

*English translation for information purposes only. In the event of discrepancies between the English and the Spanish version, the Spanish version shall prevail.*

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**DETAILS OF THE ISSUER**

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End date of financial year referred to:

[ 31/12/2018 ]

Corporate Tax Id (CIF):

[ A81939209 ]

corporate name:

[ FERROVIAL, S.A. ]

Registered address

[ Príncipe de Vergara, 135, Madrid ]

## 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
17/12/2018	147,691,167.40	738,455,837	738,455,837

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

[ ] Yes  
[ v ] No

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

Name or corporate name of shareholder	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
BLACKROCK INC.	0.00	2.82	0.00	0.45	3.28
MR. LEOPOLDO DEL PINO Y CALVO-SOTELO	0.00	5.00	0.00	0.00	5.00
FIL LIMITED	0.00	2.00	0.00	0.00	2.00

Breakdown of the indirect stake:

Name or corporate name of indirect holder	Name or corporate name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights
BLACKROCK INC.	CONTROLLED COMPANIES AND COLLECTIVE INVESTMENT INSTITUTIONS UNDER MANAGEMENT	2.82	0.45	3.28
FIL LIMITED	FIL LIMITED	2.00	0.00	2.00
MR. LEOPOLDO DEL PINO Y CALVO-SOTELO	SIEMPRELARA S.L. SOCIEDAD UNIPERSONAL	5.00	0.00	5.00

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

**Most significant movements**

Mr. Rafael del Pino y Calvo-Sotelo has carried out the following movements:

17/12/2018: exceeded 20% of the share capital  
30/11/2018: fell below 20% of the share capital

Blackrock Inc. has carried out the following movements:

06/11/2018: fell below 3% of the share capital  
21/05/2018: exceeded 3% of the share capital  
09/05/2018: fell below 3% of the share capital

FIL LIMITED, company in a tax haven, has carried out the following movements:

19/12/2018: exceeded 2% of the share capital  
13/02/2018: exceeded 1% of the share capital

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

Name or corporate name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights	% total voting rights that can be transferred through financial Instruments:	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. ÓSCAR FANJUL MARTÍN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. SANTIAGO FERNÁNDEZ VALBUENA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. SANTIAGO BERGARECHE BUSQUET	0.33	0.00	0.00	0.00	0.33	0.00	0.00
MR. JOAQUÍN AYUSO GARCÍA	0.02	0.00	0.00	0.00	0.02	0.00	0.00
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	0.02	0.00	0.00	0.00	0.02	0.00	0.00
MS. MARIA DEL PINO Y CALVO-SOTELO	0.00	8.08	0.00	0.00	8.08	0.00	0.00
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	0.01	2.53	0.00	0.00	2.53	0.00	0.00
MR. RAFAEL DEL PINO Y CALVO-SOTELO	0.00	20.10	0.03	0.00	20.13	0.00	0.00

Name or corporate name of the director	% voting rights attributed to the shares		% voting rights through financial instruments		% total voting rights	% total voting rights that <u>can be transferred</u> through financial Instruments:	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. IÑIGO MEIRÁS AMUSCO	0.05	0.00	0.03	0.00	0.08	0.00	0.00
MR BRUNO DI LEO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. PHILIP BOWMAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% total voting rights held by the Board of Directors	31.21
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Breakdown of the indirect stake:

Name or corporate name of the director	Name or corporate name of direct holder	% voting rights attributed to the shares	% voting rights through financial instruments	% total voting rights	% voting rights that <u>can be transferred</u> through financial Instruments:
MS. MARIA DEL PINO Y CALVO-SOTELO	MENOSMARES S.L.	8.08	0.00	8.08	0.00
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	ADDITION SICAV, S.A.	0.01	0.00	0.01	0.00
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	SOZIANCOR S.L. SOCIEDAD SOLE SHAREHOLDER	2.51	0.00	2.51	0.00
MR. RAFAEL DEL PINO Y CALVO-SOTELO	RIJN CAPITAL B.V.	20.10	0.00	20.10	0.00

According to the CNMV web page, the direct and indirect stake of the Directors is the following:

- Mr. Rafael del Pino y Calvo-Sotelo: 20.104%
- Mr. Santiago Bergareche Busquet: 0.334%
- Mr. Joaquín Ayuso García: 0.018%
- Mr. Íñigo Meirás Amusco: 0.049%
- Ms. María del Pino y Calvo-Sotelo: 8.082%
- Mr. Santiago Fernández Valbuena: 0.003%
- Mr. José Fernando Sánchez-Junco Mans: 0.023%
- Mr. Joaquín del Pino y Calvo-Sotelo: 2.530%
- Mr. Óscar Fanjul Martín: 0.003%
- Mr. Philip Bowman: 0.003%
- Ms. Hanne Birgitte Breinbjerg Sørensen: 0.000%
- Mr. Bruno Di Leo: 0.000%

**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, except as reported in section A.6:

Related-party name or corporate name	Type of relationship	Brief description
MR. RAFAEL DEL PINO Y CALVO-SOTELO, MS. MARIA DEL PINO Y CALVO-SOTELO	Family	Mr. Rafael and Ms. María del Pino Calvo-Sotelo are siblings.
MS. MARIA DEL PINO Y CALVO-SOTELO, MR. LEOPOLDO DEL PINO Y CALVO-SOTELO	Family	Ms. María and Mr. Leopoldo del Pino Calvo-Sotelo are siblings.
MR. RAFAEL DEL PINO Y CALVO-SOTELO, MR. LEOPOLDO DEL PINO Y CALVO-SOTELO	Family	Mr. Rafael and Mr. Leopoldo del Pino Calvo-Sotelo are siblings.

**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	Type of relationship	Brief description
MR. RAFAEL DEL PINO Y CALVO-SOTELO	Corporate	Mr. Rafael del Pino y Calvo-Sotelo is the Chairman and Chief Executive Officer of Ferrovial, S.A.
MS. MARIA DEL PINO Y CALVO-SOTELO	Corporate	Ms. María del Pino Calvo-Sotelo is a Director of Ferrovial, S.A.

**A.6.** Describe the relationships, unless they are scarcely relevant to the two parties, which exist between the significant shareholders or represented on the board and the directors, or their representatives, in the case of directors who are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors who have been appointed on behalf of significant shareholders, those whose appointment has been promoted by significant shareholders, or who are linked to significant shareholders and/or entities of its group, specifying the nature of such relationships. In particular, mention shall be made, where applicable, of the existence, identity and position of members of the board, or representatives of directors, of the listed company, who are, in turn, members of the administrative body, or their representatives, in companies that hold significant shareholdings in the listed company or in entities of the group of said significant shareholders:

Name or corporate name of the related-party director or representative	Name or corporate name of related party significant shareholder	Corporate name of the group company of the significant shareholder	Description relationship/position
MR. RAFAEL DEL PINO Y CALVO-SOTELO	MR. RAFAEL DEL PINO Y CALVO-SOTELO	----	As indicated in the response to section A.3, Mr. Rafael del Pino y Calvo-Sotelo indirectly holds 20.104% of the share capital of Ferrovial, S.A. through Rijn Capital B.V. He is a director A of this entity and holder of shares representing 99.87% of its capital.

Name or corporate name of the related-party director or representative	Name or corporate name of related party significant shareholder	Corporate name of the group company of the significant shareholder	Description relationship/position
MS. MARIA DEL PINO Y CALVO-SOTELO	MS. MARIA DEL PINO Y CALVO-SOTELO	----	As indicated in the response to section A.3, Ms. María del Pino y Calvo-Sotelo indirectly holds 8.079% of the share capital of Ferrovial, S.A. through Menosmares, S.L. She is a majority shareholder, as well as chairwoman and managing director of this entity.

**A.7.** Indicate whether the Company has been notified of any shareholders' agreements pursuant to articles 530 and 531 of the Capital Companies Act (hereinafter "Capital Companies Act"). Provide a brief description and list the shareholders bound by the agreement, as applicable.

☐ Yes  
☒ No

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

☐ Yes  
☒ No

None.

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

None.

**A.8.** Indicate whether any individuals or bodies corporate currently exercise control or could exercise control over the Company in accordance with article 5 of the Securities' Market Act. If so, identify.

[ ] Yes  
[ v ] No

**A.9.** Complete the following tables on the Company's treasury stock:

At year-end:

Number of shares held directly	Number of shares held indirectly (*)	% total share capital
7,218,319		0.98

(\*) Through:

Name or corporate name of indirect shareholder	Number of shares held directly
No data	

Explain any significant changes during the financial year:

Explain any significant changes.

The notifications filed with the CNMV (form IV) during the year regarding equity transactions in which circumstances stipulated in applicable legislation occurred are listed below:

A) Acquisitions that reach or exceed the threshold of 1% of the share capital of the issuer (regardless of the percentage of equity that the issuer holds at the time notification is required):

- On 7 November 2018, the CNMV was informed of (i) the acquisition of 7,906,732 direct shares by the Company, accounting for 1.069% of share capital, and (ii) the transfer of 53,891 direct shares, accounting for 0.007% of share capital.

B) Change in the number of voting rights of the issuer. In this case, the CNMV was notified of acquisitions and transfers of treasury shares between the last notification and the change in the share capital figure. In cases of capital reduction, the number of treasury shares subject to redemption appears in the notification as "transfer":

- On 21 June 2018, the CNMV was informed of (i) the acquisition of 6,528,941 direct shares by the Company, accounting for 0.883% of share capital, and (ii) the transfer of 905,794 direct shares, accounting for 0.123% of share capital.

- On 4 December 2018, the CNMV was informed of (i) the acquisition of 737,526 direct shares by the Company, accounting for 0.100% of share capital, and (ii) the transfer of 6,903 direct shares, accounting for 0.001% of share capital.

- On 27 December 2018, the CNMV was informed of (i) the acquisition of 2,245,428 direct shares by the Company, accounting for 0.304% of share capital, and (ii) the transfer of 10,375,809 direct shares, accounting for 1.405% of share capital.

**A.10.** Give details of the applicable conditions and time periods governing any resolutions of the General Shareholders' Meeting to issue, buy back and/or transfer own shares.

RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING OF 26 JUNE 2014.

"To authorise the Board of Directors to increase share capital in accordance with article 297.1.b) of the Capital Companies Act, subject to the following conditions:

1. Delegation of power to increase capital. The Board of Directors is hereby authorised to increase the share capital by one or more times and at any time, within a period of five years from the date of approval of this resolution by the General Shareholders' Meeting, up to a maximum amount of €73,351,025.50, corresponding to half of the Company's capital, through the issue of new ordinary, privileged or any other type of shares permitted by law, including redeemable shares, with or without a share premium, with or without voting rights, their equivalent value consisting of cash contributions, and the terms and conditions of the capital increase can be fixed, as well as freely offering the new shares not subscribed within the period or periods for exercising the pre-emptive subscription right.

The Board of Directors is authorised, in the event of incomplete subscription, to establish the share capital increase exclusively for the amount of the shares actually subscribed, and to amend the wording of the bylaw article referring to share capital.

2. Delegation of power to exclude preferential subscription rights. Under article 506.2 and related articles of the Capital Companies Act, the Board of Directors is hereby authorised to exclude, either in whole or in part, the preferential subscription rights of shareholders in relation to the issues of shares subject to this delegation of powers, where necessary in the interest of the Company and for compliance with all other applicable legal requirements. However, this authorisation will be limited to share capital increases in reliance on this power up to the maximum amount corresponding, as a whole, to 20% of current share capital.

If the Board decides to exclude the preferential subscription right in relation to any given issue of shares that may be decided in accordance with this authorisation, it shall, at the same time, issue a report detailing the specific corporate interests justifying such measures, which shall be accompanied by the pertinent report by the external auditor referred to in article 308.2.a) of the Capital Companies Act. These reports shall be made available to the shareholders and communicated at the first General Shareholders' Meeting to be held after the resolution to issue shares.

3. Listing of shares. The Board of Directors is hereby authorised to seek a listing for the new shares issued on the Madrid, Barcelona, Bilbao and Valencia stock exchanges via the Stock Market Interconnection System (Continuous Market), and on any foreign stock exchanges on which the shares of said company may be quoted, as appropriate. The Board is further authorised to undertake all necessary procedures and actions to obtain a listing before the competent authorities for the Spanish and foreign stock markets.

It is expressly stated that any subsequent request to de-list the securities must be approved under the same applicable procedure(s) used to admit them to trading, where applicable. The interests of the shareholders and/or bondholders who opposed the agreement or abstained are protected under the terms of the current legislation. It is also stated that Ferrovial, S.A. is bound by existing or future laws, particularly with respect to trading, length-of-trading and exclusion from trading.

4. Article 249.2 of the Capital Companies Act expressly authorises the Board of Directors to transfer the powers permitted under this article to the Executive Committee.

The powers transferred replace those agreed for transfer by the shareholders under item 5 on the agenda of the General Shareholders' Meeting held on 22 October 2009. This resolution is now defunct.

#### RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING OF 5 APRIL 2017.

"Authorisation of 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 the following limits and requirements:

1. Forms of acquisition: by purchase or any other "inter vivos" transfer for consideration.
2. Maximum number of shares to be acquired: shares of Ferrovial, S.A., in an amount such that the par value of the shares to be acquired, together with that of those already held by Ferrovial, S.A. and any of its subsidiaries, does not exceed 10% of the share capital of Ferrovial, S.A.
3. Minimum and maximum purchase price: The minimum purchase price of shares shall equal 75% of their market value at the acquisition date, and the maximum price at 120% of their market value on that date.
4. Duration of the authorisation: five (5) years from the date this Agreement.
5. Possible delivery of shares to employees or directors: the Board of Directors is empowered to allocate some or all of the treasury shares that are acquired to implement remuneration programmes whose purpose or mechanism is the delivery of shares or stock options, in accordance with article 146.1.a) of the Capital Companies Act.

Continued in Section H.

#### A.11. Estimated free float

	%
Estimated free float	56.77

It is calculated excluding treasury stock and the direct and indirect shareholding of (i) all the Directors; (ii) Casa Grande de Cartagena, S.A.U.; and (iii) the significant shareholders (Mr. Leopoldo del Pino y Calvo-Sotelo, Blackrock Inc. and FIL Limited).



**A.12.** Indicate whether there are any restrictions (statutory, legislative or of any kind) on the transferability of securities and/or any restrictions on voting rights. In particular, the existence of any type of restrictions that may restrict the taking of control of the company by means of the acquisition of its shares in the market will be communicated, as well as those systems of prior authorisation or communication that, regarding the acquisitions or transmissions of the company's financial instruments, are applicable by sectorial regulations.

☐ Yes

☒ No

**A.13.** 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.14.** 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**

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**B.1.** Indicate and, where applicable, detail whether there are any differences with the minimum regime provided for in the Capital Companies Act (CCA) with respect to the quorum for the constitution of the general meeting:

☐ 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 Capital Companies Act.

☒ Yes

☐ No

	Qualified majority other than that established in article 201.2 of the Capital Companies Act for general	Other cases requiring a qualified majority
% set by the Company for adopting corporate	0.00	66.66

There are no differences with the rules under the Capital Companies Act for adopting resolutions in the events listed in article 194.1 of the Capital Companies Act, in accordance with the qualified majorities prescribed by article 201.2 of the Capital Companies Act .

In order for the General Shareholders' Meeting to provide the Board of Directors with instructions or submit to its authorisation the decision in management matters, section 4 of article 22 of the Bylaws demands the same requirements, in terms of majorities and shareholder information, as Bylaw amendments.

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

The Company's Bylaws are the same as the provisions in current legislation and, therefore, they shall prevail. The following is a summary of the content of articles 194 and 201 of the Capital Companies Act.

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 preferential 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 owning at least fifty per cent of the subscribed capital with voting rights 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.

If the capital present in person or by proxy exceeds fifty percent, it will suffice for the resolution to be carried by an absolute majority.

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 Capital Companies Act 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 Capital Companies Act).

Likewise, in order for a bylaw-stipulated amendment to be valid that directly or indirectly affects the rights of a class of shares, it must be approved by the General Shareholders' Meeting pursuant to the requirements established in the Capital Companies Act, as well as by the majority of the shares belonging to the class affected. If the alteration only affects some of the shares of the same and, as the case may be, only class, and entails discriminatory treatment among shares, for the purposes of article 293 of the Capital Companies Act, the shares that are affected and those that are unaffected by the alteration will be treated as independent classes, such that a separate resolution will be required for each one of them. An alteration will be treated as discriminatory if, in substance, it has a clearly asymmetrical dividend or voting effect on some shares as opposed to others or on their respective holders (article 293 of the Capital Companies Act).

**B.4. Indicate the attendance figures for the General Shareholders' Meetings held during the year referred to in this report and those of the two previous financial years:**

Date of General Shareholders' Meeting	Attendance data				
	% remote voting				
	% attending in person	% by proxy	Electronic means	Others	TOTAL
5/4/2016	11.57	43.21	0.00	1.34	56.12
Of which floating capital	0.26	21.78	0.00	1.34	23.38
05/04/2017	11.71	50.64	0.01	2.04	64.40
Of which floating capital	0.18	29.22	0.01	2.04	31.45

Date of General Shareholders' Meeting	Attendance data				
	% remote voting				
	% attending in person	% by proxy	Electronic means	Others	TOTAL
05/04/2018	12.11	53.15	0.00	0.49	65.75
Of which floating capital	0.21	31.72	0.00	0.49	32.42

**B.5.** Indicate whether at the general meetings held during the year there were any items on the agenda that, for any reason, were not approved by the shareholders:

☐ Yes  
☒ No

**B.6.** Indicate whether there are any Bylaw restrictions establishing a minimum number of shares required to attend the general meeting, or for distance voting:

☒ Yes  
☐ No

Number of shares required to attend the General Shareholders' Meetings	100
Number of shares required for distance voting	1

**B.7.** Indicate whether it has been established that certain decisions, other than those established by law, which involve the acquisition, disposal, contribution to another company of essential assets or other similar corporate operations, must be submitted to the approval of the general shareholders' meeting:

☐ Yes  
☒ No

**B.8.** Indicate the address and mode of accessing corporate governance content on your Company's website, as well as other information on General Shareholders' Meetings that must be made available to shareholders on the website.

The corporate governance content and other information on General Shareholders' Meetings that must be made available to shareholders on the Company's website can be accessed at [www.ferrovial.com](http://www.ferrovial.com), under Information for Shareholders and Investors, Corporate Governance ("https://www.ferrovial.com/en/ir-shareholders/corporate-governance/").

## C. COMPANY MANAGEMENT STRUCTURE

### C.1. Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Bylaws and the number fixed by the General Shareholders' Meeting.

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the board	12

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

Name or corporate name of director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. RAFAEL DEL PINO Y CALVO-SOTELO		Executive	CHAIRMAN - CEO	09/01/1992	04/05/2016	General Shareholders' Meeting resolution
MR. SANTIAGO BERGARECHE BUSQUET		Other External	DEPUTY CHAIRMAN 1	23/02/1999	04/05/2016	General Shareholders' Meeting resolution
MR. JOAQUÍN AYUSO GARCÍA		Other External	DEPUTY CHAIRMAN 2	23/03/2002	04/05/2016	General Shareholders' Meeting resolution
MR. IÑIGO MEIRÁS AMUSCO		Executive	CHIEF EXECUTIVE OFFICER	20/10/2009	04/05/2016	General Shareholders' Meeting resolution
MS. MARIA DEL PINO Y CALVO-SOTELO		Proprietary	DIRECTOR	29/09/2006	04/05/2016	General Shareholders' Meeting resolution
MR. SANTIAGO FERNÁNDEZ VALBUENA		Independent	DIRECTOR	30/05/2008	04/05/2016	General Shareholders' Meeting resolution
MR JOSÉ FERNANDO		Independent	DIRECTOR	03/12/2009	04/05/2016	General Shareholders'

Name or corporate name of the director	Representative	Director category	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
SÁNCHEZ-JUNCO MANS						Meeting resolution
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO		Proprietary	DIRECTOR	29/10/2015	5/4/2016	General Shareholders' Meeting resolution
MR. ÓSCAR FANJUL MARTÍN		Independent	DIRECTOR	31/07/2015	04/05/2016	General Shareholders' Meeting resolution
MR. PHILIP BOWMAN		Independent	DIRECTOR	29/07/2016	05/04/2017	General Shareholders' Meeting resolution
MS. HANNE BIRGITTE BREINBJERG SØRENSEN		Independent	DIRECTOR	05/04/2017	05/04/2017	General Shareholders' Meeting resolution
MR. BRUNO DI LEO		Independent	DIRECTOR	25/09/2018	25/09/2018	Co-option

Total number of directors	12
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Indicate any terminations, whether through resignation, dismissal or any other cause that have occurred on the Board of Directors during the reporting period:

Name or corporate name of the director	Director category at the time of the termination	Date of the last appointment	Date of termination	Specialist committees on which they were a member	Indicate if the termination has occurred before the end of the
MR. JUAN ARENA DE LA MORA	Other External	04/05/2016	26/07/2018	Audit and Control Committee	YES

Reason for the termination and other comments
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As the company communicated to the CNMV by means of a Significant Event on 26 July 2018 (entry record 268,426), Mr. Juan Arena de la Mora resigned as Director as a consequence of his desire to contribute to the renewal of the Board, after having belonged to it for 18 years.

