04/12/2014	7,490,755	0	1.00%

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.

The RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING OF 26 June 2014 covered the following:

To grant the Board of Directors the power to increase share capital, pursuant to Article 297.1.b) of the Spanish Limited Liability Companies Law and the following terms and conditions:

1. Delegation of the power to increase capital. The Board of Directors is hereby authorised to increase the share capital, once or several times, whenever it is so decided, and for a period of five years as from the time this resolution is adopted by the General Meeting, up to a maximum amount of €73,351,025.50, which corresponds to half the Company's share capital, by means of issuing new ordinary or privileged shares, or shares of any other type allowed by law, including redeemable shares, with or without premiums and with or without voting rights, paid by means of monetary contributions. The Board may establish the terms and conditions for capital increases and it is entitled to freely offer any new shares that were not subscribed within the period or periods for exercising the relevant pre-emptive subscription rights.

If the shares are not fully subscribed, the Board of Directors is authorised to stipulate that the share capital is only increased in the amount of the shares that were actually acquired and to amend the wording of the Article in the Company's By-laws that refers to the share capital.

2. Delegation of the power to exclude the pre-emptive subscription right. Pursuant to Article 506.2 and similar provisions of the Spanish Limited Liability Companies Law, the Board of Directors is authorised to totally or partially exclude the shareholders' pre-emptive subscription right when issuing the shares that are object herein, provided that it is in the Company's best interest to do so and all legal requirements are met. However, this power shall be limited to capital increases that are carried out pursuant to this authorisation and up to the maximum aggregate amount that is equivalent to 20% of the Company's current share capital.

If the Board of Directors decides to exclude the pre-emptive subscription right in a share issue that it decides to carry out pursuant to this authorisation, it shall, simultaneously to adopting the resolution, issue a detailed report with the specific reasons of corporate interest that justify its taking such measure, which shall be the subject matter of the correlative accounting audit mentioned under Article 308.2.a) of the Spanish Limited Liability Companies Law. Said reports shall be made available to the shareholders and notified to them in the first General Meeting held after the resolution to issue the shares is passed.

3. Admitting the shares to listing. The Board of Directors is authorised to apply for listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market), and on any foreign stock exchanges where the Company's other shares are traded. The Board of Directors is authorised to carry out any steps and actions necessary with the competent authorities of the relevant foreign and national security markets to get the shares listed. It is expressly stated that if there is a later petition to delist the shares, said petition shall be carried out following the same formalities established for getting them listed, insofar as said formalities are applicable. In such cases the interests of the shareholders or any debtors that may have opposed or voted against the resolution shall be guaranteed, pursuant to the laws in force. In addition, it is expressly declared that Ferrovial, S.A. submits itself to the laws that exist or which may be enacted in the future with regard to Stock Exchanges and, particularly, those related to the contracting, listing and delisting of stock in official trading.

4. Pursuant to Article 249.2 of the Spanish Limited Liability Companies Law, the Board of Directors is expressly authorised so that it may delegate the authorities it has been granted under this resolution to the Delegate Committee.

This delegation of authorities replaces that which was passed by the General Shareholders Meeting of 22 October 2009 under Item Five of the Agenda, which is no longer effective.

The RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING OF 22 MARCH 2013 covered the following:

Authorise the Board of Directors to acquire shares of the Company on the market, either directly or via dependent companies, in accordance with the applicable legislation in each case and subject to the following limits and requirements:

- Form of acquisition: acquisition via purchase or any other *inter vivos* act for valuable consideration.
- Maximum number of shares to be acquired: Shares of Ferrovial, S.A., in an amount such that the par value of the shares acquired, together with that of those already held by Ferrovial, S.A. and any of its dependent companies, does not exceed 10% of the capital stock of Ferrovial, S.A.
- Minimum and maximum acquisition price: the minimum acquisition price of shares shall be equivalent to 75% of the market price and the maximum acquisition price shall be 120% of the market price on that same date.
- Duration of the authorisation: five (5) years from the date of this resolution.
- Use of the authorisation: the Board of Directors shall use this authorisation under the terms established in the Company's Internal Code of Conduct in force at any given time.

Continued in Section H.

A.10. 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.11 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.12 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 SHAREHOLDERS' 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 in 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 Company Bylaws do not envisage anything different from that established under the law in general and, therefore, it must be followed. The following is a summary of the content of articles 194 and 201 of the Spanish Limited Liability Companies Law.

In order for the Ordinary or Extraordinary General Shareholders' Meeting to validly approve resolutions on an increase or reduction of capital and any other amendment to the Company Bylaws, an issue of bonds, the elimination or limitation of the pre-emptive right to acquire new shares, as well as the change of corporate form, merger, spin-off or en bloc transfer of assets and liabilities and the transfer of the registered office abroad, shareholders holding at least fifty per cent of the subscribed capital with voting right must be present at first call in person or by proxy. At second call, shareholders representing twenty-five percent of share capital shall be sufficient.

Corporate decisions shall be adopted by an absolute majority of the votes if shareholders holding over fifty per cent of the capital are present in person or by proxy. .

Adoption of resolutions on any bylaw-stipulated amendments shall require a two-thirds majority of the share capital present or represented at the meeting when at second call at least twenty-five but less than fifty per cent of the subscribed capital with voting rights is in attendance.

The Spanish Limited Liability Companies Law governs the safeguarding of shareholders' rights and establishes that amendments to the Bylaws which entail new obligations for shareholders must be adopted with the consent of those affected (article 291 of the Spanish Limited Liability Companies Law).

Likewise, in order for a bylaw-stipulated amendment which directly or indirectly affects the rights of a class of shares to be valid, it must be approved by the general shareholders' meeting pursuant to the requirements established in the Spanish Limited Liability Companies Law, as well as by the majority of the shares belonging to the class affected. When the amendment only affects a portion of the shares belonging to the same and, if appropriate, the only class and entails discriminatory treatment among them, the shares which are affected by the amendment and those which are not will be deemed, in accordance with article 293 of the Spanish Limited Liability Companies Law, to compose independent classes. Therefore, the adoption of a separate resolution will be necessary for each. It shall be deemed that any amendment entails discriminatory treatment when, at a substantial level, it has an impact, whether economic or political, that is clearly asymmetrical on the different shares or on the holders of those shares (article 293 of the Spanish Limited Liability Companies Law).

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

	Attendance data				
Date of general meeting	% attending in person	% by proxy	% remote voting		Total
			Electronic means	Other	
22/03/2013	1.17%	67.40%	0.00%	1.26%	69.83%
26/06/2014	42.13%	26.26%	0.00%	0.16%	68.55%

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	100
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B.6 Indicate whether decisions involving a fundamental corporate change ("subsidiarisation", acquisitions/disposals of key operating assets, operations that effectively entail the company's liquidation) must be submitted to the General Shareholders' Meeting for approval or ratification even when not expressly required under company law.

Yes ☒

No ☐

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 corporate governance content and other information on General Meetings which must be made available to shareholders on the Company's website can be accessed at www.ferrovial.com, under "IR and Shareholders", "Corporate Governance" ("<http://www.ferrovial.com/es/Accionistas-e-Inversores/Gobierno-Corporativo>").

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	15
Minimum number of directors	5

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

Name or corporate name of director	Representative	Position on the board	Date of first appointment	Date of last appointment	Election procedure
SANTIAGO FERNÁNDEZ VALBUENA		DIRECTOR	03/12/2009	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
SANTIAGO BERGARECHE BUSQUET		FIRST DEPUTY CHAIRMAN	03/12/2009	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
JOAQUÍN AYUSO GARCÍA		SECOND DEPUTY CHAIRMAN	04/03/2002	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS		DIRECTOR	27/10/2004	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
MARIA DEL PINO Y CALVO-SOTELO		DIRECTOR	03/12/2009	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
JAIME CARVAJAL URQUIJO		DIRECTOR	03/12/2009	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
JUAN ARENA DE LA MORA		DIRECTOR	03/12/2009	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
RAFAEL DEL PINO Y CALVO-SOTELO		CHAIRMAN-CEO	15/07/1998	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
IÑIGO MEIRÁS AMUSCO		CHIEF EXECUTIVE OFFICER	03/12/2009	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING

PORTMAN BAELA, S.L.	LEOPOLDO DEL PINO Y CALVO-SOTELO	DIRECTOR	15/12/2009	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
KARLOVY, S.L.	JOAQUÍN DEL PINO Y CALVO-SOTELO	DIRECTOR	25/03/2010	22/03/2013	RESOLUTION OF GENERAL SHAREHOLDERS' MEETING
HOWARD LEE LANCE		DIRECTOR	18/12/2014	18/12/2014	COOPTACION

Total number of directors	12
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Indicate any board members who left during this period.

Name or corporate name of director	Status of the director at the time	Leaving date
GABRIELE BURGIO	Independent	16/12/2014

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

EXECUTIVE DIRECTORS

Name or corporate name of director	Committee proposing appointment	Position held in the company
RAFAEL DEL PINO Y CALVO SOTELO	NOMINATION AND REMUNERATION COMMITTEE	Chairman and Chief Executive Officer
IÑIGO MEIRÁS AMUSCO	NOMINATION AND REMUNERATION COMMITTEE	Chief Executive Officer

Total number of executive directors	2
% of the board	16.67%

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Committee proposing appointment	Name or corporate name of significant shareholder represented or proposing appointment
MARÍA DEL PINO Y CALVO-SOTELO	NOMINATION AND REMUNERATION COMMITTEE	PORTMAN BAELA, S.L.
PORTMAN BAELA, S.L.	NOMINATION AND REMUNERATION COMMITTEE	PORTMAN BAELA, S.L.
KARLOVY, S.L.	NOMINATION AND REMUNERATION COMMITTEE	PORTMAN BAELA, S.L.

Total number of proprietary directors	3
% of the board	25.00%

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of director:

SANTIAGO FERNÁNDEZ VALBUENA

Profile:

Holder of a Degree in Economics from the Universidad Complutense de Madrid and a PhD and Master's Degree in Economics from Northeastern University, Boston.

A member of the Board of Directors of Ferrovial since 2008.

Director of Strategy at Telefónica, Chairman of Fonditel and, since 2012, member of the Board of Telefónica S.A.

He was Chairman of Telefónica Latinoamérica; Director-General of Strategy, Finance and Development of Telefónica; Chief Executive Officer of Société Générale Valores and Head of Equities at Beta Capital; Lecturer in Applied Economics in the Universidad Complutense and a lecturer at the Instituto de Empresa.

Name or corporate name of director:

SANTIAGO BERGARECHE BUSQUET

Profile:

Graduate in Economics and Law from Deusto University.

A member of the Board of Directors of Ferrovial since 1999. Joined Ferrovial in 1995 as Chairman of Agroman. Served as Chief Executive Officer of Ferrovial from February 1999 to January 2002.

Chairman of Dinamia Capital Privado and Director of Vocento, Maxam and the Deusto Business School.

Formerly Chairman of Cepsa, General Manager of Banco Bilbao Vizcaya Argentaria (BBVA) and Chairman of Metrovacesa.

Name or corporate name of director:

JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS

Profile:

Graduate in Industrial Engineering from Universidad Politécnica de Barcelona. A graduate from the Harvard Business School ISMP programme. Mr Sánchez-Junco is a member of the State Corps of Industrial Engineers.

A member of the Board of Directors of Ferrovial since 2009. Member of the Board of Cintra between 2004 and 2009.

Chairman and CEO of the MAXAM Group.

He is the former Director-General of Iron, Steel and Naval Industries and former Director-General for Industry at the Ministry for Industry and Energy.

Name or corporate name of director:

JAIME CARVAJAL URQUIJO

Profile:

Graduate in Law (Universidad Complutense de Madrid), holding a MA in Economics from Cambridge University.

A member of the Board of Directors of Ferrovial since 1999.

Special Partner of Advent Internacional, Chairman of ABB (Spain), member of the Board of Aviva (Spain) and Maxam.

Former Chairman of Ford España and Ericsson España, and former Board member of Telefónica, Repsol and Unión Fenosa.

Name or corporate name of director:

JUAN ARENA DE LA MORA

Profile:

PhD in Engineering (ICAI); Degree in Business Studies (ICADE); Degree in Psychology; Diploma in Tax Studies and AMP (Harvard Business School).

A member of the Board of Directors of Ferrovial since 2000.

Member of the Board of Directors of Laboratorios Almirall, Everis, Meliá Hotels International, PRISA and PANDA. Chairman of Fundación SERES, Chairman of the Advisory Boards of Consulnor and MARSH, member of the Advisory Board of Spencer Stuart, of the Professorial Council of ESADE and of the European Advisory Board of Harvard Business School. Board member of Deusto Business School and Senior Lecturer at Harvard Business School (2009-2010).

He is the former CEO and Chairman of Bankinter and a Board member of TPI and Dinamia.

Name or corporate name of director:

HOWARD LEE LANCE

Profile:

Graduate in Industrial Engineering from the University of Bradley. MA in Administration from the Krannert School of Management at Purdue University.

A member of the Board of Directors of Ferrovial since 2014.

Consultant to The Blackstone Group. President of Summit Materials, Inc. President of Emdeon, Inc.

He is the former President and CEO of Harris Corporation, Board member of Stryker, Inc. and Board member of Eastman Chemical Company.

Total number of independent directors	6
% of the board	50.00%

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.