C.1.3 Complete the following tables on Board members and their respective status:

EXECUTIVE DIRECTORS		
Name or corporate name of the director	Position held in the Company	Profile
MR. RAFAEL DEL PINO Y CALVO-SOTELO	CHAIRMAN AND CEO	Civil Engineer (Polytechnic University of Madrid, 1981). MBA (Sloan School of Management, MIT, 1986). Chairman of Ferrovial since 2000 and CEO since 1992. Chairman of Cintra from 1998 to 2009. Member of the MIT Corporation, IESE's International Advisory Board, the MIT Energy Initiative's External Advisory Board and the MIT Sloan European Advisory Board, and the Harvard Business School European Advisory Board. He is also a member of the Royal Academy of Engineering of Spain. He has been Director of Zurich Insurance Group, Banesto and Uralita. Other information: Mr. Rafael del Pino has a controlling interest in the shareholder Rijn Capital B.V.
MR. IÑIGO MEIRÁS AMUSCO	CHIEF EXECUTIVE OFFICER	Degree in Law (Universidad Complutense de Madrid); MBA (IE Business School). CEO of Ferrovial since 2009. Joined Ferrovial in 1992; former Managing Director of Autopista del Sol and Director of Toll Roads at Cintra. CEO of Ferrovial Services from 2000 to 2007; later appointed CEO of Ferrovial Airports. Previously worked at Holcim Group and Carrefour Group.

Total number of executive directors	2
% of the Board	16.67

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of the director	Name or name of significant shareholder represented or who has proposed their appointment	Profile
MS. MARIA DEL PINO Y CALVO-SOTELO	MS. MARIA DEL PINO Y CALVO-SOTELO	Degree in Economics and Business Administration (Universidad Complutense de Madrid); Management Development Program (IESE). Director of Ferrovial since 2006. Chairman of the Rafael del Pino Foundation. Legal representative of Menosmares, S.L. that holds the positions of rotating Chairman / Vice-Chairman of the Board of Directors of Casa Grande de Cartagena, S.A.U. and Vice-Chairman of the Board of Directors of Pactio Gestión, SGIIC, S.A.U. Member of the Board of Trustees of the Princess of Asturias. Former member of the Governing Board of the <i>Asociación para el Progreso de la Dirección</i> and trustee of the Codespa Foundation and of the <i>Fundación Científica de la Asociación Española contra el Cáncer</i> . Other information: Ms. María del Pino is majority shareholder, as well as Director and CEO, of the shareholder Menosmares, S.L.

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of the director	Name or name of significant shareholder represented or who has proposed their appointment	Profile
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	Degree in Economics and Business Administration; MBA (IESE). Director of Ferrovial since 2015 (and has represented the Director Karlovy, S.L. since 2010, reelected in 2013). Legal representative of Soziancor, S.L.U., that holds the positions of rotating Chairman / Vice-Chairman of the Board of Directors of Casa Grande de Cartagena, S.A.U. and Chairman of the Board of Directors of Pactio Gestión, SGIIC, S.A.U.; Trustee of the Rafael del Pino Foundation and the Plan España Foundation. Former Director of Banco Pastor. Other information: Mr. Joaquín del Pino is the sole shareholder and sole director of the shareholder Soziancor, S.L.U.

Total number of proprietary directors	2
% of the Board	16.67

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of the director	Profile
MR. SANTIAGO FERNÁNDEZ VALBUENA	Degree in Economics (Universidad Complutense de Madrid); PhD and Master's Degree in Economics (Northeastern University, Boston). Director of Ferrovial since 2008. Chairman of the Board of Directors of AEDAS Homes, S.A. and Vice-Chairman of EBN Banco de Negocios. Former Chairman of Telefónica Latinoamérica; Director and Chief Strategy, Finance and Corporate Development Officer at Telefónica; Managing Director of Société Générale Valores and Head of Equities at Beta Capital; Professor of Applied Economics at the Universidad Complutense and Professor at IE Business School.
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	Degree in Industrial Engineering (Universidad Politécnica de Barcelona). ISMP Graduate at Harvard Business School. Member of the State Corps of Industrial Engineers. Director of Ferrovial since 2009. Director of Cintra from 2004 to 2009. Executive Chairman of Maxam Group; Chairman of Maxam Foundation; member of the Board of Trustees of the <i>Museo de la Minería y la Industria</i> and of the Foundation <i>Princesa de Girona</i> . Former Managing Director of Iron and Steel and Naval Industries and Managing Director of Industry at the Ministry of Industry and Energy; Director of Dinamia, Uralita and Duro Felguera.
ÓSCAR FANJUL MARTÍN	Professor of Economic Theory on leave of absence. Director of Ferrovial since 2015. Vice-Chairman of Omega Capital. Vice-Chairman of LafargeHolcim; Director of Altamira Asset Management and of Marsh & McLennan Companies; Vice-Chairman of the <i>Museo Nacional Centro de Arte Reina Sofía</i> and Trustee of the Center for Monetary and Financial Studies (Bank of Spain) and of the Aspen Institute (Spain). Former founding Chairman and CEO of Repsol; Chairman of Hidroeléctrica del Cantábrico; non-executive Chairman of NH Hoteles and Deoleo; Director of Acerinox, Unilever, BBVA, London Stock Exchange and Areva.

INDEPENDENT EXTERNAL DIRECTORS	
Name or corporate name of the director	Profile
MR. PHILIP BOWMAN	Degree with honors in Natural Science (University of Cambridge); Master in Natural Science (University of Cambridge); Fellow of the Institute of Chartered Accountants in England & Wales. Director of Ferrovial since 2016. Chairman of Potrero Distilling Holdings and Tegel Group Holdings Limited; Non-executive Chairman of Majid Al Futtaim Properties and Non-executive Director of its parent company, Majid Al Futtaim Holding LLC; Director of Kathmandu Holdings Limited and of Better Capital. Former Chairman of Coral Eurobet and Liberty; Non-executive Chairman of The Munroe Group (UK); CEO of Smiths Group, Scottish Power and Allied Domecq; and Director of Burberry Group, Berry Bros. & Rudd, Scottish & Newcastle Group, Bass, British Sky Broadcasting Group and Coles Myer.
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	MsC. in Economics and Management from the University of Aarhus (Denmark). Director of Ferrovial since 2017. Director of LafargeHolcim, Delhivery, Sulzer, Tata Motors, Tata Consulting Services and Jaguar Land Rover. Former CEO of Damco and Maersk Tankers; Senior Vice President and Chief Commercial Officer at Maersk Line; and CFO for the Asia Region at Maersk Line (A.P. Moller-Maersk Group). She has also been Chairman of ITOPF, Vice-Chairman of Hoegh Autoliners, Director of Axcel and INTTRA and member of the Supervisory Board of Koninklijke Vopak.
MR. BRUNO DI LEO	He holds a Business Administration degree from Ricardo Palma University and a postgraduate degree from <i>Escuela Superior de Administración de Negocios</i> , both in Lima (Peru). Director of Ferrovial since 2018. Director of Cummins Inc. Member of the International Advisory Board of <i>Instituto de Estudios Superiores de la Empresa</i> in Spain and of the Deming Center Advisory Board of Columbia Business School. He has developed his professional career at the multinational group IBM. He served as Senior Vice President of IBM Corporation; Senior Vice President of Global Markets; General Manager of the Growth Markets Unit; General Manager for Global Technology Services in Southwest Europe and then General Manager for Northeast Europe; General Manager for IBM Latin America and General Manager of IBM Brazil.
Total number of independent directors	6
% of the Board	50.00

List any independent directors who receive from the Company, or from its same 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 company of its group, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained the said relationship.

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



Name or corporate name of the director	Description of the relationship	Reasoned statement
<b>MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS</b>	Mr. Sánchez-Junco is the Executive Chairman of the MAXAM Group. This entity has supplied explosives and provided demolition and earth movement services to companies of the Ferrovia group for approximately €60 thousand. In addition, the Ferrovia Group has supplied consumables to companies in the Maxam Group amounting to approximately €0.43 thousand.	The Board does not consider the relationship described is sufficiently important so as to affect the independence of the Director.
<b>MR. ÓSCAR FANJUL MARTÍN</b>	<p>Mr Fanjul is Vice-chairman of LafargeHolcim Ltd Companies of that group sold cement, concrete and related materials to Ferrovia group companies for approximately €5187 thousand. The Ferrovia Group has also provided waste management and collection services amounting to approximately €34 thousand to companies in the LafargeHolcim Group.</p> <p>Mr. Fanjul is a Director of Marsh &amp; McLennan Companies Inc. Companies of this group provided insurance services to Ferrovia group companies for the amount of approximately €3461 thousand.</p> <p>Mr Fanjul is a Director of Altamira Asset Management. SA Companies of this group provided real estate leasing services to Ferrovia group companies for the amount of approximately €17 thousand. In addition, the Ferrovia Group provided maintenance services to this entity amounting to approximately €6,930 thousand.</p>	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 Director.
<b>MS. HANNE BIRGITTE BREINBJERG SØRENSEN</b>	<p>Ms. Sorensen is a Director of LafargeHolcim. Ltd. Companies of that group sold cement, concrete and related materials to Ferrovia group companies for approximately €5187 thousand. In turn, the Ferrovia Group has also provided waste management and collection services amounting to approximately €34 thousand to companies in the LafargeHolcim Group.</p> <p>Ms. Sorensen is a director of Sulzer Ltd, companies in this group have sold pumping equipment and provided sanitation and water purification services to companies in the Ferrovia group for approximately €863 thousand.</p>	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 Director.
<b>MR. BRUNO DI LEO</b>	Mr. Di Leo is Director of Cummins Inc. Companies of this group provided insurance services to Ferrovia group companies for the amount of approximately €23 thousand.	The Board does not consider the relationship described to be sufficiently important so as to affect the independence of the Director.

OTHER EXTERNAL DIRECTORS			
Identify the remaining external directors, list the reasons why they cannot be considered to be proprietary or independent directors, and detail their relationships with the Company, its executives or shareholders:			
Name or corporate name of the director	Reasons:	Company, executive or shareholder with whom the relationship is maintained:	Profile
MR. SANTIAGO BERGARECHE BUSQUET	Article 529 xii.4.i of the Capital Companies Act stipulates that persons that have been directors for a sustained period of more than 12 years may not, under any circumstances, be appointed as an independent director. Mr. Bergareche was appointed Director of Grupo Ferrovial, S.A. (company extinct after being absorbed by Ferrovial, S.A.) as of 23 February 1999	FERROVIAL, S.A.	Degree in Economics and Law (Universidad Comercial de Deusto). 1st Vice-Chairman of Ferrovial and member of the Board of Directors since 1999. Joined Ferrovial in 1995 as Chairman of Agroman. In February 1999, after the merger of Ferrovial and Agroman, appointed CEO of Ferrovial. Vice-Chairman of Alantra Partners; Director of Vocento, Maxam Corp Holding and Deusto Business School; Trustee of the Foundation Casa Ducal de Medinaceli. Former Managing Director of Banco Bilbao Vizcaya Argentaria (BBVA); Chairman of Vocento, Metrovacesa and Cepsa.
MR. JOAQUÍN AYUSO GARCÍA	Article 529 xii.4.a) of the Capital Companies Act 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 role as Executive Director on 29 November 2012.	FERROVIAL, S.A.	Degree in Civil Engineering (Universidad Politécnica de Madrid). 2nd Vice-Chairman of Ferrovial and member of the Board of Directors since 2002. Chairman of the Board of Directors of Autopista del Sol. Joined Ferrovial in 1982. Managing Director of Construction since 1992, CEO of Ferrovial Agroman (1999-2002), CEO of Ferrovial (2002-2009), executive Vice-Chairman of Ferrovial (2009-2012) and Vice-Chairman of Cintra (2002-2009). Former Director of BAA (UK), Budimex (Poland) and 407 ETR (Canada). Director of Bankia and National Express Group (UK). Member of the Advisory Boards of "Benjamin Franklin" Institute at the University of Alcalá de Henares, TRANSYT (Transport Investigation Center of the School of Civil Engineering) and A.T. Kearney for Spain. Former Director of Hispania Activos Inmobiliarios and member of the Board of Círculo de Empresarios.

Total number of other external directors	2
% of the Board	16.67

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

Name or corporate name of the director	Date of change	Previous category	Current category
No data			

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

	Number of female directors				% of total directors of each category			
	Financial year 2018	Financial year 2017	Financial year 2016	Financial year 2015	Financial year 2018	Financial year 2017	Financial year 2016	Financial year 2015
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	50.00	50.00	50.00	33.33
Independent	1	1			16.67	20.00	0.00	0.00
Other external					0.00	0.00	0.00	0.00
TOTAL	2	2	1	1	16.67	16.67	9.09	8.33

C.1.5 Indicate whether the company has diversity policies in relation to the company's board of directors with regard to issues such as age, gender, disability, or professional training and experience. Small and medium sized entities, in accordance with the definition contained in the Accounts Audit Law, will have to report, as a minimum, on the policy they have established in relation to gender diversity.

- [ ☒ ] Yes  
 [ ☐ ] No  
 [ ☐ ] Partial policies

In the case of affirmative, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results for the year. The specific measures adopted by the Board of Directors and the Nominations and Remunerations Committee to achieve a balanced and diverse presence of directors must also be indicated.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

Description of policies, objectives, measures and the way in which they have been implemented, as well as the results obtained.

A. Description of the Policy, objectives, extent and manner in which it has been applied and its results for the year.

On 15 December 2015, the Board of Directors approved the Ferrovial, S.A. Director Selection Policy.

The said Policy indicates that it will try to identify the candidates that contribute with diversity in terms of knowledge, experience, nationalities and gender within the Board of Directors, and any kind of implicit bias that could entail some form of discrimination shall be avoided. To this end, it provides for external advisers to be available in the selection of candidates for Directorships.

It also includes that the Director selection process shall attempt to procure an appropriate balance on the Board of Directors, which enriches and contributes with a plurality of views to the debates and taking decisions.

Finally, the Policy indicates the number of female directors should represent, at least, 30% of the entire Board by 2020. In order to attain this objective, the Policy foresees that an external advisor shall be instructed, where applicable, to collaborate in the selection of candidates, searching for and presenting candidatures from the lesser represented gender group, and which meet the requirements set forth in the said Policy.

During 2018 a selection process for a Director was followed, with the objective of continuing with the gradual renewal of the members of the Board of Directors and advancing in the diversity of geography, knowledge and gender with respect to its composition.

The process was completed with the appointment of Mr. Bruno Di Leo as Independent Director by co-option, as understood by the Nomination and Remuneration Committee (in its proposal) and the Board of Directors (in its decision) that he was the candidate with the best skills and experience required, which said Committee had previously set.

B. Specific measures adopted by the Board of Directors and the Nomination and Remuneration Committee to achieve a balanced and diverse presence of directors.

In the aforementioned selection process, the Nomination and Remuneration Committee considered the following competencies and aptitudes as necessary, aimed at providing the Board with an appropriate balance: (i) managerial and executive experience in multinational business groups; (ii) knowledge and experience in relation to finance, business, innovation and new technologies; and (iii) knowledge and professional experience in English speaking markets; especially that of the United States.

In this process, the Board of Directors agreed, at the proposal of the Nomination and Remuneration Committee, to hire a consultant of recognised prestige in this type of process in order to assist in its development and success.

The consultant was instructed to submit nominations that provided diversity to the Board. In particular, it was expressly stated in its commission its obligation to nominate women with the required qualifications.

In addition, section C.1.6 explains the specific measures agreed by the Nomination and Remuneration Committee to increase the number of female Directors.

**C.1.6** Explain the measures taken, if applicable, by the Nominations 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 professional profile and include them as potential candidates and to achieve a balanced presence of women and men:

#### Explanation of measures

At its meeting of 14 December 2015, the Nomination and Remuneration Committee decided to apply the following measures when a Director selection process is set in motion:

- Include at least one curriculum from a person of the less represented gender in the final trio of aspirants.
- Choose the candidate that is of the less represented gender, provided that the professional evaluation of the candidates is similar in terms of suitability, competence and professional performance.
- Evaluate annually and adopt, where appropriate, a plan of action that corrects the shortcomings detected with regards to the composition of the Board in terms of diversity.

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

#### Explanation of the reasons

The Board of Directors currently has two women among its twelve members.

Pursuant to the criteria of the Board and, in particular, the Nomination and Remuneration Committee, candidates are sought for Director positions who are highly qualified and experienced, preferably in markets where Ferrovial is particularly active. When the qualifications and experience of a male candidate and a female candidate are equivalent and meet all requirements, and they are sufficiently available, the latter will be chosen.

As indicated in the response to section C.1.5, during 2018 a selection process for a Director was followed, which concluded with the appointment by co-option of Mr. Bruno Di Leo.

The appointment was made in accordance with article 529 quidecies.3 a) of the Capital Companies Act, following evaluation by the Nomination and Remuneration Committee of the skills, aptitudes and experience required in the Board of Directors (indicated in the response to section C.1.5).

As also noted above, an external consultant was recruited for the selection process. The Nomination and Remuneration Committee proposed and the Board of Directors appointed Mr. Di Leo by co-option, on the understanding that he had the defined skills and aptitudes.

Mr. Bruno Di Leo has pursued his professional career in the multinational IBM Group, where he has held various senior management positions in various countries. He therefore has knowledge of financial matters, business strategy, business management, new technologies and innovation. He also has extensive international experience, as the IBM group is present in around 170 countries around the world. He is currently an advisor to U.S. engine manufacturer Cummins, Inc. which also allows him to have specific knowledge of the US market, which is one of the main markets of the Ferrovial group.

As already indicated in the Annual Corporate Governance Report for the 2017 financial year, the Company maintains an open process of gradual renewal of the members of the Board that reinforces the degree of independence as well as its diversity. To this end, the Committee has commissioned an external consultant to search for new candidates, primarily women, who meet the requirements of qualification, capacity and compatibility.

**C.1.7** Explain the Nominations' Committee's conclusions on the checks carried out to ensure that the Director Selection Policy is being complied with. And in particular, concerning how the said policy is encouraging the objective that by the year 2020, the number of female board members represents, at least, 30% of the total number of members of the Board of Directors

At its meeting of 17 December 2018, the Nomination and Remuneration Committee verified compliance with the Company's Director Selection Policy.

The Committee considered that the Director selection process carried out in 2018 complied with the Director Selection Policy regarding the conditions to be met by the candidates submitted (professional qualification, capacity and diversity of knowledge, experience and nationality).

With regard to the objective of ensuring that in 2020 the number of female directors represents at least 30% of the total number of members of the Board of Directors, in this process the external advisor hired was instructed to present candidatures of the less represented gender that met the requirements of qualification, capacity and compatibility.

At its meeting on 17 December 2018, the Nomination and Remuneration Committee reiterated its desire to continue working towards the said objective of presence of the least represented gender on the Board.

For this purpose, the Committee has commissioned an external consultant to search for new candidates, primarily women, who meet the requirements of qualification, capacity and compatibility.

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

Name or corporate name of shareholder	Justification
MR. JOAQUÍN DEL PINO Y CALVO-SOTELO	Mr. del Pino y Calvo-Sotelo holds, individually and through Soziancor, S.L.U. and Addition Sicav, S.A., a stake (2.530%) in the share capital of the Company as of 31 December 2018. In addition, together with his sister María, he held 1,208% of the share capital at 31 December 2018 jointly and indirectly, through Casa Grande de Cartagena, S.A.U. Mr. Mr Joaquín del Pino y Calvo-Sotelo's financial interest in the Company is more than 3% of its 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  
[ v ] No

C.1.9 Indicate, if any, the powers and faculties delegated by the board of directors to directors or to board committees:

Name or corporate name of the director or committee	Brief description
RAFAEL DEL PINO Y CALVO-SOTELO	All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.
MR. IÑIGO MEIRÁS AMUSCO	All powers except those that cannot, under the law or the Company's Bylaws, be so delegated.

C.1.10 Indicate the members of the board, if any, who hold office as directors, representatives of directors or executives in other companies belonging to the listed company's group:

Name or corporate name of the director	Corporate name of the group entity	Position	Do they have executive functions?
MR. JOAQUÍN AYUSO GARCÍA	AUTOPISTA DEL SOL, S.A.	CHAIRMAN	NO
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL AGROMAN, S.A.	CHAIRMAN	YES
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL SERVICIOS, S.A.	CHAIRMAN	YES

Name or corporate name of the director	Corporate name of the group entity Position	Position	Do they have executive functions?
MR. IÑIGO MEIRÁS AMUSCO	FERROVIAL INTERNACIONAL, S.L.U.	Chairman and CEO	YES

C.1.11. List any company board members or representatives of board members who likewise are board members or representatives of board members 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 the director	Corporate name of the listed company	Position
MR. SANTIAGO BERGARECHE BUSQUET	VOCENTO	CHAIRMAN
MR. SANTIAGO BERGARECHE BUSQUET	ALANTRA PARTNERS, S.A.	DEPUTY CHAIRMAN
MR. JOAQUÍN AYUSO GARCÍA	NATIONAL EXPRESS GROUP, PLC	DIRECTOR
MR. JOAQUÍN AYUSO GARCÍA	BANKIA, S.A.	DIRECTOR
MR. SANTIAGO FERNÁNDEZ VALBUENA	AEDAS HOMES, S.A.	CHAIRMAN
MR. ÓSCAR FANJUL MARTÍN	MARSH & MCLENNAN COMPANIES	DIRECTOR
MR. ÓSCAR FANJUL MARTÍN	LAFARGEHOLCIM LTD	DEPUTY CHAIRMAN
MR. PHILIP BOWMAN	BETTER CAPITAL PCC LTD	DIRECTOR
MR. PHILIP BOWMAN	KATHMANDU HOLDINGS LIMITED	DIRECTOR
MS. HANNE BIRGITTE BREINBJERG SØRENSEN	LAFARGEHOLCIM LTD.	DIRECTOR
MS.HANNE BIRGITTE BREINBJERG SØRENSEN	SULZER LTD	DIRECTOR
MS.HANNE BIRGITTE BREINBJERG SØRENSEN	TATA MOTORS LTD	DIRECTOR
MS.HANNE BIRGITTE BREINBJERG SØRENSEN	TATA CONSULTANCY SERVICES LIMITED	DIRECTOR
MR. BRUNO DI LEO	CUMMINS INC.	DIRECTOR

C.1.12 Indicate and, where appropriate, explain whether the Company has established rules about the maximum number of boards on which its directors may sit, identifying, where applicable, where it is regulated:

[ ] Yes  
[ v ] No

C.1.13 Indicate the amounts of the following items relating to the total remuneration of the Board of Directors:

Remuneration accrued in the financial year in favour of the Board of Directors (thousands of euros)	9,330
Amount of the rights accumulated by the current directors in relation to pensions (thousand euros)	0
Amount of the rights accumulated by the former directors in relation to pensions (thousand euros)	0

C.1.14 List any members of senior management who are not executive directors and indicate the total remuneration paid to them during the year:

Name or corporate name	Position/s
MR. JUAN IGNACIO GASTÓN NAJARRO	GENERAL DIRECTOR OF CONSTRUCTION
MS. MARÍA DIONIS TRENOR	GENERAL DIRECTOR OF HUMAN RESOURCES
MR. FIDEL LOPEZ SORIA	GENERAL DIRECTOR OF SERVICIOS
MR. ÁLVARO ECHÁNIZ URCELAY	GENERAL DIRECTOR OF REAL ESTATE
MR. JUAN FRANCISCO POLO MARTÍN	DIRECTOR OF COMMUNICATION AND CORPORATE RESPONSIBILITY
MR. ALBERTO FERREIRO PRADO	DIRECTOR OF INTERNAL AUDIT
MR. FEDERICO FLÓREZ GUTIÉRREZ	CHIEF INFORMATION OFFICER
MR. ERNESTO LÓPEZ MOZO	CHIEF FINANCIAL OFFICER
MR. SANTIAGO ORTIZ VAAMONDE	GENERAL COUNSEL
MR. JORGE GIL VILLÉN	GENERAL DIRECTOR OF AIRPORTS
MR. ALEJANDRO DE LA JOYA RUÍZ DE VELASCO	GENERAL DIRECTOR OF TOLL ROADS
MS. MARÍA TERESA PULIDO MENDOZA	DIRECTOR OF CORPORATE STRATEGY
Total remuneration senior management (thousand euros)	23,101

Included in the amount expressed as total remuneration of Senior Management is €8,924 thousand paid for the disassociation of three members of Senior Management.

C.1.15 Indicate whether any changes have been made to the Board regulations during the year:

☒ Yes  
☐ No

Description of amendments
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At its meeting on 18 December 2018, the Board of Directors approved the amendment of article 18 of its Regulations, which regulates the delegated bodies of the Board.

With this amendment, the requirement has been eliminated that the participation structure of the categories of Directors on the Executive Committee be similar to that of the Board itself.

The Board is engaged in an already advanced process of gradual renewal. The incorporation of a new member Director may not always be immediately accompanied by a change in the composition of the Executive Committee. This has been the case following recent changes on the Board, in particular the appointment of Mr. Bruno Di Leo has increased the number of Independent Directors without this having been reflected in the Executive Committee.

C.1.16 Indicate the procedures for selecting, appointing, re-electing and removing directors. List the competent bodies, procedures and criteria used for each of these procedures.

#### A. Selection of Directors

The competencies of the Nomination and Remuneration Committee include evaluating the skills, knowledge and experience necessary on the Board of Directors, and defining, as a result, the functions and skills necessary in the candidates to cover vacancies. The Nomination and Remuneration Committee is also responsible for assessing the time and dedication necessary to carry out their responsibilities properly.

The Nomination and Remuneration Committee is required to:

- Submit to the Board of Directors proposals to appoint Independent Directors by co-option or to submit the proposal to a vote at the General Shareholders' Meeting, along with any proposals to re-elect or dismiss these Directors by the General Shareholders' Meeting.
- Report on proposed nominations of the remaining Directors for their designation by co-option or by submission to the decision of the General Shareholders' Meeting, as well as proposals for reelection or release of the same by the General Shareholders' Meeting.

In any event, the board must issue a report on the competence, experience and merits of the proposed candidate.

The Regulations of the Board of Directors provide that any Board member may propose potential candidates for Board vacancies to the Nomination and Remuneration Committee.

In addition, on 15 December 2015, the Board adopted the Company's Director Selection Policy. The policy prescribes that the director selection process must achieve the right balance on the Board to enrich discussion and decision-making by providing a plurality of points of view. Specifically, it will try to identify candidates who provide a diversity of knowledge, experience, nationalities and gender to the Board, and it will avoid any implicit bias that might imply any form of discrimination. The policy further provides that the Company may enlist the services of an external advisor in director selection procedures. Finally, the policy lists a range of requirements that the Company must consider, among others, when selecting candidates for directorships.

The Regulations of the Board of Directors require the Company to set up an induction programme for newly-appointed Directors to provide them with a broad and balanced overview of Ferrovial, including its rules on corporate governance, together with refresher programmes when circumstances so dictate.

#### B. Term of office

Under the Bylaws and the Regulations of the Board of Directors, Directors shall hold office for a period of 3 years and may be reappointed. Appointments to the posts of Chief Executive Officer and Secretary to the Board, and membership of the Advisory Committees.

The Nomination and Remuneration Committee is required to:

- Submit a report on the appointment of the Chief Executive Officer and Secretary to the Board.
- Report on the nomination of members who are to form part of each of the Committees, taking into account the knowledge, aptitudes and experience of the Directors and the duties entrusted to each Committee.

#### C. Removal of Directors

The removal of Directors from office is detailed in section C.1.19.

C.1.17 Explain to what extent this annual evaluation of the Board has prompted significant changes in its internal organisation and the procedures applicable to its activities:

#### Description of amendments

The annual evaluation of the Board has not prompted significant changes to its internal organisation or procedures.

However, on the basis of the conclusions and recommendations of the external consultant who assisted in the evaluation process, the Board agreed to further strengthen its role in the following areas: (i) debates on the Group's strategy; (ii) monitoring innovation, technology and digital transformation; and (iii) receiving updated information at each meeting on the most problematic issues and projects of each business division.

Describe the evaluation process and the areas evaluated carried out by the board of directors, aided where appropriate by an external consultant, with respect to the operation and composition of the board and its committees and any other area or aspect that has been subject to evaluation.

#### Description process for the assessment and areas assessed

The assessment process for the Board of Directors is carried out every year with the support of a leading external consultant. In 2018 the following were reviewed: (i) the dynamics of the Board's functioning, its responsibilities and relationships with the management team; (ii) the operating dynamics and responsibilities of the Board's committees; (iii) the role of the Chairman of the Board of Directors, the Chief Executive Officer and the Secretary of the Board.



The Directors answer a questionnaire drawn up by the external adviser, who also holds an interview with each of them. The consultant processes and assesses the information provided in the responses and presents the results at a Board meeting, which include his analysis and conclusions based on his experience.

During this financial year, the external consultant also informed the Board of the main recommendations on corporate governance made by investors and voting advisers and their application at Ferrovial.

In addition to the assessment process, the Audit and Control Committee and the Nomination and Remuneration Committee prepare an annual report on their functioning, which is published on the Company website sufficiently in advance to the celebration of the General Shareholders' Meeting.

**C.1.18 Breakdown, in those years in which the evaluation has been assisted by an external consultant, of the business relations that the consultant or any company in his group has with the company or any company in his group.**

KPMG has assisted in the evaluation process of the Board of Directors corresponding to financial year 2018.

KPMG has the following business relationships with the Ferrovial group:

- It provides different kind of consultancy services to the group (mainly, consultancy in the review of financial and non-financial information in merger and acquisition processes ("due diligence"), auditing financial models and expert reports).
- It is the accounting auditor of Broadspectrum, a subsidiary of Ferrovial, S.A.

**C.1.19 Indicate the cases in which directors must resign.**

Directors shall resign at the end of their term of office or when the General Shareholders' Meeting so decides. Also under any of the following circumstances:

- In the case of an Executive Director, where the Board of Directors considers it appropriate.
- In the case of Proprietary Directors, when the shareholder they represent disposes of their ownership interest in its entirety. Directors must also resign from office, in a suitable number, if the shareholding is reduced to a level that requires a reduction in the number of Proprietary Directors.

Directors must place their position at the disposal of the Board, and formalise their resignation if the latter deems it appropriate, in the following cases:

- 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, because the Director has seriously breached his/her obligations.
- 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 72 years.
- Should significant changes take place in their professional situation or the conditions by virtue of which they were nominated Directors.
- When their continuing presence on the Board might harm corporate credibility or reputation in the opinion of the Board. In particular, if any legal proceedings or hearings are entered into against the director for an offence specified under corporate legislation, the Board shall examine the matter as promptly as possible and, based on the particular circumstances, decide whether or not the Director should continue in his/her position. This decision should be disclosed in the Company's 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 the term of office to which they were appointed unless it considers there are reasonable grounds for doing so after a report has been received from the Nomination and Remuneration Committee. In particular, just cause will be presumed when an Independent Director takes up new posts or responsibilities that prevent them from allocating sufficient time to the work of a Board member, or are in breach of the duties of their position, raise conflicts of interests, or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of Independent Directors may also be proposed if a takeover bid, merger or similar corporate transaction alters the Company's capital structure, provided the changes in Board membership ensue from the proportionality criterion set out in the good governance recommendations taken up by the Company.

**C.1.20 Are qualified majorities other than those prescribed by law required for any type of decision?: When their continuance on the Board might harm corporate credibility or reputation, in the opinion of the Board**

- [ ☒ ] Yes  
[ ☐ ] No

If applicable, describe the differences.

**Description of differences**

An amendment to the Regulations of the Board of Directors requires the agreement of the majority of the members of the Board of Directors.

C.1.21 Indicate whether there are any specific requirements, apart from those relating to the directors, to be appointed Chairman of the Board of Directors.

☐ Yes  
☒ No

C.1.22 Indicate whether the Bylaws or the Board regulations set any age limit for directors:

☒ Yes  
☐ No

	Age limit
Chairman	72
CHIEF EXECUTIVE OFFICER	72
Directors	72

In accordance with the Regulations of the Board of Directors, all Directors must place their position at the disposal of the Board of Directors and formalize their resignation, if the Board deems it appropriate, when they reach the age of 72.

C.1.23 Indicate whether the bylaws or board regulations establish a limited mandate or other stricter requirements in addition to those legally established for independent directors, other than those established in the regulations:

☐ Yes  
☒ No

C.1.24 Indicate whether the by-laws or internal board regulations establish any specific rules for voting by proxy at board meetings on behalf of other directors, the manner of doing so and, in particular, the maximum number of proxy appointments a director may make. Also indicate whether there are any limitations on the categories for proxy appointments, beyond those established by law. If so, give brief details.

In accordance with the Regulations of the Board of Directors, Directors must attend the sessions held in person, and where this is not possible, they may, for each session and through any written means including electronic mail, delegate their representation to another Director, with any instructions they deem necessary. This representation shall be notified to the Chairman or to the Secretary of the Board of Directors. A single Director may hold several representations. Non-Executive Directors may only delegate their representation upon another Non-Executive Director.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board has met without the attendance of its Chairman. Attendance will also include proxies appointed with specific instructions.

Number of Board meetings	6
Number of Board meetings held without the Chairman's attendance	

Indicate the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive director:

Number of meetings	
--------------------	--

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

Number of meetings of the Audit and Control Committee	5
Number of meetings of the Nomination and Remuneration Committee	6
Number of meetings of Executive Committee	3

In May 2018, minutes adopted by the Board in written and without session were drafted, such meeting has not been recorded in the number of meetings. Likewise, in April, minutes adopted by the Executive Committee in written and without session were drafted, not having recorded such meeting either in the number of meetings.

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the details on the attendance of its members:

Number of meetings attended in person by at least 80% of the directors	6
% of attendance in person of the total votes cast during the financial year	98.61
Number of meetings with attendance in person, or representations made with specific instructions, of all directors	6
% of votes cast with attendance in person and representations made with specific instructions, on the total votes during the financial year	100.00

C.1.27 Indicate whether the consolidated and individual financial statements submitted to the Board for their formulation have been previously certified.

[ ☒ ] 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
MR. RAFAEL DEL PINO Y CALVO-SOTELO	CHAIRMAN OF THE BOARD OF DIRECTORS
MR. IÑIGO MEIRÁS AMUSCO	CHIEF EXECUTIVE OFFICER
MR. ERNESTO LÓPEZ MOZO	CFO

- C.1.28 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated financial statements it prepares from being put before the General Shareholders' Meeting if the auditor's reports on them include qualifications.

The Regulations of the Board of Directors state that one of the Board's responsibilities is to arrange for the annual accounts to be presented before the Annual General Shareholders' Meeting without any reservations or qualifications in the auditor's report.

Pursuant to the Regulations of the Board of Directors, the Audit and Control Committee is responsible for ensuring that the Board of Directors can present the company's accounts to the Annual General Shareholders' Meeting without any reservations or qualifications in the auditor's report, and, in the exceptional case that qualifications exist, both the Chairman of the Committee and the auditors should give a clear account to shareholders of the scope and content of the reservations or qualifications.

- C.1.29 Is the Secretary to the Board also a Director?

☐ Yes  
☒ No

If the Secretary is not a director, please complete the following box:

Name or corporate name of secretary	Representative
Mr. SANTIAGO ORTIZ VAAMONDE	

- C.1.30 Indicate the specific mechanisms established by the company to preserve the independence of the external auditors, as well as, if any, the mechanisms to preserve the independence of the financial analysts, of the investment banks and of the rating agencies, including how the legal provisions have been implemented in practice.

The functions of the Audit and Control Committee include (i) submitting to the Board of Directors proposals for the selection, appointment, re-election and replacement of the auditor; (ii) Proposing, to the Board of Directors, the scope of the work to be carried out by the auditor, ensuring that the remuneration of the auditor does not compromise the quality or independence of their work. (iv) ensuring that the Company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the auditor's concentration of business and, in general, other regulations on auditor independence; and (v) establishing the appropriate relations with the external auditor in order to receive information on any issues that may threaten their independence, for the purpose of examining them if appropriate.

The Audit and Control Committee receives written confirmation annually from the auditor of its independence with respect to the Company or entities directly or indirectly connected to the Company, as well as detailed or tailored information on any type of additional services provided to these entities by this auditor, along with any fees received from these entities by the aforesaid auditor or by persons or entities.

In addition, the Board of Directors shall be bound by this Agreement in accordance with the provisions of the legislation on auditing of accounts. Prior to the issue of the external auditor's report, the Committee issues a report every year expressing an opinion on whether the independence of the external auditor is compromised. This report contains the reasoned assessment of the provision of each and every one of the additional services, considered individually and as a whole, other than the statutory audit.

During 2018, a selection process for a new accounts auditor has been carried out for the Company and its consolidated group for years 2020 to 2022. The Audit and Control Committee has been responsible for such process.

Likewise, when necessary, the auditor has had a sufficient time limit to inform the Audit and Control Committee, within its meetings, without the presence of the Company's executives.

Under the Company's internal procedures, the Finance Department proposes the engagement of external auditors for due diligence reviews when a new company is to be acquired or for other special engagements requiring the involvement of external auditors.

The Company has an internal procedure in place that regulates 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. Based on this internal procedure, the contracting of certain non-audit services has been authorised with the external audit firms and with other audit firms. In its analysis, the Audit and Control Committee has considered the nature and circumstances of the service, the issues that may arise in relation to the regulations on independence and the reasons for hiring it from a specific audit firm.

Likewise, the Financial Department periodically submits to the Audit and Control Committee (i) a summary of all the work authorised to date; and (ii) an estimate of the costs to be incurred in the remainder of the year.

The Audit and Control Committee also receives information on the audit fees received by the external auditor (and by the rest of the group's auditors) during the corresponding year, and their variation in relation to the previous year.

Finally, the Company has put in place an internal procedure with measures to ensure that Ferrovial does not employ any staff or senior managers who are carrying out, or have carried out, analysis work in rating agencies involving the Company or its subsidiaries whose shares are listed on a stock exchange, or who have worked for a rating agency, within a period of two years after they have left the rating agency. The General Human Resources Department is responsible for implementing this policy.

C.1.31 Indicate whether the Company has changed its external audit firm during the year. If so, identify the incoming and outgoing auditor:

☐ Yes  
☒ No

The Board of Directors has proposed the General Shareholders' Meeting the reelection of Deloitte as external auditor for the Company and its consolidated group for financial year 2019.

According to communication submitted to the CNMV on 19 December 2018, the Board of Directors of Ferrovial has agreed to submit to the Shareholders' Meeting, when appropriate, the appointment of EY as accounting auditor for Ferrovial and its consolidated group for financial years 2020 to 2022, in compliance with the recommendation issued by the Audit and Control Committee. This agreement is the result of a selection process of which such Committee has been responsible.

C.1.32 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 companies	TOTAL
Amount of non-audit work (in thousands of euros)	50	204	254
Amount of non-audit work / Amount of audit work (%)	18.75	4.46	5.25

C.1.33 Indicate whether the auditor's report on the previous year's financial statements is qualified or includes reservations. If so, indicate the reasons given to the shareholders at the General Shareholders' Meeting by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

☐ Yes  
☒ No

C.1.34 Indicate the number of consecutive years during which the current audit firm has been auditing the individual and/or consolidated 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:

	Individual	Consolidated
Number of consecutive years	9	9

  

	Individual	Consolidated
Number of years audited by current audit firm/Number of years the Company or its group has been audited (%)	38.24	38.24

C.1.35 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

Each year, the Board of Directors adopts, on a proposal from the Chairman, a schedule of dates and topics for the meetings scheduled to take place during the following year.

The meetings of the Board of Directors may be convened by any written method, including electronic mail, personally addressed to each Director with a notice period of, at least, forty-eight hours. The agendas of Board meetings should clearly indicate on which points the Board of Directors must arrive at a decision or agreement.

Pursuant to the Regulations of the Board of Directors, the Chairman of the Board of Directors, in collaboration with the Secretary, is responsible for ensuring that Directors have the information necessary to deliberate on and adopt resolutions on the matters at hand, prior to the meeting and sufficiently in advance, unless the Meeting is constituted or called for reasons of urgency. Moreover, the Secretary is responsible for assisting the Chairman so that Directors receive information relevant to the performance of their functions with sufficient notice and in an appropriate format.

Finally, the Regulations of the Board of Directors state that Directors are at liberty to directly approach any member of Senior Management for information, informing the 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 further information they may reasonably require.

C.1.36 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, where relevant:

☒ Yes  
☐ No

#### Procedures

Under the Regulations of the Board of Directors, Directors are required to tender their resignation to the Board in the following cases:

- When affected by any of the circumstances of incompatibility or prohibition established by law or by the internal provisions.
- When the Board should so request this on the grounds of serious infringement of their duties as Director.
- When their continuance on the Board might pose a risk to the interests of Ferrovial.
- When his/her continuing on the Board might, in the Board's view, harm the Company's image and reputation. In particular, if any legal proceedings or hearings are entered into against the director for an offence specified under corporate legislation, the Board shall examine the matter as promptly as possible and, based on the particular circumstances, decide whether or not the Director should continue in his/her position. This decision shall be fully disclosed in the company's annual Corporate governance report.
- Should significant changes take place in their professional situation or the conditions by virtue of which they were nominated Directors.