SANTIAGO BERGARECHE BUSQUET Mr. Bergareche was Chairman of CEPSA for part of 2014. The company sold fuel to Ferrovial group companies in the amount of €4,295 thousand. Taking into account the type of operation and the business volume of the companies involved, the Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

SANTIAGO BERGARECHE BUSQUET Mr. Bergareche is a member of the Board of Directors of the MAXAM Group. This company supplied explosives to Ferrovial group companies in the amount of approximately €26 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JAIME CARVAJAL URQUIJO Mr. Carvajal is Chairman of Asea Brown Boveri, a company that provided equipment repair and maintenance services to Ferrovial group companies in the amount of €1,396 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JAIME CARVAJAL URQUIJO Mr. Carvajal is a member of the Board of Directors of Aviva. Companies of this group provided insurance services to Ferrovial group companies in the amount of €1,962 thousand. Taking into account the type of operation and the business volume of the companies involved, the Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JAIME CARVAJAL URQUIJO Mr. Carvajal is a member of the Board of Directors of the MAXAM Group. This company supplied explosives to Ferrovial group companies in the amount of approximately €26 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JUAN ARENA DE LA MORA Mr. Arena is a member of the Board of Directors of Laboratorios Almirall. The Ferrovial group provided this company with management and waste collection services in the amount of approximately €12 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JUAN ARENA DE LA MORA Mr. Arena is a member of the Board of Directors of Everis. Companies of this group provided communication services to Ferrovial group companies in the amount of €647 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JUAN ARENA DE LA MORA Mr. Arena is a member of the Board of Directors of Meliá Hotels International. Companies of this group provided hotel and catering services to Ferrovial group companies in the amount of approximately €3 thousand. Similarly, Ferrovial group companies provided maintenance and waste collection services to Meliá group companies in the amount of approximately €46 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JUAN ARENA DE LA MORA Mr. Arena is the Chairman of Fundación SERES. Ferrovial is a trustee of the Foundation, to which it donated €18 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JUAN ARENA DE LA MORA Mr. Arena is a member of the Board of Directors of PANDA. Companies of this group provided computer services in the amount of approximately €4 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

SANTIAGO FERNÁNDEZ VALBUENA Fernández Valbuena is the Director of Strategy and a member of the Board of Telefónica. Telefónica group companies provided telecommunication services in the amount of €23,963 thousand. Ferrovial group companies provided maintenance and waste collection services to Telefónica group companies for approximately €3,381 thousand as well as construction services for approximately €298 thousand. It has re-invoiced Telefónica group companies for a series of cancellation costs amounting to approximately €1,545 thousand. Taking into account the type of operation and the business volume of the companies involved, the Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS Mr. Sánchez-Junco is the Chairman and CEO of the MAXAM Group. This company supplied explosives to Ferrovial group companies for approximately €26 thousand. The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Board member.

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

OTHER EXTERNAL DIRECTORS

Name or corporate name of director	Committee notifying or proposing appointment
JOAQUÍN AYUSO GARCÍA	NOMINATION AND REMUNERATION COMMITTEE

Total number of other external directors	1
% of the board	8.33%

List the reasons why these cannot be considered proprietary or independent directors and detail their relationships with the company, its executives or shareholders.

Name or corporate name of director

JOAQUÍN AYUSO GARCÍA

Company, executive or shareholder with whom the relationship is maintained

FERROVIAL, S.A.

Reasons

Article 529 xii.4.a) of the Spanish Limited Liability Companies Law stipulates that persons that have been employees or executive directors of group companies may under no circumstances be appointed as an independent director unless three or five years, respectively, have elapsed since the particular relationship ended. Mr. Ayuso lost his status as Executive Director on 29 November 2012.

List any changes in the category of each director which 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			
	Year 2014	Year 2013	Year 2012	Year 2011	Year 2014	Year 2013	Year 2012	Year 2011
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	1	1	1	1	8.33%	8.33%	8.33%	8.33%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	1	1	1	1	8.33%	8.33%	8.33%	8.33%

- 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

The measures adopted to ensure an even balance between male and female directors are those indicated below.

- 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

In compliance with the provisions of article 22.3.a) of the Regulations of the Board of Directors, the Nomination and Remuneration Committee "...shall ensure that there is no implicit bias in the selection of candidates that might prevent the selection of Directors based on personal circumstances."

This Committee also decided that the processes for selecting new directors beginning after the last renewal of the Board in March 2013 would deliberately seek female candidates with the required professional profile.

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

Explanation of measures

The Board of Directors has one woman among its twelve members.

When recruiting a new Independent Director, the external consultancy firm was instructed specifically to select for the role candidates from the US (preferably female) who had the necessary skills, experience and ability. A woman was on the final shortlist but after careful consideration it was deemed that the proposed candidate was better fit for the conditions required.

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

The following directors form part of the controlling family group: Rafael del Pino y Calvo-Sotelo, María del Pino y Calvo-Sotelo, Portman Baela, S.L., represented by Leopoldo del Pino y Calvo-Sotelo, and Karlovy, S.L., represented by Joaquín del Pino y Calvo-Sotelo (See sections A.4 and A.6).

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed upon the request of shareholders who hold less than 5% 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.

Name of director:

GABRIELE BURGIO

Reasons for resignation:

Gabriele Burgio resigned as director on 16 December 2014. According to the letter he addressed to the Chairman, he resigned for professional reasons. This was recorded in the minutes of the meeting of the Board on 18 December 2014 and reported through the Significant Event filed with the CNMV on the same date (registry no. 215691).

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

Name or corporate name of director

RAFAEL DEL PINO Y CALVO-SOTELO

Brief description

All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.

Name or corporate name of director

IÑIGO MEIRÁS AMUSCO

Brief description

All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.

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
JOAQUÍN AYUSO GARCÍA	AUTOPISTA DEL SOL, S.A.	Chairman
IÑIGO MEIRÁS AMUSCO	FERROVIAL AGROMAN, S.A.	Chairman
IÑIGO MEIRÁS AMUSCO	FERROVIAL SERVICIOS, S.A.	Chairman
IÑIGO MEIRÁS AMUSCO	FERROVIAL AEROPUERTOS ESPAÑA, S.A.	Chairman
IÑIGO MEIRÁS AMUSCO	CINTRA INFRAESTRUCTURAS, S.A.U.	Chairman
IÑIGO MEIRÁS AMUSCO	FERROVIAL FISA, S.L.	Chairman
IÑIGO MEIRÁS AMUSCO	FERROVIAL INTERNACIONAL, S.L.U.	Chairman and CEO

C.1.12 List any company 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
SANTIAGO FERNÁNDEZ VALBUENA	TELEFÓNICA BRASIL, S.A.	DIRECTOR
SANTIAGO FERNÁNDEZ VALBUENA	TELEFÓNICA, S.A.	DIRECTOR
SANTIAGO BERGARECHE BUSQUET	VOCENTO, S.A.	DIRECTOR
SANTIAGO BERGARECHE BUSQUET	DINAMIA CAPITAL PRIVADO, S.A., S.C.R.	CHAIRMAN
JOAQUÍN AYUSO GARCÍA	NATIONAL EXPRESS GROUP, PLC	DIRECTOR
JOAQUÍN AYUSO GARCÍA	BANKIA, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	PRISA, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	ALMIRALL, S.A.	DIRECTOR
JUAN ARENA DE LA MORA	MELIÁ HOTELS INTERNATIONAL, S.A.	DIRECTOR
RAFAEL DEL PINO Y CALVO SOTELO	ZURICH INSURANCE GROUP	DIRECTOR
JOAQUÍN AYUSO GARCÍA	HISPANIA ACTIVOS INMOBILIARIOS	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 Indicate the company's general policies and strategies that are reserved for approval by the Board of Directors in plenary session.

	Yes	No
Investment and financing policy	X	
Design of the structure of the corporate group	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plans, management targets and annual budgets	X	
Remuneration and evaluation of senior officers	X	
Risk control and management, and the periodic monitoring of internal information and control systems	X	
Dividend policy, as well as the policies and limits applying to treasury stock	X	

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

Board remuneration (thousands of euros)	9,568
Amount of total remuneration corresponding to accumulated pension rights (thousands of euros)	0
Total board remuneration (thousands of euros)	9,568

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
ÁLVARO ECHÁNIZ URCELAY	MANAGING DIRECTOR, REAL ESTATE
JUAN FRANCISCO POLO MARTÍN	HEAD OF COMMUNICATION AND CORPORATE RESPONSIBILITY
JAIME AGUIRRE DE CÁRCER Y MORENO	MANAGING DIRECTOR, HUMAN RESOURCES
ALBERTO FERREIRO PRADO	HEAD OF INTERNAL AUDIT
FEDERICO FLÓREZ GUTIÉRREZ	MANAGING DIRECTOR, IT SYSTEMS AND INNOVATION
ERNESTO LÓPEZ MOZO	CHIEF FINANCIAL OFFICER
ENRIQUE DÍAZ-RATO REVUELTA	MANAGING DIRECTOR, TOLL ROADS
SANTIAGO ORTIZ VAAMONDE	GENERAL SECRETARY
JORGE GIL VILLÉN	MANAGING DIRECTOR, AIRPORTS
SANTIAGO OLIVARES BLÁZQUEZ	MANAGING DIRECTOR, SERVICES
ALEJANDRO DE LA JOYA RUÍZ DE VELASCO	MANAGING DIRECTOR, CONSTRUCTION
MARÍA TERESA PULIDO MENDOZA	HEAD OF CORPORATE STRATEGY

Total remuneration received by senior management (thousands of euros)	15,271
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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	Name or corporate name of significant shareholder	Position
MARIA DEL PINO Y CALVO-SOTELO	PORTMAN BAELA, S.L.	DEPUTY CHAIRMAN
MARIA DEL PINO Y CALVO-SOTELO	KARLOVY, S.L.	DEPUTY CHAIRMAN
RAFAEL DEL PINO Y CALVO-SOTELO	PORTMAN BAELA, S.L.	CHAIRMAN
RAFAEL DEL PINO Y CALVO-SOTELO	KARLOVY, S.L.	CHAIRMAN
RAFAEL DEL PINO Y CALVO-SOTELO	VISTASIERRA II S.L.U.	CHAIRMAN
RAFAEL DEL PINO Y CALVO-SOTELO	VISTASIERRA III S.L.U.	CHAIRMAN
MARIA DEL PINO Y CALVO-SOTELO	VISTASIERRA II S.L.U.	DEPUTY CHAIRMAN
MARIA DEL PINO Y CALVO-SOTELO	VISTASIERRA III S.L.U.	DEPUTY CHAIRMAN
MARIA DEL PINO Y CALVO-SOTELO	VISTASIERRA S.A.U.	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.

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

Yes ☒

No ☐

Description of amendments

Articles 22, 23, 35 and 46 of the Regulations of the Board of Directors were amended at the meeting of the Board on 28 July 2014.

Through the amendment of article 35, the Regulations of the Board of Directors were brought into line with the new wording of article 57.1 of the Bylaws, which was modified by the shareholders in General Meeting under item 8.2 of the agenda at the Ordinary General Meeting on 26 June 2014. Therefore, the link that existed between the remuneration of the directors and the company's results has been eliminated, as advised in Recommendation 33 of the Unified Good Governance Code and best practices for corporate governance.

The previous wording of article 46 of the Regulations of the Board conferred upon senior management the duties required of the directors under articles 37 to 43 therein (excluding art. 38.3 relating to the duty of non-competition for a period of two years after leaving the Board). The Regulations required senior management (art. 40.3), among other duties, to disclose any conflicts of interest in the notes to the financial statements. This requirement was removed to bring it into line with art. 229 of the Spanish Limited Liability Companies Law, which made this requirement compulsory only for directors.

Article 22 of the Regulations was amended because Recommendation 52 of the Unified Good Governance Code suggests "The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

a) Make proposals to the Board of Directors regarding:

(...)

ii) The individual remuneration and other contractual conditions of executive directors.

(...)"

As indicated in the 2013 Annual Corporate Governance Report in relation to the aforementioned Recommendation, the Nomination and Remuneration Committee in practice does not report to the Board, but rather it makes a proposal to the Board for remuneration of the Board of Directors and the conditions of their contracts. The intention was, therefore, to adapt the wording of the Regulations to what is occurring in practice, which moreover complies with the aforementioned Recommendation.

Article 23 of the Regulations established that the Board would ordinarily meet monthly. This provision was replaced by at least one meeting per quarter, a criterion contained in the reform bill of the Spanish Limited Liability Companies Law, in force today.

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.

Composition of the Board.

The Bylaws and Regulations of the Board of Directors require the Board to do its utmost to ensure that External or Non-Executive Directors form an ample majority of Board members. The Board shall also seek to ensure that the group of external directors forming a majority of Board members includes Proprietary and Independent Directors, with the latter making up a significant proportion of the group. Independent Directors should, in any event, represent at least one third of all board members.

Recruitment of Directors.

The Regulations of the Board of Directors include a procedure for nominating or recruiting candidates for their appointment as Directors. This procedure, when used to select new Directors, has normally been implemented with assistance from recruitment firms.

The responsibilities of the Nomination and Remuneration Committee include the drawing up of selection criteria on the basis of which candidates are to be chosen. Appointments and re-appointments of directors firstly require:

- a recommendation from the Nomination and Remuneration Committee in the case of an Independent Director (including the Lead Director).
- a prior report from the Nomination and Remuneration Committee for all other appointments to the Board.

Every effort is made to ensure that successful candidates are of proven reliability, competence and expertise, and special care is taken with appointments to posts of Independent Director, which must be in accordance with the relevant provisions of the Regulations.

Proprietary Directors are not permitted by the Regulations to maintain, directly or indirectly, and in a personal capacity, any stable significant commercial, economic, employment or professional relationships with Ferrovial other than the professional relationships that are inherent to the position of Chairman and Chief Executive Officer of the Company.

The Regulations of the Board of Directors do not specify any particular qualification or requirement for appointment as Chairman of the Board.

The Regulations require the Company to set up an induction programme for newly-appointed Directors to give them a sufficient overview of Ferrovial, including its rules on corporate governance.

Directors proposed for appointment, re-election or removal shall not intervene in the corresponding deliberations and voting. All votes shall be taken in secret.

Term of office.

Under the Bylaws and the Regulations of the Board of Directors, Directors shall hold office for a period of three years and may be reappointed.

Appointments to the posts of Chief Executive Officer and Secretary to the Board, and membership of Board Committees.

The Nomination and Remuneration Committee is required to:

- Submit a prior report on the appointment, resignation or removal of the Chief Executive Officer and Secretary to the Board.
- Propose Board members to sit on Board Committees.

Evaluation of the Board of Directors.

In accordance with article 25 of the Regulations of the Board, "once every two years, the Board evaluates:

- a) Its performance workings and the quality and efficiency of its work.
- b) The performance of the Chairperson and Chief Executive Officer of the Company, following consultation with the Nomination and Remuneration Committee.
- c) The performance of its committees on the basis of the reports issued by them.