The Regulations of the Board of Directors also require Directors to inform the Company, through the Chairman or Secretary to the Board, of any criminal or other proceedings against them, as well as any subsequent trials.

C.1.37 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 Capital Companies Act.

☐ Yes  
☒ No

**C.1.38 List any 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 had a Multicurrency Revolving Facility Agreement with certain financial institutions since April 2014. This stipulates early repayment in the event of a change in control at Ferrovial, authorising each of these institutions to withdraw the financing given on an individual basis for 90 days thereafter. A change in control is defined as the combination of the following: (i) a person or group of people acting decisively to gain ownership of 50% or more of the shares or voting rights of Ferrovial or appoint 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 May 2013 Ferrovial Emisiones, S.A., 100% subsidiary of Ferrovial S.A., issued bonds listed on the London Stock Exchange, guaranteed by Ferrovial, S.A. and maturing in 2021. Ferrovial Emisiones, S.A. also issued in July 2014, September 2016 and March 2017 bonds admitted to trading on the fixed-rent market-AIAF, also guaranteed by Ferrovial, S.A. and maturing in 2024, 2022 and 2025, respectively. Section 7(c) of the Terms and Conditions section included in the four issue prospectuses establishes as a case of early redemption, total or partial, at the option of the holders of the bonds, the fact that there is a change in control of Ferrovial, S.A. which also results in the loss or lowering of the rating of Ferrovial, S.A. For these purposes, a change of control is understood as a case of acquisition of more than 50% of the Company's voting rights in the General Shareholders' Meeting or the right to appoint a majority of the members of the Board of Directors by a person or persons not related to Portman Baela, S.L., for the 2013 and 2014 issues, or by a person or persons not related to Menosmares, S.L.U., Rijn Capital BV, Soziancor, S.L.U., Casa Grande de Cartagena, S.L.U. or Siemprelara, S.L.U., for the 2016 and 2017 issues.

In December 2016 and November 2017, Ferrovial and several of its subsidiaries entered into counter-guarantee contracts with several insurance companies for the issuance of bonding guarantees on behalf of Ferrovial Group companies. The contracts include the ability of insurers to request counter-guarantees in cash if there is a change of control at Ferrovial. For these purposes, there shall be a change of control under essentially identical terms as those described for bond issues in the previous paragraph.

The Company and its group are also 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. These include a change of control in Ferrovial, S.A. among the grounds for early termination.

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.1.39 Identify on an individual basis, when referring to directors, and on an aggregate basis in all other cases and indicate, in detail, the agreements between the company and its directors and management or employees that provide for indemnities, guarantee clauses or golden parachute clauses, when they resign or are dismissed in an improper manner or if the contractual relationship reaches an end as a result of a takeover bid or other type of operations.**

Number of beneficiaries	1
Type of beneficiary:	Description of the Agreement:
Senior Management	Maximum of 2 annual payments in the case of unfair dismissal

Indicate whether, in addition to the cases provided for by law, these contracts must be notified to and/or approved by the bodies of the company or its group. If so, specify the procedures, assumptions envisaged and the nature of the bodies responsible for approving or communicating them:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses		
	Yes	No
Is the General Shareholders' Meeting informed of such clauses?		√

**C.2. Committees of the Board of Directors**

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

Audit and Control Committee		
Name	Position	Category
MR. ÓSCAR FANJUL MARTÍN	DIRECTOR	Independent
MR. SANTIAGO FERNÁNDEZ VALBUENA	CHAIRMAN	Independent
MR. PHILIP BOWMAN	DIRECTOR	Independent

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

Explain the duties attributed to this committee and describe the procedures and rules for its organisation and operation. For each of these duties, indicate its most important actions during the year and how each of the duties attributed to it either in law or in the Bylaws or other corporate resolutions have been carried out in practice

**DUTIES**

The Corporate Bylaws and the Regulations of the Board of Directors allocate the following responsibilities to the Audit and Control Committee:

With regards to the external auditor:

- Escalate proposals for selection, appointment, re-election and substitution of the external auditor to the Board of Directors, taking responsibility for the selection process in accordance with the provisions of applicable regulations, alongside the conditions for their appointment, regularly reviewing this information with regards to the audit and its performance, as well as maintaining independence in the performance of its functions.
- Establish the appropriate relationships with the auditor so as to receive information about those questions that might represent a threat to their independence, and any others related to the performance of the audit itself.
- Serve as the channel of communication between the Board of Directors and the auditor, receive regular reports upon their work from the latter and evaluate the results of each audit, and verifying that senior management complies with the recommendations of the auditor.
- Ensure that the Company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the auditor's business concentration and other requirements concerning auditor independence.
- Issue a report upon the independence of the auditor, which shall be published on the website of the Company sufficiently far in advance of the date of the Ordinary General Shareholders' Meeting of the Company. Procure that the remuneration of the auditor does not compromise the quality or independence of their work.
- Carry out an assessment of the service provided by the auditor every five years so as to verify its quality.

In relation to the Internal Audit:

- Propose the selection, appointment, re-election or removal of the Internal Audit Director, who will depend functionally on the Chairman of the Committee.
- Supervise the independence of Internal Audit; ensure that it has the personal, technical and material means and capability necessary to perform its duties and to this end propose the budget for these services.
- Receive periodic information about the activities of the internal audit services; approve, following presentation by the Internal Audit Director, their orientation and work plans, ensuring that the activity is focused principally on the significant risks of the Company; verify compliance with the internal audit plan; receive information about possible incidents during its execution; and verify that senior management takes into account the conclusions and recommendations of their reports.

In the area of financial reporting:

- Supervise the process of preparation and presentation, as well as the accuracy, of the financial information relating to the Company and the Group, reviewing compliance with the regulatory requirements, the correctness of the consolidation perimeter and the application of the accounting criteria.
- Prior to its approval by the Board, report upon the financial information which the Company must furnish periodically to the markets, investors or public authorities as required by the regulations applicable.
- Supervise the effectiveness of the internal control of the Company and discuss with the auditor, any significant weaknesses detected in the internal control system detected in the course of the audit, without violating its independence; and, where appropriate, propose or submit proposals and the deadline for their follow-up.



In relation to risk control:

- Supervise the efficacy of the risk management systems.
- Supervise and periodically evaluate the principal risks to the businesses as well as the systems established for their identification, management and control.

In relation to other matters:

- To inform the General Board about the issues that arise within it in matters within its competence.
  - To supervise compliance with the regulations on corporate governance and conduct on the securities markets and make the proposals for their improvement. In particular, report upon the operations of the Company with its Directors or their Related Persons, preparing a report upon the same which will be published on the website of the Company sufficiently far in advance of the convocation of the Ordinary General Shareholders' Meeting of the Company.
  - To establish and supervise Ferrovial's ethical channel, managed by the Internal Audit Department, which allows any employee and third parties to communicate, via the Internet or a post office box, confidentially and anonymously, irregularities of potential importance, especially financial and accounting, which are seen within Ferrovial.
  - Report, in advance, to the Board of Directors upon all matters envisaged in the law, the Bylaws and the Regulations of the Board, and in particular, about: (i) the creation or acquisition of stakes in special purpose entities or those domiciled in countries or territories considered to be tax havens; and (ii) operations with related parties.
  - Coordinate the reporting process for non-financial information, in accordance with the regulations applicable and the international standards of reference.
  - Oversee the functioning and efficiency of the compliance model and its organisation and control system, and ensure that the Compliance Department has sufficient personnel, technical and material resources and skills to perform its functions.
- Continued in Section H.

Identify the directors who are members of the audit committee and who have been appointed taking into account their knowledge and experience in accounting, auditing or both and report on the date of appointment of the Chairman of this committee to the post.

Name of the directors with experience	MR. ÓSCAR FANJUL MARTÍN / MR. SANTIAGO FERNÁNDEZ VALBUENA / MR. PHILIP BOWMAN
Date of the appointment of the chairman in the position	15/12/2015

Nomination and Remuneration Committee		
Name	Position	Category
MR. SANTIAGO FERNÁNDEZ VALBUENA	DIRECTOR	Independent
MR. SANTIAGO BERGARECHE BUSQUET	DIRECTOR	Other External
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	CHAIRMAN	Independent
HANNE BIRGITTE BREINBJERG SØRENSEN	DIRECTOR	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	75.00
% of other external directors	25.00

Explain the duties attributed to this committee and describe the procedures and rules for its organisation and operation. For each of these duties, indicate its most important actions during the year and how each of the duties attributed to it either in law or in the Bylaws or other corporate resolutions have been carried out in practice

#### DUTIES

The Corporate Bylaws and the Regulations of the Board of Directors allocate the following responsibilities to the Nomination and Remuneration Committee:

In relation to the composition of the Board of Directors and of its Committees:

- Evaluate the competences, knowledge and experience necessary on the Board of Directors For these purposes, it shall define the duties and aptitudes required of the candidates for a vacancy, and evaluate the time and dedication necessary for them to be able to fulfil the duties entrusted effectively.

- Establish a representation objective for the less represented gender on the Board of Directors and prepare guidelines as to how to attain that objective.
- Raise proposals for the nomination of Independent Directors before the Board of Directors for their designation by co-option, or for their submission to the decision of the General Shareholders' Meeting, as well as proposals for the reelection or discharge of those Directors by the General Shareholders' Meeting.
- Submit proposals to appoint the remaining Directors by co-option or to submit the proposal to a vote at the General Shareholders' Meeting, along with any proposals to re-elect or dismiss these Directors by the General Shareholders' Meeting.
- Report upon proposals for the designation of the individuals who are to represent a legal person Director.
- Provide information on the appointment of the Chairman and the Deputy Chairmen of the Board of Directors, the Secretary and the Deputy Secretary to the Board of Directors.
- Report on the nomination of the CEO.
- 
- Report on the nomination of members who are to form part of each of the Committees, taking into account the knowledge, aptitudes and experience of the Directors and the duties entrusted to each Committee.

In relation to the remuneration of Directors and senior management:

- Propose to the Board of Directors the general remuneration policy for Directors and senior management.
- Propose the individual remuneration and other contractual conditions of Executive Directors, ensuring that these are complied with.
- Propose the basic conditions of the contracts for senior managers.
- Monitor compliance with the remuneration policy set by the Company.
- Periodically review the remuneration policy applied to the Directors and senior managers, including the remuneration systems with shares and their application, as well as ensuring that their individual remuneration is in due proportion to what is paid to the remaining Directors and senior managers of the Company.
- Verify the information on the remuneration of the Directors and senior managers contained in the different corporate documents, including the annual report on Directors' remuneration.

In relation to the nomination of senior managers of the Company and directors of subsidiary companies

- Report on the proposals for nomination and release of senior managers.
- Report on the nominations of the persons who are to represent Ferrovial on the boards of directors of the subsidiary companies and most important investees as determined by the Board.

Other duties:

- Draft the reports on the annual evaluation of the Board of Directors and for the evaluation of the Committee by the Board.
- Examine and organize the succession to the Chairman of the Board of Directors and the principal executive of the Company and, where relevant, make proposals to the Board of Directors in order that the said succession should take place in an orderly and planned manner.
- Ensure that the Non-Executive Directors have sufficient time available for the proper conduct of their remit.

Implementation

The Committee Chairman will chair meetings, lead discussion on the matters to be addressed, and have the casting vote in the event of a tied vote. The Committee will meet following an announcement by its Chairman, who should do so when so requested by the Board of Directors, the Chairman of the Board of Directors, or two members of the Committee, and in any event, when required for the proper performance of its functions.

Continued in Section H.

Executive Committee		
Name	Position	Category
MR. ÓSCAR FANJUL MARTÍN	DIRECTOR	Independent
MR. SANTIAGO BERGARECHE BUSQUET	DIRECTOR	Other External
MR. JOAQUÍN AYUSO GARCÍA	DIRECTOR	Other External
MR. JOSÉ FERNANDO SÁNCHEZ-JUNCO MANS	DIRECTOR	Independent
MS. MARIA DEL PINO Y CALVO-SOTELO	DIRECTOR	Proprietary
MR. RAFAEL DEL PINO Y CALVO-SOTELO	CHAIRMAN	Executive
MR. IÑIGO MEIRÁS AMUSCO	DIRECTOR	Executive

% of executive directors	28.57
% of proprietary directors	14.29
% of independent directors	28.57
% of other external directors	28.57

Explain the duties attributed to this committee, and describe the procedures and rules for its organisation and operation. For each of these duties, indicate its most important actions during the year and how each of the duties attributed to it either in law or in the Bylaws or other corporate resolutions have been carried out in practice

The Executive Committee of the Company has been delegated all the functions allocated to it by the Board of Directors, except for those which under the law or the Bylaws cannot be delegated.

#### Operations

The Regulations of the Board of Directors stipulate the following rules:

The Executive Committee shall ordinarily meet once a month and, in addition, as many times as it is called by the Chairman for the proper operation of the Company.

The notice for Executive Committee meetings shall be issued by any written method, addressed personally to each Director, with a notice period of at least one day prior to the date of the meeting, except in the event of extraordinary circumstances as decided up by the Chairman, in which case, the Executive Committee may be convened without said notice.

The meeting of the Executive Committee shall be quorate when more than one half of its members attend, in person or represented. The Chair of the Board of Directors will act as Chair of the Executive Committee and its Secretary will be the Secretary of the Board.

In the absence of the Chairman, their functions will be carried out by the Deputy Chairman, if they are part of the Committee, and failing this, by the Director appointed by the Committee.

The agreements shall be adopted by absolute majority of those present at the session. The Chairman shall have the casting vote in the event of a tie. Minutes are taken of all meetings of the Executive Committee and are circulated to all members of the Board for information on the issues discussed and the decisions reached on each item.

With respect to remaining matters, the Executive Committee is governed, where applicable, by the rules applicable to the Board of Directors established in the Corporate Bylaws and in the Regulations of the Board of Directors.

#### Most important actions

In exercising the duties delegated to it, the Executive Committee, throughout the meetings held during the year, has been informed of those operations which, according to the Company's internal regulations, must be brought to the attention of said Committee.

Likewise, using its duty to supervise the Company's activity as the delegated body of the Board of Directors, the Executive Committee has monitored (i) the evolution of the main financial and operating indicators of each of the business divisions; and (ii) the most relevant issues and projects affecting the group.

C.2.2 Complete the following table on the number of female directors on the various Board committees at the close of the past four years:

	Number of female directors							
	Financial year 2018		Financial year 2017		Financial year 2016		Financial year 2015	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee		0.00		0.00		0.00		0.00
Nomination and Remuneration Committee	1	25.00		0.00		0.00		0.00
Executive Committee	1	14.29	1	14.29	1	14.29	1	14.29

- C.2.3 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. In turn, indicate whether an annual report on the activities of each committee has been drawn up voluntarily.

The Audit and Control Committee and the Nomination and Remuneration Committee have drawn up reports on their operation, which are published on the Company's website ([www.ferrovial.com](http://www.ferrovial.com)) with sufficiently in advance of the General Shareholders' Meeting.

The regulations of the Executive Committee, the Audit and Control Committee and the Nomination and Remuneration Committee are included in the Bylaws (articles 49 to 52) and in the Regulations of the Board of Directors (articles 18 to 24).

A record of the Bylaws and Board regulations is filed at the Mercantile Registry. Alternatively, they can be consulted on the Company's website: [www.ferrovial.com](http://www.ferrovial.com). The Regulations of the Board of Directors are also available on the CNMV's website ([www.cnmv.es](http://www.cnmv.es)).

## **D. RELATED-PARTY TRANSACTIONS AND INTER-GROUP OPERATIONS**

### **D.1. Explain, where applicable, the procedure and the competent bodies to approve related-party or intra-group transactions.**

The transactions which may take place from time to time between Ferrovial or the companies of its Group and the Directors or their related persons are regulated by the following statutes:

- Article 229 section 1 a) of the Capital Companies Act. This obliges administrators, as a general rule, to abstain from engaging in transactions with the Company as a conflict of interest exists.

- Articles 529 ter section 1 h) of the Capital Companies Act and 38.3 s) of the Bylaws. These provisions vest a non-delegable duty and power in the Board, supported by a prior report from the Audit and Control Committee, to approve transactions concluded by the Company or its group companies with Directors or shareholders who individually or in concert with others hold a significant interest, including shareholders represented on the Board(s) of the Company or of other companies in the same group, or their related parties.

Article 230 section 2, paragraph 2 of the Capital Companies Act attributes the competence to authorize such operations to the General Shareholders' Meeting in the event that the value of the transaction exceeds 10% of the corporate assets.

- Article 529 ter 1 h) of the Capital Companies Act states that only operations which simultaneously fulfill all of the following three conditions shall be exempted from this requirement for approval: a) that the transactions are conducted by virtue of contracts whose conditions are standardized and which are applicable en masse to a large number of clients; b) that they are undertaken at prices or tariffs established in general by whoever acts as the supplier of the good or service in question; and c) that the value does not exceed 1% of the annual revenues of the Company.

- The Regulations of the Board of Directors reflect this legal obligation in their article 38. The same article also states that in cases of ordinary transactions with the Company or its subsidiaries, it shall be sufficient for the Board of Directors to approve the line of operations in a generic manner.

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

Name or corporate name of significant shareholder	Name or corporate name of the company or entity of its group	Nature of the relationship	Type of operation	Amount (thousands of Euros)
No data				N.A.

Section 6.8 of the notes to the consolidated and section 20 of the notes to the individual annual accounts provide information on the transactions carried out by the Company or the companies of its group in 2018 with its related parties, all of them within the ordinary course of business of the Company and its group in standard market conditions.

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

Name or corporate name of the directors or managers	Name or corporate name of the related party	Link	Nature of the operation	Amount (thousands of Euros)
No data				N.A.

Section 6.8 of the notes to the consolidated and section 20 of the notes to the individual annual accounts provide information on the transactions carried out by the Company or the companies of its group in 2018 with its related parties, all of them within the ordinary course of business of the Company and its group in standard market conditions.

**D.4.** Report any significant 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, it will be informed of any inter-group operation made with entities established in countries or territories that are considered as tax havens

Corporate name of the entity of its group	Brief description of the operation	Amount (thousands of Euros)
No data		N.A.

Section 6.8 of the notes to the consolidated and section 20 of the notes to the individual annual accounts provide information on the transactions carried out by the Company or the companies of its group in 2018 with its related parties, all of them within the ordinary course of business of the Company and its group in standard market conditions.

**D.5.** List of the significant operations carried out between the company or entities in its group and other related parties that have not been reported in the previous sections:

Corporate name of the related party	Brief description of the operation	Amount (thousands of Euros)
No data		N.A.

Section 6.8 of the notes to the consolidated and section 20 of the notes to the individual annual accounts provide information on the transactions carried out by the Company or the companies of its group in 2018 with its related parties, all of them within the ordinary course of business of the Company and its group in standard market conditions.

**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 obliged to inform the Board of any conflict that arises, through its Secretary or Chairman.

Under the Law, the duty to avoid conflicts of interest binds a director to refrain from:

- a) Carrying out transactions with Ferrovial, with the exceptions envisaged in the regulations applicable.
- b) Using the name of the company or adducing their standing as administrator to obtain undue influence when carrying out private operations.
- c) Making use of the corporate assets, including the confidential information of the Company, for private ends.
- d) Leveraging the business opportunities of the Company.
- e) Obtaining advantages or remuneration from third parties other than the Company and its Group, associated to the discharge of their duties, other than minor matters of mere courtesy.
- f) Carrying out activities on their own, or another's, behalf which entail effective competition, whether currently or potentially, or which, in any other way, places them in permanent conflict with the interests of the Company.

The above provisions will also apply if the beneficiary of the prohibited act is a related party of the Director.

In any case, Directors must abstain from taking part in deliberation and voting on resolutions or decisions in which they or a related party are directly or indirectly involved in a conflict of interest. The foregoing obligation to abstain shall exclude those agreements or decisions which affect them in their standing as Director, such as their designation for or release from remits in the Board of Directors or others of similar significance.

Situations of conflict of interest involving Directors shall be reported in the annual report.

Likewise, the Board must approve, subject to a prior report from the Audit and Control Committee, transactions concluded by Ferrovial with Directors or shareholders who, individually or in concert with others, hold a significant interest, including shareholders represented on the Board(s) of the Company or of other companies of its group, or with their related parties. The Directors affected, or who represent, or are related to the affected shareholders, must abstain from participation in the deliberations and voting upon the agreement in question. Such approval will not be required if the transaction satisfies the following three conditions:

- a) That the transactions are undertaken by virtue of contracts whose conditions are standardized and which are applicable en masse to a large number of clients;
- b) That they are undertaken at prices or tariffs established in general by whoever acts as the supplier of the good or service in question;
- c) Their amount is no more than 1% of the Company's annual revenue.

The authorisation must be agreed by the General Shareholders' Meeting in the events prescribed by Law and, in particular, when it relates to a transaction the value of which exceeds ten percent of the Company's assets.

The following persons are subject to these rules:

- Directors of Ferrovial, S.A. A director must abstain from taking part in deliberation and voting on resolutions or decisions in which he/she or a related party has a conflict of interest.
- Shareholders who individually or in concert with others hold a significant ownership interest.
- Natural persons representing directors that are legal persons.
- Senior managers, as far as compatible with the nature of their relationship with Ferrovial.
- Other persons who the Board considers, under article 3 of the Regulations of the Board of Directors, must be fully or partially subject to such Regulations, notifying them of this decision.
- Persons related to those in the above-mentioned categories, as defined in the Regulations of the Board of Directors.

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

- [ ] Yes  
[ v ] No

## **E. RISK CONTROL AND MANAGEMENT SYSTEMS**

### **E.1. Explain the scope of the Company's Risk Control and Management System, including taxation risk.**

The Board is responsible for approving the Risk Control and Management Policy and for oversight of the reporting and control systems; and, 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 of Directors has determined that Ferrovial's risk policy can be concisely expressed by the following principles:

- Business ethics.
- Awareness and proportionality of the risk assumed.
- Segregation of duties.
- Assessment of risk.
- Protection of people's health and integrity.
- Distribution of information.
- Integration and coordination.

Based on these principles, Ferrovial has put in place a risk identification and assessment process called Ferrovial Risk Management (FRM), which is implemented in all the Group's business areas.

It also allows to identify sufficiently in advance and assess risk events, including those of a fiscal nature, according to their probability of occurrence and their potential impact on strategic business objectives, including the potential impact on corporate reputation, in order to take the most suitable management and insurance measures, taking into account the nature and location of the risk.

A common metric is used for two assessments of identified risk events: (i) an inherent assessment, prior to the implementation of specific control measures to mitigate the risk, regardless of its impact or probability of occurrence; and (ii) a residual assessment, after the control measures have been implemented. This also enables the relative importance of each risk event in the risk matrix to be determined and the effectiveness of the control measures implemented for risk management to be assessed.

### **E.2. Identify the bodies responsible for preparing and implementing the Risk Control and Management System, including tax risks.**

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

The Company's risk management policy requires all business divisions and investees for which Ferrovial has management competencies to identify and assess the risks, including those of a fiscal nature, to which they are exposed in the pursuit of their business objectives, to identify sufficiently in advance appropriate mitigating measures that reduce or eliminate the probability of the risk occurring and/or its potential impact on objectives in the event it were to materialise.

### **E.3. Indicate the main risks, including tax risks and to the extent that those derived from corruption are significant (the latter being understood with the scope of Royal Decree Law 18/2017), which may affect the business objectives from being achieved:**

The main risks affecting the implementation of Ferrovial's strategy and, thus, its capacity for creating value, are the risks inherent to the markets in which it operates.

The most relevant risk events are described below, together with the main control measures implemented to mitigate their potential impact and/or probability of occurrence. More information on risk and risk management is available in the Annual Report.

1. Contractual disputes The budgetary restrictions of some of the company's public administrations' customers reduce their investment capacity and increase the exposure to the risk of contractual disputes in the projects in execution, which can negatively affect their profitability.
2. Increased competition The slowdown in the growth of the European economy and the financial difficulties in emerging economies, have a negative impact on public investment capacity and, therefore, on business opportunities in these areas. This circumstance leads to a movement of capital towards more dynamic markets with greater investment capacity, in which Ferrovial operates, increasing competitive tension and the consequent pressure on prices and margins in projects in which the transfer of risks is not balanced. The technical reference portfolio and the availability of Partners with technical and economic solvency are also affected.
3. Political Factors: The activities carried out by Ferrovial are exposed to stable regulatory environments with high legal security. However, political instability in some of the areas in which it operates can lead to regulatory changes that negatively impact asset management and expose the company to new risks.



4. Brexit: The doubts about the British Parliament's ratification of the agreement reached between the European Union and the Government of the United Kingdom agreeing on a two-year transition period from 29 March 2019, opens a period of uncertainty whose economic and political consequences in both the United Kingdom and the European Union are uncertain.
5. Cyber attack: Ferrovial's infrastructures are exposed to cyber attacks and the resulting impact on people and its infrastructure, which could lead to its operations being paralysed. Its airport and toll road infrastructure is the most exposed to such risks.
6. Labour disputes: Potential individual or group disputes with employees can damage the productive capacity of the company, mainly in the most personnel intensive activities.
7. Catastrophic events An unexpected event that causes damage to persons or property, located in or caused by assets owned and/or managed by the company, including natural catastrophes.
8. Service quality Non-compliance with quality levels and/or delivery deadlines committed with third parties. Inadequate or insufficient quality assurance systems of goods or services offered by the company.
9. Environmental damage Company actions that can have a significant effect on the environment and in the environment where the activities are carried out.
10. Climate Change: Exposure to risks arising from climate change. On the one hand, extreme weather events that can affect infrastructures and, on the other, economic effects (increase in the cost of raw materials) and technological effects derived from regulatory changes aimed at reducing polluting gases (increase in taxes on fossil fuels, prices of GHG emissions, new modes of transport with an impact on the projects' business plan, etc.).
11. Health and Safety The nature of the activities carried out by the company exposes it to the risk of accidents, with the consequent impact on people or things.
12. Ethics and Integrity Actions carried out by employees with or without the help of third parties that do not comply with the required principles of integrity, transparency and respect for legality and human rights.
13. Compliance with regulations and with third parties Non-compliance with the regulatory framework applicable to Ferrovial. Non-observance of contractual commitments assumed with third parties by the company, which may cause sanctions or endanger the continuity of the projects and/or the financial position of the company.
14. Financial Risks: Risks associated with changes in financial figures, access to financial markets, treasury management, reliability of financial information and of a fiscal nature.

#### **E.4. Identify if the Company has risk tolerance levels, including tax risk.**

Taking into account the Group's strategic objectives and the strategic lines for their achievement, the Board of Directors approves the amount and type of risk that Ferrovial is willing to permit to attain its strategic objectives, as well as the permitted deviation or tolerance levels.

This is reflected in the Risk Control and Management Policy with which all employees of Ferrovial, S.A. and its group of companies must comply for the management of any type of risk that they may encounter when meeting business objectives. The acceptable levels of risk and the level of risk tolerance are updated when any changes to the corporate strategy and/or the risk profile of activities so require.

#### **E.5. Identify any risks, including tax risks, that have occurred during the year.**

On 22 February 2018, the United Kingdom Court of Appeal ruled against Amey (Ferrovial Servicios) in relation to the dispute concerning Amey's contract with Birmingham City Council (United Kingdom). On 31 July 2018, the Supreme Court denied leave to appeal. After the ruling by the Court of Appeal, the Ferrovial group made a provision of €236 million to cover Amey's potential liabilities arising from the project.

Following the declaration of insolvency (Chapter 11) of the concessionaire of the SH-130 toll road in the US, and the subsequent transfer of ownership of its share capital to the current concessionaire, two disputes exist related with the said toll road promoted by it:

- In November 2017 an injunction was received to submit to arbitration a dispute against the project concessionaire company and Ferrovial Agroman, S.A. as guarantor (as well as against the shareholder in the project), alleging that the payments made to the construction company in the design and construction phase of the toll road were supposedly made in the creditors' fraud. Likewise, it accused Ferrovial, S.A., Cintra Infrastructures, S.A. and other companies of the group of the breach of their fiduciary duties. The defendant companies filed several motions to dismiss the lawsuit, which have already been resolved by the Court ruling to continue the process (except for the companies Ferrovial Internacional, S.L.U. and Ferrovial International, S.A.).

- After having submitted an amendment to the lawsuit by means of which additional damages were requested, the plaintiffs have submitted a new motion to dismiss, which is pending to be resolved.

**E.6.** Explain the response and oversight plans for the entity's major risks, including fiscal, and the procedures followed by the company to ensure that the board of directors responds to new challenges:

**1. Risk Management System (FRM)**

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

**2. Compliance Model**

Ferrovial has implemented a Compliance Model whereby for the regulatory blocks in the model, periodically, i) the regulatory and legislative requirements applicable to the Group's activities are identified; ii) associated compliance risks, including risks of committing criminal acts, are identified and assessed; iii) oversight and control measures implemented are evaluated to prevent or significantly reduce such risks, particularly those focussed on preventing criminal behaviour and; iv) any non-compliance that does occur is identified and assessed to manage it and minimise its potential impact. This is all framed in a process of continuous improvement, update and training, designed to promote Ferrovial's culture and commitment to complying with applicable regulations.

**3. Quality assurance systems**

As part of its risk management process, Ferrovial has implemented quality systems in the contracts managed by its business areas. These systems are mainly certified under the ISO 9001 standard, although they may be certified under local standards, depending on local requirements. In 2017, the percentage of activity receiving quality certification under ISO 9001 was 88%.

All systems are audited internally by qualified teams to ensure compliance with regulations, contractual requirements and objectives.

Ferrovial has also put in place a digital platform to ensure compliance with technical regulations and legislation throughout all stages of the contract lifecycle.

**4. Environmental management systems**

Ferrovial has implemented environmental management systems in the contracts managed by its business areas. These systems are mostly certified under the ISO 14001 standard, although they may be certified under local standards, depending on local requirements. In 2017, the percentage of activity receiving environmental certification under ISO 14001 was 88%. There is also further certification under other standards, such as ISAE 3410 "Assurance Engagements on GHG Statements" and EMAS.

All of these systems are audited internally by qualified teams to ensure compliance with regulations, contractual requirements and objectives.

In each production centre, these systems adapt to the reality of the site through 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.

Ferrovial has put in place a digital platform to ensure compliance with environmental legislation throughout all stages of the contract lifecycle.

Ferrovial also has an environmental risk control and environmental risk monitoring system which has been implemented and approved for the business activities with the greatest environmental risk in the Construction and Services areas. This acts as an early warning system for any possible breaches of the sustainability policy, current corporate standards and applicable legislation.

**5. Reliability of financial reporting**

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

**6. 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 5, paragraph 4, of the consolidated financial statements explains the financial and capital risk management policy in detail.

**7. Other preventive procedures**

**a) Occupational health and safety systems**

All business areas have occupational risks prevention systems in place that exceed the requirements of the OHSAS 18001 standard. When deemed necessary by the relevant stakeholders, these systems are certified by a third party.

Some 83% of the total sales of the Group have systems that have been certified by accredited bodies.

These systems are always adapted to the reality of the location based on the risk assessment. They also consider preventive monitoring of the health and safety conditions of the production centres, as well as the continuous evaluation of compliance with any legal and regulatory requirements applicable in each case.

b) Non-payment or default

The risk of non-payment by private clients is mitigated by a solvency evaluation prior to entering into any agreement. The contractual requirements are supervised by the Legal and Finance Departments, in order to ensure that payment guarantees are established for default events. During the work, the Finance Department continually monitors certifications, collection documents and payment thereof.

Continued in Section H.

## **F. INTERNAL SYSTEMS FOR CONTROLLING AND MANAGING RISKS ASSOCIATED WITH THE FINANCIAL REPORTING PROCESS (ICFRS)**

Describe the mechanisms that comprise the internal control over financial reporting (ICFRS) 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 maintenance of an adequate and effective IFRS; (ii) its implementation; and (iii) its supervision.**

Under article 38 of the Bylaws, the Board must oversee internal systems of reporting and control, including the Internal Control over Financial Reporting system ("ICFRS").

The members of the Management Committee are responsible for the design, implementation and maintenance of ICFRS, as established in the general operational framework of the Internal Control over Financial Reporting (ICFRS) system, which can be accessed on the Company's intranet by all employees. Therefore, this responsibility not only falls within the role of the financial department, but also affects the entire organisation, including other support areas such as HR, Legal Advice or IT Systems.

Finance is engaged in coordinating such tasks at a global level through the General Finance Department (hereinafter, GFD), in monitoring all phases of the system and in regularly reporting to the Audit and Control Committee (hereinafter, ACC) on progress made. Such coordination is defined via the Finance Departments of each of the business areas.

Oversight of the efficient running of the Company's internal control, including the ICFRS, is one of the functions assigned to the ACC, under article 51.3.b) of the Company's Bylaws, with the support of Internal Audit.

The Board of Directors is likewise informed by the Financial Department once a year about the functioning of the SCIFF. In this way, article 39.2 m) of the Company Bylaws that reserves to the Board of Directors the function of supervising the information and internal control systems is complied with.

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

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

Under the Bylaws, the Nomination and Remuneration Committee is responsible, inter alia, for examining and 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 immediately accountable to the CEO, that likewise corresponds to the Board of Directors.

The Chief Executive Officer, with the involvement of the Head of Human Resources in his advisory role to the CEO, is responsible for designing and reviewing the organisational structure of for the first line of reporting in the organisation (executives who report to him).

In turn, the latter are responsible for making changes in the organisational structure under their immediate control.

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 segregation of duties, avoiding redundancies and improving 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, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), the body in charge of investigating breaches and proposing corrective or disciplinary action.

#### Corporate Code of Ethics

The Company has a Code of Business Ethics, which states that "Ferrovial and its employees shall base their relationships with customers, suppliers, competitors and partners, as well as with its shareholders, investors and other market agents, on the principles of integrity, professionalism and transparency".

As the guiding principle in its business conduct towards shareholders, investors, analysts and the market in general, Ferrovial undertakes, "to disclose truthful and complete information that provides a fair view of the Company and its group, its corporate activities and business strategies. This communication shall always comply with the standards and deadlines established in applicable legislation".

"The corporate action and strategic decisions of Ferrovial shall focus on creating value for its shareholders, transparency in its management, adoption of corporate governance best practices in its companies and strict compliance with applicable regulations at any given time".

Likewise, regarding the reliability of the financial information, the Code stipulates that "Ferrovial subsidiaries across the world must have implemented accounting practices that will help to ensure the accuracy of books and accounting records".

The Code of Business Ethics is accessible to all Ferrovial employees on the Intranet and to any third party on [www.ferrovial.com](http://www.ferrovial.com). All new employees are also provided with a welcome pack. The Company requires these employees to complete an online course on the Code of Business Ethics that explains its basic principles and commitments.

In addition, Ferrovial has an Ethical Integrity Due Diligence Procedure for shareholders and another for suppliers that involves extending Ferrovial's values contained in its Code of Business Ethics to these groups so that the business can be carried out in accordance with the applicable national and international laws in force.

#### Compliance Policy

Ferrovial has a Compliance Policy that falls within the scope of Ferrovial's good corporate governance policies and a Crime Prevention Model in accordance with the Spanish Criminal Code.

The purpose of the Compliance Policy is to provide all directors, executives and employees with a general framework for action to be followed in the performance of their activities, based on the highest standards of integrity, transparency, respect for legality and human rights. It establishes a common and homogeneous framework for oversight, control and management of compliance risks, in particular, those aimed at preventing criminal behaviour, and fosters a culture of business ethics in the organisation and in the decision-making and forming the judgement of directors, executives and employees. The Compliance Policy also contains a catalogue of prohibited conducts for directors, senior management and entities of the Ferrovial group.

#### Anti corruption policy

The Anti-Corruption Policy governs the conduct of all Ferrovial managers, executives and employees, and their collaborators in the development of the business, bearing in mind that Ferrovial has implemented a "zero tolerance" policy with any practice that may be qualified as corruption or bribery, both active and passive, and will govern interactions between Ferrovial and any person and will not be limited to those between Ferrovial and employees.

With regard to the ICFRS, this policy expressly includes Ferrovial's obligation to have them implemented: "(...) accounting practices that help to guarantee the accuracy of its books and records. The maintenance of hidden or incorrectly recognised assets and liabilities is prohibited. All payments, expenses and transactions must be properly accounted for in accordance with applicable accounting regulations, free from any hidden expenses that conceal the true nature of any agreement. The relevant authorisation must be obtained as stipulated in payment, expenses and transaction procedures.

#### Crime Prevention Code

The Crime Prevention Model establishes the most appropriate policies, procedures and management and control systems aimed at preventing or significantly reducing the risk of committing criminal acts, especially those involving penal liability of the legal person within the scope of the latest reform of the Spanish Penal Code in this matter. The Model stipulates the different phases and competencies of the governance and management bodies of Ferrovial responsible for the implementation, review, management, supervision and periodic evaluation of its functioning, emphasising the responsibility of all Ferrovial's employees, managers and directors to report anything that may be illicit, fraudulent or criminal.

- Whistle-blowing channel, for reporting to the committee any irregularities of a financial or accounting nature and breaches of the code of conduct or malpractice within the organisation to the Audit Committee, stating where applicable if it is confidential or not.

Article 21.IV o) of the Board Regulations states that the Audit Committee's responsibilities include, "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 Ferrovial".

The Company has an anonymous whistle-blowing channel - the "Ethics Box" - that enables confidential notifications to be sent regarding financial and accounting irregularities to the Management and Governance Bodies. Employees and other stakeholders can access it via the Intranet and the website (in both Spanish and English) and a P.O. box.

The functioning of the whistle-blowing channel is regulated in a corporate procedure approved by the Chairman and accessible by any employee through the Intranet. Likewise, in certain companies or areas of activity specific communication channels have been enabled that, due to their importance demand it.

The Audit and Control Committee oversees these channels which, through the Internal Audit Department and a Management Committee made up of this Department and the General Human Resources Department, receives periodic reports on notifications received and measures taken.

In 2018, 64 communications have been received in the Ethics Box. No evidence of falsification of financial statements or fraud with a significant effect on the financial statements was found during investigation of these reports.

- Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating ICFRS, 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 employees involved in preparing and revising the financial information, as well as the assessment of the ICFRS, receive training on how to carry out their duties properly.

In 2018, 11,300 hours of training were given in finance, focusing on international accounting standards, consolidation of financial and tax statements, with the participation of more than 600 attendees.

## **F.2. Risk assessment of the financial information.**

Report, at least, of:

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

- the process exists and is documented.

Identifying risks of error in financial reporting is one of the most important phases within the overall process of Ferrovial's ICFRS, the objective of which is to ensure (with reasonable security) the reliability of the financial information disclosed to the market, and to support the duties of the people involved in preparing that information and, accordingly, the ultimate responsibility of the Board of Directors, as indicated in section F.1.1.

The overall process or "ICFRS Annual Wheel" of Ferrovial has the following stages:

1. Definition of the scope
2. Updating processes and controls
3. Self-assessment of the effective design and operational effectiveness of the controls
4. Risk assessment
5. Update on the results of the Self-Assessment (Rolling Forward)
6. Annual certification of the financial information

All of these stages are supported by computer tool that provides integral management of the entire process and enables real responsibilities to be assigned in the execution and documentation of controls. Nearly 900 people in the group used the computer application, which documented evidence of the execution of approximately 2,000 controls (an increase on 2017 mainly due to the inclusion of US services in the consolidation perimeter and the greater scope of the businesses located in Australia).

The methodology is based on the analysis of the financial information in the various companies controlled by Ferrovial, selecting the material financial statement lines according to quantitative and qualitative criteria (mainly financial statement lines that involve judgments, estimations and complex calculations, and which are at risk of fraud). In this stage, risks of error in the financial information are identified, in relation to the existence, completeness, accuracy, valuation, presentation and disclosures, rights and obligations associated with the financial statement lines within the scope. Financial statement lines are grouped into processes that are analysed and for which a narrative is prepared. This documentation is available through the tool, which also includes the description of the controls. Regarding to acquisitions in the scope of consolidation, a work plan is designed to implement and develop the Group's ICFRS process into the new companies.

The risk assessment is done once a year, starting from the operation of the controls implemented for their mitigation, the risk assessors (mostly Financial Directors) assess the risks that go up to the presentation of the same in the Audit and Control Committee.

As an initial step before the certification process, the results of the self-assessment of the controls are revalidated (Rolling Forward) which is launched in January along with the self-assessment of the annual frequency controls.

Additionally, approximately 60 people (Chief Executive Officers and Chief Financial Officers) participate in the cascade certification process for correcting the financial information for which they are responsible, for the purposes of preparing the consolidated annual accounts.

The annual review of the entire process is coordinated by the Directorate of Planning and Control, within the General Finance Department, which is also responsible for administrating the IT application and for coordinating the operating of the ICFRS in the various businesses and corporate areas of the Group.

- Whether 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.

Ferrovial has a shared risk inventory on financial reporting known as the "ICFRS Risk Universe".

ICFRS risks are defined by Ferrovial as the failure to comply with the control over financial reporting objective for each accounting financial statement line and material disclosure in Ferrovial's consolidated financial statements. Therefore, the annual risk assessment process covers all the objectives of the financial information: existence and occurrence; integrity; valuation; presentation; breakdown and comparability 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.

The Group has a master document of Companies in SAP which includes all the companies included in the perimeter of consolidation. This master document is managed through the "Company Database Management" procedure, which is available on the intranet, to ensure information consistency across all of the Group's financial systems.