The Chairperson of the Board of Directors will organize and coordinate this periodic evaluation of the Board with the Chairperson of the Nomination and Remuneration Committee."

Notwithstanding the foregoing, the Regulations of the Board of Directors are due to be amended in 2015 to be brought into line with Law 31/2014, of 3 December, reforming the Spanish Limited Liability Companies Law to improve corporate governance.

Removal of Directors.

Article 30.2 of the Regulations of the Board of Directors stipulates that: "The Board may not remove any Independent Director before expiration of his/her term except with just cause observed by the Board and following consultation with the Nomination and Remuneration Committee. In particular, just cause will be deemed to exist where the Director breaches any of the duties inherent to the office or incurs in any of the cases of incompatibility described in the definition of Independent Director in article 2, or if any of the circumstances described in paragraph 3 below arise.

The removal of Independent Directors may also be proposed if, as a result of a takeover bid, merger or other similar transaction, there is a change in the Company's capital structure that makes it advisable to review the criteria of proportionality established in the recommendations on corporate governance." Continued in section H.

C.1.20 Indicate whether the board has evaluated its performance during the year.

Yes ☐

No ☒

Explain, if applicable, to what extent this evaluation has prompted significant changes in its internal organisation and the procedures applicable to its activities.

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

Rules have been laid down for Director resignations. The Regulations of the Board of Directors provide a set of circumstances in which Directors are required to offer their resignations to the Company and, if considered appropriate by the Company, to formally resign. In addition to termination of a Director's appointment at the end of their term of office or when the General Meeting so decides, the Regulations provide the following grounds for termination:

- In the case of an Executive Director, where the Board of Directors considers it appropriate.

- In the case of Proprietary Directors, when the whole of the shareholding in the Company in respect of which they were appointed is transferred. Directors must also resign from office, in a suitable number, if such shareholding is reduced to a level that requires a reduction in the number of Proprietary Directors.
- When they are in any situation giving rise to a conflict of interest or otherwise prohibiting them from holding office, whether provided for by law or by Company Regulations.
- At the Board's request, following a breach of their obligations as a Director.
- Where the Director could, by continuing to serve as a member of the Board, place the interests of Ferrovial in jeopardy.
- On reaching the age of 70 years. The Chairman, the Deputy Chairman (when performing executive functions), the Chief Executive Officer and the Secretary to the Board are required to resign on reaching the age of 65 but may continue to serve as Board members and as Chairman and Deputy Chairman when they are no longer executive members.
- If there is a significant change in their employment situation or in the conditions relevant to their appointments as Directors.
- Where due to circumstances attributable to the Director, their continuing presence on the Board would, in the Board's opinion, cause serious harm to the assets or reputation of the Company. In particular, if a Director is tried or summoned to attend a court hearing on a charge under section 213 of the Spanish Limited Liability Companies Law, the Board will as soon as possible consider the circumstances of the case and whether or not the Director should remain in office, and report its conclusions in the Annual Corporate Governance Report.

With regard to Independent Directors, the Regulations of the Board of Directors state that the Board will not ask them to resign before the end of their term of office unless it considers there are reasonable grounds for doing so after a recommendation has been received from the Nomination and Remuneration Committee. Reasonable grounds are considered to exist, in particular, where an Independent Director has failed in his/her duty or has a conflict of interest, or in any of the circumstances described above.

An Independent Director may also be asked to resign if, as a result of a takeover bid, merger or other transaction of a similar nature, a change in the capital structure of the Company occurs such as to require an adjustment to the proportionality rules laid down in the recommendations on corporate governance.

C.1.22 Indicate whether the duties of chief executive officer fall upon the Chairman of the Board of Directors. If so, describe the measures taken to limit the risk of powers being concentrated in a single person.

Yes ☒

No ☐

Measures for limiting risk

A) Powers of the Board of Directors

The Board of Directors is responsible for performing the management, representational and supervisory tasks necessary to ensure that the Company's objects are achieved and to protect the general interests of the Company and create value for the benefit of all shareholders.

Furthermore, without prejudice to any delegated powers exercisable by it, the Board reserves for itself, directly or through Board Committees, knowledge covering certain matters on which is it required to reach decisions: These include the following

- Approval and oversight of strategies for the Company's development.
- Supervision of management activities and evaluation of executives.
- Setting up new companies and acquiring or selling existing shareholdings where such action would result in the taking or losing of a majority shareholding or a proportional shareholding of more than a certain size, or in the launching or discontinuing of one or more business lines.
- Any merger, spin-off or restructuring involving the Company or any company of which the Company is a shareholder.
- Transactions involving investments, disposals, financings or guarantees affecting significant Group assets whose value exceeds certain thresholds.

The notice of meeting for ordinary sessions of the Board will contain the agenda, which will include items requested by any of the Directors.

If, following a request for a Board meeting by the Directors, the Chairman fails to call the meeting within one month for no justified reason, directors comprising at least one-third of the members of the Board of Directors may call a meeting of the Board, indicating the agenda, to be held in the city where the Company has its registered office.

B) Chief Executive Officer

The Company has had a Chief Executive Officer since it was stock market listed.

c) Lead Director

The Board of Directors has appointed a Lead Director (See the following section).

Indicate, and if necessary, explain whether rules have been established that enable any of the independent directors to convene board meetings or include new items on the agenda, to coordinate and voice the concerns of external directors and oversee the evaluation by the Board of Directors.

Yes ☒

No ☐

Explanation of rules

Lead Director

Article 15 of the Regulations of the Board of Directors requires that where the Chairman is also the Company's first executive, one of the Independent Directors will take the role of coordinating the External Directors. In particular, he/she will act as a conduit for any issues or concerns raised by the External Directors and may ask for a Board meeting to be called and for items to be included on the agenda.

The Lead Director must be an Independent Director.

The Lead Director is appointed by the Board of Directors based on a proposal by the Nomination and Remuneration Committee. In its meeting on 22 May 2014, the Board, in accordance with art. 15 of the Regulations of the Board, voted unanimously to re-appoint José Fernando Sánchez-Junco as the Lead Director for another year beginning 30 June 2014. José Fernando Sánchez-Junco abstained from voting thereon.

Article 23.2 of the Regulations of the Board of Directors lays down that notice of ordinary meetings of the Board will contain the agenda, which will set out any items requested by any of the Directors.

In addition, if, following a request for a Board meeting by the Directors, the Chairman fails to call the meeting within one month for no justified reason, directors comprising at least one-third of the members of the Board of Directors may call a meeting of the Board, indicating the agenda, to be held in the city where the Company has its registered office.

The Regulations of the Board do not attribute to the Lead Director the duty of leading the Board's evaluation of the Chairman since the Company considered that it was the duty of the Board to lead it on the basis of a report from the Nomination and Remuneration Committee. All this is without prejudice to art. 529 vii.2 of the Spanish Limited Liability Companies Law as amended by Law 31/2014.

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.

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 the casting vote.

Yes ☒

No ☐

Matters where the Chairman has the casting vote
--

In a vote on any matter on which there is a tie, the Chairman's vote will be decisive.

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

Yes ☒

No ☐

Age limit for Chairman 65 years

Age limit for CEO 65 years

Age limit for directors 70 years

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 whether only one director of the same category may be appointed as a proxy. If so, give brief details.

Under article 47.3 of the Bylaws and article 24.3 of the Regulations of the Board of Directors, if a Director cannot attend in person, he/she will seek to appoint another member of the Board to act as his/her proxy; such appointment must be in writing, for a special purpose for each Board, and should include voting instructions where the form of the agenda so permits. There is no limit to the number of proxies that each Director may have and it is not a requirement that only a Director of the same category be appointed as a proxy. However, the Company plans to adapt its internal regulations to art. 529 quater2 of the Spanish Limited Liability Companies Law as amended by Law 31/2014.

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	10
Number of board meetings held without the Chairman's attendance	0

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

Committee	No. of meetings
EXECUTIVE COMMITTEE	10
AUDIT AND CONTROL COMMITTEE	5
AUDIT AND CONTROL COMMITTEE	5
NOMINATION AND REMUNERATION COMMITTEE	4

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.

Directors' attendance	5
% of attendances of the total votes cast during the year	95.83%

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

Yes ☒

No ☐

Identify, 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
ERNESTO LÓPEZ MOZO	CHIEF FINANCIAL OFFICER
RAFAEL DEL PINO Y CALVO-SOTELO	CHAIRMAN OF THE BOARD OF DIRECTORS
IÑIGO MEIRÁS AMUSCO	CHIEF EXECUTIVE OFFICER

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.

With regard to responsibility for preparing the financial statements, article 8.2.d) of the Regulations of the Board of Directors contains the following provisions:

- Every effort will be made to ensure that there are no qualifications in the Auditor's Report.
- However, when a qualification is made and the Board considers that it should maintain its position, the Chairman of the Audit and Control Committee and, if required, the external auditor, will publicly explain the nature and extent of the disagreement.

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

Yes ☐

No ☒

C.1.34 Explain the procedures for appointing and removing the Secretary of the board, indicating whether their appointment and removal have been notified by the Nomination Committee and approved by the board in plenary session.

Appointment and removal procedure		
To be appointed Secretary to the Board of Directors it is not necessary to be a Director. Appointments and removals are proposed by the Chairman and approved by the Board on the basis of a report from the Nomination and Remuneration Committee.		
	Yes	No-
Does the Nomination Committee propose appointments?	X	
Does the Nomination Committee advise on dismissals?	X	
Do appointments have to be approved by the board in plenary session?	X	
Do dismissals have to be approved by the board in plenary session?	X	

Is the Secretary of the board entrusted in particular with the function of overseeing corporate governance recommendations?

Yes ☒

No ☐

Remarks
Article 16.5 of the Regulations of the Board of Directors states that "the Secretary will also be in charge of verifying the Company's compliance with the corporate governance regulations and of interpreting them, in accordance with this Regulation. He/she will also take account of the corporate governance recommendations which the Company must adopt and will analyze those arising at any time in order to include them in the Company's internal rules."

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.

Independence of external auditors.

One area of responsibility of the Audit and Control Committee is to advise on the appointment of the external auditor, the terms of the engagement, the scope of the work and on whether or not the appointment should be renewed.

The Committee cannot under any circumstances recommend that the Board employ any auditing firm whose total fees for all services are expected to exceed 5% of the firm's total revenue for the last year.

The Committee must receive, on an annual basis, written confirmation from the auditor of its independence with respect to the Company or entities directly or indirectly connected to the Company, as well as information on any type of additional services provided to these entities by this auditor, or by persons or entities related to the latter pursuant to the provisions of the Audit Act. The Committee issues annually, prior to the issuing of the external auditor's report, a report expressing an opinion on the independence of the external auditor. This report must express an opinion on the provision of the aforementioned additional services.

Under the Company's internal procedures, the Finance Department is responsible for advising on the engagement of external auditors for due diligence reviews when a new company is to be acquired or for other special tasks requiring the intervention of external auditors.

The Company has an internal procedure in place under which the engagement of any professional consultancy or advisory services from auditing firms or other organisations related thereto or that belong to the same network, regardless of whether or not any of these firms have at the time been engaged to review the consolidated or individual financial statements of Ferrovial S.A. or any company in its group, must have first been authorised either by the Audit and Control Committee or by the Finance Department, depending on whether or not the cost of the services exceeds a certain amount. Furthermore, the Audit and Control Committee periodically receives a summary of all employment commitments actually made and an estimate of the costs to be incurred in the rest of the year.

Independence of analysts and rating agencies.

The Nomination and Remuneration Committee is responsible for taking measures to ensure that Ferrovial does not employ any staff or senior managers who have carried out research on the Company or the Company's subsidiaries whose shares are listed on any stock exchange, or that have worked for a rating agency within a period of two years after they have left the rating agency. The Nomination and Remuneration Committee decided that the Human Resources Department was the department best equipped to take the measures necessary to prevent the employment of such persons. As a result, in 2008 the Human Resources Department approved an internal procedure for this purpose.

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 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 all fees invoiced to the company and/or its group.

Yes ☒

No ☐

	Company	Group	Total
Amount of non-audit work (in thousands euros)	33	768	801
Amount of non-audit work as a % of the total amount billed by the audit firm	43.00%	17.80%	18.20%

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	5	5
Number of years audited by current audit firm/Number of years the company's financial statements have been audited (%)	38.00%	38.00%

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

Yes ☒

No ☐

Procedures

Under the Regulations of the Board of Directors, Directors are at liberty to approach any member of Senior Management for information and should inform the Company Chairman when doing so. They are also free to ask the Chairman, the Deputy Chairman, the Chief Executive Officer and the Secretary to the Board for any other or further information they may reasonably require.

To help External Directors in performing their duties, the Regulations of the Board of Directors also provide that they may request that legal, accounting, financial or other expert advisors be engaged at the Company's expense to provide assistance on particular issues where these are of a certain importance or complexity. Any such request should be made to the Chairman of the Company and may only be rejected by the Board in certain limited cases.

Finally, there is a special provision in the Regulations under which the Audit and Control Committee may, subject to certain requirements, seek expert assistance in performing its duties.

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

Yes ☒

No ☐

Procedures

Once a year the Board of Directors draws up a schedule of dates and topics for meetings scheduled to take place during the following year.

Meetings of the Board of Directors are convened by written notice, including e-mail, sent personally to each Director accompanied by the documents they will need to familiarise themselves with the business on the agenda. Save in exceptional circumstances, such notice and documents must be delivered or made available, respectively, not less than 48 hours in advance of the date of the meeting. The agenda includes any items requested by any of the Directors.

In addition, Directors are permitted by the Regulations of the Board of Directors to request information directly from Senior Management, and should inform the Company Chairman when doing so. They may also ask the Chairman, Deputy Chairman, the Chief Executive Officer and the Secretary to the Board for any additional information they may reasonably require.

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 company's name or reputation, tendering their resignation as the case may be.

Yes ☒

No ☐

Details of rules

Under the Regulations of the Board of Directors, Directors are required to tender their resignation to the Company in certain circumstances, including the following:

If there is a significant change in their employment situation or in the conditions relevant to their appointments as Directors.

Where the Director could, by continuing to serve as a member of the Board, place the interests of the Company in jeopardy.

Where due to circumstances attributable to the Director, their continuing presence on the Board would, in the Board's opinion, cause serious harm to the assets or reputation of the Company. In particular, if a Director is tried or summoned to attend a court hearing on a charge under section 213 of the Spanish Limited Liability Companies Law, the Board will as soon as possible consider the circumstances of the case and whether or not the Director should remain in office, and report its conclusions in the Annual Corporate Governance Report.

The Regulations of the Board of Directors also require Directors, as part of their duty of disclosure, to inform the Company of any criminal or other proceedings taken against them which are of a sufficiently serious nature to risk causing grave harm to Ferrovial's reputation.

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 Spanish Limited Liability Companies Law.

Yes ☐

No ☒

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.

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.

Ferrovial has executed a Multicurrency Revolving Facility Agreement with certain financial institutions since April 2014. It stipulates early repayment in the event of a change in control at Ferrovial, authorising each of these institutions during the 90 days thereafter to withdraw the financing given on an individual basis. A change in control is defined as the combination of the following: (i) a person or a group of people acting in concert gains ownership of 50% or more of the shares or voting rights in Ferrovial or appoints over half of the members of the Board and (ii) Ferrovial's rating is adversely affected in the 90 days following the change in control becoming known or actually happening.

In January and May 2013, Ferrovial Emisiones, S.A., a wholly-owned subsidiary of Ferrovial, S.A., completed two note issues maturing in 2018 and 2021, respectively, admitted to trading on the London Stock Exchange, guaranteed by Ferrovial, S.A.s. In July 2014, Ferrovial Emisiones, S.A. issued notes admitted to trading on the AIAF market and maturing in 2024, and which were also guaranteed by Ferrovial, S.A. Section 7(c) of the Terms and Conditions contained in the three prospectuses includes as grounds for total or partial early redemption, at the noteholders' choice, the occurrence of a change in control of Ferrovial, S.A. under the terms established in the aforementioned section, i.e., in the event that a person or persons unrelated to the current majority shareholder acquires control of more than 50% of the voting rights in the General Shareholders' Meeting or the right to appoint the majority of the members of the Board of Directors which, furthermore, gives rise to the loss of or a drop in Ferrovial, S.A.'s rating.

The Company and its group are party to less onerous contracts, mainly financial in nature, that require authorisations or set conditions for a change of control or corporate transactions such as a merger or spin-off.

There are contracts with suppliers of IT and telecommunication services that include a change of control in Ferrovial, S.A. among the grounds for early termination.

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: 1

Type of beneficiary:

Senior management

Description of the resolution:

Maximum of two annual payments in the case of unfair dismissal

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
Is the General Shareholders' 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 proprietary and independent directors.

EXECUTIVE COMMITTEE

Name	Position	Type
RAFAEL DEL PINO Y CALVO-SOTELO	CHAIRMAN	Executive
SANTIAGO BERGARECHE BUSQUET	COMMITTEE MEMBER	Independent
JOAQUÍN AYUSO GARCÍA	COMMITTEE MEMBER	Other external
IÑIGO MEIRÁS AMUSCO	COMMITTEE MEMBER	Executive
JAIME CARVAJAL URQUIJO	COMMITTEE MEMBER	Independent
MARIA DEL PINO Y CALVO-SOTELO	COMMITTEE MEMBER	Proprietary
JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	COMMITTEE MEMBER	Independent

% of executive directors	29.00%
% of proprietary directors	14.00%
% of independent directors	43.00%
% of other external directors	14.00%

AUDIT AND CONTROL COMMITTEE

Name	Position	Type
SANTIAGO FERNÁNDEZ VALBUENA	COMMITTEE MEMBER	Independent
JUAN ARENA DE LA MORA	CHAIRMAN	Independent
PORTMAN BAELA, S.L.	COMMITTEE MEMBER	Proprietary
JOAQUÍN AYUSO GARCÍA	COMMITTEE MEMBER	Other external

% of executive directors	0.00%
% of proprietary directors	25.00%
% of independent directors	50.00%
% of other external directors	25.00%

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Type
SANTIAGO BERGARECHE BUSQUET	COMMITTEE MEMBER	Independent
JAIME CARVAJAL URQUIJO	CHAIRMAN	Independent
JUAN ARENA DE LA MORA	COMMITTEE MEMBER	Independent
JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	COMMITTEE MEMBER	Independent

% of executive directors	0.00%
% of proprietary directors	0.00%
% of independent directors	100.00%
% of other external directors	0.00%

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							
	2014		2013		2012		2011	
	Number	%	Number	%	Number	%	Number	%
EXECUTIVE COMMITTEE	1	14.29%	1	14.29%	1	14.29%	1	14.29%
AUDIT AND CONTROL COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%
NOMINATION AND REMUNERATION COMMITTEE	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3. Indicate whether the Audit Committee is responsible for the following:

	Yes	No
Monitoring the preparation and integrity of 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.	X	
Reviewing internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.	X	
Monitoring the independence and efficacy of the internal audit function; proposing the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verifying that senior leadership is acting on the findings and recommendations of its reports.	X	
Establishing and supervising a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.	X	
Making recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms of their engagement.	X	
Receiving regular information from the external auditor on the progress and findings of the audit programme, and checking that senior leadership is acting on its recommendations.	X	
Monitoring the independence of the external auditor.	X	

C.2.4 Describe the organisational and operational rules and the responsibilities attributed to each of the Board committees.

The Committees set up to advise the Board of Directors are the Audit and Control Committee and the Nomination and Remuneration Committee which were created in Grupo Ferrovial, S.A. (now Ferrovial, S.A.) in 1999. Both Committees are composed entirely of External Directors as required by the Regulations of the Board of Directors, and their duties are concerned with reporting, advising and making recommendations within their respective areas of responsibility. The powers of Committees to make recommendations cannot prevent the Board from making decisions within these areas on its own initiative. The Regulations of the Board of Directors prohibit the taking of any decision against a Committee's recommendation, except by a resolution of the Board of Directors. The Regulations require that the Chairmen of both Committees be Independent Directors. Both Committees have the same minimum and maximum number of members, which are fixed by the Regulations at between four and six. The minutes of Advisory Committee meetings are circulated to all Directors. A report on the Committee's deliberations is also given at the first Board meeting to be held after each Committee meeting.

FUNCTIONS OF THE AUDIT AND CONTROL COMMITTEE

The functions of the Audit and Control Committee are those provided in the new article 529 quaterdecies of the Spanish Limited Liability Companies Law. In accordance with article 52 of the Bylaws, the Audit and Control Committee is entrusted with the following tasks:

- a) Informing the Shareholders' Meeting about the matters raised by shareholders, within the scope of its functions.
- b) Monitoring the effectiveness of the company's internal control, internal audit and risk management systems, and discussing with the company's auditors any significant weaknesses detected in the internal control system during the audit.
- c) Supervising the process of drawing up and presenting the regulated financial information.
- d) Making proposals to the Board of Directors, for submission to the Shareholders' Meeting, regarding the appointment of the auditors as referred to in the legislation that is applicable to the company.
- e) Liaising with the auditors in order to receive information about matters that might jeopardise their independence, for examination by the Committee, and any other matters related to the audit process as well as other matters envisaged in the audit standards. In any event, each year it must receive from the auditors written confirmation of their independence with respect to the company and entities directly or indirectly related to the company, as well as information on any additional services of any type provided to those entities by the auditors or by persons or entities related to the auditors, as provided for in the Audit Act (Act 19/1988, of 12 July).
- f) Issuing a statement on the independence of the auditors each year prior to the issuance of the auditors' report. In any event, that statement must address the provision of additional services referred to in the preceding section."

At the next General Meeting, the shareholders are expected to approve an amendment to the Bylaws and, specifically, an amendment to the aforementioned functions to bring them into line with Law 31/2014, of 3 December, reforming the Spanish Limited Liability Companies Law to improve corporate governance.

FUNCTIONS OF THE NOMINATION AND REMUNERATION COMMITTEE

The functions of the Nomination and Remuneration Committee are those provided in the new article 529 quindecies of the Spanish Limited Liability Companies Law. In accordance with article 53 of the Bylaws, the most important functions of the Nomination and Remuneration Committee are: Proposing appointments of Independent Directors and reporting on proposed appointments of other Directors. Submitting reports on appointments to the posts of Chief Executive Officer and Secretary to the Board. Making recommendations for appointments of Committee members. Making a recommendation for the appointment of a Lead Director. Proposing a system of annual remuneration for Directors and the amount of that remuneration, reporting on the annual remuneration paid to Executive Directors and other terms of their contracts. Reporting on the appointment or removal of senior managers directly answerable to the Chief Executive Officer. Reporting on the contracts of and compensation payable to senior managers. Reviewing the process for ensuring an orderly succession to the Chairman and the Chief Executive Officer.

At the next General Meeting, the shareholders are expected to approve an amendment to the Bylaws and, specifically, an amendment to the aforementioned functions to bring them into line with Law 31/2014, of 3 December.

EXECUTIVE OR DELEGATE COMMITTEE

The Executive Committee is responsible for recommending and overseeing Ferrovial's financial, business and investment strategy.

All powers of the Board of Directors have been delegated to the Executive Committee except for those which under the law or the Bylaws cannot be so delegated. However, article 18.1 of the Regulations of the Board of Directors requires that every effort be made to ensure that all decisions and functions of the types listed therein are taken by the Executive Committee in urgent cases only and that they are then confirmed by the Board.

Minutes are taken of all meetings of the Executive Committee and are circulated to all members of the Board, together with the documentation made available to the Executive Committee, to familiarise them with the agenda that was discussed and the decisions reached on each item.

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.

The regulations of the Executive Committee, the Audit and Control Committee and the Nomination and Remuneration Committee are included in the Bylaws (articles 49 et seq.) and in the Regulations of the Board of Directors (articles 18 et seq.). However, the Company plans to adapt its internal regulations to the new articles 529 quaterdecies and 529 quindecies of the Spanish Limited Liability Companies Law.

A record of the Bylaws and the Board regulations can be found at the Mercantile Registry. Alternatively, they can be found at www.ferrovial.com. The Regulations of the Board of Directors are also available on the CNMV website (www.cnmv.es).

In 2014, article 22 of the Regulations was amended to bring it into line with Recommendation 52 of the Unified Good Governance Code which suggests "The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a) Make proposals to the Board of Directors regarding: (...)
- ii) The individual remuneration and other contractual conditions of executive directors."

Each year the Audit and Control Committee prepares a report on its activities which is included as part of the Company's Management Report. Its Chairman also reports to the General Meeting on the Committee's activities.

C.2.6 Indicate whether the composition of the Executive Committee reflects the participation within the Board of the different types of directors.

Yes ☒

No ☐

D RELATED-PARTY AND INTRAGROUP TRANSACTIONS

D.1 Identify the competent body and explain, if applicable, the procedures for approving related-party or intragroup transactions.

Competent body

See Section H.

Procedures

In order to carry out professional or commercial transactions with Ferrovial, approval for the transactions is required from the Board, subject to a report from the Audit and Control Committee. However, Board authorisation is not necessary for those transactions that simultaneously meet the following three conditions:

1. They are governed by standard form contracts applied on an across-the-board basis to a large number of clients;
2. They are carried out at prices or rates established on a general basis by the party acting as the supplier of the good or service in question;
3. Their amount does not exceed more than 1% of the company's annual revenue.

The Director requesting authorisation must vacate the meeting room while the Board deliberates and votes on said authorisation and may not exercise or delegate his or her voting rights.

In the case of ordinary transactions involving Ferrovial, the general approval of the Board of Directors will suffice.

Explain if the authority to approve related-party transactions has been delegated to another body or person.

NO

- 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.
- 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.
- 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 trading activities.

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

Corporate name of the group company:

Cadagua, S.A.

Amount (in thousands of euros): 536

Brief description of the transaction:

Working capital contribution to its subsidiary in the Sultanate of Oman in relation to an agreement, together with other partners, for the construction, operation and proprietorship of the Al Ghubrah desalination plant for a period of 20 years.

Corporate name of the group company:

Ferrovial Agroman Limited UK

Amount (in thousands of euros): 1,623

Brief description of the transaction:

Personnel expenses and other costs at its subsidiary in the Sultanate of Oman for carrying out its activity.

Corporate name of the group company:

Ferrovial Agroman, S.A.

Amount (in thousands of euros): 325

Brief description of the transaction:

Personnel expenses and other costs at its subsidiary in Singapore for carrying out its activity.

Corporate name of the group company:

Amey Plc.

Amount (in thousands of euros): 402

Brief description of the transaction:

Loan granted to its subsidiary Amey Insurance PCC Company Limited (Guernsey).

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

0 (in 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.

Directors are required by the Regulations of the Board of Directors to make every effort to avoid conflicts of interest and are under obligation to inform the Board through its Chairman or Secretary of any conflict that arises.

Under no circumstances will Directors be present at or take part in any discussions on matters in which they have a personal interest. This obligation also applies to controlling shareholders, members of Senior Management and any persons who are related to any of them.

Any direct and indirect conflicts of interest involving a Director must be disclosed in the notes to the financial statements.

In particular, the Regulations require that a Proprietary Director disclose to the Company any circumstances that could involve a conflict of interest between the shareholders nominating the Proprietary Director and Ferrovial. In these circumstances, all parties concerned are likewise required to abstain from taking any part in the decision process.

In accordance with the Regulations of the Board of Directors, all professional or commercial transactions involving Ferrovial, S.A. or its subsidiaries and the persons referred to below require the authorisation of the Board of Directors, subject to a report from the Audit and Control Committee. In the case of ordinary transactions involving Ferrovial, the general approval of the Board of Directors will suffice. This authorisation is not necessary, however, for transactions that simultaneously meet the following three conditions:

- 1.- They are governed by standard form contracts applied on an across-the-board basis to a large number of clients;
- 2.- They are carried out at prices or rates established on a general basis by the party acting as the supplier of the good or service in question.
- 3.- Their amount does not exceed more than 1% of the company's annual revenue.