The Group also has a standard establishing the procedure for approving transactions. This covers, inter alia, the acquisition/sale of companies, defining levels of authorisation according to their amount, and also sets out specific controls for review of the consolidation criteria applicable in each case.

Moreover, under the Bylaws, specifically, article 38 sections p) and r), the Board of Directors is responsible for "defining the structure of the group of companies in which the Company is the parent company" and "the approval of 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 Company and its group."

Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) to the extent that they affect the financial statements:

The process of identifying risks of error in the financial information takes into account the effects of other types of risks, mainly operational, technological, legal, tax and labour, insofar as they affect the financial statement, risks which are evaluated and managed by the businesses and the different corporate functions such as the Directorate of Information Systems, Tax Advice, Legal Advice or the Directorate of Human Resources, among others (see section E, Control Systems and Risk Management).

• Which of the Company's governing bodies is responsible for overseeing the process.

The assessment of ICFRS risks is carried out annually. The General Finance Department is responsible for coordinating this work, the results of which are presented to the Audit and Control Committee for monitoring.

### **F.3. Control activities**

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

**F.3.1** Procedures for reviewing and authorising financial information and the description of ICFRS 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 General Finance Department submits to the ACC - before their publication and approval by the Board - both the annual financial statements and the periodic financial information presented to 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.

Pursuant to the Board Regulations, the annual accounts are submitted for formulation to the Board once they have been approved by the Chairman, Chief Executive Officer and Chief Financial Officer.

Prior to approval, the Chief Executive Officers and Chief Financial Officers of the businesses and main subsidiaries authorise the reported information for preparation of the Group's consolidated financial statements for their areas of responsibility, with an express reference to their responsibility for maintaining an internal control system that ensures that financial information is free from errors and fraud. In addition, a statement is included on the effectiveness of the controls in the self-assessment and that no significant deficiencies or material errors were found in the financial information for the results obtained.

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

The ICFRS documentation includes high-level descriptions of the business processes with an impact on the relevant financial information selected, as well as detailed descriptions of the risks of error and the controls designed for their mitigation. The description of the controls includes the proof to be obtained in their execution that is required for their review.

In addition to the specific controls of the business processes, each one of the accounting close processes in the businesses is considered as a cycle, and the same occurs with the reporting period activities as a whole conducted at corporate level, with the overall consolidation process, the disclosure process in the notes to the financial statements and the cash flow preparation. Within this process, the General Finance Department issues instructions and sets a calendar for the different closing milestones.

The Company has entity level controls documented in keeping with the principles of the COSO III framework and the Information Technology General Controls, according to international frameworks and which, in addition, are aligned with the Information Security Corporate Model.

The tool also includes documentation on the process of self-assessment of how the controls are run, in which evidence must be provided (one sample per control) that the control has been performed, in such a way that it can be revised and audited. As part of this process potential incidents have been reported and actions for improvement are being planned, monitoring for which will be managed using this tool.

All previous actions form part of the organisation process described in section F.2.1., as documented in a new corporate process available over the Company intranet accessible to all Group employees.

In addition, given that accounting rules require the use of judgements and estimations based on long-term projections for recording certain transactions, the Company has a process for forming 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 the different types of financial information.

### 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.

Ferrovial's Information and Innovation Systems General 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 the DGSII are structured into the following processes:

1. A 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, incidents and problems related to the provision of services.
4. Management of Continuous Improvement through the setting up of appropriate control mechanisms for service levels and the deployment of scorecards.

Ferrovial also has a General Corporate IT Security Framework with the mission of safeguarding the completeness, confidentiality and availability of its information.

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

Management of IT security is aligned with international reference standards, mainly the latest version of the ISO/IEC 27001 standard, in addition to the NIST, CSA and COBIT standards. Within a process of continuous improvement in risk management, matters such as control of access and segregation of functions are included and regulated to ensure that treatment of financial information supported by IT systems is performed in an authorised and supervised manner, which is proportional to the needs of users in performing tasks.

The Information Security Management System (ISMS) has been certified under the ISO/IEC 27001 standard since March 2012. It is renewed annually through the corresponding certification audits conducted by the British Standard Institution. While the scope of the certification includes the corporate environment of Ferrovial, the practices, processes and security controls of the system have served as the basis for rolling out the control model throughout the Group.

On a yearly basis, the Information Systems Directors of the main subsidiaries and business units, as well as the Head of Group Systems Security, carry out an assessment of the effectiveness of the internal controls implemented for the main information systems that support the processes for preparing financial reporting in their areas of responsibility (local environments and corporate environments).

This assessment helps to provide an overview of the main risks associated with the use of information and communication technologies, while facilitating the definition and implementation of action plans that make it possible to manage these identified risks. Monitoring of the implementation of the action plans is included in the Group's review activities and is part of its continuous improvement.

### 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 the Company outsources certain activities, it verifies the technical competence 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 IT systems.

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

- Alignment/certification of provision of service in terms of international reference standards (including ISO/IEC 20000, ISO/IEC 22301 and ISO/IEC 27001, CSA, SSAE16, etc.).
- Establishment of governance and monitoring mechanisms for the service, from the functional and information security perspectives.
- Setting up regular obligatory audit and review processes.
- Monitoring and management of service levels, from the functional and information security perspectives. Actuarial studies of pensions.



Information on pensions reported in the consolidated financial statements is based on actuarial calculations by firms of recognised prestige. This information is verified by the Company, which has 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 contract are complied with.

#### **F.4. F.4 Information and communication**

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

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

The Accounting Policies and Internal Control Department, which reports to the Planning and Control Department (PCD) within the General Finance Department, is responsible for defining and updating the accounting rules manual (Ferrovial GAAP) - which is available on the Company's Intranet - and for resolving doubts or conflicts related to its interpretation. This is a centralised corporate function for the entire geographic scope of the Group.

Ferrovial GAAP incorporates all the IFRS changes adopted by the European Union and the standards defined by Ferrovial in cases in which the IFRSs offer different alternatives or a mandatory standard does not apply. The 2018 update of Ferrovial Gaap and the internal policies on financial instruments to introduce changes to IFRS 9 should be particularly mentioned. Prior to the publication of a new IFRS, the regulatory activity of the IASB is proactively monitored to identify those projects which might have a significant impact on the Group's financial statements, through participation in working groups created to collaborate on the definition of the aforementioned standards.

This department also prepares technical notes when important decisions need to be taken in relation to accounting standards to document that there is sufficient evidence for the decisions.

It is also the PCD's responsibility to update internal procedures to adapt them to the regulatory changes with an impact on financial information.

- 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 ICFRS.

The General Finance Department continuously ensures that there are transactional systems and formats that gather information in a standard format for the whole Group.

At the transactional system level, Ferrovial has a harmonised system, internally called "corporate" SAP, which includes most Group companies. The companies not included in this "corporate" SAP are basically entities belonging to the Amey, Budimex and Broadspectrum groups that have their own transactional systems, all of which are developed under the SAP platform.

The mechanism for capturing and preparing the information that supports Ferrovial's consolidated financial statements is mainly based on a consolidation tool known as SAP BPC. The companies and subgroups not included in the corporate SAP application load their financial information into this application.

A large portion of the information supporting the breakdowns and notes to the financial statements is included in the consolidation tool, with the remainder being captured using standard-format spreadsheets, called Reporting Packages, which are prepared for hard close and year-end reporting.

With regard to ICFRS, as mentioned in section F.2.1, the whole process is supported by an IT tool accessible to all those involved in preparing the financial reporting.

## **F.5. F.5 Monitoring of the functioning of the system**

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

- F.5.1** The ICFRS monitoring activities undertaken by the committee and an internal audit function whose competencies include supporting the committee in its role of monitoring the internal control system, including ICFRS. Also describe the scope of the ICFRS assessment conducted in the year and the procedure whereby the person responsible for performing the assessment communicates 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 reporting.

Ferrovial has an Internal Audit Department that reports directly to the Audit and Control Committee, which ensures that those making management decisions have full independence and objectivity. The functions of the Regulations of the Board of Directors and the ACC that affect the Internal Audit Department include proposing and removing its own head, approving the budget and ensuring that the human and material resources are appropriate for the performance of their duties. Members of the team carry out their audit work exclusively.

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

The annual programme of work is drawn up using risk parameters from a matrix of priorities (intrinsic risk, controls, sector, activity, country, age, last visit, etc.) which when applied to the overall "Auditable Universe" determine the priority work for the following year. This planning proposal is compared to the main risks detected by the Company on the Risk Map, the results of the reviews of other assurance and external audit functions, and the significant aspects identified in the Annual Report, to ensure that they are covered under the scope of different tasks. It is then discussed with all the members of the Management Committee and Senior Management with a view to incorporating its proposals and submitting it to the Audit and Control Committee for approval prior to the start of the year. During the year, the degree of progress in planning is reported, as are any deviations, which are explained. The guiding principle is that all work considered a priority must be audited during the current year with others work being 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 work carried out by the Internal Audit Department is complete, as well as reviewing the financial statements (both in its accounting and current side: balance sheet and income statement, such as financial and for the future: business plans, budgets, models (financial, etc.), also analyses efficacy and efficiency of processes, internal controls, design and compliance with applicable internal and external regulations, integrity and functional information systems and the suitability of organisational responsibilities.

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

This philosophy is applicable uniformly to all the work of the Internal Audit Department. In the specific field of ICFRS, the effectiveness and design of internal controls and possible impacts they had on financial information are analysed, as noted previously with regard to work performed in any audited units. In addition, among the works specifically related to the ICFRS carried out in 2018, there is a specific audit of three processes and five business areas, as well as the continuous updating of the follow-up statement of the recommendations issued in previous reports. By 2019, the planning approved by the audit and control committee includes four ICFRS audits, which may well be transversal processes or business areas, as well as the verification in the rest of the audits of the specific risks and controls that they have identified, as well as the monitoring of the implementation of the recommendations issued in the work corresponding to previous years.

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

The external auditor submits any internal control weaknesses found in the course of its audit work to the Audit and Control Committee, on a yearly basis. These weaknesses are incorporated into the ICFRS action plan, while the General Finance Department is responsible for designing an action plan to correct such shortcomings and for reporting progress to the Audit and Control Committee.

Similarly, in the Recommendations section of the Audit Report, the Internal Audit Department provides recommendations to improve any weaknesses found. The direct managers of the audited units undertake to implement the recommendations on dates agreed 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 adopted. 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 variable remuneration.

**F.6. F.6 Other relevant information**

**F.7. EXTERNAL AUDITOR'S REPORT**

Report of:

F.7.1 The ICFRS 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 Company in this document, which 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. EXTENT OF MONITORING OF THE RECOMMENDATIONS OF THE CORPORATE GOVERNMENT**

Indicate the degree of the Company's compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not or only partially be in compliance with any of the recommendations, include a detailed explanation of the reasons, in order for sufficient information to be available to shareholders, investors and the markets in general for them to be able to evaluate 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.

Complies [ X ]. Explain [ ]

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

- a) The respective areas 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.

Complies [ ]. Partially compliant [ ]. Explain [ ] Not applicable [ X ]

3. During the General Shareholders' Meeting, the Chairman of the Board should verbally inform shareholders in sufficient detail of the most relevant aspects of the Company's corporate governance, supplementing the written information circulated in the Annual Corporate Governance Report. In particular:

- a) Changes taking place since the previous General Shareholders' Meeting.
- b) The specific reasons why the company has not followed a particular Good Corporate Governance recommendation and, where applicable, any alternative rules it applies in this connection.

Complies [ ]. Partially compliant [ X ]. Explain [ ]

Section a) is complied with. At the General Shareholders' Meeting held on 5 April 2018, the Chairman reported on the main corporate governance changes since the previous Shareholders' Meeting.

With regard to section b), the Company believes that a detailed explanation could unnecessarily lengthen the Shareholders' Meetings, as it deals with information already supplied in the Annual Corporate Governance Report, published on the website and available to shareholders.

4. “that the company should define and promote a policy on communication and contact policy with shareholders, institutional investors and proxy advisers which respects fully the standards against abuse of the market and which foster equal treatment for shareholders who find themselves in the same position.

In addition, that the company should publish this policy on its website, including information relating to the manner in which the same is put into practice and identifying those who participate in it or are responsible for carrying it out."

Complies [ X ]. Partially compliant [ ]. Explain [ ]

5. The Board of Directors should not make a proposal to the General Shareholders' Meeting for the delegation of powers to issue shares or convertible securities without preferential subscription rights, for an amount exceeding 20% of capital at the time of such delegation.

When the Board approves the issuance of shares or convertible securities without preferential subscription rights, the Company should immediately post a report on its website explaining the exclusion as envisaged in corporate legislation.

Complies [ X ]. Partially compliant [ ]. Explain [ ]

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website sufficiently in advance of the General Shareholders' Meeting, even if their distribution is not obligatory:

- a) Report on the independence of the auditor.
- b) Reports on the functioning of the Audit Committee and the Nomination and Remuneration Committee.
- c) Audit Committee report on related party transactions.
- d) Report on Corporate Social Responsibility Policy.

Complies [ ]. Partially compliant [ X ]. Explain [ ]

Sections a), b) and c) are complied with.

Paragraph d) is not complied with because no corporate responsibility policy exists that encompasses all the content required by recommendation 54. However, the Company reported in detail on corporate social responsibility in its comprehensive annual report for 2017, authorised for issue by the Board on 28 February 2018, and published on the website following the announcement of the General Shareholders' Meeting.

7. The Company should broadcast its General Shareholders' Meetings live on the corporate website.

Complies [ X ]. Explain [ ]

8. The Audit Committee should strive to ensure that the Board of Directors can present the Company's accounts to the General Shareholders' Meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to shareholders of their scope and content.

Complies [ X ]. Partially compliant [ ]. Explain [ ]

9. "that the company should publish on its website, and display permanently, the requirements and procedures it will accept to accredit the ownership of shares, the right to attend the general shareholders' meeting and the exercise or delegation of the right to vote.

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

Complies [ X ]. Partially compliant [ ]. Explain [ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the General Shareholders' Meeting, the Company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model attendance card, proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the Board of Directors.
- c) Submit all these points and alternative proposals to a vote and apply the same voting rules to them as to those put forward by the Board of Directors, including, specifically, assumptions and deductions on the direction of the vote.
- d) After a General Shareholders' Meeting, the company should announce the breakdown of the vote on the additional points or alternative proposals.

Complies [ ]. Partially compliant [ ]. Explain [ ] Not applicable [ X ]

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

Complies [ ]. Partially compliant [ ]. Explain [ ] Not applicable [ X ]

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

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

Complies [ X ]. Partially compliant [ ]. Explain [ ]

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

Complies [ X ]. Explain [ ]

14. The Board of Directors should approve a Director Selection Policy that:

- a) Is specific and verifiable;
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the Board's needs;
- c) Favours a diversity of knowledge, experience and gender.

That the result of the prior analysis of the needs of the board of directors should be stated in the justificatory report by the nominations committee which is published when the general shareholders' meeting to which the ratification, nomination or reelection of each director is to be submitted is convened

The Director Selection Policy should pursue the goal of having at least 30% of total Board places occupied by female directors by 2020.

The nominations committee shall verify compliance with the director selection policy annually and will report this in the annual report on corporate governance.

Complies [ X ]. Partially compliant [ ]. Explain [ ]

15. Proprietary and Independent Directors should constitute an ample majority on the Board of Directors, while the number of Executive Directors should be the minimum required, bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies [ X ]. Partially compliant [ ]. Explain [ ]

16. The percentage of Proprietary Directors out of all Non-executive Directors should be no greater than the ratio of the ownership stake of the shareholders they represent and the remainder of the Company's capital.

This proportional criterion may be relaxed:

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

Complies [ ]. Explain [ X ]

Ms. María and Mr. Joaquín del Pino y Calvo-Sotelo are Proprietary: two out of ten external companies in total, which represent 20%; the stake of both in the capital amounts to approximately 10.7%.

Now, if we include Mr. Rafael del Pino y Calvo-Sotelo (Executive) as a Proprietary, the recommendation is fulfilled: there would be three proprietary of ten external, which is 30%; the stake in the capital of the three amounts to approximately 31%.

These Proprietary Directors are members of the former controlling family group of Ferrovial. Following the termination of the shareholder agreement regarding the Company (disclosed in a significant event filing dated 7 August 2015, registration No. 227,432-), Mr. Rafael del Pino y Calvo-Sotelo and Ms. María del Pino y Calvo-Sotelo remained members of the Board of Directors.

Mr. Joaquín del Pino y Calvo-Sotelo was at that time the natural-person representative of the Director Karlovy, S.L. (which tendered its resignation following the transfer of its entire shareholding in the Company's capital).

With the appointment as Proprietary Directors of Ms. María del Pino y Calvo-Sotelo (re-elected at the 2016 General Shareholders' Meeting) and Mr. Joaquín del Pino y Calvo-Sotelo (appointed by co-option and ratified at the same General Shareholders' Meeting) were made to take advantage of their broad experience and knowledge of the group, ensuring a certain degree of continuity and the efficient functioning of the Board.

17. Independent Directors should be at least half of all Board members.

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

Complies [ X ]. Explain [ ]

18. 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, and other remunerated activities of any kind;
- 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 ties to;
- d) The date of their first and subsequent appointments as a company director.
- e) Shares held in the company and any options on the same.

Complies [ ]. Partially compliant [ X ]. Explain [ ]



Sections a), c), d) and e) are complied with.

Section b). The Board considers that it can make an assessment of the independence and time availability of each of the Directors without the need to publish all their remunerated activities, regardless of their nature or amount. The other boards to which each director belongs are published on the Company website.

19. Following verification by the Nominations Committee, the Annual Corporate Governance Report should disclose the reasons for the appointment of proprietary Directors at the urging of shareholders controlling less than 3 per cent 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.

Complies [ X ]. Partially compliant [ ]. Explain [ ]. Not applicable [ ]

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

Complies [ X ]. Partially compliant [ ]. Explain [ ]. Not applicable [ ]

21. The Board of Directors should not propose the removal of independent Directors before the expiry of their tenure as mandated by the Bylaws, except where they find just cause, based on a proposal from the Nominations Committee. In particular, just cause will be presumed when Directors take up new posts or responsibilities that prevent them from allocating sufficient time to the work of a Board member, or are in breach of their fiduciary duties or have one of the disqualifying grounds for classification as Independent Directors set forth in the applicable legislation.

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

Complies [ X ]. Explain [ ]

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

And that if a director were to be prosecuted or an order for the opening of an oral trial were to be issued against him by any of the following

the crimes indicated in the corporate legislation, the board of directors examines the case as soon as possible and, in view of its specific circumstances, decides whether or not it is appropriate for the director to continue in office. The Board should give a reasoned account of all such matters in the Annual Corporate Governance Report.

Complies [ X ]. Partially compliant [ ]. Explain [ ]

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

When the Board makes material or reiterated decisions about which a Director has expressed serious reservations, then he or she must draw the pertinent conclusions.

Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation. The terms of this recommendation also apply to the Secretary to the Board, even if he or she is not a Director.

Complies [ X ].      Partially compliant [   ].      Explain [   ].      Not applicable [   ]

24. Directors who give up their position before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Whether or not such resignation is disclosed as a significant event, the motivating factors should be explained in the Annual Corporate Governance Report.

Complies [ X ].      Partially compliant [   ].      Explain [   ].      Not applicable [   ]

25. The Nominations Committee should ensure that non-executive Directors have sufficient time available to discharge their responsibilities effectively.

The Regulations of the Board of Directors should lay down the maximum number of Company Boards on which Directors can serve.

Complies [   ].      Partially compliant [ X ].      Explain [   ]

The first paragraph is complied with.

Second paragraph. The Board believes it unnecessary to limit the number of boards (of any kind of entity) to which a Director may belong, because: (i) the Nomination and Remuneration Committee assesses, in accordance with the provisions of article 529 quinquedecies.3 a) of the Capital Companies Act, the time and dedication required for candidates for directorship to effectively perform their duties; (ii) it also periodically examines the professional obligations of Non-Executive Directors outside Ferrovial, in order to check whether they have sufficient time availability; and (iii) such a limitation, without discrimination of the type of company, could prevent the incorporation into the Board of national or foreign persons with enriching experience.

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

Complies [   ].      Partially compliant [ X ].      Explain [   ]

The recommendation is complied with, except as to the annual number of Board meetings.

The Board believes that the number of its meetings in 2018 (six): (i) is sufficient for it to perform its functions effectively; and (ii) lends support to attendance at meetings by directors residing outside Spain and, by that same token, encourages the incorporation to the Board of persons who reside in foreign markets where Ferrovial operates.

The Board also adopted a written agreement without a meeting during the year.

The Board may meet more often if circumstances so require.

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

Complies [ X ]. Partially compliant [ ]. Explain [ ]

28. When Directors or the Secretary express concerns about a proposal or, in the case of Directors, about the Company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes book at the request of the person expressing them.