The following persons are subject to these rules:

- Directors of Ferrovial S.A. The person requesting authorisation must vacate the meeting room while the Board deliberates and votes on said authorisation and may not exercise or delegate his or her voting rights.
- Controlling shareholders.
- Natural persons representing directors that are legal persons.
- Members of Senior Management.
- Other managers designated individually by the Board of Directors.
- Persons related to the above listed persons, as defined in the Regulations of the Board of Directors.

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.

Business dealings between the parent and listed subsidiary, 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. Describe the risk management system in place at the company.

The Board of Directors is responsible for approving the risk management and control policy and for monitoring the reporting and control systems. The Audit and Control Committee is responsible for analysing and assessing the main risks to the business and the risk detection, management and control systems. The Board has determined that risk policy at Ferrovial can be concisely expressed by the following principles:

- Awareness and proportionality of the risk assumed.
- Protection of people's health and integrity.
- Observance of the Code of Ethics.
- Definition and delegation of responsibilities.
- Distribution of information.
- Assessment of risk.
- Global risk management.
- Integration and coordination with other systems.

Based on these principles, Ferrovial has implemented a comprehensive risk management system called Ferrovial Risk Management (FRM). This system allows the risk factors which threaten the achievement of the business objectives to be assessed in a consistent manner throughout the entire Group, based on their possible impact and the probability of their occurrence.

The system is applied to all the Group's lines of business, regardless of their geographical location, including subsidiaries in which Ferrovial has management capacity, and all of the Company's support areas.

The analysis diagram is based on a catalogue of common risk events called Ferrovial Risk Universe, to be used by the different business lines. It divides risks into four main areas: strategic risk, operating risk, regulatory risk and financial risk. Financial risk includes tax risk which allows managers to identify and prioritise the most significant risk to its achieving its business objectives.

Lastly, values are assigned to the probability and recurrence of risk, thus yielding a quantification on a common scale of all relevant risk.

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

The Corporate Risk Unit is responsible for coordinating the application and operation of the FRM.

Our risk management policy requires all business divisions and subsidiaries in which Ferrovial has management capacity to identify and assess the risks to which they are exposed in the pursuit of their business objectives, for the purpose of identifying sufficiently in advance the appropriate mitigating measures which reduce/eliminate the probability of the risk occurring and/or its potential impact on the objectives in the event it were to materialise.

E.3. Indicate the main risks which may prevent the company from achieving its targets.

Ferrovial is exposed to a variety of risks inherent to its business activities and the countries in which they are carried out.

In addition, the different degree of social and economic uncertainty which exists in the markets in which Ferrovial carries out its activity may lead to the appearance of risk factors, currently unknown or not considered relevant, which could eventually affect the Company's business, results and/or financial situation.

Below is a brief description of the main risks faced by Ferrovial in meeting its business objectives. More information on risk and risk management is available in the Annual Report.

Increased competition

The progressive toughening of competition in the markets targeted by Ferrovial may complicate its access thereto and, thus, complicate the Company's objectives for expansion and growth.

Political factors

Certain assets managed by Ferrovial may be adversely affected by unforeseen changes in the political or social situation of countries, regions or areas where they are located.

Economic stagnation and fiscal consolidation

Increasingly weak macroeconomic aggregates in countries where Ferrovial has a presence combined with tensions in the financial markets may lead to significant changes in fiscal legislation.

Reduced demand

Countries need to mitigate their public deficit, which may have a negative effect on the capacity for investment in public and private infrastructure.

Economic recovery among the population is sluggish, which could slow down the recovery in demand for Ferrovial's services in the markets most severely affected by the crisis.

Changes to regulations and/or legislation

Certain of the assets managed by Ferrovial are bound by specific regulations (mainly those in the toll road and airport businesses), which were taken into account in their business plans. However, unexpected changes to regulations or legislation may occur, which could affect the fulfilment of these business plans.

Cyber attacks

Criminal acts of an online nature which may have an effect on management and/or construction or bring activities to a complete or partial stop whether they directly target the company or not.

Conflicting employment matters

Certain lines of business at Ferrovial, namely Construction and Services, are labour intensive. On top of this, it has a presence in a number of countries and, therefore, is bound by more than one set of employment laws.

Service quality

Risk of not meeting the levels of quality and/or the deadlines for delivering products and services supplied by the Company to third parties.

Catastrophic events

The complexity of certain activities carried out by Ferrovial increases exposure to the risk of an unforeseen event injuring people or damaging items that is located at or caused by assets owned and/or managed by the company. Unforeseen events include natural disasters (earthquakes, extreme weather conditions, etc.) and terrorist or criminal activity.

Environmental damage

Company actions that can have a significant impact on the environment and on the environment in which the activities are carried on.

Financial risk and credit risk

Financial risk and credit risk is managed centrally by the Finance Department. It includes exposure to currency, interest rates, inflation and commodities and it guarantees sustained capital contributions and the economic flows arising therefrom. A pro-active global risk management policy has been established and hedging mechanisms have been arranged where necessary.

The delayed recovery to the financial system's solvency may increase financial counterparty risk and lead to tougher project financing conditions.

Fraud and corruption

The wide range of projects and locations combined with the high number of clients (public and private), suppliers and stakeholders exposes Ferrovial to the risk of fraud and corruption.

Meeting legal requirements

Ferrovial's business activities are subject to varied legislation, some requirements of which are stricter than others depending on the countries in which the activity is located. There is a risk that, despite the controls in place to prevent any breach of the applicable legislation (civil, labour, criminal, etc.), Ferrovial may be affected by a breach that affects the Company's profitability and reputation.

Failure to meet third-party obligations

Exposure of Ferrovial to the risk of failing to meet any one of its obligations to its customers, suppliers, financial institutions or employees, which may result in claims or court proceedings in one of the countries in which it operates.

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

Taking into account the Group's strategic objectives and the strategic lines for its achievement thereof, Management approves the acceptable level of risk for each group of risks, business type and geographic location, as well as the permitted deviation levels. The acceptable levels of risk are periodically updated in accordance with any changes in the corporate strategy and the risk profile of the businesses.

The management team, through FRM (Ferrovial Risk Management), periodically identifies the risks which threaten the Company's ability to meet its business objectives and assesses them based on their potential impact and the probability that they will occur. The combination of the impact and probability that they will occur determines the risk's level of seriousness.

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

Risks which have occurred:

- Amendments to fiscal legislation applicable to companies in Spain.
- Chapter 11 insolvency proceedings for the Indiana Toll Road concession (US). Ferrovial has a 50% stake in this concession.
- Increased competition in the infrastructure management sector in international markets.

Circumstances responsible for the occurrences:

- The need to reduce the public deficit has led the government to change the applicable tax regime for companies.
- The financial structure of the Indiana Toll Road (US) concession prevented the company from meeting its financial obligations in the established timescale.
- The increase in the number of competitors in the international infrastructure market has made competition even tougher.

Operation of control systems:

The Company's risk detection and risk assessment systems have allowed the risks which threaten the business objectives to be identified and assessed sufficiently in advance to implement the appropriate corrective measures and mitigate the related negative effect.

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

1. Risk Management System (FRM)

FRM (Ferrovial Risk Management) is the system for comprehensive risk management implemented in all Ferrovial lines of business as a tool to support and add value for members of the management team. FRM allows the Company to anticipate sufficiently in advance the risks that threaten its business objectives, in order for the appropriate corrective measures to be taken.

2. Quality management systems

As part of the Company's risk management process, all business areas have implemented quality management systems that comply with the ISO 9001 standard. When deemed necessary by relevant stakeholders, these systems are certified by a third party. Stakeholder motivation to obtain this certification varies from country to country and business to business. Some 91% of the sales of the Group as a whole have systems that have been certified by accredited bodies.

Similarly, business activities are subject to periodic audit processes that evaluate compliance with regulations, contractual requirements and objectives.

3. Environmental management systems.

All business areas have implemented environmental management systems that comply with at least the ISO 14001 standard and the EMAS Regulation of the EU. When deemed necessary by relevant stakeholders, these systems are certified by a third party. Some 90% of the total sales of the Group have systems that have been certified by accredited bodies. In each production centre, these systems adapt to the reality of the site by means of an environmental management plan that includes systematic planning and control of processes that involve a risk to the environment, applicable legal requirements and the establishment of quantified objectives for improvement of environmental performance.

Furthermore, activities are subject to ongoing examination by means of environmental assessments and audits of processes, practices and the degree of regulatory compliance. Ferrovial has an innovative environmental risk control and environmental risk monitoring system called EPI ("Environmental Performance Index") which was implemented and approved for the business activities with the greatest environmental risk in the Construction and Services areas. Here, it acts as an integrated indicator and an early warning system for any possible breaches of the sustainability policy and applicable legislation.

4. Reliability of financial reporting

Section F of this report details Ferrovial's Internal Control over Financial Reporting (ICFR) system.

5. Financial risk control mechanisms

In general, this risk is managed centrally by the Finance Department by means of a proactive global risk management policy and hedging mechanisms when appropriate. Section 3 of the consolidated financial statements explains the financial and capital risk management policy in detail.

6. Other preventive procedures

a) Occupational health and safety risk prevention systems

OHS risk prevention systems have been applied in all activities in accordance with Law 31/1995 and its implementing regulations. Prevention systems are audited periodically by accredited external bodies.

b) Non-payment or default

The risk of non-payment by private customers is mitigated by a solvency study prior to signing the contract. The contractual requirements are supervised by the Legal and Finance Departments in order to ensure that they establish sufficient guarantees in the event of non-payment. During the performance of the work, the Finance Department continually monitors the certificates, collection documents and payment thereof.

c) Business continuity plans

Ferrovial has implemented a Business Continuity Model which enables serious contingencies to be managed appropriately and the acceptable recovery of its critical processes, as necessary. The contingency scenarios contemplated include the absence of key personnel, facilities and information systems.

The Business Continuity Committee is responsible for keeping the model up to date and performing periodic compliance tests.

d) Crisis notification and management procedures

In the corporate sphere, risk profile is the basis for identifying unexpected situations that may trigger a crisis with significant consequences for the Company.

Similarly, there are specific procedures in the corporate business continuity plan mentioned above and in the business area management systems that include the measures to be implemented at all levels affected by the crisis in order to manage and lessen any harm to people or the environment, besides reducing its economic impact and making it easier for business activity to be resumed in the shortest possible time.

7. Risk cover systems

The Ferrovial corporate policy is to arrange insurance for all the business areas through the Corporate Insurance Unit. Based on the Group's risk profile and its businesses, this department technically and economically optimises the hedges entered into to mitigate the transferable risks to which Ferrovial is exposed in the performance of its activity.

In the case of environmental risk, it has an environmental responsibility policy which hedges the Company's environmental risks pursuant to EU legislation.

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 updating of a suitable, effective ICFR; (ii) its implementation; and (iii) its monitoring.

In accordance with paragraphs b) and c) of article 52.1 of the Bylaws of Ferrovial S.A. ("Ferrovial" or "the Company"), the functions of the Audit and Control Committee, within the Board of Directors, include most notably the supervision of the effectiveness of the Company's internal control, internal audit and risk management systems as well as the supervision of the process to prepare and disclose regulated financial information.

Senior Management is responsible for the design, implementation and maintenance of ICFR, Senior Management being defined as members of the Management Committee as established in the general framework of the Internal Control over Financial Reporting (ICFR) system approved in 2011 which can be accessed on Ferrovial's intranet by all employees.

The Finance function is responsible for coordinating such tasks at a global level through the Finance Department ("FD"), monitoring all phases of the system and reporting to the Audit and Control Committee on progress in implementation and follow-up. Such coordination is carried out in each business area by their Finance Departments.

In addition, the Internal Audit Department supports the Audit and Control Committee in its activities related to the supervision of the ICFR system.

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

- The 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.

Under the Regulations of the Board of Directors, the responsibilities of the Nomination and Remuneration Committee include analysing the process for orderly succession of the Chairman and Chief Executive Officer, who are appointed by the Board, and reporting on the appointment or removal of executives directly accountable to the CEO.

The Chief Executive Officer, with the participation of the head of Human Resources in that officer's advisory role to the CEO, is responsible for setting up the organisational structure for the first line of reporting in the organisation (executives who report to the CEO).

Executives that report directly to the Chief Executive Officer are responsible for making changes to the organisational structure under their immediate control, based on advice from the head of Human Resources. The changes must receive the authorisation of the CEO.

The Compensation and Benefits Department, under the Human Resources Department, periodically evaluates the classification and description of all job positions in the group with a view to maintaining an appropriate separation of functions to avoid redundancies and ensure the co-ordination of different departments thus achieving greater efficiency of operations in the Company.

A detailed organisation chart is available to all employees on the Company's intranet.

- 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.

Code of Business Ethics

The Company has a Code of Business Ethics which was approved in 2004 and updated by the Board during its meeting on 18 December 2014.

The principle that underpins the business conduct of Ferrovial and its Group companies towards its shareholders, investors, analysts and the market in general is "to disseminate true and complete information that represents a true and fair view of the company and the Group, of its business activities and its business strategies. Communications shall always be made in accordance with regulations and within the periods established by applicable legislation."

The updated Code now includes a new obligation, relating to ICFR, for Ferrovial's subsidiaries around the world are required to have in place accounting practices that help to ensure the accuracy of books and records."

The Board and its Audit and Control Committee are responsible for supervising compliance with the Code of Ethics. The Audit and Control Committee is regularly updated by the Internal Audit Department on any behaviour that contravenes the Code of Ethics and the action taken. In this supervisory role, this Department receives assistance from HR and Legal Affairs when it believes the work to be performed falls within the scope of their responsibilities. A Compliance Committee, which is made up of one representative from the Internal Audit, Legal and HR Departments, meets whenever necessary to resolve any incidents or queries relating to the interpretation of the Code of Ethics and to propose actions for improvements.

The Code is available on the Company's website (www.ferrovial.com) and it has been made available to employees via their corporate intranet. Employees must take an online course on the Code, which explains its basic principles.

Anti-corruption policy

In development of the new Code of Ethics, at its meeting on 18 December 2014, the Board approved the Ferrovial Anti-corruption Policy, which regulates a list of prohibited conducts such as failure to maintain accurate books and records.

To prevent any prohibited conduct, the policy states that Ferrovial must have in place: "(i) accounting practices that help to ensure the accuracy of books and records; (ii) adequate internal controls and procedures that help prevent bribes or any other form of corruption and detect illegal transactions. Caches of hidden or badly accounted assets are prohibited. All payments, expenditures and transactions must be classified adequately and accurately without any hidden payments that conceal the true nature of any arrangement, and must have the appropriate authorizations as set out in the payment procedures."

The anti-corruption policy is available to all employees via the corporate intranet.

Crime prevention protocol.

The Code of Ethics implements a crime prevention protocol which can be accessed by employees via the Company's intranet. The protocol includes i) a catalogue of prohibited conducts, including crimes that may affect financial reporting at Ferrovial, such as fraud, corruption, bribery, accounting and tax offences and ii) a list of internal rules that prevent crimes from being committed, including the regulatory framework of the ICFR system.

The protocol can be accessed by all employees on the corporate intranet. Employees must also take an online course on the protocol and complete a questionnaire at the end to pass.

- 'Whistleblowing' 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.

Article 21.j) of the Regulations of the Board of Directors stipulates that the Audit and Control Committee must "establish and supervise a system that enables any employee to report, confidentially and, if he/she wishes, anonymously, any situation of inefficiency, improper behaviour or violations of importance, particularly with regard to finance or accounting, within Ferrovial."

The Company has an anonymous whistleblowing channel that is accessible through the intranet for employees and the websites (in both the Spanish and English versions), and that allows any interested counterparty to report to the Audit and Control Committee finance and accounting irregularities or breaches of the code of conduct and irregular activities in the organisation. Ferrovial also has a postbox for those who prefer to use this channel.

All these mechanisms can be used in a secure, personalised or anonymous manner and allow for the provision of documentary evidence.

The Audit and Control Committee supervises these channels and receives periodic reports from the Internal Audit Department on the activities and measures taken. In this supervisory role, this Department receives assistance from HR and Legal Affairs when it believes the work to be performed falls within the scope of their responsibilities. .

The functioning of the channel is regulated in a corporate procedure issued by the Chairman that is accessible to all employees on the intranet.

In 2014, the whistleblowing channel received 87 complaints. No evidence of falsification of financial statements or fraud with a significant effect on the financial statements was found during investigation of these complaints.

- 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.

Ferrovial has the Summa Corporate University (hereinafter, the University), with the mission of conveying the values of Ferrovial and fostering the development of differential talent in the organisation.

The managers of departments engaged in preparing financial information must ensure their staff receive training and refresher courses. The HR area, specifically the University, is responsible for implementing the required training programmes.

The University has a broad range of courses, including a specific finance course (finance classroom), which is supplemented by special workshops.

In addition, finance courses are managed directly by HR areas of the business units.

In 2014, approximately 709 employees received 11,723 hours of finance training, with a special focus on updating and recycling knowledge of accounting standards, on using information systems for financing reporting and on tax training, as well as on subjects of a complex or subjective nature because they are decided on judgements or estimates, such as financial products and financial modelling ("project finance").

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.

Ferrovial has implemented a comprehensive risk management system called Ferrovia Risk Management (FRM), which is the basis for a procedure under the responsibility of the Corporate Risk Unit that is accessible to all employees on the Company intranet. It is described in greater detail in section E of the Annual Corporate Governance Report.

The FRM Risk Universe is based on a general catalogue for use by different businesses. It divides risks into four main areas: strategic, operating, regulatory and financial.

- 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 financial risks include identification of risks and associated controls related to the reliability of financial information (FRM ICFR), which is a separate section within the FRM.

The design of the content of the information to be reported in the FRM framework relating to ICFR is the responsibility of the Finance Department. To support the FRM ICFR process, the ICFR FRM software tool was created.

Ferrovial has a general inventory of financial reporting risk known as the "ICFR Risk Universe." These risks are listed in the Risk Matrix, which identifies the significant accounts and material disclosures in the financial statements.

ICFR risks are defined by Ferrovia as the failure to comply with the objectives of control over financial reporting for each significant accounts and material disclosure in Ferrovia's consolidated financial statements. The annual risk assessment process, therefore, covers all financial reporting objectives: existence; completeness; valuation; presentation and disclosure and rights and obligations.

- 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, holding companies, etc.

Ferrovial has an investment procedure to ensure the integrity of the scope of consolidation of the consolidated group remains intact through which corporate acquisitions require authorisation. A copy of the signed authorisation must be received by the members of the Management Committee.

During the year, the Company also launched a Corporate Entities Masterdata in SAP which includes all the companies within the scope of consolidation. The Masterdata is managed on the basis of the "Company Masterdata Management" process available on the corporate intranet.

The implementation of the Corporate Entities Masterdata has automated the process involving several departments at Ferrovia. Depending on the scope of activity of the new company, the responsibility for beginning the process to update the Master falls to the corporate or businesses legal department depending on the activity of the new entity.

The corporate consolidation department is advised of any changes via a message reporting any companies that have been added to or removed from the scope of consolidation as well as other changes to company information.

When a company is registered in SAP, the interface detects it and the consolidation system issues a notice for it to be included therein, ensuring the consistency of the information in the two systems.

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

As stated in the first section, the FRM risk universe, a general catalogue to be used by the different businesses, divides the risk into four main areas: strategic, operating, regulatory and financial.

- Which of the company's governing bodies is responsible for overseeing the process.

The annual ICFR risk assessment is coordinated by the FD. In 2014, the Finance Department submitted a general assessment to the Audit and Control Committee on the main risks to financial reporting. The overall risk assessment process was not completed by all of the involved areas in 2014 because efforts were focusing on improving controls and providing self-assessment feedback thereon (see Section F.3 1.).

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 Finance Department submits to the Audit and Control Committee prior to publication and approval by the Board both the financial statements and the periodic financial information presented in the markets, with a special emphasis on the main judgements and estimations in the most complex areas or in which the accounting impact is most significant.

The Regulations of the Board of Directors state that the statements presented for approval by the Board must first be certified by the Chairman, Chief Executive Officer and the Chief Financial Officer.

Prior to such certification, the Chief Executive Officers and Chief Financial Officers of the business areas and main subsidiaries must certify the information reported for the purposes of preparation of the annual consolidated financial statements of the group for their own areas of responsibility, with an express reference to their responsibility for maintaining an internal control system which ensures that the financial information is free from errors and fraud.

The report describing the ICFR is drawn up by the Finance Department with the co-operation of the pertinent corporate departments and is submitted to the Audit and Control Committee for review.

All business areas have controls of critical processes to ensure the reliability of financial information. Most of these controls are included in the ICFR FRM tool and in process narratives. Ferrovial continued to work on the critical process narratives in 2014.

The critical financial reporting processes at Ferrovial are:

- Revenue and receivables
- Purchases and payables
- Non-current assets in infrastructure projects/ property, plant and equipment
- Taxes
- Derivatives
- Financing
- Cash
- Human Resources
- Close, consolidation and reporting
- Legal
- Information systems

The key controls that mitigate the material risk detected were identified for each relevant process and business unit. In addition to the key controls for the business processes, Ferrovial has documented the entity level controls, which were updated in 2014 under the principles of the new COSO III framework.

In 2014, Ferrovial and an external advisory firm completed a project to simplify and standardise the key controls in the ICFR FRM tool. As a result, Ferrovial now has approximately 2,000 codified controls.

For audit and supervision purposes, the managers of the various business units must include a description that is sufficient to

understand how the controls function, as well as information mainly on the person responsible for the execution thereof, the frequency with which they are executed, how they are executed (automatic/manual/semi-automatic) based on whether or not they have information system support and the supporting evidence for each control.

As part of the project to achieve an effective and useful ICFR system for the organisation, in 2014 the persons responsible for the controls performed a self-assessment process at group level for the first time to obtain feedback on the operation of those controls. As part of this process, potential issues have been reported and work to improve them has been planned. This process is an important milestone in extending the internal control culture to the whole organisation.

Lastly, as part of this project the external advisory firm is conducting a selective testing process, to be completed by the end of the first half of 2015, in order to analyse the feedback received in the self-assessment process and to propose possible improvements for the future.

The Finance Department reports to the Audit and Control Committee at least twice a year on the main ICFR work.

In order to monitor the action plans, the ICFR coordinators and Chief Financial Officers of the business areas are systematically asked to send updated information on the action plans within the scope of their responsibility.

In 2014, it is noteworthy that project to automate evaluation of derivatives and effectiveness tests were implemented at the Group as well as the automatic accounting system for derivatives and debt.

Ferrovial's year-end procedure is applicable to all business areas co-ordinated by the Finance Department, which issues instructions and sets a schedule for completion of the various events.

The Finance Department prepares a document on judgements and estimates in the year close that is submitted to the Audit and Control Committee. In addition, given that accounting standards require the use of judgements and estimates based on long-term projections for recording certain transactions, the Company has a procedure for medium and long-term projections that specifies how to create and update the finance models and which controls have to be introduced to ensure the coherence of financial information reported for different purposes.

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 Information and Innovation Systems Department (hereinafter, the DGSII) has the strategic mission of facilitating attainment of Ferrovial's objectives through the use of information technologies oriented towards achieving greater effectiveness and efficiency, thus creating value and leading innovation.

Management and control of the services provided by DGSII are structured in the following processes:

1. Service Strategy that ensures the correct alignment of the DGSII with the business and the financial control of services.
2. Service Provision, which ensures control over the development, capacity, availability, continuity and security of services.
3. Service Support, which ensures control over changes, configurations, incidences and problems related to the delivery of services.
4. Management of Continuous Improvement through setting up of control mechanisms of service levels and deployment of scorecards.

Ferrovial also has a Corporate Information Security Framework with the mission of safeguarding the integrity, confidentiality and availability of its information.

Ferrovial also has an Information Security Department, within the DGSII, that is responsible for leading governance, strategy and management of information security by defining, implementing, operating and monitoring models, architectures and security and control systems that protect the value of the information and ensure its integrity, availability and confidentiality.

Management of information security is aligned with international standards ISO/IEC 27001, including and regulating, through a process of continuous improvement in risk management, matters such as access control, segregation of functions, security and continuity of operations and change management to ensure that treatment of financial information supported by information systems is performed in an authorised and supervised manner that is adequate for the needs of users in performing their tasks.

The Ferrovial Information Security Management System (ISMS) has been certified under standard ISO/IEC 27001 since March 2012.

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.

When Ferrovial outsources certain activities, it verifies the technical expertise and skills of the subcontractor. The group has implemented control activities to check the soundness of the conclusions of independent experts.

The following have been identified as the most significant outsourced activities with an impact on the financial statements.

Outsourcing of hardware and software management of information systems

The DGSII has specific procedures for controlling outsourced services through contractual regulation of the following topics:

- Alignment/certification of provision of service in terms of with international standards and frameworks (including ISO/IEC 20000 and ISO/IEC 27001).
- Establishment of governance and follow up mechanisms aimed at monitoring services.
- Setting up of obligatory and periodic processes of service audits.
- Establishment and management of service levels.

Actuarial studies for pensions.

Information on pensions reported in the consolidated financial statements is based on the actuarial calculations of firms of recognised prestige. This information is checked by the Company, which possesses controls to ensure its soundness.

Furthermore, it is worth noting that the Internal Audit Department audits outsourcing contracts to ensure the conditions agreed in the contracts are complied with.

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.

This is a centralised corporate function for the entire geographic scope of the group.

The Accounting Policies and Internal Control Department, which reports to the Planning and Control Department within the Finance Department, is responsible for defining and keeping updated the accounting manual (Ferrovial GAAP), available on the Company intranet, and for answering questions or resolving conflicts related to its interpretation.

Ferrovial GAAP incorporate all the IFRS changes adopted by the European Union and the criteria defined by Ferrovial in cases where the IFRS offer different choices or a mandatory criterion does not apply.

Prior to the publication of new IFRS, the regulatory activity of the IASB is proactively monitored in order to identify those projects which have a significant impact on the Group's financial statements, through participation in working groups called to collaborate on the definition of the aforementioned standards.

This department must provide technical notes when important decisions need to be taken in relation to accounting standards to document that decisions are sufficiently grounded.

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 Finance Department oversees on an ongoing basis that there is an appropriate proportion of subsidiaries whose transactional and consolidation information systems are those applicable at the group level and that they gather information in a standard format. Any company that does not use the Group's system and has a material impact on the consolidated financial statements of the Group is given a reporting package by the Finance Department to ensure the harmonisation of the information.

At the transactional system level, Ferrovial has a harmonised system internally called SAP Fidelio which includes companies that accounted for 55% of sales, 72% of EBITDA and 71% of assets in 2014. Companies outside SAP Fidelio mainly belong to the Amey and Budimex groups.

Ferrovial uses the BPC consolidation tool for consolidation through which all companies are consolidated, except for the sub-consolidated financial statements of Amey, Budimex and the companies accounted for using the equity method which take the standard reporting package format before they are then consolidated with the rest of the group companies.

The business divisions, main subsidiaries and companies accounted for using the equity method also submit the reporting package, which contains the disclosures required to prepare the financial statements. It also includes ICFR certification from the Finance Director and the CEO of each of these subsidiaries as indicated in Section F.3.1.

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.

Ferrovial has an Internal Audit Department that reports directly to the Audit and Control Committee of the Board of Directors, which ensures that when carrying out reviews there is absolute independence and objectivity in relation to those making management decisions. The functions of the Board of Directors and the Audit and Control Committee that affect the Internal Audit Department include proposing and removing the head of the department, approving the budget and ensuring that the human and material resources are appropriate for the performance of its duties. Members of the team exclusively carry out audit work.

The scope of the Internal Audit Department's work includes all companies in the Ferrovial Group. Therefore, it is a centralised corporate function that performs its work in any national or international company, process, area or system managed by Ferrovial.

The annual programme of work is drawn up using risk parameters from a matrix of priorities (intrinsic risk, controls, sector, activity, country, age, last visited, etc.) which when applied to the total "auditable universe" determine what work is a priority for the following year. This planning proposal is discussed with Senior Management with a view to incorporating their proposals and submitted to the Audit and Control Committee for approval prior to the start of the year. Then, during the year, the degree of progress in planning is reported, as are any deviations, and these are explained. The guiding principle is that all work considered a priority must be audited during the current year and others are positioned for the following years. Hence, a review of the entire auditable universe will have been completed once a certain number of years have elapsed, which Ferrovial believes is sound and representative of the level of risk.