Complies [ X ]. Partially compliant [ ]. Explain [ ] Not applicable [ ]

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

Complies [ X ]. Partially compliant [ ]. Explain [ ]

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

Complies [ X ]. Explain [ ] Not applicable [ ]

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

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

Complies [ X ]. Partially compliant [ ]. Explain [ ]

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

Complies [ X ]. Partially compliant [ ]. Explain [ ]

33. The Chairman, as the person charged with the efficient functioning of the Board of Directors, in addition to the functions assigned by law and the Company's Bylaws, should prepare and submit to the Board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the Board and, where appropriate, the Company's Chief Executive Officer; exercise leadership of the Board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each Director, when circumstances so advise.

Complies [ X ]. Partially compliant [ ]. Explain [ ]

34. When there is a coordinating director, the bylaws or the board of directors' regulations, in addition to the powers that legally correspond to him, should attribute the following to him: chair the board of directors in the absence of the chairman and vice-chairmen, if any; echo the concerns of non-executive directors; liaise with investors and shareholders to obtain their views in order to form an opinion on their concerns, in particular in relation to corporate governance of the company; and coordinate the succession plan for the chairman.

Complies [ ]. Partially compliant [ X ]. Explain [ ] Not applicable [ ]

The Lead Director has the duties specified in the recommendation, except for:

Succession scheme for the chairmanship. The Nomination and Remuneration Committee studies and organises the succession plan for the Chairman (article 529 quidecies3 f) of the Capital Companies Act. Given that the Lead Director may not be a member of this Committee, it was thought preferable not to ascribe specific functions to him/her in this domain.

As to the implementation of the scheme, in 2017 no succession of the Chairman took place. The company's internal rules do not assign this function to the Lead Director, but the Board may otherwise decide when the time comes.

Investor relations. The Board believes it preferable for contact with investors and shareholders in relation to the issues referred to in the recommendation to take place through the Company's competent specialist areas: Investor Relations (General Finance Department) and the General Secretary's Office.

35. The Board Secretary should strive to ensure that the Board's actions and decisions take into account the good governance recommendations of the Good Governance Code applicable to the Company.

Complies [ X ]. Explain [ ]

36. The Board should, in a plenary session, conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:
- a) The quality and efficiency of the Board's functioning.
  - b) The performance and composition of its committees.
  - c) The diversity of Board membership and competencies.
  - d) The performance of the Chairman of the Board of Directors and the Company's Chief Executive.
  - e) The performance and contribution of individual Directors, with particular attention to the chairmen of the various board committees.

The evaluation of Board committees will be based on the reports they send the Board of Directors, while that of the Board itself will be based on the report of the Nominations Committee.

Every three years, the Board of Directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the Nominations Committee.

The business relations which the consultant or any company of their group maintains with the Company or any company of its Group must be fully specified in the Annual Corporate Governance Report.

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

Complies [ X ]. Partially compliant [ ]. Explain [ ]

37. When an Executive Committee exists, its membership mix by director class should resemble that of the Board. The Secretary to the Board should also act as Secretary to the Executive Committee.

Complies [ ]. Partially compliant [ X ]. Explain [ ] Not applicable [ ]

The Secretary of the Board of Directors is also Secretary of the Executive Committee.

However, the Independent Directors who currently form part of the Executive Committee make up 29% of its members, while on the Board the Directors in this category make up 50% of its members.

The Board is engaged in an already advanced process of gradual renewal. The incorporation of a new member to the Board may not always be accompanied by a change in the composition of the Executive Committee. This has been the case following recent changes in the Board, in particular the appointment of Mr Bruno Di Leo.

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.

Complies [ X ]. Partially compliant [ ]. Explain [ ] Not applicable [ ]

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

Complies [ X ].      Partially compliant [   ].      Explain [   ]

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the Audit Committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the Board's Non-executive Chairman or to the Chairman of the Audit Committee.

Complies [ X ].      Partially compliant [   ].      Explain [   ]

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

Complies [ X ].      Partially compliant [   ].      Explain [   ]      Not applicable [   ]

42. The Audit Committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:

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

2. In relation to the external auditor:

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

Complies [ X ].

Partially compliant [ ].

Explain [ ]

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

Complies [ X ].

Partially compliant [ ].

Explain [ ]

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

Complies [ X ].      Partially compliant [   ].      Explain [   ]      Not applicable [   ]

45. The control and risk management policy should specify at least:

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

Complies [ X ].      Partially compliant [   ].      Explain [   ]

46. The Company should establish an internal risk control and management function run by one of the Company's internal department or units, under the direct supervision of the Audit Committee or another specialised Board committee, which should be attributed the following duties:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that the major risks to which the Company is exposed are correctly identified, managed and quantified.
- b) Take an active part in preparing the risk strategy and in important decisions with regard to the management thereof.
- c) Ensure that risk control and management systems are mitigating risks effectively within the framework of the policy drawn up by the Board of Directors.

Complies [ X ].      Partially compliant [   ].      Explain [   ]

47. Appointees to the Nominations and Remunerations Committee - or to the Nominations Committee and the Remunerations Committee, if separately constituted - should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be Independent Directors.

Complies [ X ].      Partially compliant [   ].      Explain [   ]



48. Large cap companies should operate separately constituted Nominations and Remunerations Committees.

Complies [ ].

Explain [ X ]

Not applicable [ ]

The Board believes that: (i) the Nomination and Remuneration Committee adequately carries out its functions; (ii) having two separate committees would increase the cost to the Company without necessarily increasing its efficacy. Circumstances may nonetheless determine a different decision in future.

49. The Nominations Committee should consult the Company's Board of directors Chairman and Chief Executive, especially on matters relating to Executive Directors.

When there are vacancies on the Board, any Director may approach the Nominations Committee to propose candidates that might be considered suitable.

Complies [ X ].

Partially compliant [ ].

Explain [ ]

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

- a) Propose to the Board of Directors the basic terms of the contracts of senior executives.
- b) Monitor compliance with the remuneration policy set by the Company.
- c) Periodically review the remuneration policy for Directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior managers in the Company.

Guarantee that possible conflicts of interest do not compromise the independence of the external advice furnished to the Committee.

- e) Verify the information on the remuneration of Directors and senior managers in corporate documents, including the Annual Directors' Remuneration Report.

Complies [ X ].

Partially compliant [ ].

Explain [ ]

51. The Remuneration Committee should consult the Company's Chairman and Chief Executive, especially on matters relating to Executive Directors and senior managers.

Complies [ X ].

Partially compliant [ ].

Explain [ ]

52. The rules regarding the composition and functioning of the supervision and control committees should be set out in the Regulations of the Board of Directors and aligned with those governing legally mandatory Board committees, as specified in the preceding sets of recommendations, including:
- a) These committees should be formed exclusively of Non-executive Directors and have a majority of Independent Directors.
  - b) Committees should be chaired by an Independent Director;
  - c) The Board should appoint the members of such committees with regard to the knowledge, skills and experience of its Directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first Board plenary following each committee meeting.
  - d) The committees may engage the services of external advisers, should they deem it necessary for the discharge of their duties.
  - e) Meeting proceedings should be minuted and a copy made available to all Board members.

Complies [ ].

Partially compliant [ ].

Explain [ ]

Not applicable [ X ]

53. The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the Audit Committee, the Nominations Committee, the Corporate Social Responsibility Committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at the least the following functions:
- a) Supervision of compliance with the company's internal codes of conduct and the corporate governance rules.
  - b) Supervision of the communication and shareholder and investor relations strategy, including small and medium-sized shareholders.
  - c) Periodically evaluate the effectiveness of the Company's corporate governance system, to confirm that it is fulfilling its mission of promoting the corporate interest and that it is catering, as appropriate, for the legitimate interests of remaining stakeholders.
  - d) The review of the company's corporate social responsibility policy, ensuring that it is oriented towards creating value.
  - e) Monitoring of the CSR strategy and practices, and evaluation of the degree of compliance thereof.
  - f) Monitoring and evaluating the company's processes for maintaining relations with the various stakeholders.
  - g) Evaluate all aspects of the non-financial risks the Company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
  - h) Coordination of the process for reporting information of a non-financial nature or concerning diversity issues in conformity with the applicable rules and regulations and generally accepted international standards.

Complies [ ☐ ].

Partially compliant [ ☒ ].

Explain [ ☐ ]

The functions set out in paragraphs a), g) and h) of this recommendation have been entrusted to the Audit and Control Committee under sections p), q) and r), respectively, of article 21 of the Regulations of the Board of Directors.

The Board has not expressly attributed the remaining functions to an existing or newly-created committee, as it prefers to exercise them directly for the time being.

Letter b). The Board approved a Policy for communicating with shareholders, institutional investors, proxy advisers and credit rating agencies on 25 February 2016. The monitoring of this Policy is entrusted to the General Finance Department and the General Secretary's Office, within their respective competencies, with respect to specialised Company bodies in this area. Additionally, in a plenary session, the Board is informed twice a year of: (i) the Company's main shareholders and the change in ownership of the share capital; and (ii) the perception of analysts and investors of the Company and its group.

Letter c). The Board defines the Company's corporate governance system with the support and periodic reporting from the areas with competencies in this area, especially the General Secretary's Office. The Audit and Control Committee specifically reviews this system when the draft of the Annual Corporate Governance Report is submitted to the Board; and has the authority to propose improvements to internal corporate governance standards, such as the Bylaws or Regulations of the Board of Directors. The Nomination and Remuneration Committee, for its part, has competencies regarding remuneration of Directors and the proposals or reports prior to their appointments, and periodically reviews the composition of the Board.

Letters d), e) and f). The Director of Communication and Corporate Responsibility reports to the Board annually on the main aspects of the Group's corporate social responsibility (which aligns corporate responsibility with business objectives), the Company's presence in international sustainability indexes and on the social action programmes developed by the Group. Every 3 years, it presents Ferrovial Group's corporate social responsibility plan to the Board, the content of which is referred to in the response to recommendation 54.

54. The corporate social responsibility policy should state the principles or commitments the Company will voluntarily comply with in its dealings with stakeholders, specifying at least:

- a) The goals of the corporate social responsibility policy and the development of instruments of support.
- b) Corporate strategy in relation to sustainability, environmental issues and social issues.

Specific practices on issues related to: shareholders, employees, customers, suppliers, social issues, environment, diversity, responsibility fiscal, respect for human rights and prevention of illegal conduct.

- d) The methods or systems for monitoring the results of adhering to the aforementioned practices, along with the associated risks and their management.
- e) The mechanisms for supervising non-financial risk, ethics and business conduct.
- f) The company's channels for communication, participation and dialogue with stakeholders.
- g) Responsible communication practices that prevent the manipulation of information and protect the Company's honour and integrity.

Complies [ ☐ ].

Partially compliant [ ☒ ].

Explain [ ☐ ]

The Company's Corporate Social Responsibility Policy, which was approved on 14 December 2014, does not cover all of the issues in the recommendation.

The 20.19 Corporate Social Responsibility plan was presented to the Board of Directors on 15 December 2016, covering the principles and commitments mentioned in recommendation 54. This is a three-year plan (for 2017, 2018 and 2019) divided into the following chapters: ethics and integrity, corporate governance, people, society, environment and innovation. The Plan addresses the most relevant issues for the group's stakeholders, who include shareholders, investors, employees, clients, users, social bodies, academic institutions and non-governmental organisations. Some of the priority issues covered by the Plan include climate change, corporate governance, risk management, fiscal responsibility, transparency, attracting and retaining talent, diversity, health and safety at work, supplier management, business ethics, social investment and community relations.

The Company also fosters compliance with the recommendation as follows.

Letters a) and b). On 18 December 2014, the Board of Directors approved both the Company's corporate social responsibility policy and its human rights and environmental policy, in addition to updating the Code of Business Ethics. It approved the following policies at its meetings on 24 February 2015, 30 July 2015, 25 February 2016 and 28 July 2016: (i) fiscal; (ii) tax risk control and management; (iii) safety and health; communication with shareholders, institutional investors, voting advisers and credit agencies; and (v) compliance. In addition, the Company's Corporate Responsibility Committee is responsible for fostering and monitoring the group's corporate social responsibility policies. Its main functions include: (i) definition of the Strategic Plan; (ii) coordination of the "reporting" processes; (iii) monitoring of recommendations after external verification; (iv) monitoring of corporate social responsibility policies; and (v) information and application of corporate social responsibility regulations. The Committee is chaired by the Head of Communication and Corporate Responsibility, and comprises representatives of all business divisions (Services, Airports, Toll Roads and Construction) and corporate areas (HR, General Secretary's Office, Health and Safety, Quality and the Environment, Risks and Innovation).

Letter c). The Company has put in place specific corporate social responsibility practices relating to its various stakeholders. In addition to the stipulations of the Policies mentioned in letters a) and b), for its suppliers, the Company also has a Code of Ethics for Purchasers, a Green Purchases Catalogue and a Global Purchasing Committee, comprising the heads of purchasing in the business units. There is also an Anti-Corruption Policy, a Competition Policy, a Crime Prevention Model and a Due Diligence Procedure that seeks the ethical integrity of potential group members before entering into agreements. In 2018, a procedure was approved whose purpose is to verify, prior to contracting, the ethical integrity of suppliers with whom it is intended to enter into a commercial relationship. Lastly, the Company has also set up a whistle-blowing channel, enabling any person to report - confidentially and anonymously if they wish - any irregularity, non-compliance or behaviour that breaches ethical standards, the law, or internal regulations and procedures.

Letter d). With regard to the monitoring of the foregoing matters, the full Board of Directors is periodically informed of (i) health and safety; (ii) employees and diversity, in the framework of the annual report of the Human Resources Business Area; (iii) the main shareholders and investors of the company and the perception analysts have of it; (iv) the tax policies followed during each financial year; (v) environmental performance; (vi) corporate social responsibility performance; and (vii) application of the compliance model.

In addition, the areas responsible for these matters act as they deem appropriate to anticipate and manage risks.

Letter e). The Board of Directors approved the amendment of the Policy as regards risk management and control at its meeting on 28 July 2016. During this meeting, they also identified the main areas of risk for the Company and its group (which included non-financial risks regarding ethics and business conduct) and the management and control systems. The Audit and Control Committee periodically supervises and assesses the main risks and contingencies of the group and their evolution.

Continued in Section H.

55. The Company should report on corporate social responsibility matters in its management report or in a separate document, using an internationally accepted methodology.

Complies [ X ].      Partially compliant [   ].      Explain [   ]

56. Directors' remuneration should be sufficient to attract and retain Directors with the desired profile, and to cover the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of Non-executive Directors.

Complies [ X ].      Explain [   ]

57. Variable remuneration linked to Company and personal performance, and remuneration based on shares, options or rights on shares or instruments tied to share prices, and long-term saving schemes such as pension plans, retirement plans or other social welfare systems, should be confined to Executive Directors.

The Company may consider the share-based remuneration of Non-executive Directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the Director must dispose of, where applicable, to defray costs related to their acquisition.

Complies [ X ].      Partially compliant [   ].      Explain [   ]

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

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

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

Complies [ X ].      Partially compliant [   ].      Explain [   ].      Not applicable [   ]

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

Complies [ X ].      Partially compliant [   ].      Explain [   ].      Not applicable [   ]

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

Complies [ X ].      Partially compliant [   ].      Explain [   ].      Not applicable [   ]

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

Complies [ X ].      Partially compliant [   ].      Explain [   ].      Not applicable [   ]

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

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

Complies [ X ].      Partially compliant [   ].      Explain [   ]      Not applicable [   ]

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

Complies [ X ].      Partially compliant [   ].      Explain [   ]      Not applicable [   ]

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

Complies [   ].      Partially compliant [   ].      Explain [   ]      Not applicable [ X ]

## H. OTHER INFORMATION OF INTEREST

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

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. The company may also indicate whether it has voluntarily adhered to other codes of ethical principles or good practices, international, sectoral or otherwise. If applicable, identify the Code in question and the date of adoption. In particular, it will mention whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

### SECTION A.2

The changes indicated for the shareholder Blackrock Inc. do not consider the voting rights that can be acquired through financial instruments.

The changes indicated for the shareholder Mr. Rafael del Pino y Calvo-Sotelo are due to capital increases and reductions carried out by the Company in the year.

The communication made by Fil Limited to the CNMV on 19 December 2019 shows that it holds an indirect stake of 2.003% in the share capital of Ferrovial SA, although it does not identify the direct holder of this stake.

### SECTION A.10 Continuation

6. Power of subdelegation: The powers conferred by this agreement shall be sub-delegated in favour of the Executive Committee, the Chairman or the CEO of the Company, and in any case, they may be exercised by persons at any given time appointed by the Internal Code of Conduct in the Securities Markets of the Company.

This authorisation replaces that adopted in the same area by the General Shareholders' Meeting on 22 March 2013, which is rendered null and void in the part not used."

### RESOLUTION OF THE GENERAL SHAREHOLDERS' MEETING OF 5 APRIL 2018.

"1. Capital reduction by means of the redemption of the Company's existing treasury shares and of own shares to be purchased through a buy-back programme for redemption.

It is resolved to reduce the share capital of Ferrovial, S.A. (the "Company") by the amount resulting from the sum of:

- (i) 287,829.60 euros, via the redemption of 1,439,148 treasury shares, each of a par value of 0.20 euros, purchased under the framework of the authorisation granted by the General Shareholders Meeting held on 5 April 2017 under item ten of the agenda and within the limits envisaged in articles 146 and related, and 509 of the Capital Companies Act (the "Existing Treasury Shares"); and
- (ii) the aggregate face value, with the maximum amount indicated below, which represents the twenty-cent shares (€0.20) that will be acquired through a buy-back programme addressed to all the shareholders, pursuant to article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse and the Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016, supplementing the Regulation on market abuse with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures (the "Buy-Back Programme" or the "Programme"). Said programme must be approved by the Board of Directors.

The Buy-Back Programme will be subject to two quantitative limits in relation to the investment amount and the number of shares to be acquired:

- (i) The net maximum investment of the Programme will be 275 million euros (the "Maximum Investment"). For this purpose, only the purchase price of the shares will be considered, excluding any charges, commissions or brokerage costs that may be charged on the purchase transactions
- (ii) The number of shares to be purchased under the Programme will not exceed 19 million representing 2.6% of the share capital of the Company at the date of the drawn up by the Board of this proposed resolution.

Consequently, the maximum amount of the reduction of capital (the "Capital Reduction") will be 4,087,829.60 euros, through the redemption of up to 20,439,148 own shares each of a face value of 0.20 euros, representative of a maximum of 2.791% of share capital at the time of adoption of this resolution. This figure is the result of the sum of the aggregate par value of the number of own shares corresponding to the Existing Treasury Shares, and the aggregate face value of the



maximum number of shares to be purchased under the Buy-Back Programme.

In accordance with what is set forth below, the final figure for the Capital Reduction shall be established by the Board of Directors depending on the final number of shares that are acquired from the shareholders under the Buy-Back Programme, within the limits of the Maximum Investment and the maximum number of shares to be acquired, as mentioned above.

## 2. Purpose of the capital reduction

The purpose of the Capital Reduction is to amortise treasury shares, aiding the Company's shareholder remuneration policy by increasing the profit per share. This transaction is configured to be a capital reduction of a nominal or accounting nature, therefore it shall not produce a return of shareholder contributions nor shall it change the regime for disposing of the Company's equity, as stated below.

## 3. Procedure for acquiring the shares that are to be amortised

The purchase of the shares to be amortised shall be made pursuant to article 144.a) of the Capital Companies Act (free derivative acquisition of own shares) and on the terms of articles 338 to 342 of the same Act, insofar as they may be applicable, article 12.2 of Royal Decree 1066/2007, of 27 July, article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse, and the Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016. Therefore, it is not necessary to make a takeover bid for the Company's shares to be purchased under the Buy-Back Programme.

## 4. Characteristics of the Buy-Back Programme

It is expected that the Buy-Back Programme will be approved by the Company's Board of Directors, if this proposed resolution is approved by the shareholders.

The main characteristics of the Buy-Back Programme, without prejudice to the appropriate provision of public information of the details, which will be provided in due course once the Programme has been approved by the Board of Directors and, in any case, before starting with the acquisitions, are described below:

1. The Company will purchase, for amortisation, own shares for a Maximum Investment of 275 million euros. In any case, the number of shares to be acquired under the Buy-Back programme will not exceed 19 million shares, representing 2.6% of the share capital at the date of the approval by the Board of this resolution proposal.

2. The shares will be purchased according to the price and volume rules established in article 3 of the Commission Delegated Regulation (EU) 2016/1052, of 8 March 2016.

3. The Board of Directors will establish the duration of the Buy-Back Programme which shall not exceed a one year period. Notwithstanding the foregoing, the Company may end the Programme earlier if its purpose has been fulfilled and, in particular, if, prior to expiry of the Buy-Back Programme, the Company has purchased, thereunder, the maximum number of shares indicated in point 1 above, or shares for a purchase price equal to the Maximum Investment indicated in point 1 above, or in any other circumstance which would warrant this action.