The scope of the Internal Audit Department is global, as it includes reviewing the financial statements (both in terms of accounting and historically: balance sheet and income statement business; financially and future: business plans, budgets, finance models, etc.), as well as analysing the effectiveness and efficiency of processes, internal controls, the design of and compliance with applicable internal and external regulations, the functional completeness and sufficiency of the information systems and the organisational structures.

If the Internal Audit Department deems it appropriate, it may engage external advisers for specific technical expertise in the matter audited or to reinforce audit capacity at a specific moment.

The Internal Audit report contains three sections, in which, in addition to an overall opinion of the situation and performance of the audited unit (company, system, process, etc.), details are provided on any opportunities for improvement. These details are incorporated in recommendations to managers, along with firm deadlines for implementation. They are subsequently reviewed. A single report is issued and distributed at the same time to all the heads of the audited unit, the Ferrovial Management Committee and Senior Management.

This philosophy is applicable uniformly to all the work of the Internal Audit Department. In the specific field of ICFR, the effectiveness and design of internal controls is analysed, as noted previously with regard to work performed in audited units.

Additionally, the work carried out in 2014 included two specific audits, of one cross-functional process and of one business area, with satisfactory results, and the continuous updating of the status of monitoring the recommendations issued in previous audits. For 2015, the plan approved by the Audit and Control Committee includes a full audit of three ICFR processes, which can be across business lines or areas, and the verification in the other audits of the specific risks and controls that have been identified, as well as the follow-up of the recommendations issued in work from previous years. In all cases, evidence will be requested to carry out tests on how effective the controls are.

- 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 Regulations of the Board of Directors state that the functions of the Audit and Control Committee include discussing with the auditors any significant weakness in the internal control system encountered in the audit.

Under the Regulations, the external auditor submits to the Audit and Control Committee on a yearly basis any internal control weaknesses found in the course of audit work.

Such weaknesses are incorporated to the ICFR action plan, while Finance is responsible for designing an action plan to correct them and report the progress to the Audit and Control Committee.

In the Recommendations section of the audit report, the Internal Audit Department provides recommendations for improvement regarding any weaknesses found. The direct managers of the audited units undertake to implement the recommendations on dates to be agreed upon with the Internal Audit Department, which continuously assesses their effective implementation and issues monthly reports thereon. This information is also periodically reported to Senior Management and the Audit and Control Committee for their information and for any measures deemed appropriate to be taken.

In some cases, implementation of the recommendations of the Internal Audit Department is made part of the personal objectives of the manager responsible, thus affecting attainment of their variable remuneration.

F.6 Other relevant information

None to report.

F.7 External auditor review

State whether:

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

Ferrovial requested that the external auditor issue a review report on the information described by the Group in this document and it is attached as an Appendix. The review was based on the "Action Guide and Model Auditors' Report relating to information on the Internal Control over Financial Reporting System of listed companies" published by the CNMV in July 2013.

G DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of the company's compliance with Corporate Governance recommendations.

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.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24

Compliant ☒

Explain ☐

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;
- b) The mechanisms in place to resolve possible conflicts of interest.

See sections: D.4 and D.7

Compliant ☐

Partially compliant ☐

Explain ☐

Not applicable ☒

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:

- a) **The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;**
- b) **Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;**
- c) **Operations that effectively add up to the company's liquidation**

See section: B.6

Compliant ☐

Partially compliant ☒

Explain ☐

It is assumed, and this has been included in its Regulations, that the powers of the Shareholders' Meeting include that of expressing its opinion on the subject matter of this Recommendation, with the exception of paragraph b), since it is considered that its adoption would mean a significant difficulty in the possible performance of corporate transactions, besides which it is understood that the concept "fundamental corporate change" carries with it an element of lack of security and definition.

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 27, should be made available at the same time as the publication of the Meeting notice.

Compliant ☒

Explain ☐

5. Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule shall apply in particular to:

a) The appointment or ratification of directors, with separate voting on each candidate;

b) Amendments to the Bylaws, with votes taken on all articles or groups of articles that are materially different.

Compliant ☒

Partially compliant ☐

Explain ☐

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

Compliant ☒

Explain ☐

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant ☒

Partially compliant ☐

Explain ☐

8. The board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the board in full should reserve the right to approve:

a) The company's general policies and strategies, and, in particular:

i) The strategic or business plan, management targets and annual budgets;

ii) Investment and financing policy;

iii) Design of the structure of the corporate group;

iv) Corporate governance policy;

v) Corporate social responsibility policy;

vi) Remuneration and evaluation of senior officers;

vii) Risk control and management, and the periodic monitoring of internal information and control systems;

viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

- i) On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.
- ii) Directors' remuneration, and, in the case of executive directors, the additional remuneration for their executive functions and other contract conditions.
- iii) The financial information that all listed companies must periodically disclose.
- iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;
- v) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with directors, significant shareholders, shareholders with board representation or other persons related thereto ("related-party transactions").

However, board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form contracts applied on an across-the-board basis to a large number of clients;
2. They go through at market prices, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related-party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other committee handling the same function; and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the full board.

See sections: D.1 and D.6

Compliant ☐

Partially compliant ☒

Explain ☐

In relation to the provisions of section b.i) the Board of Directors considers that the decision regarding the appointment and possible dismissal of senior managers should be the responsibility of the Company's Chief Executive Officer. However, the Regulations of the Board of Directors confer powers on the Nomination and Remuneration Committee for drawing up reports prior to the appointment and removal from office of senior managers who report directly to the Chief Executive Officer. This recommendation is now obligatory pursuant to art. 249 bis.h. of the Spanish Limited Liability Companies Law amended by Law 31/2014 of 3 December.

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: C.1.2

Compliant ☒

Explain ☐

10. External directors, proprietary and independent, should occupy an ample majority of board places, 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.

See sections: A.3 and C.1.3

Compliant ☒

Partially compliant ☐

Explain ☐

11. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

- 1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.**
- 2. In companies with a plurality of shareholders represented on the board but not otherwise related.**

See sections: A.2, A.3 and C1.3

Compliant ☒

Explain ☐

12. The number of independent directors should represent at least one third of all board members.

See section: C.1.3

Compliant ☒

Explain ☐

13. The nature of each director should be explained to the General Meeting of Shareholders, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 5% 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.

See sections: C.1.3 and C.1.8

Compliant ☒

Partially compliant ☐

Explain ☐

14. When women directors are few or non existent, the Nomination Committee should take steps to ensure that:

- a) **The process of filling board vacancies has no implicit bias against women candidates;**
- b) **The company makes a conscious effort to include women with the target profile among the candidates for board places.**

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

15. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive, along with the chairmen of the relevant board committees.

See sections: C.1.19 and C.1.41

Compliant ☒ Partially compliant ☐ Explain ☐

16. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the board's evaluation of the Chairman.

See section: C.1.22

Compliant ☐ Partially compliant ☒ Explain ☐ Not applicable ☐

Recommendation 16 is actually comprised of a set of recommendations, the majority of which Ferrovial complies with.

The only point on which the Company does not follow the Recommendation is that the Lead Director was not given the duty of leading the Board's evaluation of the Chairman. The Company considered that this role must be fulfilled by the Board on the basis of a report from the Nomination and Remuneration Committee. Law 31/2014, of 3 December, amending the Spanish Limited Liability Companies Law to improve corporate governance has now made this recommendation obligatory.

17. The Secretary should take care to ensure that the board's actions:

- a) **Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;**
- b) **Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;**
- c) **Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.**

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full board meeting; the relevant appointment and removal procedures being spelled out in the board regulations.

See section: C.1.34

Compliant ☒

Partially compliant ☐

Explain ☐

18. The board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: C.1.29

Compliant ☒

Partially compliant ☐

Explain ☐

19. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: C.1.28, C.1.29 and C.1.30

Compliant ☒

Partially compliant ☐

Explain ☐

20. 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 minute book.

Compliant ☒

Partially compliant ☐

Explain ☐

Not applicable ☐

21. The board in full should evaluate the following points on a yearly basis:

a) The quality and efficiency of the board's operation;

b) Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;

c) The performance of its committees on the basis of the reports furnished by the same.

See sections: C.1.19 and C.1.20

Compliant ☐

Partially compliant ☒

Explain ☐

The Company complies with the recommendation and evaluates the quality and efficiency of the Board's operation, the performance of the Chairman and the Chief Executive of the Company and the performance of its committees.

The Board believed that it was sufficient and more practical for the periodicity of these evaluations to be every two years rather than on an annual basis. However, as stipulated in article 529 nonies of the Spanish Limited Liability Companies Law, the evaluation by the Board shall be on an annual basis from 1 January 2015 onwards.

22. All directors should be able to exercise their right to receive any additional information they require on matters within the board's competence. Unless the Bylaws or board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: C.1.41

Compliant ☒

Explain ☐

23. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: C.1.40

Compliant ☒

Explain ☐

24. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant ☒

Partially compliant ☐

Explain ☐

25. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:

a) Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;

b) Companies should lay down rules about the number of directorships their board members can hold.

See sections: C.1.12, C.1.13 and C.1.17

Compliant ☐

Partially compliant ☒

Explain ☐

The Board of Directors does not consider it necessary to adopt the recommendation that urges the Company to limit the number of Boards to which a Director may belong, since it understands that control over this matter is sufficiently well preserved with the function performed by the Nomination and Remuneration Committee for reviewing the professional commitments of each Board member.

26. The proposal for the appointment or renewal of directors which the board submits to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the board:

a) On the proposal of the Nomination Committee, in the case of independent directors.

b) Subject to a report from the Nomination Committee in all other cases.

See section: C.1.3

Compliant ☒

Partially compliant ☐

Explain ☐

27. Companies should post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background;
- b) Directorships held in other companies, listed or otherwise;
- c) An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.
- d) The date of their first and subsequent appointments as a company director; and
- e) Shares held in the company and any options on the same.

Compliant ☒

Partially compliant ☐

Explain ☐

28. 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.

See sections: A.2, A.3 and C.1.2

Compliant ☒

Partially compliant ☐

Explain ☐

29. 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 just cause is found by the board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in Ministerial Order ECC/461/2013.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Compliant ☒

Explain ☐

30. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention 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 crimes stated in article 213 of the Spanish Limited Liability Companies Law, the board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: C.1.42 and C.1.43

Compliant ☒

Partially compliant ☐

Explain ☐

31. All directors should express clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against 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 Recommendation.

The terms of this Recommendation should also apply to the Secretary of the board, director or otherwise.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

32. 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. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section: C.1.9

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

33. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

Compliant ☐ Partially compliant ☒ Explain ☐ Not applicable ☐

The company has had a system of mandatory investment in company shares since 2003. At present, it consists of the obligation of devoting just one of the three components of board remuneration that is received in cash to the purchase of Company shares.

This commitment to invest part of their remuneration in Ferrovial shares applies all the members of the Board of Directors; directors may dispose of those shares thus acquired prior to leaving their position and provided that three full financial years have elapsed since the financial year in which the purchase of such shares occurred.

Article 57 of the Bylaws approved by the General Shareholders' Meeting on 26 June 2014 was amended to comply with this Recommendation.

34. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Compliant ☒ Explain ☐ Not applicable ☐

35. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Compliant ☒ Explain ☐ Not applicable ☐

36. In the case of variable awards, remuneration policies should include 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, atypical or exceptional transactions or circumstances of this kind.

Compliant ☒

Explain ☐

Not applicable ☐

37. When the company has an Executive Committee, the breakdown of its members by director category should be similar to that of the board itself. The Secretary of the board should also act as secretary to the Executive Committee.

See sections: C.2.1 and C.2.6

Compliant ☒

Partially compliant ☐

Explain ☐

Not applicable ☐

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 ☒

Explain ☐

Not applicable ☐

39. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the board regulations, and include the following:

- a) The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first board plenary following each meeting;**
- b) These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.**
- c) Committees should be chaired by an independent director.**
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.**
- e) Meeting proceedings should be minuted and a copy sent to all board members.**

See sections: C.2.1 and C.2.4

Compliant ☒

Partially compliant ☐

Explain ☐

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

See sections: C.2.3 and C.2.4

Compliant ☒

Explain ☐

41. Audit committee members, particularly the Chairman, are appointed in light of their knowledge and experience of accounting, audit or risk management.

Compliant ☒

Explain ☐

42. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

See section: C.2.3

Compliant ☒

Explain ☐

43. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant ☒

Partially compliant ☐

Explain ☐

44. Control and risk management policy should specify at least:

- a) **The different types of risk (operational, technological, financial, legal, reputational, ...) the company is exposed to, 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) **Measures in place to mitigate the impact of risk events should they occur;**
- d) **The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.**

See section: E

Compliant ☒

Partially compliant ☐

Explain ☐

45. The Audit Committee's role should be:

1. With respect to internal control and reporting systems:

- a) **Review internal control and risk management systems on a regular basis, so the main risks are properly identified, managed and disclosed.**
- b) **Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; 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 necessary, anonymously, any irregularities they detect in the course of their duties, in particular of a financial or accounting nature, with potentially serious implications for the firm.

2. With respect to the external auditor:

- a) Receive regular information from the external auditor on the progress and findings of the audit programme, and checking that senior management are acting on its recommendations.
- b) Monitor the independence of the external auditor, to which end:
 - i) The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
 - iii) The Committee should investigate the issues giving rise to the resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Compliant ☐

Partially compliant ☒

Explain ☐

In relation to accepting the recommendation concerning the possible existence of disagreements with the outgoing auditor and, if any, explaining them, the Board of Directors considers that this statement represents a strain factor in possible episodes involving a change of auditor and a restricting element in the decision-making capacity of the Company in respect of changing its external auditor.

46. 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 ☒

Explain ☐

47. The Audit Committee should prepare information on the following points from Recommendation 8 for input to board decision-making:

- a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
- b) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
- c) Related-party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: C.2.3 and C.2.4

Compliant ☒

Partially compliant ☐

Explain ☐

48. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

See section: C.1.38

Compliant ☒ Partially compliant ☐ Explain ☐

49. The majority of Nomination Committee members – or Nomination and Remuneration Committee members as the case may be – should be independent directors.

See section: C.2.1

Compliant ☒ Explain ☐ Not applicable ☐

50. The Nomination Committee should have the following functions in addition to those stated in earlier Recommendations:

- a) Evaluate the balance of skills, knowledge and experience on the board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) Examine or organise, in appropriate form, the succession of the Chairman and chief executive, making recommendations to the board so the handover proceeds in a planned and orderly manner.
- c) Report on the senior officer appointments and removals which the chief executive proposes to the board.
- d) Report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

51. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any board member may suggest directorship candidates to the Nomination Committee for its consideration.

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

52. The Remuneration Committee should have the following functions in addition to those stated in earlier Recommendations:

a) Make proposals to the Board of Directors regarding:

- i) The remuneration policy for directors and senior officers;
- ii) The individual remuneration and other contractual conditions of executive directors.
- iii) The standard conditions for senior officer employment contracts.

b) Oversee compliance with the remuneration policy set by the company.

See sections: C.2.4

Compliant ☒ Partially compliant ☐ Explain ☐ Not applicable ☐

53. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Compliant ☒ Explain ☐ Not applicable ☐

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.

1.

SECTION A.2

The Mediobanca transactions are a result of the transaction reported to the CNMV by Rijn Capital (whose majority shareholder is the Chairman of the Board, Rafael del Pino y Calvo-Sotelo) as a significant event on 12 November 2014 and 3 December 2014 (under registry numbers 214,004 and 214,980). It constituted the purchase of an indirect interest of approximately 25.84 million shares of Ferrovial, S.A., which represented 3.49% of the share capital at that date and a forward sale, through Mediobanca – Banca di Credito Finanziario S.p.A., of 23 million Ferrovial shares which represented 3.11% of the share capital at that date. As a result, the net holding of Rafael del Pino y Calvo-Sotelo in Ferrovial increased by 0.38%.

On 14 November 2014, Mediobanca – Banca di Credito Finanziario S.p.A. notified the CNMV (registry no. 2014138922) of a financial instrument relating to a forward sale of 23 million shares of Ferrovial, which accounted for 3.11% of the share capital at that date, maturing on 11 October 2015. The event reported states that the forward sale will be settled on delivery ("physical" settlement) within a maximum of eleven (11) months. For hedging the forward sale, on 13 November, Morgan Stanley & Co. International PLC and Mediobanca – Banca di Credito Finanziario S.p.A. completed an en bloc accelerated bookbuild of 23 million of the issuer's shares (representing 3.11% of the share capital thereof) between institutional and qualified investors which was duly reported".

SECTION A.3

It has been recorded that the number of indirect voting rights of Karlovy, S.L. is 0 (zero) for the sole purpose of preventing the computer application from counting twice the 301,129,144 votes held directly by Portman Baela, S.L. (company controlled by Karlovy, S.L. as per the meaning in article 4 of the Securities Market Act).

SECTION A.4 cont'd:

In accordance with the event reported, the total indirect and direct shares of all the family group members, i.e., owned by María, Rafael, Joaquín and Leopoldo del Pino y Calvo-Sotelo, in addition to Karlovy, S.L., Portman Baela, S.L. and Casa Grande de Cartagena, S.L.U amounted at that time to 314,998,314 shares representing 43.010% of the capital of Ferrovial.

The event reported is merely a de facto event and is independent of the shareholders' agreements reported to the CNMV as a significant event on 29 December 2009 (registry number 2009118302) on the restricted transfer of Karlovy and Portman shares.

SECTION A.8

On 16 January 2015, it was reported to the CNMV that between 2 December 2014 and 31 December 2014 1,876,931 direct shares and 0 indirect shares had been acquired, representing 0.26% of share capital.

SECTION A.9 cont'd:

- Possible delivery of shares to employees or directors: the Board of Directors is empowered to allocate some or all of the own shares that are acquired to remuneration programmes whose purpose or mechanism is the delivery of shares or stock options, in accordance with article 146.1.a) of the Spanish Limited Liability Companies Law.
- Power to subdelegate: the powers conferred by this resolution may be subdelegated to the Executive Committee, the Chairman or the Managing Director of the Company, and, in any case, may be exercised at any time by the persons designated in the Company's Internal Code of Conduct under the terms set out therein.

This authorisation replaces the one adopted on the same subject by the Shareholders' Meeting on 22 October 2009, which is rendered null and void in the part not used.

Section A.10

The Company Bylaws do not have any restrictions on the transfer of securities or on the exercise of voting rights. Therefore, there are no other restrictions that might arise as a result of the general corporate regulations.

There are also no restrictions that may hinder the takeover of the Company.

There are no legal or bylaw-stipulated restrictions on voting rights, except for those established in section 83.1 of the Spanish Limited Liability Companies Law and article 12.2 of the Bylaws (which state that shareholders in arrears in capital payments payable may not vote).

SECTION B.6

Article 22.2, section f) and section g) of the Company Bylaws and article 5, section f) and section g) of the Regulations of the General Shareholders' Meeting include among the competencies of the Shareholders' Meeting that of agreeing to incorporate entities dependent on the company for essential activities performed thus far by the Company, even when the Company maintains full control of said entities, as well as agreeing on the dissolution and liquidation of the Company or any other operation whose result is equivalent to liquidating the Company. However, it does not include the acquisition/disposal of key operating assets since it is considered that their acquisition could give rise to a significant complication in the possible performance of corporate transactions.

Article 160 of the Spanish Limited Liability Companies Law states that "The general meeting is vested with the power to discuss and decide on the following matters:

(...)

f) The acquisition, disposal or contribution to another company of essential assets. The asset is presumed to be of an essential nature when the amount of the transaction is greater than twenty-five per cent of the value of the assets on the most recently approved balance sheet".

Furthermore, the new article 511 bis of the Spanish Limited Liability Companies Law states that "in addition to those matters recognised in article 160, the following are reserved for the judgement of the General Shareholders' Meeting at listed companies:

a) transfer to dependent companies of activities essentially carried out until then by the company, although the latter will still have full control thereover.

b) Operations that effectively add up to the company's liquidation.

(...).

2. The activities and the operating assets will be deemed to be of an essential nature when the volume of the transaction exceeds twenty-five per cent of the total assets on the balance sheet."

SECTION C.1.2

The table indicates the date of the first appointment of the Directors of Ferrovial, S.A., the entity resulting from the merger between Grupo Ferrovial, S.A. and Cintra Concesiones de Infraestructuras de Transporte S.A. ("Cintra") in 2009.

However, the dates of the first appointment to the Board of the Directors of the former Grupo Ferrovial S.A. are as follows:

Mr. Rafael del Pino y Calvo-Sotelo: 09/01/1992

Mr. Santiago Bergereche Busquet: 23/02/1999

Mr. Joaquín Ayuso García: 22/03/2002

Mr. Íñigo Meirás Amusco: 20/10/2009

Mr. Jaime Carvajal Urquijo: 23/02/1999

Portman Baela, S.L.: 26/06/2000

Mr. Juan Arena de la Mora: 26/06/2000

Mr. Gabriele Burgio: 31/05/2002

Ms María del Pino y Calvo Sotelo: 29/09/2006

Mr. Santiago Fernández Valbuena: 29/05/2008

The Directors Jose Fernando Sanchez-Junco and Karlovy S.L. were not on the Board of Directors of Grupo Ferrovial, S.A.

SECTION C.1.13

The Board of Directors does not consider it necessary to limit the number of Boards to which a Director may belong, since it understands that control over this matter is sufficiently well preserved with the function performed by the Nomination and Remuneration Committee for reviewing the professional commitments of each Board member (Article 22.3.g) of the Regulations of the Board).

SECTION C.1.17

By way of clarification, the office of Rafael del Pino y Calvo-Sotelo at Karlovy, S.L., Portman Baela, S.L., Vistasierra II, S.L.U. and Vistasierra III, S.L.U. is that of natural person representative of the Chairman-Board member thereof. The office of María del Pino y Calvo-Sotelo at Karlovy, S.L., Portman Baela, S.L., Vistasierra II, S.L.U. and Vistasierra III, S.L.U. is that of natural person representative of the Deputy Chairman-Board member thereof.

SECTION C.1.19 cont'd:

"3. Directors must tender their resignation to the Board of Directors and, if the latter sees fit, resign in the following cases:

- a) Executive Directors, when the Board sees fit.
- b) Proprietary Directors, when the entire stake in the Company that enabled them to be appointed as such is disposed of. The appropriate number of Proprietary Directors must also resign when such stake is reduced to such a level as to require a reduction in the number of Proprietary Directors.
- c) Where Directors incur in any of the cases of incompatibility or prohibition envisaged by law or by the internal regulations.
- d) At the Board's request, because the Director has violated his/her obligations.
- e) Where the Director's continuance on the Board may jeopardize Ferrovial's interests.
- f) When, because of events attributed to the Director, the Board considers that his/her continuance on the Board causes serious damage to the Company's net worth or reputation. In particular, if a Director is placed on trial for any violation of article 213 of the Spanish Limited Liability Companies Law, the Board must analyse, as soon as possible, the circumstances of the case and the advisability of the Director continuing or being removed; the decision must be disclosed in the Annual Corporate Governance Report.
- g) When Directors reach the age of 70. The Chairman, the Vice-Chairperson (if they are Executives), the Chief Executive Officer and the Secretary of the Board must resign at 65 but may continue as Directors and hold the office of Chairperson or Vice-Chairperson if they are not executives.
- h) When there are significant changes in their professional situation or in the conditions by virtue of which they were appointed Directors.

4. Upon resignation or removal from office for any reason, a Director may express the reasons in a letter and circulate it to the other Directors. If this occurs, the Company must disclose the reason for removal in the Annual Corporate Governance Report."

SECTION C.1.39

For the purposes of this section, the data for years prior to the merger in 2009 referring to Ferrovial, S.A. are of Cintra.

SECTION C.2.1

The Audit Committee was composed of the following members until 18 December 2014:

Mr. Juan Arena de la Mora: chairman

Mr. Santiago Fernández Valbuena: member

Mr. Gabriele Burgio: member

Portman Baela, S.L.: member

The composition of the Nomination and Remuneration Committee until 18 December 2014 was as follows:

Mr. Gabriele Burgio: chairman

Mr. Juan Arena de la Mora: member

Mr. Jaime Carvajal Urquijo: member

Mr. Santiago Bergareche Busquet: member

SECTION D.1

Competent body

In accordance with the provisions of the Regulations of the Board, the Board of Directors, subject to a report from the Audit and Control Committee, is responsible for authorising any relevant transactions that may be carried out by Ferrovial with directors and persons related thereto, as well as with the controlling shareholders.

SECTIONS D.2 and D.3

In the related Note to the consolidated and individual financial statements, Ferrovial provides information on the main transactions performed in 2014 with related parties in the ordinary course of the Company's and its group's business and on an arm's length basis.

SECTION G

Recommendation 2

No other company in the Ferrovial group is currently listed on the stock exchange in Spain apart from Ferrovial itself. However, when this circumstance arose (the listing of Cintra and Grupo Ferrovial, S.A.) the company fully complied with this recommendation and, therefore:

- The Board of Directors of the Company has been assigned the responsibility under its Regulations to oversee that, if the Company and a subsidiary are listed simultaneously a public and precise definition is given of the respective areas of activities and the business dealings that may exist between them and the other companies in the group, and the mechanisms established to resolve any conflicts of interest.
- Upon the listing in 2004 of Cintra, Grupo Ferrovial, S.A. and Ferrovial Agroman (a subsidiary that operates in the construction business) on the one hand and Cintra on the other signed and made public a Framework Agreement to regulate the dealings between Grupo Ferrovial, S.A. and its subsidiaries, on the one hand, and Cintra and its subsidiaries, on the other.
- Finally, the Framework Agreement envisaged that Cintra's Related Operations Committee would exercise certain functions of supervision and reporting, with special attention to matters related to the corporate governance of Cintra and prevention of situations of conflicts of interest. In particular, this Related Operations Committee would be responsible for overseeing compliance of the Framework Agreement.

Recommendation 35

The Company complies in its internal regulations, to the extent provided for in this Recommendation, although the situation in which its application would be appropriate has not arisen to date.

Recommendation 50

The Company complies, although the powers of the Nomination and Remuneration Committee on the subject of the Chairman's and CEO's succession refer to analysis of the process that permits the orderly succession of the Chairman and CEO.

3.

On 25 November 2010, the Company resolved to adhere to the Code of Good Tax Practices, implemented by the tax authorities and the Large Companies Forum. The purpose of this code is to reinforce the Company's transparency and cooperation in tax practices, and to increase the legal certainty in the interpretation of the tax regulations.

This Annual Corporate Governance Report was approved by the company's Board of Directors at its meeting held on 24 February 2015.

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

Yes ☐

No ☒

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF FERROVIAL, S.A. FOR 2014

To the Directors of
FERROVIAL, S.A.:

In accordance with the request of the Board of Directors of FERROVIAL, S.A. ("the Company") and with our proposal-letter of 7 January 2015, we have applied certain procedures to the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report of FERROVIAL, S.A. for 2014, which summarises the internal control procedures of the Company in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report.

It should be noted in this regard that, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Company in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Standards on Auditing, the sole purpose of our assessment of the internal control of the Company was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Company's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Company's annual financial reporting for 2014 described in the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Company in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model Annual Corporate Governance Report established in CNMV Circular no. 5/2013, of 12 June 2013.
2. Questioning of personnel responsible for the drawing up of the information detailed in point 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning at the Company.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including mainly documents directly made available to those responsible for describing the ICFR system. In this regard, the aforementioned documents include reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.
4. Comparison of the information detailed in point 1 above with the knowledge of the Company's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Perusal of minutes taken at meetings of the Board of Directors and the Audit and Control Committee in order to evaluate the consistency between the ICFR system issues addressed thereat and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, duly signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively within the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and by CNMV Circular no. 5/2013, of 12 June 2013, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Javier Parada Pardo
24 February 2015