## 5. Procedure for the capital reduction, reserves against which it will be made and term for its execution

In accordance with what is established under article 342 of the Capital Companies Act, any own shares acquired by the Company under the Buy-Back Programme must be amortised within a month of the close of the Buy-Back Programme. Therefore, the Capital Reduction shall be executed within that term and, in any case, within a year from the date this resolution is adopted.

According to the provisions of article 340.3 of the Capital Companies Act, if the Company does not acquire shares for the Maximum Investment amount under the Buy-Back Programme, it shall be understood that the capital is reduced in an amount equivalent to the par value of those shares that were actually acquired under the Buy-Back Programme.

The Capital Reduction will not entail any refund to shareholders since, at the time of the reduction, the Company will hold the shares to be amortised. The Reduction will be made against voluntary reserves through the funding of a capital amortisation reserve, in a sum equal to the par value of the shares amortised, which may only be used if the requirements established for the reduction of capital are met.

Consequently, according to what is established under article 335 c) of the Capital Companies Act, the Company's creditors will not have the right to objection established in section 334 of that Act.

## 6. Delegation of powers

It is resolved to grant the Board of Directors the authority to determine any terms and conditions for this capital reduction that are not expressly established hereunder, with the express sub-delegation authority conferred to the Executive Committee, the Chairman or the Chief Executive Officer. In particular and for the sake of illustration, the Board of Directors is expressly authorised to sub-delegate to the Executive Committee, the Chairman or the Chief Executive Officer to carry out the following faculties:

a. Determine the term for the Buy-Back Programme and any other terms and conditions for the Programme, within the limits established under this resolution and by law, in complete accordance with the provisions of article 5 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of 16 April 2014, on market abuse and the Commission Delegated Regulation (UE) 2016/1052, of 8 March 2016.

b. Execute the Capital Reduction in a period that is no longer than a month from the end of the Buy-Back Programme (be it the scheduled or accelerated end thereof) and, in any case, within a year from the date on which this resolution is adopted.

c. Establish the final figure for the Capital Reduction according to the rules stipulated in this resolution and depending on the final number of shares that are acquired from the shareholders within the framework of the Buy-Back Programme.

d. Declare the agreed Capital Reduction to be completed and executed, establishing to such end the final number of shares that will be amortised and, therefore, the amount in which the Company's share capital will be reduced according to the rules established in this resolution.

e. Amend the wording of article 5 of the Company's Bylaws, regarding Share Capital, in order to reflect the result of the Capital Reduction.

f. Carry out any actions, declarations or steps that may be necessary in relation to providing public information regarding the Buy-Back Programme and the actions that, as the case may be, should be taken before the National Securities Market Commission ("CNMV") and those Stock Exchanges on which the Company's shares are traded, as well as before the entities responsible for regulating and governing the markets where the share acquisitions are carried out. Negotiate, agree and execute any contracts, agreements, commitments or instructions that may be necessary or advisable to successfully carry out the Buy-Back Programme.

g. Carry out the steps and actions that may be necessary and submit any required documents to the competent authorities so that, once the Company's shares have been amortised and the public deed of Capital Reduction executed and registered with the Commercial Registry, the amortised shares are delisted from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market) and the relevant records are cancelled in the accounting.

h. Carry out any actions that may be necessary or advisable for the execution and formalization of the Capital Reduction before any Spanish or foreign, public or private entities or agencies, including therein declarations, auxiliary documents or those needed to correct any defect or omission that might prevent or hamper the full effectiveness of the resolutions above."

#### SECTION B.4

The figure for attending in person includes the Company's treasury stock as of the date on which the General Shareholders' Meeting was held.

#### SECTION C.1.2.

The table indicates, as the date of first appointment, the date on which the Directors (i) took office in the former Grupo Ferrovial, S.A., parent company of the Ferrovial group before the merger between that entity and Cintra Concesiones de Infraestructuras de Transportes, S.A. carried out in 2009 (the "Merger"); or (ii) in Ferrovial, S.A. with respect to those Directors appointed subsequent to the Merger.

#### SECTION C.1.3.

Mr. Bergareche Busquet resigned as Chairman of Vocento with effect from 31.12.18 (however, he continues to be a Director of that entity).

Mr. Bowman is Chairman of Tegel Group Holdings Limited since 14 February 2019.

#### SECTION C.1.11.

Mr. Bergareche Busquet resigned as Chairman of Vocento with effect from 31.12.18 (however, he continues to be a Director of that entity).

#### SECTION C.1.13.

The amount indicated includes premiums paid for life insurance.

#### SECTION C.1.32.

The amount stated for work other than audit work does not include services related to auditing. The latter amounted to 100 thousand euro in 2018.

#### SECTION C.1.34.

For the purposes of this section, it is understood that the data for years prior to the 2009 merger whereby Ferrovial, S.A. arose relate to the extinct Grupo Ferrovial, S.A.

#### SECTION C.2.1. continued Audit and Control Committee:

##### FUNCTIONING

The Committee Chairman will chair meetings, lead discussion on the matters to be addressed, and have the casting vote in the event of a tied vote.

The Committee will meet following an announcement by its Chairman, who should do so when so requested by the Board of Directors, the Chairman of the Board of Directors, or two members of the Committee, and in any event, when required for the proper performance of its functions.

The Committee shall be deemed to be validly constituted when more than half of its members are present or represented at the meeting. Resolutions shall be taken by absolute majority vote by those present.

To better fulfil its duties, the Committee may seek the opinion of external advisers, for which purposes, the provisions of the Board regulations will apply.

Any member of the management team or Company personnel required to do so will be obliged to attend the Committee's meetings, providing it with their assistance and access to the information they have. When so determined by the Committee, they shall attend without the presence of any other executive.

The Committee may require the auditors to attend its sessions.

It will also issue a report on its operations, which will be published on the Company website sufficiently in advance of the Company's General Shareholders' Meeting.

Anything not specifically provided for with regard to the Committee will be subject to the Regulations of the Board of Directors on calling meetings, constitution and the adoption of agreements, as long as this is compatible with the nature and function of the Committee.

The Audit and Control Committee has taken into account in its operation, as well as in the exercise of its powers throughout the year, the CNMV's Technical Guide on audit committees of public interest entities.

#### Most important actions during the year

As in previous years, the Committee approved a work plan with the issues to be discussed at each of its meetings of 2018, adding other matters during the year.

#### Financial information

During the year, the Committee reviewed and analysed the integrity of this information prior to its knowledge by the Board of Directors and its transmission to the authorities or markets, reporting it favourably. It has focused especially on the main judgements and estimates made in those areas that are more complex or where the accounting impact is more relevant. For this analysis, it has arranged for the collaboration of the Financial Department and the external auditor of Ferrovial.

#### Relations with the external auditor

The Committee, after the corresponding analysis and in accordance with the recommendation of the Financial Department, has agreed to propose the re-election of Deloitte, S.L. as the external auditor of Ferrovial, S.A. and its consolidated group for the financial year 2019, the last financial year in which the firm may be an external auditor in accordance with the regulations on the auditing of accounts.

Throughout the year, the Committee conducted the process of selecting the new auditor for the Company and its consolidated group for 2020 and subsequent years. It agreed to the timing of the process, to the applicable selection criteria and to the participating firms.

It has received timely information on the development of the process, on whether the candidate firms had sufficient capacity and resources to provide the services, and on the content of the bids submitted by the candidates. It has held meetings with the selected firms, ratifying the conclusions drawn by the Company's Financial area. Finally, it submitted its proposal to the Board of Directors for submission, when appropriate, to the General Shareholders' Meeting.

It has also been informed of the selection process for the external auditor of Heathrow Airport Holdings.

Lastly, it ensured that the external auditor appeared before the Board of Directors to report on the work undertaken, the accounting situation and the Company's risks.

#### Review of the annual accounts and the Half-Yearly Financial Report

The external auditor appeared before the Committee to present the annual accounts for 2017 to set out the main aspects of the year's audit, the main risks (all being in an acceptable range) and the audit issues to be followed up during 2018. He gave an account of his independent review of the information on corporate responsibility contained in the Integrated Annual Report, which, as in previous years, was submitted to the Board for formulation.

He also reported on its limited review of the half-yearly financial statements closed on 30 June 2018, giving an account of the main risks (all in an acceptable range) and issues detected in said limited review, as well as the aspects to be followed at the close of the financial year. The auditor has also appeared in the meetings of the Committee in which the economic-financial information closed on 30 March and 30 September was discussed.

He presented its strategy to the Committee and work plan for the audit of the annual accounts for the financial year 2018, and the previous work carried out based on the financial information closed as of 30 September.

#### Independence of the external auditor

The Committee has drawn up the legally binding report on this point.

It has authorised, after analysis and in accordance with the internal procedure reviewed by the Committee (NPEF-102), the contracting of certain non-audit services with the external audit service firm and with other audit services firm. In its analysis, the Committee has considered the nature and circumstances of the service, the issues that may arise in relation to the regulations on independence and the reasons for hiring it from a specific audit firm. The Committee's assessment has taken into account the criteria of the Financial Department and the auditor itself.

It has periodically received information on the services of this type authorised and the amount thereof.

It has also been informed of the audit fees received by Ferrovial's external auditor (and by the rest of the group's auditors) in 2017, and their variation in relation to the previous year.

#### Internal Control Procedures

The Committee was informed by the external auditor on the main internal control recommendations made as a result of the audit of Ferrovial and the most relevant internal control improvement projects executed during 2017. The external auditor did not any significant weakness that should be reported to the Committee in accordance with the international financial reporting standards.

The Financial Department also informed the Committee of (i) the contents of section F of the Company's Annual Corporate Governance Report (ACGR), relating to the description of the Internal Control Financial Information System (ICFRS); the external auditor issued a review report on the information described in said section, based on the Guide published by the CNMV in July 2013; (ii) the work carried out in the group during 2018 in relation to the design, implementation and maintenance of the ICFRS; (iii) the updating of the processes and controls followed in the Company and its consolidated group; (iv) the result of the self-assessment by the business divisions and corporate areas of the controls included in the ICFRS and the improvement actions proposed; and (iii) the methodology and result of the annual risk assessment of the financial information.

#### Internal Audit

The Committee carried out supervision of the activity of Internal Audit at the Company. Specifically, it has been informed of:

- The Internal Audit activity report for 2017, which includes the conclusions of all the work carried out, the variations on the approved plan, the work carried out in collaboration with other areas, details of the main aspects of improvement detected, the recommendations issued, the state of implementation of those formulated during 2017 and those pending from previous years, and the assessment of the quality perceived by the auditees.
- The annual report, referring to financial year 2017, and the report relating to the first half of 2018, on the activity of the "Ethical Channel", indicating the number of complaints received, their evolution, origin and type, the procedures established for the prevention, detection and management of fraud, and the areas for improvement identified.
- The degree of progress of the internal audit work scheduled at the end of the third quarter of 2018, compliance with the approved plan and its variations, collaboration with other areas, new recommendations issued, and the evolution of recurrent improvement aspects and those identified in the financial year 2018.
- The result of (i) the review of the IFRS implementation process and of the specific work to ensure compliance; and (ii) the review of the deployment of the compliance model, the audits carried out with an indication of the aspects in which progress must be made, the conclusions to the review carried out and the supervision plan of the compliance model.
- The internal audit work plan for fiscal year 2019, approved by the Committee, which includes (i) the purpose of such work and the extent to which it covers the main risks of the group, the countries considered strategic and aspects of corporate responsibility; (ii) recurring tasks; (iii) the internal organisation and control structure of the Internal Audit; and (iv) the expenditure budget.

#### Analysis of risks and systems to control them

The Ferrovial Risk Department has regularly briefed the Committee on the main financial and non-financial risks and contingencies faced by the Company and its group, and on the systems in place to identify, manage and control such risks.

With regard to risks, the Committee has been informed about (i) the process of drawing up the risk map; (ii) the main risks of the group and their evolution; (iii) the exogenous risk factors with potential impact on the group's risk profile; and (iv) how the risks affect the group's strategic priorities.

As regards contingencies, the Committee has received information on the most relevant contingencies, their potential economic impact, the management measures being implemented, whether there is a provision or coverage for them, their diagnosis and evolution, and the distribution of these contingencies by category and geographical area.

#### Activity in relation to Corporate Governance and regime of compliance

- It informed the Ordinary General Shareholders' Meeting of Ferrovial, through the Chairman of the Committee, about the activities carried out in fiscal year 2016.
- It reported favourably, and in advance of its approval by the Board of Directors, on the AGCR corresponding to the financial year 2017.
- It approved a report on related-party transactions, which was published on the Company's website at the same time as the call for the General Shareholders' Meeting.
- It has informed, prior to its approval by the Board, the transactions of Directors of the Company with companies of the Ferrovial group.
- It has recognised the main sponsorship projects approved in accordance with the internal regulations of the Ferrovial group.
- He has supervised the operation and efficacy of Ferrovial's compliance model. To this effect, the Compliance Department has informed the Committee on the implementation of the measures that make up the plan for the strengthening and continuous improvement of the model, the training carried out and planned for employees in this area and the progress made in the deployment of the model: - It has given its approval to a (formal) modification of Ferrovial's Anti-Corruption Policy.
- It has been informed of the requirements that the CNMV has addressed to the Company during the 2018 financial year and of the responses given to them. These requirements have related to the contents of the 2016 annual financial report and the half-yearly financial report corresponding to the first half of 2017, on the category of a Director, and on the composition, functioning and fulfilment of its obligations by the Committee (the latter having been replied to by the Chairman of the Committee).
- It has been informed of the main novelties included in the CNMV Circular that amends the ACGR model and in Directive (EU) 2017/828, on promoting the long-term involvement of shareholders.
- It has been informed of the merger project between Ferrovial, S.A. and its wholly-owned subsidiary Ferrovial Internacional, S.L.U. filial (company being acquired).
- It proposed the amendment of the Regulations of the Board of Directors.
- It produced a report for the assessment of the Committee by the Board of Directors (based on the report on its activities in 2017).
- It has prepared its operating report for financial year 2018, adjusting its content to that indicated in the CNMV Guide and has submitted it to the Board of

Directors for approval.

#### COMPOSITION:

All members of the Audit and Control Committee were appointed in light of their knowledge and experience of accounting, audit or risk management. Considered together, they have the technical knowledge required for the sector in which the Company operates. They have adequate knowledge of the infrastructure sector, the activities carried out by Ferrovial and the main geographic markets in which it is active. They also have extensive experience in managing international business groups.

#### Nomination and Remuneration Committee

The Committee shall be deemed to be validly constituted when more than half of its members are present or represented at the meeting, and agreements shall be taken by absolute majority vote by those present.

To better fulfil its duties, the Committee may seek the opinion of external advisers, for which purposes, the provisions of the Board regulations will apply.

Any member of the management team or Company personnel required to do so will be obliged to attend the Committee's meetings, providing it with their assistance and access to the information they have. When so determined by the Committee, they shall attend without the presence of any other executive.

The Committee shall consult the Company's Board Chairman and Chief Executive, especially on matters relating to Executive Directors and senior managers.

It will also issue a report on its operations, which will be published on the Company website sufficiently in advance of the Company's General Shareholders' Meeting.

Anything not specifically provided for with regard to the Committee will be subject to the Regulations of the Board of Directors on calling meetings, constitution and the adoption of agreements, as long as this is compatible with the nature and function of the Committee.

#### MOST IMPORTANT ACTIONS DURING THE YEAR

As in earlier years, the Committee approved a plan of work for the business to be discussed at each of its meetings, while incorporating other matters arising in the course of the financial year.

#### COMPOSITION OF THE BOARD AND ITS COMMITTEES

In accordance with the Board's gradual renewal plan, the Committee proposed the appointment of Mr. Bruno di Leo as an Independent Director by co-option, in order to fill the vacancy caused by the resignation of Mr. Juan Arena de la Mora. In the selection process of Mr. Di Leo, we had the help of an external advisor of recognised prestige.

It also reviewed the amount and nature of the transactions carried out by Ferrovial or companies in its group with other entities in which Ferrovial's Independent Directors are also directors or senior executives during financial year 2017, considering that they do not prevent these Independent Directors from performing their functions as such, approving the reasoned statement included in the ACGR draft for that fiscal year (section C.1.3).

Examined the current composition and configuration of the Board of Directors and reviewed the standing attributed to each of the Directors. Finally, it verified the Selection Policy for Ferrovial Directors.

#### REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Reported favourably on the draft Annual Report on Directors' Remuneration corresponding to the financial year 2017.

In relation to the remuneration of member of the Board in their standing as such, the Committee proposed to the Board of Directors (i) the settlement for the financial year 2017 in accordance with the detail appearing in the Annual Report on Directors' Remuneration; and (ii) the sum at which the maximum annual amount of the remuneration should stand (applying the automatic revision established by the General Shareholders' Meeting) and its distribution among the Directors.

With respect to the remuneration of the Executive Directors, the Committee proposed to the Board (i) their variable remuneration for the financial year 2017; and (ii) their fixed remuneration corresponding to the financial year 2018.

As far as senior management is concerned, the Committee reported (i) its variable remuneration for financial year 2017; and (ii) its set remuneration for financial year 2018. During the financial year, it also reviewed its remuneration scheme.

It reviewed the Remuneration Policy for the Directors and senior management of the Company, receiving a comparative report on the directors' remuneration carried out by an external consultant.

Likewise, it verified the information on the remuneration of the Directors and senior management contained in the corporate documents and checked the observance of the Company's remuneration policy.

A proposal for a policy on directors' remuneration for the years 2020-2022, as well as the terms of a long-term incentive plan for executive directors and executives for the period 2019-2021, which the Committee preferred to reconsider at a subsequent meeting, were studied.

Appointments of the Company's senior management and of directors in subsidiary companies

The Committee was informed of the departure from the Ferrovial group of (i) Mr Santiago Olivares Blazquez, head of the Services division; (ii) Mr. Enrique Diaz-Rato Revuelta, head of the Toll Roads Division; and (iii) Mr. Alvaro Echaniz Urcelay, head of the Real Estate, Compliance, Risks and Insurance, Health and Safety, and Quality and Environment Divisions. Likewise, it approved the financial conditions of the disassociation of said senior managers and informed the Board about them

The Committee reported favourably on the proposed appointment of Mr. Fidel Lopez Soria as head of the Services division, Mr. Alejandro de la Joya Ruiz de Velasco as head of the Toll Roads division, and Mr. Juan Ignacio Gastón Najarro as head of the Construction division, and proposed the basic conditions of their contracts, including their remuneration, to the Board of Directors.

The Committee reported favourably on the nominations of the persons to represent Ferrovial on the boards of directors of the principal subsidiaries and investees.

In relation to other matters:

The Committee received a report on talent management and mobility of top-level managers.

In relation to the process of annual evaluation of the Board of Directors, it formulated the report for the evaluation of the Committee by the Board (taking as basis the report on the operation of the Committee for the financial year 2017) and the report for the evaluation of the Board itself. It participated in the selection of the external consultant who assisted in the annual evaluation process and verified its independence in compliance with article 27.4 of the Board of Directors' Regulations.

It reviewed the dedication of Non-Executive Directors and their professional commitments outside their Company directorships.

Lastly, it prepared a report on its activities in 2018. Composition:

The members of the Nomination and Remuneration Committee were appointed in consideration of the suitability of their knowledge, skills and experience for the duties involved.

#### SECTION E.6. Continuation:

##### c) Business continuity plans

Ferrovial has implemented a Business Continuity Model that 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, and downtime of facilities and information systems.

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

##### 8. Risk transfer 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 that hedges the Company's environmental risks pursuant to EU legislation.

From time to time, the Board of Directors, through the Audit and Control Committee, receives information on the main risks and contingencies faced by the management team in meeting its business objectives, as well as the management measures designed to control them.

3.

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

This Annual Report on Directors' Remuneration was approved by the Board of Directors of the Company at its meeting on:

[ 28/02/2019 ]

Indicate whether there are Directors who may have voted against or abstained, in relation to the approval of the present report.

[ ] Yes  
[ v ] No

*Translation of a report originally issued in Spanish. 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. AND SUBSIDIARIES FOR 2018**

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 8 January 2019, we have applied certain procedures to the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR) of FERROVIAL, S.A. for 2018, 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 (ACGR).

It should be noted in this regard that, irrespective of the quality of the design and operating 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 2018 described in the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR). 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 audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

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 ACGR established in CNMV Circular no. 5/2013, of 12 June 2013, subsequently amended by CNMV Circular no. 7/2015, of 22 December 2015 and CNMV Circular no. 2/2018, of 12 June ("the CNMV Circulars").
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process involved in the preparation of the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining 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 the documents furnished directly to the personnel responsible for preparing the information 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 of meetings of the Board of Directors, Audit and Control Committee and other committees of the Company 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 concerning the work performed, duly signed by the personnel 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 in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law and of the CNMV Circulars for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Miguel Laserna Niño

28 February 2019